Time Allowed: 3 Hours **Full Marks: 100**

The figures in the margin on the right side indicate full marks.
Where considered necessary, suitable assumptions may be made and
clearly indicated in the answer.
Answer Question No. 1 and 8 are compulsory and any four from Question No. 2, 3, 4, 5, 6 & 7.

SECTION – A

Please answer the following questions with brief justification as directed and/or reference to the relevant legal provision as appropriate.

1. (a)

Sl. No.	Answer	Justification
(i)	(c)	Sometimes dividends are also paid by the Board of directors between two annual general meetings without declaring them at an annual general meeting which is called as 'interim dividend'. The companies having licence under Section 8 of the Act are prohibited by their constitution from paying any dividend to its members.
(ii)	(a)	Rules provide that NCLT is the adjudicating authority for section 60 of the Code and for other cases, is the adjudicating authority (and this includes insolvency proceedings against individuals. The observations made by the Hon'ble Supreme Court in the matter of Lalit Kumar Jain v. Union of India & Ors [6], are of utmost relevance in this regard. After a detailed analysis of various provisions, amendments, committee reports, the Hon'ble Supreme Court has observed that even the amended Section 60 contemplated that the adjudicating authority in respect of personal guarantors was to be the NCLT.
(iii)	(a)	An International Organisation cannot be an implementing agency of a CSR Project. High Level Committee (HLC) observed that the international organizations which are currently ineligible to act as an implementation agency unless they are (i) registered under the Act for charitable purposes; or (ii) a registered trust; or (iii) a registered society in India, should be engaged as partners for designing CSR

		projects, monitoring and evaluation as well as capacity building of CSR-eligible companies and implementing agencies.
(iv)	(d)	The Preamble of the Securities and Exchange Board of India Act, 1992 prescribes the basic functions of the Securities and Exchange Board of India (SEBI) as "...to protect the interests of investors in securities and to promote the development of, and to regulate the securities market and for matters connected therewith or incidental thereto". In its endeavour to discharge these functions and in its role as the regulator of Indian capital markets, SEBI exercises the powers enshrined within the SEBI Act, 1992 and performs the triple functions as a quasi-legislative, quasi-judicial and quasi-executive body.
(v)	(c)	Predatory pricing is a commercial pricing strategy which involves the use of large scale undercutting to eliminate competition. This is where an industry dominant firm with sizable market power will deliberately reduce the prices of a product or service to loss-making levels to attract all consumers and create a monopoly.
(vi)	(a)	Department for Promotion of Industry and Internal Trade (DPIIT)- After Internal Trade was added to the mandate of DIPP, the department was renamed as the Department for Promotion of Industry and Internal Trade (DPIIT). administered by the Ministry of Commerce and Industry, it is a nodal Government agency with a responsibility to formulate and implement growth strategies for the Industrial Sector along with other Socio-Economic objectives and national priorities.
(vii)	(a)	Following the recommendations of the Malhotra Committee report, in 1999, the Insurance Regulatory and Development Authority (IRDA) was constituted as an autonomous body to regulate and develop the insurance industry. The IRDA was incorporated as a statutory body in April, 2000.
(viii)	(d)	The value of assets shall be determined by taking the book value of the assets as shown, in the audited books of account of the enterprise, in the financial year immediately preceding the financial year in which the date of proposed merger falls, as reduced by any depreciation, and the value of assets shall include the brand value, value of goodwill, or value of copyright, patent, permitted use, collective mark, registered proprietor, registered

		trade mark, registered user, homonymous geographical indication, geographical indications, design or layout design or similar other commercial rights, if any.
(ix)	(d)	The Concept of cybercrime is very different from the traditional crime. Also due to the growth of Internet Technology, this crime has gained serious and unfettered attention as compared to the traditional crime. So it is necessary to examine the peculiar characteristics of cybercrime.
(x)	(c)	Special court under PMLA- while trying an offence under this Act, a Special Court shall also try an offence, other than an offence referred to in sub-section (1), with which the accused may, under the Code of Criminal Procedure, 1973 (2 of 1974), be charged at the same trial.

