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# White-Collar Crime and its Impacts: A Comparative Study

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## ABSTRACT

*India's economic and social fabric is threatened by white collar crime, which is concealed within the intricate corporate and organizational system. People in positions of trust and authority are usually the ones who commit these complex, non-violent crimes, which range from insider trading and money laundering to fraud and corruption. Rapid technical improvements, the exploitation of legal loopholes and occasionally the implicit cooperation of influential people are all factors contributing to the rise in these types of crimes. This study looks at the role of cross-border collaboration in the investigation of financial offences as well as the extraterritorial reach of white-collar crimes. It highlights challenges victims encounter in obtaining restriction and the crucial role enforcement agencies play in preventing these crimes. The paper also provides comprehensive understanding of white-collar crime by examining its legal as well as societal and financial repercussions. The paper also examines how India's legal system has changed over time, stressing the recent changes made in new criminal law and evaluating how they have affected the control of financial crimes. The research also assesses important court ruling and make suggestion for improving the regulatory structure.*

*In order to successfully tackle this widespread crime, this study emphasizes the significance of transparency and public trust in the financial system.*

**Keywords:** *white collar crime, money laundering, insider trading, financial repercussion and weak legal framework.*

## I. INTRODUCTION

The term "white-collar crime" was first defined by American sociologist Edwin Sutherland in 1939. He described white-collar crime as the crime that are non-violent and committed by individuals or organizations in the course of their business activities or government professionals or in the positions of believe and authority<sup>3</sup>. White-collar crime includes Health Care Fraud as preparing false reports of tests on pharmaceutical product to obtain manufacturing

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<sup>3</sup>H. Parry & S.S. Hunt, *Undercover operations and white-collar crime*. J Fin. Crime 150 (1994), <https://doi.org/10.1108/eb025644>

licenses or price collusion, Mortgage and Financial Institution Fraud as substituting with cheap products and commodities, Securities Fraud defective material for costlier components specified in the construction of roads, bridge or buildings etc. but charging the customer for the full cost of the specified expensive materials and Money Laundering etc. White-collar crime overlaps with corporate crimes<sup>4</sup>.

White collar crime is not a legal category incorporating specific crimes, it is a social construct. These crimes are significant threat to the economic stability, public trust, and overall well-being of the nation<sup>5</sup>. As our Indian societies have certain social norms, customs, and traditions that are implicitly accepted by their members as conducive to their well-being and healthy development. Actions that goes against these deeply held standards, customs, beliefs and traditions is deemed to be anti-social. A common definition of "crime" among writers is anti-social, immoral, or unacceptable behavior. However, definition of a crime is any act done intentionally or unintentionally that lead to an offense barred by law and is subject to punishment.

The rise in white collar crime is a clear indication of how greed is ingrained in human nature, as Machiavelli noted, prominent people, who are frequently wealthy, commit deception in order to achieve their goals. The fact that these crimes affect society as a whole. Furthermore, these crimes often occur on online platform which make harder to trace, with offender using their influence to silence victims. They exploit vulnerable group, having limited resources, making access to justice even more difficult. Despite stringent law, offender take advantage of legal loophole to evade punishment. The Law Commission of India, in its 29<sup>th</sup> report (1966), recognize the need specialize law beyond the Indian penal code. It called for a stronger legislative framework, improved enforcement practice and greater awareness to address this issue and ensure accountability for those who abuses their position for personal gain.

## **II. EARLY INSTANCES OF WHITE-COLLAR CRIMES**

White-collar crimes are committed in India even during British colonial rule like corruption, bribery and fraud occurred within the colonial administration and commercial sectors. These crimes were often linked to trade, taxation, and the exploitation of resources and of financial Markets. British trading companies evolved during 18<sup>th</sup> and 19<sup>th</sup> centuries, such as East India company were practicing manipulative trade that leads to breaking laws to maximize the profits. The Zamindari system which involves the British landlords and the power to collect taxes from

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<sup>4</sup> Adam Hayes, *White collar crime: Meaning, types and example*, INVESTOPEDIA (Aug 25, 2022),

<sup>5</sup> *White Collar Crimes*, PDF COFFEE (Aug 26, 2022), <https://pdfcoffee.com/white-collar-crimes-3-pdf-free.html>

villagers and peasants. These British companies cultivated opium in India<sup>6</sup>, mostly in the Bengal and Bihar regions. Indian farmers were forced to cultivate opium in their lands for low wages. Later these companies sold it illegally to China. This opium trade was practiced for financial interest of British companies.

