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## Avinash Kumar



*Avinash Kumar has completed his Ph.D. in International Investment Law from the Dept. of Law & Governance, Central University of South Bihar. His research work is on "International Investment Agreement and State's right to regulate Foreign Investment." He qualified UGC-NET and has been selected for the prestigious ICSSR Doctoral Fellowship. He is an alumnus of the Faculty of Law, University of Delhi. Formerly he has been elected as Students Union President of Law Centre-1, University of Delhi. Moreover, he completed his LL.M. from the University of Delhi (2014-16), dissertation on "Cross-border Merger & Acquisition"; LL.B. from the University of Delhi (2011-14), and B.A. (Hons.) from Maharaja Agrasen College, University of Delhi. He has also obtained P.G. Diploma in IPR from the Indian Society of International Law, New Delhi. He has qualified UGC - NET examination and has been awarded ICSSR - Doctoral Fellowship. He has published six-plus articles and presented 9 plus papers in national and international seminars/conferences. He participated in several workshops on research methodology and teaching and*

*learning.*

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# **"UNVEILING THE SHADOWS: EXPLORING WHITE-COLLAR CRIME IN INZDIA - TYPES, CAUSES, AND CONSEQUENCES"**

Authored By - Aditi & Satvinder Singh

3 Year Student Of BALLB(H)

Amity Law School, Amity University Rajasthan

## **ABSTRACT**

The text delves into the world of white-collar crime in India, providing a detailed exploration of its types, causes, effects, and notable cases. Emphasizing the financially motivated and non-violent nature of these crimes, the discussion spans various offenses, including money laundering, embezzlement, tax evasion, bribery, racketeering, and cybercrime. The prevalence of such activities in India is examined, along with legislative efforts to address them. The text underscores the impact of white-collar crimes on different sectors and societal elements, attributing their occurrence to factors like greed, poverty, systemic loopholes, and technological advancements. Legislative measures, including acts such as the Companies Act and Income Tax Act, are highlighted, alongside prominent cases like the Harshad Mehta and Punjab National Bank scams. The conclusion emphasizes the need for stringent laws, trained investigators, and media transparency, with a call to address the root cause of white-collar crime – greed – through education and parental guidance. The abstract closes with a poignant quote on greed and a message urging a shift in thinking and education to curb such crimes.

KEYWORDS – White Collar Crime, Money laundering, Tax, Laws

## **INTRODUCTION**

‘The practitioners of civil, the hoarders, the profitters, the blackmarketers and speculators are the worst enemy of our society. They have to do dealt with sternly. However well placed important and influential they maybe, if we acquiesce in wrongdoing, people will loose faith in us:

DR S. RADHAKRISHAN

Crime is not the new scenario we are familiar with infact we have ages of connection with it .The definition of crime is ‘ an act punishable by law , as being forbidden by statue or injurious to the public welfare<sup>1</sup> ’the law of crime is always very fascinating branch of jurisprudence since early ages . There are many type of crime. Crime is something which is done directly and intentionally but indirect crimes are also now very common and in which the victim even do not feel any physical harm but have to face huge consequences. In certain good and reputed and high class job there are many loopholes and the advantage of these loopholes are by taken by the person who are there on those reputed jobs and start doing offensive and punishable act and deeds in which they do not have fear of loose there job and status they have in society and also there job in greed of money, profit and luxury. They do not think about the nation and its economy which completely changes overnight . These kinds of crimes are know as WHITE COLLAR CRIME.

“The term white collar crime is know as the crime refers to financially motivated, non violent crime committed by individuals business and government officials” it was defined by sociologist Edwin Sutherland in 1939 as ‘ a crime committed by person of reputability and high social status in the course of their occupation . white collar crime is done in greed of which come from advancement of technology and commerce. The definition of white collar crime strictly says that it done by high status person and there are no certain ways to do it because its kind of fraud and fraud can be done in any ways to gain the profit from these loopholes. Greed is the major cause behind it, greed of being superior , greed of being rich , greed of profit in any form.