SECTION – B

2. (a) **Doctrine of Indoor Management-** The rule of Indoor Management is important to persons dealing with a company through its directors or other persons. They are entitled to assume that the acts of the directors or other officers of the company are validly performed, if they are within the scope of their apparent authority. So long as an act is valid under the articles, if done in a particular manner, an outsider dealing with the company is entitled to assume that it has been done in the manner required. The above mentioned doctrine of Indoor Management has limitations of its own. The law will assume that that information which an outsider has reasonable access to and should have known with minimal efforts before dealing, cannot be a basis of indoor management case in his favour**.**

In consequences of the registration of the memorandum and articles of association of the company with the Registrar of Companies, a person dealing with the company is deemed to have constructive notice of their contents. This is because these documents are construed as 'public document' under Section 399 of the Companies Act, 2013. Accordingly, if a person deals with a company in a manner incompatible with the provisions of the aforesaid documents or enters into transaction, which is ultra vires to these documents, he must do so at his peril. Where the articles provide that a bill of exchange must be signed by two directors, if the bill is actually signed by one director only the holder thereof cannot claim payment thereon.

Thus, the doctrine of constructive notice and indoor management go hand in hand. On one hand, the doctrine of constructive notice protects the company from the outsiders; on the other hand, the principal of indoor management offers protection to the outsiders while dealing with the affairs of the company.

But, doctrine of constructive notice refers to the idea that everyone involved with a business has knowledge of the company's articles of association. It reduces liability, assuming that because the company's information is public record, it should have been known by everyone entering into the contract. The doctrine of constructive notice protects the company against the claim of third parties while the doctrine of indoor management protects the third parties against the company procedures.

However, the doctrine of constructive notice is not a positive one but a negative one like that of estoppel of which it forms parts. It operates only against the person who has been dealing with the company but not against the company itself. Persons in charge of management cannot be prevented from wrong doing on the pretext that he did not know that the constitution of the company rendered a particular act or a particular delegation of authority ultra vires. Thus, the doctrine is a 'cloud' for the strangers. The doctrine of indoor management has been recognized in the case of Royal British Bank v. Turquand (1856)6 E&B 327 All ER Rep (435), While an ordinary person dealing with a company is bound to assume that the requisite compliance or delegation of powers to the person dealing on behalf of the company has been made, he need not probe beyond what is ostensible and evident from the actions.

(b) Merger and Amalgamation of certain Companies [Section 233]

It prescribes simplified procedure for Merger or amalgamation of:

(a) two or more small companies or

(b) between a holding company and its wholly-owned subsidiary company or

(c) such other class or classes of companies as may be prescribed. On 1/2/21, Central Govt. has prescribed holding company, two or more start-up companies, one or more start-up company with one or more small company.

As per Section 2 (46) 'holding company', in relation to one or more other companies, means a company of which such companies are subsidiary companies.

Small company –defined:

As per Section 2 (85) ''small company''-means a company, other than a public company:

(a) paid-up share capital of which does not exceed ₹ 50 lakhs or such higher amount as may be prescribed which shall not be more than ₹ 5 crores, or

(b) turnover of which as per its last profit and loss account does not exceed ₹2 crores or such higher amount as may be prescribed which shall not be more than ₹ 20 crores.

Start-up company defined-amendment in Rule -start-up company means a private company, recognised under notification of Department of Promotion of Industry and International Trade.

Provided that nothing in this clause shall apply to: (1) a holding company or a subsidiary company. (2) a company registered under Section 8. or (3) a company or body corporate governed by any special Act.

3. (a) Investigation by Serious Fraud Investigation Office:

The Central Government have established an office called the Serious Fraud Investigation Office (SFIO) to investigate frauds relating to a company. Section 212 of the Act provides for Investigation into affairs of Company by the Serious Fraud Investigation Office (SFIO). According to this section:

(a) where the Central Government:

(1) on receipt of a report of the Registrar or Inspector under section 208;

(2) on intimation of a special resolution passed by a company that its affairs are required to be investigated,

(3) in the public interest, or

(4) on request from any Department of the Central Government or a State Government, is of the opinion that it is necessary to investigate into the affairs of a company by the SFIO, the Central Government may, by order, assign the investigation into the affairs of the said company to the SFIO.

(b) No other investigating agency of Central Government or any State Government shall proceed with investigation in such case in respect of any offence under this Act. In case any such investigation has already been initiated, the concerned agency shall transfer the relevant documents and records in respect of such offences under this Act to facilitate SFIO to investigate.

