

Vijay Mallya : Downfall of a King

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Abstract : A Fugitive Economic Offender (FEO) is a legitimate term in India. It identifies with any person against whom a warrant for capture corresponding to a "booked offense" has been given by any Indian court under the Fugitive Economic Offenders Act. It applies to people who either left India to stay away from criminal arraignment; or, being abroad, won't re-visitation of India to confront criminal indictment. Vijay Mallya who was once the famous and one of the most successful businessman , now the most wanted Economic fugitive , this paper give the short profile intro of Vijay Mallya and his odds , which becomes the reason for him to become the Economic Fugitive.

IndexTerms – Economic Fugitive , Vijay Mallya , King Fisher Airlines

I. INTRODUCTION

In spite of the fact that his standing as 'The playboy of the East' may make the error that Vijay Mallya was simply one more spoilt imp wasting the large numbers he acquired. His accomplishments recount a totally unique story. In the wake of turning into the administrator of the UB Group at 28 years old in 1983, he changed the drink organization into a worldwide combination of more than 60 organizations. [1]

One of his first significant choices was to unite the different organizations under an umbrella group called the "UB Group". This additionally elaborate turning off the misfortune making substances to zero in on the center business which was mixed drinks. By 1998-1999 the yearly turnover had expanded by 64% more than 15 years to US\$11 billion. The UB Group flaunted a public piece of the pie in abundance of half and furthermore controlled 60% of the absolute assembling limit with regards to lager in India. The most stylish character, the business investor Vijay Mallya is in a tough situation for secretive break from the nation close to the time he is needed by the Enforcement Directorate for illegal tax avoidance. [1]

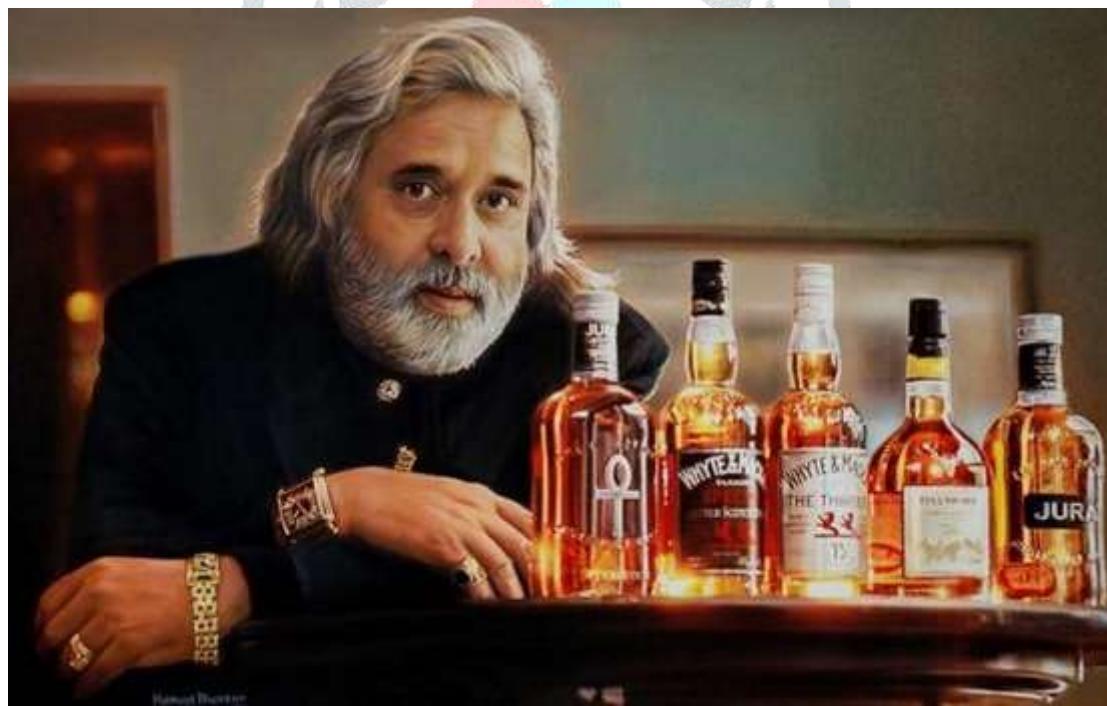


Fig 1. Vijay Mallya

Criminal alcohol nobleman Vijay Mallya, whose composed application for consent to request a request for his removal to India was dismissed by the United Kingdom High Court a week ago, and his bombed adventure Kingfisher Airlines Ltd, are under scrutiny by the Enforcement Directorate (ED), Central Bureau of Investigation (CBI), Serious Fraud Investigation Office (SFIO), and Securities and Exchange Board of India (Sebi) for advance defaults of over Rs 10,000 crore to a consortium of Indian banks drove by the State Bank of India (SBI). [2]