### **TYPES OF WHITE COLLAR CRIME**

***MONEY LAUNDERING*** – Money laundering is that in which people illegally converts their money from black to legitimate money .This is very common in India because it was revealed that the amount currently present in swiss and offshore bank is estimated to be rupees 300 crore or uss<sup>2</sup> 1.5 trillion . In money laundering people change money which they earned by illegal method. people do money laundering because they do not want to pay tax to the government of India. Money laundering is know as HAWALA TRANSCCTIONS <sup>3</sup> . Government has also passed prevention of Money Laundering Act 2002 in India. The section 3 talks about the

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<sup>1</sup> Definition of crime according to [https:// www.open .edu.com](https://www.open.edu.com)

<sup>2</sup> United states ships

<sup>3</sup> With reference from jagranjosh .com

definition of money laundering. Offence of money laundering. whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or actually involved in any process or activity connected proceeds of crime including its concealment, possession , acquisition or use and projecting or claiming it as untainted property shall be guilty of offence of money laundering . In the case of Ram Jethmalani v. Union of India (2011) 8 SCC 1 Ram Jethmalani and others files the petition under Article 32 of Constitution to prevent Money Laundering Act.

**EMBEZZLEMENT** -Embezzlement takes place when a person was fund for a different purpose than they were intended to be used . The embezzlers might create bills and receipts for activities that did not occur and then use the money paid for personal expenses ponzi scheme are example of embezzlement.The act of embezzlement may be characterized as criminal breach of trust which has been defined in section 405 of the Indian penal code . There are many examples from day to day life. For examples

1. in banking sector the bank who direct excess to the money deals with the customers and give them direct excess
2. the clerks can easily excess to till money and there direct to till money can be a way for embezzlement
3. the employees of big company sell there electronic gadgets in market and make money from them
4. shopkeepers which works under the big stores of different stores have direct excess to the money of shops and manipulate them.

**TAX EVASION** – when a person do fraud to minimize and change the amount of tax which is tend to pay to government .It is an illegal way to reduce the burden of tax . it involves illegal practices and deeds which sometimes is so dangerous. the only effect of this is the changing and fluctuating economy of our country . This is very common in India as corruption is in worse form here. Loopholes in our country is not going to heel if the condition going to be same. The tax evasion is the crime is punishable. we can reduce it by proper tax planning and complete awareness of it. the proper planning of it fixes many loopholes with it of corruption There is legal ways also from where we can also minimize the tax burden. The method is that Tax avoidance but this not the perfect way to reduce tax burden it comes with may cons. The tax avoidance can be done by adjusting the accounts in certain ways and in manner in which that

there can not be any violation of tax rules . Many prominent economist think that it's a illegal way because a person which sharp mind can manipulate the accounts in any way to make it legal .tax avoidance is immoral but not illegal . Section 276C of Indian penal code deals with the tax evasion of any tax, penalty or interest chargeable or imposable under the act The case law of G.S.R Krishnamurthi vs M.G ovindaswamy talks about the tax evasion

**BRIBERY** – Bribery is defined by blacks law dictionary as the offering , giving , receiving , or soliciting of any of value to influence the actions of an official , or other person , in charge of the public or legal duty <sup>4</sup> . It the again the best of form corruption .Basically corruption occur in this form only in India . This is prevailing in India from ancient time and most deep rooted form of corruption .In the simple words bribery is know as the amount or many given with illegal intent. From prominent kings of ancient time to normal clerks have witnessed this form of white collar crime . With a bribery rate of 39% India worst in Asia <sup>5</sup> from the report from by corruption watchdog Transparency International . There are two types of bribery first is Active Bribery in which a person gives and offers or promises or gives a bribe and the second one is passive bribery in which a person request , receives ,or accepts bribe . There are many common example where bribery prevail in both the forms. for example

1. Bribery to police officers to escape from punishment and fines.
2. Bribery to officials of government to make their work process work more fast .
3. Bribery to the Doctors
4. Bribery to the foreign officials

Causes of bribery – higher level of market and political monopolization.

Low level of democracy transparency.

The case of Biswabhusan naik vs the state of Orrisa AIR 1952 ORI 289 talks about the long established evil bribery

**RACKETEERING** - Racketeering is a a type of crime in person who is an offenders try to make money by illegal methods such as illegally selling wrong goods, threatening or more immoral and unlawful activities . Racketeering is another white collar crime which is very deep rooted again in India. from the RICO <sup>6</sup>it includes 35 crimes in it from robbery to kidnapping and murder unacted by united states corporation.

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<sup>4</sup> What is bribery .

