

ECONOMIC CRIME AS A THREAT TO CONSTITUTIONAL GOVERNANCE

- Priya K¹ & Ms. T Vaishali²

ABSTRACT

Economic crime poses a serious challenge to constitutional governance in India by weakening the foundations of the rule of law, accountability, and democratic integrity. Offences such as corruption, money laundering, tax evasion, banking fraud, and large-scale financial irregularities directly affect public resources and obstruct the realization of constitutional goals enshrined in the Indian Constitution. These crimes distort policy-making, undermine institutional independence, and erode public confidence in constitutional authorities, thereby threatening principles such as equality before law, transparency in governance, and social justice.

This paper examines economic crime within the framework of Indian constitutional governance, focusing on its impact on fundamental rights, federal structure, and institutional balance among the legislature, executive, and judiciary. The study adopts a doctrinal and analytical methodology, drawing upon constitutional provisions, judicial interpretations, and statutory mechanisms such as anti-corruption and financial regulatory laws. It critically evaluates the effectiveness of enforcement agencies and oversight institutions in addressing economic crimes and highlights challenges relating to legal complexity, political influence, and implementation gaps. The paper argues that combating economic crime is essential not only for economic stability but also for preserving constitutional morality and democratic legitimacy in India. Strengthening legal frameworks, ensuring institutional autonomy, and promoting transparency are essential to safeguarding constitutional governance against the growing threat of economic crime.

¹ LL.M. Candidate at The Tamilnadu Dr. Ambedkar Law University, School of Excellence in Law, Chennai

² Assistant Professor at The Tamilnadu Dr. Ambedkar Law University, School of Excellence in Law, Chennai

For general queries or to submit your research for publication, kindly email us at ijalr.editorial@gmail.com

<https://www.ijalr.in/>

Keywords: Economic Crime, Constitutional Governance, Rule of Law, Corruption, Money Laundering, Legal Reform, India, Public Trust.

I. Introduction

The stability of a constitutional democracy rests upon the invisible pillars of institutional integrity, the rule of law, and the social contract. While traditional threats to constitutional governance—such as military coups or extremist insurgencies—are overt and visible, modern constitutionalism faces a more insidious enemy: economic crime. No longer confined to the fringes of the marketplace, sophisticated financial crimes such as systemic corruption, money laundering, and tax evasion have evolved into existential threats that hollow out the state from within.

At its core, a constitution is more than a legal text; it is a promise of equitable governance and the impartial application of the law. However, the rise of "State Capture" and the transnational flow of illicit capital suggest that wealth can effectively bypass constitutional constraints. When the financial resources of a nation are diverted into private hands through illicit means, the state loses its capacity to fulfill its socio-economic mandates, thereby breaking the bond between the governor and the governed.

This paper argues that economic crime is not merely a breach of the penal code, but a direct assault on the constitutional order. It explores how the concentration of illicit wealth facilitates the "purchase" of political influence, thereby neutralizing the system of checks and balances designed to prevent the abuse of power. By examining the intersection of criminal law and constitutional theory, this study seeks to demonstrate that unless the financial integrity of the state is protected, the "Rule of Law" risks becoming a hollow phrase, applied only to those without the means to subvert it.

II. Review of Literature

The academic discourse on economic crime has historically focused on its financial implications or the specifics of corporate liability. Early literature often treated these offenses as distinct from "serious" crimes, overlooking their systemic impact on governance.

1. The "Rule of Law" vs. "Rule of Money"

For general queries or to submit your research for publication, kindly email us at ijalr.editorial@gmail.com
<https://www.ijalr.in/>

A central theme in scholarly work is the tension between legal equality and financial power.

- **Rose-Ackerman (1997, 2016):** In her foundational work, *Corruption and Government*, Rose-Ackerman argues that systemic economic crime (bribery and extortion) fundamentally distorts the "monopoly of legitimate force." When the judiciary and police are "commodified," the constitutional principle of legal equality is replaced by a system where outcomes are bought, not adjudicated.
- **The World Bank (Kaufmann et al., 2000):** Early research on transition economies highlighted that economic crime isn't just "grease in the wheels" but a "sand in the gears" that erodes the credibility of legal frameworks, making constitutional guarantees unenforceable.