(c) The company and its officers and employees, who are or have been in employment of the company shall be responsible to provide all information, explanation, documents and assistance to the Investigating Officer as he may require for conduct of the investigation [Sub section (5)]

(d) The SFIO shall submit an interim report and on completion, final report to the Central Government, if the Central Government.

(e) Any person concerned by making an application in this regard to the court may get a copy of the report.

(f) The Central Government may, after examination of the report, direct the SFIO to initiate prosecution against the company and its officers or employees, who are or have been in employment of the company or any other person directly or indirectly connected with the affairs of the company [Sub section (14)].

(b) Central Govt.'s power to prevent Oppression and Mismanagement

Companies Amendment Act,2019 have inserted sub-section 3 to section 241, enabling Central Govt. to make a case of oppression and mismanagement, under following situations.

a) Any person management guilty of fraud, iterance, persistent negligence or breach of duty and trust,

b) Business not conducted with sound business principles or prudent commercial practices,

c) Management conducted in many injuries to interest of the trade, industry to which the company pertains,

d) Business carried out with an intention to defraud its creditors, members or in fraudulent or unlawful purpose.

4. (a) Related party, in relation to a corporate debtor, means—

(a) a director or partner or a relative of a director or partner of the corporate debtor

(b) a key managerial personnel or a relative of a key managerial personnel of the corporate debtor;

(c) a limited liability partnership or a partnership firm in which a director, partner, or manager of the corporate debtor or his relative is a partner;

(d) a private company in which a director, partner or manager of the corporate debtor is a director and holds along with his relatives, more than 2%, of its share capital;

(e) a public company in which a director, partner or manager of the corporate debtor is a director and holds along with relatives, more than 2%, of its paid-up share capital;

(f) anybody corporate whose board of directors, managing director or manager, in the ordinary course of business, acts on the advice, directions or instructions of a director, partner or manager of the corporate debtor;

(g) any limited liability partnership or a partnership firm whose partners or employees in the ordinary course of business, acts on the advice, directions or instructions of a director, partner or manager of the corporate debtor;

(h) any person on whose advice, directions or instructions, a director, partner or manager of the corporate debtor is accustomed to act;

(i) a body corporate which is a holding, subsidiary or an associate company of the corporate debtor, or a subsidiary of a holding company to which the corporate debtor is a subsidiary;

Provided, where the interim resolution professional is not appointed in the order admitting application u/s 7, 9 & 10, the insolvency commencement date shall be the date on which such IRP is appointed by the adjudicating authority.

(j) any person who controls more than twenty per cent, of voting rights in the corporate debtor on account of ownership or a voting agreement;

(k) any person in whom the corporate debtor controls more than twenty per cent, of voting rights on account of ownership or a voting agreement;

(l) any person who can control the composition of the board of directors or corresponding governing body of the corporate debtor;

(m) any person who is associated with the corporate debtor on account of—

(i) participation in policy making processes of the corporate debtor; or

(ii) having more than two directors in common between the corporate debtor and such person; or

(iii) interchange of managerial personnel between the corporate debtor and such person; [Section 5(24)].

(b) Governance tantamount to the process the affairs of the company is managed with regards to fairness, honesty and good practices for the benefit of all stakeholders. This is to be done with systematic, well designed policies and procedures, keeping in view the balance between the interest of various stakeholders.

Therefore, in order to qualify as good governed company, a company has to put in place the mechanics of the functioning of the company with checks and balances between the shareholders, directors, auditors etc. The process of Corporate Governance/CG is more a way of business life than a mere legal compulsion. Companies are forced to comply with conditions / practices by adopting the legal prescription as some companies may not function in the desired ethical manner. Moreover, there should be uniformity in governance, so that stakeholders can compare between the companies.

Narayan Murthy Committee (Chairman of the CG Committee) stated:
"CG is the acceptance by the of the non-alienable rights of the shareholders as true owners of the corporation and their own role as trustees. It is about commitment of values, ethical business conduct and differentiating between personal and corporate fund".
In course of time, with the growth of trade and commerce, business and society, now, have a stronger interface. From the typical concept of profit being the essence of business, now we are into a regime where the stakeholder definition includes not only the shareholder but the employees, society, Govt., Customers, creditors, financiers etc. This is a paradigm shift in corporate management from the traditional "management" concept to "governance" concept.

5. (a) When an "Acquirer" takes over the control of the "Target Company", it is termed as Takeover.

