

**“Exploring White Collar Crime and its Causes”**

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**Abstract**

The term "professional crime" also applies to white-collar crimes. These include infractions of the law regarding the environment, economic crime, and health and safety. The numerous sorts of white-collar crimes are covered in detail in my article. As is well known, there are more crimes committed daily in India. Criminal activity is everywhere. White-collar crimes have a criminal past, including illegality offences, but many do not participate in those. Crimes can be committed while a person is employed or unemployed. The two most prevalent types are theft and fraud. There are several countries in the current period that break down crimes into different laws. Corporate crime, which involves the entire company, is among the most frequent crimes. Because they both occur in the corporate environment, white-collar crimes and corporate crimes are comparable. White-collar crimes are different from both of these in that they are advantageous to the corporation. Criminally inclined personnel commit white-collar offences.

**Introduction**

This study on white collar crime in India is critically analysed in this research paper. additionally, to comprehend the idea of white collar crime in India. White collar crime is, in essence, any crime perpetrated by educated individuals from upper social classes while engaged in their line of work. The author of this paper has talked about the differences between white collar crime and other types of crime. It can also be referred to as the crime of elite professionals and educated people. The common sorts of white collar crimes that have developed in India over the past several years are further examined by the author in this article. Additionally, how this has evolved into a socioeconomic crime. In addition to this, there are crimes that are connected to various professions in the medical, educational, and legal fields.<sup>1</sup>

Large and sophisticated organisations are where white collar crime happens. People with advanced knowledge of organisational theory, information technology, engineering, medical, and

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<sup>1</sup> Petter Gottschalk, *White Collar crime Research*, SPRINGER (Aug 27, 2022), [https://link.springer.com/chapter/10.1007/978-3-319-75292-1\\_1](https://link.springer.com/chapter/10.1007/978-3-319-75292-1_1).

finance management commit these crimes. White collar crimes typically result in tangible harm. For instance, tax evasion causes the treasury to receive less money, bribery influences government policy, and insider trading causes investors to lose money. White collar crimes exhibit moral complexity and ambiguity that are not apparent in other offences.<sup>2</sup>

### **Scope of the Study**

The current study only covers a small area. The investigation is limited to looking into the numerous statutory laws, government organisations, and processes that deal with white collar crimes in India. The investigation, prosecution, sentencing, and seizure of assets for white collar crimes have all been examined by the researcher along with the numerous authorities and processes involved. There has also been discussion of a few potential solutions to the highlighted issue.

### **Research Question**

Whether there are any sociological effect of WCC?

Whether White Collar Crime is different from Blue Collar Crime?

### **Objectives**

The following goals for the current study have been outlined in light of the aforementioned research questions:-

- to learn more about white collar crime, its types, and causes
- to investigate the distinction between blue- and white-collar crime
- to investigate the social impact of WCC

### **Research Methodology**

Since the researcher used a theological approach to study methodology, conducting surveys and using sampling procedures is extremely difficult, if not outright impossible. To gather the necessary information, the researcher has, nevertheless, consulted the Constitutional legislation and other applicable laws, as well as other websites, magazines, journals, and news publications.

### **What are WCC?**

White collar crime in India refers to offences that are primarily "job oriented," that is, committed while one is at work. Assaulting a personal secretary by her boss will not be considered a white collar crime, however, as will manipulating money or stocks, making false statements in

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<sup>2</sup> Adam Hayes, *White collar crime: Meaning, types and example*, INVESTOPEDIA (Aug 25, 2022), <https://www.investopedia.com/terms/w/white-collar-crime.asp>.

advertisements or financial statements of a corporation, or breaking labour laws, copyright, or patent laws.<sup>3</sup>

Edwin Sutherland<sup>4</sup>, “a sociologist and criminologist, first used the term white-collar crime in the 1930s. He used the phrase to characterise the kinds of crimes that persons of respectability individuals who are seen as having a high social status—often perpetrate. The Bloomington School of Criminology at the State University of Indiana was eventually established by Sutherland.<sup>5</sup> Prior to Sutherland's invention of the concept of white-collar crime, it was thought that the elite classes of society were essentially incapable of engaging in such illegal acts. Such a worldview was so deeply engrained in society when Sutherland first published a book on the subject that some of America's major companies successfully campaigned to have the book significantly suppressed.”

