

**STUDY ON WHITE COLLAR CRIMES IN INDIA**

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**Dr. Sharat Raj Singh**

Associate Professor

Department of Law

Dharm Samaj College, Aligarh

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**ABSTRACT**

This study delves into the motivations of those who commit crimes in great depth. Grass Eaters are those who commit crimes that are little and limited to a specific region of administration, according to researchers. Meat Eaters are people who engage in white collar crime, which has extended to practically every industry of business. With the advancement of technology and the expansion of education, white collar crime is on the rise, with professionals exploiting legal gaps and receiving indirect government support. This has created a nexus where people from all walks of life have begun to establish groups to commit white collar crimes while being shielded by legal professionals. As a result, small-time criminals have evolved into white-collar criminals. When it comes to the incidence of white collar crimes in India, they are growing like wildfire across the country. Despite the fact that corruption, one of the types of white collar crimes, has become a hot topic in many aspects of life—social, economic, and political—few concrete steps/actions have been made to combat this threat. As a result, the purpose of this paper is to define white collar crime, examine its historical development, and propose potential remedies for its eradication.

**KEYWORDS:** White Collar Crime, Judiciary, Government

**1. INTRODUCTION**

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### **1.1 CHRONOLOGICAL MILEU OF THE EMERGENCE OF WHITE COLLAR CRIMES**

The first documented case of white-collar crime law can be found in England in the 15th century. The Carrier's Case of 1473 is a well-known case in which an agent was entrusted with transporting wool and sought to steal some of it for himself. As a result, he sought to take part of the wool transported by the Star Chamber. As a result, the English Court of Law's Star Chamber and Exchequer Chamber approved the "breaking mass" notion as a larceny offence. However, in the 18th century, the rise of industrial capitalism brought in a new era of crime and criminality. Coercion and robbery are at the heart of industrial capitalism. Now, before we get into the meat of the matter, let us define capitalism.

The process of the creation of these conditions was referred to as 'primitive accumulation' by Karl Marx, whereas it was referred to as 'prior accumulation' by Adam Smith in his writings. In response, the Dutch Marxist, William Bongers argued that under capitalism, criminal attitudes emerge among the working class due to conditions of suffering, while criminal attitudes develop among the bourgeoisie due to the avarice produced by capitalism's striving for growth and development. It was successful in the United States of America in 1890, when Congress approved the Sherman Antitrust Act, which took the initiative to make monopolistic trade unlawful in the United States.

While other industrialized countries, such as the United Kingdom, had a history of white collar crime penalties prior to the Sherman Act, they were not quite as comprehensive as the Sherman Act. These laws, which are known as competition or antitrust law, were enacted in a number of countries at different times, but they did not have a significant binding force for a long time. However, as a result of a group of journalists known as muckrakers who worked in the United States during the late nineteenth and early twentieth century's, anti-white-collar crime attitude grew in the late nineteenth and early twentieth century's.

They focused a great deal of attention on the widespread stock fraud, insurance fraud, and underhanded actions of monopolistic corporations that had taken advantage of the Sherman Act. The muckrakers' exposés stoked popular animosity, which prompted some reform to be implemented as a result. The Clayton Antitrust Act, passed in 1914, was an attempt by Congress to reinforce and deepen the spirit established by the Sherman Act, which had been used against labor unions. This Act

was significantly tougher and went far further in terms of declaring specific monopolistic activities unlawful than the Sherman Act, which was passed in 1890.

## 1.2 WHITE COLLAR CRIMES IN INDIA

The year 2011 clearly belonged to the faceless white-collar criminals, as evidenced by the decrease in street crime, particularly purse snatching and motor vehicle theft, as compared to 2010. The number of such criminals detained by the crime branch increased by a staggering 108 percent this year, with 148 persons being arrested for dabbling in white-collar crime, compared to just 71 in the previous year. Approximately 20 organized white-collar rackets were broken last year, and cash and valuables worth R4.5 million, hundreds of mobile phones used in the commission of illegal activity, and three dozen automobiles were seized, according to a senior police officer. In addition to lottery fraudsters, phoney recruiting racketeers, ATM fraudsters, travel agents, property dealers, agents who promise bogus court affidavits and death certificates, and agents who operate fake friendship clubs, the list includes men and women who operate fake friendship clubs.

Meanwhile, the Delhi Police's Economic Offences Wing (EoW) has apprehended more than 163 criminals in 1,358 cases ranging from land grabbing to fake job rackets and attached property valued at amounts ranging from Rs. 350 to Rs. 500 crore. The cases were investigated by the Economic Offences Wing (EoW). This year, we concentrated more on individual incidents rather than cases in which a group of people were victimised in a group setting. We have additional people now, Vivek Gogia, joint CP, explained (EoW).

