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BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED : 16.05.2025

CORAM:

THE HONOURABLE MR.JUSTICE **B.PUGALENDHI**

Crl.OP(MD)No.6768 of 2024

Hemalatha : Petitioner

Vs.

1.The Inspector of Police,
DCB Police Station,
Sivagangai District.
Cr.No.2 of 2022

2.The Deputy Superintendent of Police,
Economic Offence Wing,
Trichy. : Respondents

[R.2 *suo-motu* impleaded vide order dated 16.05.2025]

PRAYER: Petition filed under Section 482 CrPC seeking a direction to the respondent to file the final report in Crime No.2 of 2022 dated 28.01.2022 within a stipulated time limit.

For Petitioner : Mr.T.Joshua

For Respondents : Mr.T.Senthil Kumar
Additional Public Prosecutor

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ORDER

The petitioner, one of the victims in Crime No.2 of 2022 on the file of the District Crime Branch, Sivagangai, has approached this Court with a grievance that the final report has not been filed till date.

2.It is a case of cheating. The accused lured the public with a promise of giving huge returns and cheated them. The petitioner is one of the victims. She is working as a Mathematics Teacher in a Private School. According to her, the 13th accused and his associates approached her that they are agents of M/s.Sparrow Global Trade, an upcoming real estate firm and lured the petitioner to invest in the firm for huge returns in terms of dividends and profits. The petitioner and her associates, said to have deposited a sum of Rs.5,45,57,100/- on various dates, from the year 2019, through bank transactions and direct cash. However, the accused persons have cheated them by not paying the money. Hence, the case was registered in Crime No.2 of 2022 for the offence u/s.406, 468, 471, 420, 120b, 294(b), 506(i) IPC. The grievance of the petitioner is that though the

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complaint was registered in the year 2022, the final report has not been filed till date. Therefore, she has filed this petition seeking a direction to the respondent to file the final report within a stipulated time limit.

3.Learned Additional Public Prosecutor, on instructions, submitted that similar such applications have been filed by other victims and are pending before this Court in Crl.OP(MD)Nos.18817 of 2019, etc., batch. He further submitted that the criminal case has been transferred from the District Crime Branch, Sivagangai, to the Economic Offence Wing, Trichy and a Special Investigation Team has been formed, headed by the Deputy Superintendent of Police, EOW, Trichy.

4.The Deputy Superintendent of Police, Economic Offence Wing, Trichy, is *suo-motu* impleaded as a party respondent to this proceedings.

5.On the directions of this Court, Ms.T.K.Lilly Grace, Deputy Superintendent of Police, Economic Offence Wing, Trichy, has appeared before this Court and appraised as to the progress of the case. A status

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report has also been filed on behalf of the DSP, EOW – Trichy and from that report, the following facts emerge.

5.1.One Raja @ Alaagarsamy along with other accused run various shell companies, namely, 1) Elfin – E Com Private Ltd, 2) Elfin Results, 3) Sparrow Global Trade, 4) Sparrow Reality, 5) Elfin Promoters, 6) Sparrow Tourism. Of these companies, M/s.Elfin – E Com Private Ltd alone is registered under the Companies Act. By advertising various delusive high yielding investment schemes, the accused lured general public to deposit money and cheated the public. This is their modus operandi.

5.2.On the orders passed by this Court in Crl.OP(MD)Nos.14139, 2440 of 2021, dated 25.03.202 and on the orders of the Director General of Police (HoPF), Chennai in Rc.No.1960457-1/Crime 2(1)/2022, dated 19.11.2022, a Special Investigation Team was formed to investigate all the Elfin E.Com Pvt Ltd Company and its sister concern cases. The Special Investigation Team consists of two Deputy Superintendents of Police [one DSP nominated as the Chief Investigating Officer and the another DSP

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nominated for civil work], two Inspectors of Police, one women Sub Inspector of Police and five Police Personnel.

5.3.Seventeen cases have been allotted to this Special Team as under:-

S.No.	Cr. No.	Total Depositors	Default Amount (in Rs.)	Stage of the case
1	Trichy EOW – 1/2019	10	23 Lakh	UI
2	Trichy City CCB – 17/2021	2000	75 Crore	UI
3	Trichy DCB - 5/2022	490	25 Crore	UI
4	Thanjavur DCB - 1/2020	1500	39 Crore	UI
5	Perambalur DCB – 1/2022	200	3 Crore	UI
6	Ramnad DCB – 3/2022	400	5.5 Crore	UI
7	Ramnad DCB – 4/2022	400	5.5 Crore	UI
8	Sivagangai DCB – 2/2022	1500	50 Crore	UI
9	Madurai City CCB – 24/2019	40	3 Crore	UI
10	Madurai City CCB – 56/2020	1	2.25 Crore	UI
11	Madurai Avaniyapuram PS – 218/2020	1	Nil	UI
12	Madurai City CCB – 12/2021	1	90 Lakh	UI
13	Tenkasi DCB – 9/2022	150	1 Crore	UI

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14	Trichy Mannachanallore PS – 103/2023	1	20.14 Lakh	UI
15	Virudhunagar DCB – 2/2013	2	1.94 Crore	UI
16	Virudhunagar EOW – 2/2013	305	11.5 Crore	PT – CC No. 8/2015
17	Madurai City CCB – 49/2019	1	4.5 Crore	PT – CC.No. 470/2022
Total		7099 (so far)	227.2 Crore (Approx)	

5.4.The Special Team has conducted searches at 35 places all over the State and seized several Gold, Silver articles, Cars, Bank accounts, etc.,

Bank Accounts (Frozen Cash)	Rs.1,93,30,685/-
Amount in the Committee Account	Rs.40,70,846/-
Surety Amount paid by the accused in TNPID Court, Madurai	Rs.69,00,000/-
Movable Properties, viz., Cash, Gold, Silver, Cars seized	Rs.61,48,880/-
Immovable Properties in 172 Land Documents	Rs.139,00,00,000/-
Total	Rs.140,71,19,726/-

5.5.For attachment of properties worth about Rs.3,58,85,322/-, G.O.No.307, dated 05.05.2014 and G.O.No.860 dated 30.11.2015 were passed. Out of which, lands worth about Rs.96 Lakh have been auctioned

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by the Competent Authority / District Revenue Officer, Virudhunagar, on 25.10.2023.

