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## The White-Collar Crime: An Analytic Study

Author  
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# The White-Collar Crime: An Analytic Study

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## **Abstract**

*The problem of white-collar crime is on the rise globally, including in India. We are aware that white-collar crime is rampant, even though reliable statistics are few and the data that is available often understates the true extent and frequency of the problem. In addition, the available data suggests that white-collar crimes are increasing in India whereas street crimes have been down for a while. On average, white-collar crimes cost more than their street-level counterparts. According to the premise that criminal conduct develops when the right circumstances and incentives come together, this study intends to include etiological studies on white-collar crime. Many research in social psychology have used the interactionist theory of motivation to explain white-collar crime. Although interactionist theory does not fully address the question of what motivates white-collar criminals, it sheds light on the offenders' symbolic social world building as a possible explanation. Some contend that symbolic motivating patterns originate in the "culture of competition" that industrial capitalism fosters and the social structure it creates. Nevertheless, the causes of white-collar crime cannot be entirely explained by any explanation of motive, regardless of how intricate it may be. Accordingly, the article concludes by discussing the possibilities afforded to social actors in different structural roles in capitalist developed nations.*

**Keywords:** *White-Collar Crime, Sutherland, Cybercrime, Fraud, Counterfeit, Insider Trading.*

## **1. Introduction**

White-collar crime has evolved into one of the most complex and damaging forms of criminality in modern societies. First conceptualized by Edwin H. Sutherland, the term refers to financially motivated, non-violent wrongdoing committed by individuals of high social status and respectability during their occupation. Sutherland's argument shattered the long-held belief that crime is primarily a phenomenon of the lower classes. In India, the phenomenon of white-collar crime has grown rapidly due to economic

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liberalization, technological expansion, and globalized financial activities. Offences such as securities fraud, bank fraud, money laundering, cyber-enabled financial crimes, insider trading, embezzlement, corporate accounting fraud, bribery, and corruption have become increasingly prevalent. Unlike traditional crimes, white-collar crimes typically involve sophisticated schemes, cross-border operations, complex financial instruments, and digital technologies. The study of white-collar crime expanded dramatically after Sutherland criticized criminology for focusing exclusively on lower-class criminal behavior. Later criminologists such as Clinard and Quinney distinguished between occupational crime and corporate crime, while others emphasize organizational culture, regulatory capture, and economic pressures as drivers of white-collar deviance. In India, the concept has broadened beyond Sutherland's framework to include money laundering, tax evasion, cyber-financial fraud, banking fraud, and economic offences committed by public official.

### **Concept and nature of white-Collar crime**

#### **Meaning and Defining White-Collar Crime**

Generally, crimes committed by persons who are holding some high position and employed in White Collar jobs are termed as White-Collar Crimes.

White Collar Crime is an illegal act or any legal act done for achieving any illegal objectives committed by any person by non-physical or non-violent means to gain money or property wrongfully or to avoid payment of legal dues or retain money or property wrongfully to obtain wrongfully business for personal belonging.<sup>3</sup>

#### **Edwin Sutherland's Definition:**

Edwin Sutherland, an American Sociologist, in 1939 for the first time had defined White Collar Crime. Sutherland defined white-collar crime as "a crime committed by a person of respectability and high social status in the course of his occupation."

Sutherland again clarified that crime which are committed by people belonging to high socio-economic groups, during the course of their occupation, would be termed as 'White Collar Crimes' and further said that the traditional crimes would be denoted as 'blue collar crime'. Later definition given by Edwin Sutherland is "A crime committed by a person of responsibility and high Social Status in the course of his occupation."

#### **There are five attributes given in the above definition:**

1. It is a crime;
2. Committed by a person of respectability;
3. Of high Social Status;
4. In the course of his profession or occupation;
5. It is usually a violation of a trust.<sup>4</sup>

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<sup>3</sup> Dr.Nimmi,*White Collar Crimes* 5(Shree Ram 2021 edition)

<sup>4</sup> Dr.Nimmi,*White Collar Crimes* 5-6(Shree Ram 2021 edition)

