WHITE PAPER ON

Economic Offences

Prepared by Mohammed Samiuddin
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Introduction

Economic offences are a distinct category of crimes under criminal offences and comprise of both white collar crime (refers to financially motivated nonviolent crime) and blue collar crime (refers to crime committed by an individual from a lower social class as opposed to white collar crime). They are generally committed by persons of a certain social status during the course of their occupation as a deviation from their occupational role or as a typical activity. Almost all economic crimes are similar to the various other offences and organised crimes and have very serious impact on various segments of the society, national economy and national security. This white paper focuses on the economic offences in India.

The modus operandi of economic offenders is becoming increasingly sophisticated each day. While the traditional criminals steal small to large sums of money by using brute force and conventional criminal tools and techniques, economic offenders steal large sums of money by using the appropriate technology and communications to carry out their unlawful commercial transactions, disturb databases and machinate massive frauds. The victims of economic offences are generally ignorant and naive, often remain unaware of the fact that they have been cheated.
Impact of Economic Offences

Economic offences lead to significant damages to the economy of the country unfavourably affecting the growth of the Nation. They have several visible and invisible implications and can therefore be either cognizable or non-cognizable. They generally go beyond causing financial loss for individuals / organisations, ruining the economic well-being of the society / nation, damaging the national economy, and also have very serious economic and national security implications. The major impacts caused by economic crimes in a nation are:

- Economy is parallel
- Morale and commitments of the citizens is reduced
- Corruptions increase
- Prevalent use of black money
- Uneven distribution of required resources
- Developmental efforts blocked

Areas of Coverage of Economic Crimes

Economic offences cover a very vast area and this includes:

- Tax evasion (following illegal methods to stop paying tax)
- Illicit trafficking of contraband goods
- Smuggling
- Evasion of excise duty
- Theft of cultural objects
- Money laundering
- Foreign contribution manipulations
- Land grabbing and real estate frauds
- Trade in human body parts (transplantation of human organs)
- Illicit drug trafficking (narcotic drugs and psychotropic substances)
- Fraudulent bankruptcy
- Corruption and bribery of public servants (kickbacks and bribes)
- Bank frauds
- Insurance frauds
Areas of Coverage of Economic Crimes

- Employment racketeering
- Illegal foreign trade
- False travel documents racketeering
- Credit card frauds
- Terrorist activities
- Illicit trafficking of fire arms and explosives / gun running
- Human trafficking
- Theft of intellectual property, computer / cyber-crime / software piracy
- Stock market manipulations, insider trading
- Company frauds
- Counterfeiting money
- Financial embezzlement / misappropriation / scams
- Money laundering
- Copyright infringement
- Identity theft
- Forgery
- Irregularities in invoicing and letters of credit
- Sports betting / match fixing
- Illegal waiver of farm and rural loans, etc.

Enforcement

All economic offences have their relevant acts / legislations, amendments, and the concerned enforcement agencies to deal with them. The following table provides the list of economic crimes, the acts / legislations / amendments and the enforcement agencies dealing with them in India.
## Enforcement

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Table Source: http://ncrb.gov.in/CD-CII2013/Chapters/9-Economic%20Offences.pdf
Enforcement

Economic crimes are rapidly evolving and this necessitates the compulsive need for constant review and amendment of laws to equip the enforcement agencies to deal with the evolving crimes.

The recent surge in economic offences is in the sectors drastically affected by technological advances. For example, the extensive use of the internet and smart phones provide cyber criminals endless possibilities to plan, target and execute economic crimes, and exit the scene with the least evidence. Tackling economic offences therefore require thorough knowledge about:

- The various categories of economic offences
- The legal frameworks
- Identifying economic offenders
- Identifying loopholes in the existing systems
- Preventing economic offences
- Loss recovery methods
- Conducting investigations
- Indicting criminals

Economic crimes in all countries are linked to various other offences and organised crimes. They have a very serious bearing on the national economy and national security. Although economic crimes have rapidly proliferated in all countries, the proliferation is more intense and prominent in countries that are in the process of economic, social or political development.

Economic Crimes in India

Economic crimes are not a new phenomenon in India. Economic offenders have deceitfully exploited the shortcomings in various areas and swindled several thousands of crores. They constantly explore to take advantage of the weakness / loopholes while looking for new areas to subvert the systems.

Economic crimes have rapidly risen in various sectors since the early 1990s and have devastated millions of investors, numerous organizations - banks, insurance companies etc.
Measures against Economic Offences

The volume of economic offences is growing rapidly despite the various counter measures taken by governments the world over. Therefore, economic offences need urgent, tougher and more stringent measures such as:

- Revamping the laws governing economic offences
- Freezing all assets of the economic offenders
- Tightening bail provisions
- Creating exclusive courts
- Simplifying court procedures
- Public notification on the economic offenders
- Coordinated and concerted action by the various agencies dealing with this menace
- Declaring diversion of funds as illegal

Conclusion

Economic offence is an international menace that erodes the growth of a nation. When countries unite to work on their economic development, they must equally focus on curbing down the crimes. Controlling white collar crimes is a challenge because it is carried out by the influential people who can withhold the law enforcement against them. Unless white collar crimes are objected by the public, the hazards of economic offences cannot be controlled.

Reference


About the Author

Mohammed Samiuddin spearheads the branding aspects & managing client relationships of ITMR. His passion includes speaking on cyber security threats, data security practices and new technological areas.

About ITMR

Institute of Technology, Management and Research (ITMR), a division of Mamta Trust, is a premier institute that provides world class professional training programs for the corporates and academic sector. ITMR’s motto ‘yogah karmasu kausalam’ means ‘Yoga is excellence in action’ and is the foundation of its vision to evolve into a "CENTRE OF EMINENCE" to offer cutting edge vocational skills and mould professionals to become business and technical domain experts. ITMR’s professional and corporate training programs include several cutting edge to help working professionals acquire domain expertise and meet the current and emerging challenges in the IT world.

Our flagship training program on Cyber security has (PDCIL) Professional Diploma in Cyber Investigations and Laws is a top of the class cyber security program in the country that trains top officials in the Police departments, Indian and International Banks, Military, Legal fraternity, Fortune 100 Global companies and Blue Chip India IT companies.

ITMR also offers research programs on Cyber Security (network security monitoring and access products), in association with Secure IQ, a leading provider of network security software products with headquarters in Fairfax, Virginia, USA and operations and development in Chennai, India.

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