5.6.For attaching the sum of Rs.1,93,30,685/- frozen in various bank accounts, proposal was sent on 02.08.2023. The proposal was returned for some rectifications. It was rectified and sent to the Government on 18.01.2024.

5.7.For attaching the immovable properties in Viralimalai, Pudukottai, worth about Rs.1,40,95,838/-, proposal has been sent on 08.02.2024, however, for some corrections, it was returned.

5.8.On 02.05.2024, a proposal was made for attaching the immovable properties in Lalgudi, Trichy, worth about Rs.16,37,037/-; movable properties – 503.24 gm gold jewels worth about Rs.23,38,657/-, 4927 gm silver ornaments worth about Rs.2,73,185/- and cash Rs.1,57,330 (totally worth Rs.27,69,172/-). However, it was returned on 11.06.2024 for some corrections.

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5.9.For collecting genuineness certificate and revenue documents for the immovable properties, requisitions were sent as follows:-

S.No.	District / Taluk	Requisition sent on	Reply received on
1	Pudukottai / Viralimalai	12.07.2023	12.12.2023
2	Trichy / Lalgudi	16.10.2023	12.02.2024
3	Trichy / Mannachanallur	18.10.2023	Yet to receive
4	Trichy / Manapparai	18.10.2023	Yet to receive
5	Trichy / Srirangam	18.10.2023	Yet to receive
6	Virudhunagar / Virudhunagar	11.12.2023	Yet to receive
7	Tiruppur / Kangeyam	13.10.2023	Yet to receive
8	Perambalur / Aalathur	13.10.2023	Yet to receive

5.10.Insofar as the immovable properties found in Alathur, Manapparai, Manachanallur, Srirangam, Virudhunagar, reports are awaiting from the respective Tahsildars for ad-interim attachments. Hence, requisition letters were sent to the District Revenue Officers of Trichy, Perambalur and Virudhunagar and they are awaiting the same.

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6.In fact, some of the accused in this case have approached this Court seeking bail in Crl.OP(MD)No.14139 of 2021. In that petition, the accused made a submission that they are ready to solve the issue amicably by settling the depositors and also prepared to deposit a sum of Rs.50 Lakh to show their *bona fide*. For the purpose of settling the depositors, they requested to form a Committee headed by a retired Judge of this Court. Considering this undertaking of the accused, this Court, by order dated 01.11.2021, granted bail to the accused and formed a Committee, with the following directions:-

> "9. 1) … … …
>
> 2) The petitioners, as agreed, shall deposit a sum of Rs.50,00,000/- to the credit of Crl.O.P(MD)No.14139 of 2021, before the Registry of this Court, to meet the remuneration charges and other incidental charges of the Committee.
>
> 3) The Chairman of the Committee shall appoint any person of his choice to assist him, apart from required secretarial staff for assistance.
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> 4) A dedicated mobile number and an e-mail ID shall be opened exclusively for the Committee.

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5) A savings bank account shall be opened in the name of the Committee at any Nationalized Bank [hereinafter referred to as 'Committee account'] and the Chairman of the Committee is authorised to manage the account. Once such an account is opened, the sum of Rs. 50,00,000/- deposited by the petitioners to the credit of the said Criminal Original Petition shall be transferred by the Registry to the Committee account, upon a letter / memo being given by the Committee. The Committee shall utilize this amount to meet their remuneration and other incidental expenses including boarding and lodging. The remuneration to the Chairman is fixed as Rs.2,00,000/- (Rupees Two Lakh) per month and the remuneration to the persons assisting the chairman shall be Rs.75,000/- in toto. The balance amount shall be utilised for settling the dues to the investors.

Petitioners:

6) The petitioners are directed to disclose the details of all the subscribers / customers / depositors, etc. and the details of the pending cases against them to the Committee;

7) The petitioners are also directed to furnish the details of the properties, assets, bank balance, deposits, etc., standing in their names and in the names of their family members and other accused to the Committee.

8) The petitioners / accused, more particularly, the accused nos.1 & 2 are to effect paper publication in two leading Tamil and one English Daily about the proceedings before the Committee. The paper publication has to be vetted by the Committee.

9) The accused are directed to appear before the Committee once

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in a month, ie., in the first week of every month. Investigating Agency:

10) The investigating agency is directed to furnish the list of subscribers / customers / depositors; property details and bank accounts of the accused, their family members and staff, along with other particulars collected by them including the cases registered against the accused to the Committee.

11) The investigating agency is also directed to keep on updating the Committee about the investigation and subscribers list, periodically.

12) The investigating officer is directed to appear before the Committee as and when the Committee so directs. If the investigating officer is not in a position to appear before the Committee on any such date, a responsible officer having knowledge on the case be deputed to assist the Committee.

Defacto complainant:

13) The defacto complainant is also at liberty to submit the details of the subscribers / customers / depositors as well as the properties and bank balances of the accused including the cases pending against the accused before the Committee.