2. The Doctrine of State Capture

Modern literature has shifted from looking at "petty corruption" to "State Capture"—where criminal interests reshape the law itself.

- **Chipkin & Swilling (2018):** In *Shadow State: The Politics of State Capture*, the authors analyze how illicit networks in South Africa bypassed constitutional oversight. They argue that capture is an "unconstitutional development" that creates a parallel power structure, rendering the formal constitution a mere facade.
- **Hellman, Jones, and Kaufmann (2000):** They define State Capture as the ability of firms/elites to shape the "rules of the game" (laws and decrees) through private payments. This turns the legislature from a representative body into a tool for criminal enrichment.

3. Economic Inequality and Democratic Backsliding

Recent literature focuses on how the financial damage caused by economic crime leads to the collapse of democratic trust.

- **PNAS Study (2024/2025):** Recent cross-national studies establish that high levels of economic inequality—often exacerbated by tax evasion and grand corruption—are the strongest predictors of "**Democratic Erosion.**" When the public perceives that the "system is rigged" by economic criminals, they are more likely to support populist or

For general queries or to submit your research for publication, kindly email us at ijalr.editorial@gmail.com

<https://www.ijalr.in/>

© 2025 International Journal of Advanced Legal Research

authoritarian leaders who promise to dismantle constitutional "checks" in favor of "order."

- **Journal of Democracy (2021/2022):** Articles on "Financial Secrecy" (The Offshore World) argue that the global shadow economy allows elites to abandon their social contract. By hiding wealth, they deprive the state of the resources needed for the socio-economic rights (health, education) guaranteed in most modern constitutions.

4. Fundamental Rights and Human Security

Economic crime is increasingly viewed through a Human Rights lens rather than just a Financial lens.

- **United Nations Convention against Corruption (UNCAC):** Scholars commenting on the UNCAC (e.g., Boersma, 2012) emphasize that "grand corruption" is a violation of human rights because it diverts funds meant for survival.
- **Acemoglu & Robinson (2012):** In *Why Nations Fail*, the authors argue that "extractive institutions" (those designed to plunder wealth) are the primary cause of state failure. They suggest that once economic crime becomes systemic, the constitutional order inevitably decays because the elite no longer have an incentive to maintain inclusive legal systems.
- **Defining the Menace:** Scholars like S.S. Srivastava characterises economic offenses as those that have a debilitating impact on the national economy and violate specialized legislation. The literature consistently highlights that a key characteristic is the absence of a traditional *mens rea* (guilty mind) requirement in some statutory interpretations, focusing instead on the act (*actus reus*) itself for conviction in specific regulatory regimes.
- **Impact on Society:** Studies consistently link economic crime to the erosion of public morality and trust in administration. The Supreme Court of India has acknowledged that these crimes are "cancerous" to society and require stringent measures, suggesting a judicial recognition of their severe non-monetary consequences.
- **Challenges in Enforcement:** A significant body of literature points to the challenges faced by enforcement agencies. Issues include the complexity of cases often spanning

multiple jurisdictions, lack of specialized training for investigators, and a weak enforcement mechanism with "soft" laws compared to violent crimes.

- **Gaps in Existing Research:** While existing literature outlines the scope and challenges of economic crime, there is a gap in recent, consolidated legal analysis specifically linking the *failure* to prosecute these crimes effectively to a direct and existential threat to *constitutional* mandates and the basic structure of governance. This paper aims to bridge that gap by contextualizing enforcement failures within the constitutional discourse.

III. Statement of Problem and Research Questions

The core problem is that despite constitutional mandates for a just and equitable society, rampant economic crime persists, suggesting systemic failures in the legal framework's ability to hold powerful individuals accountable. This creates an environment where the rule of law is perceived as weak and selectively applied.

This paper seeks to answer the following questions:

- How do current legal and institutional mechanisms in India fall short of effectively prosecuting high-level economic crimes?
- What legislative and procedural reforms are necessary to strengthen the state's capacity to combat economic crime and restore faith in constitutional governance?