One of the case of white-collar crime was the Teapot Dome scandal of the 19<sup>th</sup> century<sup>7</sup>, where U.S. government officials were found guilty of accepting bribes from oil companies, and corruption within the federal government. This case highlighted the need for greater scrutiny and regulation of corporate and governmental activities to prevent offences that harm stability of nation. During the 20<sup>th</sup> century, there was an increase in prosecution of white-collar crimes and it resulted in increase of the crimes such as the Watergate scandal. These incidents revealed multiple abuses of power by the Nixon administration and the impact of corporate fraud and corruption. His abuse of presidential power had a long-lasting effect on American political life, creating an atmosphere of cynicism and distrust and this leading to stricter regulations and enforcement measures in the country. The growth of multinational corporations, banking system and stock markets leads to development easy way to commit financial crimes such as high profile scandals like the collapse of Enron in the U.S. The Harshad Mehta scam<sup>8</sup>, also known as the 1992 stock market scam, was one of the largest financial frauds in India's history. It involved embezzlement of approximately ₹1,439 crores (equivalent to nearly \$3 billion at that time), leading to a drastic crash in the Indian stock.

Over recent year, the rise of technology has brought about a huge development in cybercrimes, including the hacking of computer systems to obtain sensitive and conclusive information or carry out financial fraud or to manipulate individual or companies. Therefore, it is crucial for both individuals and businesses to stay informed about these evolving forms of white collar crime and take necessary measures to safeguard themselves from becoming victims.

### III. REASONS FOR THE GROWTH OF WHITE-COLLAR CRIMES IN INDIA

The rise of white-collar crime in India depends on several reasons like greed, competition, rapid urbanization and technology advancements, weak legal frameworks and loopholes and lack of awareness about the concept of white-collar crimes. In India, the public while committing crimes mostly of rural areas are not even aware about white-collar crimes like fraud, manipulation, bribery, exploitation of resources etc. that they have committed a crime. the main

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<sup>6</sup> B. S. Biswas, *How Britain's opium trade impoverished Indians*. BBC News (Sept. 5 <https://www.bbc.com/news/world-asia-india-49404024>)

<sup>7</sup> *Teapot dome scandal*, History.com (Sept. 12, 2017), <https://www.history.com/topics/1920s/teapot-dome-scandal>

<sup>8</sup> ClearTax, *Harshad Mehta Scam*. Cleartax. (Mar. 21, 2024), <https://cleartax.in/glossary/harshad-mehta-scam>

causes of the expansion include Major reasons behind the growth of these crimes in India:

- **Greed & competition:**

In this era, Human beings are greedy by nature and to promote his interest he can go to any extent. He claimed that a guy may forget his fathers passing more readily than the loss of his inheritance<sup>9</sup>. We are never satisfied with whatever, we acquire and this intensive greed leads to path of wrongful act. The competitive business environment can lead individuals to resort to unethical or illegal practices to gain an edge or to achieve and become the best in the competition followed in the market. The expression "survival of the fittest", which he coined in Principles of Biology to become the best they do not mind committing crimes like forgery, bribery, corruption, manipulation and frauds.

- **Technological development:**

The development of technology has become a global phenomenon and increasing at a tremendous pace in India and developed various new path to commit crimes like cyber fraud, hacking, malware, money laundering, phishing, and identity theft etc. White-collar criminals exploit the lack of strong cybersecurity measures and exploits the resources.

- **Weak Legal Frameworks:**

India has laws against white-collar crimes but they are Inadequate laws, weak enforcement, and there are loopholes in the legal system and it make easy path for the offenders to commit crimes. These enforcements are weak due to several reason as outdated regulations, procedural delays, and an overburdened judiciary. This leads to a low conviction rate, encouraging more such crimes.

