



INTERNATIONAL LAW  
JOURNAL

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**WHITE BLACK  
LEGAL LAW  
JOURNAL  
ISSN: 2581-  
8503**

*Peer - Reviewed & Refereed Journal*

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WHITE BLACK LEGAL is an open access, peer-reviewed and refereed journal provide dedicated to express views on topical legal issues, thereby generating a cross current of ideas on emerging matters. This platform shall also ignite the initiative and desire of young law students to contribute in the field of law. The erudite response of legal luminaries shall be solicited to enable readers to explore challenges that lie before law makers, lawyers and the society at large, in the event of the ever changing social, economic and technological scenario.

With this thought, we hereby present to you

# **JUDICIAL CONSTRUCTION OF MONEY LAUNDERING IN INDIA: A ANALYSIS OF THE PREVENTION OF MONEY LAUNDERING ACT, 2002 FRAMEWORK**

AUTHORED BY - ADV. PRATHAMESH HEMANT BHANGALE

This research examines the statutory and judicial construction of the offence of money-laundering in India through an exclusive analysis of the Prevention of Money Laundering Act 2002 (PMLA) and the Supreme Court's decisions in *Vijay Madanlal Choudhary v Union of India* (2022), *Tarun Kumar v Assistant Director, Directorate of Enforcement* (2023), and *Union of India v Kanhaiya Prasad* (2025). The research outlines the legislative structure of the PMLA, focusing on the wide phrasing of Section 3, the definition of "proceeds of crime," and the procedural framework governing attachment, adjudication, search, seizure, arrest, and bail. It highlights how the Supreme Court in *Vijay Madanlal* upheld the constitutionality of the Act's mechanisms, including the admissibility of statements under Section 50, the reverse burden under Section 24, and the stringent twin conditions for bail under Section 45. The paper further analyses how these principles were subsequently applied in *Tarun Kumar* and *Kanhaiya Prasad* to factual allegations involving layered transactions, diversion of funds, illegal mining, and utilisation of proceeds for construction-related activities.

Through a synthesis of statutory provisions and judicial reasoning, the research identifies recurring challenges inherent in the Act's operation, such as the dependence on scheduled offences, the role of Section 50 statements, the process of tracing proceeds, and the rigour of the bail framework. The study concludes that the PMLA operates as a stringent, self-contained legislative scheme, and that the Supreme Court's jurisprudence consistently affirms its internal logic and legislative intent without expanding or diluting the statutory scheme.

## **INTRODUCTION**

The offence of money-laundering in India has evolved through a combination of various statutory enactments and layered judicial interpretation, the most authoritative expressions of which lie in the **Prevention of Money Laundering Act, 2002 (PMLA)**<sup>1</sup> and the leading

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<sup>1</sup> Prevention of Money Laundering Act 2002, s 2(1)(u).

judgments of the Supreme Court interpreting its scope. The PMLA, as enacted, provides a comprehensive statutory framework aimed at the prevention, detection, and adjudication of activities involving the concealment, possession, acquisition or use of “proceeds of crime,” as defined in Section 2(1)(u). Section 3 establishes the core offence of money-laundering, and the Act’s sequential chapters create mechanisms for attachment, adjudication, confiscation, obligations of reporting entities, search and seizure, arrest, prosecution, trial, and appellate remedies. The statute has been extensively interpreted by the Supreme Court in *Vijay Madanlal Choudhary v Union of India*,<sup>2</sup> which remains the central doctrinal authority on the meaning and scope of the offence, the constitutional validity of the procedural mechanisms, and the powers of the Enforcement Directorate (ED). Subsequent decisions such as *Tarun Kumar v Assistant Director, Directorate of Enforcement*<sup>3</sup> and *Union of India v Kanhaiya Prasad*<sup>4</sup> illustrate how the Court applies the principles of *Vijay Madanlal* to different factual matrices involving financial fraud, illegal mining, layering of proceeds, and allegations of economic offences involving complex financial transactions.

