Fugitive Economic Offenders Act, 2018

Mains: *GS III – Economy*

Why in News?

Recently, the Finance Ministry informed the Lok Sabha that Fifteen people have been declared wanted by various courts under the Fugitive Economic Offenders Act (FEOA) as of October 31, 2025, nine of whom are linked to large-scale financial frauds against public sector banks.

What is Fugitive Economic Offenders Act?

- **Fugitive Economic Offender (FEO)** – It defines 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.
- **Fugitive Economic Offenders Act, 2018** – It enables swift action against high-value financial offenders, ensuring asset seizure, faster recovery, and stronger deterrence against major scams.
- It 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.
- **Applicability** – The Act applies only when the amount involved in the offence is *₹100 crore or more*.
- **Objectives** – It aims to prevent major economic offenders from escaping India and ensure quick recovery of assets involved in high-value financial crimes.
- 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.

What are the important provisions of the act?

- **Role of ED** – Enforcement Directorate (ED) can file an application before the Special Court to declare a person an FEO.
- It 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*.
- ED may provisionally attach properties of the accused for 180 days to prevent disposal.
- **Special Court** – The special *courts under PMLA* (prevention of money laundering act)

conducts the FEO declaration hearing and issues final orders.

- **Confiscation of properties** – 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.
- **Assets covered** – 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.

What are the recent developments regarding the FEOs?

- **Identified FEOs** – The Ministry of Finance informed Parliament that *15 individuals had been declared FEOs as of October 31.*
- Nine of them are involved in large-scale financial fraud, and the amounts they owe have been made public.
- **Amount owed to banks** – Just nine Fugitive Economic Offenders (FEOs) owed Indian banks *over ₹58,000 crore in principal and interest.*
- State Bank of India (SBI) is owed over ₹22,000 crore, followed by Punjab National Bank and Bank of India.
- In terms of total dues owed initially (principal plus interest), businessman Mallya tops the list with nearly ₹27,000 crore.
- He is followed by the Sandesara family (Sterling Group) and Nirav Modi.
- **Recovery rate** – Notably, the SBI has achieved the highest recovery rate among these lenders, retrieving close to 52%.
- This is largely attributed to effective recovery measures, including liquidation, in Vijay Mallya's account.
- In contrast, the recovery rate for other banks remains below 40%.
- Over 56% of amount owed by Mallaya has been recovered till date, date show, while for others, the rate is much lower at 17% for the Sandesara family and 7% in the case of Modi.
- Despite having arrest warrants issued against them, these FEOs have left India and refuse to return to avoid criminal prosecution.

Reference

The Hindu| FEO Act

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