- **Necessity:**

Some individuals may indulge into white-collar crimes due to financial hardship or other critical circumstances of the livelihood. People of high social rank desire to feed their egos, which is the main reason why they devote White collar crime to meet their own and their family's needs and status in the society. A divide between the rich and poor can contribute to the increase in white-collar crimes, as some individuals may be more susceptible to such crimes due to their circumstances and the race to reduce the gap between them.

- **Economic Liberalization:**

The advancement in the opening up of India's economy has led to increased business activities,

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<sup>9</sup> Yoopery, *Machiavelli's View on Numan Nature*, Yoopery. Com <https://yoopey.com/machiavelli-view-on-human-nature/>

globalization and technology advancement creating opportunities for individuals to commit financial crimes like corporate fraud, cybercrime, embezzlement, bribery, corruption and insider trading.

#### **IV. TYPES OF WHITE-COLLAR CRIMES IN INDIA**

White-collar crimes in India involves a wide range of non-violent financial offenses committed by individuals, professional or organizations in positions of trust and authority. Some common types of white-collar crimes in India include:

##### **1. Fraud:**

Fraud involves obtaining of money, property or any other resources or service through deception, misrepresentation or false presentation with the intention to gain profit through financial means.

- Financial Fraud: This includes fraudulent activities such as commercial loans, securities fraud, check forgery, mortgage fraud, and false applications to obtain financial gain.
- Corporate Fraud: This refers to wrongful practices within a corporation to manipulate the financial information of the company, often to benefit shareholders or executives such as by way of online shopping fraud, lottery fraud, and any other schemes, are common in India to defraud the consumers.
- Banking Fraud: Bank frauds are financial scams. Misuse of banking systems and financial services for illegal purposes, such as loan fraud, check fraud and phishing etc.
- Insurance fraud: The falsification, inflation, or "padding" of insurance claims.

##### **2. Embezzlement:**

Embezzlement is a theft offense or involves the misappropriation of funds that are in hands of trusted individual, leading to significant financial losses for organizations. Public officials and employees embezzle or commit theft of public funds or assets entrusted to them for their personal gain.

##### **3. Cyber-crime:**

Crimes that involves computers or the internet to commit offenses such as hacking, data breaches, phishing, identity theft and online fraud etc. to acquire financial or personal gain. There is rapid increase in technology-related crime majorly cybercrimes. It is directly or indirectly committed against the individual to damage or hamper his identity physically or mentally using the internet and other technical sources. Cybercrime is deemed to be a threat to

nations security and financial status of the person. The cyber-crime offences in India is regulated by the Information Technology Act, 2000.

#### **4. Money Laundering:**

Money laundering in simple words means showing the illegal money as legal. It involves the process of covering the origins of illegal obtained money through various financial transactions, it is the process of making illegally or dirty money appear as legitimate and clean money by processing it through a complex series of financial transaction. It is an illegal exercise that converts black money into white money. Generally, this money is generated by criminal activities such as drug trafficking, corruption, arm trafficking, human trafficking and smuggling.

#### **5. Bribery and Corruption:**

Bribery is the act of offering, giving, receiving and accepting something of value as like money, gifts, property etc. as bribe in exchange of some favor, especially to some person, who is in authority. These are form of dishonesty or a criminal offense that is undertaken by person or an organization that is entrusted in a position of authority or trust and the abuse of such authority for an exchange is corruption. It is done to insist on something to be done or to discourage something from being done.

#### **6. Insider Trading:**

It is an unfair or illegal practice of buying or selling securities like stocks, secret information or material information about a company, that gives the trader an advantage in the financial markets. The executives, employees and directors of company use confidential or non-public information in market that benefits them individually to gain financial profits.

### **V. CURRENT FRAMEWORK FOR COMBATING ECONOMIC CRIME, INCLUDING CORRUPTION**

Globalization and rapid technological advancement have made white-collar crime such as money laundering, corruption, tax evasion, and terrorist funding more complex and necessitating immediate action from governments. Free trade zone (FTZs) has turned into hotspots for these grave crimes, according to International Chamber of Commerce, World Bank and Financial Action Task Force. According to 2030 sustainable development goal, corruption threatens sustainable development in addition to impeding investment and economic progress.

