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# A GENERAL OVERVIEW ON THE RISE OF ECONOMIC CRIMES

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## ABSTRACT:

*One of the major problems endangering the economies of nations is economic crime. Bribery, money laundering, forging customs or tax reports, and organised manipulation in the economic system are just a handful of crimes that are linked to other chains of crime and are each capable of destroying social and economic capital on the national level. The fundamental traits of economic crime are:*

- (1) deviant behaviour that violates economic criminal law;*
- (2) crime that primarily targets specific economic sectors rather than individual interests;*
- (3) crime that results in physical, psychological, social, economic, and immaterial harm; and*
- (4) Abuse of trust and power.*

*The following are some types of economic crime and examples of them:*

- (1) neglecting workplace protections;*
- (2) unfair business practices;*
- (3) economic fraud; and*
- (4) Unjustified commercialization of medical care.*

*Examples of economic crimes that have the appearance of being performed include computer crime, insolvency fraud, and consumer credit fraud. The common elements of all economic crimes include financial windfalls, upsetting the economic balance, capital loss, interfering with the government and executives; strategies to regulate the economy's health and security, etc. For this reason, governments work to determine the actual causes and contributing factors of economic crimes in order to maintain economic security and order by adopting standard legislation. As a result of economic crime, inflation, poverty, commercial crime, development, and corruption have all been observed to happen. The key goal will be to establish the causal relationship between criminal*

*It has never been easy to study economic crime. Writers have provided a range of definitions of economic offences and ideas that take an economic approach to crime during the previous few centuries. Interest in economic crime and the economic approach to offending has fluctuated over this time. Gary Becker's foundational work on a neoclassical approach to crime at the end of the 1960s marked its most recent resurgence, and more than three decades later, economists, sociologists, and criminologists continue to utilise, modify, and debate this perspective. Thus, a wider study of economic crime and the study of the criminology behind economic crime will provide a greater understanding as to why there is a steep rise in economic crimes and the same will be analysed in this paper.*

*KEYWORDS- criminology, unfair business practices, economic crime, manipulation, fraud*

## **INTRODUCTION:**

As far as we are aware, economics is primarily concerned with money. If I claim that a person can live without money, it is incorrect. An essential requirement for survival is money. Numerous crimes have their roots in a person's worse economic circumstances. Since economic life is important, it determines the social and cultural values, which are as ancient as human civilization itself. All social patterns are shaped and controlled by economic forces, as are all other facets of human existence. The whole nature of the social, political, and spiritual aspects of life are determined by economic factors, and when the economic underpinnings alter, the entire superstructure likewise undergoes fast transformation. Those who focus on the financial elements of crime and examine how the state of the economy affects criminality. Money became so significant in human existence that it is currently the only criterion that determines a person's social rank in contemporary society. Both revolution and criminality are threatened by poverty. Crimes are performed for a variety of reasons, including gaining unnecessary items as well as meeting basic needs. Most crimes are perpetrated as a result of man's propensity for acquisition and his desire to amass excess money. Man's drive toward

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<sup>1</sup> Gál, I.L., 2019. *Economic policy, criminal policy and economic crimes. JE-Eur. Crim. L., p.100.*

As we gather more about how people understand the costs and advantages of crime and how they use this information when selecting criminal over noncriminal actions, the discussion over the economic approach to crime will likely continue. These crimes differ from conventional crimes in terms of their goal and method of operation. The classic criminal targets little amounts of cash and frequently resorts to force and traditional tactics to accomplish his goal. On the other hand, a criminal conducting an economic crime steals enormous sums of money and uses communications and technology to conduct illegal business transactions, tamper with databases, or plan sizable scams. His victims are gullible and gullible, and they frequently don't realise they been duped. Another trait of economic, commercial, corporate, or white-collar crimes is that they are frequently seen as "good business," and "cutting corners" is often a necessary part of good business. Legal infractions by businesses are frequently seen as a normal component of the corporate system, just as industrial espionage or psychologically manipulative advertising.