<sup>5</sup> The survey on bribery in Asia . From m.economictimes.com

<sup>6</sup> RACKETEERING INFLUENCED AND CORRUPT ORGANIZATIONS ACT

**CYBERCRIME** - The cybercrime is the criminal activity that either targets the network or data of computers so that maximum damage can be provided or maximum information can be derived from the other person computers. the cyber crime is done by the hackers and person who knows everything about the computers. These types of crime are know as the crime of this generation. these crimes is not long established but welcomed with the technology advancement. On one hand the Technology is boon for ourselves and on another hand it is bane for our nation .That is wrong also if we blame technology for this because the only thing behind cybercrime is human mind . The common types of cyber crimes are as follow

- Phishing
- Harassment
- Ransomware
- Prostitution
- Child pornography
- Intellectual
- Account hacking
- Drug trafficking

Causes of cybercrime – there are many causes behind the cyber crime .The main cause behind this is easy access to the system . The unauthorized hackers get essay excess to the system which is complex for the people. the second is that storing data in small place as computer can easily store a large amount of in place so the hackers have again can easily excess to the data in one places. Sometimes the whole data can be stolen from other person account in just one click and utilize it for there own profit for sure. The third cause is that complex coding . The person who are making the coding and software are humans only. The time they are creating software also left with bugs and error or loopholes in simple words. the advantage of these loopholes are taken by the hackers. The another cause is negligence. anything we neglect actually becomes our biggest mistakes sometimes. A little negligence from your end welcomes cyber crimes to knock at your doors. loos of evidence is another cause.

Sherya singla v UOI (2013)12SCC 73 challenges the section 66A of IT<sup>7</sup> act before the supreme court and it was found that the section 66A was capable of restricting all forms of communication and it contained no distinction between mere advocacy or discussions on a particular cause which is offensive to some and incitement by such words leading to a causal connection to public disorders, security, health, and so on<sup>8</sup>

## **EFFECTS OF WHITE COLLAR CRIME**

The effects of white collar crimes are very huge and seen every aspect either is estate loss or emotional loss. There are some most important areas where white collar crimes effects easily seen.

- **EFFECT ON INDUSTRIAL SECTOR OR THE COMPANIES** – The companies face huge loss from white collar frauds. As the companies has faced the consequences of frauds in result the financial condition goes down so companies includes the prices and decrease the salaries of employees and hence the price of goods increases and demand decrease as per the Law of Demand of micro economies.
- **EFFECT ON THE CUSTOMERS** - The fear of customers is the safety of the product
- If its safe or not. white collar crime directly or indirectly effects the customers and also the rate of sailing price .
- **EFFECT ON SOCIETY**-The fear of white collar crime polluted society in every manner. The trust and values diminished . By seeing the novel people doing such wrong deeds.
- **EFFECTS ON UPCOMING GENERATION** – The white collar crime previous held in a nations motivates the upcoming generation dare to do the crimes by showing the loop holes in the systems . especially youngsters they easily get effected by the wrong things and also some children future goes in dark as the fraud made by the officials exhausted there parents hard core money .

## **CAUSES OF WHITE COLLAR CRIME IN INDIA**

**GREED** -The major cause of doing any crime is the greed .The greed of having the more .More power, more money, more freedom, more decision authority .As its well said-THERE IS

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<sup>7</sup> INFORMATION TECHNOLOGY

<sup>8</sup> Landmark cyber law cases in India by enhelion .com published on march 1 ,2021

SOULTION FOR NEED BUT NOT FOR THE GREED . Greed made the people blind which enable them to the evil result of there deeds .Even the experts the master minded people brain get vailed which enable them to see the breath taking consequences of crime .greed is ultimately become the reason of there fall.

**POVERTY** –Based on 2019 PPPS report international comparison program<sup>9 10</sup>.according to the united nations millennium development goals programme , 80million people out 1.2 billion Indians , roughly equal to 6.7%of Indian populations , lived below the poverty line of \$1.25 in 2018-19 . India rank 49<sup>11</sup>in the world in the poverty and this poverty is the soul of every crime happening in the nation. Due to the poverty people easily get attracted by the short means of earning money without the consideration of the crime and its consequences. More over poverty strike people done the white collar crime .poverty enforce them to do the wrong deeds

**LOOPHOLES IN SYSTEM** – There are many loopholes in system is at the end is the reason for white collar crime. The negligence of concerned authority give to these type of crime. with the advancement in technology faster growth rate of business, the offenders get introduced by newer and easy methods of committing crimes . Sometimes the responsible person also in the crime. the gravity of these type of crimes are more intense and fascinating. corruption works as catalyst for those loopholes.

**INTRODUCTION TO ADVANCEMENT AND TECHNOLOGY** – With the introduction of advancement in internet it become very easy to commit these crimes as a huge transactions can also be done in second in anywhere in the world . criminals attracted from these easy manners of committing crime at sitting in one place. cybercrime is result of advancement.

