

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:185

ANSWERED ON:05.12.2014

ECONOMIC OFFENCES

Choudhary Shri Ram Tahal;Khaire Shri Chandrakant Bhaurao

Will the Minister of FINANCE be pleased to state:

- (a) the guidelines/instructions issued by the Government/RBI to check economic offences committed by borrowers/companies/firms etc.;
- (b) whether his Ministry monitors the cases of economic offences committed by unscrupulous elements in the country; ;
- (c) if so, the details thereof including the cases which have been registered during each of the last three years and the current year and the punishment awarded to the culprits, case-wise; and
- (d) the remedial measures taken by the Government in the matter?

Answer

THE FINANCE MINISTER (SHRI ARUN JAITLEY)

(a) to (d) A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (d) of Lok Sabha Starred Question No,185 for 5th December, 2014 by Shri RAM TAHAL CHOUDHARY, Shri V CHANDRA KANT KHAIRE regarding Economic Offences.

The Government has enacted a number of Acts such as Income Tax Act, Customs Act, Central Excise Act, Prevention of Money Laundering Act, Foreign Exchange Management Act, Smugglers and Foreign Exchange Manipulators (Forfeiture of Properties Act) (SAFEMFOPA), Conservation of Foreign Exchange And Prevention of Smuggling Activities(COFEPOSA), Narcotic Drugs and Psychotropic Substances Act (NDPS Act), Prevention of Corruption Act, Benami Transactions (Prohibition) Act etc. which provide for penal provisions for economic offences. Further, from time to time, various rules and regulations are framed under the relevant Acts to regulate economic activities, as may be necessary.

A number of Government agencies monitor administration of these Acts like the Central Board of Direct Taxes(CBDT), Central Board of Excise & Customs (CBEC), Enforcement Directorate(ED), Directorate General of Revenue Intelligence(DRI), Securities and Exchange Board of India(SEBI), Serious Fraud Investigation Office (SFIO) etc.

Further, Intelligence gathering is regularly done by Financial Intelligence Unit India(FIU-IND) and Central Economic Intelligence Bureau(CEIB).

The above agencies closely monitor adherence to various Acts through scrutiny of periodic returns, periodic audits, creation of data bases, information exchange between agencies and intelligence gathering through collection, scrutiny and monitoring of financial transactions of suspicious nature.

The details of cases registered for various economic offences during the last three years and the current year and the action taken against economic offenders by Central Board of Direct Taxes, Central Board of Excise & Customs, and Directorate of Enforcement is given in the ANNEXURE-A.

The Government has taken a number of steps to curb economic offences. They include, inter- alia:-

(i) Amendment in statutes from time to time

(ii) Taking measures to ensure strict compliance of rules like monitoring, preventive checks, audit, circulation of modus operandi circulars, conducting surveys by the field officers, extensive publicity to create public awareness, booking cases against defaulters and obtaining information from other government agencies/departments, creating data base sharing of intelligence and data.

(iii) Institutions like Directorate of Enforcement(ED), Directorate of Criminal Investigation, Overseas Intelligence Units in both Customs and Income Tax side, Foreign Tax and Tax Research Division (FT&TR) and Investigation Division of Central Board of Direct Taxes, Directorate General of Revenue Intelligence (DRI), Directorate General of Central Excise Intelligence (DGCEI) under Central Board of Excise & Customs(CBEC), Financial Intelligence Unit-India and Central Economic Intelligence Bureau have institutional mechanisms

for gathering and sharing intelligence on economic offences.

(iv) Various law enforcement/intelligence agencies have inter-linkages for sharing of data bases, real time data exchange, 360° profiling of tax payers to enable better coordination for tracking the economic offenders.