

# Multilateral Aspects of International Economic Offences in Globalized Economy: An Indian Outlook

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**Abstract:**— The term ‘Economic Offence’ determines the crimes which are of economic and financial character. With the advent of industrialization and corporate matrix, the paramount standard of ethics and morality faced dearth in favor of power, money and materials in almost every sphere of economic activities which gave thriving rise to a disease called ‘Corruption’. The economic offenses such as counterfeiting of currency, money laundering, financial scams evoke serious concern and impact on nation’s security and governance resulting in moral turpitude of the state. These offenses not only shamble the economic growth but also create social disparity in the society hindering the comprehensive growth and stratum. In order to reinstate the faith of en masse, stringent actions have become a necessity. Due to financial backing and political bolstering from dominant & affluent class the actions become null and void. Merely discourse will not reconcile the egregious economic state rather it will create an economic utopia. The Economic offenses are noxious for the growth of developing economies as it will cease the inflow of foreign investments from the developed nations. In Toto, this will create a rift between the countries across the globe. A strategy needs to be excogitated. Industrial lobbying inter alia is a cause of great concern as it is primarily affecting the economic framework of the state giving birth to the economic offense. Vide traditional doctrinal research method; this paper seeks to present multifaceted aspects that are infused in the economy which gave birth to a destructive creation. An attempt will be made to scan up the domestic logjam covering international legal, social and economic aspects. This paper also attempts to examine the role of international agencies in curbing the economic crimes globally.

**Key words-** International economic offences, Types, Anti-corruption agencies

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## I. INTRODUCTION

Nearly everyone works with someone else in order to earn a living. Men are interested in getting a maximum return for a minimum expenditure of effort and energy – there is a common economic drive to “get rich quick.” In the stir of industrialization, rapid urbanization and changes in institutions, norms and values, material advancement has become one of the main or the main goals of life. This redemption across Micro and Macro-economic structure gave rise to Economic offences in the world that has now become quite evident, plush crime of big shots covered by the mask of economic sustainability. Monopolizing commodities, Inception of World Exchanges such as Dow Jons Industrial Average, CBOT1 etc. Legalization of speculation market bolstered the economic offences, another aspect of Economic Offences which can often be referred as legalized crimes are willful defaulting loans, fake bankruptcy, Favorable artificial regulation of policies are few instances of Economic offences which are sophisticatedly termed as white collar crimes. All these are

aggregately depicting bleak picture of an economy that in anticipation of growth modifying & molding the ethics set up by the society. Economic offences are being done my every sect of the society irrespective of quantum. Due to tardy lethargic temperament of regulatory agencies the economic offence is setting records across the globe. Whether it is a developed economy or an underdeveloped economy all are in plight of economic offences. Globalization marks a new paradigm shift in the economies however; it also globalized the economic offences which gave room too many illicit economic activities.

## II. TYPES OF ECONOMIC OFFENCES

It has been taken into consideration that with the development of information technology (IT) the physical boundaries of states do not possess any restriction to transnational crime and it proliferates economic offences. Some of the major offences which hinder the financial character of the economy are as follows: - Corruption, Smuggling,

Counterfeit of notes, Money Laundering, Tax Evasion etc.

**1. Corruption** – To choose a set of definition of corruption is not proper, but it may literally be done in infinite ways. It is considered as an economic crime and is a primary reason for low achievement in the poverty mitigation of the nation. The corollary, Political corruption takes place at the highest level of political authority. It is when politicians got financial backing from their superior authority. The famous quote which clearly gives the picture of corruption is “The more corrupt a state, the more numerous the laws.”<sup>2</sup> Unfortunately India ranked 79th in the Corruption Perception Index 2016 released by the Transparency International organization.

**2. Smuggling** – Smuggling severely destructs the economy of a county in multidimensional ways. It undermines the local industry, dissuades legal imports and reduces the volume of revenue collected from duties and levies by the state. By smuggling major proportion of the revenue to be collected by the government is being lost, over and above the adverse impact that the smuggled items cause to our industry. It is for sure not possible without the helping hands of corrupt officials including those in the law enforcement agencies.

**3. Counterfeit of notes** - Counterfeit money refers to fake or imitation currency that is conceived with an aim to deceive. The act of conceived counterfeit money amounts to forgery or fraud, as it is done deprived of any kind of legal sanctions. It is considered as an organized white collar crime, which has deemed serious proportions globally. It is not only causing serious hindrances to the world's economy but also jeopardizes genuine business transitions. Nowadays, counterfeiting of currency notes is done with the help of modern gadgets such as Printers, colour scanners, colour laser photocopiers, and as well as with the help of computer graphic soft wares.

