

## Corporate crimes: The need for a corporate penal code

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### Abstract

Corporate crimes form a separate category of criminal offences. The terms corporate crime and 'Economic Crime' are more often than not, used as synonyms in fact, both the terms need to be used to define different categories of crime. Corporate Crimes not only victimize individuals with pecuniary loss but can also have serious repercussions on the national economy. Corporate Crimes, such as financial scams, fraud, money laundering, etc. are crimes which evoke serious concern and impact on the Nation's security and governance. This paper seeks to present a perspective on the trend of corporate crimes and legislative measures to deal with such crimes in India. The paper is divided into two sections. The first section gives different dimension of corporate crimes and the second section deals with relevant legislation to prevent Corporate Crimes.

**Keywords:** non-performing assets, corporate crime, money laundering, economic offences, insider trading

### Introduction

There is a growing recognition in the world that the economic offences are part of other serious crimes posing serious threat to the security of the nation. Since the early 90's India has witnessed a spate of major economic scams in different sectors of the economy. The millions of small investors have lost thousands of crores of rupees, the economic crimes have caused havoc in the government managed institutions like Bank, Public Sector Undertakings, Telecom Department, Insurance Companies, etc. The magnitude and the new methods of committing economic crimes have been a cause of serious concern to the government as well as to the people. It is important in the first instance to understand the nature of White Collar Crime<sup>[1]</sup> or Corporate crime, as it is generally referred to, is a crime committed by a person of a certain social status in the course of his occupation. The economic crime occurs as a deviation from the violator's occupational role. Also, most of the laws involved or violated are not part of the traditional criminal code. Such crimes are corruption, corporate fraud, public fraud, tax evasion, goods smuggling, stock manipulation, currencies forgery, credit card fraud, environmental crime, intellectual property infringement and the more recent phenomenon of cybercrime. Economic Crimes are not a new phenomenon in our country. Even one and a half century ago, when the Indian penal code 1860 was enacted, punishment was provided for cheating (Sec. 420)<sup>[2]</sup>, Criminal Breach of Trust (Sec-409)<sup>[3]</sup>, Counterfeiting of

Coins (Sec-232)<sup>[4]</sup>, making and selling of Adulterated Drugs (Sec.274<sup>5</sup>&275)<sup>[6]</sup>, fraudulent use of Weights and measures (Sec.265)<sup>[7]</sup>, counterfeiting Govt. stamps and their sale (Sec, 255<sup>[8]</sup> and 258)<sup>[9]</sup>, making and selling of Fake Goods

extend to seven years, and shall also be liable to fine. Of fraudulent deeds and dispositions of property

<sup>3</sup> Section 409. Criminal breach of trust by public servant, or by banker, merchant or agent.--Whoever, being in any manner entrusted with property, or with any dominion over property in his capacity of a public servant or in the way of his business as a banker, merchant, factor, broker, attorney or agent, commits criminal breach of trust in respect of that property, shall be punished with 1[ imprisonment for life], or with imprisonment of either description for a term which may extend to ten years, and shall also be liable to fine.

<sup>4</sup> Section 232. Counterfeiting Indian coin.-- Whoever counterfeits, or knowingly performs any part of the process of counterfeiting 3[ Indian coin], shall be punished with 5[ imprisonment for life], or with imprisonment of either description for a term which may extend to ten years, and shall also be liable to fine.

<sup>5</sup> Section 274. Adulteration of drugs.-- Whoever adulterates any drug or medical preparation in such a manner as to lessen the efficacy or change the operation of such drug or medical preparation, or to make it noxious, intending that it shall be sold or used for, or knowing it to be likely that it will be sold or used for, any medicinal purpose, as it had not undergone such adulteration, shall be punished with imprisonment of either description for a term which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

<sup>6</sup> Section 275. Sale of adulterated drugs.-- Whoever, knowing any drug or medical preparation to have been adulterated in such a manner as to lessen its efficacy, to change its operation, or to render it noxious, sells the same, or offers or exposes it for sale, or issues it from any dispensary for medicinal purposes as unadulterated, or causes it to be used for medicinal purposes by any person not knowing of the adulteration, shall be punished with imprisonment of either description for a term which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

<sup>7</sup> Section 265. Fraudulent use of false weight or measure.-- Whoever, fraudulently uses any false weight or false measure of length or capacity, or fraudulently uses any weight or any measure of length or capacity as a different weight or measure from what it is, shall be punished with imprisonment of either description for a term which may extend to one year, or with fine, or with both.

