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WHITE COLLAR CRIME AND THE ORIGINS OF CORRUPTION IN INDIA

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Abstract

Just as industrialization and modern technology have advanced, the incidence of white-collar crimes in India has also increased significantly. White-collar crimes primarily involve individuals of high social status. The increase in white-collar crimes is attributed to a lack of regulation, and we also need improvements in technology. To combat this crime, we need proper government agencies, regulatory organizations, and law enforcement mechanisms. Transparency and accountability are essential in all businesses. White-collar crimes have a very negative impact on our economy, resulting in job losses and creating chaos in society. For this, collaboration between law enforcement agencies, regulatory bodies, and stakeholders is crucial. Only then can we effectively participate in the prevention, detection, investigation, prosecution, and punishment of white-collar crimes.

Key words: White collar crime, enforcement mechanism, transparency, accountability etc.

Introduction

Certain occupations frequently provide lucrative prospects for criminal activity and unethical conduct that rarely garner public attention. There have been dishonest people and unscrupulous businesspeople in public life. They continue their illicit acts without fear of repercussions to their status or respect. We refer to these kinds of crimes as “white-collar crime”. As industrialization and modern technology develop within society, the methods of committing crimes are also changing. White-collar crime is one such method. Most people believe that crimes like murder, rape, and robbery are committed by middle-class individuals, but this is not true. White-collar crime can be committed by anyone, regardless of their economic background. These crimes are often committed by people who are very wealthy and hold high positions in society. However, people from poor and middle-class backgrounds are also

involved in these crimes. White-collar crime can be defined as a crime that is mostly committed by individuals who are considered to have high social status in society. This crime is usually committed during the course of one's profession or occupation. It often involves a violation of trust.

Historical Perspective of White-Collar Crimes

E.H. Sutherland is linked to the idea of white-collar crime. In addition to the more common crimes like assault, robbery, murder, rape, and kidnapping, Sutherland noted that people from higher social classes engage in some anti-social behaviors as part of their jobs or businesses. For a very long time, these kinds of activities were considered a regular part of everyday business. At the time, complaints against these strategies were typically ignored and unpunished. Through his groundbreaking research, E.H. Sutherland highlighted the need to refer to these crimes committed by members of higher socioeconomic categories that violate people's trust as "White Collar Crime". He referred to it as "Blue Collar Crime" and distanced it from traditional crime.

Definition of White-Collar Crime

The term "white collar crime" first appeared in criminology in 1941 when Sutherland published his study report on the subject. "Crime committed by persons of respectability and high social status in course of their occupation" is how he defined white collar crime. White-collar criminals are from higher socioeconomic classes. While acting in a professional manner, this class transgresses the criminal code. For example, infringement of patents, copyright and trademarks, misrepresentation by fraudulent advertisements etc. are resorted by industrialists, manufacturers in course of their occupation for earning huge profits. An eminent American criminologist, Sir Walter Reckless coined that "white collar crime represents the offences of businessmen who are in a position to determine the policies and activities of business".

White Collar Crime in India

With the advancement of commerce and technology, white collar criminality has become a global phenomenon. Likewise other countries, India too is equally in the grip of white-collar criminality. The Santhanam Committee Report's conclusions provided numerous examples of white-collar crimes committed by respectable individuals, including businesspeople, contractors, suppliers, and industrialists.

Types of white-collar crimes in India

Drug Trafficking

Globalization has caused psychological stress. The society's socioeconomic values declined as a result of this process. Numerous socioeconomic crimes, such as drug misuse and illegal drug trafficking, have increased as a result of this trend. These crimes are widespread not only in Indian society but also around the world. These days, drug trafficking is a very lucrative illicit industry worldwide.

Hoarding, Black-Marketing and Adulteration

Hoarding, profiteering, and black marketing are examples of white-collar crimes that are prevalent in the business and trade sectors. For the purpose of making enormous profits, import and export rules and foreign exchange controls are regularly broken. In addition, adulteration of food, candies, and drugs is another prevalent white-collar crime in India.

Tax-evasion

The intricacy of India's tax rules has given taxpayers greater opportunities to avoid paying taxes. Businesspeople, traders, physicians, engineers, contractors, and other professionals are more likely to engage in avoidance. The primary challenge facing the Income Tax Department is determining these specialists' precise income. It has been noted that these people only pay a very small portion of their income. The other funds are used as black money. The threat of tax evasion persists despite regular changes to the tax code. Government revenue has been significantly reduced as a result of this.

White Collar Crime in Medical Profession

The issuance of fictitious medical certifications, providing hidden services to criminals by providing expert opinions. That result in their acquittal, and selling sample pharmaceuticals and medicines to patients or chemists are examples of white-collar crimes associated with the medical profession.

