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## “COMBATING SOCIO-ECONOMIC CRIME: A COMPARATIVE STUDY OF LEGAL FRAMEWORKS IN INDIA, THE UNITED STATES, AND THE UNITED KINGDOM”

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### I. Introduction

Socio-economic offences have become one of the most complex challenges confronting modern criminal justice systems. Unlike conventional crimes such as theft, assault, or homicide, socio-economic offences are primarily committed for financial gain and are often carried out through sophisticated organizational structures, corporate entities, or abuse of official authority. These offences typically include corruption, money laundering, tax evasion, corporate fraud, insider trading, banking fraud, and other financial crimes that affect the economic order of society.

The theoretical foundation of socio-economic crime can be traced to the work of criminologist Edwin H. Sutherland, who introduced the concept of white-collar crime in 1939. He argued that crimes committed by individuals in positions of power or trust are often more harmful to society than traditional crimes because they affect a large number of people and undermine public confidence in institutions.

With globalization, technological advancement, and expansion of financial markets, socio-economic offences have increasingly assumed a transnational character. Governments across the world have responded by creating regulatory frameworks, specialized investigative agencies, and stricter corporate accountability mechanisms.

### II. Historical Development and Evolution of Socio-Economic Offences

The concept of socio-economic offences has evolved significantly over time as societies became economically and technologically advanced. Earlier criminal laws mainly focused on traditional crimes such as theft, assault, and homicide. However, with industrialization, the expansion of corporate enterprises, and globalization, a new category of crime emerged that primarily affected the economic structure of society.

The modern understanding of socio-economic crime is closely associated with the work of criminologist Edwin H. Sutherland, who introduced the concept of white-collar crime in 1939. Sutherland argued that crimes committed

by individuals in positions of power and trust, particularly within corporations and professional occupations, often caused greater harm to society than conventional crimes.<sup>483</sup>

#### A. Early Development of Economic Crimes

In the early stages of industrialization, economic crimes were largely addressed through civil and commercial regulations rather than criminal law. Governments focused primarily on regulating trade, taxation, and corporate conduct through administrative mechanisms.

However, during the twentieth century, the scale and impact of economic crimes increased significantly due to the growth of multinational corporations and complex financial

<sup>483</sup> Edwin H. Sutherland, *White-Collar Criminality*, 5 *Am. Soc. Rev.* 1 (1940).

transactions. Financial fraud, corruption, and market manipulation began to threaten national economies and public trust in financial institutions.

As a result, countries began introducing stricter criminal laws to regulate economic activities and prevent financial misconduct.

### **B. Post-World War II Developments**

Following the Second World War, governments recognized the need for stronger economic regulation to prevent corporate abuse and corruption. Several international institutions were established to regulate global financial systems and promote transparency in economic transactions.

In the United States, corporate scandals led to the enactment of regulatory statutes to ensure corporate accountability. Similarly, the United Kingdom introduced laws to regulate fraud, corruption, and financial misconduct.

In India, the issue of socio-economic offences gained prominence after independence when the government recognized that corruption and financial irregularities could hinder economic development and social welfare.

### **C. Expansion of Socio-Economic Crimes in the Modern Era**

In the contemporary era, socio-economic offences have become increasingly sophisticated and transnational in nature. Advances in technology and the growth of digital financial systems have enabled criminals to engage in complex financial fraud, cybercrime, and money laundering.

The emergence of global financial markets has also made it easier for criminals to transfer illicit funds across borders. As a result, governments have strengthened legal frameworks and international cooperation mechanisms to combat economic crime.

### **III. Evaluation of Socio-Economic Offences**

Socio-economic offences are considered particularly dangerous because they affect the economic stability of nations and undermine public confidence in institutions.

### **A. Impact on Society**

Unlike conventional crimes that affect individuals directly, socio-economic offences often have a broader impact on society. Large-scale financial fraud, corruption, and corporate misconduct can result in significant economic losses, unemployment, and reduced public trust in government institutions.

For example, corporate fraud scandals in various countries have resulted in the collapse of large corporations, leading to massive financial losses for investors and employees.

