

# India set global narratives on Economic Offenders

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**ABSTRACT:** *Economic offences are rising at the alarming rate in the economy. Economic crimes such as cheating and criminal breach of trust, has enlarged. Offenders' easily manipulate the records; avoid criminal jurisdiction and escapes from the nation. The below paper is to discuss the economic offence, economic offenders of India and Economic Fugitive Offender Act of India.*

## Introduction:-

According to Reserve Bank of India Statistical Table Relating to Banks in India 2018, the NPA non-performing assets of Scheduled Commercial Banks (SCB) rose from Rs.3, 23,464 crores march 31 2015 to Rs.10, 35,528 crores march 31 2018.

Climbing NPA in the economy not only reduce the economic growth but inject corruption and poverty in the blood of the nation. It is draining out the money of public, that money which was saved in bank and other institutions by working day and night. The money which could be used for education, health, production and employment was used by few Economic Offenders for their personal growth.

To introduce fear among these Economic Offenders for the crime they are committing, a bill was passed in both the houses of the Parliament on 25<sup>th</sup> July 2018 and the Fugitive Economic Offender Act was implemented in the democracy.

## Meaning of economic offenses:-

Economic offenses cover fraud, forgery and counterfeiting, offences against the legislation governing cheques, forgery or use of credit cards, undeclared employment, offences against companies such as misuse of company assets.

## Types of economic offences:-

1. Primary market fraud
2. Secondary market fraud
3. Bank fraud
4. Insurance fraud
5. Import-Export fraud
6. Intellectual property fraud
7. Fake currency

## Who are Fugitive Economic Offender:-

Fugitive economic offender is the person who either leaves or has left India in order to avoid criminal prosecution and/or refuses to return to India to face criminal prosecution.

## Few Fugitive Economic Offender of India:-

1. **Nirav Deepak Modi** (according to Wikipedia) bore on 27<sup>th</sup> February 1971 in Palanpur, Gujarat, India is the most wanted businessman for the criminal conspiracy, criminal breach of trust, cheating and dishonestly including delivery of property, corruption, money laundering, fraud, embezzlement and breach of contract since August 2018.  
Modi is being investigated in a \$2 billion fraud case of Punjab National Bank by generating fraud Letter Of Undertaking (LOU) on behalf of some companies belonging to NiravModi Group Viz. It was difficult to detect the fraudulent activity as none of the transactions were routed through CBS – core banking solution system.
2. **Vijay Mallya** (according to Wikipedia) bore on 18<sup>th</sup> December 1955 in Kolkata, West Bengal is an Indian businessman and a former member of the Upper House of the Parliament of India. The son of businessman VittalMallya, he is the ex-chairman of United Spirits, the largest spirits company in India and continues to serve as chairman of United Breweries Group, an Indian conglomerate with

interests including beverage alcohol, aviation infrastructure, real estate and fertilizer. He has been the chairman of Sanofi India (previously known as Hoechst AG and Aventis) and the chairman of Bayer CropScience in India for over 20 years, and the chairman of several other companies. He is the subject of an extradition effort by the Indian Government to return him to India from the UK to face charges of financial crimes.

A group of 17 Indian banks are trying to collect approximately ₹9,000 crores (US\$1.3 billion) in loans which Mallya has allegedly routed to gain 100% or a partial stake in about 40 companies across the world. Several agencies including the Income Tax Department and the Central Bureau of Investigation are investigating Mallya for charges including financial fraud and money laundering.

3. **Lalit Modi** (according to Wikipedia) born on 29<sup>th</sup> November 1963 in New Delhi India into one of the India's leading business family. He is an Indian businessman and cricket administrator. He was the first Chairman and Commissioner of the Indian Premier League (IPL), and ran the tournament for three years until 2010. He also served as the Chairman of the Champions League during 2008–10. He was the Vice President of the Board of Control for Cricket in India (BCCI) during 2005–10. He has also served as the President of the Rajasthan Cricket Association (2005–09 and 2014–15), and as the Vice President of the Punjab Cricket Association. He is involved in the scam of approximately rs. 7000 crores by money laundering.

### **The Fugitive Economic Offenders Act, 2018:-**

According to Wikipedia, The Fugitive Economic Offenders Act, 2018 is an Act of the Parliament of India that seeks to confiscate properties and assets of economic offenders that evade prosecution by remaining outside the jurisdiction of Indian courts.

### **Highlights of the Act**

1. The bill was introduced by Mr. Arun Jaitley in the legislative and it became Act on 25<sup>th</sup> July 2018.
2. The Act deals against the offender who has done fraud of 100 crores or above and fled away from the country and refuses to come back for criminal jurisdiction.
3. Under the Prevention of Money Laundering Act, 2002 (PMLA) a special court is empowered to declare the person as Fugitive Economic Offender (FEO) based on the application made. After the application the Economic Offender has to appear at the specific place within the minimum time of six weeks from the issue of notice.
4. The Act allow the director or deputy director appointed under the Prevention of Money Laundering Act, 2002 (PMLA) can seize the national as well international property of the Offender for recovering the losses suffered by the nation.
5. The Bill bars any court or tribunal may bar FEO or associated company from filing or defending civil claims before it.
6. There is no requirement of the search warrant or to ensure presence of the witness before search, according to the Act.
7. The Director or deputy director has granted the same powers as of the civil court of the country. More specifically the powers comprise to enter and search the place on the belief that the individual is the FEO- Fugitive Economic Offender.
8. Under this Law the appeal against the order of special court lies to the High court followed by Supreme Court of the nation.

### **Conclusion and suggestions:-**

The end of hide and seek game for the Fugitive Economic Offenders. India has set the global narrative against these economic offenders who pertain to non-payments of loans which have weakened the Indian economy.

By passing the bill in the Parliament, a law is being in action to fetch back the money by seizing and auctioning their property inside and outside India.

Further measures can be drawn at grass level to not let it grow.

These measures are:-

- i. Banks should go thoroughly from the accounts of the companies who ask for loan so that their capacity to repaying loan can be estimated.
- ii. Loans should not be given to the companies which are suffering accumulating losses and are about to shut down.

- iii. Banking institutions should be free from government and political influence. So that only deserving candidates avail the credit opportunity of the government.
- iv. Project reports for loans should be physically checked and verified by the authorities so that loan amount is not misused for different purpose.
- v. Once the loan is granted, there should be regular observation of how the loan amount is being spent.
- vi. Last but not the least there should be display of defaulter's name in the public so that there is fear and humiliation among these person and they think twice before doing these frauds.

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