Sutherland further stated the white-collar crimes are much more dangerous to society than the ordinary crimes as ordinary crimes like burglaries, robberies, larcenies are causing much lesser financial loss to society than the financial loss occurred to society due to White Collar Crime.<sup>5</sup> Another definition Sir Walter Reckless, an American Criminologist which states that white collar crimes are the offences committed by businessmen who are able to determine the policies and activities of business.<sup>6</sup>

### **Types of White-Collar Crimes**

- Blackmail
- Bribery
- Banking and Loan Fraud
- Public Corruption
- Cyber-Enabled Economic Crimes
- Tax Evasion and Black Money
- Counterfeit
- Cybercrime
- Money Laundering

## **II. Legal Framework on White-Collar Crimes in India**

India's response to white-collar crimes is dispersed across a wide framework of criminal, regulatory, financial, and corporate laws. Unlike traditional crimes that are largely addressed through the Bhartiya Nyaya Sanhita, white-collar crime requires multi-layered statutory mechanisms dealing with fraud, corruption, money laundering, financial market manipulation, and cybercrime. The legal structure is therefore hybrid, involving both penal laws and sector-specific regulatory statutes, supported by specialized enforcement agencies.

### **Bhartiya Nyaya Sanhita (BNS) Provisions**

Even though white-collar crimes are generally sophisticated financial offences, many core acts of deception continue to be prosecuted under penal provisions. IPC does not specifically mention corporate liability. The corporate entity had the extension of the application on BNS through interpretation of courts. There are various provisions of BNS which are often invoked in corporate crime situation which are given as follows:

**Cheating and Dishonest Inducement:** - Under BNS Sec 316–320 deals with cheating, dishonest inducement, and delivery of property through misrepresentation are punishable. These provisions remain the backbone of prosecutions for financial fraud,

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<sup>5</sup> Prof.N.V.Paranjape, Criminology, Penology Victimology 146(Central Law Publication 1<sup>st</sup> edn,1973)

<sup>6</sup> Walter Reckless, The Crime Problem 345 (Pacific Palisades, Calif, Goodyear, 5<sup>th</sup> edn.,1973)

loan fraud, and investment scams.<sup>7</sup>

**Criminal Breach of Trust:** -BNS Sec 315 and 316 criminalize misappropriation by persons entrusted with property. These provisions are relevant in corporate embezzlement, misappropriation of client funds, and trust-based commercial frauds.<sup>8</sup>  
**Forgery and Falsification of Records:** -BNS Sec 336–344 cover forgery, fabrication of electronic records, falsifying accounts, and using forged documents. Most corporate manipulation schemes—including the Satyam accounting scandal—involve these offences.<sup>9</sup>

**Criminal Conspiracy:** - Complex economic crimes involving multiple actors are often prosecuted under BNS Sec 61, which deals with conspiracy. The law enables the state to prosecute networks of individuals involved in coordinated financial wrongdoing.<sup>10</sup>

### **Companies Act, 2013:**

The Companies Act, 2013 is India's most important corporate governance legislation. It contains strict provisions to deter the offence of fraud, insider misconduct, and mismanagement, non-compliance and to regulate the corporate framework in India. This act brought remarkable changes as introduction of idea of corporate social responsibility which mandates the companies to spend a portion of its profit for welfare work related to society and environment.

### **Some of the most important provisions governing corporate crimes or White-Collar Crimes are given as follows**

**Punishment for Fraud:** - Section 447 defines fraud broadly to include deception, concealment, abuse of position, and wrongful gain or loss, making it directly applicable to white-collar offences. Punishment of this offence includes Imprisonment up to 10 years, and fine up to three times the amount involved.<sup>11</sup>

**False Statements, False Accounts, and Misconduct:** - Section 448–451 criminalize false declarations, manipulation of books, destruction of records, and deliberate suppression of information.<sup>12</sup>

**SFIO Investigations (Section 212):**-Serious corporate frauds are investigated by the Serious Fraud Investigation Office (SFIO), which has powers similar to a civil court—summons, search, seizure, and arrest.<sup>13</sup>The Satyam Scam was one of the first major investigations assigned to the SFIO.

