

## ECONOMIC OFFENCE- MORE GRIEVOUS THAT MURDER

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### ABSTRACT:

An "economic offence" is not specifically defined by law in India. All crimes that take place while engaging in any type of economic or commercial activity are considered economic offences. The Indian Penal Code of 1860 (often known as the "IPC") first dealt with such offences, such as corruption and criminal misbehaviour. However, the Government of India recognised the necessity to develop separate legislations addressing such offences due to the constant rise in economic offences of various types, including tax evasion, trafficking, smuggling, etc., all of which are too particular to be brought under the jurisdiction of the IPC alone. The concept of economic crimes is one that is still in flux and lacking in foundation. The government is now forced to start thinking of measures to minimise the cases currently stacked up in courts, by introducing separate special courts or tribunals and by passing special legislation, as the figures of economic offences show a clear growth. It is evident that the government is aware of the rising number of economic offences in the nation and is looking at ways to streamline and improve the current rules in order to clear up any ambiguity. Traditional crimes like murder are well-known to our thoughts. robbery and rape, as well as offences where an individual's tangible person or property is attacked. However, it can take some time for people to understand how serious non-conventional crimes are when intangible property—in the sense of the community's economic resources—is involved or when the harm caused is indirect and remote and there is no immediate tangible object of the harm visible to the mind. Both the abuser and society fail to recognise the harm sufficiently because there wasn't a direct victim.

## **INTRODUCTION**

The term economic offences define those crimes which are of an economic nature. These offences are committed while in the course of some kind of economic or business activity. The economic offence is a vast subject but for understanding the term it means any offence or crime which deals with fraud (chit funds), forgery (cheques; stolen or original), cheating, or deceiving (financial institutes) or counterfeiting of money or money equivalents. The economic offence is also known as a Financial Offence. The reason why it is called a Financial Offence is that the crime (offence) is relating to money and its equivalence which in turn deals with a nation. Corruption is also a part of economic offences.

Offenders under the Economic Offences are generally not served with the required punishments for the acts done by them. Due to this, the crimes under this Offence were increasing, but the Government of India made the appropriate changes within the existing Acts through Amendments and also introduced new Acts as and when required. The economic crimes have their growth not only in developing nations but also in the mightiest ones. Various acts are also mentioned in this article which broadly deals with different crimes under this vast and perilous offence, these crimes can be Money-Laundering, Tax-Evasion, Fraud, Cheating, etc. Departments like Enforcement Directorate and CBI effectively acted and directed the inquiry and investigation when the offences were committed.

Socio-economic offences are those that have an impact on the social and economic well-being of society. These are non-conventional crimes in the sense that they lack mens rea. These crimes have a societal impact. It does not target a single person, but rather a group of people who are likely to purchase such goods or services. Socio-economic crimes are a new type of criminality. In which persons from the upper and middle classes are involved and are committed in the course of their occupations.

Sutherland refers to it as white-collar crimes, while others refer to it as public welfare offences, statutory offences, strict liability offences, and so on. This type of crime has spread to varying degrees throughout the world. The gravity of such offences is quite severe.

## **DEFINITION AND NATURE OF SOCIO-ECONOMIC OFFENCES IN INDIA**

The idea of socio-economic offences in India outlined in India's 47th Law Commission Report is critical. According to the study, socioeconomic crimes are social offences that have an impact on the health, morals, social, or overall well-being of the community as a whole, rather than just the individual victim.

Economic offences are those that are harmful to society's economy and endanger not only individual money but the entire economic structure of a country.

White-collar crimes are perpetrated by members of the affluent and well-to-do classes. A socioeconomic offence, on the other hand, maybe committed by anybody. Socio-economic offences not only broaden the scope of white-collar crime as understood by Sutherland and acknowledged by others, but also have broader implications.

Socio-economic crimes differ from traditional crimes because they do not, to a common mind, involve or carry with them any stigma, while traditional crimes, unlike the socio-economic crimes have a symbolic meaning for the public and carry stigma involving a disgrace, depravity, and immorality and are thought of as decidedly the behaviour of the lower class of people.

Usually, in these types of offences, the victim is mainly public at large, especially the consuming public, and even if there is no harm to any particular person, the harm is caused to the society which has a very large impact upon the society.