<sup>8</sup> Section 255. Counterfeiting Government stamp.-- Whoever counterfeits, or knowingly performs any part of the process of counterfeiting, any stamp issued by Government for the purpose of revenue shall be punished with 1[ imprisonment for life] or with imprisonment of either description for a term which may extend to ten years, and shall also be liable to fine. Explanation.-

<sup>1</sup> The terms "white-collar crime" and its offshoot, "organized crime," reflect a half-century-old movement to remake the very definition of crime. Professor Edwin Sutherland, a sociologist who coined the term "white-collar crime," disagreed with certain basic substantive and procedural principles of criminal law. In his landmark book, White Collar crime, first published in 1949, Sutherland dismisses the traditional mensrea (criminal intent) requirement and the presumption of innocence.

<sup>2</sup> Section 420. Cheating and dishonestly inducing delivery of property.-- Whoever cheats and thereby dishonestly induces the person deceived to deliver any property to any person, or to make, alter or destroy the whole or any part of a valuable security, or anything which is signed or sealed, and which is capable of being converted into a valuable security, shall be punished with imprisonment of either description for a term which may

(Sec.481 <sup>[10]</sup> to 489 <sup>[11]</sup>), soon after the introduction of currency notes in our country, counterfeiting of the currency led to addition of section 489-A <sup>[12]</sup> and B in the Indian Penal Code in the year 1955. But what has changed in the past few decades is the magnitude and enormity of economic crimes owing to the development in technology and improved means of transport and communication and their use by the perpetrators of these crimes.

The modus for corporate crimes are varied. The offend committed crimes in the present day societies are:

- A. Fraud:** Cheque Fraud, Insurance Fraud and Master Card Fraud.
- B. Money Laundering:** Money stolen is taken to asset management firms and financial institutions where it is deposited to earn interest or alternatively the money is used to buy assets.
- C. Corruption:** Public officers misuse their offices by accepting rewards and corruptly doing some undue favours, also some violate the Tender Board procedures by offering tenders to their friends or relatives.
- D. Insider Trading In the Financial Markets:** Money market shares are sold privately without public knowledge.
- E. Tax Evasion:** Some companies avoid paying tax to the government or they understate their business transactions.

### Different structure of Corporate Crime

Economic offenders have exploited weaknesses in almost all areas of economic activity and siphoned off thousands of cores. Their depredations will continue till the law makers plug loopholes in the affected system. But the economic offenders, as they have the knack of exploiting weaknesses in any system either traverse a new territory or subvert the system which is their specialized field. In the recent past alone, scams have cost the exchequer and millions of Indians,

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A person commits this offence who counterfeits by causing a genuine stamps of one denomination to appear like a genuine stamp of a different denomination.

<sup>9</sup> Section 258. Sale of counterfeit Government stamp.-- Whoever sells, or offers for sale, any stamp which he knows or has reason to believe to be a counterfeit of any stamp issued by Government for the purpose of revenue, shall be punished with imprisonment of either description for a term which may extend to seven years, and shall also be liable to fine.

<sup>10</sup> Section 481. Using a false property mark.-- Whoever marks any movable property or goods or any case, package or other receptacle containing movable property or goods, or uses any case, package or other receptacle having any mark thereon, in a manner reasonably calculated to cause it to be believed that the property or goods so marked, or any property or goods contained in any such receptacle so marked, belong to a person to whom they do not belong, is said to use a false property mark.

<sup>11</sup> Section 489. Tampering with property mark with intent to cause injury.-- Whoever removes, destroys, defaces or adds to any property mark, intending or knowing it to be likely that he may thereby cause injury to any person, shall be punished with imprisonment of either description for a term which may extend to one year, or with fine, or with both.] 1[ Of currency- notes and bank- notes

<sup>12</sup> Section 489A. Counterfeiting currency- notes or bank- notes.-- Whoever counterfeits, or knowingly performs any part of the process of counterfeiting, any currency- note or bank- note, shall be punished with 2[ imprisonment for life], or with imprisonment of either description for a term which may extend to ten years, and shall also be liable to fine. Explanation.- For the purposes of this section and of sections 489B, 3[ 489C, 489D and 489E], the expression " bank- note" means a promissory note or engagement for the payment of money to bearer on demand issued by any person carrying on the business of banking in any part of the world, or issued by or under the authority of any State or Sovereign Power, and intended to be used as equivalent to, or as a substitute for money.