The PMLA sets forth elaborate provisions under Chapters II, III, V, VII, and VIII, which together illustrate Parliament’s intent to create a stringent and self-contained mechanism that addresses money-laundering as a process distinct from the generation of proceeds of crime. The jurisprudence of *Vijay Madanlal* clarified that the PMLA must be viewed as a special law with overriding effect, as confirmed by Section 71. The judgment also interpreted the wide meaning of Section 3, confirmed the validity of the “twin conditions” for bail in Section 45, and upheld the constitutionality of the ED’s powers under Sections 17, 18, 19, and 50. This doctrinal foundation underlies subsequent decisions, particularly *Tarun Kumar*, which applied the Section 3 standard to allegations of layered transactions, shell companies, siphoning of funds, and diversion of loan proceeds; and *Kanhaiya Prasad*, which examines the concept of a continuing offence and the admissibility and implications of statements under Section 50.

## STATUTORY ARCHITECTURE

The Prevention of Money Laundering Act 2002 (PMLA) establishes a comprehensive and self-contained statutory framework that regulates the offence of money-laundering and the mechanisms necessary for its prevention, investigation, adjudication, and prosecution. The

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<sup>2</sup> *Vijay Madanlal Choudhary v Union of India* (2022) 10 SCC 581.

<sup>3</sup> *Tarun Kumar v Assistant Director, Directorate of Enforcement* (2023) INSC 1006.

<sup>4</sup> *Union of India v Kanhaiya Prasad* (2025) INSC 210.

structure of the Act is organised through a set of thematic chapters, each addressing a distinct dimension of the legislative design. The PMLA begins with definitions under Section 2 that form the basis for understanding the scope of the Act, particularly the definition of “money-laundering” which is assigned the same meaning as provided in Section 3. Other definitions such as “proceeds of crime,” “attachment,” “investigation,” “financial institution,” and “intermediary” also play a critical role in guiding the interpretation of subsequent provisions. The statutory definitions are framed with breadth, as evident in Section 2(1)(p), which simply refers back to Section 3 to give content to the principal offence.

The core substantive offence is articulated in Section 3, which provides that any person directly or indirectly attempting to indulge or knowingly assisting or being a party or being actually involved in any process or activity connected with the proceeds of crime, including its concealment, possession, acquisition or use and projecting or claiming it as untainted property, commits the offence of money-laundering. Section 4 prescribes the punishment for the offence, providing for rigorous imprisonment and fine. The statutory wording indicates that the offence may take various forms, as long as it concerns a process or activity connected with proceeds of crime. The proceeds of crime are defined in Section 2(1)(u) as any property derived or obtained directly or indirectly by any person as a result of criminal activity relating to a scheduled offence. The schedule thus becomes integral to determining whether the PMLA applies in a given situation.

Chapter III introduces one of the core mechanisms of the statute: the attachment, adjudication, and confiscation of property. Section 5 empowers the Director or an authorised officer to provisionally attach property involved in money-laundering, subject to the requirement that a report under Section 173 of the CrPC has been filed, or a complaint has been lodged with the Special Court for a scheduled offence. Section 6 provides for the establishment of Adjudicating Authorities, whose powers are further elaborated in Sections 8 and 11. Section 8 outlines the adjudication process, including the issuance of notices, evaluation of evidence, determination of whether the property is involved in money-laundering, and the confirmation or release of attachment. Section 9 states that upon confiscation, the property vests in the Central Government. These provisions collectively establish a civil adjudicatory component parallel to the criminal process.

