

Government of India  
Ministry of Finance  
Department of Revenue

RAJYA SABHA

STARRED QUESTIONS NO. \*344

TO BE ANSWERED ON TUESDAY, MARCH 27, 2018

CHAITRA 6, 1939-40 (SAKA)

**SEIZURE OF ASSETS OF FRAUDULENT GEMS/JEWELLERY COMPANIES**

\*344: SHRI ANAND SHARMA:

Will the Minister of Finance be pleased to State:

- (a) whether it is a fact that Enforcement Directorate and other Government agencies have started seizing properties and assets of the two leading gems and jewellery companies of India, namely 'Gectanjali Jewels' and 'Nirav Modi Global Diamond Jewellery House' which defrauded banks;
- (b) if so, the value of such seizure of assets of the promoters and companies accused of the bank frauds; and
- (c) what steps Government proposes to take to recover the loss suffered by Public Sector Banks and prevent such frauds in future?

**ANSWER**

**FINANCE MINISTER  
(SHRI ARUN JAITLEY)**

(a) to (c): A Statement is laid on the table of the House.

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**Statement as referred to in reply to Starred Question No. \*344 to be answered on 27<sup>th</sup> March, 2018 in Rajya Sabha on seizure of assets of fraudulent gems/jewellery companies.**

Part-Wise reply to the starred question no. \*344 is as under:

(a) & (b):

(i) Directorate of Enforcement filed two cases against Shri Nirav Modi and Shri Mehul Choksi under the provisions of Prevention of Money Laundering Act, (PMLA), 2002 on the basis of FIRs registered by CBI and conducted 247 searches at various locations all over India. Total assets amounting to book value of approximately Rs. 7638 crore have been seized/ attached till 28.02.2018 by Enforcement Directorate.

(ii) Some precious stones were seized from the premises of M/s Gitanjali Gems Ltd., Surat by CBI. A farmhouse belonging to Sh. Nirav Modi has been sealed in Alibaug, Raigarh District.

(iii) The Income tax Department has taken various actions against the promoters and such companies accused of bank frauds which include, *inter-alia*, the following:

Nirav Modi group:

As on date, 31 immovable properties in the names of Sh. Nirav Modi, his wife Smt. Ami Modi and various group concerns are under the attachment of the Income-tax Department. 141 bank accounts/FDs of this group having cumulative credit balance of Rs 145.74 crore have been attached. 173 paintings and artworks have also been attached.

Mehul Choksi group:

Seven immovable properties belonging to Gitanjali group have been attached. Land, building and fixed assets valued at Rs. 1278 crore of a group subsidiary have been provisionally attached. About 244 bank accounts / FDs having a total credit balance of Rs 101.78 Crore have also been attached.

(iv) Ministry of Corporate Affairs (MCA) has ordered investigation into the affairs of 107 companies and 7 of Limited Liability Partnerships (LLPs) belonging to Shri Nirav Modi (Firestar Diamond Group) and Mehul Chinubhai Choksi (Gitanjali Group), under section 212 (1)(c) read with 216 of the Companies Act, 2013 and under section 43(3)(c)(i) of the LLP Act, 2008, to be carried out by Serious Fraud Investigation Office (SFIO). MCA has also filed a Petition/Application against the individuals, group and their entities belonging to Sh Nirav Modi and Sh Mehul Chinubhai Choksi Groups before the Hon'ble National Company Law Tribunal (NCLT) Mumbai Branch under sections 221,222,241,242,246 read with 339 of the Companies Act, 2013 and by order dated 23.02.2018. Hon'ble NCLT passed an injunction against all the respondents and other companies, LLPs, Trusts and individuals from removal, transfer or disposal of funds, assets and properties of the entities and individuals until further order.

(v) Directorate of Revenue Intelligence (DRI) has investigated three companies namely M/s. Firestar Diamond International Pvt. Ltd., M/s. Firestar International Pvt. Ltd., and M/s. Radashir Jewellery Co. Pvt. Ltd., located in Surat belonging to Nirav Modi group for evasion of customs duty by Smuggling, mis-declaration and suppression of facts. A sum of Rs. 37.16 crore as custom duty, Rs. 5.48 crore as interest and Rs.5.57 crore as penalty has been recovered. Prosecution has been launched against these three companies and Sh. Nirav Modi in the appropriate Court at Surat.

(c):

- In respect of frauds, banks initiate recovery action as per law. For secured portion of loans, action under the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 is initiated by the banks. They also file suits for recovery in Debts Recovery Tribunals and civil courts.
- Government has also issued an advisory to PSBs to take immediate action as per extant legal/regulatory framework to ensure that such/similar fraudulent activities (as reported by PNB) are not prevalent in the bank. They have also been asked to ensure that robust systems and procedures are in place for confirming due approvals, necessary applications/documents and entry in the bank's system in respect of all Letters of Undertakings/Comfort and SWIFT messages and ensuring scrutiny and reconciliation of Nostro accounts and to take all necessary steps to safeguard against occurrence of such frauds. Government has further advised PSBs to collectively prepare a report for effective management of operational risks, including technology risk, so as to safeguard against occurrence of frauds. Government has also asked PSBs to examine all accounts exceeding Rs. 50 crore, if classified as Non-Performing Asset (NPA), from the angle of possible fraud.
- Additionally, to deter economic offenders from evading the process of Indian law by remaining outside the jurisdiction of Indian courts, Government has introduced the Fugitive Economic Offenders Bill, 2018 in Parliament. The bill provides for attachment of property of a fugitive economic offender, confiscation of such offender's property and disentitlement of the offender from defending any civil claim. In this connection, Government has also advised Public Sector Banks (PSBs) to obtain a certified copy of the passport of the promoters/directors and other authorised signatories of companies availing loan facilities of more than Rs. 50 crore.

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