In the case of conventional offences, culpability is not absolute and is rather connected to the wrongdoer's intent. However, in the case of socio-economic offences, the government has a propensity to reduce the need for mens rea for criminal responsibility.

The harm caused by these offences is higher than that caused by ordinary crimes. They harm the morals, health, and welfare of the population as a whole, and they have the potential to destroy the economic fabric. As a result, the legislature's policy in such instances is not to be indulgent in terms of prevention, control, and punishment, and the perpetrator is not permitted to go unpunished.

Traditional crimes were thought to be the result of the wrongdoer's physical, environmental, or sociological maladjustments. As a result, in such situations, reformatory efforts must also be made; on the contrary, socioeconomic crime is the result of hunger for money rather than any maladjustment. As a result, in these situations, harsh and frightening punishment is seen as acceptable, and reformer initiatives are not implemented.

## **CHARACTERISTICS OF ECONOMIC CRIMES**

There are certain striking features of economic offences that differentiate the same from other kinds of crimes. These characteristics are as follows:

- (i) An economic offence needs to have the required actus reus and mens rea before the commission or omission of the act.
- (ii) The intention behind committing an economic offence is to have some kind of material advantage or to avoid or reduce some kind of material loss. The motive can also be of causing some kind of a material loss to the third party with complete knowledge of such loss.
- (iii) Economic offences generally imply the existence of certain elements like a breach of trust, deception or cheating.
- (iv) Economic offences generally don't involve any kind of physical harm caused by its commission.
- (v) This kind of crime is mostly committed by the privileged or the upper-class section of the society, who have access to such economic or business activities as well as the required resources.

## **TYPES OF ECONOMIC CRIMES**

Economic offences in India can be classified into three categories. These categories of economic offences are:

- (i) Traditional economic crime which includes corruption, smuggling, bogus imports etc.
- (ii) Emerging technological economic crimes that include credit card frauds, counterfeiting, cyber crimes etc.
- (iii) Crimes through which proceeds of transnational organized crime are transmitted abroad like money laundering.

These categories of crimes include certain crimes that are described as under:

### Corruption:

Corruption is a kind of economic offence that is tribute to be a country's primary reasons for low as well as slow economic development as well as a major contributor for the existing poverty in India. The basic reason for corruption is greed. The reasons behind the exponential rate of increase in corruption are monopolies of an individual or a party, power and discretion without accountability.

### Smuggling:

Smuggling consists of clandestine operations leading to unrecorded trade, and is one of the major economic offences that is affecting India. Although it is impossible to measure the exact amount of goods smuggled in India, it won't be wrong to say that smuggling occurs at such a level that it forms a major part of the total economic offences that are committed. Smuggling in its broader sense even includes drug trafficking, smuggling of migrants and trafficking of persons.

### Invoice Manipulation:

This is another kind of economic offence that affects not only India but all the developing countries severely. Invoice manipulation basically means invoicing a good at a price lower or higher than the price for which it was actually sold or purchased. This kind of transaction mostly happens between trade partners. The person involved in this kind of crime is considered to be guilty of fabricating false documents and records. This kind of economic offence affects the economic position of a country.

### Bogus Imports:

This kind of economic offence indicates that there is leakage of foreign exchange through the device of bogus imports. The modus operandi is quite simple. The operator opens a current account in India in a bank authorized to deal in foreign exchange. He usually poses as a small-scale industrialist and produces forged certificates/documents to establish his credentials. His partners abroad prepare a set of export documents such as an invoice, bill of lading, and bill of exchange and send them through their foreign bank branches to Indian banks for collection. Upon receipt of these documents, generally on collection basis, the importer's agent deposits the amount in Indian rupees in his bank's current account and the bank remits the foreign exchange. No goods, of course, are ever imported and the country loses the valuable foreign exchange.

### Cyber Crimes:

With the increase of technology and computer usage it is not a surprise that such technology is used for the commission of economic offences. These crimes include theft of computer services, unauthorized access to protected computers, software piracy etc. Cybercrimes have become a reality of today's world in such a manner that today's cyber hackers break into and maliciously alter the content of several computer websites.

