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Probe agencies want banks to send alerts on defaulters in advance

BY [RAGHAV OHRI](#), ET BUREAU | OCT 17, 2018, 07:33 AM IST

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NEW DELHI: After a string of big business bosses like [Vijay Mallya](#), [Nirav Modi](#), [Mehul Choksi](#) and the Sandesara brothers indicted of financial crimes slipped out of the country, law enforcing agencies want a robust system in place where they are alerted in advance about economic offenders. And they are leaning on [banks](#).

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Banks can, for example, alert probe agencies to issue a look out circular/alert against the said individual to ensure he does not escape before they declare non-performing assets of a defaulter. Indian probe agencies petitioned the central government seeking the empowerment of banks to alert the government agencies to issue a look out circular (LoC) or an alert against a prospective fugitive.

The concerned bank, prior to the declaration of non-performing assets, may request for the issuance of a look- out circular/alert/verification to regulate the entry, stay and exit of the person concerned with the default, said persons with direct knowledge of the matter.

As per available information the government is considering the suggestion made by the agencies to ensure that economic offenders are unable to evade the law. "Prima facie, the suggestion makes sense. For, it is the banks that have first-hand information about companies which are on the verge of being declared wilful [defaulters](#). And, if they suspect that the director or owner of the company is likely to escape, they can bring it to the notice of the probe agencies before it is too late," said a senior government official on the condition of anonymity.



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The official added “once banks are empowered, the onus will also lie on their shoulders for alerting about such economic offenders.” The objective is to save taxpayers money since it is difficult and tedious to bring back a fugitive from a foreign country. However, he clarified that an appropriate decision will be taken by the authorities.” As of now, banks have no such provision to alert probe agencies about a prospective economic offender whose assets are yet to be declared “non-performing assets.”

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