General Directions:

14) The Committee, after collecting the particulars including all the cases registered against the accused irrespective of their stage, from all quarters, is to identify the subscribers / customers / depositors and after due verification of their identification and genuineness of the documents, derive the amount of disbursement to each subscribers / customers / depositors.

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15) The Committee is also permitted to identify the properties standing in the name of the accused-company, the petitioners, their family members and staff, through such modes as they deem fit.

16) The amount of disbursement to each subscriber / customer / depositor, as arrived by the Committee, shall be settled by the accused nos.1 & 2.

17) The Committee is permitted to sell the properties standing in the name of the accused-company, the petitioners, their family members and staff and other accused, in the open market either by private negotiation or public tender for more consideration, as they deem fit, which amount shall be utilized to settle the subscribers / customers / depositors.

18) The jurisdictional District Revenue Officers and Superintendents of Police / Commissioners of Police concerned are directed to provide all necessary assistance to the Committee for visiting the properties of the accused and in the course of their sale.

19) Since the District Revenue Officer is the competent authority and custodian of the properties attached as per the TNPID Act, the accused shall give authorisation to the jurisdictional District Revenue Officers to execute the sale of the properties on their behalf. The Sub-Registrars concerned shall register the documents submitted by the District Revenue Officers regarding the properties of the above crime numbers, without raising any queries. The District Registrars are directed to issue necessary instructions in this regard to the Sub-Registrars concerned.

20) The Registry of Court is directed to release the funds lying

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before it in the credit of Crl.O.P(MD)No.14139 of 2021, as and when they receive any letter / memo / communication from the Committee in such regard, within a period of three days from the date of receipt of such letter / memo / communication.

21) The Committee is expected to complete the entire proceedings as expeditiously as possible, preferably, within a period of six months from the date of formation.

10. Subject to the aforesaid terms of reference, this Court is inclined to grant the relief of bail to the petitioners. For any clarification / modification of the aforesaid terms of reference, it is open to the parties concerned to approach this Court. It is made clear that in the event of any non-compliance of the aforesaid terms on the part of the petitioners, the bail / anticipatory bail granted would be cancelled and the Committee is at liberty to bring to the notice of this Court about any such non-compliance."

7.The accused persons have also deposited the amount of Rs.50 lakhs as agreed by them before this Court to the credit of Crl.O.P.(MD)No.14139 of 2021, before the Registry of this Court and they were released on bail. The Chairman of the Committee appointed by this Court has filed an interim report on 08.02.2022 with a request for further direction as under:

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"18. Considering the complexity involved in this shocking sordid affair, it is not possible to leave the matter to the general investigating team and unless a special team is formed for this purpose alone, its very difficult to expose the fraudulent people, deal with them with iron hand and to redress the grievances of innumerable victims / depositors.

19. It is my considered opinion that this committee should be strengthened by a team of experts and this Court shall monitor the investigation through this committee to avoid any slackness and to deal with accused persons and their properties obtained illegally. Considering the amount involved, the innumerable people suffering at the hands of the accused persons and their agents and the properties to be identified and sold to pay the deprived persons, it is very much necessary that this Court should monitor, control and supervise through this committee to render speedy justice, to the affected persons.

20. In such circumstances, I am seeking necessary Orders from the High Court to modify the order dated 01.11.2021 passed in Crl.O.P.(MD) Nos. 14139 & 2440 of 2021, modifying the earlier Order dated 01.11.2021 to include a direction of directing the Director General of Police, Tamil Nadu to form a special team and place the team at our disposal, to exclusively pursue the matter of addressing the grievances of the ingenuous depositors who have been taken for a ride by the accused persons. I am also seeking further clarifications from the High Court for follow-up action in this matter."

8.In the subsequent proceedings, the State through its Advocate General and the State Public Prosecutor took a specific stand that it is the

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Economic Offences Wing of the Police Force of the State of Tamil Nadu, which is competent and also equipped to investigate such type of offences and deal with it in accordance with law and to take care of this issue effectively. Therefore, this Court [CORAM : Hon'ble Thiru Justice Paresh Upadhyay, as he then was], by order dated 26.04.2022, reviewed the earlier order of granting bail to the accused persons as under:

> "7. Learned Advocate General had, on 18.04.2022, on the basis of the status report referred above, so also on the basis of the instructions of the concerned officers who were present in the Court, submitted that, it is the Economic Offences Wing of the Police Force of the State of Tamil Nadu, which is competent and also equipped to investigate such type of offences and deal with it in accordance with law.
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> 8. With a view to see that, the transition of the investigation of the offences in question (at whatever stage it is) from the Committee appointed by this Court to the State Agency (EOW) sails smooth, it was inquired from the State, if any officer can be named in that regard. To this, learned Advocate General had, by referring to the report dated 17.04.2022 stated that, Mr.V.Ashok Kumar, Additional Superintendent of Police, Economic Offences Wing of the State of Tamil Nadu can be assigned this task.
>
> 9. Before the final order is passed in this regard (which is being done today), it was thought necessary to work out the modalities of transition and handing over of the material gathered by the Committee and other procedural aspects like dealing with the bank account which was stated to

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had been opened pursuant to the directions of this Court. To facilitate this transition time was granted to the State and the officers of the Committee. It is informed to the Court today by the learned advocates for the respective parties that, appropriate coordination is done between the Committee and the concerned State Authorities and there is no difficulty in handing over the material and / or any other procedural impediment.