### Counterfeiting:

Currency counterfeiting is an organized white-collar crime, which is undertaken at alarming rates globally. It not only causes serious setbacks to the world's economy but also jeopardizes genuine business transactions. These days, counterfeiting of currency notes is done with the help of modern equipment. Counterfeiting, however, goes beyond the production of bogus currency to the counterfeiting of all kinds of manufactured products such as clothing, audio and video equipment, compact discs, watches, liquor, perfumes, etc. In such cases, losses are suffered by the manufacturers of the products, their employees, the economies of the concerned states and the concerned governments that would have received tax revenues.

### Credit Card Frauds:

As financial institutions introduce innovations against counterfeiting and fraud, increasingly sophisticated ways of profiting from or beating those systems are devised. Most of the credit card fraud is committed by using counterfeited cards, which are pre-embossed or re-encoded.

### Money Laundering:

Globalization has brought in the transfer of money globally. The rapid growth of international financial activities takes advantage of political borders and exploits the differences between legal systems in order to maximize profits. Money laundering is another massive contributor to economic offences like corruption. Laundering operations are intended to conceal the origin of the money rather than in the creation of wealth directly, in other words, to hide the traffic from which it is derived rather than the general criminal activity which actually generated it. It is therefore essential to move the money in order to scramble the route it takes. The operation is wholly successful when the nature of the money is also concealed and it is impossible to establish a link with any criminal activity because the different circuits have taken to give it the appearance of legitimate income.

## **HISTORY OF ECONOMIC OFFENCES**

According to the National Crime Records Bureau (NCRB), the history of this offence can be traced back from early 2000 to date that is rising continuously. Many scams and financial offences were committed by various individuals, banking institutes, chit funds, etc during these years. Our main focus will be from the year 2014 to 2018 and how these offences occurred. How did it affect the nation's GDP and most importantly how did few offenders under this crime escape? According to the NCRB data, the Economic offences in recent years are as follows:

1. 2014	1,42,560 cases
2. 2015	1,50,170 cases
3. 2016	1,43,524 cases
4. 2017	1,48,972 cases
5. 2018	1,56,268 cases

\*Crime Rate is calculated as a crime per one lakh of population.

As per the data mentioned above it can be seen that Economic Offences is not a small or petty offence this is considerably a mickle/big offence. Not hundreds, not thousands, the number of cases reported by the NCRB is in Lakhs just by the number we can imagine the magnitude and quantum of these offences. Imagine for example in the year 2016 which is the least among the 5 years (of the above data) for the number of cases of scam reported under Economic Offence in India and the base (approx.) The amount of scam in that year is Rs.10,000/- the total amount will be around Rs.143,52,40,000 /-. Now the numbers are dealt in crores, interestingly this amount is well around near to the District Budget (approx.) of a state.

## **LAWS TO DEAL WITH THE ECONOMIC OFFENCES**

Laws that deal with economic offences in the Indian context are:

1. Section 255 of the Indian Penal Code, 1860 – Counterfeiting Government Stamp
2. Section 405 of the Indian Penal Code, 1860 – Criminal Breach of Trust

3. Section 406 of the Indian Penal Code, 1860 – Punishment for criminal breach of trust
4. Section 415 of the Indian Penal Code, 1860 – Cheating
5. Section 417 of the Indian Penal Code, 1860 – Punishment for cheating
6. Section 420 of the Indian Penal Code, 1860 – Cheating and dishonestly inducing delivery of property
7. Section 463 of the Indian Penal Code, 1860 – Forgery
8. Section 465 of the Indian Penal Code, 1860 – Punishment for forgery
9. Section 467 of the Indian Penal Code, 1860 – Forgery of valuable security, will, etc.,
10. Section 477 of the Indian Penal Code, 1860 – Falsification of Accounts
11. Section 264 of the Indian Penal Code, 1860 – Fraudulent use of false instrument for weighing
12. Section 265 of the Indian Penal Code, 1860 – Fraudulent use of false weight or measure
13. Section 378 of the Indian Penal Code, 1860 – Theft
14. Section 379 of the Indian Penal Code, 1860 – Punishment for theft
15. Section 381 of the Indian Penal Code, 1860 – Theft by clerk or servant of property in possession of master
16. Section 383 of the Indian Penal Code, 1860 – Extortion
17. Section 384 of the Indian Penal Code, 1860 – Punishment for extortion
18. Section 7 of the Prevention of Corruption Act, 1988 – Public servant taking gratification other than legal remuneration in respect of an official act
19. Section 13 of the Prevention of Corruption Act, 1988 – Criminal misconduct by a public servant
20. Section 9 of the Central Excise Act, 1944 – Offences and Penalties
21. Section 135 of the Customs Act, 1962
22. Section 276-C of the Income Tax Act, 1961 – Willful attempt to evade tax, etc.,
23. Criminal Law (Amendment) Ordinance, 1944