astronomical sums of money. Some major corporate scams / economic offences, which have adversely affected out national economy in the recent past, are:

### 1. Money Laundering

Money Laundering has a close nexus with organized crime. Money laundering is the process by which large amount of illegally obtained money (from drug trafficking, terrorist activity or other serious crimes) <sup>[13]</sup> is given the appearance of having originated from the Legitimate source. But in simple terms it is the conversion of black money into white money <sup>[14]</sup>. This takes one back to cleaning the huge piles of cash. If done successfully, it allows the criminals to maintain control over their proceeds and ultimately to provide a legitimate cover for their source of income." Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money laundering" Money laundering has an adverse impact on economy and political stability of country and hence such an activity must be curbed with an iron hand. Therefore, nations of the world must join hands and adopt measures to dismantle syndicates engaged in money laundering by resorting to aggressive enforcement of law.

According to Robinson:

"Money laundering is called what it is because that perfectly describes what takes place – illegal, or dirty, money is put through a cycle of transactions, or washed, so that it comes out the other end as legal, or clean money. In other words, the source of illegally obtained funds is obscured through a succession of transfers and deals in order that those same funds can eventually be made to appear as legitimate income."

By way of money laundering could contaminate and corrupt the structure of the State at all levels, this definitely leads to corruption. Further, this adds to constant pursuit of profits and the expansion into new areas of criminal activity.

### 2. Insider Trading

Corporate insiders are defined as a company's officers, directors and any beneficial owners of more than 10% of a class of the company's equity securities. Trades made by these types of insiders in the company's own stock, based on material non-public information, are considered to be

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<sup>13</sup> Gupta, Dr. Anuradha: Money Laundering and Financing of Terrorism-A Study on Methods to Fight Money laundering in India and USA, Journal of the Institute of Chartered Accountants of India, volume 58, No.10, APRIL 2010

<sup>14</sup> Description of Money Laundering and Terrorist Financing", Available online

<<http://www.gamblingcontrol.org/userfiles/file/bs.pdf>.

fraudulent since the insiders are violating the fiduciary duty that they owe to the shareholders. When the insider buys or sells based upon company owned information, he is violating his obligation to the shareholders [15]. However, "insiders" are not just limited to corporate officials and major shareholders where illegal insider trading is concerned but can include any individual who trades shares based on material non-public information in violation of some duty of trust. This duty may be imputed; for example, in many jurisdictions, in cases of where a corporate insider "tips" a friend about non-public information likely to have an effect on the company's share price, the duty the corporate insider owes the company is now imputed to the friend and the friend violates a duty to the company if the corporate insider trades on the basis of this information [16]. Insider trading has been quite rampant in the recent past. Regulatory efficacy is often questioned when insiders are caught while exploiting private information through insider trading. Emergence of new cases of insider exploitations, even under tight insider trading laws, resonates the mixed empirical evidence in the literature.

In the case of United states of America vs Rajat K.Gupta: The Court is called upon to impose sentence on Rajat K.Gupta, who on June 15, 2012, was found guilty by a jury of one count of conspiracy and three counts of substantive securities fraud, in connection with providing material non-public information to Raj Rajaratnam.

### 3. Primary Market Frauds

The Stock Market Scams of 90's affected millions of small investors across the country. Fly-by-night operators entered the primary markets and through initial public offers (IPOs) [17], collected hundreds of cores and vanished! The irony is that the whereabouts of over 100 companies are still not known either to SEBI or to the other investigating agencies. Even those companies, which did not vanish, used the people's money for purposes other than for which it was collected. As a result, the value of their shares plummeted resulting in heavy losses to the investors [18].

#### Case Law

#### **Sahara India Real Estate Corporation Ltd. (SIRECL) and the Sahara Housing Investment Corporation Ltd. (SHICL) vs SEBI**

"Initially to incorporate the company SIRECL and SHICL, The Company offered fully convertible debenture of Rs 24,400 crores in 2008-2009. The offer was made to "friends, associates, group companies, workers/ employees and other individuals associated/affiliated or connected in any manner with Sahara India Group of Companies" But The total no of persons in reality turned out to be nearly 2.21 crores and address of these investors were not traceable. In fact no of

<sup>15</sup> Aboody, D., and B. Lev, 2000. Information asymmetry, RD, and Insider Gains. *The Journal of Finance* 55.