Discloser norms under the Regulation:
Event based disclosure-
No obligation on the target company to give any disclosure; Obligation is only on acquirer, promoter & their PACs. Acquisition includes shares acquired by way of encumbrance (not applicable on Scheduled Commercial Banks or PFI acquiring shares by way of pledge). Disposal includes shares given upon release of encumbrance (not applicable on Scheduled Commercial Banks or PFI acquiring shares by way of pledge).

Continual disclosures (reg. 30):
Disclosure of shareholding as on 31st March i.e. at the end of financial year Within 7 working days from the end of each financial year to be given to Every Stock exchange where the shares of the Target Company are listed & Registered Office of the target company to be made by-
Promoters: Irrespective of the shareholding,
Non Promoters: Any person along with PAC holding more than 25% shares.
Encumbrance disclosure (reg. 31)
A claim against a property by another party;
Encumbrance usually impacts the transferability of the property and can restrict its free use until the encumbrance is removed. For takeover regulation, it includes a pledge, lien, or any transaction which creates a risk on the ownership of shares of the promoters. Promoter of every target company shall disclose details of shares in

such target company relating to creation of encumbrance of shares of target company and invocation or release of the encumbrance of shares. Disclosure is to be made within 7 working days from the date of creation/invocation of pledge to-

I. Every stock exchange where the shares of the target company are listed;

II. Registered office of the target company.

(b) The purpose of Competition act is to encourage competition both for the benefit of consumers and regulating the industry. Therefore, law defines few types of trade, commerce or business agreements as anti-competitive.

Agreement is defined under Section 2(b) of the Competition Act. It includes any written/ oral agreement/ arrangement relating to production, supply, distribution, storage, acquisition or control of goods or services which causes or may cause an appreciable adverse effect on competition in India shall be void. Agreement widely defined and include any kind of arrangement whether express or implied, to be decided from facts and circumstantial evidence.

There can be two types of agreement under the Act-

1. Vertical
2. Horizontal

The difference between Horizontal and Vertical Agreements is that in Horizontal Agreements there is same level of competition whereas in Vertical Agreement there is different level of competition. Section 3(3) of the Act states that any agreement entered into between enterprises or associations of business entities or persons or associations of persons or between any person and enterprise or practice carried on, or concerted decision taken by, any association of enterprises or association of persons, including cartels, engaged in identical or similar trade of goods Services. There are few recognized trade associations in India. There are informal association and arrangement by which similar business entities. Mostly competitors join hands and exploit the market in concerted manner.

Vertical agreements are agreements that are entered amongst enterprise or persons at different stages of the production and distribution chain. Under the Act, such agreements are:

(a) Tie-in arrangement: sale of one product is tied up with taking of other product which may not be useful or commercially not viable;

(i) anticompetitive agreements and assist the competition authorities in lieu of immunity or lenient treatment. A Leniency programme is a protection to those who come forward and submit information honestly, who would otherwise have to face stringent action by the Commission

if existence of a cartel is detected by the Commission on its own. It is based on the principle of fair competition for greater good.

A. Anti-competitive agreement shall be presumed to have appreciable adverse effect on competition and thereby deemed to be restrictive. Some type of agreements is discussed below.

(i) Any agreement in respect of production, supply, distribution, storage, acquisition or control of goods or provision of services, which causes or is likely to cause an appreciable adverse effect on competition within India. Any such agreement shall be void.

(ii) Any agreement entered into between enterprises or associations of enterprises including cartels, engaged in identical or similar trade of goods or provision of services, which—

a. directly or indirectly determines purchase or sale prices;

b. limits or controls production, supply, markets, technical development, investment;

c. shares the market or source of production by way of allocation of geographical area of market;

d. directly or indirectly go for bid rigging or collusive bidding; "bid rigging" means any agreement, eliminating or reducing competition for bids or adversely affecting or manipulating the process for bidding, other than joint ventures business agreements are excepted.

(iii) Any agreement amongst enterprises or persons in respect of production, supply, distribution, storage, sale or price of, or trade in goods or provision of services, including, tie-in arrangement: includes any agreement requiring a purchaser of goods, as a condition of such purchase, to purchase some other goods;

(iv) exclusive supply agreement: includes any agreement restricting in any manner the purchaser in the course of his trade from acquiring or otherwise dealing in any goods other than those of the seller or any other person.

Example: ABC Ltd. has appointed Soni Brothers as a supplier of raw materials with a restriction that they cannot do business with other parties.