24. Section 452 of the Code of Criminal Procedure, 1973 – Order for disposal of property at the conclusion of a trial
25. Smugglers & Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976
26. Narcotic Drugs & Psychotropic Substances Act, 1985

### **WHERE IS MURDER DEFINED UNDER THE INDIAN PENAL CODE?**

Section 299 of the Indian Penal Code defines murder as an act of injury caused by a person to kill another person or to cause such bodily injury which in turn causes the death of such person or voluntarily commits an act which causes death. After such person, the person who causes such death shall be said to commit murder under the provisions of section 299. As a murder is a criminal offence, the provision of punishment for this offense as provided under section 302 of the Indian Penal Code.

**In re.**

**Shilpa Mittal vs State of NCT of Delhi<sup>1</sup>**, (Criminal Appeal No. 34 of 2020) - Hon'ble Justice Deepak Gupta

Further, inhumane, cold-blooded and murky crimes and accompanied by barbaric punishments falls under heinous crimes such as serving a dead body to eat- the Tandoor case, 2007, slaughter after rape- the murder case of Aarushi Talwar, 2008, mass-suicide in which family members were found hanging within the house in circular formation, blind-folded and mouths were taped, in some cases even their hands and feet were tied as well- the burari case, 2018.

### **What is section 302 of IPC?**

Section 302 of the Indian Penal Code is important in many ways. Persons accused of murder are tried under this section only. Further, if in the case an accused of murder is found guilty of an offence, Section 302 provides for punishment to such offenders. It states that whoever commits murder shall be punished with either life imprisonment or death (depending on the gravity of the murder) along with fine. The primary point of consideration for the Court in matters relating to murder is the intent and purpose of the

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<sup>1</sup> (Criminal Appeal No. 34 of 2020)

accused. That is why it is important that the object and intention of the accused is proved in cases under this section.

### **CASES UNDER THE ECONOMIC OFFENCES IN INDIA**

The cases under Economic Offences are in large numbers. Following are the cases that brought substantial changes in the existing acts and introduced new laws. These cases are:

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|----------------------|-----------------------|
| 1. Hiten Dalal       | In the Year 1991-1992 |
| 2. Harshad Mehta     | In the Year 1992-1993 |
| 3. Ketan Parekh      | In the Year 2001-2002 |
| 4. Saradha Chit Fund | In the Year 2013      |
| 5. Vijay Mallya      | In the Year 2016      |
| 6. Nirav Modi        | In the Year 2018      |

#### **Hiten Dalal Case**

In this case, the offender was a Stock Broker for Standard Chartered Bank (SCB) and entered into a transaction with various other banks such as Bank of Karad (BoK), Metropolitan Cooperative Bank (MCB) and HSBC Bank. The SCB received neither the bank receipts nor the securities from April 1991 to May 1992 i.e. one (1) full Financial Year. The Bank filed a complaint to CBI in June 1992 confessing that Rs 1,239 crores were allegedly duped by the Broker (Accused) by entering into false transactions and giving false securities to the respective banks. The court passed a judgment in favour of the SCB and the Accused was punished for imprisonment for 2yrs in SECURITIES SCAM.

#### **Harshad Mehta Case**

This case is also known as the “Bombay Stock Exchange Scam”, in this case, the offender was a Stock Broker the same as the “Hiten Dalal” and was known as the big bull of the Dalal street. He was alleged to engage in a massive stock manipulation scheme financed by worthless Bank Receipts (BR) in which his firm used to enter into Ready Forward (RF) transactions between various banks. The accused made the

Stock investors believe insecurities and made them enter into the stock market. The seller of the securities gave the buyer of the securities a BR and it confirms that the securities were sold. It also acted as a receipt for money received by the bank i.e. nothing but Bank Receipt. Like this, he continued the operation with banks like BoK and MCB. The total amount of scam, in this case, was approximately Rs 4000-5000 crores which took place at the Bombay Stock Exchange (BSE). Beside Harshad Mehta, there was one more person who was involved in this scam, Ashwin Mehta, who is the brother of the Accused. Interestingly there were 27 criminal charges against him and the last case is still under the trail.

