

WHITE COLLAR CRIMES: A CONCEPTUAL DISCUSSION

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INTRODUCTION:

The breaking of law is considered as a wrong in every society. In India, crimes are administered under Indian Penal Code, 1860. However, in today's world crime is distinguished by color i.e. white collared crime and blue collared crime. A blue collared crime is any crime which is committed by an individual from a lower social class. It is opposite to white-collar crime which is associated with crime committed by someone of a high class. However, while blue-collar crime has no official legal classification, it holds to a general net group of crimes. These crimes are primarily of small scale, which is committed for immediate beneficial gain to the individual or group involved in them. This can also include personal related crimes that can be driven by immediate reaction, such as during fights or confrontations. These crimes also include Narcotic production or distribution, sexual assault, theft, burglary, assault or murder.

The term "White collar crimes" was first coined by Criminologist and Sociologist Edwin H. Sutherland in the year 1930. He described the term as a "crime committed by a person of respectability and high social status in the course of his occupation."¹ White-collar crime refers to financially motivated nonviolent crime committed by business and government professionals. Typical white-collar crimes include fraud, bribery, Ponzi schemes, insider trading, labor racketeering, embezzlement, cybercrime, copyright infringement, money laundering, identity theft and forgery.

White collar crimes have a great impact over society. It is so because it is about the theft of confidential documents, infringements of patents, etc. These white-collar crimes by nature are

¹ G. Nagarajan & Dr. J. Khaja Sheriff, *White Collar Crimes in India*, International Journal of Social Science & Interdisciplinary Research (Oct. 10, 2016, 11:40 p.m.), <http://indianresearchjournals.com/pdf/IJSSIR/2012/September/16.pdf>

such that the injury or the damage caused as a consequence of them is so widely diffused in the large body of citizens that their enormity as regards personage victim is almost trifling.²

CHARACTERISTICS OF WHITE COLLAR CRIMES:

Sutherland had listed some of the features while defining white collar crimes. Some of the important features of white collar crimes are as follows:

- White collar crimes usually occur in the course of an occupation where the people from higher social status are involved.
- In usual circumstances white collar criminals often escape from the police station due to economic reasons.
- The motive behind the commission of white collar crime is to gain more money and not lust.
- There are no arrests for the violation of copyright due to economic factors which precede.
- These types of criminals have potential to cause great harm to society as well as institutions.
- Most of the White collared criminals are associated with business and political world.

There is a lack of human feeling in the commission of white collar crimes. Hence, the background of these criminals is non-emotional.³

CAUSES OF THE WHITE COLLAR CRIMES:

Some of the reasons behind the commission of white collar crimes are as follows:

- Greed: People of high strata are financially stable. But, still they commit crimes out of greed. For this purpose, they adopt all sorts of illegal methods to have an economic gain.
- Technology: Another reason behind the commission of white collar crimes can be technology. The emergence of new technologies, political pressure or growing business, has led to many more ideas which has resulted in the commission of crimes.
- Competition: White collar crimes usually occur because of the desire to beat the competitor

² Komal Rastogi, Analysis of White Collar Crimes In India, I Pleadings (Oct. 10, 2016, 11:45 p.m.), <http://blog.ipleaders.in/analysis-white-collar-crimes-india/>

³ Id.

and to reach ahead of them. To win, crimes like forgery, bribery and frauds are committed.

- **Legislation:** One of the major reasons behind the rise in the commission of white collar crimes are that there are not enough laws to deal with such kinds of crimes. In most of the cases, white collar criminals are not even prosecuted. The implementation of Information Technology Act 2008 is fragile due to lack of trained workers. It is tough to find white collar criminals because the crimes which are committed are mostly done in private places and hence there is no eye witness.⁴

WHITE COLLAR CRIMES IN INDIA:

Today white collar criminality has become a global phenomenon due to the advance of commerce and technology. Like any other country, India is also in the grip of white collar criminality.

The reason behind enormous increase in white collar crime in recent decades lies in the developing economy and industrial growth of India. The Santhanam Committee Report in its findings gave a lucid picture of white collar crimes committed by persons belonging to higher social strata. It includes businessmen, industrialists, contractors, suppliers as well as corrupt public officials. The Reports of the Vivin Bose Commission of Inquiry which looked into the affairs of Dalmia Jain group of companies (1963) highlighted that how industrialists indulge themselves in white collar crimes such as forgery, fraud, falsification of accounts, tampering with records for personal gains and tax evasion etc. Similar observations were made by Mr Justice M.C Chagla while dealing with the case of business tycoon Mundhra who wanted to build up an industrial empire by dubious means. There were as many as 124 prosecutions against the business magnate and companies owned or controlled by him between 1958 to 1960 and as many as 113 of them resulted into conviction.⁵

Case of Satyam Computers is one of the major recent white-collar crimes. It involved the fraud of nearly Rs. 7000 crores. Satyam had kept his record for quite a long time but was busted due to

⁴ Jyosna Dighe, White collar crime and its changing dimensions in India, Legal Services India (Oct. 11, 2016, 1:20 a.m.), <http://www.legalservicesindia.com/article/article/white-collar-crime-and-its-changing-dimensions-in-india-1378-1.html>

⁵ Rastogi, *supra* note 2.

profits and revenues hike. In the year 2013, Sharda scam took place where many companies fooled the investors due to the existing flaws and loopholes in laws.⁶

Since the opening up of the Indian Economy in 1992, there has been a series of corporate frauds, forgeries and scandals. The blame has to be equally shared by the private sector and the public enterprises including the banks. The casualty of all such scams and scandals has resulted in the erosion of both investor's faith and wealth in the equity markets. There has been massive price rigging in the counters of companies like Himachal Futuristic communications, Lupin Laboratories, Zee Telefilms, Padmini Polymers, etc. The SEBI didn't take action on the proper time and by the time any action was taken, speculators like Ketan Parekh defrauded the whole system. The amount involved and damage incurred because of such acts are very high.⁷

CONCLUSION:

The financial cost involved in a white collar crime is several times greater than that of all the crimes taken together. A recent study proves that the financial loss to society from white collar crime is far greater than the predatory crimes committed by persons of lower socio-economic status. It has been further concluded that the average loss per burglary is less than ten thousand rupees. Further a burglary which yields as much as Rupees one lakh rupees is exceedingly rare. On the other hand, there may be several crores rupees embezzlement reported in a single year. Notably, these embezzlements are nothing as compared with the large scale crimes committed by corporations, investment trusts and public utility concerns. Hence it can be inferred that white collar criminals violate trust and create distrust which results in the lowering of social morale and social disorganization to a very large extent. Whereas other crimes produce, relatively less effect on social institutions. Hence we need to take some serious action now in order to curb white collar crimes before it hallows the nation's economy.⁸

⁶ Id.

⁷ White Collar Crimes, Law Teacher (Oct. 16, 2016, 11:20 p.m.), <http://www.lawteacher.net/free-law-essays/criminal-law/white-collar-crimes.php>

⁸ Yogesh V Nayyar, Criminology – White Collar Crimes in India, Linked in (Oct. 19 , 2016, 11:30 p.m.), <https://www.linkedin.com/pulse/20140813191900-273389505-criminology-white-collar-crimes-in-india?forceNoSplash=true>