Chapter V addresses search, seizure, and other investigative powers. Section 16 empowers

authorities to conduct surveys. Section 17 authorises search and seizure if the officer has reason to believe, on the basis of material in his possession, that any person is in possession of proceeds of crime or related documents. Section 18 permits search of persons. These searches are required to be documented and executed in a manner consistent with procedural safeguards provided in the Act. Section 19 furnishes the power to arrest if the Director or authorised officer has noted reasons to believe that a person has been guilty of an offence under Section 3. Sections 20 and 21 provide for retention of seized property and records. Sections 22 and 23 contain statutory presumptions: the former presumes that records found in possession of a person belong to him, and the latter presumes that interconnected transactions form part of a single money-laundering arrangement. Section 24 shifts the burden of proof, placing upon the accused the requirement to prove that proceeds of crime are untainted property, which is a significant deviation from the general criminal law principle.

Chapter VII establishes Special Courts under Section 43 and specifies under Section 44 that scheduled offences and the offence of money-laundering shall be triable by the Special Court designated for that area. Section 45 renders offences under the Act cognisable and non-bailable and introduces the “twin conditions” that must be satisfied before bail can be granted. These conditions restrict bail unless the court is satisfied that the accused is not guilty of the offence and unlikely to commit any offence while on bail. Section 46 applies CrPC provisions to proceedings before the Special Court unless inconsistent with the PMLA. Section 47 provides appellate and revisional powers.

Finally, Chapter VIII details the authorities established under the Act, including the Director, Additional Director, Joint Director, Deputy Director, and Assistant Director under Section 48. Section 49 provides their powers of appointment. Section 50 grants authorities the power to summon persons to give evidence or produce records, and statements recorded under this section are treated as evidence. Section 65 provides that CrPC applies unless inconsistent with the PMLA, while Section 71 affirms that the PMLA has overriding effect. These provisions collectively indicate that the statutory architecture is heavily focused on giving authorities wide powers to trace, attach, investigate, and prosecute offences of money-laundering through mechanisms independent of the general criminal procedure.

## **INTERPRETATION OF THE ACT IN VIJAY MADANLAL CHOUDHARY**

The Supreme Court's judgment in *Vijay Madanlal Choudhary v Union of India* constitutes the most extensive judicial interpretation of the Prevention of Money Laundering Act, 2002 (PMLA). The structure of the judgment reveals that the Court was concerned with interpreting the meaning of Section 3, the scope of the definition of "proceeds of crime," the validity of the attachment and adjudication mechanism, the powers of the Enforcement Directorate (ED), and the constitutional validity of critical provisions such as Section 45. The prefatory portion of the judgment records that the Court was required to address challenges to the constitutional validity and interpretation of several provisions of the PMLA, particularly those relating to the power of arrest, search, seizure, attachment, burden of proof, bail, and admissibility of statements under Section 50<sup>5</sup>. The Court also emphasised that the amendments to Section 45 introduced after *Nikesh Tarachand Shah* were under challenge and required consideration in this case.

A significant part of the judgment concerns the interpretation of Section 3, which defines the offence of money-laundering. The Court examined the statutory phrase "any process or activity connected with the proceeds of crime," emphasising that each limb of the definition must be read carefully. It interpreted the terms "concealment," "possession," "acquisition," "use," and "projecting or claiming as untainted property" in a manner consistent with the PMLA's objective as reflected in the Preamble. In paragraphs 37 to 55,<sup>6</sup> the Court held that the expression "proceeds of crime" forms the foundational element of the offence and that any activity connected with such proceeds may fall within the ambit of Section 3. The Court noted that the Explanation inserted to Section 3 clarified that the offence is committed not only when proceeds are projected as untainted but also when a person is involved in any process or activity connected with the proceeds of crime. It therefore held that projecting or claiming the property as untainted is not a mandatory requirement for establishing the offence.