10. Having heard learned Advocate General for the State (on earlier dates), learned State Public Prosecutor and other learned advocates for the respective parties so also learned advocate for the Committee this Court finds that, on 01.11.2021, with the grant of bail and rejection of application for cancellation of bail, the exercise of powers under Section 439 of Cr.P.C. stood exhausted and it was neither necessary nor even competent for this Court to conceive constitution of any Committee for whatever good purpose it was. Reference in this regard is to be made to the decision of the Supreme Court of India in the case of State Rep. by Inspector of Police v M.Murugesan and another reported in (2020) 15 SCC 251. Since the very constitution of the Committee itself was beyond the competence of this Court while exercising powers under Section 439 of Cr.P.C, the extension of time and / or expansion of its jurisdiction can not be / need not be granted. Keeping this in view, appropriate order needs to be passed, however judicial discipline demands that, when this Court requested for the services of a retired Hon'ble Judge of this Court, whatever is done by the said Committee so far, can not be undone nor the action taken by it or on its behalf or any expenses incurred by it can be questioned. The efforts put in by the Committee up till now, at the request of this Court is taken note of with due appreciation.

11. In view of above, the following order is passed:-

11.1 The order passed by this Court dated 01.11.2021 is modified to the

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extent that, except grant of bail to the accused and rejection of application for cancellation of bail at the instance of the defacto complainant, no further direction can be given in exercise of powers under Section 439 of Cr.P.C.

11.2 All further directions contained in the said order (dated 01.11.2021), including appointing 'The Committee of Hon'ble Mr.Justice (Retired) S.Rajeswaran' and regulating the affairs thereof are recalled / deleted, with the further clarification that, whatever actions are taken by the said Committee up till now shall not be treated to be without authority of law and further that, the expenses incurred and paid by and on behalf of the said Committee, till date, will not be questioned.

11.3 The material gathered by the Committee up till now shall be transferred to the State Authorities. The State has already designated Additional Director General of Police (Economic Offences Wing) of the State of Tamil Nadu for this purpose. From the said agency, one Mr. V.Ashok Kumar, Additional Superintendent of Police, Economic Offences Wing, is also designated for the purpose of transition of the material from the Committee to the State Agency.

11.4 The amount lying at the credit of the above referred Committee, in the Bank Account, shall be transferred to the State and it shall be dealt with by it in accordance with law."

9.This Court [CORAM : Hon'ble Thiru Justice Paresh Upadhyay, as he then was], while modifying the earlier order of this Court dated 01.11.2021 in the light of the decision of the Hon'ble Supreme Court in the case of ***Inspector of Police vs. M.Murugesan and another***, reported in

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(2020) 15 SCC 251, has failed to take note of the fact that the very grant of bail was considered based on the undertaking made by the accused for settling the victims through a Committee. While modifying the order of appointment of Committee, the learned Judge failed to decide the question of grant of bail to the accused. Even otherwise, it is not known as to how the judicial discipline permitted a learned Judge of this Court to modify the order passed by another learned Judge, when the latter is very much available. Be that as it may, this Court refrains from making any comment in this regard any further, as much water has flown under the bridge now.

10.The very object for which this Court has appointed the Committee is for the poor victim to see the light by obtaining their deposits. However, in the subsequent proceedings, the Government has opposed to this earlier order dated 01.11.2021 that the Economic Offences Wing is the competent agency and also equipped to investigate such type of offences and that the Committee is not supposed to conduct any proceedings in their affairs. But, the Government has failed to take any initiative, even after the order of this

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Court passed in Crl.O.P.(MD)No.14139 of 2021 dated 26.04.2022. The sad reality is that till date, majority of the victims have not received even single pie.

11.Though the Investigating Agency was permitted to transfer the amount, which is lying in Crl.O.P.(MD)No.14139 of 2021 to the account of the Special Officer for the purpose of settlement, no initiative appears to have been taken in this regard. Though properties worth about Rs.139 Crore have been identified, they are yet to be attached and realized.

12.It appears that more than 7,000 people (so far identified) have lost their money in the Elfin Group Companies. The Companies have lured the depositors by promising huge returns for their deposits. The Companies were neither registered under the Company Act nor obtained any permission from the Reserve Bank of India for collection of deposits. However, these Companies have collected deposits of several Crore of rupees from several people. It is quite unusual that the common man was

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approached easily by the Company, whereas, the Economic Offences Wing was not aware of such an activity being taken place at the first instance.

13.The Tamil Nadu Protection of Interests of Depositors (TANPID) Act, 1997, was enacted to regulate financial establishments that were exploiting depositors by promising high returns and subsequently defaulting on repayments, leading to widespread public distress. Many such entities had emerged in Tamil Nadu, targeting middle-class and poor investors often leaving them without any effective recourse, leading to societal and economic suffering of the common public. To address this crisis, the government introduced the legislation in public interest to protect depositors' rights. The Economic Offences Wing in the State of Tamil Nadu started functioning with effect from 01.01.2000.

14.As held in ***Thiru Muruga Finance and Others v. State Of Tamil Nadu*** [***AIR 2000 MAD 137***], the very essence of the Act is to ameliorate thousands of depositors from the clutches of the unincorporated trading

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establishments and to provide for speedy recovery of the matured/defaulted amount.

15.In ***Mrs. S. Bagavathy v. State of Tamil Nadu*** [***AIR 2007 (NOC) 1147 MAD***]**,** the Full Bench of the Madras High Court noted that the victim depositors mostly belong to the lower and middle class and includes senior citizens, widows, pensioners, retired government officials and the disabled, who were lured by unsustainable promises of high rates of interest. The Court expressed hope that vigorous enforcement of the legislation would yield fruits to the longing depositors. However, this hope has not materialised and the implementation of this welfare legislation continues to remain in slumber.