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<sup>7</sup> The Bharatiya Nyaya Sanhita, 2023 (Act 45 of 2023), s.316-320

<sup>8</sup> The Bharatiya Nyaya Sanhita, 2023 (Act 45 of 2023), s.315-316

<sup>9</sup> The Bharatiya Nyaya Sanhita, 2023 (Act 45 of 2023), s.336-344

<sup>10</sup> The Bharatiya Nyaya Sanhita, 2023 (Act 45 of 2023), s.61

<sup>11</sup> The Companies Act, 2013 (Act 18 of 2013), s.447

<sup>12</sup> The Companies Act, 2013 (Act 18 of 2013), s.448-451

<sup>13</sup> The Companies Act, 2013 (Act 18 of 2013), s.212

## **Security and Exchange Board of India Act, 1992 and Securities Law Framework**

This act established the Securities and Exchange Board of India which works as a market regulator and have power to prevent the white-collar crime by regulating stock exchange, prohibiting insider trading and market manipulation, enforcing transparency, protecting investors, and imposing penalties for fraudulent practices.<sup>14</sup>

White-collar crimes affecting capital markets are governed primarily by the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, and Depositories Act, 1996.

**Insider Trading:** Insider trading is prohibited under SEBI (Prohibition of Insider Trading) Regulations, 2015. Penalties include's Ruinous monetary fines, disgorgement of illegal gains, debarment from the securities market

**Market Manipulation and Fraudulent Trade Practices:** The SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 prohibits Pump-and-dump schemes, Circular trading, Price rigging, Fake news-based manipulation SEBI's adjudication powers have been crucial in cases like the Ketan Parekh Scam.

## **Prevention of Money Laundering Act, 2002 (PMLA)**

PMLA provides India's primary mechanism for tackling money laundering. This act seeks to penalize the act of money laundering, tax evasion, or the frauds committed as such by a corporate entity or individual. The persons who commit financial irregularities there are provisions of arresting bank accounts and attaching properties of such persons along with prosecution of concerned persons. Nirav Modi PNB scam was publicise with the help of this act. PMLA also regulates the role of ED in the investigation of corporate offenders.

### **The key provisions regarding white collar crimes are as follows:**

- a) **Attachment of Proceeds of Crime:** Under Sections 5 and 17, enforcement authorities can attach, freeze, and search assets believed to be derived from criminal activity. These provisions proved to be very effective in preventing white collar crime.<sup>15</sup>
- b) **Arrest Powers and Prosecution:** Section 19 gives ED officers the authority to arrest suspects in laundering cases. The burden of proof is partially reversed—an accused must prove that the assets are legitimate.<sup>16</sup>

PMLA targets the proceeds of illicit acts as it is the primary tool against the White-Collar crime. This act provides with the provision of seizing, freezing and confiscating illicit wealth and this act also empowers the ED and makes a Strict framework for reporting and prosecuting the criminals of money laundering.

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<sup>14</sup> Securities and Exchange Board of India Act, 1992 (Act 15 of 1992).

<sup>15</sup> The Prevention of Money Laundering Act,2002 (Act 15 of 2003) s.5,17.

<sup>16</sup> The Prevention of Money Laundering Act,2002 (Act-15 of 2003) s.5,19.

## **Prevention of Corruption Act, 1988 (as amended 2018)**

Corruption is one of the most pervasive forms of white-collar crime in India. Prevalence of corruption is the problem facing by our society from a long period of time. Corruption retards the growth of the country and welfare to the maximum extent.<sup>17</sup>This act considered as the very effective tool for addressing the white-collar crimes. The amendment of prevention of corruption act in 2018 introduced the penal provisions for the corporate entity who for the sake of having undue advantage bribe the public officials.

- a) Criminal Misconduct of Public Servants:** The Act criminalise bribery, misuse of office, and illegal gratification done by the corporate entities for taking any undue advantage.
- b) Corporate Liability for Bribery:** The 2018 amendment introduced corporate liability, making commercial organizations responsible for failing to prevent bribery. This amendment provides penalty for both who takes or offers bribe to any public officials. This aligns India with global standards like the UK Bribery Act 2010.

**Benami Transactions (Prohibition) Amendment Act, 2016:** This statute regulates properties held under false names (benami), commonly used to conceal illicit wealth. To conceal the original ownership of any property people usually buy properties on some false name which never exists or on name of some other person, this act introduced to regulate such kind of transactions and properties.