The United Nation Convention Against Corruption (UNCAC), the legally enforceable international agreement devoted to fighting corruption, was ratified in 2003 in response to

escalate threats. The convention has strong emphasis on maintaining independent judicial system and transparency public procurement. It promotes international collaboration in investigations and prosecutions and calls on countries to make bribery, embezzlement, and obstruction of justice crimes. Recovering and returning illegal fund to the origin country and ensure victims are compensated. In order to improve anti-corruption system around the world, the convention also promote countries to share best practice and experience.<sup>10</sup>

In addition to this initiative, the Organization for Economic Cooperation and Development (OECD)<sup>11</sup> is essential in encouraging corporate responsibility and combating bribery globally. One important step in countering corruption in international trade was the OECD Anti-Bribery Convention 1997. It established rules for multinational firms to identify, audit, and mandate the member to criminalize the bribery in foreign public officials. The Oslo Dialogue, which was carried out by the OECD Task Force on Tax Crimes and other related crimes, also promote “Whole-of-Government” approaches to combat economic offenses through improved interagency coordination and international cooperation, in order to increase accountability and transparency in trade.

Fighting money laundering, which involve disguising illicitly obtained funds to look legitimate. In order to enjoy unlawful fortune, corrupt officials frequently turn to money laundering, which costs governments and private sector billions of dollars in loss, lower living standard, more inequality, and loss of jobs result from financial drain. As a result, an independent intergovernmental organization Financial Action Task Force (FATF) was established to provide global guideline for preventing the financing of terrorism and money laundering. In order to combat illicit financial flow, the FATF’s framework emphasize the necessity of international cooperation, mutual legal assistance in investigation and prosecution, and information exchange between countries.

India, as member of the FATF since 2010, made concentrated efforts to align its policies with these international norms. In order to keep its domestic anti-money laundering system in lined with global best practices, its periodically performs National Risk Assessments (NRA) to assess risks across industries like banking, insurance, and capital market. International Criminal Police organization (INTERPOL) play a crucial role in fighting against the illicit financial activities and also the issuance of Red-Notice requesting the law enforcement agencies to locate and arrest

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<sup>10</sup> Nazaha, *Scoping Paper on International Cooperation*, Nazaha.gov.sa (last visited Apr. 3, 2025) <https://www.nazaha.gov.sa/Media/Posts/Scoping%20Paper%20on%20International%20Cooperation.pdf>

<sup>11</sup> OCED, *OCED Official Website*, OCED. Org (last visited Apr. 3, 2025) <https://www.oecd.org/en.html>

a person involving in fugitives connected to serious financial crimes.<sup>12</sup>

These concentrated efforts demonstrated a global commitment to improving economic stability, security, and transparency in protecting financial institutions.

## **VI. INDIA'S EXTRATERRITORIAL REACH IN COMBATING THE CROSS-BROADER FINANCIAL CRIMES**

With the rise in Transnational financial crimes, these offences are no longer just domestic governance issues. Rather, they necessitate international collaboration across jurisdiction, which leads to states signing bilateral agreements.

According to the Ministry of Home Affairs, India has ratified 41 Mutual Legal Assistance Treaties (MLATs) with other nations. These agreements make it easier for countries to work together on investigation, prosecution, and judicial proceeding. MLATs make it possible to collect evidence from foreign jurisdictions and serve summonses to those who live outside. The MHA has release guideline for requesting aid through Letter Rogatory, which is a formal request from a court to another court for assistance, in situations when there is no MLAT between India and foreign state. This ensures cooperation even in the absence of any bilateral agreement.<sup>13</sup>

By establishing a legally enforceable commitment for both parties to support one another in court, the Mutual Legal Assistance Treaty improves the dependability and efficiency of the fight against financial crimes. Additionally, the reciprocity principle ensure that collaboration is advantageous to both parties, bolstering international initiatives combat financial crimes.