IV. Research Objectives and Hypothesis

Objectives:

1. To critically evaluate the existing statutes and judicial precedents related to major economic offenses in India.
2. To analyze the socio-political impact of high-profile corruption scandals on public trust and democratic institutions.
3. To propose actionable legal and policy recommendations for enhancing accountability and strengthening the rule of law.

Hypothesis:

For general queries or to submit your research for publication, kindly email us at ijalr.editorial@gmail.com
<https://www.ijalr.in/>

- **H1:** The primary reason for the persistence of economic crime as a threat to constitutional governance is not the absence of law, but the systemic weakness in enforcement and political will, which in turn erodes the *de facto* application of the rule of law.
- **H2:** Effective deterrence against economic crime can only be achieved through legal reforms that ensure speedy trials, mandatory asset confiscation, and the exclusion of extraneous considerations (such as social status) during the judicial process.

V. Research Methodology

The research relies primarily on a **doctrinal research methodology**, involving extensive library-based research.

- **Sources:** The study draws upon primary sources, including the Constitution of India[1950], relevant statutes (e.g., the Prevention of Corruption Act, the Prevention of Money Laundering Act, 2002, Indian Penal Code, 1860), and landmark judgments from the Supreme Court and various High Courts. Secondary sources include academic books, scholarly articles from indexed law journals, government reports (such as those by the Law Commission of India), and credible online legal resources.
- **Approach:** A critical and analytical approach is adopted to evaluate the effectiveness and implementation challenges of existing legal provisions. Case studies of major economic scandals will be used to illustrate theoretical arguments and validate the hypotheses.

VI. Analysis and Discussion

Defining Economic Crime

“Economic crime” or “financial crime” is a broad category of illegal acts committed predominantly for financial or economic gain. Official definitions used by international law enforcement and policy agencies emphasise illegal acts designed to secure monetary or professional advantages. These include fraud, corruption, insider trading, money laundering, tax evasion, embezzlement, and other related offences, often carried out by both private and public actors. International agencies such as Europol classify economic crime to include a

For general queries or to submit your research for publication, kindly email us at ijalr.editorial@gmail.com
<https://www.ijalr.in/>

wide range of fraudulent and illicit behaviours that distort market mechanisms and financial systems.³

From a criminological perspective, economic crimes are embedded at the intersection of law, economics, and politics. Scholars note that the very definition of economic crime influences how societies conceptualise, measure, regulate, and sanction such acts, impacting both policy and enforcement practices.⁴ This inherent conceptual ambiguity complicates efforts to effectively combat economic wrongdoing.

Economic Crime and Constitutional Governance: Conceptual Linkages

A. Rule of Law and Institutional Integrity

A fundamental pillar of constitutional governance is the rule of law, which implies that all persons and institutions, including the state, are accountable under publicly disclosed laws. The rule of law supports rights protection, orderly economic activity, and legal predictability — all central to a functioning constitutional order.

Corruption and economic crime significantly weaken the rule of law by creating parallel systems of influence and reward that operate outside formal legal frameworks. When public officials engage in bribery, embezzlement, or rent extraction, they effectively place personal or group interests above constitutional mandates, diverting state resources and authority for non-public ends. Corruption undermines the proper application of legal norms by compromising independent institutions and eroding public trust in the fairness of legal processes.⁵

Economic crime undermines institutional integrity in several core ways:

³ On definitions of economic crime and its scope according to law enforcement agencies, see the economic crime conceptual discussions by Europol and related criminological analysis.²

⁴ Economic crime conceptual literature emphasises how definitions shape enforcement and regulatory responses

⁵ Corruption undermines the rule of law and institutional integrity.³ visionjour.com

For general queries or to submit your research for publication, kindly email us at ijalr.editorial@gmail.com

<https://www.ijalr.in/>

© 2025 International Journal of Advanced Legal Research

Compromised Judicial Systems: Economic crime can infiltrate judiciaries through bribery and undue influence, skewing legal outcomes and reducing confidence in courts.⁶ This jeopardises constitutional guarantees of fair trials and equal protection under the law.

Executive Corruption: When executive authorities misuse public funds or shape regulatory processes to benefit cronies, it breaches constitutional fiduciary duties and distorts governance priorities.