### **Common types of WCC in India**

The term "white-collar crime" refers to a broad range of crimes, including the following:

1. Fraud- It is a general phrase that covers a variety of methods of robbing individuals of their funds. The proposal of a substantial sum (like \$10,000) in exchange for a little amount of cash (like \$300; the con artist may pass off the lower amount as a transaction or finder's fee) is perhaps the most prevalent and blatant hoaxes. The con artist obviously receives the funds offered to him, but he rarely transfers the funds he committed to.<sup>6</sup>
2. Interior trading- Transactions while in command of significant, sensitive knowledge that offers the trader a strategic advantage on the money system is known as insider trading. For example, a worker at a financial institution might be informed that Company A is getting ready to buy Company B. The worker can put money into Company B in the hope that the stock value will soar once the transaction is made known.<sup>7</sup>
3. Ponzi plan- An financial scam known as a "Ponzi scheme" was first introduced by Charles Ponzi, who promised investors astronomically large profits. It provides such rewards to the early investors using the newly deposited cash of new investors. When the con artist is unable to bring in enough new clients to pay off the existing clients, the scheme falls apart like a house of cards, leaving many investors with significant losses.

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<sup>3</sup> *White Collar Crimes*, PDF COFFEE (Aug 26, 2022), <https://pdfcoffee.com/white-collar-crimes-3-pdf-free.html>

<sup>4</sup> Sutherland, E., 1945. Is “White Collar Crime” Crime? *American Sociological Review*, 10(2), p.132.

<sup>5</sup> *White Collar Crime*, CFI (Aug 26, 2022),

<https://corporatefinanceinstitute.com/resources/knowledge/finance/white-collar-crime/>

<sup>6</sup> *Sutherland's View of White Collar Crime*, LAW CORNER (Aug 26, 2022), <https://lawcorner.in/sutherlands-view-of-white-collar-crime/>

<sup>7</sup> *Insider Trading and Business Ethics*, LAW TEACHER (Aug 27, 2022), <https://www.lawteacher.net/free-law-essays/business-law/insider-trading-and-business-ethics-business-law-essay.php>

4. Identity fraud and other online offences- Identity theft and "hacking" into computers are two of the most prevalent computer crimes. Identity theft-related losses are expected to approach \$2 billion in the US alone in 2019. California had over 73,000 cases of the crime that were documented; Florida came in second place with 37,000 occurrences, a very small margin.<sup>8</sup>

5. Theft of money- Embezzlement, often known as larceny, is a type of theft that may come in a variety of shapes and sizes, from a staff member taking a few dollars from a cash drawer to a sophisticated strategy to move thousands of dollars from the financial statement to the embezzler's banks.

6. Copying other work- In order to avoid forgery, our money must be made more vivid and lifelike. Simply said, even with the most advanced inkjet printers and computers, it was difficult to duplicate the old money. However, it is possible that the government's efforts in this area will not be successful. Rumors indicate that replicas of the new \$100 note in extremely good condition were accessible within 24 hours after its initial release.<sup>9</sup>

7. Financial fraud- When handling significant sums of money, criminals need a business like financial fraud. It involves transferring the money between several institutions while depositing it in legitimate enterprises where it is blended with legal earnings and loses its original ability to be connected to illegal activity.