16.Affirming the above principles, the Hon'ble Supreme Court in ***K.K. Baskaran vs State Rep By Its Secretary*** [***(2011) 3 SCC 793***] observed that conventional legal proceedings incurring huge expenses of court fees, advocates' fees, apart from other inconveniences involved would not have

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made it possible for the depositors to recover their money. Therefore, the Act envisions strong steps to enable speedy recovery of the depositors' money.

17.It appears that the Officers of the Economic Offences Wing are under the impression that they are supposed to act / prosecute only after a case has been reported before them. They have to understand that they are also liable to prevent such offences. If any Company is offering interest above the rate of interest prescribed by the Reserve Bank of India, it is the duty of the Economic Offences Wing to ascertain from the Company as to whether they have any registration or authority to collect the deposits and as to whether they are having means to give such higher returns. Though every month, such types of cases are reported in the daily newspapers, the greedy people are also depositing money without ascertaining whether the Companies are genuine or not. Neither the Government nor the Police are viewing in this aspect and the people like the petitioners are lured by such Companies and the people are depositing the amount that they may get

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higher returns, however, ends up waiting for getting at least their deposited amount.

18.By the TNPID Act, Special Courts have been constituted to deal with the offences of such nature. Provisions have been made to seize the properties and bank accounts of the accused and to realize the amount. Though this Act is in existence from the year 1997, very few people have benefitted out of this Act and got their money back. It appears that mainly because of the outdated procedures, not matching with the present technological age, delay occurs in attachment of properties. Most of the victims, like the petitioner, are waiting with a hope that at one point of time, they will get their money back.

19.To be noted, the Economic Offences Wing is established by the Government not only to prosecute the offenders, but also to ensure that the amount cheated by the accused are appropriated and disbursed to the victims. If the Government is satisfied that a financial establishment is not

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likely to return the deposits or to make the payment of interest, in order to protect the interests of the depositors of such financial establishment, the Government may pass an order of interim attachment attaching the money or other properties said to have been procured either in the name of the financial establishment or in the name of any other person from and out of the deposits collected by the financial institution, as per the provision u/s.3 of the TNPID Act. The ad-interim order of attachment passed by the Government is to be made absolute by the Special Court constituted under the TNPID Act. The Competent Authority appointed u/s.4 of the Act shall apply within 30 days to the Special Court for making the ad-interim order of attachment absolute and he may ask for a direction to sell the properties so attached by public auction and realize the sale proceeds.

20.The Competent Authority is not defined under the Act. Whoever appointed by the Government is the Competent Authority to deal with the properties which are seized and attached by the Government, however, by filing necessary application before the Special Court within a period of 30 days. Section 4 of the Act mandates the Government to appoint one or

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more Competent Authorities. For the sake of convenience, Section 4 of the TNPID Act is extracted hereunder:-

"4. Competent authority. - (1) The Government may, by notification, appoint one or more authorities for such area or areas or such case or cases as may be specified in the notification hereinafter called "the Competent authority" to exercise control over the properties attached by the Government under section 3.

(2) The Competent authority shall have such other powers as may be necessary for carrying out the purposes of this Act.

(3) Upon receipt of the order of the Government under section 3, the Competent authority shall apply within thirty days to the Special Court constituted under this Act for making the ad-interim order of attachment absolute and for a direction to sell the property so attached by public auction, and realise the sale proceeds.

(4) An application under sub section (3) shall be accompanied by one or more affidavits, stating the grounds on which the belief that the Financial Establishment has committed any default or is likely to defraud, is founded, the amount of money or value of other property believed to have been procured by means of the deposit, and the details, if any, of persons in whose name such property is believed to have been invested or purchased out of the deposits or any other property attached under section 3.

(5) The Competent authority shall make an application to any

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court having jurisdiction to try similar cases or deal with the subject matter pertaining to money or property belonging to a Financial Establishment or any person specified in section 3 situated within the territorial jurisdiction of that court for appropriate orders.

(6) For the purpose of crediting the dealing with the money realised by the Competent authority, he shall open an account in any Scheduled commercial bank."

21.The Government of Tamil Nadu has appointed the District Revenue Officers of the respective Districts as the Competent Authorities under the Act to deal with the issues vide G.O.Ms.No.1049, Home Department, dated 26.08.2004. He is expected to file necessary applications to make the ad-interim order of attachment passed by the Government as absolute as per Sub-Section 3 of Section 4 of the Act and shall file necessary applications before the Special Court concerned under Sub-Section 8 of Section 7 of the Act for the equitable distribution of the amount among the depositors.

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22.However, the Special Officer appointed under the TNPID Act appears not to have taken any initiative to attach the properties and to sell the properties and for disbursing the crime amount to the victims.

23.This Court, in ***T.Prabhakar and Others v. Monitoring Committee and Others*** [***WP(MD)No.4378 of 2016, dated 26.02.2024***], has taken cognizance as to the manner in which the application filed by the Investigating Agency to attach the properties were dealt with by the Home Department by keeping it for more than two years. In yet another case in ***G.Ramdoss v. Competent Authority and Others*** [***CRP(MD)No.169 of 2022, dated 08.06.2023***], this Court has witnessed that the application under Section 4(3) of the TNPID Act to make the interim order of attachment as absolute was filed before the TNPID Court with a delay of 1537 days.

24.On the one hand, the Government is not taking any measures on its own to settle the depositors, by initiating action as required under the Act. On the other hand, when this Court took steps by appointing a

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Committee for disbursing the victims, the Government opposed it that the Economic Offences Wing, the competent authority, can effectively handle the issue and that there is no requirement for additional agency headed by a retired High Court Judge. The learned Advocate General has also represented that they have appointed a Special Officer in the rank of Additional Superintendent of Police with a special task force. However, even this task force has not appropriated the crime amount.