The Court also addressed the interplay between Section 3 and the Schedule appended to the Act. It held that the PMLA is triggered only when the property in question is derived from a "scheduled offence" and recorded that the offence of money-laundering is dependent upon the existence of the predicate crime. It also affirmed that proceedings under the PMLA are not a

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<sup>5</sup> *Vijay Madanlal Choudhary v Union of India* (2022) 10 SCC 581 [Preface].  
<sup>6</sup> *ibid* [37]–[55].

substitute for proceedings under the law that penalises the predicate offence but operate independently once proceeds of crime are generated. In its examination of Section 2(1)(u), the Court considered that “proceeds of crime” extend to any property, directly or indirectly obtained as a result of criminal activity relating to a scheduled offence, and that this definition supports a wide interpretation of the scope of the PMLA’s enforcement provisions.

The Court’s discussion of attachment, adjudication, and confiscation under Sections 5, 8, and 9 is also central to the statutory interpretation. In paragraphs 56 to 76,<sup>7</sup> the Court upheld the validity of the provisional attachment mechanism and the adjudication process, noting that the PMLA provides in-built safeguards through adjudication before an independent authority. The Court held that the satisfaction of the ED regarding the involvement of property in money-laundering must be based on material in its possession but that the Act does not require the ED to disclose such material at the stage of provisional attachment. The Court emphasised that attachment is subject to judicial scrutiny by the Adjudicating Authority, and later by the Appellate Tribunal and the High Court.

A substantial part of the interpretation concerns search, seizure, and the power of arrest under Sections 17, 18, and 19. In paragraphs 77 to 90,<sup>8</sup> the Court upheld these provisions, noting that the statutory requirement of “reason to believe,” recorded in writing, constitutes a safeguard. It rejected the contention that non-supply of ECIR (Enforcement Case Information Report) renders arrest or search illegal, holding that an ECIR is not equivalent to an FIR and need not be supplied to the accused. This conclusion is recorded in paragraphs 176 to 179<sup>9</sup>. The Court stated that the ECIR is an internal document of the ED and absence of an ECIR does not prevent the ED from exercising its statutory powers.

The Court’s interpretation of Section 24, which reverses the burden of proof, is also significant. It held that this provision is consistent with the nature of the offence and that requiring the accused to prove that proceeds of crime are untainted does not violate constitutional guarantees. Similarly, in its analysis of Section 45, found in paragraphs 115 to 149,<sup>10</sup> the Court upheld the constitutionality of the “twin conditions” for bail, observing that Parliament had validly cured

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<sup>7</sup> *Vijay Madanlal Choudhary* (n 1) [56]–[76].

<sup>8</sup> *ibid* [77]–[90].

<sup>9</sup> *ibid* [176]–[179].

<sup>10</sup> *ibid* [115]–[149].

the defect identified in *Nikesh Tarachand Shah*. It concluded that the classification of the offence as cognisable and non-bailable, read with the stringent conditions for bail, does not violate Articles 14 or 21.

The Court also upheld the validity of Section 50, which empowers authorities to issue summons and record statements. In paragraphs 150 to 173,<sup>11</sup> it held that statements recorded under Section 50 are admissible and do not violate the constitutional privilege against self-incrimination. It reasoned that ED officers are not “police officers” for the purpose of Article 20(3) or Section 25 of the Evidence Act.

The judgment creates an interpretative framework in which the PMLA is treated as a special legislation with wide powers, independent procedures, and stringent standards. It affirms the broad meaning of Section 3, validates the statutory presumption under Section 24, endorses the stringent bail conditions under Section 45, and confirms the admissibility of statements recorded under Section 50.

### **RECENT TRENDS (TARUN KUMAR & KANHAIYA PRASAD)**

The decisions in *Tarun Kumar v Assistant Director, Directorate of Enforcement* and *Union of India v Kanhaiya Prasad* illustrate the manner in which the Supreme Court has applied the interpretative framework settled in *Vijay Madanlal Choudhary* to factual situations involving allegations of intricate financial fraud and illegal extraction of natural resources. These judgments demonstrate the Court’s approach to assessing allegations of money-laundering under Section 3 of the Prevention of Money Laundering Act 2002 (PMLA), the manner in which proceeds of crime are traced within the factual matrix, and the application of the statutory test for bail under Section 45. They also show the Court’s continued affirmation of the Enforcement Directorate’s investigative powers, including the evidentiary use of statements recorded under Section 50.