**4. Money laundering**- Criminological, Money laundering is elucidated as “The process that disguises illegal profit without compromising the criminals who wish to benefit from the proceeds.” The Criminals select always the economy and country where the regulation is diminutive and at the same time conditions exist, i.e. willingness and availability of the money market are also present. Money laundering is continuously mounting their modes, while they are looking for new, not yet captured business opportunities. This is not the only economic problem which hinders the economy of the country. Therefore, Money laundering is at the centre of all criminal activity, because it is the common denominator of all other

economic offences, whether the aim is to make the profit or hide them.

**5. Tax Evasion.** Tax evasion generates millions of dollars of losses in government revenue and creates large distortions, especially in those developing countries. Basically, the tax is designed to raise the revenue required for the expenditure authorized in a government budget expectations. Due to corruption in public office, inadequate tax education and awareness, ignorance of tax authority, the proliferation of taxes, lacunae in the tax laws, absence of ‘Quid Pro Quo’ i.e. Something valuable given in return (by the government) for paid taxes and high level of illiteracy gives birth to tax evasion. Certain measures should be taken by competent authority to curb and decrease tax evasion is that creating new International policies with tax heaven nations, increase penalties for evasion offenders and increase enforcement of collection.

### **III. ROLE OF ANTI-CORRUPTION AGENCIES IN CURBING ECONOMIC OFFENCE**

To combat with and to adjust the lens on economic offences anti-corruption has a pivotal role in curbing the same. The first specialized anti-corruption bodies appeared a long time ago, before the establishment of the Singapore's and Hong Kong commissions in the 1950s and 1970s. But it is the example of these two agencies that gave rise to the popular image of the successful, independent multi-purpose anti-corruption agency. However, there are many more types of anti-corruption bodies which exist and operate in various countries. The model is commonly identified with the Hong Kong Independent Commission against Corruption and Singapore Corrupt Practices Investigation Bureau. It has inspired the creation of similar agencies on all continents;

this model exists in Lithuania), Latvia (Corruption Prevention and Combating Bureau), New South Wales, Australia (Independent Commission against Corruption), Botswana (Directorate on Corruption and Economic Crime), and Uganda (Inspector General of Government). A number of other agencies (e.g. those in Korea, Thailand, Argentina and Ecuador), have adopted elements of the Hong Kong and Singapore strategies, following them less rigorously. On similar lines India also established various agencies in congruence with Ministry of Finance to curb the instant problem. The succinct details of the agencies are furnished below:-

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***The Central Economic Intelligence Bureau:***

It is a paramount intelligence and coordinating body, it was incepted with the intention of coordinating and strengthening intelligence gathering and investigative efforts of all agencies enforcing economic laws. It acts as the nodal agency for cooperation and coordination at the international level with other customs, drugs, law enforcement and other agencies in the area of economic offences.

***The Directorate of Revenue Intelligence:***

Its forte is concerned with Customs related offences and collects intelligence about smuggling of contraband goods, narcotics, under-invoicing, over-invoicing, etc. through sources.

***Enforcement Directorate:***

To prevent leakage of foreign exchange which generally occurs through remittances of Indians abroad otherwise than through normal banking channels; illegal acquisition of foreign currency; non-repatriation of the proceeds of exported goods; unauthorized maintenance of accounts in foreign countries; under-invoicing and over-invoicing of exports and imports and other types of invoice manipulation.

There are many agencies such as The Directorate General of Anti-Evasion (Central Excise), The Directorate General(s) of Income Tax (Investigation) etc. which are working and fostering to prevent the economic offences

**IV. EPILOGUE**

Economic crime is ever-evolving, and becoming a more complex issue for organizations and economies. The regulatory landscape is also changing, bringing with it numerous challenges to doing business. With local law enforcement not necessarily perceived as able to make a material difference, the onus is squarely on the shoulders of the business community to protect itself, and its stakeholders, from economic crime. They indulge in economic crimes with high-tech precisions and escape from the long arm from the law without detection and arrest. There is an urgent need for adoption of multi-pronged strategies by the police and International agencies to tackle the menace. Diversity of economy gave birth to various crimes and offences and the economic offences cause significance destruction to the general economy of the country, adversely affecting the growth and development of nation. International economic offences have been spread widely in those countries who are at their age of Economic, Social and political development