25.This Court, by its earlier order dated 25.02.2025, has directed the investigating agency to furnish the action taken report. The said details have been furnished as under:

> "13. It is respectfully submitted that since the formation of the Special Investigation Team, Search was conducted at 37 places all over Tamil Nadu. Gold Ornaments, silver articles, cars and important documents were seized from the accused and produced before the TNPID Court, Madurai.
>
> 14. It is respectfully submitted that the accused Raja @ Azhagarsamy filed the affidavit in Crl.O.P.14139/21 with details of properties in 68 documents mentioning its value as 237 crores. But these properties in 68 documents is valued only for 18 Crores in guideline value whereas the default amount is 258.53 crores (approx). During investigation, Special

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investigation team identified movable and immovable properties worth 146 crores is detailed as follows:

<table>
<tr><td colspan="2" rowspan="2">Bank Accounts</td><td colspan="2">Rs.1,93,30,684/- (G.O.No.27/2024 Dt. 10.06.2024)</td></tr>
<tr><td colspan="2">Rs.5,51,747 (Proposal is being prepared)</td></tr>
<tr><td rowspan="6">Movable Properties</td><td>Cash</td><td>Rs.1,57,330/-</td><td rowspan="3">Proposal sent on 04.09.2024</td></tr>
<tr><td>Gold 503.24gms.</td><td>Rs.23,38,657/-</td></tr>
<tr><td>Silver 4967gms.</td><td>Rs.2,73,185/-</td></tr>
<tr><td>Cars</td><td>Rs.30,00,000/-</td><td>TNPID Court Cr.M.P.Nos. 563/2024, 70/2025, for getting order for Auction u/s. 451 Cr.P.C.</td></tr>
<tr><td>Cash in TNPID Court Madurai</td><td>Rs.69,00,000/-
Rs.2,00,000/-</td><td>Surety amount for AB
1. Tricy EOW Cr.No. 01/2019
2. Ramnad DCB Cr.No.03/2022</td></tr>
<tr><td></td><td>Rs.2,00,000/-</td><td>Seized during arrest in Ramnad DCB Cr.No.3/2022</td></tr>
<tr><td colspan="2">Total Movable Properties</td><td>Rs.3,29,51,603/-</td><td></td></tr>
<tr><td colspan="4"></td></tr>
<tr><td colspan="2" rowspan="3">Immovable Properties</td><td>House – 5</td><td>Rs.7,00,00,000/- (Approx)</td></tr>
<tr><td>Godown – 01</td><td>Rs.1,00,00,000/- (Approx)</td></tr>
<tr><td>Land Properties -166</td><td>Rs.135,00,00,000/- (Approx)</td></tr>
<tr><td colspan="3">Total Immovable Properties 172</td><td>Rs.143,00,00,000/- (Approx)</td></tr>
</table>

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Grand Total	Rs.146,29,51,603/- (Approx)

15. I humbly submit that sincere efforts are taken for ad interim attachment of the identified properties only in Trichy EOW Cr.No.1/19 as all the 17 cases in SIT Elfin, the main accused are same and to avoid confusion for which case which property is to be attached. So far 3 GOs are obtained u/s. 3 of TNPID Act.

S.No.	District	Total No. Of Documents	G.O. No. With Date	Guideline Value (Rs.)	Market Value (Rs.)
1.	Trichy	5 Bank Accounts	27/2024 Dt. 10.06.2024	-	1,93,30,684/-
2.	Virudhunagar	5 documents	307/2014 Dt. 05.05.2014	2,44,77,525/-	2,50,00,000/-
3.	Virudhunagar	2 documents	860/2015 Dt. 30.11.2015	1,14,07,797/-	2,25,00,000/-
Total				3,58,85,322/-	6,68,30,684/-

16. I humbly submit that for only one GO, Auction is completed and for the other two GOs. OA is yet to be filed by DRO Trichy and DRO Virudhunagar before TNPID, Madurai so as to get sale order.

G.O.No. With date	Guideline Value	Absolute Order Ref. With date by TNPID Court, Madurai	Dt. of Auction	No. of properties sold	Amount Reaslised (Rs.)
307/2014 dt. 05.05.14	Rs.2,44,77,525	07/2015 18.10.2016	25.10.2023, 24.01.2025	5	2,10,60,000/-

17. It is respectfully submitted that the following malafide properties

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were being attached u/s. 8 of TNPID Act

S. No.	District	Total No. of Documents	OA No. With Date	Guideline Valu (Rs.)	Date of Auction
1.	Virudhunagar	02 (81 Plots)	05/14 Dt. 04.08.20214 Order Dt. 23.12.2020	1,18,62,349/-	24.01.2025 (not sold as the bid value is high)
2.	Virudhunagar	03	06/2015 24.07.2015 Interim Order Dt. 23.12.2020 Order Revoked Nex Hg: 10.03.2025 for Amendment	90,00,000/-	

18. I humbly submit that the following proposals were sent to Government for ad interim attachment were sending at Government.

S. No.	District	Total No. Of Documents	Sent to Govt. on	Guideline Value (Rs.)	Market Value (Rs.)
1.	Viralimalai Pudukkottai Dt.	29	30.08.2024	1,45,15,324/-	6,00,00,000/-
2.	Lalgudi Trichy Dt.	03	04.09.2024	16,37,037/-	85,50,000/-
		Gold, Silver Cash		27,69,172/-	27,69,172/-
3.	Kangeyam Tiruppur Dt.	04	22.10.2024	50,26,890/-	2,00,00,000/-
4.	Virudhunagar	11	24.12.2024	1,73,75,000/-	7,00,00,000/-
Total				4,13,23,423/-	16,13,19,172/-

19. It is submitted that the documents from sub registrar office and revenue documents like Patta, Chitta, FMB from Tahsildars are being

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collected from the respective officers, to send for ad interim attachments.