In *Tarun Kumar*, the allegations arose from the affairs of Shakti Bhog Foods Ltd., where a forensic audit had revealed substantial financial irregularities and an alleged loss to banks amounting to more than ₹3000 crores. The record shows that multiple complaints and supplementary complaints had been filed against the company and its directors. The appellant,

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<sup>11</sup> *ibid* [150]–[173].

Tarun Kumar, was stated to be vice president (purchases) and involved in the business operations of group entities. According to the allegations summarised in the judgment, the appellant's role consisted of procuring fake invoices from shell companies, transferring funds to such entities without genuine business transactions, receiving part of the amount back in cash, and verifying fake bills for settlement with banks. He was also stated to have used group companies for diversion, rotation, manipulation of stock, and siphoning of proceeds abroad. The complaint further alleged acquisition of proceeds of crime by the appellant through Goal Securities Pvt. Ltd. to the tune of ₹3.69 crores. These allegations were described in detail in paragraph 10 of the fourth supplementary complaint.<sup>12</sup>

The Court in *Tarun Kumar* relied on the legal position that Section 3 covers any process or activity connected with proceeds of crime, including their concealment, use, possession, acquisition, and projection as untainted. It accepted that the allegations against the appellant, as recorded in the complaint, indicated participation in processes of layering and rotation of funds. The Court upheld the High Court's refusal to grant bail, noting the serious nature of the allegations and the statutory requirement under Section 45 that the court must be satisfied that the accused is not guilty of the offence. As these conditions were not met, bail was denied. The decision reflects the Court's consistent position that in the presence of detailed allegations involving movement of funds, diversion, and acquisition of property derived from alleged criminal activities, the twin conditions under Section 45 must be strictly applied.

In *Kanhaiya Prasad*, the allegations related to illegal sand mining and revenue loss to the government. Multiple FIRs had been registered for scheduled offences under the Indian Penal Code and the Bihar mining rules. An Enforcement Case Information Report (ECIR) was registered and search operations were conducted, during which documents and statements under Section 50 were recorded. The ED alleged that proceeds of crime amounting to over ₹17 crores had been concealed and used for renovation of a resort in Manali and for construction of a school. It was further alleged that the accused had handled proceeds generated by his father and layered them through family-owned entities, using hawala channels for acquisition of property. The prosecution complaint described these activities as processes of concealment, possession, and transfer of proceeds of crime.<sup>13</sup>

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<sup>12</sup> *Tarun Kumar v Assistant Director, Directorate of Enforcement* (2023) INSC 1006 [paras 4–10].

<sup>13</sup> *Union of India v Kanhaiya Prasad* (2025) INSC 210 [paras 3–6].

The Supreme Court examined the correctness of the High Court's order granting bail and held that the High Court had not applied the standard under Section 45. The Court reiterated that bail cannot be granted unless the twin conditions are satisfied and emphasised that these conditions remain mandatory. The Court also noted that statements under Section 50 and materials seized during searches formed part of the record considered for determining the presence of a prima facie case. As in *Tarun Kumar*, the seriousness of allegations and the material on record weighed against the grant of bail.

Both judgments demonstrate the Supreme Court's adherence to the principles laid down in *Vijay Madanlal* regarding the treatment of Section 50 statements, search and seizure powers, the nature of the offence under Section 3, and the necessity of satisfying the twin conditions under Section 45 for bail. They show that once the ED produces records indicating processes of concealment, possession, or use of proceeds of crime, courts give substantial weight to those materials at the bail stage. The decisions also reiterate that financial investigations involving multiple entities, shell companies, or family-owned structures fall within the statutory meaning of "process or activity connected with proceeds of crime."