When it comes to white collar crimes, they should be viewed as worldwide phenomena, with India being no exception. As previously noted, white collar crimes first appeared in India with the establishment of British colonial rule during the period of industrial capitalist development. Prior to it, it was discovered that men working for the District treasury were embezzling money that was held in his secure custody, and that bribery was prevalent among the officials in the district.

The white collar crimes were therefore restricted to this specific area.. People who engage in white collar crimes can be characterized as merely "grass eaters," whereas people living in current times have progressed to the level of "meat-eaters," as previously said.

## 2. WHAT IS WHITE COLLAR CRIME?

White collar crimes are those committed by a person of high social rank and respectability while engaged in the course of his or her profession. Criminal activity performed by paid professionals or business owners that typically involves some type of financial theft or fraud is referred to as white collar crime (also known as white collar crime).

Edwin Sutherland, a sociology professor at the time, coined the term "White Collar Crime" in 1939. These are non-violent crimes done by business persons who are able to acquire access to big sums of money for financial gain through deceitful operations and thereby make a profit.

The one thing that all of this criminality has in common is that it is created out of avarice, advancement, and capability; and that it is committed throughout the course of trade, industry, commerce, business, and profession in the upper and middle classes. These crimes have had a negative impact on the social and economic fabric of the state as well as the society, making future planning a very tough task to do. The term "white collar crime" has been used by Sutherland to describe these crimes, while Sayre has described them as "public welfare offences."

Others have labeled these crimes "regulatory offences" and yet others have labeled them as "crimes of strict liability," while many others have labeled them "social and economic crimes as well." The origins of socio-economic crimes/white collar crime are nearly identical throughout the world, and it has been discovered that socio-economic criminality is in some ways a product of the Industrial Revolution, though the Renaissance and Reformation have also played a significant role in the emergence of these crimes. Crimes done by the wealthy in the course of their routine commercial activity include:

- Conspiracies – taking use of one's position
- Some believe it should be broadened to embrace a broader variety of "middle-class" criminality as well as "high-tech" crimes.
- Legitimate business versus aberrant behavior
- Internal versus external evaluations
- Secrecy
- Structures of opportunities
- Institutionalized wrongdoing

### 3. OBJECTIVES OF THE STUDY

The major objectives of this study are as follows:

- To find out the fraud of white collar crime in India.
- To know about the white collar crimes in India.

### 4. WHITE COLLAR CRIMES IN DIVERSE PROFESSIONS

White collar crimes evolved become phenomena on par with the Industrial Revolution in terms of scale and scope. Because of the rising commercial nexus that exists between insurance, banking, stocks, and other relevant corporate problems, the modern industrial capitalist economy has become

increasingly complex in its character as it has progressed over time. Thus were born critical legal complexities concerning property rights and other matters, which paved the way for the emergence of an entirely new class of professionals known as advocates, who, in the name of providing justice, began aiding and abetting wrongdoing in order to further their own narrow interests.

A significant number of advocates arose, many of whom forgot their devout pledge of service to the community and instead began seeking for legal loopholes, concentrating mostly on assisting wealthy businesses in their quest to become more wealthier. They conducted significant research to determine the most effective methods of tax avoidance for these wealthy corporate executives, as well as for themselves. The white collar crimes conducted by these legal professionals are limited to the identification and investigation of illicit ways of tax evasion. There are numerous instances of unscrupulous and unethical practices such as fabricating false evidence, engaging professional witnesses, thereby violating the ethical standards of the legal profession, and employing dilatory tactics in collusion with the ministerial staff of the courts that occur on a consistent basis.

There are several examples of white collar crimes performed by lawyers in Indian society, as well as horrible images of Magistrates and judges who have been implicated in criminal activity by their colleagues. Their interpretation of the laws frequently serves as a protective shield for goons, regardless of their political affiliation, and allows them to roam free when they should have been subjected to deterrent measures.

## **5. INDIA CRIME AND FRAUD IN WHITE COLLAR**

The results of the Kroll 2010-2011 Annual Global Fraud Survey, which was performed by the Economist Intelligence Unit, are as expected. Fraud continues to be a major problem throughout the world, and it is particularly prevalent in India. Globally, 75% of the organizations surveyed said they had been victims of fraud at some point throughout the year.

Despite the fact that the figure has decreased in comparison to the previous year's 88 percent, the situation remains dire. In India, the situation is dire, with 84 percent of businesses stating that they were victimized by fraud during the year under review. It should serve as a wake-up call for India, which is rated second in the world after Africa and shares the second spot with China. The graphic below compares the top six fraud categories on a global scale with the top six fraud categories in India.