(v) exclusive distribution agreement: includes any agreement to limit, restrict or withhold the output or supply of any goods or allocate any area or market for the disposal or sale of the goods

(vi) refusal to deal: includes any agreement which restricts, or is likely to restrict, by any method the persons or classes of persons to whom goods are sold or from whom goods are bought.

6. (a) Prohibited items of LRS:

i. Remittance for any purpose specifically prohibited under Schedule-I (like purchase of lottery tickets/sweep stakes, proscribed magazines, etc.) or any item restricted under Schedule II of Foreign Exchange Management (Current Account Transactions) Rules, 2000.

ii. Remittance from India for margins or margin calls to overseas exchanges / overseas counterparty.

iii. Remittances for purchase of FCCBs issued by Indian companies in the overseas secondary market.

iv. Remittance for trading in foreign exchange abroad.

v. Capital account remittances, directly or indirectly, to countries identified by the Financial Action Task Force (FATF) as "non- cooperative countries and territories", from time to time.

vi. Remittances directly or indirectly to those individuals and entities identified as posing significant risk of committing acts of terrorism as advised separately by the Reserve Bank to the banks.

Under the Liberalised Remittance Scheme, all resident individuals, including minors, are allowed to freely remit up to a certain amount as specified for any permissible current or capital account transaction or a combination of both. The LRS limit has been revised in stages consistent with prevailing macro and micro economic conditions from time to time and the Scheme is not available to corporates, partnership firms, HUF, Trusts etc.

(b) List of functions of an Asset Reconstruction Company:

"Asset reconstruction company" means a company registered with Reserve Bank under section 3 for the purposes of carrying on the business of asset reconstruction or securitisation, or both."

Role / Functions of an ARC:

- Acquisition of financial assets (as defined u/s 2(L) of SRFAESI Act, 2002),
- Change or takeover of Management / Sale or Lease of Business of the Borrower,
- Rescheduling of Debts,
- Enforcement of Security Interest (as per section 13(4) of SRFAESI Act, 2002)

- Settlement of dues payable by the borrower,
- Shall commence/undertake only the securitization and asset reconstruction activities,
- Shall not raise monies by way of deposit,
- The company carries business other than allowed activities would result in cancellation of registration.

7. (a) The schemes/ programmes undertaken by the Ministry of Micro Small and Medium Enterprises and its organizations seek to facilitate/provide:

(i) flow of credit from financial institutions/banks;
(ii) technology upgradation and modernization;
(iii) infrastructural facilities;
(iv) modern testing facilities and quality certification;
(v) access to modern management practices;
(vi) entrepreneurship development and skill upgradation;
(vii) support for product development, design intervention and packaging;
(viii) welfare of artisans and workers;
(ix) assistance for better access to domestic and export markets etc.

Subsequent announcement by Govt. as relief to MSME sector:
The Finance ministry of the Govt. has announced few financial relief package in the last budget, some important issues are mentioned below.

(i) Three lakh crore Emergency Working Capital Facility for Businesses, including MSMEs:
(ii) With an objective to provide relief to the business, additional working capital finance of 20% of the outstanding credit (as on February 29, 2020), in the form of a Term Loan at a concessional rate of interest.
(iii) ₹ 20,000 crores Subordinate Debt for Stressed MSMEs: Provision made for `20,000 crores subordinated debt for 2,00,000 MSMEs which are NPA or are stressed. The government will support them with ₹ 4,000 crores to Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE).
(iv) Banks are expected to provide the subordinate-debt to promoters of such MSMEs equal to 15% of his existing stake in the unit subject to a maximum of ₹ 75 lakhs; `50,000 crores equity infusion through MSME Fund of Funds (FoF): Govt will set up an FoF with a corpus of `10,000 crores that will provide equity funding support for MSMEs. The FoF shall be operated through a Mother and a few Daughter funds. It is expected that with leverage

of 1:4 at the level of daughter funds, the FoF will be able to mobilize equity of about ₹ 50,000 crores.

The Government of India introduces several schemes for the benefit of these MSMEs. However, often the MSME business owners are not aware of these schemes and thus lose out on benefiting from them. These Government schemes for MSMEs have several advantages that business owners can benefit from.

(b) Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011

The Department of Information Technology notified Information Technology the 2011 Rules on April 11, 2011 vide notification no. G.S.R. 313(E). The main highlights of the 2011 Rules are as follows–

(i) The Rules 2011 only apply to bodies corporate and persons located in India.