### **PROBLEMS & ENFORCEMENT CHALLENGES**

The difficulties and challenges associated with the enforcement of the Prevention of Money Laundering Act 2002 (PMLA) emerge directly from the statutory structure and its judicial application, as reflected in *Vijay Madanlal Choudhary*, *Tarun Kumar*, and *Kanhaiya Prasad*. These challenges are not extraneous concerns but arise from the issues the courts themselves recorded and resolved during the adjudication of these matters.

One of the most significant problems visible across the case law concerns the interaction between the PMLA and the scheduled offences on which the existence of "proceeds of crime" depends. In *Vijay Madanlal*, the Supreme Court emphasised that the offence of money-laundering is dependent upon the existence of a scheduled offence, yet the PMLA runs parallel to the prosecution of the predicate crime. This interdependence sometimes results in procedural tension, especially when the scheduled offence is still under investigation or trial. The Court noted that even when proceedings for the predicate offence are pending, attachment and prosecution under the PMLA may continue. This creates a structural challenge: the ED proceeds on the basis of its own satisfaction under Section 5, while the predicate offence

remains unadjudicated.

Another difficulty that emerges from the judgments relates to the nature and use of statements recorded under Section 50. In *Vijay Madanlal*, the Court upheld the admissibility of such statements and clarified that ED officers are not “police officers.” Yet in both *Tarun Kumar* and *Kanhaiya Prasad*, the accused had challenged or criticised the reliance placed upon these statements. This indicates a recurring issue: while the statute grants ED wide authority to compel attendance and produce documents, and treats such statements as evidence, the accused frequently dispute their voluntariness or credibility. The judgments show that courts consistently accept these statements as legally admissible, but also that they play a significant role at the stage of evaluating allegations and deciding bail. The dependence on Section 50 statements thus places considerable responsibility on the ED to ensure that procedures are properly followed, since any improper method of obtaining such statements would undermine the integrity of the evidence.

A further challenge concerns the bail framework under Section 45. The Supreme Court in *Vijay Madanlal* upheld the “twin conditions,” and in both *Tarun Kumar* and *Kanhaiya Prasad*, denial of bail resulted from the inability of the accused to satisfy these conditions. The judgments reveal the difficulty faced by accused persons in demonstrating at the bail stage that they are not guilty of the offence. This creates a rigorous threshold that may be seen as challenging from an enforcement perspective as well, because the ED must produce sufficient material early in the investigation to meet the statutory standard. The Court in both cases recorded that detailed allegations and materials had been placed on record; however, it also implicitly reflected the ED’s burden in assembling such material in complex financial cases involving multiple entities, shell structures, and layered transactions.

Another operational challenge evident from the judgments is the process of tracing, identifying, and proving the “proceeds of crime.” In *Tarun Kumar*, the allegations involved multiple shell companies, rotation of funds, and use of different group entities. In *Kanhaiya Prasad*, proceeds were alleged to have been used for constructing a resort and school, involving movement of funds through personal and proprietary channels. These factual accounts reflect the difficulties inherent in tracing proceeds across multiple transactions, jurisdictions, and entities.

Finally, the judgments disclose challenges regarding the role and effect of the ECIR. In *Vijay*

*Madanlal*, the Court held that the ECIR need not be supplied to the accused and is an internal document. Although this resolves the legal question, it also indicates a practical concern: accused persons may face investigation and arrest without access to the foundational document. While the Court found no legal infirmity in this, it records the recurrent dispute raised by accused persons in PMLA proceedings.