White collar criminals also operate fake and misleading advertising. They make illegal and misleading claims of medical cure. For this they used advertisements in newspapers, magazines, television and radio. Most of the patent medicines are not only worthless but harmful. Similar to this, there are several commercials for contaminated food and cosmetics that are harmful to the general public's health.

White Collar Crime in Legal Profession

Now a days the profession of law is not looked with much respect. There is multiple reason for this. The most commonly reason for degradation of this profession are unethical practices resorted by lawyer's and deteriorating standard of legal education.

Legal professionals frequently employ professional witnesses, violate the ethical principles of the legal profession. They also many times use frequent strikes to press their demands, fabricate fake evidence, and engage in other prevalent behaviours. Criminal gangs and professional crooks each have a reliable attorney. They are relied upon to make arrangements, be prepared with a bail bond, and maintain his readiness with a habeas corpus writ in order to prevent the gangster's arrest.

White Collar Crime in Engineering

Using inferior building materials and engaging in dishonest business practices with suppliers and contractors are two instances of white-collar crime in engineering. Every day, controversies involving the use of inferior materials are reported in newspapers. In addition to endangering public safety, using such subpar materials for roads, buildings, bridges, dams, and canals also costs the public coffers.

White Collar Crime in Educational Institutions

In India's private schools & colleges, white collar crime is also increasing. These organizations are able to obtain substantial quantities of money through government grants and financial assistance by submitting false and fraudulent information.

Teachers working at these institutions receive low salaries, but they are forced to sign contracts for much higher salaries. In this way, these institutions make a lot of money through illegal means. As a result, the victimized teachers rarely file complaints. Because if they do complain, the institute authorities will simply dismiss them. Therefore, these teachers are forced to work for such low salaries. Even after students are admitted to these institutions, they are told that they don't necessarily have to attend classes, but then money is extorted from them in the name of assigning them roll numbers. Complaints against these institutions are rarely filed, largely because most of them are owned by or affiliated with political figures. The owners of these institutions often have connections to powerful politicians.

Fake Employment Placement Rackets

Several cases of fraud are reported against consultancy or employment placement

agencies. The youth generation is often the target of these agencies' scams because they are desperate for any kind of job. These agencies lure young people with the promise of white-collar jobs and extort between ₹50,000 and ₹50 lakh from them. They first gain the job seekers' trust and then issue fake appointment letters. These racketeers even provide fake office addresses to avoid being caught by the police. Due to the high unemployment rate among young people these days, they easily fall prey to these scams, and these agencies exploit them for large sums of money. These fake job providers often go unpunished because people lack proper information about them, and police officials are unable to monitor them effectively.

Big Scandals related with White Collar Crime

Bofors Gun Scandal

This was a political scandal that took place in Sweden and India during the 1980s and 1990s. In this scandal, a Swedish company paid 64 billion rupees (approximately US\$800 million) to high-ranking Indian politicians and defence officials.

Harshad Mehta Scandal

This scam was worth 4900 crore rupees and was related to the Bombay Stock Exchange.

Satyam Computer Scam

This scam was worth approximately 7800 crore rupees. In this scam, Ramalinga Raju, the chairman of Satyam Computer Company, had manipulated the accounts.

2-G Spectrum Scandal

This scam allegedly involved 175 thousand crore rupees and was carried out at the request of A. Raja, the Tele-Com Minister at the time. In this case accused acquitted by trial court but appeal is pending before Delhi High Court.

Coalgate Scam

This fraud was a significant political scandal. The distribution of coal reserves among public sector organizations by the Indian government raised concerns. CBI found that all coal blocks that was distributed between 1993-2008 were unauthorised.

Robert Vadra Land Scam

In this case, Robert Vadra purchased land worth crores of rupees at very low prices in Bikaner

(Rajasthan) and Haryana.

Mumbai 1000 Crore Rupees Slum Re-Development Scam

In April 2022 in this case Shiv Sena M.P. Sanjay Rout's wife and friend were probed by Enforcement Directorate.

Judicial Response against White Collar Crime

In *Subramaniam Swamy v. Dr. Man Mohan Singh, 2012* case the Supreme Court reaffirmed that the three-month window for government sanctions must be promptly and completely adhered to. Section 19 of the Prevention of Corruption Act, 1988, which deals with the prosecution of public servants accused of corruption, contains this information.

In *Jayalalitha v. Union of India, 1999* case concern over the pervasive corruption in daily life was voiced by the Supreme Court. The court noted that corruption undermines society's moral foundation. The national economy is also negatively impacted by this type of corruption. The abuse and misuse of power by those in positions of authority is concerning for the nation.