**Main Provisions:** Section 24 provides provisional attachment of benami properties.<sup>18</sup>Section 53 provides for the punishment as Rigorous imprisonment up to 7 years<sup>19</sup>Establishment of Adjudicating Authorities and Appellate Tribunals Benami properties often form part of money laundering schemes used by corporate entities as these properties conceals the original ownership of the property and politically exposed persons.

## **Fugitive Economic Offenders Act, 2018 (FEOA)**

The FEOA was enacted in the aftermath of high-profile absconding cases like Nirav Modi and Vijay Mallya. If an accused has fled India to avoid prosecution for an offence worth ₹100 crore or more, courts may declare them a Fugitive Economic Offender under Section 12 of the said Act. Section 12 of the Act states the details of declaration and confiscation of a property by a Special Court after declaring someone a Fugitive Economic Offender. This section empowers the court to order confiscation of proceeds of crime, benami property, and other assets in India or abroad.<sup>20</sup>

This Act also allows complete confiscation of both domestic and foreign assets, even if they are proceeds of lawful business. This is one of the strongest deterrent mechanisms in India's legislative framework. Thus, this act plays a significant role in combating White Collar Crimes

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<sup>17</sup> Mota Ram v State of Haryana 2010 SC 3780

<sup>18</sup> The Benami Transaction (Prohibition) Amendment Act, 2016 (Act of 43 of 2016)s.24

<sup>19</sup> The Benami Transaction (Prohibition) Amendment Act, 2016 (Act of 43 of 2016)s.53

<sup>20</sup> The Fugitive Economies Offenders Act, 2018 (Act 17 of 2018)s.12

as this act targets offenders who abscond from India after committing economic offence to avoid prosecution. This Act deters the absconding from India as there are provisions to confiscate the assets of the offenders within and outside India.

### **Information Technology Act, 2000 (IT Act)**

The IT Act addresses cyber-enabled white-collar crimes. This act defines various white-collar crime and provides legal teeth against such crimes, like hacking, data theft, electronic fraud, tampering with financial records. This act defines various cybercrimes and also provides penalties for such crimes.

#### **Key provisions under this act to combat cybercrime are given as follows:**

- 1. Section 43 & 66:** These sections deal with Data Theft and Computer Fraud. These provisions penalize unauthorized access, data extraction, and manipulation of electronic records.
- 2. Section 66C & 66D:** Identity Theft and Impersonation cover under these sections. Digital frauds, phishing schemes, and online impersonation are punishable under these sections.
- 3. Section 67B:** These sections address digital child exploitation material. Although not directly economic, offences involving illegal digital content often overlap with organized cyber-crime networks

### **III. Enforcement Mechanisms and Investigative Agencies in India**

White-collar crimes demand specialized, technologically advanced, and multidisciplinary enforcement mechanisms. India's enforcement landscape comprises central investigative agencies, regulatory bodies, financial intelligence units, and specialized corporate watchdogs. Together, they form a complex web of institutions responsible for preventing, detecting, and prosecuting economic offences.

However, these agencies often operate with overlapping jurisdictions, leading to challenges in coordination and delays in prosecution. This chapter examines the roles, powers, and limitations of major enforcement bodies in India.

#### **a. Central Bureau of Investigation (CBI)**

##### **Mandate and Jurisdiction**

The CBI is India's premier investigative agency entrusted with probing serious economic offences like corruption, bank frauds, and large-scale corporate crimes.

Under the Delhi Special Police Establishment Act, 1946, the CBI investigates cases involving: Bank loan frauds, public sector financial misconduct, corporate embezzlement, High-value cheating and forgery, Corruption involving public servants. The legal powers of CBI are derived from DSPE.<sup>21</sup> The CBI's Economic Offences Wing (EOW) specifically handles

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<sup>21</sup> Delhi Special Police Establishment Act, 1946(Act 25 of 1946)

complex financial matters. Powers of Investigation: The procedure of investigation is majorly governed by the procedural law like BNSS. CBI officers have powers equivalent to police officers under the BNSS, including: Search and seizure (with warrants), Arrest, Interrogation, Examination of witnesses,

Filing of charge sheets. Additionally, detailed guidelines on CBI investigation is provided in the CBI (Crime) Manual, Government of India. (2005).<sup>22</sup>

The CBI also collaborates with Interpol for international white-collar offences.