<sup>16</sup> One recent example of such activity is the celebrated insider trading case where Rajarathinam, a hedge fund manager, was caught by the US market regulator SEC, for making a quick round trip transaction while trading on Goldman Sachs stock before their public announcement of Warren Buffet's purchase of Goldman Sachs stock.

<sup>17</sup> Deb.S., Marisetty, B.V, 2010. The information content of IPO grading. *Journal of Banking and Finance* 34, 9, 2294-2305

<sup>18</sup> Marisetty.V.B., and Subrahmanyam.M.G, 2010. Group affiliation and the performance of IPOs in the Indian stock market, *Journal of Financial Markets* 13, 196-223.

Bogous A/c was opened and issued the debenture and these debenture subsequently issued to the Innocent investors. But finally on 31st Aug, 2012 Honorable Supreme Court delivers the judgment against Sahara and asks the above mentioned two companies to pay the collected amount i.e. Rs 24, 400 Crore + 15% Interest to its 2.21 Crore investors."

### 4. Secondary Market Fraud

Insider trading has the dangerous potential of market manipulation and misuse of unpublished price sensitive information by a privileged few insiders who are in possession of such information. This kind of malpractice defeats the very principle of fair and ethical business practices, besides spelling a doom for the common and small investors [19]. The capital markets in India have been victims of this malady for years and more particularly when liberalization attracted small investors to the markets. Instances of artificially jacking up prices of shares and there by inducing gullible people to buy them are also common [20]. People have lost heavily on account of frauds of this nature committed by unscrupulous market players.

### 5. Bank Frauds

Economic offenders have targeted nationalized and cooperative banks and siphoned off thousands of cores by having criminal nexus with the managements of the banks. The big borrowers alone are responsible for the huge non-performing assets of the nationalized banks. In the 90's unscrupulous economic offenders set up large number of UCBs (Urban Cooperative Banks) in the states of Andhra Pradesh, Maharashtra, Gujarat and collected thousands of cores by offering unsustainable high rate of interest and later siphoned off hundreds of cores either by sanctioning loans to themselves, or to the borrowers with whom they had criminal nexus. Naturally such banks collapsed, which caused havoc to the millions of small investors.

### 6. Import / Export Frauds

Money laundering operations by under-invoicing imports and over-invoicing of exports have been resorted to by unscrupulous traders in a big way and thereby converted their black money into white and, obtained liberal incentives given by the Government in the form of exemption of income tax on the earnings, etc. this is in addition to import/export frauds being committed based on forged and fictitious documents.

### 7. Insurance Frauds

Insurance companies have been victims of frauds perpetrated by unscrupulous claimants with or without the active connivance of insurance officials. Instances of deliberately setting fire to the insured goods, go-downs, factories, making more than one claim on the basis of same accident, inflated claims supported by corrupt surveyors, are quite common.

### 8. Intellectual Property Crime/Theft:

The Federal Bureau of Investigation (FBI) of USA has estimated that in 2003 alone, \$3 billion (Rs. 13,500 Cores)

<sup>19</sup> Gyanendra S,2011.Law of Securities market in India,Academic Excellence,New Delhi

<sup>20</sup> Morse, D, 1980. Asymmetrical Information in Securities Markets and Trading Volume. *Journal of Financial and Quantitative Analysis* 15, 1129-1148.

worth money was lost world wide as result of criminals swiping copyright protected digital copies of music, movies, software and games and distributing them through websites, chat rooms, mass e-mails.

According to a music and film market survey, the Indian Music and Film industry is losing around Rs. 1800 Cores because of piracy, since some unscrupulous people are making copies of DVD movies and MP 3 songs illegally without obtaining permission and paying royalty to the concerned producers. Some internet sites are offering free of cost latest music from hit movies by uploading to the internet which can then be downloaded by people anywhere in the world without paying anything to the original producers of the music. Thus, the original producers of movies and songs as well as exchequer lose heavily on account of this new type of economic crime committed with the help of technology.