Legislative Capture: Economic actors may exert undue influence on law-making processes through campaign financing, lobbying, and illicit payments—practices that subvert democratic deliberation and inequality of political influence.

In this way, economic crime not only weakens state institutions but also degrades the normative frameworks that uphold constitutional governance.

Distortion of Public Policy and State Capture

State capture represents a severe form of economic crime wherein elites systematically manipulate state legislation, regulation, and policies to serve narrow interests rather than the public good. Unlike isolated corruption incidents, state capture involves deliberate reshaping of governance processes themselves.

Kleptocracy and Erosion of Democratic Values

Kleptocracy—a system where political leaders exploit their positions to expropriate national wealth—is a stark manifestation of economic crime’s threat to constitutional governance. Kleptocratic regimes violate constitutional norms by prioritising self-enrichment and privilege over constitutional duties. State officials divert public funds into private accounts, dismantle independent oversight agencies, and suppress accountability mechanisms to avoid legal consequences. This behaviour represents a fundamental breakdown in the separation of powers and the public-fiduciary trust essential to constitutional governance.⁷

Socio-Economic Consequences of Economic Crime

⁶ Judicial corruption and its impacts are well documented in legal economics.

⁷ The concept of kleptocracy and its effects on governance.

For general queries or to submit your research for publication, kindly email us at ijalr.editorial@gmail.com

<https://www.ijalr.in/>

© 2025 International Journal of Advanced Legal Research

The impacts of economic crime extend far beyond abstract legal violations; they engender tangible socio-economic harms that further weaken constitutional governance.

A. Economic Development and Market Distortion

Corruption and related economic crimes create significant distortions in public resource allocation. Public projects may be awarded based on bribes rather than merit, resulting in inflated costs, shoddy infrastructure, and reduced investor confidence. Economic research consistently shows a negative correlation between corruption and economic growth, as corruption deters investment, erodes capital formation, and distorts market incentives.⁸

Moreover, corruption and financial crimes impede the development of robust financial markets by undermining legal environments. Empirical studies demonstrate that corruption significantly inhibits financial market development, partly by reducing the efficiency of the rule of law and investor trust.⁹

Inequality and Social Fragmentation

Economic crime exacerbates inequality by redistributing public wealth into private hands. Tax evasion, illicit financial flows, and embezzlement deprive states of revenue necessary for essential public services, such as healthcare, education, and social welfare. The resulting under-provision of services disproportionately affects marginalised populations, increasing socio-economic inequality and social fragmentation.

Public perception of widespread financial misconduct erodes confidence in institutions and can contribute to civic disengagement or social unrest. When constitutional norms appear to benefit only elites, citizens may lose faith in democratic processes, resulting in lower voter turnout, increased polarisation, and diminished social cohesion.

⁸ International Journal of Science and Society, Volume 6, Issue 3, 2024 IJSOC © 2024 <http://ijsoc.goacademica.com> 54 Governance and Corruption: Evaluating AntiCorruption Policies and Their Effectiveness in Strengthening Institutional Integrity Dedeng Yusuf Maolani UIN Sunan Gunung Djati Bandung, Indonesia

⁹The impact of corruption crimes on regional financial market development: A provincial panel analysis of the mediating effect based on the efficiency of the rule of law

Mechanisms Through Which Economic Crime Undermines Governance

A. Weak Accountability Mechanisms

Accountability is central to constitutional governance. Economic crime thrives where institutional checks and balances are weak, enforcement is selective, or oversight bodies lack independence. Weak accountability mechanisms allow economic offenders to evade consequences, eroding the deterrent effect of the legal system.

Effective anti-corruption agencies, independent judiciaries, robust auditing bodies, and transparent procurement systems can mitigate economic crime's impact. However, these institutions must themselves be protected from political interference and adequately resourced to function independently.