### **Ketan Parekh Case**

After the Harshad Mehta's scam, the Stock Market was in a vacuum as the market did not have a proper stockbroker and space was needed to fill. Ketan Parekh (KP) was the one who filled this empty space and was the new Stock Broker in Dalal street. Ketan Parekh was also known as K-10. The reason behind this is that during his peak time (1998) he used to run a pack of 10 stocks which came to be known as K-10. These included names like Global Tele systems, Zee Telefilms, HFCL, Silverline, Satyam Computers, Aftel Infosys, DSQ Software, Ranbaxy, Penta media Graphics and Visual Soft, Digital Global and SSI were also dubbed as K- 10 stocks. During the year 1998, the traders were not in a position to buy the share of companies like WIPRO and INFOSYS and their promoters were also not that co-operative. Then the accused decided to create his own stock or trade indicator for which he received funds from managers and Foreign Institutional Investors (FIIs). During the same period, the promoters were facing problems with the liquidity of money; the banks were rigid and did not provide loans and they were unable to raise money. Then came Ketan Parekh who Rigged the share prices and provided the required liquidity to the promoters and earned a good amount of money.

He continued this business from 1998 – 2001 and in the latter year, he was caught and arrested. On March 1st, 2001 just after the Union Budget was finalized, the BSE crashed by 176 points. After seeing this massacre downfall of the BSE, the NDA government was asked to inquire about this market reaction. Subsequently, RBI refused to clear pay orders that have been given by Ketan Parekh to Bank of India (BOI), as they found them suspicious. The RBI issued an investigation against Ketan Parekh. Ketan Parekh to escape the punishment, cleverly tried to dump the K-10 shares and was opposed by a cartel of bear brokers in Mumbai. As there was no option left or open for Ketan Parekh he sold off his entire shares of K-10 stocks to Madhavpura Mercantile Cooperative Bank (MMCB) and Global Trust Bank (GTB). Due to this dumping, the share market collapsed the following day and large-scale investors and other

promoters were at loss. And at last, Ketan Parekh was arrested and the amount of scam, in this case, is still UNKNOWN. Ketan Parekh was barred from accessing the Stock Market by SEBI, but he had a lot of influence and was still accessing the stock market by investing with other companies. At last, in 2009 he was arrested by CBI for cheating and was sentenced to imprisonment for 2 years by the special court.

### **Saradha Chit Fund Case**

The Saradha Scheme was introduced by the Saradha Group and they operated the business through a network of more than 100 companies. The group was incorporated in the year 2006. The group hired brokers or agents who acted as per the instructions given to them and they were paid a commission for this work which was of around 25-40% of the business. The whole group (chit fund) was operated by Mr Ramakrishna Paramhansa and the scheme was named after his wife “Saradha Devi”. He and His wife were recognized as a prominent individual, who had many followers and also deep respect among the citizens of Bengal. The group started collecting money from the investors in the schemes and promised them a guarantee of high returns. The scheme soon expanded to other states like Odisha, Assam, and Tripura and the number of investors in the scheme increased to 1.7million. The group cleverly used the money from the new investors and paid the old investors (previously enrolled) with the money received, rather than from the income generated through investments. The interesting part here is that many MLAs and MPs of the Trinamool Congress (TMC) were also a part of this scam and were questioned by the Central Bureau of Investigation (CBI). Apart from these individuals Congress leader Matang Singh and Assam BJP leader Himanta Biswa Sharma, who was with the Congress at that time were also involved in this scam. Finally, in 2012 the Securities and Exchange Board of India asked Saradha to stop taking and accepting funds from the investors and demanded to obtain the regulator’s certificate to carry on the schemes. And at last, in the year 2013, the inflows and outflows of funds were not matching as a result of this the scheme which the Saradha Group launched as a complete and outraged Scam with the public at rem becoming victims. In simple terms, the “Scheme was a Scam”. The quantum of money involved in this scam was measured approximately between 1200-4000 crores.