Indian criminal law has extended its extraterritorial reach to encompass cross-broader financial and non-financial crimes in addition to these accords. As per the new criminal law section 3 and 4 of BNS along with section 208 of BNSS, make Indian citizens who commit crime outside of India subject to prosecution in India and also declared that Indian law punishes crimes committed by Indian nationals oversea. In addition, section 48 of BNS provide prosecution of foreign conspiracies that affect India by holding those responsible for aiding and abetting crime committed outside the country. Furthermore, Indian court can request foreign court for help in criminal matters under section 110 of BNSS, which makes it easier to issues summonses or warrants in nations with which India has reciprocal agreement.

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<sup>12</sup> INTERPOL, *Red Notices*, Interpol.int (last visited Apr. 3, 2025) <https://www.interpol.int/en/How-we-work/Notices/Red-Notices>

<sup>13</sup> Ministry of Home Affairs (India), *Comprehensive Guidelines on ISII*, Mha.gov.in (last visited Apr. 3, 2025) [https://www.mha.gov.in/sites/default/files/2022-08/ISII\\_ComprehensiveGuidelines\\_17122019%5B1%5D.pdf](https://www.mha.gov.in/sites/default/files/2022-08/ISII_ComprehensiveGuidelines_17122019%5B1%5D.pdf)

Special laws that target economic offences are also part of India's legal system. To further strengthen India's ability to fight transnational financial crimes, the Prevention of Money Laundering Act, relies on bilateral assistance with notified nation to support investigations. Lastly, the Indian Extradition Act 1962 regulates the extradition procedure, India has 48 foreign states with whom it has extradition treaties and 12 foreign countries have extradition agreements. The Indian government may nevertheless seek extradition in the absence of a formal treaty or accord by citing an international convention as the legal foundation, but only if both India and the foreign state are signatories to the convention. This strengthens international collaboration in fighting against financial crimes by ensuring India several channels to seek justice outside of its boundaries

## **VII. LEGAL FRAMEWORK AND ENFORCEMENT AROUND WHITE-COLLAR CRIME**

Corruption in India can be traced back to the British raj, where administration practices laid the groundwork for exploitation systems. Even after the independence, corruption existed and eroded the democracy. To address these challenges, the government established a committee headed by K Santhanam in 1960, which submitted its report in 1964, highlighting the need for effective measure, preventive mechanism, and structural reform in existing anti-corruption framework.

In 1988, the government enacted the Prevention of Corruption Act, ensuring greater accountability in the public sector. This legislation played a crucial role in fighting against the financial crime and corruption by imposing strict penalties and imprisonment. However, challenges such as outdated technology and inadequate staffing hindered the effective implementation of these measures. Posing obstacles for enforcement agencies in addressing corruption.

2G Spectrum scam, one of the biggest corruption cases. In this case, 2G Spectrum licenses were arbitrarily allocated to companies on a first-come, first-served basis at 2001 prices in 2008, resulting in a loss of billions of dollars. CBI Court cleared all of the suspects in 2017 for lack of evidence, despite the trial having started in 2011. The Delhi high court subsequently rejected the appeal and maintained the acquittals. This case demonstrates the continued difficulties in India's fight against corruption and regulatory shortage.

To bolster anti-corruption efforts, the Prevention of Corruption Act, 1988, underwent amendments in 2013 and 2018. The changes established bribery as a crime and CBI had to get the responsible authority's clearance before looking into public employees, unless they were caught red-handed taking an undue advantage. In addition, improving accountability and sought to guarantee a fair and prompt trial.

One of the biggest accounting scandals in India occurred in 2009 when Satyam Computer Service and its chairman, Ramalinga Raju, acknowledged years of financial record manipulation and account falsification. Significant improvements were prompted by this affair, which revealed serious shortcomings in corporate governance and accountability was the Companies Act 2013. The National Company Law Tribunal was established to expedite cases involving corporate fraud, insider trading and forward dealing were outlawed to prevent market manipulation, and Section 135 Corporate Social Service provision were implemented to encourage moral business conduct. Additionally, the act increased accentuality and openness in business dealing by placing more stringent requirements on directors and important managerial staffs<sup>14</sup>.

The following enactment of SEBI Regulation 2015 (Listing Obligations and Disclosure Requirement), standards for reporting real and suspected frauds as well as significant events that affected investor's ability to make decisions were established.