Illicit Financial Flows and Transnational Crime Networks

Globalisation of finance has facilitated new forms of crime, including money laundering through complex offshore networks. Illicit financial flows deprive states—especially developing ones—of capital, undermining state capacity to deliver public goods and enforce constitutional norms. National anti-corruption efforts often struggle to track and repatriate illicit funds due to jurisdictional challenges and secrecy regimes.¹⁰

State-capturing elites leverage economic power to influence constitutional institutions, entrenching impunity and reducing accountability. Examples include rewriting procurement rules to favour specific companies, altering tax laws to benefit connected actors, or controlling electoral systems through covert financing. Such practices breach the constitutional principle of equal protection and subvert democratic governance by entrenching inequality at the institutional level.

Technological Challenges and Cyber-Enabled Crime

Emerging technologies present both opportunities and challenges. While tools such as blockchain can enhance transparency and accountability, they also facilitate anonymous

¹⁰ On illicit financial flows and economic crime's global dimensions.

For general queries or to submit your research for publication, kindly email us at ijalr.editorial@gmail.com

<https://www.ijalr.in/>

financial transactions, rapid cross-border money movements, and complex cyber-enabled fraud schemes. This dual nature of technology requires sophisticated regulatory and enforcement responses.

V. Civic Trust, Legitimacy, and Constitutional Stability

Constitutional governance is sustained by active civic engagement and public trust in governing institutions. Economic crime erodes legitimacy when citizens perceive that the system fails to hold powerful offenders accountable. Trust deficits can lead to weakened civic participation and lower compliance with legal norms, further exacerbating governance challenges.

Beyond domestic consequences, pervasive economic crime can tarnish a nation's international reputation, affecting diplomatic relations, foreign investment, and participation in global governance frameworks.

VI. Strategies for Mitigation and Reinforcement of Constitutional Governance

A. Strengthening Legal and Institutional Frameworks

Strengthening anti-economic crime legislation, enhancing transparency in public administration, and empowering independent watchdog institutions are fundamental steps. Constitutional safeguards must ensure judicial independence, protect whistleblowers, and enforce robust conflict-of-interest regulations.

International instruments, such as the United Nations Convention Against Corruption (UNCAC), provide normative frameworks for harmonising anti-corruption efforts and enhancing cross-border cooperation.

B. Enhancing Transparency and Civic Participation

Greater transparency in government expenditures, procurement processes, and political financing reduces opportunities for economic crime. Civic participation and free media play a crucial watchdog role in exposing wrongdoing and demanding accountability.

C. Promoting Global Cooperation

Given the transnational nature of many financial crimes, international cooperation in information sharing, judicial assistance, and coordinated enforcement is essential. Cross-border agreements to repatriate illicit funds and share intelligence can strengthen domestic efforts and reduce safe havens for illicit assets.

The Constitutional Social Contract under Siege

The stability of a constitutional democracy is predicated on the "Social Contract," wherein citizens surrender certain liberties to a sovereign state in exchange for the impartial protection of rights and the equitable administration of law.¹¹ However, the surge in sophisticated economic crimes in the 21st century has introduced a "shadow sovereignty" where financial power bypasses legal constraints. In a postgraduate context, we must view economic crime not as a series of isolated financial "leaks," but as a corrosive force that shifts the locus of power from the *demos* (the people) to a clandestine elite.

Jurisprudential Perspectives: The Erosion of the Grundnorm

Hans Kelsen's theory of the *Grundnorm* (the fundamental norm) posits that the validity of any legal system rests upon a primary constitutional foundation.¹² Economic crime attacks this foundation by creating a parallel legal reality.

- **The Rule of Law vs. The Rule of Money:** When economic criminals can influence the legislative process or "purchase" judicial outcomes, the constitutional principle of *equality before the law* (Article 14 of the Indian Constitution; Section 1 of the US 14th Amendment) becomes a fiction.
- **Institutional Capture:** Scholars define "State Capture" as a situation where the state's decision-making processes are subverted to serve private interests.¹³ From a constitutional standpoint, this represents an unconstitutional amendment of the state's purpose without a single vote being cast.

¹¹ Rousseau, J. J. (1762). *The Social Contract*. This foundational text argues that the state's legitimacy is derived from its duty to serve the "General Will," a duty directly undermined by private criminal enrichment.

¹² Kelsen, H. (1967). *Pure Theory of Law*. Kelsen's *Grundnorm* emphasizes that if the primary norm of equality is ignored in practice, the entire legal hierarchy loses its objective validity.