### **Vijay Mallya scam**

Vijay Mallya one of the most famous personalities in India, a businessman and a former Member of Parliament (Rajya Sabha). Vijay Mallya was a successful business tycoon and was the former owner of Kingfisher Airlines (defunct now), Royal Challengers Bangalore cricket team and former co-owner of

Force India a Formula-1 team. He was also the Ex-Chairman of United Spirits and also had a business in the Alcohol Industry. He was mainly accused of fraud and Money laundering of Rs 9000 crores which were not paid back to banks from which he has taken loans. All these banks were led by the State Bank of India (SBI). Mallya was charged for fraud, money laundering, criminal conspiracy, and cheating. Organizations like ED, CBI, SEBI charged Mallya under different sections and Acts which are as follows:

- Enforcement Directorate (ED): Section 3 (offence of Money laundering) and 4 (Punishment for Money laundering) of the Prevention of Money-laundering Act, 2002 for the loans taken by him. The amount was nearly Rs 3,500 crores.
- Central Bureau of Investigation (CBI): Sections 120B (Criminal Conspiracy) and 420 (Cheating) under the Indian Penal Code (IPC), 1860 and Sections 13(1) and 13(2) of the Prevention of Corruption Act, 1988 which deals with Criminal Misconduct by a Public Servant and Punishment for it.
- Securities and Exchange Board of India (SEBI): Banned him from Accessing the Stock Market till 2021.
- Vijay Mallya, to escape punishment and penalties from the allegations made against him by the above organizations, absconded himself (flew) to the UK and the Supreme Court of India declared him as a Fugitive Economic Offender under the Fugitive Economic Offenders Act (FEO), 2018

### **Nirav Modi Case**

Nirav Modi was a successful businessman and most of his business was related to Diamonds. He was the jeweller and as well as designer of the diamonds. Nirav Modi, his maternal uncle Mr Mehul Choksi, few relatives and some employees of the Punjab National Bank (PNB) were the offenders in this scam. The bankers used fake Letters of Understandings (LoUs) in this scam. The bank started (opened) its new branches only at a few favourite places for the import of pearls and diamonds for a period of one year. Like this, the import was carried on and the overseas branches of the Indian banks ignored the guidelines laid down by the RBI. This led to the failure of sharing of documents from one end (overseas) to the other end (PNB), which they were supposed to send for availing the credit from them. Nirav Modi got his 1st fraudulent guarantee certificate from PNB in the month of March 2011 and managed to get more than

1200 certificates from thereon. This resulted in fake transactions of funds and nearly an amount of Rs 10,000 crores was collected by the accused. The scam came into the limelight in the month late January and then PNB filed a complaint to CBI against Nirav Modi that false LoUs were used to transfer the amounts from one place to another. PNB named 3 diamond firms, Diamonds R Us, Solar Exports Diamonds and Stellar Diamonds. In the month of May 2018, the money involved in this scam was Rs 14,000 crores. Soon after the scam broke out Nirav Modi's brother Nehal Modi erased all the data (transactions) from devices and other media and even the server located in UAE. Before the scam was uncovered, Nirav Modi had already escaped from India with his relatives just like Vijay Mallya escaped from punishments and penalties.

These scams can be more than evident and the quantum of money involved can lead to depletion of the economy like it creates some sort of fear in the minds of the people and they will not invest their money in any kind of Securities or Shares let it be the G-Sector itself and will not participate in Stock Exchange Markets. The citizens will also lose faith and trust in the Justice Systems as they are not able to punish the Offenders due to lack of proper evidence or proof against them.

### **ECONOMIC OFFENCES ARE MORE DANGEROUS THAN MURDER**

Nationally this offence will affect the Demand and Supply of all kinds of Goods and Services, as the Demand of the products increases the Supply decreases as a result of this the prices go up, which the economists call as INFLATION and at last this affects the poor people and the poverty line will start increasing. It reduces the Gross Domestic Product (GDP) of the Nation which forces the nation to take loans and borrow money (Financial Crisis) from other Monetary Institutions and lastly it also affects the belief (faith) in the system of economic governance which leads to Internal Disturbance within the Nation, as there is no proper authority to take care as they are not in a situation to control it and finally recession takes place. As the Offenders take a huge amount of loans and borrowings from the banks and the amount is not paid back to the banks, the interest on the principal amount accumulates, and this directly affects the status of the banks. The banks will later be in a situation where it is very difficult to get back the money from the offenders as they escape from the Nation and cause a financial and economic crisis.