### **B. Impact on Economic Development**

Socio-economic crimes can hinder economic growth by discouraging investment and disrupting financial markets. Corruption and bribery in public administration can also lead to inefficient allocation of resources and reduced effectiveness of public policies.

Developing countries are particularly vulnerable to such crimes because weak regulatory institutions and inadequate enforcement mechanisms may allow offenders to escape punishment.

### **C. Challenges in Enforcement**

Several factors make socio-economic offences difficult to detect and prosecute:

- Complex financial transactions and corporate structures.
- Involvement of influential individuals and organizations.
- Cross-border nature of financial crimes.
- Lack of technical expertise among investigative agencies.
- Delays in judicial processes.

Because of these challenges, governments have established specialized investigative agencies and regulatory bodies to deal with economic crimes.

### **IV. The Santhanam Committee Report and Socio-Economic Offences in India**

One of the most significant developments in the history of anti-corruption measures in India was the establishment of the Santhanam Committee in 1962. The committee was chaired

by K. Santhanam and was tasked with examining the problem of corruption in public administration and recommending measures to prevent it.<sup>484</sup>

#### **A. Background of the Committee**

During the early years after independence, corruption in public administration began to emerge as a serious concern. Rapid economic development, government control over key industries, and expansion of public sector enterprises created opportunities for corruption and financial irregularities.

In response to growing public concern, the Government of India appointed the Santhanam Committee to examine the causes of corruption and suggest reforms.

#### **B. Major Findings of the Committee**

The committee identified several factors contributing to corruption and socio-economic offences in India, including:

- Excessive government controls and licensing systems.
- Lack of transparency in administrative processes.
- Inadequate enforcement of anti-corruption laws.
- Low accountability among public officials.

The committee emphasized that corruption and economic offences could seriously undermine economic development and democratic governance.

#### **C. Important Recommendations**

The Santhanam Committee made several important recommendations to combat socio-economic offences:

- Establishment of independent vigilance institutions to investigate corruption.
- Strengthening anti-corruption laws and enforcement mechanisms.
- Improving administrative transparency and accountability.

- Creation of specialized agencies to investigate economic offences.

Many of these recommendations eventually led to the establishment of institutions such as the Central Vigilance Commission and contributed to the development of anti-corruption legislation in India.<sup>485</sup>

#### **D. Significance of the Santhanam Committee**

The Santhanam Committee Report played a crucial role in shaping India's anti-corruption framework. It was one of the earliest official recognitions of the dangers posed by socio-economic offences and emphasized the need for institutional mechanisms to address such crimes.

The committee's recommendations laid the foundation for later legislative measures, including the Prevention of Corruption Act, 1988 and the development of specialized investigative agencies.

#### **V. Concept, Characteristics, and Scope of Socio-Economic Offences**

Socio-economic offences are crimes that directly affect the economic interests of the state and society. These offences are generally committed by individuals or corporations occupying positions of authority and involve manipulation of financial systems, regulatory structures, or public institutions.

##### **i. Defining Socio-Economic Crime**

Socio-economic crimes are generally understood as offences that cause significant harm to the economic order of society and public welfare. Such crimes typically involve deception, fraud, or abuse of authority for economic gain.

Scholars often categorize these crimes within the broader framework of white-collar crime, corporate crime, and financial crime.

<sup>484</sup> Government of India, Report of the Committee on Prevention of Corruption (Santhanam Committee) (1964).

<sup>485</sup> Central Vigilance Commission Act, 2003, No. 45, Acts of Parliament, 2003 (India).

## ii. Characteristics of Socio-Economic Offences

Socio-economic offences possess certain distinctive characteristics:

1. Financial Motivation – The primary objective is economic gain or financial benefit.
2. Non-Violent Nature – These offences rarely involve physical violence.
3. Complex Modus Operandi – Sophisticated financial transactions and corporate structures are often used to conceal illegal activities.
4. High Social Status of Offenders – Perpetrators are often individuals occupying positions of power, including corporate executives, government officials, and professionals.
5. Widespread Social Impact – The consequences often affect large sections of society and may destabilize economic systems.