8. Espionage- Spying, sometimes referred to as espionage, is typically a white-collar crime. A representative of a foreign government, for instance, may contact an Apple employee and pay \$10,000 in return for access to the necessary information in order to obtain a piece of technology created by Apple Inc.<sup>10</sup>

### **The distinction between blue-collar and white-collar crime**

The 1920s may be the year that the phrase "blue collar crime" first appeared. The phrase was then used to describe Americans who had physically demanding jobs. They frequently preferred wearing darker-colored clothing to hide stains. Some people once wore blue collared clothing. These individuals earned a meagre hourly income. White collar crimes have been pervasive for decades and are nothing new in any industry or type of business.<sup>11</sup>

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<sup>8</sup> Kritika Oberoi, *White Collar Crimes*, IJLMH (Aug 25, 2022),

<https://www.ijlmh.com/wp-content/uploads/2020/01/White-Collar-Crimes.pdf>

<sup>9</sup> Aabhas Soni, *White Collar Crimes: A scrutiny*, TAX MANAGEMENT INDIA (Aug 25, 2022),

[https://www.taxmanagementindia.com/visitor/detail\\_article.asp?ArticleID=10616](https://www.taxmanagementindia.com/visitor/detail_article.asp?ArticleID=10616)

<sup>10</sup> *WCC- Cyber Crimes*, LEGAL SERVICES INDIA (Aug 26, 2022),

<http://www.legalservicesindia.com/article/255/White-Collar-Crimes---cyber-crimes.html>.

<sup>11</sup> Sofia Bhambri, *White Collar Crimes in India*, SBA (Aug 26, 2022),

<https://www.sbhambriadvocates.com/post/white-collar-crimes-in-india>

The Supreme Court of India established the distinction between "blue collar crimes," which are crimes of a general character, and "white collar crimes" in the case of *State of Gujarat v. Mohanlal Jitmalji Porwal and Anr*<sup>12</sup>. Justice Thakker clarified that while murder might be committed in the heat of the moment, economic crimes or, to put it another way, creating financial harm, require advance forethought. Making calculations and developing strategies is required in order to generate personal gains.

### **Root Causes behind WCC**

#### Greed

Machiavelli, who is regarded as the founder of modern political thought, was adamant that people are selfish by nature. He claimed that a guy may forget his father's passing more quickly and readily than the loss of his inheritance. The same is true when white collar crimes are committed. If not out of greed, why would a guy with his social standing and prominence, as well as his financial security, perpetrate such crimes?

#### Simple, quick, and lasting effect

The pressures of industry, politics, and the rapidly expanding technology have given criminals access to fresh methods of committing white collar crimes. Technology has made it easier and faster to hurt someone or lose something. Additionally, because such crimes are considerably more costly than such as murder, assault, or burglary, the victims might need time to recuperate. As a result, competition would decline.<sup>13</sup>

#### Competition

After reading Charles Darwin's "On the Origin of Species," Herbert Spencer invented the expression "survival of the fittest" to describe how evolution works. This suggests that there will always be competition among the species, and the best survivor will be the one who can best adapt to the environment.

#### Absence of strict laws

Given that the bulk of these crimes are made feasible by the internet and electronic means of money transfer, laws are hesitant to prosecute these cases because investigating and identifying these crimes becomes a difficult effort. Because they are typically committed in the quiet of a home or workplace, no eyewitness can be found, making it difficult to follow them.

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<sup>12</sup> AIR 1987 SC 1321.

<sup>13</sup> "White-Collar Crime." *Legal Information Institute*, Cornell Law School (Aug 26, 2022) [www.law.cornell.edu/wex/white-collar\\_crime](http://www.law.cornell.edu/wex/white-collar_crime)

## Current Technology

One of the demands of modern technology is ease of doing business. In a sense, this expectation also applies to white-collar crimes, which have made it possible for them to reach out to more individuals and commit large-scale crimes without drawing the attention of the government.

