

Circular No.: NSDL/POLICY/2024/0011

January 23, 2024

Subject: FIU Alert on 'Forthcoming General Elections to the Lok Sabha and Legislative Assemblies of Andhra Pradesh, Arunachal Pradesh, Odisha and Sikkim, 2024 – reg.'

All Participants are hereby informed that Financial Intelligence Unit – India (FIU-IND) has raised an notification on FINnet gateway portal w.r.t “Forthcoming General Elections to the Lok Sabha and Legislative Assemblies of Andhra Pradesh, Arunachal Pradesh, Odisha and Sikkim, 2024 - reg.”, copy enclosed.

Participants are requested to take note of the same and ensure compliance.

**For and on behalf of
National Securities Depository Limited**

**Arockiaraj
Manager**

Enclosure: One

FORTHCOMING COMPLIANCE			
Particulars	Deadline	Manner of sending	Reference
Investor Grievance Report (Monthly)	By 10 th of the following month	Through e-PASS	1. Para 20 of NSDL Master Circular for Participants on 'Grievance Redressal' chapter. 2. Circular No.: NSDL/POLICY/2023/0161 dated November 13, 2023
Compliance Certificate (half yearly)	January 31 st	Through e-PASS	Para 17 of NSDL Master Circular for Participants on 'Internal Controls/Reporting to NSDL/SEBI' chapter.

**National Securities Depository Limited**

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F. No.9-15/2015/FIU-IND/Vol.VI

**Ministry of Finance
Department of Revenue
Financial Intelligence Unit - India

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Dated- 11.01.2024

Alert/01/2024/Election/F.No.9-15/2015/FIU-IND/Vol.VI

To,

All Reporting Entities (REs)

Sub: Forthcoming General Elections to the Lok Sabha and Legislative Assemblies of Andhra Pradesh, Arunachal Pradesh, Odisha and Sikkim, 2024 - reg.

Please refer to the subject mentioned above. The term of Lok Sabha and the Legislative Assemblies of Andhra Pradesh, Arunachal Pradesh, Odisha and Sikkim is due to expire in 2024 and the General Elections to the Lok Sabha and the Legislative Assemblies of Andhra Pradesh, Arunachal Pradesh, Odisha and Sikkim, 2024 are expected to be held in the coming months.

2. As misuse of cash/funds transfer with intention to influence electorates by misusing banking channels may start even few months prior in the run-up to the elections, reporting entities are, therefore, advised to monitor transactions, especially those involving high cash deposit/withdrawal and one-to-many/many-to-one transfers during the period leading up to the elections. Reporting entities are further advised to instruct their branches to closely monitor transactions during the period leading up to the elections. In case any suspicious transaction is noticed which is suspected to be connected with the elections, an STR must be furnished immediately to FIU-India.

3. Recently, use of payment wallets, pre-paid payment instruments & UPI has also been noticed for routing of money to influence the election process. Accordingly, payment intermediaries, PPI Issuers and Third Party Application Providers (TPAPs) are advised to enhance monitoring of their transactions and immediately report STRs with regard to the transactions which are suspected to influence the elections, to FIU-India.

4. Exhaustive red flag indicators (RFIs) have already been issued from time to time for different categories of reporting entities to identify suspicious transactions on various type of typologies. An indicative list of scenarios/RFIs which may be particularly relevant for monitoring transactions from election perspective is enclosed herewith [**Annexure-I**] which may also be used to identify and report election-related suspicious transactions besides the already issued RFIs.

5. It must be ensured that the batch containing election related STRs must contain only election related STRs in that batch. Kindly note that such STRs must be reported as 'P1' priority STRs and in **GoS Tag 4** (Type of Suspicion Suspected), '*Election related STR*' must be indicated in 'Other Offence Type'. Further, as soon as any election-related STR is filed, it is requested to inform the same to the undersigned through email at finnet1@fiuindia.gov.in whereby Alert No.- **Alert/01/2024/Election/F.No.9-15/2015/FIU-IND/Vol.VI** must be mentioned in the subject.