Limitations and Challenges: Requires state consent for investigation under Delhi Special Police Establishment (DSPE) Act 1946, Heavy caseload and staff shortages, Allegations of political interference, Dependence on forensic institutions for digital evidence.

### **b. Enforcement Directorate (ED)**

The ED plays core functions in detecting and preventing White Collar Crimes like Corruption, Money Laundering. Enforcement Directorate (ED) deals with implementation of the Prevention of Money Laundering Act (PMLA) and Foreign Exchange Management Act (FEMA). Under FEMA, the central government has authorized ED to conduct investigation to any person or company suspected of transgressing the law or rules and regulations made pursuant to FEMA. As per section 13 of FEMA, ED examines the violations and is also permitted to compound offences committed by an accused.<sup>23</sup>

Its primary functions include tracing and attaching proceeds of crime, conducting searches and seizures, arresting accused in laundering cases, prosecuting offenders in PMLA courts. ED's role has grown significantly due to major financial scams involving laundering of funds through shell companies, offshore accounts, and Hawala networks.

### **Major Powers of ED Under PMLA are given under following provisions:**

- a) **Section 5:** Provisional attachment of assets
- b) **Section 17:** Search and seizure
- c) **Section 50:** Summons and recording statements (admissible as evidence) Section 19: Arrest without warrant.<sup>24</sup>

### **c. Serious Fraud Investigation Office (SFIO)**

SFIO was established under the Companies Act, 2013 as a multi-disciplinary corporate fraud investigation agency. It consists of experts from fields such as law, finance, taxation, auditing, and forensic accounting.

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<sup>22</sup> Central Bureau of Investigation (Crime) Manual 2005

<sup>23</sup> The Foreign Exchange Management Act, 1999 (Act 42 of 1999), s.13

<sup>24</sup> The Prevention of Money Laundering Act, 2002 (Act 15 of 2003), s.5, 17, 50, 19

### **SFIO has powers similar investigation powers to a civil court for:**

Summoning individuals  
Examining documents  
Requisitioning books of accounts

Arresting persons (Sec.212(8) of Companies Act)

SFIO played a crucial role in Satyam Scam, IL&FS crisis, and other major corporate fraud investigations.

1. There are resource constraint as there is Limited manpower due to staff shortages and lack of specialized experts like forensic accountants, data analysts which leads to slow investigation.
2. Coordination hurdles with SEBI, ED, and CBI. Overlapping jurisdictions and information with these agencies create bottlenecks.
3. Slow prosecution and judicial delays; Lengthy court proceedings delay final outcomes, weakening deterrence.
4. Legal obstacle: Challenges to SFIO's powers, like twin bail conditions under section 212(6) of Companies Act, create judicial uncertainty.<sup>25</sup>

### **d. Securities and Exchange Board of India (SEBI)**

Regulatory Authority of Capital Markets: SEBI is responsible for regulating India's securities market and preventing market manipulation, insider trading, and fraudulent trade practices.

SEBI investigates in matters like Insider trading violations, Market rigging, Price manipulation, Circular trading, Misstatements in public offerings.

### **Enforcement Powers**

Under the SEBI Act, SEBI have numerous powers as given as follows: Issue search and seizure orders, Impose monetary penalties Suspend trading licenses Order disgorgement Debar individuals from accessing securities markets SEBI's rapid administrative adjudication is considered more effective than traditional court processes.

### **e. Reserve Bank of India (RBI)**

RBI oversees financial sector stability and regulates banking institutions, making it central to preventing bank frauds and financial misreporting.

Major functions play by the RBI includes detecting white collar crimes like Monitoring non-performing assets (NPAs), Regulating digital payment frauds, issuing guidelines for cyber security in banks, Reporting bank frauds to CBI and ED, Supervising compliance with KYC/AML norms

RBI's circulars significantly influence financial sector governance.