## Lack of knowledge

White collar crimes are different from other types of crimes in nature. The majority of individuals are unaware of this and do not comprehend that they are the worst criminal victims. Because these crimes frequently involve major corporations and there may be little to no proof to essentially generate a criminal, victims often struggle to understand the concept of the crime, the precise offence that has been committed, and whom to approach or file a complaint against.<sup>14</sup>

## How WCC affect the society?

White collar crimes are bad for society because they are committed by persons who ought to be held up as moral role models and who ought to act properly. As a result, society gets polluted. When the directors of a Gujarat-based pharmaceutical company, Sterling Biotech, and a former director of Andhra Bank were detained for their roles in a 5000 crore fraud case. They previously took money out of other benami corporations' bank accounts. The folks were scared because of this significant con.<sup>15</sup>

How these white-collar crimes should be punished has been a subject of much debate throughout history. Also, despite the fact that they are not violent, they have a greater potential to permanently ruin someone's life than a gunshot wound. Many of the perpetrators of these white-collar crimes have wasted all of their retirement money, which has led to the breakdown of their families and, in some cases, led to their suicide. In other cases, a wider network may result in more people being affected by the ponzi scheme, and even companies may fail as a result of these high-value white-collar crimes.<sup>16</sup>

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<sup>14</sup> Ishan Bakshi. "The Changing Dynamics of White-Collar Crimes in India." BUSINESS STANDARD (Aug 24, 2022), [https://www.business-standard.com/article/markets/the-changing-dynamics-of-white-collar-crimes-in-india-116102200032\\_1.html](https://www.business-standard.com/article/markets/the-changing-dynamics-of-white-collar-crimes-in-india-116102200032_1.html)

<sup>15</sup> Gujarat pharma firm director arrested over Rs 5,000 crore bank fraud, HINDUSTAN TIMES (Aug 25, 2022), <https://www.hindustantimes.com/india-news/gujarat-pharma-firm-director-arrested-over-rs-5-000-crore-bank-fraud/story-nld8liyPHPHGXRJo7eSKwL.html>.

<sup>16</sup> Katherine Bishop, WCC- How it affects society, ATTORNEY AT LAW (Aug 26, 2022) <https://attorneyatlawmagazine.com/white-collar-crime-what-is-how-affect-society>

**Example in India:**

Each year, global exchange issues a "top corporate criminal list to highlight the corporate crimes done by the different companies of the world. The absolute worst problems exist, including low pay, tax evasion, infringement of voting and human rights, and inhumane working conditions."

JET AIRWAYS - A federal investigation into potential financial irregularities and fund spinoffs at Jet Airways was ordered. The study stated the ministry of civil aviation has ordered an inquiry in accordance with section 212 of the companies act due to allegations of misconduct, mismanagement through improper accounting of money, financial irregularities, etc., on the part of the firm. All of the Jet Airways employees have been terminated as a result of the company's current insolvency procedures.<sup>17</sup>

**Conclusion & Suggestions**

It can be concluded that WCCs are severe offences with potentially dire consequences. These crimes are stigmatised, giving the impression that they are less severe or destructive than other, more common crimes. These offenses might perhaps be equally dangerous as typical ones, particularly if a significant amount of currency or other valuables has been lost. WCC are those offences that hurt the nation's economy as a whole. Bank frauds, financial thefts, tax evasion, and other economic crimes endanger the nation's economy. It has a negative effect on society in addition to a person's or a nation's financial situation.

Many crimes, including bribery, corruption, and money laundering, have had a severe impact on society. Indian law lacks a clear concept of WCC. The government shouldn't be lax in its response to these socioeconomic crimes. WCC penalties should be more severe since severe punishment can effectively prevent these crimes. If the offence was very egregious, life in prison might potentially be an option for punishment. Most of these crimes go unreported, hence it is important to raise public awareness through all forms of communication. Government should enact tough laws to prevent national economic plunder.

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<sup>17</sup> Jet airways raised fraud bills, BUSINESS INSIDER (Aug 24, 2022), <https://www.businessinsider.in/jet-airways-raised-fraud-bills-faked-invoices-and-siphoned-off-funds-says-report/articleshow/70224604.cms>