

Enforcement Directorate (ED)

The Enforcement Directorate (ED) is a law enforcement agency of the Government of India that is responsible for enforcing Economic Laws and fighting Economic Crime. Students preparing for the UPSC Civil Service Exam or any other Government Exam must be aware of this topic.

The Enforcement Directorate (ED) is a topic that can be related to the Indian Economy of General Studies Paper 3 in the UPSC Syllabus. Civil services aspirants can score more if they're aware of the various finance-related agencies under the Government of India. Important government bodies and agencies could be asked about in the UPSC Prelims.

What is Enforcement Directorate (ED)?

The Directorate General of Economic Enforcement (Enforcement Directorate) is a law enforcement and economic intelligence agency responsible for enforcing economic laws and fighting economic crime in India.

1. It was formed with the purpose of handling Exchange Control Law violations under the Foreign Exchange Regulation Act, 1947.
2. Initially established under the Department of Economic Affairs in 1956 as an 'Enforcement Unit', it was later shifted to the Department of Revenue for administration in 1960.
3. It was renamed as the Enforcement Directorate (ED) in 1957.
4. Now, the Enforcement Directorate (ED) is administered by the Department of Revenue under the Ministry of Finance.
5. The ED has its headquarters in New Delhi and has many regional offices all over the country.
6. It is headed by the Director of Enforcement, who is an IRS officer (Indian Revenue Service).

Objective: The Organization is mandated with the task of enforcing the provisions of two special fiscal laws – Foreign Exchange Management Act, 1999 (FEMA) and the Prevention of Money Laundering Act, 2002 (PMLA).

Composition: It is composed of officers from the Indian Revenue Service, Indian Police Service and the Indian Administrative Service as well as promoted officers from its own cadre. In addition to directly hiring people, the Directorate also draws officers from different Investigating Agencies, viz., Customs & Central Excise, Income Tax, Police, etc. on deputation. The total strength of the department is less than 2000 officers out of which around 70% of officials came from deputation from other organizations while ED has its own cadre, too.

Headquarter: The Directorate of Enforcement has its headquarters in New Delhi. There are five regional offices at Mumbai, Chennai, Chandigarh, Kolkata and Delhi headed by Special Directors of Enforcement.

Functions of Enforcement Directorate (ED)

The functions of the Enforcement Directorate (ED) are listed in the table below:

Sr No	Functions of Enforcement Directorate (ED)
1	Investigating violations of Foreign Exchange Management Act (FEMA) laws and provisions.

	<ul style="list-style-type: none"> • Designated ED Officials adjudicate FEMA violations. • Penalties up to three times the sum involved can be imposed.
2	<p>Investigating offences of Prevention of Money Laundering Act, 2002 (PMLA) laws and provisions.</p> <ul style="list-style-type: none"> • ED has the power to attach the assets of the culprits found guilty of violation of FEMA. “Attachment of the assets” means prohibition of transfer, conversion, disposition or movement of property by an order issued under Chapter III of the Money Laundering Act.
3	<p>Processing cases of fugitive/s from India under the Fugitive Economic Offenders Act, 2018.</p> <ul style="list-style-type: none"> • Offenders choose to stay outside the country and its jurisdiction to protect themselves. • This Act allows Economic Offenders from evading the law and preserves the sanctity of the justice system in the country.
4	<p>Adjudicating show-cause notices issued under the repealed FERA (Foreign Exchange Regulation Act, 1973).</p>
5	<p>Sponsoring cases of Preventive Detention under the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 (COFEPOSA) with respect to FEMA violations.</p>
6	<p>Rendering cooperation to foreign countries in matters related to money laundering and restoration of assets under the PMLA provisions.</p>

Special Court

For the trial of an offence punishable under section 4 of PMLA, the Central Government (in consultation with the Chief Justice of the High Court), designates one or more Sessions Court as Special Court(s). The court is also called “PMLA Court”. Any appeal against any order passed by the PMLA court can directly be filed in the High Court for that jurisdiction.

Multiple Choice Question (MCQ)

I) Consider the Following Statements

1. The headquarters of the Enforcement Directorate is in Mumbai, Maharashtra.
2. The directorate of Enforcement is a Multi-Disciplinary Organization mandated with the task of enforcing the provisions of two special fiscal laws – the Foreign Exchange Management Act, 1999 (FEMA) and the Prevention of Money Laundering Act, 2002 (PMLA).
3. The Enforcement Directorate (ED) is administered by the Internal Security Department under the Ministry of Home Affairs.
4. The Enforcement Directorate (ED) is a law enforcement agency of the Government of India that is responsible for enforcing Economic Laws and fighting Economic Crime.

Which of the following statements is true?

- A) Only 1 and 2 is False
- B) All the 4 statements are False
- C) None of the Statements is False.
- D) Only 2, and 4 are True.

Answer: D

II) Consider the following statements:

1. Enforcement Directorate is part of the Department of Revenue, Ministry of Finance.
2. Any appeal against any order passed by the PMLA court can directly be filed in the High Court for that jurisdiction.

Choose the correct answer using the codes given below:

- A) 1 only.
- B) 2 only.
- C) Both.
- D) None.

Answer: C