Mallya deals with indictments of cheating, criminal scheme, illegal tax avoidance and redirection of credit reserves. A couple of his organizations, including Kingfisher Airlines, deal with indictments of abusing The Companies Act, 2013, and standards set somewhere around the capital business sectors controller.[2]

II. DOWNFALL OF VIJAY MALLYA

Notwithstanding all that he has accomplished, Vijay Mallya isn't known for the rundown of his victories, however for that one disappointment of Kingfisher and the show that followed. The instance of Kingfisher Airlines has been known to all. It was important for Vijay Mallya's vision of having a five-star elite aircraft in India.

After its dispatch in 2005, Kingfisher Airlines before long turned into a superficial point of interest carrier. This was all a direct result of the recently delegated planes, pretty airline stewards, great food, and last however not the most un-in-flight diversion in 2006. It truly was the first of its sort. This homegrown aircraft likewise had a five star office.

Albeit homegrown flights were not permitted to serve alcohol in India around then, Kingfisher had free alcohol administration in the motels for its top of the line travelers. These were the reasons that had settled on Kingfisher the best option of business voyagers and other rich travelers too. [3]

Vijay Mallya was not happy with flying the Kingfisher Airlines inside the Indian lines. He intended to grow the aircraft universally. In any case, according to the standards of India, aircrafts that have been in presence for just 5 years were not permitted to fly global courses. Mallya chose to avoid this law by obtaining a current carrier.

In 2006, the main offer for Air Sahara yet lost to Jet Airways. He later was effective in obtaining Air Deccan. Kingfisher in the end got consent to work on global courses in 2008, with its first flight being from Bangalore to London.

By 2008, Kingfisher Airlines was holding up 10.9 Million travelers with an armada of 77 airplane, working 412 homegrown trips consistently. In 2009, with a piece of the overall industry of 22.9%, Kingfisher carriers turned into the Indian market pioneer [4].

2.1 Plan of Funds

Kingfisher or Vijay Mallya couldn't make benefits even subsequent to flying globally and obtaining Deccan Air. In 2010, the organization was in hefty misfortunes as it couldn't stay aware of its costs. To maintain this business of flying, Mallya continued taking credits from banks. He took credits of 9000 crores from 17 banks, and despite the fact that SBI has announced Mallya as bankrupt, different banks kept on loaning him advances. His organization additionally held assistance assessment of travelers, PF, Income Tax of Employees. Yet, he didn't present these sums to the PF or IT specialists. [4]

The organization didn't pay the compensation of its representatives and ultimately ran out of money. In 2012, Kingfisher needed to close down its activities as no further assets were accessible to maintain the business. Additionally, Vijay Mallya quit any pretense of paying the advances.[4]

2.2 Procurement of Air Deccan-an ease aircraft:-

- Craving for extension he applied for it however got dismissed as he was inadequate by experience.(As a matter of general reality according to the standards of the flight area one can't go into the global course without having 5 years of related knowledge in the aeronautics area.)
- He chose to takeover the Air Deccan aircrafts which was at that point on global courses - a choice which brought a defining moment in his life. [5]
- At the hour of procurement of Air Deccan, Kingfisher aircrafts no uncertainty was at the second situation among homegrown flights yet regarding benefit the same different carriers it was bearing negative benefits.
- However, Mr. Mallya didn't focused on benefit, he focused on extension and to grow to global course he took obligation to procure Air Deccan which added to the expanding obligation on the organization.
- To extend to worldwide courses and to keep up his current organization, he was slowly overburdened with obligation.