### Enforcement

- White-Collar Enforcement Authorities

The legal system in India is made up of several investigative agencies, each of which has been given certain authorities and duties to fight white-collar crimes. These federal and state-level organizations guarantee a methodical approach to dealing with intricate financial crimes.

India's top detective agency is the Central Bureau of Investigation (CBI), which was founded by the Delhi Special Police Establishment Act of 1946. It deals with complicated financial crimes, high-profile corruption trails, and other white-collar crimes. In addition to the CBI, the Enforcement Directorate (ED) is essential in the fight against white-collar crime because it enforce anti-money laundering rules under the Prevention of Money Laundering Act (PMLA) and looks into violations of India's exchange control laws under the Foreign Exchange Management Act (FEMA). The Serious Fraud Investigation Office, which was created under the companies act to look into major corporate frauds, is another important organization. Deciphering intricate financial machinations within corporate organizations is the SFIO's primary goal.

In addition to these agencies, several other federal bodies contributed significantly to combating corruption and economic crimes. The Income Tax Department, look into tax fraud, unreported

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<sup>14</sup> IJSER, *A Study on Company Law Reforms in India*. In International Journal of Scientific & Engineering Research (last visited Apr. 3, 2025) [https://www.ijser.org/researchpaper/A\\_STUDY\\_ON\\_COMPANY\\_LAW\\_REFORMS\\_IN\\_INDIA.pdf](https://www.ijser.org/researchpaper/A_STUDY_ON_COMPANY_LAW_REFORMS_IN_INDIA.pdf)

foreign assets, and other infractions pertaining to income taxes. In a similar vein, the Directorate of Revenue Intelligences (DRI) is essential in identifying smuggling and preventing business frauds associated with global trade. To maintain openness and equity in the securities market, the Securities and Exchange Board of India has the authority to look into illegal and fraudulent securities transactions, including insider trading. Each state and union territory are in charge of upholding law and order at the state level, with local police dealing with general crimes. In order to better combat financial offenses, police departments have set up economic offense wings, to look into financial crimes with significant monetary values. To increase the effectiveness of enforcement, these specialized units collaborate with central agencies.<sup>15</sup>

These organization work together to fight economic crimes, maintain regulatory supervision, and promote governance openness. However, jurisdictional conflicts are frequently caused by the overlapping mandates, therefore interagency coordination is necessary for more efficient enforcement.

- Initiating an Investigation

Under the new criminal law, *Bhartiya Nagarik Suraksha Sanhita (BNSS)*, 2023, the process of initiating a criminal investigation has undergone several changes. The filling of a First Information Report (FIR) is typically the first step in any inquiry, Zero FIR and E-FIR both of which fall under section 173 of the BNSS, are two of the new rules that BNSS adopted to expedite this process.

Zero FIR allow the person to file FIR in any police station, regardless of where the crime occurred. This minimize delays in the inquiry process by guaranteeing that prompt action can be performed. Following registration, the Zero FIR is forwarded to the relevant police station for additional examination. Similar to this, E-FIR enables the electronic filing of complaints via the relevant polices authority's E-FIR portal. This move to digital technology speeds up and simplifies the process, particularly when the complainant is unable to physically visit the police station. The implementation of amendatory preliminary inquiry in cases of cognizable offenses is another significant under section 173(3) BNSS<sup>16</sup>. The legislature compels investigating authorities to evaluate the prima facie evidence before conducting the comprehensive investigation of FIR. This stops the abuse of the legal system by guaranteeing the only legitimate cases proceed.

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<sup>15</sup> Chambers and Partners, *White-Collar Crime 2024 – India*, Practice Guides (last visited Apr. 3, 2025) <https://practiceguides.chambers.com/practice-guides/white-collar-crime-2024/india>

<sup>16</sup> S 173(3) *Bharatiya Nagarik Suraksha Sanhita*, 2023.

The MHA has released SOPs for managing FIR, include a comprehensive instruction for filling complaints, carrying out initial investigations, and guaranteeing that law enforcement organizations manage cases effectively and increase transparency.