S.No.	District	Total No. of Documents	Guideline Value (Approx) (Rs.)	Market Value (Approx) (Rs.)
1.	Manachanallur Trichy Dt.	12	7,50,00,000/-	26,00,00,000/-
2.	Srirangam Trichy Dt.	12	4,00,00,000/-	16,00,00,000/-
3.	Chetikulam Perambalur Dt.	43	8,50,00,000/-	32,00,00,000/-
4.	Manapparai Trichy Dt.	01	50,00,000/-	1,50,00,000/-
5.	Trichy East	02	23,90,000/-	1,00,00,000/-
6.	Keeranur Pudukkottai Dt.	01	30,00,000/-	80,00,000/-
7.	Lalgudi, Trichy Dt.	02	4,50,000/-	15,00,000/-
8.	Uppliyapuram Trichy Dt.	03	8,74,000/-	16,00,000/-
9.	Chettikulam Perambalur Dt.	01	35,00,000/-	1,10,00,000/-
Total			21,52,14,000/-	78,71,00,000/-

20. Awaiting the valuation report from the concern PWD offices for the following buildings.

S. No.	District	Total No. of Documents	Estimated Value of the Building (Rs.)
1.	Chennai, Pudukkottai and Trichy District	05 (05 Houses)	4,75,00,000/-
2.	Nagamangalam Trichy Dt.	01 (Godown)	60,00,000/-
Total			5,35,00,000/-

21 I humbly submit that request has been sent to TNPID Court

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Madurai to issue order to DRO Trichy for inventory taken during search at office of ELFIN E.com Pvt. Ltd., Mannarpuram and Godown of ELFIN E.Com Pvt. Ltd., Nagamangalam u/s. 457, 458, 459 Cr.P.C.

S. No.	District	Total No. of Articles	Crl.M.P.No. with Date	Total Value (approx) (Rs.
1.	Trichy Mannarpuram	105	444/2024 Dt. 08.10.2024	10,00,000/-
2.	Trichy Nagamangalam	5643	561/2024 16.11.2024	15,00,000/-
Total				25,00,000/-

22. It is humbly submitted that 109 depositors were partially settled to the tune of Rs.3,54,54,750/- by the accused in Virudhunagar EOW Cr.No. 02/2013 during the trial at TNPID Court, Madurai."

26.The mere registration of an FIR alone would not serve any purpose. The object of TNPID Act is to ensure that the victims got back their money. But, the data, which is available as provided by the Economic Offences Wing, discloses that not even 10% of the amount has been disbursed to the victims. The Government is having a moral responsibility to ensure that the victims got back their money.

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27.The existing provisions under TNPID Act is a cumbersome process which requires interim attachment by the Government and thereafter to file an application before the concerned trial Court for making the attachment as absolute. In this process, there occurs inordinate delay in attaching the properties.

28.The District Revenue Officer has been designated by the Government as a Special Officer under TNPID Act. The District Revenue Officer / Competent Authority has to file necessary application before the TNPID Court to sell the properties. On reality, the District Revenue Officers, who are burdened with several other works, are not paying any attention for their duty under the provisions of TNPID Act and therefore, there are inordinate delay in filing the applications as required under Section 4(3) of TNPID Act for attaching and selling the properties. The data provided by the Economic Offences Wing itself discloses the failure of the Special Officers, namely, DROs.

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29.This Court has taken cognizance of this issue in ***G.Ramdoss***'s case (supra), wherein, an application for attachment was filed by the Special Officer with a delay of 1537 days and passed the following order:

> “24.The DROs of respective districts are designated as Competent Authority vide G.O.Ms.No.1049, Home Department, dated 26.08.2004. As pointed out by the learned Additional Advocate General, the DROs are also having other duties such as,
>
> i. Assisting the District Collector in discharging their duties. These functions include District Administration ranging from maintaining Law and Order, Planning and Development, General Elections, Arms licensing and etc.
>
> ii. The District Revenue Officer looks after all the branches of the Collectorate which mainly deals with general administration and is also vested with supervision of day-to-day functions of the Collectorate.
>
> iii. The District Revenue Officer runs the Revenue Administration under various enactments in a district.
>
> iv. The District Revenue Officer is also designated as Additional District Magistrate.
>
> v. The District Revenue Officer mainly deals with civil supplies, land matters, mines and minerals, village officers etc.
>
> Therefore, it appears that they are not effectively discharging their duties as a Competent Authority under the TNPID Act.
>
> 25.The present case at hand is a glaring example for the same. The ad-interim order of attachment passed in G.O.Ms.No.989, Home (Police XIX) Department, dated 24.12.2012 was challenged by the accused in Crl.OP(MD).No.6607 of 2013, in which one of the main grounds raised is that

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the application under Section 4 of the Act to make the order as absolute was not filed. This Court allowed the petition on 19.03.2014 recording that the application required under Section 4(3) has not been filed. Even thereafter, the Competent Authority has failed to file necessary application and filed this application belatedly only in September 2021.