2.3 Awful Times for Kingfisher Begins:-

- He renamed Air Deccan to Kingfisher Red and essentially it was separated into two groups, that is, for low ticket charge Kingfisher Red and for high admission and extravagance - Kingfisher.
- In spite of the fact that being an ease aircraft yet Kingfisher Red gave excellent offices in all regards.
- This made individuals imagine that there was no utilization to spend such significant expense for Kingfisher Airlines only for minimal additional solace.
- Gradually it prompted the move of travelers from Kingfisher to Kingfisher Red which brought about decrease of the piece of the pie of Kingfisher Airlines.

- The organization couldn't recuperate even the working costs which prompted more obligation trouble.
- In such a circumstance it became necessary to expand the ticket passage of Kingfisher Red for the continuation of good facilities. [5]
- Be that as it may, as the ticket charge began rising, all the while individuals began to move to more modest aircrafts which prompted even the disappointment of Kingfisher Red.
- Different elements that excessively added to the disappointment of Kingfisher Airlines was high fuel costs and downturn.
- The organization was in a particularly terrible condition that because of failure to recuperate the arrival charges from the organization, two of the air terminals named Bangalore and Hyderabad air terminals changed their approach for Kingfisher Airlines.
- Indeed, even the fuel providing organizations like Hindustan Petroleum and Bharat Petroleum denied to additional stockpile any fuel to Kingfisher because of such remarkable obligations and the postponed installment strategy.
- Another organization named Indian Oil was prepared to supply fuel to Kingfisher however just on money premise. [6]

2.4 Disappointment IN FOREIGN DIRECT INVESTMENTS (FDIs)

- In such difficulties it turned out to be very hard for Mr. Vijay Mallya to oversee a particularly enormous organization thus he chose to bring some unfamiliar venture and he even persuaded the unfamiliar aircrafts 'ETIHAD AIRWAYS' to put resources into his organization.
- However, the pitiful part was that the unfamiliar direct venture was not permitted in common avionics industry in India around then thus he attempted to persuade government to change its arrangement yet was fruitless in doing as such.
- The circumstance deteriorated for Mr Mallya and he couldn't make installment for the compensation of the representatives.
- At first the workers upheld Mr. Mallya however during a particularly awful stage likewise he was occupied in taking models tryout for Kingfisher Calendar.
- This reality was toxic for the workers and they left Kingfisher following a while strike for non installment of pay and at last Kingfisher was shut.
- In the year December 2012, the public authority dropped the permit of Kingfisher Airlines.
- Later following a couple of years government permitted FDI interest in carriers yet till then the Kingfisher was at that point shut. [6]

III. VIJAY MALLYA SCAM

There have been reports guaranteeing that the credits acquired by Vijay Mallya were just for his own plan and were washed abroad to a few expenses asylums. This was made conceivable with the help of shell organizations.

It was asserted that Mallya would have gotten the credits from banks and moved them to these shell organizations by setting faker chiefs for this reason. These organizations were not successful and didn't have a self-sufficient type of revenue.

The chiefs who were set here would go about according to the ways depicted by the UB group at the order of Vijay Mallya. These organizations were available in seven nations, including the United Kingdom, Ireland, the USA, and France.

Moreover, it was additionally revealed that Vijay Mallya had likewise redirected these credits just to finance his IPL cricket crew, The Royal Challengers Bangalore, and a F1 hustling group, Force India. This was all occurring when the representatives and laborers of Kingfisher had not been paid their pay rates as of October 2013, for an exceptionally long term of 15 months. [7]

Credits related with Kingfisher added up to Rs. 7000 crores. The table beneath shows the credits taken by Kingfisher from different banks

Banks	Rs.(in Crores)
SBI	1600
PNB	800
IDBI Bank	800
Bank of India	650
Bank of Baroda	550
United Bank of India	430
Central Bank	410
UCO Bank	320
Corporation Bank	310
State Bank of Mysore	150
Indian Overseas Bank	140
Federal Bank	90
Punjab & Sind Bank	60
Axis bank	50
Total of 14 banks	6360
Other 3 banks	603
Total of 17 banks	6963

Fig 2. Loan on Vijay Mallya

There has likewise been contention with regards to the methods utilized and guarantee set to obtain these advances. BOI had given a credit of 300 crores to Vijay Mallya on things like office writing material, boarding pass printers, and collapsing seats as security. The banks' readiness to give advances dependent on Current resources as capital made doubt on the bank authorities.