The ED primary responsibility under Preventive Money Laundering Act is to track down and prosecute those who profit from unlawful activity. State investigation when another authority registers schedule offenses under PMLA.

When it comes to investigating white-collar crimes, investigative agencies such as the police, the Economic Offences Wings and CBI have wide power. They can summon person, conduct search and seizure, demand person to produce the document and can also call a person for interrogation of investigation and fail to cooperate will be treated as the non-cooperation and justify for arrest.

Under the Income Tax Act, the ED has authority to Enforce the Indian Exchange Control Regulation in a manner akin to that of the Income Tax Authority. Furthermore, ED can seize assets acquired through criminal activity in money laundering instance. CVC has been given the power of civil court, which enable it to call person, demand their presence, question them and gather information.

By strengthening the inquiry process, these steps hope to ensure careful examination and lower the likelihood of procedural errors.

## **VIII. RECENT JUDICIAL DECISION**

### **1. Anti-Corruption**

In the case of *Neeraj Dutta v. State (Govt. NCT Delhi)*<sup>17</sup>, the supreme court two bench noted a discrepancy with earlier ruling about the requirement for direct proof in bribery proceeding. In order to ascertain the legal stance, the case was referred to the constitutional bench.

In accordance with the Prevention of Corruption Act, it first distinguished between the acceptance and obtainment. A public servant may be still prosecuted under Section-7 if they accept gratification without demanding it first. However, under Section-13, the act is only considered 'obtainment' if the public servant first demands the bribe and then accept it; acceptance along, without a demand beforehand, is not enough to result in conviction. Second, the court explained the distinction between circumstantial (indirect) and direct evidence. Direct evidence directly proves the fact without any interference, such as the complainant observing and testifying about the bribe. Contrarily, circumstantial evidence necessitates making logical

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<sup>17</sup> [2022] 5 S.C.R. 104 (India).

interference from other fact, like witness account, recovery of marked currency or supporting data from trap procedures.

In its final decision, the Supreme Court upheld Ms. Dutta convention, setting a significant precedent that the prosecution can rely on circumstantial evidence to prove bribery and corruption charges under Prevention of Corruption Act even if the complainant is unavailable. The Supreme Court ruling reinforced the principle that lack of direct evidence does not automatically result in acquittal in corruption cases, which has a significant impact on anti-corruption jurisprudence in India. The Supreme Court decided that the absence of the prime witness does not always result in acquittal.

## **2. Anti-Money Laundering**

The case of *Vijay Mandala Choudhary v. UOI & Ors*<sup>18</sup> contested a number of PMLA provision on the ground that they infringe upon basic rights protected under the constitution. The idea of a predicate offense was the first significant problem. The existence of predicate offense serves as the basis for money laundering allegations under the PMLA; nevertheless, in contrast to ordinary criminal law, the accused in PMLA cases is not entitled to certain protections. For example, the prosecution must establish the accused guilt in a typical criminal case; furthermore, under article 20(3) of the constitution, accused people often have the right against the self-incrimination as well as the right to obtain a copy of the FIR. But the PMLA does not grant this right, which raise question about potential constitutional infractions.

The second issues were the Enforcement Case Information Report, which is Enforcement Directorate version of formal complaint in cases involving money laundering. There is no legal requirement to give accused a copy of the ECIR, unlike FIR. The accused might not be aware if the charges against them not be aware of the charges against them as a result, granting the extensive investigation authority to carry out search and seizures without notifying the accused. This was viewed as capricious and against due process.<sup>19</sup>

PMLA's regulation regarding bail were another controversial topic. The legislation places a reverse burden of proof on the accused, making it very difficult to secure bail. The accused must demonstrate to the court that they are not guilty of the crime in the first place is the public prosecutor object to bail.

Since the accused may not even be aware of all the charges against them, this essentially

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<sup>18</sup> [2022] 6 S.C.R. 382 (India).