In the vast majority of cases, India is performing significantly worse than its worldwide rivals. Management conflicts of interest, internal financial fraud, corruption and bribery, as well as fraud related to vendor procurement, have all escalated in recent years. Theft of physical things and theft of information have both declined. Corruption and bribery, information theft, internal financial fraud,

financial mismanagement, and vendor procurement are some of the most serious problems facing Indian businesses.

S.NO.	TYPES OF FRAUD	GLOBAL 2011 (%)	GLOBAL 2011 (%)	INDIA 2011 (%)
1.	Management Conflict of Interest	21	19	19
2.	Internal Financial Fraud	19	13	23
3.	Corruptions & bribery	19	10	31
4.	Vendor Procurement	20	15	22
5.	Physical theft of Assets	25	27	23
6.	Information Theft	23	27	27

### 5.1 COST OF FRAUD

The report provides an answer to the most important topic connected to fraud: what is the amount of money lost as a result of fraud? A global projected statistic provided in the research indicates that firms incurred a 2.1 percent revenue loss as a result of fraudulent activity. India has a greater rate of 2.4 percent, which is higher than the global average. According to the report's additional analysis, 18 percent of the enterprises recorded a profits loss of more than 4 percent in the previous year. One-quarter of the most severely affected enterprises saw losses of more than 10% of their revenue. Corruption, bribery, money laundering, and regulatory violations are all reported on a regular basis by these businesses. They, on the other hand, are doing nothing about it. The absence of fraud prevention and investigative methods is resulting in significant losses for these businesses. Indian businesses are woefully unprepared to deal with the fraud threat. In the United States, just 50% of businesses have background screening, third-party due diligence, and other fraud protection procedures in place.

### 5.2 The Inside Job

Internal staff and associated parties commit the majority of frauds, which management finds difficult to accept. Insiders were responsible for 60% of global frauds, according to the survey. That is, fraud was committed by 28% younger employees, 21% senior employees, and 11% third-party agents. Internal sources were responsible for 59 percent of the frauds in India. Senior employees' frauds create far more damage to the organization. Not only are the financial stakes higher, but the

reputational damage is also significant. Companies in India, on the other hand, continue to place insufficient emphasis on internal and management controls. The government, on the other hand, has taken some initiatives to curb the high rate of fraud in the Indian private sector. The Indian government's decision to grant the Serious Fraud Investigation Office (SFIO) more power in the new Companies Bill, in my opinion, is a step in the right direction. More investigations, arrests, raids, and seizures will be possible for the SFIO. This would put a stop to India's increasing financial fraud cases.

### **5.3 BRIBBERY & CORRUPTION IN INDIA**

The report focuses on India's corruption. Corruption and fraud charges in 2010-2011 have harmed India's worldwide standing. India's growth storey last decade Post-independence, the public and private sectors never had it better. Huge infrastructure investments were planned. Liberalization increased foreign investment. The unexpected economic boom increased greed and corruption. The cases reveal how revered and respected politicians and business leaders disregarded their ethics. According to the survey, 78% of Indian organizations are highly/moderately prone to corruption. In my opinion, this is an underestimate; 90-95 percent of companies are corrupt.

## **6. CONCLUSION**

To continue its growth trajectory, India must eradicate fraud and corruption in both the public and private sectors. Corruption and fraud, as previously said, deter corporations from investing in the country. The drop in foreign direct investment in 2011 and the flight of capital from stock markets by international financial institutions are strong signs of the harmful impact of fraud and corruption. As a result, the Indian government must enhance governance and punish violators harshly. The Comptroller Auditor General is pointing the way forward, but political parties must have the courage to clean up the mess. To combat fraud, the private sector must establish fraud prevention measures and place a strong emphasis on ethics. To reduce fraud risks in India, both sectors must work together. The grounds for the measures employed to combat white collar crime are numerous, and the ambivalence of the society response to such crimes is closely linked to broader social variables that have both objective and subjective components. As previously stated, a more subjective source of ambivalence in the social response to white collar crimes is the perception that there is less public concern about these so-called white collar crimes, and thus less support for harsher punishments than in the case of typical street crimes. Even if there was more public ambivalence towards white collar crimes than traditional crimes, writers like Box saw this as a new problem in sensitizing people to not consider processes in which they are victims as disasters or accidents. ' As a result, the mantra should always be that prevention is preferable to cure. Because the crimes included defrauding public faith and belief, the public as a whole should step forward to safeguard the entire society from these greedy

people who are slowly but steadily undermining the society's ethics and morality for the sole purpose of pursuing narrow self-interest.

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