

CHAPTER 4

ECONOMIC OFFENCES DIVISION

4.1 The Economic Offence Wing in CBI was first created vide Resolution No. 24166/64-AVD, dated April 29, 1964 to deal with offences under various Sections of IPC and Special Acts notified under section 3 of DSPE Act mainly pertaining to serious frauds in Banks, Stock Exchanges, Financial institutions, Joint Stock Companies, Public Limited Companies, misappropriation of public funds, criminal breach of trust, violation of Foreign Exchange Regulation Act, Customs Act, IMPEX Laws, counterfeiting of currency, narcotics, drug trafficking, arms peddling and offences related to antiquities, adulteration, black marketing etc

4.2 After the Securities and Stock Exchange scam of 1992, a need was felt for strengthening and expanding the Economic Offences Wing of CBI. The reorganization of the EOW was sanctioned by the Government of India vide DP&T Letter No. 201/23/92-AVD-II, dated July 22, 1994 and September 22, 1994 and a full-fledged Economic Offences Division came into existence vide Order No.4.6/86-LD, dated November 26, 1994.

4.3 The Economic Offences Division is headed by a Special Director/Additional Director(E) and it consists of four Zones. Each Zone is headed by a Joint Director. Every Zone has two or three Regions each headed by a DIG. Each Region comprises of two or three Branches headed by Superintendents of Police.

4.4 Out of the four Zones of Economic Offence Division, one of the Zones deals exclusively with large and complicated security and bank frauds. This Zone is also known as the BSFC (Banking Securities Fraud Cell). The other three Zones take up the investigation of various types of Economic Offences, in general. The Court trials of the cases chargesheeted by the various EOW Branches are also conducted by the respective Branches. Details of Branches and jurisdiction may be seen in Chapter 1, Annexure 1-E.

4.5 The economic offences taken up for investigation by Branches are usually cases of complicated and intricate nature in which IPC offences, as also offences under various Central Acts are alleged to have been committed. The investigations usually involve collection and scrutiny of voluminous documents from banks as also from various Central/State Government departments. Many a time, investigation is required to be conducted outside the country.

THURST AREAS

4.6 The current thrust areas of the EOW are as follows:

- (a) Import-export frauds.
- (b) Banking frauds.
- (c) Insurance frauds
- (d) Foreign exchange frauds.
- (e) Frauds through manipulation of prices of shares listed on Stock Exchanges, insider trading etc.
- (f) Smuggling of narcotics and psychotropic substances.
- (g) Forgery of travel documents, identity papers, and overseas job rackets.
- (h) Counterfeit currency and fake Government stamps/ papers.
- (i) Smuggling of antiques, arts and treasures.
- (j) Cyber Crimes.
- (k) Violations of Intellectual Property Rights, audio and video piracy, software piracy etc.
- (l) Wildlife and environmental crimes.

4.7 Increase in economic offences during the recent years has by far outstripped the increase of conventional crime. This scenario is likely to further aggravate in the coming years. Also the coming years are likely to witness various new types of economic crimes on account of increased globalisation, enhanced reliance on internet banking, use of plastic money and expansion of primary and secondary capital market. While the Economic Offences Wing will have to continue to take up investigation of various types of offences listed above, some of these crimes are likely to require full-fledged Units for their investigation and prosecution in future.

Cyber Crimes

4.8 The investigation and prosecution of Cyber Crimes are in their infant stage presently. As the computer penetration and the computer literacy goes up, incidence of Cyber Crimes will go up manifold. Economic Offence Wing will not only have to perform the lead role in the investigation of complicated cyber crimes such as crimes relating to e-banking, plastic money etc., but also in the area of cyber security in the country. The Economic Offences and training Wing of CBI will have to act as the Nodal Agency for training the State Police forces in handling Cyber Crime investigations and prosecutions.

4.9 There is an intimate relationship between narcotics trade, arms smuggling and terrorism. Combating the **smuggling of narcotics** and arms will be a major thrust area in future.

4.10 Use and circulation of counterfeit currency will continue to be a threat to internal security and economy of our country. Therefore, detection, investigation and prosecution of counterfeit currency is likely to assume greater importance.

4.11 Money laundering is going to be another future thrust area. The impact of this illegal activity on the economy of the country is profound. If the economy of the country is to move to a higher growth path, strong curbs on hawala operations and money laundering will become essential.

4.12 Investigation and prosecution of cases of violations of Intellectual Property Rights, audio/video piracy and related crimes will assume greater importance and will require dedicated Branch/Unit of the Economic Offences Division.

4.13 In the years to come, more and more private investors are likely to invest their money in the primary and secondary share markets. With increased trading on exchanges and with the laws and regulatory mechanisms usually being several steps behind the requirements of the situation, market manipulations by promoters and the stockbrokers are likely to increase. As a result, more and more cases pertaining to Stock Exchanges may have to be taken up for investigation and prosecution by this Division.

4.14 As economic growth and development of our country, to a large extent, depends upon our ability to create institutional frameworks which prevent future financial scams by sending out early warning signals, the Economic Offence Wing of CBI will continuously have to equip and reorient itself to be able to perform a proactive role in prevention of large value economic crimes. For this greater coordination and cooperation with various financial regulatory agencies will be required.

Cyber Crime Investigation Cell

4.15 A Cyber Crime Investigation Cell (CCIC) has been constituted in CBI vide Order No. 21/4/99, dated 17th August, 1999 for investigation of offences involving Computer Crimes, crimes committed in computerized environment and other high-tech crimes in areas like telecom etc. This Cell has all-India jurisdiction. It presently functions under JD, EOW-II. The EOW Branches located at Delhi, Mumbai, Chennai and Kolkata have also been assigned the task of taking up investigation of Cyber Crime cases within their jurisdiction. Detailed instructions on dealing with Cyber Crimes are contained in a separate chapter of this Manual.

Economic Intelligence Cell (EIC)

4.16 An Economic Intelligence Cell (EIC) under EOW Delhi Region was established for creation of database pertaining to various aspects of economic crimes and criminals. This Cell will collect, collate and analyse information and intelligence on economic crimes/criminals and act as a coordinating Unit with other Economic regulatory institutions and Departments/Ministries of

Finance/Commerce etc on behalf of CBI. The Economic Intelligence Cell (EIC) is located at New Delhi and functions under JD/EOW-III.

4.17 In order to discharge its functions and responsibilities effectively the Branches/Units, Regions/Zones of the Economic Offences Division are required to maintain close liaison with the Ministries of Finance, Commerce, departments of Revenue, Banking, CEIB, SEBI and such other Central/State level economic institutions.
