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## Fugitive Economic Offenders Act, 2018

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### Why in News

Recently, assets worth Rs. 329.66 crore of the Punjab National Bank (PNB) fraud mastermind Nirav Modi have been confiscated under Section 12(2) and (8) of the **Fugitive Economic Offenders Act, 2018**.

- In this **money laundering** case, the **Enforcement Directorate** (ED) has so far attached properties valued at Rs. 2,348 crore.
- The properties were earlier attached under the **Prevention of Money Laundering Act, (PMLA) 2002**.
- To proactively detect such frauds, the **Reserve Bank of India** (RBI) is in the process of putting together an exclusive wing for **banking fraud oversight**. This wing will have teams for meta-data processing and analysis, **artificial intelligence** analysis units, as well as proactive risk assessment cells.

### Key Points

- **Fugitive Economic Offenders Act, 2018:** It seeks to confiscate properties of economic offenders who have left the country to avoid facing criminal prosecution or refuse to return to the country to face prosecution.
  - **Fugitive economic offender:**

A person against whom an arrest warrant has been issued for committing an offence listed in the Act and the value of the offence is at least Rs. 100 crore.
  - **Some of the offences** listed in the act are:
    - Counterfeiting government stamps or currency.
    - Cheque dishonour.
    - Money laundering.
    - Transactions defrauding creditors.

- **Declaration of a Fugitive Economic Offender:**
  - After hearing the application, a **special court** (designated **under the PMLA, 2002**) may declare an individual as a fugitive economic offender.
  - It **may confiscate properties** which are proceeds of crime, Benami properties and any other property, in India or abroad.
  - Upon confiscation, **all rights and titles of the property will vest in the central government**, free from encumbrances (such as any charges on the property).
  - The central government may appoint an administrator to manage and dispose of these properties.
- **Bar on Filing or Defending Civil Claims:**
  - The Act allows any **civil court or tribunal to prohibit** a declared fugitive economic offender, from **filing or defending any civil claim**.
  - Further, any **company or limited liability partnership** where such a person is a majority shareholder, promoter, or a key managerial person, may also be **barred from filing or defending civil claims**.
  - The authorities may **provisionally attach properties of an accused**, while the application is pending before the Special Court.
- **Powers:**
  - The authorities under the PMLA, 2002 will exercise powers given to them under the Fugitive Economic Offenders Act.
  - These **powers** will be **similar to those of a civil court**, including the search of persons in possession of records or proceeds of crime, the search of premises on the belief that a person is an FEO and seizure of documents.

### **Enforcement Directorate**

- It is a **specialized financial investigation agency** under the **Department of Revenue, Ministry of Finance**.
- On **1<sup>st</sup> May 1956**, an 'Enforcement Unit' was formed in the Department of Economic Affairs for handling Exchange Control Laws violations under **Foreign Exchange Regulation Act, 1947**. In 1957, it was renamed as 'Enforcement Directorate'.
- ED enforces the following laws:
  - **Foreign Exchange Management Act, 1999**.
  - Prevention of Money Laundering Act, 2002.

**Source: TH**