These actions are seen as a continuation of the capitalist system, which is predicated on profit and a technical devotion to the text rather than the spirit of the law. People who engage in these activities claim that they have been taken advantage of. In many nations, especially those that are developing economically, socially, or politically, economic crimes have skyrocketed. Monitoring such offences entails a number of difficulties. The first is definitional: for example, "manufacturing of dangerous items" or "illegal monopolies, traits or components." The second step is determining who is responsible—the corporation or the individuals who operate it. Thirdly, it can frequently be exceedingly challenging to demonstrate criminal intent. Finally, and perhaps most crucially, despite growing awareness of the magnitude of such crimes, the public remains mostly unconcerned and powerless to place pressure on the government.

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<sup>2</sup> Arlacchi, P., 2022. *An Analysis of the Reasons for the Rise of Financial Crimes and the Decline of Violent Crimes*. In *Cybercrimes and Financial Crimes in the Global Era* (pp. 3-10). Springer, Singapore.

## **KINDS OF ECONOMIC CRIMES:**

Economic crimes can be generally divided into three categories, which are as follows (although this list is not all-inclusive):

Economic crimes that are more common today, such as fraud, smuggling, and corruption. Emerging or contemporary economic crimes such credit card fraud, cash forgery, UPI fraud, cybercrimes, etc. economic transgressions that include crimes like money laundering.

**BLACKMAIL**- Although not strictly an economic offence, blackmail does have a financial component. Threatening to injure someone physically in order to get them to give up anything valuable—like cash, a priceless object, private information, property, etc. is illegal.

**BRIBERY**- Bribery is a highly widespread type of economic offence that involves the giving or accepting of money or any other valuable item in exchange for favours such as job chances, promotions, or other ways to go around the system. Government representatives, lawmakers, and members of the executive branch of states and the country sometimes offer or receive bribes. Both offering and taking a bribe are against the law.

**CREDIT CARD FRAUD** - Credit card fraud is the unlawful use of a person's credit card to make a purchase or to steal money.

**FORGERY**- Forgery is the act of misrepresenting a false negotiable instrument as a real one in order to deceive or scam the receiver.

**INSIDER TRADING**- Insider trading is when a person or employee who works for a firm or organisation utilises secret, sensitive information about the company to trade in stock in publicly traded companies.

**INSURANCE FRAUD**- Insurance fraud occurs when the insurer defrauds the insured of money, regardless of the type of insurance.

MONEY LAUNDERING- Money laundering is the process of investing or transferring funds obtained through racketeering, the sale of illegal drugs, or other forms of embezzlement to give the impression that the funds' original source is genuine or impossible to identify.

EMBEZZLEMENT- A person who has been entrusted with the care of money or property steals it for their personal gain is said to be embezzling.

RACKETEERING- A wide phrase used to describe any illicit commercial activity carried out for personal advantage is "racketeering."

TAX EVASION- Tax evasion is distinct from tax avoidance, which is lawful (tax avoidance is the process of identifying legal nuances to excuse oneself from paying unnecessary taxes). Tax evasion is the unlawful concealment of income, which enables people to file reduced tax returns and save money.

In addition to these generic phrases, the Indian Penal Code, 1860, lists several economic offences; nevertheless, there are far too many to list here.

## **RELATIONSHIP BETWEEN ECONOMIC STRUCTURE AND CRIME:**

The link between the economy and crime is inverse, meaning that while economic conditions are good, crime rates are generally low but rise during times of economic crisis. Because crime is a natural by-product of economic activity, it fluctuates with the state of the economy. The crime rate rises during times of economic prosperity while falling during times of economic hardship. Numerous factors contribute to the rise of materialism. We may observe it in various eras of human history as we move toward a superior civilisation. Before the notion of states emerged in antiquity. People live in a state of nature before a state is created, where everyone owns everything and nobody owns anything. But the true issue emerged when people began to think in terms of mine and thine.