**NO CERTAIN LAWS** – the white collar crime is rising with a great rate because there is no certain laws in our country. The existing laws do not provide straight punishments that would prevent the persons who are committing those crimes. in many cases there are no certain law and punishment. Most of the time the legislature and offenders belong to the same category.

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<sup>9</sup> World bank\$1.25 /day poverty measures countering the world (January2010) retrieved 16 august 2017

<sup>10</sup> Homi kharas ;laurance candy ( 5 may2014)

<sup>11</sup> Poverty index :India index 49 by NAvin J Antony issue date – august 17 ,2019 updated august 17 2019  
Theweek.in

## **LEGISLATION ON WHITE COLLAR CRIME**

There are many acts are being passed by legislations which defines punishments for white collar crime.

- The companies act 1960
- The Income Tax Act 1961
- Indian Penal Code 1860
- The Commodities Act 1955
- The Prevention of Corruption Act 1988
- The Negotiable Instruments Act 1881
- The Prevention of Money Laundering Act 2002
- The Information Technology Act 2005
- The Imports and Exports Act 1950
- The special court Act 1992
- The Central Vigilance Commission Act 2003

## **SOME PROMINENT CASES ON WHITE COLLAR**

### **TIME IN INDIA**

There are certain white collar crime cases which entirely changes the economy of India lets have a look of some white collar cases so that we can understand it completely how it is done and how it take place through the loopholes and get to know about the consequences of it.

#### ***HARSHAD MEHTA SCAM OF 1992***

It is the biggest white collar crime and scam which made us drop our jaws that such huge and mastermind crimes has taken place in our country. Harshad Mehta 1988-1994 is the biggest scam in stock Market .This shook the India economy in 1992 .India is facing economy crash but Harshad successfully did the about 4 thousands crore scam which means 24 thousands crore of todays time . Harshad s. Mehta vs Central Bureau of investigation. 1998 (5) Bom CR 783, 1998 2 BOMLR 114 IS Supreme court case. He had 27 criminals charges on him.

#### ***PUNJAB NATIONAL BANK SCAM***

Again there is scam which shook the economic of India. The scam is of estimated rupees

11,356.84 crore issued by Punjab national bank. this case covers almost all headlines of worlds. The is done by the prominent jewelers of India NIRAV MODI.

### **2G SCAM**

The 2G spectrum case is spoof for government authority. this scam is of rupees 176000 crore of Indian government . A RAJA is being accused to sell 2G spectrum licenses at very low cost which resulted in a large scam. this is still going in supreme court.

## **RECENTS CASES IN INDIA OF WHITE COLLAR CRIME**

- SEBI VS BURMAN PLANTATION AND OTHERS
- ABHAY SINGH CHAUTALA VS C.B.I
- BINOD KUMAR VS STATE OF JHARKHAND AND OTHERS

## **CONCUSION**

The white collar crime have two surprising features first one is that it is non violent and the second one is that it done by prominent and people with high class jobs and status. white collar crime are the crime of new generations. The white collars crimes always shook the economic of nation as well the society. there are many mastermind such as Harshad Mehta, Nirav Modi which changes everything and made the concerned authority think about the loopholes of our system. Its shows mirror to the security of our nation. The only factor which is affecting the most is the economic of our nation. The cases of cybercrime is increasing day by day at alarming rate. India as a developing country has faced difficulties due to the scams which happens at particular time. The youth is getting motivated from these scams and feel that there is more scoop of money rather in simple jobs.

The investigating officials are in need to be trained for these sort of crime and there should be training for them so they can excess to the offenders and maintain transparency in work as the crimes are committed by people who are on high position.

The government of India should make strict and straight laws for white collar crime that reduce the commission of crimes. there should be quickness in decision making so that there is no burden and so that people should not loose faith in this as the crimes are done by the people

whom they consider their role model. the media has key role to maintain the transparency in the system and help to reduce the rate of white collar crimes. by reveling about the white collar crime at higher level a certain type of fear is created which helps to reduce the crime rate. This would definitely help in reducing the rate of white collar crime in India.

### **A MESSAGE FROM THE AUTHOR**

The only thing which give rise to these crimes are GREED of people. after going through this topic one thing which remain certain is the greed. greed can be reduced from childhood of children. This generation has difficult to change but we can change the thinking from next generation by giving education of consequences of these crimes to children at early age. Parents play important role this.

**“GREED IS A BOTTOMLESS PIT WHICH  
EXHAUSTS THE PERSON IN AN ENDLESS  
EFFORT TO SATISFY THE NEED WITHOUT  
EVER REACHING SATISFACTION”**

**ERICH FROMN**

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