

5. Enforcement Directorate – Polity

The Enforcement Directorate (ED), under the Ministry of Finance, is India's premier financial investigation agency responsible for enforcing key economic laws like PMLA and FEMA. Established in 1956, its Director is appointed by a high-level committee under the CVC Act, and the agency operates through a nationwide network of offices.

Introduction – India's Premier Financial Investigation Agency

The Enforcement Directorate (ED) is India's primary financial investigation agency, operating under the Ministry of Finance. It has recently been in the spotlight for achieving a high conviction rate of 94% in cases prosecuted under the Prevention of Money Laundering Act (PMLA), underscoring its role in combating economic crimes.

Evolution of the Enforcement Directorate

The ED has evolved significantly since its inception, expanding its mandate and powers in response to India's changing economic landscape.

1956 (Formation) – Established on May 1, 1956, as a small “Enforcement Unit” within the Department of Economic Affairs.

Initial Mandate – Its primary task was to investigate violations of the Foreign Exchange Regulation Act, 1947 (FERA '47).

1957 (Renaming) – The unit was formally renamed the Enforcement Directorate (ED).

2000 (Statutory Empowerment) – The ED gained significant enforcement powers with the enactment of the Foreign Exchange Management Act, 1999 (FEMA), which replaced FERA.

Governance and Leadership

The ED's governance structure is designed to ensure operational autonomy and procedural integrity.

Nodal Ministry – The ED functions under the administrative control of the Department of Revenue, Ministry of Finance.

Appointment of the Director – The process is governed by the Central Vigilance Commission Act, 2003. The Director is appointed by the Central Government based on the recommendations of a high-level committee.

Selection Committee –

Chairperson – Central Vigilance Commissioner.

Members – Secretaries from the Ministry of Finance (Department of Revenue), Ministry of Home Affairs, and the Department of Personnel & Training.

Tenure Protection – The Director of the ED is appointed for a minimum term of **two years**. Any transfer before the completion of this term requires the approval of the same high-level appointing committee, ensuring stability in leadership.

Core Statutory Functions and Powers

The ED derives its powers from three key statutes, each targeting a different facet of economic crime.

Law / Statute	Nature of Law	ED's Role and Powers
Prevention of Money Laundering Act, 2002 (PMLA)	Criminal Law	Enacted to combat money laundering and terror financing. Under PMLA, the ED is empowered to investigate the "proceeds of crime," trace illicit assets, prosecute offenders in Special Courts, and ensure the attachment and confiscation of properties derived from criminal activities.
Foreign Exchange Management Act, 1999 (FEMA)	Civil Law	Enacted to regulate India's external trade, foreign exchange, and cross-border payments. The ED investigates potential breaches of FEMA provisions, which can include unauthorized foreign exchange transactions and holding of foreign assets.
Fugitive Economic	Economic Law	Targets economic offenders who have fled India to evade the

Law / Statute**Nature of Law ED's Role and Powers****Offenders Act, 2018
(FEOA)**

judicial process. Under this act, the ED has the power to attach and confiscate the properties of individuals declared as "fugitive economic offenders," both within India and abroad.

Organizational Structure

The ED operates through a hierarchical network of offices across the country to ensure effective nationwide coverage.

1. Headquarters - Located in New Delhi, it is headed by the Director of Enforcement.
2. Regional Offices - There are five regional offices located in Mumbai, Chennai, Chandigarh, Kolkata, and Delhi. Each of these is headed by a Special Director of Enforcement.
3. Zonal Offices - To ensure deeper penetration, numerous Zonal Offices function across the country in cities such as Pune, Bengaluru, Kochi, Guwahati, Hyderabad, Jaipur, Lucknow, Patna, and Srinagar, among others. Each Zonal Office is led by a Joint Director.
4. Supervision - The Director of Enforcement in New Delhi exercises overall supervision and control over all regional and zonal offices.

Source - [https - //www.thehindu.com/news/national/ed-says-it-has-secured-over-94-conviction-rate-in-pmla-cases/article70053035.ece](https://www.thehindu.com/news/national/ed-says-it-has-secured-over-94-conviction-rate-in-pmla-cases/article70053035.ece)