The credits given by SBI were on the brand names and Goodwill of Kingfisher aircrafts kept as insurance. These brand names which were worth over Rs. 4000 crores in 2009 have now plunged to not more than Rs. 6 crores. IOB also faces comparative issues where the 2 helicopters set as guarantee are not in a flying condition and consequently can't be offered to recuperate Rs. 100

Enforcement Directorate

The ED has charged Mallya under Sections 3 and 4 of the Prevention of Money Laundering Act (PMLA). The organization has asserted that the now outdated Kingfisher Airlines "redirected" at any rate Rs 3,547 crore of the advance that it got.

The ED's grumbling has recorded five occasions of supposed redirection of advance assets conceded to Kingfisher Airlines by moneylenders: (I) the redirection of Rs 3,432.40 crore through "over-invoicing" of rent rentals of airplane between April 2008 and March 2012; (ii) the redirection of Rs 45.42 crore "for making installment towards the rental rent" of a corporate fly which was utilized "only" by Mallya; (iii) the redirection of Rs 50.90 crore from Kingfisher Airlines to the Force India Formula One group that Mallya controlled; (iv) the redirection of Rs 15.90 crore from Kingfisher Airlines to Mallya's firm that claimed the Indian Premier League cricket crew Royal Challengers Bangalore; and (v) the redirection of Rs 2.80 crore to ICICI Bank as reimbursement of a previous advance to Kingfisher Airlines.

The ED has blamed Kingfisher Airlines and Mallya for "camouflage, ownership, securing, and utilization of continues of wrongdoing". It has likewise blamed United Breweries Holdings Ltd for helping Mallya in illegal tax avoidance by not respecting a corporate assurance that the organization provided for the banks, which was to be summoned if there should be an occurrence of a credit default by Kingfisher Airlines.

Both the ED and the CBI have asserted that Mallya didn't completely unveil his resources while executing an individual assurance concurrence with banks when the credits of Kingfisher Airlines were rebuilt in December 2010. The offices have likewise professed to have discovered that Mallya had "amassed enormous properties outside India, particularly in United Kingdom, USA, France and Africa" and that he "has got revenue in different organizations which are made/incorpoprated outside India". [7]

CBI

The CBI has charged Mallya under Sections 120B (criminal connivance) and 420 (cheating) of the Indian Penal Code, and Sections 13(1)(d) and 13(2) of the Prevention of Corruption Act.

The CBI has denounced Kingfisher Airlines, its corporate underwriter, United Breweries Holdings, and individual underwriter, Mallya, of giving "a few glaring distortions and bogus data" to banks. It has professed to have discovered oral and narrative proof to show Mallya's "aim" to swindle the bank. [8]

Sebi

The capital business sectors controller, Sebi, has prohibited Mallya from getting to the securities market until January 2021 for claimed "redirection of assets executed in a recorded organization via questionable and hid budget summaries/projections or bogus books of records". [8]

Criminal Economic Offender

In January, an exceptional court in Mumbai announced Mallya a criminal financial guilty party, the primary such assignment under the Fugitive Economic Offenders (FEO) Act, 2018.

The Act characterizes an outlaw financial wrongdoer as "any person against whom a warrant for capture according to a Scheduled Offense has been given by any Court in India, who (I) has left India in order to keep away from criminal arraignment; or (ii) being abroad, will not re-visitation of India to confront criminal indictment". A "Planned Offense" is one which is "indicated in the Schedule, if the all out worth engaged with such offense or offenses is 100 crore rupees or more". [8]

IV. CONCLUSION

The instance of Vijay Mallya is an account of aspiration, extravagance, way of life, and avarice. Prior, individuals used to have sympathy for Mallya under the fantasy that his disappointment was a result of the monetary circumstances and some kind of hard karma. However, a more profound comprehension of this case has demonstrated that there was unnecessary illegal tax avoidance from the side of this business head honcho.

Vijay Mallya was a standout amongst other business psyches of the nation, who might have taken India to the skies of enormous accomplishments in the business area. Be that as it may, the impassive disposition of Vijay Mallya towards his organizations and his ceaseless insatiability made the majority contrast him with a defeatist; a weakling who is consistently the primary individual to get away from when the billows of issues happen.

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