### **f. Income Tax Authorities**

Income Tax Authorities officers have the same powers as a Civil Court under CPC for investigations regarding discovery, evidence production, summons, and issuing commissions.<sup>26</sup> These authorities may also retain and impound in its custody for such a period

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<sup>25</sup> The Companies Act 2013 (Act 18 of 2013), s212(6)

<sup>26</sup> Income Tax Act, 1961 (Act 43 of 1961), s131(1)

as it deems fit, any book of account or any other document after recording the reasons for doing so. Section 132 of ITA act empowers the authorities to search and seizure of any place. Authorities under this section can enter any building or in any premises to conduct the search where they have reason to believe that there are some relevant books of accounts, property, jewelry, or any other valuables and can examine them. They have power to break the locks of doors, almirahs, lockers if thereof are not available during search.<sup>27</sup>

#### **IV. Judicial Perspective on White-Collar Crimes**

White-collar crimes in India have triggered extensive judicial scrutiny, especially as financial frauds, corporate scandals, and economic offences have grown in scale and sophistication. Indian courts have repeatedly emphasized that such offences undermine economic stability, erode public trust, and demand a stricter approach compared to conventional crimes. This chapter critically examines the judicial perspective on white-collar crime by analyzing landmark judgments, including major fraud cases that reshaped India's legal discourse.

Different for mother types of crime, white-collar criminals do substantial damage to the country's economy and society without resorting to violence. In interpreting laws like the Companies Act, the Prevention of Money Laundering Act (PMLA), and the Prevention of Corruption Act (PCA), as well as in determining its gravity, the Indian court has been essential.

From Mohan Lal Jitmal ji Porwal to the Satyam, Nirav Modi, and Sahara cases, court statements throughout the years have shown how the justice system has evolved to fight financial crimes in an economy that is fast becoming more sophisticated.

##### **a. Early Judicial Recognition: Mohan Lal Jitmal ji Porwal**

One of the earliest and most frequently cited judgments on economic offences is State of Gujarat v. Mohanlal Jitmal ji Porwal.

The Supreme Court clearly articulated that economic offences are not private wrongs but crimes against collective societal interest. The Court observed that such offences are executed with meticulous planning, calm calculation, and deliberate design, making them more dangerous than traditional crimes involving violence.

This case laid the conceptual foundation for later judicial interpretations, emphasizing that courts must not exhibit misplaced sympathy when dealing with economic offenders.<sup>28</sup>

##### **b. Expansion of Judicial Reasoning: Ram Narain Popli Case**

In Ram Narain Popli v. CBI<sup>29</sup>, involving the securities scam linked to Harshad Mehta, the Supreme Court adopted a robust approach in interpreting conspiracy in economic offences.

The Court held that economic crimes are typically committed through organized networks, manipulation of systems, and abuse of fiduciary positions. Therefore, conspiracy must be inferred from the conduct, circumstances, and the complex chain of transactions rather than

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<sup>27</sup> Income Tax Act, 1961 (Act 43 of 1961), s132.

<sup>28</sup> State of Gujrat v. Mohanlal Jitmalji Porwal, (1987)2 SCC 364.

<sup>29</sup> Ram Narain Popli v. CBI (2003) 3 scc 641.

direct evidence. This judgment significantly strengthened the prosecution of financial crimes by recognizing that white-collar offences rarely have straightforward, overt acts.”<sup>40</sup>

### **c. The Satyam Scam: Strengthening Corporate Accountability**

The Satyam Computers fraud, often called “India’s Enron,” brought corporate governance into judicial focus. The massive falsification of accounts by Ramalinga Raju prompted multi-agency investigation and prosecution. These falsification and manipulation of accounts include profit statements, asset reports were approximately rs7,000 crore. (\$ 1.5 billion).<sup>30</sup>

“In *CBI v. B. Ramalinga Raju (Satyam Case)*, trial courts and appellate forums emphasized on falsification of financial statements is a serious economic crime, directors owe fiduciary duties to stakeholders, corporate fraud must attract stern punishment.

Judicial orders in the Satyam proceedings reflected strong condemnation of manipulation of public shareholders trust and fraudulent inflation of profits, marking a turning point in corporate criminal liability in India.

### **d. Nirav Modi and the PNB Scam: Global Dimensions of White-Collar Crime**

The Punjab National Bank fraud, involving Nirav Modi and Mehul Choksi which involves a massive rs.13,000 crore fraud where diamantaire Nirav Modi used fraudulent Letters of Undertaking from PNB’S Mumbai branch to secure loans from overseas banks, revealed vulnerabilities in banking systems, highlighting how economic crimes can span multiple jurisdictions. This scam led to charge of conspiracy, cheating, money laundering and corruption. In the extradition proceedings in the UK, the Westminster Magistrates’ Court relied heavily on Indian judicial findings, acknowledging that the charges against Nirav Modi constituted a significant and well-documented financial fraud.<sup>31</sup>

The judgments stressed the importance of international cooperation and the need for strong money-laundering controls.