## COMBINED ANALYSIS AND PERSONAL OPINIONS

A combined reading of the statutory framework of the Prevention of Money Laundering Act, 2002 (PMLA) and the Supreme Court's decisions in *Vijay Madanlal Choudhary*, *Tarun Kumar*, and *Kanhaiya Prasad* reveals a legal landscape defined by stringent standards, broad investigative powers, and a conception of money-laundering as a multifaceted process connected with proceeds of crime. These judgments collectively establish a coherent judicial approach that acknowledges the uniqueness of the PMLA's mechanisms. The statute's design is centred on the idea that money-laundering is not a single act but a continuous process, and the judgments repeatedly use this structural idea to interpret Section 3 broadly. This is shown most clearly in *Vijay Madanlal*, where the Court held that the act of projecting property as untainted is not essential; any involvement in a process connected with proceeds of crime may constitute the offence. This foundational interpretation underpins the application seen in *Tarun Kumar* and *Kanhaiya Prasad*, where the Court evaluated allegations relating to concealment, possession, and transfer of proceeds across multiple layers of transactions.

When these sources are read together, an important structural theme emerges: the PMLA operates on the assumption that economic crimes inherently involve complex financial activity, requiring investigatory powers beyond those found in the general criminal procedure. The statutory presumptions in Sections 22 to 24, the breadth of the definition in Section 3, and the overriding effect under Section 71 all place the PMLA in a category distinct from ordinary penal legislation. *Vijay Madanlal* confirms this distinction by upholding the constitutionality of search, seizure, attachment, arrest, and evidentiary mechanisms such as Section 50 statements. The Court's reasoning indicates that Parliament intended to create a self-contained statute with its own investigative and adjudicatory logic.

In examining the way this doctrinal foundation is applied in *Tarun Kumar*, one can observe the Court's acceptance of allegations involving multiple companies, shell entities, and financial

layering as falling squarely within the meaning of Section 3. The recorded facts show alleged procurement of fake invoices, rotation of funds through shell entities, use of multiple corporate structures, and receipt of cash from entry operators. These activities were treated as processes connected with proceeds of crime. The Court did not reinterpret or expand the meaning of Section 3 beyond the language clarified in *Vijay Madanlal*; instead, it applied that definition to determine the seriousness of the allegations for the purpose of applying Section 45. The consistent refusal to grant bail in these post-*Vijay Madanlal* cases demonstrates the Court's commitment to the statutory scheme.

Similarly, in *Kanhaiya Prasad*, the allegations of illegal sand mining and subsequent use of proceeds for constructing a resort and school were assessed through the same interpretative lens. The Court noted the allegations of proceeds being used through various entities and held that these constituted concealment, possession, and transfer. The emphasis on "process or activity connected with" proceeds of crime aligns closely with the interpretation laid down in *Vijay Madanlal*. Notably, the Court in *Kanhaiya Prasad* reiterated the requirement that courts must apply the twin conditions strictly under Section 45 when considering bail. This reinforces the conclusion that the Supreme Court's interpretation of the statute is both consistent and uniform across different factual situations.

From a combined analytical perspective, one observes that the Supreme Court repeatedly affirms the binding structure of the Act. Section 3 is interpreted broadly; Section 5 attachment is validated despite its provisional nature; Section 50 statements are accepted as admissible; and Section 45 is strictly enforced. These judicial positions confirm that the statute's architecture has been judicially endorsed without dilution. The consequence is a legal environment in which the ED operates with wide statutory authority, and courts grant considerable deference to the mechanisms laid down in the Act.

A personal observation grounded solely in these sources is that the strictness of the PMLA's framework, as upheld by the Court, arises directly from the statutory text. The statute itself includes broad definitions, presumptions, and procedural mechanisms favouring enforcement. The judicial decisions simply reiterate and clarify what the statute already empowers. The role of the Supreme Court has been to confirm that these provisions are constitutionally valid and to delineate the boundaries within which the ED's powers may be exercised. In this sense, the strict enforcement approach seen in *Tarun Kumar* and *Kanhaiya Prasad* should not be viewed

as judicial creation but as judicial recognition of Parliament's intent.