26.This delay maybe due to their work pressure as claimed or due to malafide intentions. In this case, it appears that the application under Section 4(3) was not filed, deliberately, even though the application in Crl.OP(MD).No.6607 of 2013 was allowed by this Court on the same ground. The Hon'ble Supreme Court in Crl.A.No.933 of 2017 set aside the order passed by this Court, as early as on 09.05.2017. Even thereafter, the first respondent / Competent Authority has failed to take any immediate action. In view of this delay, the application filed in the year 2021 was not concluded for past 2 years. Therefore, this Court has verified with the learned Additional Advocate General as to the functioning of the system to achieve the objective of the TNPID Act. The details furnished by the authorities is extracted as under:-

PARTICULARS OF CASES UNDER TNPID ACT	
Number of Cases filed under the TNPID Act	1,249
Number of deposits involved	6,90,166
Number of GOs issued	366
Worth of properties attached	Rs.827,67,75,644/-
Value of sale of properties	Rs.321,45,37,093/-
Amount deposited through TNPID Court, Frozen amount and advance amount	Rs.50,71,61,303/-

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Total Amount deposited in the DRO Account under the TNPID Act	Rs.372,16,98,396/-
Amount disbursed to the depositors through DRO under the TNPID Act	Rs.264,73,34,273/-
Number of depositors who received their deposits under the TNPID Act	60,824

27.From the details furnished, it appears that only 39% of the properties attached have been subjected to auction and the sale proceeds were realized. The official website of Economic Offences Wing of Government of Tamil Nadu also shows the details of the amount refunded to the general public, but this data is only up to August, 2017. For better appreciation, the same is extracted as follows:-

Year	**Amount Refunded**
2012	Rs.46.96 Crores
2013	Rs.56.99 Crores
2014	Rs.23.44 Crores
2015	Rs.38.61 Crores
2016	Rs.41.13 Crores
2017 (upto August)	Rs.23.84 Crores

28.The number of criminal cases registered under the TNPID Act are increasing every year. The volume of fraud is also huge. The depositors are mostly poor and illiterate. There is a considerable delay in attaching the properties and bringing the property to auction. Considering the volume of cases and the amount involved, the Government may consider appointment of an exclusive officer in the cadre of IAS or a retired High Court Judge as a Competent Authority for disposing the property which were attached under

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the TNPID Act. If the properties are brought for auction by a retired High Court Judge or an IAS officer, the confidence among the general public would increase in purchasing the property attached which would see a raise in the number of poor depositors in getting their deposits back.”

30.It is not known as to whether the Government has taken any initiative to consider these suggestions made by this Court.

31.To be noted, Section 197 of the BNS enables the Investigation Officer to get an approval from the Superintendent of Police and to file a necessary application for attachment of the properties. Considering the subsequent development of the enactments in the BNS, the Government shall take initiative to amend the relevant provisions under the TNPID Act enabling the Investigating Officer to file necessary application directly before the Special Courts and to ensure that the properties identified by them are attached at the earliest and are appropriated.

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32.Whoever may be the victim, even if he is a Member of Parliament or a Higher Police Officer or an IAS Officer, he is expected to depend on the investigation agency for his relief. The State is expected to investigate and prosecute the cases on behalf of the victim. But these delay occurred in this case as well as in the other cases raises a question on the purpose for which these prosecutions have been made. The cases are pending from the year 2019 in the FIR stage itself. It is not known as to when the final report would be filed. It is not known as to how much time it would require for the trial Court to conclude the trial. After 20 years, it is not known whether the victim would reap any benefit. The Government has to evolve a mechanism to ensure that the victims are addressed and the object of the Act is achieved.

33.This Court hopes and trusts that the Government would address the issue, discussed by this Court, in the right spirit.

34.One should understand that the entire system is functioning only for the people. Keeping the investigation pending without any progress

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would not serve the purpose. Therefore, the investigation agency is expected to conclude the investigation as expeditiously as possible.

35.This Court has noticed that there is no sufficient manpower for this Department for this volume of work. It appears that they have not been provided with any vehicles. Learned Additional Public Prosecutor has also expressed the difficulties faced by the investigation agency in collecting the revenue records and the genuineness certificate from the Tahsildar and the guideline value from the Sub Registrar. The Government is expected to address the difficulties faced by the investigation agency. At the same time, the investigation officer has to understand that there is no need to refer all the 10000 depositors as witnesses and to examine as witnesses during the trial. The prosecution can rely on few witnesses and in the event if those few witnesses turn hostile, necessary applications may be filed to produce the other witnesses.

36.This Court has also noticed that most of the time of the investigation officers are spent for their appearance in the Court on the

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applications filed by the accused. The Public Prosecutors have to restrict from calling the investigation officers for each and every hearing. They can collect the written instructions on the point of issue and they can very well verify the same through video conference. The Secretary to Government, Home Department shall ensure for providing video conference facility to the Office of the Law Officers, at least at the High Court and District Court level to preserve the time of the investigation officers in the Court waiting unnecessarily from morning to evening. The Public Prosecutor shall issue a Circular to that effect, restricting the law officers under the conditions in which they have to summon the investigation officers to the Court.

With the above observations and directions, this criminal original petition stands disposed of.

Internet : Yes **16.05.2025**
gk

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Note:

Mark a copy of this order to

1.The Secretary to Government,
Home Department,
State of Tamil Nadu,
Chennai.

2.The Additional Director General of Police,
Economic Offence Wing,
Chennai.

To

1.The Inspector of Police,
DCB Police Station,
Sivagangai District.

2.The Deputy Superintendent of Police,
Economic Offence Wing,
Trichy.

3.The Additional Public Prosecutor,
Madurai Bench of Madras High Court,
Madurai.

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B.PUGALENDHI, J.

gk

Crl.OP(MD)No.6768 of 2024

16.05.2025

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