### **e. Vijay Mallya Case: Judicial In sights on Willful Default and Economic Misconduct**

The Vijay Mallya case centers on the default of over rs9,000 crore in loans taken by his Kingfisher Airlines which lead to impose charge under fraud, money laundering and criminal conspiracy by the authorities of India like CBI and ED. The Vijay Mallya Kingfisher Airlines case reshaped judicial discourse on willful default and financial mis-conduct by high-profile individuals.

The Supreme Court, in *State Bank of India v. Kingfisher Airlines Ltd.* proceedings, emphasized that willful default, diversion of funds, and non-cooperation with investigative agencies constitute grave economic offences.<sup>32</sup>

The Court also held Mallya guilty of contempt for failing to disclose assets and violating court orders. Judicial findings reflect that powerful individuals cannot use corporate structures or foreign residency as shields against accountability.

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<sup>30</sup> The Satyam Scam (2009) AIR 2008 SC 1061.

<sup>31</sup> Punjab National Bank v. NCT Delhi 2021 CRL.M.A. 31239/2019.

<sup>32</sup> Kingfisher Airlines Ltd v. State Bank of India 2014(3) AKR 817.

#### **f. Sahara Case: Protecting Investors and Market Integrity**

The Sahara–SEBI dispute, involving illegal collection of thousands of crores from investors, remains a landmark in India’s regulatory enforcement.

In *SEBI v. Sahara India Real Estate Corp. Ltd.*, the Supreme Court held that Sahara violated securities regulations by raising funds from the public without legal sanction.

Key judicial observations included: investor protection is paramount, regulatory compliance cannot be bypassed; large-scale financial mobilization requires transparency.

The Court ordered Sahara to deposit over ₹24,000 crore with SEBI, demonstrating an uncompromising judicial stance toward large-scale financial irregularities.<sup>33</sup>

#### **g. Harshad Mehta Securities Fraud (1988-1995)**

In 1990, stockbroker Harshad Mehta founded Research and Asset Management Limited, a security organization that has since grown. Because of Mehta's prominence in the stock market—he was even called the "Sultan of Dalal Street" Investors blindly followed his investments.<sup>34</sup> “He borrowed a ton of money from the bank to set up a fake market and then spent it all on scrips at exorbitant rates. He manipulated the stock prices of certain scrips by using his position to his benefit. A sudden and unprecedented influx of capital into the stock markets caused the price of these shares to sky rocket. Although Harshad Mehta's behavior was immoral, it did not violate any laws.

#### **h. Ketan Parekh Security Scam**

Ketan Parekh was involved in circulation trading and stock manipulation from 1999-2001. He manipulate a host of stocks known as K-10 after borrowed from banks such as Global Trust Bank and Madhavpura Mercantile Co-operative bank. He scammed approximately Rs 1,250 crore amount. He after spending one year in the jail debarred from trading in the Indian Stock Market till 2017.<sup>35</sup> Ketan Parekh was engaged in circular and insider trading through front entities as per the Intelligence Bureau Report.

### **V. Suggestions:**

The persistent growth and sophistication of white-collar crimes in India necessitate comprehensive reforms across legal, institutional, technological, and governance domains.

#### **a. Strengthening Forensic Accounting and Financial Investigation**

White-collar crimes often involve complex financial manipulations, necessitating advanced forensic accounting.

**Establishment of Forensic Units:** Dedicated forensic accounting units should be established within SFIO, CBI, ED, and SEBI. Units should employ chartered accountants, auditors, and financial analysts trained in fraud detection, forensic auditing, and digital transaction analysis.

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<sup>33</sup> *SEBI v. Sahara Indian Real Estate Corp. Ltd.* (2013) 1 SCC 1.

<sup>34</sup> *Harshad Mehta and others v. Custodian* (1998) 5 SCC 451.