Another personal opinion supported by the cases is that the PMLA's dependence on the existence of a scheduled offence introduces a unique structural challenge. The statute requires that proceeds of crime arise from a scheduled offence; however, proceedings under the PMLA continue irrespective of the stage of prosecution of the predicate offence. The Court in *Vijay Madanlal* affirms that the ED may proceed independently, which implies that individuals may face attachment and arrest even while the predicate offence remains under investigation. This arrangement creates a distinct dual-process structure that courts must navigate, and the cases show that courts defer to the ED's satisfaction at the provisional stages.

A further observation is that the reliance on Section 50 statements, upheld in *Vijay Madanlal* and relied upon in *Tarun Kumar* and *Kanhaiya Prasad*, places substantial weight on the ED's internal processes. Because such statements are admissible and may form part of the material at the bail stage, their procedural integrity is crucial. The judgments indicate no limitation on their admissibility, meaning that their evidentiary value is accepted as part of the statutory design.

Finally, the combined effect of these sources suggests that the judicial approach to PMLA enforcement is characterised by continuity, consistency, and adherence to legislative intent. Courts have repeatedly emphasised the seriousness of economic offences, the need to preserve the integrity of financial systems, and the legislative purpose of preventing money-laundering. Each judgment interprets the statute with reference to its language and structure, and the decisions do not introduce external principles. The combined analysis therefore demonstrates that the PMLA, as applied by the Supreme Court, remains firmly rooted in its statutory foundations, with judicial interpretation reinforcing the Act's internal logic rather than modifying or expanding it.

## CONCLUSION

The statutory framework of the Prevention of Money Laundering Act 2002 (PMLA) and its judicial interpretation in *Vijay Madanlal Choudhary*, *Tarun Kumar*, and *Kanhaiya Prasad* reflect a coherent and consistent approach to defining, identifying, and prosecuting the offence of money-laundering. The definition of the offence in Section 3, with its emphasis on "any

process or activity connected with proceeds of crime,” provides the Act with a wide operational field, which the Supreme Court has repeatedly affirmed. The decisions demonstrate that the statute is designed to extend beyond the projection of proceeds as untainted property, capturing within its ambit the full range of activities relating to concealment, possession, acquisition, use, and transfer. This interpretation, firmly established in *Vijay Madanlal*, becomes the basis for the Court’s application in *Tarun Kumar* and *Kanhaiya Prasad*, where allegations of layered transactions, shell entities, diversion of funds, and utilisation of proceeds for construction and business activities were treated as falling squarely within Section 3.

The conclusions across these judgments also highlight the Court’s acceptance of the PMLA as a special legislation with an overriding effect under Section 71. Its mechanisms for attachment, adjudication, search, seizure, and arrest were upheld as valid components of the statutory scheme, based on the rationale that the statute deals with complex economic wrongdoing requiring specialised powers. The admissibility of statements under Section 50, affirmed in *Vijay Madanlal* and relied upon in the subsequent judgments, indicates the Court’s recognition of the statute’s unique evidentiary design.

The treatment of bail under Section 45 is another area where judicial consistency is evident. The Court affirmed that the twin conditions apply mandatorily and are integral to the legislative purpose. In both *Tarun Kumar* and *Kanhaiya Prasad*, the Supreme Court held that courts must consider the gravity of allegations and the sufficiency of material placed by the Enforcement Directorate (ED) in determining whether the statutory requirements are satisfied. The refusal of bail in these cases reinforces the strict character of the PMLA’s framework.

From an overall perspective, the statutory text and the three judgments together demonstrate a model of enforcement based on stringent standards, wide investigative authority, and a broad conception of money-laundering. The judicial decisions neither expand nor dilute the statutory design but instead affirm and apply it in diverse factual situations. The combined effect is a legal environment in which the ED’s powers, the definition of the offence, and the bail restrictions all operate in a unified manner consistent with the objectives set out in the Act. The conclusion that emerges from these four primary sources is that the PMLA, as interpreted by the Supreme Court, functions as a robust and self-contained framework designed to address the full range of processes connected with proceeds of crime.