### 9. Non-Banking Finance Companies (NBFCs) Frauds:

NBFCs engaged in wide range of activities like hire-purchase finance, hiring finance, equipment leasing finance, loans and investments have been performing an important role in our financial sector. However, unscrupulous market players targeted NBFCs in big way in the early 90's. As a result, the number of NBFCs which were 24,009 in 1990, rose to 55,995 in 1995 with deposits of Rs. 45,000 cores. By offering very high rate of interests and commissions, which were commercially unviable in the long run, thousands of cores of rupees were collected from investors across the country. However, the bubble burst, when the scamster C.R. Bhansali, who alone floated over 130 companies, was arrested for the frauds committed by him, in which the investors and the nationalized banks lost a staggering amount of Rs. 1200 cores. In the wake of CRB scam, the Reserve Bank on India introduced compulsory registration of NBFCs with the RBI. It is interesting to know that of the 37,880 applications received by the RBI as on 31<sup>st</sup> March, 1994 for registration, only 9000 were found eligible. As many as 28,500 NBFCs did not have the required net owned funds of Rs. 25.00 lakhs, but they were collecting cores of rupees from the investors. Consequently, many of the NBFCs failed to repay the amounts to the depositors and finally they collapsed. And hundreds of NBFCs vanished, leaving investors in financial crisis. Unfortunately, till date, non-repayment by NBFCs is still a non-cognizable crime. The financial Companies Regulations Bill 2000, which seeks to protect the interest of investors, introduced in the parliament on 13<sup>th</sup> December, 2000, has not yet received the attention it deserves.

### 10. Fake Currency

Large scale circulation of fake currency can undermine the economy, as well as national security of any country. In India, the problem is age old, but with the development in technology, high quality fake currency notes have been recovered from terrorists, who had come from across the border. Fake currency printed abroad is generally channelised into India through Nepal and Dubai. Besides high quality fake currency notes being pumped into the country from across the border, criminal gangs and individuals within the country are remaking use of computes and sophisticated printers in making fake currency notes. Since the problem has national as

well as international dimensions, it needs to be tackled effectively by the RBI, CBI and State Police Forces.

### 11. Fake Stamps Scam

A multi core fake stamps racket operated by Abdul Karim Telgi throughout the length and breadth of the country for many years with the active collusion of Police, Security Press and officials of banks and insurance companies exposed vulnerability of the system. The extent of the revenue loss caused to the exchequer by this gang alone is being estimated to the tune of Rs. 25,000 cores. Since there are many other gangs also engaged in different parts of the country, the problem needs to be dealt with in a pro-active and holistic manner.

Legislative Measures to prevent White Collar Crimes:

There are a number of regulations in place to control Corporate criminal activities. These are:

1. Prevention of Corruption Act, 1988
2. SEBI Act, 1992
3. Insurance Act, 1938
4. Banking Regulation Act, 1949
5. Reserve Bank of India Act, 1934
6. Code of Criminal Procedure act 1973
7. The telecom Regulatory Authority of India Act 1997
8. Value Added Tax Act, 2005.
9. Indian Companies Act, 1956
10. Public Accountants and Auditors Act,
11. Indian penal code: 1860
12. Prevention of money laundering Act 2002.
13. Right to Information Act 2005
14. Central Vigilance Commission Act
15. Lok ayukta Acts of the state

Despite a slew of measures taken by the Governments there is neither decline in overall volume of economic crimes, nor reeducation in the number of major scams that are occurring with regular frequency in the country. In fact, the menace of economic crimes has assumed serious proportion, which needs to be addressed with a holistic approach. The following measures are recommended:

### 1. Revamping Of Laws Governing Corporate Crimes

The Laws governing economic offences are soft as compared to the laws enacted to deal with violent crimes like murders, dacoities, etc. Moreover, the laws have not kept pace with time, as a result, they have lost their efficacy. In fact, many of the laws seen in the present context have become obsolete. For instance, frauds in telecom sectors are costing exchequers hundreds of cores of rupees annually, but the action against the culprits has to be taken under the Indian Telegraph Act, 1885. The highest punishment provided under the Act is three years imprisonment with a maximum fine of rupees for one thousand only! Imagine a culprit sentenced to a fine of one thousand rupees or causing loss of a few hundred cores! The Drugs & Cosmetics Act too has become anachronistic. The fine provided for selling spurious drugs (Section 275 IPC) is a meager one thousand rupees, even when the offender would have made cores of rupees by making and selling fake and spurious drugs. Therefore, all the laws relating to economic offences need to be reviewed and revamped to create necessary deterrence as has been done for dealing with the menace of terrorism, smuggling of psychotropic substances, etc.