## iii. Types of Socio-Economic Offences

1. Common examples include:
2. Corruption and bribery
3. Corporate fraud
4. Insider trading
5. Tax evasion
6. Money laundering
7. Banking fraud
8. Securities fraud

These crimes often involve cross-border financial transactions, making international cooperation essential for enforcement.

## VI. Legal Framework Governing Socio-Economic Offences in India

India has developed a wide range of legislative measures and regulatory institutions to address socio-economic crimes. The growth of the corporate sector and the increasing complexity of financial transactions have prompted the enactment of numerous laws.

### a. Anti-Corruption Legislation

The primary law governing corruption in India is the Prevention

of Corruption Act, 1988. The Act criminalizes bribery, abuse of official position, and possession of disproportionate assets by public servants.<sup>486</sup>

The Act was strengthened through amendments in 2018, which introduced provisions relating to corporate bribery and expanded the definition of public servants.

### b. Anti-Money Laundering Framework

Money laundering represents a serious socio-economic offence as it enables criminals to disguise the proceeds of illegal activities. The Prevention of Money Laundering Act, 2002 provides for investigation, attachment, and confiscation of property derived from criminal activities.<sup>2</sup>

The Act also establishes procedures for prosecution and empowers authorities to trace financial transactions connected with criminal activities. Money laundering represents a serious socio-economic offence as it enables criminals to disguise the proceeds of illegal activities. The Prevention of Money Laundering Act, 2002 provides for investigation, attachment, and confiscation of property derived from criminal activities.<sup>487</sup>

The Act also establishes procedures for prosecution and empowers authorities to trace financial transactions connected with criminal activities.

### c. Corporate Regulation

Corporate fraud and mismanagement are addressed under the Companies Act, 2013. The Act introduced strict provisions for corporate governance, including

<sup>486</sup> Prevention of Corruption Act, 1988, No. 49, Acts of Parliament, 1988 (India).

<sup>487</sup> Prevention of Money Laundering Act, 2002, No. 15, Acts of Parliament, 2003 (India).

director liability, financial disclosures, and protection of shareholder interests.<sup>488</sup>

The Act also created mechanisms for investigating serious corporate fraud through specialized agencies.

**d. Institutional Mechanisms**

India has established several specialized institutions for investigating socio-economic offences, including:

- Central Bureau of Investigation
- Enforcement Directorate
- Serious Fraud Investigation Office

These agencies investigate corruption, financial fraud, and money laundering offences.

**e. Judicial Approach**

The judiciary has played a significant role in strengthening the legal framework against socio-economic crimes. In *Vineet Narain v. Union of India*, the Supreme Court emphasized the need for independent investigative agencies to combat corruption.<sup>489</sup>

However, enforcement challenges remain due to procedural delays, lack of specialized investigators, and political interference.

introduced stringent requirements for corporate governance, financial transparency, and accountability of corporate executives.<sup>490</sup>

**b) Anti-Corruption Legislation**

The Foreign Corrupt Practices Act prohibits companies from bribing foreign officials and requires accurate accounting practices.<sup>491</sup>

This law has extraterritorial application and is frequently used to prosecute multinational corporations involved in international bribery.

**c) Financial Regulation**

Following the global financial crisis, the United States enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act to strengthen financial oversight and regulate financial institutions.<sup>492</sup>

**d) Enforcement Agencies**

1. Key enforcement agencies include:
2. Federal Bureau of Investigation
3. Securities and Exchange Commission
4. Department of Justice

These agencies possess extensive investigative powers and frequently impose substantial financial penalties on corporations.

**e) Judicial Interpretation**

In *United States v. Skilling*, the Supreme Court clarified the scope of “honest services

**VII. Legal Framework Governing Socio-Economic Offences in the United States**

The United States has one of the most advanced legal systems for addressing financial and corporate crimes. Federal laws regulate corporate conduct, financial markets, and corruption.

**a) Corporate Accountability Laws**

The Sarbanes–Oxley Act was enacted following corporate scandals involving Enron and WorldCom. The Act

<sup>488</sup> Companies Act, 2013, No. 18, Acts of Parliament, 2013 (India).  
<sup>489</sup> *Vineet Narain v. Union of India*, (1998) 1 S.C.C. 226 (India).

