Fugitive Economic Offenders Act, 2018, Objectives, Provisions

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The Fugitive Economic Offenders Act, 2018 aims to stop economic offenders from escaping India after committing major financial crimes and ensure that their assets can be quickly seized to recover public money.

It strengthens the government's power to declare someone an FEO and confiscate their properties, even those held through companies or relatives. The Act allows special courts to handle such cases and ensures that offenders cannot use the judicial system unless they return to India.

Fugitive Economic Offender (FEO) Definition

A Fugitive Economic Offender is an individual against whom an arrest warrant has been issued for a scheduled economic offence and who either leaves India to avoid prosecution or refuses to return when summoned. The Act applies only when the amount involved in the offence is **₹100 crore or more**. This definition ensures that the law targets major financial criminals rather than minor offenders.

Fugitive Economic Offenders Act, 2018 Objectives

The Fugitive Economic Offenders Act, 2018 aims to prevent major economic offenders from escaping India and ensure quick recovery of assets involved in high-value financial crimes. The key objectives of this act are:

- To stop high-value economic offenders from fleeing India to evade investigation.
- To enable swift attachment and confiscation of their properties.
- To strengthen asset recovery mechanisms in major financial fraud cases.
- To act as a deterrent against money laundering, bank fraud, and financial scams.
- To support faster justice by reducing delays caused by absconding offenders.

Provisions of the FEO Act, 2018

The Fugitive Economic Offenders Act, 2018 lays down a structured mechanism to identify fugitive offenders, attach their properties, and enable courts to confiscate assets even in their absence. The key provisions of this act are:

- Applies to individuals involved in scheduled economic offences involving **₹100 crore or more**.
- **Enforcement Directorate** (ED) can **file an application** before the Special Court to declare a person an FEO.
- ED may **provisionally attach** properties of the accused for 180 days to prevent disposal.
- Special Court under PMLA conducts the **FEO declaration hearing** and issues final orders.
- Once declared an FEO, the court can **confiscate all properties**, including benami and overseas assets (equivalent value).
- Offenders are **barred from filing or defending civil claims** in India unless they return to face investigation.
- The Act covers both **movable and immovable assets**, including proceeds of crime and corporate properties.
- Confiscated properties vest in the **Central Government** free of all encumbrances.

Role of Enforcement Directorate (ED)

The Enforcement Directorate (ED) is the primary agency responsible for implementing the Fugitive Economic Offenders Act, 2018 by identifying absconders, tracing their assets, and initiating legal processes to declare them FEOs.

- **Identifies cases** where individuals flee India after committing economic offences above ₹100 crore.
- **Files applications** before the Special Court seeking FEO declaration.
- **Provisional attachment** of movable and immovable properties of the accused for 180 days.
- **Collects financial evidence** and tracks assets both within India and abroad.
- Coordinates with **foreign agencies, Interpol, and MLAT partners** to trace and freeze overseas assets.
- Executes **confiscation orders** passed by the Special Court under the FEO Act.
- Ensures that confiscated properties **vest with the Central Government**.

Differences Between FEO Act and PMLA

The Fugitive Economic Offenders Act (FEOA) and the **Prevention of Money Laundering Act** (PMLA) both deal with financial crimes, but they serve different purposes and operate through separate mechanisms. The Differences Between FEO Act and PMLA have been tabulated below.

Differences Between FEO Act and PMLA		
Aspect	**FEO Act, 2018**	**PMLA, 2002**
Purpose	Act against absconding economic offenders	Prevent and punish money laundering
Nature	Civil (confiscation-focused)	Criminal (investigation + prosecution)
Threshold	Applies to offences ₹100 crore+	No monetary threshold
Target	Offenders who flee India	Offenders laundering proceeds of crime
Presence of Accused	Not required for confiscation	Required for criminal trial
Key Action	Declaration as FEO + full property confiscation	Attachment, arrest, trial, and conviction
Property Confiscation	Entire property including benami & equivalent foreign assets	Only proceeds of crime or equivalent assets
Civil Rights	Cannot file/defend civil cases in India	No such restriction

Fugitive Economic Offenders Act, 2018 Significance

The Fugitive Economic Offenders Act, 2018 is important because it helps the government take quick action against people who cheat Indian banks or commit financial crimes and then escape abroad.

- It stops economic offenders from hiding in other countries to escape Indian laws.
- The government can take their properties even if they are outside India.
- It helps banks and agencies recover money faster.
- It creates fear among offenders so they think twice before running away.
- It makes India’s financial system more trustworthy.
- It shows that the government is strict against big financial scams.
- It supports faster action and stronger cases during extradition.

Fugitive Economic Offenders Act, 2018 Issues

The Fugitive Economic Offenders Act, 2018, faces several issues that make its implementation challenging. A few of the issues have been discussed below.

- Extradition takes a very long time because it depends on foreign countries’ legal systems.
- Offenders often file cases in foreign courts, delaying India’s action against them.
- Tracing and seizing assets outside India is difficult due to slow information-sharing.
- ED and other agencies must provide strong proof that the person fled intentionally, which is hard to establish.
- Critics say the Act may be misused against businesspersons during financial disputes.
- Coordination between ED, CBI, banks, and the Ministry of External Affairs is slow, affecting speedy action.
- Selling seized properties is difficult and time-consuming, and their value may decrease over time.

Way Forward

The Fugitive Economic Offenders Act, 2018 can work better with stronger global cooperation, faster legal processes, and improved coordination among agencies.

- Strengthen international cooperation so that foreign countries share financial information faster.
- Speed up extradition agreements and streamline procedures to bring fugitives back quickly.
- Improve coordination between ED, CBI, banks, and the Ministry of External Affairs for faster action.
- Use advanced technology and financial intelligence tools to track assets in India and abroad more effectively.
- Create special fast-track courts to handle FEO cases and avoid long delays.
- Ensure transparency and strict guidelines to prevent misuse of the Act against genuine businesspersons.
- Train investigation teams and increase staff capacity to handle complex financial crime cases.
- Work with global bodies like FATF to strengthen cross-border asset recovery mechanisms.