<sup>35</sup> *Ketan Parekh v. Securities and Exchange Board of India* (2006), Appeal no. 2 of 2024

**Technological Upgrades:** Use of AI-driven analytics to detect fraud, block chain tracking, and data mining to detect irregular financial patterns. Integration of real-time monitoring systems in banks and financial institutions to flag suspicious transactions. By implementing these new AI technologies' the detection of white-collar crimes will become easier.

#### **b. Specialized Economic Offence Courts**

Delays in prosecution are a major deterrent to impart justice in white-collar crimes. **Establishment of Dedicated Courts:** States should establish special courts for economic offences with judges trained in corporate law, finance, and cybercrime. These courts would handle cases under the Companies Act, SEBI Act, PMLA, Benami Act, and IT Act as the regular courts are already burdened with a number of cases. Special Courts for these specific offences will speed up the prosecution in such cases and hence it will become easy to combat white collar crimes.

**Fast-Track Procedures:** Fast-track procedures must be there for asset attachment, trial, and adjudication which can lead to reduce delays. Use of special investigation and prosecution teams directly reporting to these courts can streamline processes.

#### **c. Enhanced Inter-Agency Coordination**

White-collar crimes often involve multiple agencies, requiring seamless coordination. The coordination among these agencies enhances the efficient investigation and prosecution of white-collar crime.

**Integrated Data Sharing Platforms:** Develop centralized digital platforms linking CBI, ED, SFIO, SEBI, FIU-IND, and RBI for real-time sharing of intelligence and case data. Reduce duplication of efforts and jurisdictional confusion.

**Joint Task Forces:** Create joint task forces for high-value or multi-jurisdictional cases, including experts from legal, financial, cyber, and regulatory backgrounds. Example: Collaboration between ED and SFIO during the Satyam and Nirav Modi cases proved effective.

#### **d. Corporate Governance Reforms**

Corporate governance failures are a root cause of many white-collar crimes.

**Strengthening Board Oversight:** There must be mandatory independent directors, audit committees, and internal controls must be strengthened. Companies should implement robust whistleblower and compliance programs.

**Audit and Reporting Standards:** International Financial Reporting Standards (IFRS) must be adopted and mandatory external audits for high-risk companies. Penalties for auditors failing to detect or report frauds should be strictly enforced.

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#### e. **Technological Reforms in Enforcement**

Digitalization offers both risks and solutions for white-collar crimes.

**Block chain and AI Monitoring:** Implement block chain-based tracking systems is highly effective for high-value transactions and corporate filings. AI-driven algorithms can flag suspicious trades, shell company activities, or abnormal asset transfers.

**Cyber security and Digital Evidence Standards:** Establish national standards for digital evidence collection, preservation, and admissibility. Equip enforcement agencies with advanced forensic tools to investigate cyber-enabled economic crimes.

#### f. **Legislative and Policy Reforms**

**Consolidation of Laws:** Review overlapping statutes (BNS/IPC, Companies Act, SEBI Act, PMLA, IT Act, PC Act, Benami Act, FEO Act) to reduce jurisdictional confusion. Create a unified economic offences code that streamlines procedural requirements and evidence standards.

**Cross Border Cooperation:** Strengthen MLATs, extradition treaties, and international enforcement collaboration. Establish a national asset recovery cell to track and repatriate foreign proceeds of crime.

### **VI. Conclusion**

White-collar crimes have emerged as one of the most pernicious threats to India's economic stability, social trust, institutional integrity, and governance framework. Unlike conventional crimes, these offences often involve highly educated, well-resourced, and socially respected individuals, making detection, prosecution, and deterrence uniquely challenging. This research examined the concept, evolution, legal framework, enforcement mechanisms, judicial perspective, impact, comparative models, challenges, and reform proposals pertaining to white-collar crimes in India. White-collar crimes in India present a complex interplay of legal, financial, technological, and social dimensions. While India has made significant strides in legislative reforms and institutional frameworks, enforcement gaps, judicial delays, and systemic inefficiencies remain major impediments. Implementing the proposed reforms can strengthen India's economic resilience, corporate governance, and rule of law. A holistic approach that combines legal rigor, institutional capacity, technological sophistication, and public awareness is crucial to mitigate the growing menace of white-collar crimes. Ultimately, effective prevention and enforcement of white-collar crimes will not only protect the economy but also reinforce public trust, governance integrity, and societal ethical standards—the foundations of a stable and prosperous nation.

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