

Economy

Financial fraud: DRI unearthed 847 cases, recovered ₹956-cr duty in FY18

[Radheshyam Jadhav](#) Updated on December 10, 2018

Number of detection, court cases see a surge in the last fiscal

Financial frauds and irregularities that surfaced in the last couple of years and which landed the government in the dock have kept its agencies like the Central Board of Direct Taxes (CBDT), Directorate of Revenue Intelligence (DRI), Serious Fraud Investigation Office (SFIO) and others on their toes.

Identification of cases, seizures of assets and court cases surged in 2017-18 compared to the previous years. The actions by the Income-Tax Department under the direct tax laws include searches, surveys, assessment of income, levy of penalties and filing of prosecution, complaints before criminal courts, wherever applicable.

In the last four years 2,725 groups were searched by the CBDT and over ₹50,000-crore undisclosed income was admitted. Interestingly, out of 6,997 prosecution cases filed during this period, 65 per cent of cases were filed in 2017-18 according to the Ministry of Finance data.

Search and seizure

Central Board of Direct Taxes

Financial year	Number of group searched	Total assets seized (₹ cr)	Undisclosed income admitted (₹ cr)
2014-15	545	761.70	10,228.05
2015-16	447	712.32	11,226.02
2016-17	1,152	1,469.45	15,496.73
2017-18*	581	997.17	15,754.95
Total	2,725	3,940.64	52,705.75

*Figures are provisional

Directorate of Revenue Intelligence

Financial year	Number of cases detected*	Duty involved (₹ cr)	Number of arrests	Duty recovered (₹ cr)**
2015-16	437	5,971.09	57	500.09
2016-17	561	2,653.70	78	467.03
2017-18	847	2,892.24	85	956.03
2018-19 (upto July 18)	181	1,297.59	15	724.63
Total	2,026	12,814.62	235	2,647.78

*Involved in fraud etc **In cases involving fraud etc

Prosecution data

The data analysis reveals that even as CBDT figures for 2017-18 are provisional, highest undisclosed amount (30 per cent of the total undisclosed income) in the last four years came to the fore during 2017-18.

The data on prosecutions shows that 669 cases were filed in 2014-15 followed by 552 (2015-16), 1,252 (2016-17) and 4,524 cases in 2017-18. Courts have passed conviction orders in 153 cases out of 6,997 cases filed in four years. 75 conviction orders came in 2017-18.

Replying to a question on financial irregularities and frauds identified by various government agencies during the last three years and the current year, the Ministry of Finance, while presenting this data to the Lok Sabha recently, acknowledged: “There were instances of big-time offenders, including economic offenders, fleeing the country to escape the reach of law”.

The DRI, which shoulders the responsibility to curb financial irregularities and frauds to safeguard government revenue, detected the highest number of cases (847) in 2017-18 and recovered duty of ₹956.03 crore which is almost equal to the combined duty recovered in previous two years.

Rise in arrests

The number of people arrested in these cases is also highest (85) in 2017-18. During the same year, the SFIO investigated 225 entities, almost double compared to the previous year and highest when it comes to last three years.

The number of investigations assigned to regional directors and registrars of companies went up to 119 in 2017-18 from two cases in 2015-16 and three cases in 2016-17. The Central Bureau of Investigation (CBI) filed 497 cases related to financial frauds in 2017. The number of cases by CBI in 2015 and 2016 was 305 and 395 respectively.

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