## 2. Deprive Economic Offenders of the Proceeds of Crime

Though thousands of cores of rupees are siphoned off by economic offenders every year, they continue to enjoy a luxurious life. Since the proceeds of crime in most of the cases continue to remain with them. Therefore, enforcement agencies dealing with the economic crime should make all out efforts to ensure that the fruits of crime are taken away from the economic offenders. Unless this is done, economic crimes will be a paying proposition to criminals.

## 3. Tightening of Bail Provisions

Economic offenders are able to engage the best legal brains to defend them and obtain bail, though they would have duped lakhs of investors causing unimaginable agony to the investor. The state should also engage prosecutors with sound knowledge of law and impeccable integrity, to ensure that the economic offenders are not released on bail and thereafter secure strong conviction. The Ruling of the Supreme Court of India in Narendrjeet Singh Sahni v/s Union of India, needs to be followed by the courts in dealing with economic offenders.

“The White Collar Crime are akin to ECONOMIC GENOCIDE and considering for bail of such accused, would be misplaced sympathy of the Court because accused have deceived millions of countrymen who had invested their entire life’s saving in fictitious and frivolous companies.”

## 4. Creation of Exclusive Courts

For a variety of reasons, the inordinate delay in conducting trial, investigation, inquiry, appeal, revision, retrial, lost of evidence, lapse of time and other factors Whatever may be the reason, it is justice that becomes casualty. the courts in India are not able to dispense justice promptly. One of the principal reasons is heavy backlog of cases. Therefore, there is need to create exclusive courts to bring offenders to book quickly.

## 5. Need to Simplify Court Procedure

Speedy trial and timely justice are integral parts of right to life and liberty under Article 21 of the Constitution of India. That is why, the popular saying goes “Justice delayed is justice denied”. Economic offenders with their huge ill-gotten wealth are known to have taken the criminal justice system in India for a ride. Either they corrupt it or derail it by procrastination of trial. The end-result is that hardly any economic offender is punished in a reasonable time frame. For instance, the cases against late Harshad Mehta the biggest scamster of 90’s and his associates, are still pending trial for more than a decade, whereas in the case of Lesson, who committed a similar type of crime in Singapore at the same time, was convicted swiftly within a year. Hence, there is need to simplify court procedure and ensure that economic offenders are not allowed to subvert the system. They need to be nailed within a year or two, which will definitely create necessary deterrence among their fraternity.

## 6. Notify Economic Offenders on the Internet

Economic offenders target different financial institutions like banks, etc., and also people at different place in the country and abroad. Therefore, the known economic offenders along with their photographs need to notify on the internet, which will help financial institutions and the public to take note of their modus operandi so as not to fall prey to their designs.

## 7. Need for Coordinated Action

There are a number of Indian enforcement agencies / departments dealing with economic offenders, via. Police, Income Tax, Customs, DRI, Serious Fraud Investigation Office, Enforcement Department, Commercial Tax’s Department, SEBI, etc., but there is hardly any coordination among them. Every corporate crime of significance needs to be examined by all the agencies dealing with Corporate crime.

## 8. Make Diversion of Funds / Loans a Specific Offence

The financial institutions including banks are saddled with non-performing assets (NPAs) of over Rs. 1,00,000/- cores. Many of the big borrowers use them for the purpose other than for which the loans were sanctioned. Therefore, there is needed to make diversion of funds a specific offence, with a punishment of over 10 years or more. It is also suggested that the loanees should submit an end-use certificate to the financial institutions.

## Conclusion

National strategies are inherently inadequate for responding to challenges that cross multiple borders and involve multiple jurisdictions and a multiplicity of laws. The rapid growth in global Corporate crime and the complexity of its investigation requires a global response. At present, the measures adopted to counter these crimes are not only predominantly national, but these measures differ from one country to another. It is absolutely imperative to increase cooperation between the world’s law enforcement agencies and to continue to develop the tools, which will help them effectively counter global corporate crime. The Government noting a number of deficiencies at one of the country’s more important crime prevention agencies. These deficiencies related inter alia to a lack of clarity as to what the agency covered in the area of prevention work and to the absence of explicit methods for how

such work should be conducted. Therefore the Government establishes a special Economic penal code for preventing Economic offence.

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