

# Enforcement Directorate

September 9, 2020

Directorate of Enforcement is a multi disciplinary organization mandated with the task of enforcing the provisions of two special fiscal laws – **Foreign Exchange Management Act, 1999 (FEMA)** and **Prevention of Money Laundering Act, 2002 (PMLA)**.

## Enforcement Directorate

- The origin of this Directorate goes back to **1956, when an 'Enforcement Unit' was formed, in the Department of Economic Affairs**, for handling exchange control laws violations under Foreign Exchange Regulation Act, 1947.
- ED enforces 2 laws:

. FEMA, a **civil law having quasi judicial powers**, for investigating suspected contraventions of the exchange control laws and regulations with the powers to impose penalties on those adjudged guilty.

. PMLA, a **criminal law**, whereby the officers are empowered to conduct enquiries to locate, provisionally attach/ confiscate assets derived from acts of scheduled offences besides **arresting and prosecuting** the money launderers.

- The Directorate is under the **administrative control of the Department of Revenue (Ministry of Finance)** for operational purposes.

The policy aspects of the **FEMA**, its legislation and its amendments are within the purview of the **Department of Economic Affairs**.

Policy issues pertaining to **PML Act**, however, are the responsibility of the **Department of Revenue**.

- The Directorate has **10 zonal offices each of which is**

**headed by a deputy director** and 11 sub zonal offices each of which is headed by assistant directors.

▪ **Functions:**

. To **collect, develop and disseminate intelligence** relating to violations of FEMA, 1999, the intelligence inputs are received from various sources such as central and state Intelligence agencies, complaints.

. To investigate suspected violations of the provisions of the FEMA, 1999 relating to activities such as **“hawala” foreign exchange racketeering, non-realization of export proceeds, non-repatriation of foreign exchange** and other forms of violations.

. To undertake **survey, search, seizure, arrest and prosecution action** against offenders of PMLA offence.

. To provide and seek mutual legal assistance to/ from contracting states in respect of **attachment/ confiscation of proceeds of crime** as well as in respect of transfer of accused persons under PMLA.