Globally this offence affects the financial status of the country which later on affects the Import and Export services of the Nation, as there will be no import and export business, there will be no revenue for the government and this makes the nation economically poor and the loans which the nation had taken before will not be repaid. Due to this, no Multinational Companies (MNCs) and other Foreign Companies will participate either to establish or start a new branch and lastly the nation will not develop any further and thus affects the Globalization and Modernization. In simple terms, the nation will become a “Living Dead Nation”.

Observing that the offence of money laundering cannot be treated lightly, the Supreme Court on 03.02.2022 said that it was a more serious and heinous crime than murder as it affected the entire economy whose growth could be put on hold or derailed because of it. The court is examining the constitutional validity of various provisions of Prevention of Money Laundering Act (PMLA) for allegedly being violative of basic principles of natural justice and criminal jurisprudence. While hearing a batch of petition, including those filed by Congress leader Karti Chidambaram and former Maharashtra home minister Anil Deshmukh, the court said such crime affects the integrity and sovereignty of the country and that was the purpose for bringing the Act.

"The offence of money laundering damages the economy and the financial system of the country. It can put the economy on hold or can derail it. It is more serious than murder. That is why a special Act was framed" a bench of Justices A. M. Khanwilkar, Dinesh Maheshwari and CT Ravikumar observed when it was pointed out that the procedure prescribed in the Act is against the Criminal Procedure Code and Indian Evidence Act. The court said that money laundering is not only used for drug trading but also for terrorist activities and such crimes affects integrity and sovereignty of the country.

## **CONCLUSION**

Observing that the offence of money laundering cannot be treated lightly, Hon'ble Supreme Court said that it was a more serious and heinous crime than murder as it affects the entire economy whose growth cannot be put on hold or derailed because of it.

The Bombay High Court, Aurangabad Bench recently observed that white-collar offences are more serious than offences involving bodily harm, given that they involve an element of conspiracy. The Hon'ble court made the observation while dismissing pleas filed by the directors of *Ganraj Ispat Private*



*Limited* for quashing criminal proceedings against them on allegations that they committed fraud under the *Central Goods and Services Tax Act*.

In **Lalit Goel vs. Commissioner of Central Excise**<sup>2</sup>, 2007 (3) JCC 2282, this Court, while dealing with bail application in a case of Customs Act, observed that the economic offences constitute a class apart and need to be visited with a different approach in the matter of bail. Noticing ever growing materialistic outlook setting unscrupulous elements on a prowl to maximise material gains by unlawful means, this Court even suggested appropriate legislative measure and judicial intervention to safeguard the interest of the State and public at large.

In **Prem Kumar Parmar vs. State (CBI)**<sup>3</sup>, 1989 RLR 131:, this Court observed that the offences such as cheating and forgery bring imbalance in the economy of the country, which has the effect of making the life of majority of people, particularly those belonging to economically weaker sections of the society miserable and that such economic offences are worse than murders.

The co-relationship between crime rate and poverty implies that crime is connected with poor regions due to their poor living conditions, harsh situations, and lack of resources.

Even the basic notion of crime has been altered by industrialisation and excessive consumerism. This has led to an increase in socio-economic crime throughout this time period. Financial frauds, tax evasion, and hoarding are among them. As well as other types of adulteration, during the computer era of the 21st century, cybercrimes have brought new aspects to white-collar crime. Social law has not been able to prevent these crimes owing to the inadequate execution of social reformatory measures. The shifting patterns of criminal activity make it necessary to implement stricter legislation to combat socio-economic crimes. COFEPOSA and FERA rules have been in place in India for several years, but the crime index about smuggling and foreign exchange breaches, which are negatively impacting the Indian economy, has not changed much. The criminal law enforcement agencies should, therefore, initiate drastic measures to curb this menace.

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<sup>2</sup> 2007 (3) JCC 2282

<sup>3</sup> 1989 RLR 131



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