6. This issues with the approval of Director, FIU-India.

Yours sincerely,



(Rajat S Yadav)
Consultant/Expert

List of indicative scenarios/RFIs relevant for identifying election related STRs

S No	Alert Indicator	Indicative Scenario	Relevant RFI(s) already issued
1	Sudden increase in cash withdrawals in account as compared to average of last quarter	Cash may be utilised for distribution to influence electorates	Banks RFIs List 1: TM 3.2: Sudden increase in value of transactions in a month for the client
2	Sudden increase in number of debit transactions in account as compared to average of last quarter	Funds transfer to bank accounts to influence electorates	Banks RFIs List 1: TM 3.3: Sudden increase in number of transactions in a month for the client
3	Sudden increase/decrease in cash deposits in accounts of cash intensive businesses (petrol pumps/liquor merchants) as compared to average of last quarter	<ul style="list-style-type: none">• Decline in cash deposits may indicate that cash collected from business operations is being diverted for distribution to influence electorates• Increase in cash deposit may indicate that illicit cash is being introduced in the garb of business transactions, to be further distributed through account transfers	Banks RFIs List 1: TM 3.2: Sudden increase in value of transactions in a month for the client
4	One to many fund transfers through UPI: A single payer account making multiple successful payments in a day, mostly in round values/nearly same values below Rs.5000)	Payments may be made to individuals' accounts/wallets	Payment Intermediaries RFIs List 1: RFI 21: Skewed / abnormal debit to Credit Incoming ratio RFI 17: High value and volume of round value payments Banks RFI List 1: TY 2.2: One to many fund transfer
5	One PPI/wallet used to transfer money to several PPIs/bank accounts	Payment may be made to individuals' accounts/wallets from wallets/PPIs by loading remitter wallet from bank accounts (in single or multiple transactions)	PPI RFIs List 1: RFI 47: Bank account receiving multiple credits from different sources followed by usage of the entire amount to purchase/ load wallets RFI 48: Inflow into full KYC large wallet from multiple full KYC wallets followed by fund transfers without any other significant activity in the wallet RFI 58: PPIs allowing for cash loading and withdrawal activity being used as fund transfer mechanism bypassing normal banking channels

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6	Sudden increase in number/value of Bulk Pay-outs to multiple accounts, mostly in round values/ nearly same values (below Rs.5000), as compared to average of last quarter. Merchants newly on-boarded for bulk pay-outs may also be monitored.	Bulk Pay-out option of Payment intermediaries/FinTechs being used to distribute funds in individuals' accounts	
7	Sudden increase in inward non-cash deposits in accounts of petrol pumps/liquor merchants	Coupons given to individuals for purchasing fuel/liquor from specified outlets and consolidated payment being made to these outlets through fund transfer	Payment Intermediaries RFIs List 1: RFI 1: Sudden high value single transaction for a Merchant RFI 2: Sudden increase in value of cumulative transactions in a defined time span for a Merchant RFI 3: Sudden increase in number of transactions in a (defined time span) for a Merchant (OR) Unusual spurt in activity in existing account RFI 12: Large volume of transactions from a single customer RFI 13: Large value of transactions from a single customer PPI RFIs List 1: RFI 53: Merchants' account with concentration of payments from specific merchant's customer
8	Sudden increase in average ticket-size of transaction in merchant accounts and/or daily turnover, as compared to average of last quarter for merchants	Merchant accounts being used for transferring benefit (cash/non-cash) to electorates	Payment Intermediaries RFIs List 1: RFI 2: Sudden increase in value of cumulative transactions in a defined time span for a Merchant RFI 3: Sudden increase in number of transactions in a (defined time span) for a Merchant (OR) Unusual spurt in activity in existing account
9	Sudden opening of multiple PPI accounts in a specific location	Funds made available to individuals in the shape of wallets	PPI RFIs List 1: RFI 45: Large number of PPIs being purchased/ used from a single geographic area, which is inconsistent with the demographic, income level of said area RFI 39: Online purchases of large number of PPIs aggregating to large value from same IP addresses

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10	Sudden increase in purchase volumes for Gift cards by a new entity and sharing of gift cards to multiple persons	Funds made available to individuals in the shape of gift cards	PPI RFIs List 1: RFI 3: Sudden increase in value of cumulative transactions in a defined time span for a PPI wallet RFI 5: Sudden increase in number of transactions in a (defined time span) for a PPI issuer RFI 6: Sudden increase in loading of value, which is a pattern deviation
11	Same bank/location(Cash) used to load many PPIs	Direct loading of cash in individuals' wallets	PPI RFIs List 1: RFI 39: Online purchases of large number of PPIs aggregating to large value from same IP addresses RFI 45: Large number of PPIs being purchased/ used from a single geographic area, which is inconsistent with the demographic, income level of said area RFI 59: Multiple PPIs issued/ active against same address
12	Sudden increase in payment of utility bills for multiple persons (number and/or value) or orders for multiple LPG cylinders during a period	<ul style="list-style-type: none">• Payment towards Electricity Bills/LPG Cylinders being made on behalf of electorates• Utility bills of business establishments paid in advance (<i>where amount of bill may be entered by user instead of 'Fetch and Pay'</i>) for onward payment in cash to its employees to influence them	