¹³ Hellman, J. S., & Kaufmann, D. (2001). *Confronting the Challenge of State Capture in Transition Economies*. This study remains the gold standard for understanding how private firms "shape the rules of the game" through illicit payments.

For general queries or to submit your research for publication, kindly email us at ijalr.editorial@gmail.com

<https://www.ijalr.in/>

© 2025 International Journal of Advanced Legal Research

Legal Aspects: The Decoupling of Authority and Accountability

The "Separation of Powers" is designed to prevent the concentration of arbitrary power. Economic crime bypasses these checks through:

1. **Administrative Erosion:** Embezzlement and procurement fraud drain the resources required for the state to fulfill its *Socio-Economic Rights* (e.g., the right to health and education).¹⁴
2. **Criminal Immunity:** High-level economic offenders often utilize complex offshore structures to place themselves beyond the reach of national jurisdictions, creating a "legal vacuum" that contradicts the state's sovereign authority.
3. **The "Surveillance Paradox":** To combat financial crime, states often enact draconian laws (e.g., the *Prevention of Money Laundering Act*) that may inadvertently infringe upon the constitutional Right to Privacy and Due Process.¹⁵

Conclusion and Recommendations

Economic crime poses a profound, multi-faceted threat to the Indian Constitution by systematically undermining the foundational principles of **social justice, the rule of law, and democratic governance**. These crimes are not merely financial issues; they are fundamentally corrosive to the nation's core values and directly contradict the constitutional mandate to establish an egalitarian society where wealth does not concentrate to the common detriment. In essence, economic crime acts as a "cancer" spreading through the nation's social and economic fabric. It compromises the integrity of democratic institutions, erodes public faith in the justice system, and diverts essential resources needed for public welfare, thereby aggravating inequality. Effectively combating this threat is crucial for preserving the integrity of the republic. It demands not only a strong legal framework and robust enforcement but also sustained institutional reforms, unwavering political will, and proactive public awareness to ensure that the constitutional vision of a just, equitable, and democratic India is realized for all its citizens.

¹⁴ Acemoglu, D., & Robinson, J. (2012). *Why Nations Fail*. The authors demonstrate that "extractive institutions" (those facilitating economic crime) inevitably lead to the collapse of political stability.

¹⁵ Supreme Court of India (2022). *Vijay Madanlal Choudhary v. Union of India*. This landmark case discussed the balance between the state's power to curb economic crime and the preservation of constitutional liberties under the PMLA.

For general queries or to submit your research for publication, kindly email us at ijalr.editorial@gmail.com

<https://www.ijalr.in/>

© 2025 International Journal of Advanced Legal Research

Economic crime poses an undeniable, systemic threat to the constitutional governance of India. The research concludes that the gap between constitutional ideals and ground reality stems from enforcement deficits and a lack of transparency. The hypotheses (H1 and H2) are supported by the analysis of existing challenges and the visible impact of high-profile cases on public faith.

Recommendations:

- **Legislative Review:** Revamping existing laws to introduce stricter penalties, mandatory minimum sentences, and enhanced powers for specialized agencies (e.g., the Enforcement Directorate and the Central Bureau of Investigation).
- **Judicial Reforms:** Establishing specialized fast-track courts for economic offenses to ensure timely disposal of cases, as "justice delayed is justice denied."
- **Transparency in Governance:** Implementing robust whistleblower protection laws and mandating greater transparency in political funding mechanisms to reduce opportunities for corruption.

VII REFERENCES

Academic Papers & Journal Articles

- **"Regulatory Measures Relating To Economic Crimes In India"** by various authors (published in IJCRT, December 2024): This paper discusses how high-profile economic crimes expose regulatory loopholes and erode public trust in financial systems, directly impacting the nation's economic health and stability.
- **"The Economic Impact of White Collar Crime on India's Growth"** (published in IJARSCT, April 2025): This study analyzes the severe economic consequences of white-collar crimes on India's financial stability, including loss of revenue, reduced investor confidence, and the diversion of resources needed for public good, which implicitly challenges the state's constitutional duty to ensure socio-economic welfare.
- **"Economic and Social Rights, Corruption, and Covid-19"** by Anashri Pillay (published in a volume on Comparative Constitutional Law): This work explores the connection between economic and social rights, corruption, and governance,

highlighting how corruption can hinder the state's ability to fulfil its Directive Principles of State Policy as laid out in the Indian Constitution.