The introduction of the idea of property when the idea of property was introduced, individuals became afraid to protect their interests. When the idea of the state first emerged, individuals began to want a

centralised government known as the state for their own safety and interests. The beginning of the industrial revolution in Europe had an influence on the entire world, and this is why India had a large amount of industrialisation during the British rule. For India's underprivileged, industries provide a lot of work opportunities. With the increase in employment, the hand loom industries saw fierce competition; as a result, the employees were forced out of the market due to the increased demand for machine-made goods. With urbanisation, individuals lost touch with the joint family structure, from which the nuclear family notion emerged. People also lost authority over their parents and began engaging in unlawful behaviour.<sup>3</sup>

## **REASONS FOR ECONOMIC CRIMES:**

More People today desire a more comfortable living and more luxury as a result of urbanisation, which brings about an increase in materialistic lifestyle amenities. The issue of having and not having emerges from having things and not having them. In our society, comparison becomes the norm. A materialistic culture emerges, where objects have value but not people. People now crave money and goods, and relationships have no intrinsic worth. Due to this disparity, people commit more crimes in an effort to get more and more. The primary driver of economic crime is greed, not necessity; this is true even for those who have access to increasing sums of money in order to satisfy their insatiable appetites for material goods. People multiply by having more children, and conflicts emerge because there are fewer resources available, leading to an increase in demand and a decrease in the amount of resources available. Being impoverished teaches everyone, even families, that stealing is not evil but rather a need. Poverty is the mother of economic crime. Children who grow up in dysfunctional households, including those headed by a single parent, suffer because they lack positive role models with whom to socialise. Old traditional values are erased by modernity; individuals with low moral standards commit more crimes without fear or lack of spiritual ethics, which causes them to live a life devoid of values. Because to inflation and the skyrocketing cost of essential food supplies, individuals are forced to steal food or go hungry. Explanation: Increased workplace exploitation drives people to commit crimes out of frustration.

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<sup>3</sup> Menon, S. and Siew, T.G., 2012. Key challenges in tackling economic and cyber crimes: Creating a multilateral platform for international co-operation. *Journal of Money Laundering Control*.

It was necessary to replace the capitalist state, which was fostering a criminogenic society, with a socialist one, in which people's socioeconomic rights would be safer and more secure, undoubtedly resulting in a decline in crime. In a capitalist society, the criminal code serves as a tool for the state and ruling class to uphold the capitalist social and economic system and to safeguard their interests. Because of the legal system's pressure, the underprivileged segments of society continue to be repressed, and their unhappiness leads to crime. The issue of crime can only be resolved by the collapse of capitalist society. Apart from that, quite a few crimes go unnoticed and unreported owing to the victim's lack of initiative in pursuing criminal charges against the attacker or the crime's manipulative techniques. As a result, the current state of affairs has produced a paradoxical situation in which crimes are prevalent regardless of whether the economic situation is good or unfavourable. The view that economic conditions are only one of many environmental factors that contribute to the multiple-factor theory of crime causation. Criminality cannot be directly linked to any one of the four impact spheres—economic, biological, psychological, and social—but each one is a component of the whole. Economic factors do have an impact on some sorts of crimes, such as pathological crimes, sex crimes, and political crimes, but overall societal criminality cannot be primarily attributable to economic factors. Economic values undoubtedly play a significant influence in society, but their importance is just relative since it depends on other sociocultural elements. The link between crime and the economy would likewise be significantly impacted by legal controls on economic activity.<sup>4</sup>

## **CHANGING DIMENSIONS OF ECONOMIC CRIMES:**

These crimes are distinct from crimes against people in that they have no immediate impact on the victim's physical condition. For example, fraud is a type of economic crime that differs from assault because fraud involves taking money from a person's bank account without their permission, whereas assault involves inducing real fear of impending physical harm in the victim's mind and/or actually inflicting harm on the victim. These offences are also referred to as white-collar or blue-collar crimes. They vary from crimes against people in that they don't involve physical force, take place after deliberate consideration, and are frequently perpetrated by groups of people, especially those who have power over others, such as business directors, general managers, politicians, bureaucrats, etc.