(ii) Rule 3 of the 2011 Rules provides a list of items that are to be treated as "sensitive personal data", and includes inter alia information relating to passwords, credit/debit cards information, biometric information (such as DNA, fingerprints, voice patterns, etc. that are used for authentication purposes), physical, physiological and mental health condition, etc. It is further clarified that any information is freely available or accessible in the public domain is not considered to be sensitive personal data.

(iii) Rule 4 imposes a duty on Body Corporates seeking sensitive personal data to draft a privacy policy and make it easily accessible for people who are providing the information. This should be clearly published on the website of the body corporate and should contain details on the type of information that is being collected, the purpose for which it has been collected and the reasonable security practices that have been undertaken to maintain the confidentiality of such information.

(iv) Rule 5 provides the guidelines that need to be followed by a Body Corporate while collecting information and imposes the following duties on the Body Corporate:

Obtain consent from the person(s) providing information,

a. Information shall not be collected unless it is for lawful purpose, and is considered necessary for the purpose. The information collected shall be used only for the purpose for which it is collected and shall not be retained for a period longer than which is required;

b. Ensure that the person(s) providing information are aware about the fact that the information is being collected, its purposes & recipients,

name and addresses of the agencies retaining and collecting the information;

c. Offer the person(s) providing information an opportunity to review the information provided and make corrections, if required;

d. Maintain the security of the information provided; and

e. Designate a Grievance Officer, whose name and contact details should be on the website who shall be responsible to address grievances of information providers expeditiously.

(v) Prior permission of the information provider before disclosing such information to a third party unless.

(vi) Rule 8 provides the reasonable security processes and procedures that may be implemented by Body Corporates. International Standards (IS/ISO/IEC 27001) is one such standard which can be implemented by a body corporate to maintain data security. It is pertinent to note that an audit of reasonable security practices and procedures shall be carried cut by an auditor at least once a year or as and when the body corporate or a person on its behalf undertake significant upgradation of its process and computer resource.

SECTION – C

8. (i) No, because by definition it is not permissible in the act. Non-convertible debentures are those debentures which are not convertible to equity shares of the Company and are redeemed at the expiry of specified period. Thus, NCD is an instrument of debt executed by the company, acknowledging its obligation to repay the sum along with specified rate of interest. Conditions to be fulfilled for issue of Secured NCD's: A Company can only issue Secured Non-Convertible Debentures (NCD's). In case of issue of NCD's by a Company not constituting a charge on the assets of the Company, it shall be mandatory for listing of the securities on the recognized stock exchange so that same does not come under the purview of deposits with respect to Rule 2(1)(c) of Companies (Acceptance of Deposits), Rules, 2014).

So keeping in mind the above provision it is not acceptable from corporate governance point of view to take such a decision which is contrary to the present statute.

(ii) In case of any compromise consent of existing debenture holders must be taken and only if they ready for such arrangement then it can be followed.

(iii) Such case is forwarded to tribunal for permission and appropriate consent after collecting consent from company and debenture holders in case of financial stringency. No consent is necessary from IRDAI because it is not included in the ambit of IRDAI.

(iv) For this case consent of shareholders are not necessary.

(v) Specific procedure of sending notices of this meeting: notice of the meeting pursuant to the order of the tribunal to be given in form number 15.3 and shall be sent individually specifying various details like details of NOC, status of approval of regulatory authority, approval and sanction of the scheme, order of the tribunal, compromise is to be in conformity with accounting standards, valuation report, details of compromise or arrangement, effect of compromise on debenture holders and such other matters as may be prescribed.

(vi) No legal clearance is required under PMLA.2002. Because, such compromise or redemption procedure is not within the ambit of PMLA Act, 2002. The Money Laundering Act, 2002 seeks to combat money laundering in India. Various objectives of the Act are as follows:

- To prevent and control money laundering.
- To confiscate and seize the property derived from, or involved in, money-laundering.
- To provide punishment for offence of money-laundering.
- To appoint the Adjudicating Authority and Appellate Tribunal to deal the matter connected with money laundering.
- To put obligations on banking companies, financial institutions and intermediaries to maintain records.
- To deal with any other issue connected with money laundering in India.

Scope: The Money Laundering Act, 2002 extends to the whole of India.