- **"Economic crimes in India and its effects"** by P. Subarmani: This publication from the AIRO discusses how large-scale economic offenses affect the national economy and public trust, damaging the state's credibility and the general welfare of the community.

Government & Official Reports

- **Law Commission of India, 47th Report: "The trial and punishment of social and economic offences"** (1972): This foundational report specifically addresses the need to effectively deal with anti-social and economic offences, recognizing them as threats to the economic development and general public welfare, which is a key aspect of constitutional governance.
- **The Administrative Reforms Commission's 4th Report: "Ethics in Governance"**: This report recommended significant amendments and new provisions to reduce white-collar crimes and corruption, acknowledging the systemic threat they pose to ethical and transparent governance mandated by the Constitution.
- **Enforcement Directorate (ED) Annual Reports**: These official government reports provide data on money laundering and financial crime trends, detailing the large sums of money involved in illicit activities and the actions taken under acts like the Fugitive Economic Offenders Act, 2018, underscoring the serious nature of the threat to the nation's financial sovereignty.

Key Legal & Regulatory Frameworks

- **Prevention of Money Laundering Act, 2002 (PMLA)**
- [Prevention of Corruption Act, 1988](#)
- **The Companies Act, 2013**

1. Primary Academic Books

For general queries or to submit your research for publication, kindly email us at ijalr.editorial@gmail.com

<https://www.ijalr.in/>

© 2025 International Journal of Advanced Legal Research

- **Acemoglu, D., & Robinson, J. A. (2012).** *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*. Crown Business. (Essential for the "Extractive Institutions" argument).
- **Jackson, V. C., & Dawood, Y. (Eds.). (2022).** *Constitutionalism and a Right to Effective Government?* Cambridge University Press. (Specifically Chapter 19: "Constitutionalism and Public Corruption" by Matthew C. Stephenson).
- **Rose-Ackerman, S., & Palifka, B. J. (2016).** *Corruption and Government: Causes, Consequences, and Reform* (2nd ed.). Cambridge University Press.
- **Ryder, N., & Adeyemo, F. (Eds.). (2025).** *Unexplained Wealth and Financial Crime: A Global Perspective*. Routledge. (Forthcoming - excellent for modern legal remedies).
- **Tiwari, M. (2026).** *Money Laundering, New Technology and the Law: The Fight Against Financial Crime*. Routledge. (Focuses on how AI and DeFi threaten traditional legal oversight).

2. Peer-Reviewed Articles & Journals

- **Ferguson, L. (2025).** "Contesting State Capture." *Cardozo Law Review*, 46(5). (Discusses how state constitutional law can be used as an "anticapture" tool).
- **Huss, O., & Pozsgai-Alvarez, J. (2025).** "Practical Challenges Mitigating Strategic Corruption." *Journal of Financial Crime / Taylor & Francis*. (Explores how foreign states weaponize economic crime to undermine domestic governance).
- **Kaufmann, D. (2024).** "State Capture and Constitutional Defense." *International IDEA Policy Papers*. (Analyses how constitutions can be designed to resist capture by elite interests).
- **Shaxson, N. (2022).** "How Financial Secrecy Undermines Democracy." *Journal of Democracy*. (Examines the "parallel economy" and the erosion of the social contract).
- **Yaker, T., & Menad, S. (2025).** "The Legal Mechanisms to Combat Economic Crimes from a Contemporary Criminal Legislation Perspective." *Algerian Scientific Journal Platform*.