<sup>490</sup> Sarbanes–Oxley Act of 2002, Pub. L. No. 107-204, 116 Stat. 745.  
<sup>491</sup> Foreign Corrupt Practices Act of 1977, 15 U.S.C. §§ 78dd-1 to 78dd-3.  
<sup>492</sup> Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, 124 Stat. 1376 (2010).

fraud,” limiting its application to bribery and kickback schemes.<sup>493</sup>

The United States is widely regarded as having one of the most effective enforcement systems for corporate and financial crimes.

These agencies specialize in investigating complex financial crimes.

• **Judicial Approach**

In R v. Ghosh, the court developed a test for determining dishonesty in fraud cases, which influenced fraud jurisprudence for several decades.<sup>497</sup>

**VIII. Legal Framework Governing Socio-Economic Offences in the United Kingdom**

The United Kingdom has also established a robust system to combat financial crime through modern legislation and specialized agencies.

• **Fraud Legislation**

The Fraud Act 2006 consolidated multiple fraud offences into a single statutory framework and simplified the prosecution process.<sup>494</sup>

• **Anti-Bribery Framework**

The Bribery Act 2010 is considered one of the strictest anti-corruption laws globally. It criminalizes bribery in both public and private sectors and introduces corporate liability for failure to prevent bribery.<sup>495</sup>

• **Confiscation of Criminal Proceeds**

The Proceeds of Crime Act 2002 allows authorities to seize property obtained through criminal activities.<sup>496</sup>

• **Enforcement Agencies**

Key enforcement institutions include:

- Serious Fraud Office
- National Crime Agency
- Financial Conduct Authority

**IX. Comparative Analysis of Legal Approaches**

A comparative evaluation of the three jurisdictions reveals both similarities and differences in their approaches to socio-economic offences.

Criteria	India	United States	United Kingdom
Legislative Framework	Multiple statutes addressing specific offences	Comprehensive federal legislation	Consolidated and modern statutes
Corporate Liability	Developing framework	Strong enforcement with large penalties	Strict corporate liability under anti-bribery law
Investigative Agencies	CBI, ED, SFIO	FBI, SEC, DOJ	SFO, NCA
Enforcement Efficiency	Slower due to procedural complexities	Highly specialized and effective	Strong investigative and prosecutorial systems
Global	Limited	Extensive	Strong

<sup>493</sup> Skilling v. United States, 561 U.S. 358 (2010).

<sup>494</sup> Fraud Act 2006, c. 35 (U.K.).

<sup>495</sup> Bribery Act 2010, c. 23 (U.K.).

<sup>496</sup> Proceeds of Crime Act 2002, c. 29 (U.K.).

<sup>497</sup> R v. Ghosh [1982] QB 1053 (CA).

Enforce ment	extraterr itorial enforce ment	global jurisdictio n	internat ional cooper ation
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combating socio-economic offences in an increasingly globalized economy.

The United States and the United Kingdom demonstrate stronger enforcement capacity, while India continues to strengthen its institutional mechanisms.

**X. Challenges in Combating Socio-Economic Offences**

Despite legislative frameworks, several challenges persist globally:

- Increasing complexity of financial transactions
- Cross-border nature of economic crimes
- Technological advancements enabling cyber-financial crime
- Political influence and corruption
- Lack of specialized investigative expertise

Addressing these challenges requires stronger regulatory institutions and international cooperation.

**XI. Conclusion**

Socio-economic offences represent a serious threat to economic stability and governance systems worldwide. The comparative analysis of India, the United States, and the United Kingdom highlights important differences in legislative frameworks, enforcement mechanisms, and institutional capacity.

While India has enacted several important statutes addressing corruption, money laundering, and corporate fraud, challenges remain in effective enforcement and timely prosecution. In contrast, the United States and the United Kingdom have developed stronger institutional frameworks with specialized investigative agencies and strict corporate accountability laws.

Strengthening investigative capacity, improving judicial efficiency, and enhancing international cooperation are essential for effectively