<sup>19</sup> THE PREVENTION OF MONEY-LAUNDERING ACT, 2002, No. 15, Acts of Parliament, 2003 (India), (last visited Apr. 3, 2025)

transfers the burden of evidence to them at the bail stage, making it very hard to obtain bail. Section 24<sup>20</sup> of the PMLA, which impose a partial reversal of the burden of proof, was the subject of the fourth challenges. The prosecution must establish guilt beyond a reasonable doubt in a typical criminal case. The accused, however, is required to demonstrate that the money or property in question is pure and unconnected to any illegal action under this clause. A cornerstone of criminal justice, the presumption of innocent, was allegedly violate by this reversal. Finally, the sentence guidelines drew criticism.

The petitioner contended that the PMLA applied severe penalties without offering adequate procedural protections to stop the ED from abusing its authority. The Supreme Court ruled that these rules were constitutional, citing the need for such strict procedures to counter the growing menace of money laundering.

Because of protections like the need to document justification prior to searches, or property attachment, the court maintained the ED authority under the PMLA, including the ability to summon people and record statements made during investigation (Section 50). It defended stringent bail requirements and the reverse burden of proof as essential to combating money laundering. The court emphasized, however, that the ED's authority is limited, that appropriate protocols must be followed, and that people are protected by Article 20(3), which guarantees they cannot be coerced into self-incrimination, after they are arrested.

## **IX. CONCLUSION & SUGGESTIONS**

White-collar crime is now one of the biggest problems in the modern emerging world due to the growth of technology and trade. White-collar crime is a non-violent crime these are significant threat to the economic stability, public trust, and overall well-being of the nation. The increase in these crimes leads to financial loss, economy disturbance, stability and trust withdrawal of consumers. There is a need of Enhancing legal frameworks, increasing transparency toward reducing the prevalence of white-collar crime in India.

Suggestions to Reduce White-Collar Crime in India:

- To reduce white-collar crime in India, enhancing legal framework and by improving the functioning of regulatory bodies and corporations like SEBI (Securities and Exchange Board of India) and RBI (Reserve Bank of India) and the central vigilance commission. The continuous update related to financial reporting; cybersecurity checks should be made mandatory for all corporate agencies.

- Strict monitoring procedure and judicial review are essential for limiting the arbitrary powers of investigative agencies and ensuring the fair and effective prosecution of white-collar offenses. To ensure objective investigations, agencies must function autonomously and without corporate or political influence. Digital case management tools and fast-track courts should also be implemented to cut down on procedural hold-ups and guarantee prompt justice and prosecution.
- Establishment and regulation of law by courts that have specialization in white-collar crime to ensure justice and efficient resolution of a case, focuses on fair procedures. Speeding up the legal process also helps to reduce crimes by deterring potential offenders by increasing the risk of swift prosecution. The Strict regularity laws and harsh penalties for WCC criminals should be enforced.
- Laws need to be revised frequently to handle new risks like cyber fraud, cryptocurrency scams, and financial data breaches as white-collar crime change in tandem with technology improvements. Offenders will be discouraged by enacting stronger corporate liability rules, more severe financial penalties, and a requirement for business activities to be transparent. Furthermore, enhancing global collaboration in financial crime investigations and putting in place cutting edge forensic and artificial intelligence-based detection technologies will aid in closing gaps that let offenders evade punishment.
- Increase public awareness about the crimes and its impact by circulating the names of offenders and crime caused in newspapers and social media platforms. The consumers should be updated about types of white-collar crimes as much as possible.
- To introduce the mandatory regulations and transparent programs in companies, with a special focus on corporate integrity and social trust, the consequences of fraudulent behavior should result in punishment of the crime. Regular campaigns and workshops should be held for employees and management could help to foster a culture of transparency.

The research paper concludes by shedding valuable light on the frequency of white collar crime, its evolution over time, and its significant impacts on the economy of India. This paper defined different types of white collar crimes, such as Health Care Fraud as preparing false reports of tests on pharmaceutical product to obtain manufacturing licenses or price collusion, Mortgage and Financial Institution Fraud as substituting with cheap products and commodities, Securities Fraud defective material for costlier components specified in the construction of roads, bridge or buildings etc. As we move forward in a progressive digital and interconnected world, the

challenge of white collar crime is likely to become even more complicated. Therefore, the Indian government must enhance its governance and severely punish those who break the law.

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