In *R.K. Garg v. Union of India* case the Special Bearer Bonds Act of 1981 was contested. This is because it gave tax evaders an unfair advantage. The Act was not meant to promote tax avoidance in the future, the court ruled. The Act's true purpose was to encourage minor incremental incentives in order to start a nationwide search for undeclared funds. Finding dark money was the primary goal.

In *Rohit Tandon v. Directorate of Enforcement, 2018* case the Supreme Court held that white collar crimes are deep rooted in our country. These crimes caused huge loss to public funds. We should be considered them as grave offences.

In *Shreyas Talpade v. State of Haryana, 2025* case the Supreme Court grants protection from arrest to Shreyas Talpade. This case was related with the marketing scam in Haryana. A bench of Justices B.V. Nagarathna and K.V. Viswanathan sent a notice to the Haryana police on this.

Reason for the Growth of White-Collar Crimes in India

Greed

People's constant quest for more money is the main cause of white-collar crime. They lose sight of morality in their quest for fortune. According to Machiavelli, people are so naturally avaricious that a man can forget his father's passing with ease, but he will never forget if he loses even a tiny amount of what he was meant to inherit.

Competition

Herbert Spencer coined the term 'survival of the fittest'. This term implies that a sense of competition exists within every species. In today's society, only those who adapt to changing circumstances can survive. People use various methods to survive in this society, and committing white-collar crime is one such method.

Lack of Stringent Laws

The laws in India are not precise enough to prevent white-collar crime. This is because these types of crimes are mostly committed using the internet or digital methods. A criminal can commit such crimes while sitting alone at home or in their office, so there are usually no eyewitnesses. This is the main reason why these types of criminals often escape prosecution.

Advancement in Technology

Modern technology is also a major reason for white-collar crime. Today's modern technology has made almost any type of business incredibly easy. Through white-collar crime, a person can defraud many people in just a few minutes. They can even commit these types of crimes while performing their regular job, so no one would suspect them.

Lack of Awareness

People's awareness of traditional crimes but ignorance of white-collar crimes is one of the primary causes of the rise in white-collar crime. Most people don't even realize when they become victims of this type of crime. The most unfortunate aspect is that the victims of this crime are often educated people, as seen in digital scams. In most scams and frauds, people don't even realize they have been defrauded, such as in bank fraud, etc.

Survival and Necessity

There's a difference between need and greed. White-collar crimes are never committed out of need, but rather due to a person's insatiable greed for more and more. These crimes are mostly committed by people who have no shortage of money, but even that isn't enough for them. They want even more money, and gradually, they become addicted to making money without even realizing it.

Poverty

Another significant contributing factor to white-collar crime is poverty. These kinds of crimes

won't end as long as the wealth gap between the rich and the poor keeps growing. People commit these crimes simply to survive and meet their basic needs in this society.

Laws related with White Collar Crimes

- ❖ The Indian Penal Code, 1860
- ❖ The Imports and Exports Act, 1950
- ❖ The Commodities Act, 1955
- ❖ The Companies Act, 1960
- ❖ The Income Tax Act, 1961
- ❖ The Prevention of Corruption Act, 1988
- ❖ The Information and Technology Act, 2000
- ❖ The Prevention of Money Laundering Act, 2002
- ❖ The Central Vigilance Commission Act, 2003
- ❖ The Information Technology Act, 2005
- ❖ The Companies Act, 2013
- ❖ The Bhartiya Nyaya Sanhita, 2023
- ❖ The Digital Personal Data Protection Act, 2023

Conclusion

White-collar crimes have increased significantly in India in recent years. These crimes primarily include financial fraud, corruption, money laundering, tax evasion, hoarding, black marketing, and food adulteration. White-collar crime has also infiltrated the medical and legal professions, and has even gained a foothold in the engineering profession and the educational system. Politicians, businesspeople, and government officials make up the majority of those who commit these white-collar crimes. The widespread prevalence of white-collar crime is due to weak law enforcement and a lack of stringent penalties in India. Studies on white-collar crime reveal that while India has laws in place, their enforcement is lacking. White-collar crimes can only be reduced when the government and law enforcement agencies take proactive measures. The government needs to strengthen its regulations, and law enforcement agencies must effectively implement their enforcement measures.

Recommendations

In today's society, to reduce white-collar crimes, it is essential that we first strengthen our legal institutions and improve our enforcement mechanisms. There is very little awareness among people about white-collar crimes, so it is crucial to educate people in both the public and private sectors about how individuals engage in fraudulent activities and how we can prevent them. It is also important to impose stringent penalties on those who commit white-collar crimes. All our financial institutions must be properly supervised. We also need to encourage whistleblowers to come forward and report individuals who participate in or are suspected of engaging in white-collar criminal activities. While we cannot expect white-collar crimes to disappear completely overnight, with concerted efforts, we can significantly reduce them, and gradually, they may even be eliminated from our society.

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