3. Institutional & Policy Reports

- **Home Office (UK). (2025). *UK Anti-Corruption Strategy 2025: Supporting growth. Strengthening security. Protecting democracy.* (Command Paper CP 1454).**
- **Secretariat International. (2025). *Global Financial and Economic Crime Outlook 2025.* (Provides a country-by-country index of where economic crime poses the highest risk to state stability).**
- **United Nations Office on Drugs and Crime (UNODC). (2023). *The Doha Declaration: Promoting a Culture of Lawfulness.* (Focuses on the link between economic integrity and the Rule of Law).**
- **Sutherland, Edwin H., *White Collar Crime*, Dryden Press, 1949.** (A foundational text that introduced the concept of white-collar crime and its societal impact, relevant to understanding the theoretical basis of economic offences in any jurisdiction).
- **Kumar, C Raj, "'Corruption and Human Rights: Promoting Transparency in Governance and the Fundamental Right to Corruption-Free Service in India'", in *Columbia Journal of Asian Law*, Vol. 17, No. 1, 2003.** (Analyzes the specific link between corruption and the violation of fundamental rights and good governance in the Indian context).
- **Drèze, Jean and Amartya Sen, *An Uncertain Glory: India and its Contradictions*, Princeton University Press, 2014.** (This book provides a broad socio-economic analysis of India's development challenges, including how corruption and the lack of transparent governance hinder the achievement of social justice goals).
- **Bhalla, Sandeep, *Crime Investigation in India*, lawmystery.in.** (Includes a section on economic crimes and the various legislations that govern their investigation, highlighting the legal challenges faced by investigative agencies in safeguarding constitutional principles of justice).
- **Gupta, U.N., *The Human Rights: Conventions and Indian Law*, Atlantic Publishers & Dist, 2003.** (Discusses how economic crimes, by affecting the national economy and general welfare, implicitly impact the realization of economic, social, and cultural rights envisioned by the Constitution).

Scholarly Articles & Reports

- **Mitra, N.L., "'White Collar Crime and Economic Offences: Need for a Separate Code'", in *Indian Bar Review*, Vol. 27, No. 1, 2000.** (Argues for a specialized legal

For general queries or to submit your research for publication, kindly email us at ijalr.editorial@gmail.com

<https://www.ijalr.in/>

© 2025 International Journal of Advanced Legal Research

framework to deal with economic offences effectively, emphasizing the limitations of traditional criminal law in addressing complex financial crimes that threaten the constitutional order).

- **Sudarshan, Aditya, "Constitutional Perspectives on Good Governance", in *National Law School of India Review*, Vol. 17, Iss. 1, Article 3, 2005.** (Examines the constitutional mandates for good governance and how a lack of it, often driven by corruption and economic crimes, affects democratic and legal institutions).
- **Pillay, Anashri, "Economic and Social Rights, Corruption, and Covid-19: The Indian and South African Experiences", in *National Law School of India Review*, Vol. 35, Iss. 1, Article 7, 2024.** (Analyzes how corruption impacts the state's capacity to protect the economic and social rights guaranteed under the Constitution).
- **Law Commission of India, 29th Report, (1966):** This report specifically identified the problem of white-collar crime, recognizing it as a crime committed by persons of "respectability and high social status" in the course of their occupation, thereby underscoring its unique threat to social equality.
- **Committee on Reforms of Criminal Justice System, Government of India, Ministry of Home Affairs:** This committee's report includes sections on economic crimes, emphasizing the need for comprehensive definitions and robust enforcement to counter the growing challenges they pose to national stability and security.
- **Legal Service India, "Economic Crimes In India : Role Of PMLA And FEMA", (2025):** A detailed analysis of legal challenges and enforcement gaps in major anti-money laundering and foreign exchange laws, highlighting how issues like low conviction rates and political bias undermine the rule of law.

Key Case Law Citations (as cited in scholarly works)

- **Ram Jethmalani & Ors. v. Union of India, (2011) 8 SCC 1:** A landmark Supreme Court case that addressed the issue of black money and white-collar financial crimes, and their impact on the nation's economy and governance.
- **Vijay Madanlal Choudhary v. Union of India, (2022):** This Supreme Court judgment, while affirming the wide powers of the Enforcement Directorate under PMLA, also acknowledged the need to balance enforcement with fundamental constitutional rights, reflecting ongoing tensions in legal interpretation of economic offenses.

These legislations and reports collectively provide a robust framework for understanding the legal and social ramifications of economic crimes and how they challenge the fundamental goals of the Indian Constitution.