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<sup>4</sup> Snider, L., 2008. *Corporate economic crimes. Corporate and white-collar crime*, pp.39-60.

Economic offences serve as a metaphor for a failing government and serve as proof of a crooked executive branch, market, and institutions.

The economic crimes and other crimes or crimes against the person can be attributed to a few modern and specific traits. Which are:

- An economic crime is committed with the goal to make a substantial profit, avoid a material loss, or to harm the victim financially. Pecuniary (monetary) profit or loss is also included in this definition of material profit and loss.
- These crimes include components of criminal deceit, fraud, or cheating.
- Although economic crimes cannot damage a person physically, they can have a negative influence on his or her financial well-being. Businesses or other financial organisations may also be the target.
- Such acts have a detrimental impact on a nation's financial situation.
- People with power in the political or economic areas of society, who have access to protected, sensitive information as well as the means to perpetrate these offences, make up the privileged or wealthy segments of the population who commit these crimes.

## **CYBER ECONOMIC CRIMES:**

It should be remembered that financial crime and economic crime, as well as cybercrime and financial crime, are all interchangeable terms. To prevent misunderstanding, do this.

All cyber economic offences are not wholly new crimes; rather, they are well-known crimes that have been committed with the assistance of new technology that has been developed through time and is then exploited for these offences. Some crimes, however, are completely new.

Hacking into a computer system or network, stealing sensitive personal data (typically financial information), fraud, and cheating are all common cybercrimes. These are only a handful of the numerous attacks that take place thanks to technology and the internet. A thorough grasp of banking organisations, their systems, fail-safes, security measures, etc. is necessary for certain large-scale, complex assaults.

The World Economic Forum, for instance, stated in 2018 that fraud and economic crime formed a trillion-dollar business and that in 2017, private corporations spent \$8.2 billion on anti-money laundering systems and tactics in total.

Due to the proliferation of payment, sale, and currency exchange options, cybercrimes such as unlawful trafficking and money laundering are on the rise. More attack vectors are created by new techniques. Financial or economic crimes are now widespread due to the unrelenting rise in digitization and automation of financial organisations and their systems.

Another characteristic of recent origin is the blurring of the line that traditionally separates fraud from financial crimes. For instance, money laundering, bribery, tax evasion, and other similar crimes have historically made up financial crime. Contrarily, the term "fraud" refers to crimes like forgery, insider trading, deceit, theft, credit schemes, etc. But when cybercrimes of an economic character cross over into the realms of both financial crime and fraud, these divisions are becoming less clear and more intertwined.<sup>5</sup>

## CONCLUSION:

The last 20 years or so have seen a change in the nature of economic offences. Access to financial institutions and to sensitive personal financial information has risen with the development and growth of the internet. Due to this, new hazards have emerged in regular commercial transactions that not everyone is aware of. Transactions have become look insignificant because of how simple they are to use, yet possibly victims of economic crimes suffer because of their familiarity. It's important to not take for granted the convenience and technology we enjoy. Other arguments are also relevant, such as the fact that our politicians and current laws are unable to keep up with the rapid changes in technology and financial exchange methods, which leads to an increase in these crimes. Sometimes the offenders get away with it. Another aspect is influential people, who have a voice in how trade and commerce go and who have the power to manipulate the market to their own benefit. Due of their influence, it is hard to catch such people, but eventually, arrests will need to be made since this cannot be allowed to continue. The bottom line is still to be alert and careful; knowledge is essential to safety, both for an individual and for society and the country as a whole. People must take personal action to prevent these types of crimes, and the government must enact widely accepted laws at all levels. More facilities, job possibilities, and safe working conditions all contribute to reducing this issue.

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<sup>5</sup> Cohen, M.A., 2000. *The Economics of Crime and Punishment: Implications for Sentencing of Economic Crimes and New Technology Offenses*. *Geo. Mason L. Rev.*, 9, p.503.

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