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Discourse Analysis on White Collar Crime in India

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ABSTRACT

Crime is not the novel word it is existing since civilization established. There are two types of crime one is done on narrow level and another is done on the gargantuan level. White collar crime encapsulates a kind of crime which is done by the opulent class or who is kingpin of the technology or other quotidian appliance. The crime is done in such a orchestrated manner that there is less chance to caught the miscreants. Currently the proliferation in the white collar crimes in India is exerting a nefarious impact on the Society as well as on the economy. It includes financial embezzlement, defalcation of money, misappropriation of money, bamboozlement, Ponzi scheme etc. White collar crime is a pejorative word because it is pernicious to the economy. To tackle this uncertainties the government of India must take tyrannous action to plummet the rate of upsurging number of white collar crimes in India. The over all view through discourse analysis of white collar crimes in India is that it stipulates that it is more treacherous to economy if we juxtapose to ordinary crime.

Keywords: *Financial embezzlement, defalcation of money, bamboozlement.*

I. INTRODUCTION

White Collar crime means the crime committed by the elite class of the society during the course of their occupation. The crime is done in such a synchronization that it is insurmountable to find the miscreants. It is done by the conglomeration of people who are kingpin and ubiquitous of technology like snollygoster politicians, businessman etc. The 'White' stipulates about consonance, tranquility which enumerates that first they become trustworthy and stalwarts by their act and suddenly they attack perfidiously. The crime can also be known as crime of educated and professional opulent. White collar crimes have significantly increased in recent years. They are observed to be dedicated in exorbitant organizations that encompass a multifarious of activities. Therefore, it can be asserted that these crimes are prevalent in several sectors such as trade, commerce, education, health, and so on. Due to significant shifts in criminal profiles, traditional crimes have been substantially supplanted by white-collar crimes in the country. The main distinction between white collar crime and blue collar crime is in the

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socioeconomic backgrounds of the perpetrators. Blue collar crime typically involves individuals from underprivileged sections of society, while white collar crime is predominantly perpetrated by individuals from the upper class. Furthermore, white collar miscreants tend to collude their illegal activities in a highly orchestrated manner. They uphold their reputation in society until the crime is uncovered.

(A) Meaning

Before proceeding it is of paramount importance to comprehend the meaning of White collar crimes. White-collar crimes are typically non-violent offences that are primarily perpetrated with the intention of obtaining pecuniary benefits. The term 'white collar' demonstrates occupations carried out within a formal office or professional setting. White-collar crimes refer to offences perpetrated by individuals employed in corporate positions and surroundings. Evidently, these crimes are typically perpetrated by those belonging to an elite socioeconomic status and working as white-collar professionals. This distinction is made between white-collar crimes, typically perpetrated by individuals of higher social status and professional occupations, and blue-collar crimes, which are commonly committed by individuals from lower socioeconomic strata and working-class employment involving physical labor or warehouse work. White-collar crimes encompass a gamut of illegal activities, including but not only confined to fraud (such as Ponzi scheme fraud, mortgage fraud, and health insurance fraud), misappropriation of money, embezzlement, money laundering, fraudulent corporate reporting, fake bank loans, and tax evasion. Edwin Sutherland, an American sociologist and criminologist, is credited with coining the term 'white-collar crime'. By examining corporate contexts in early 20th century America, he was able to recognize and comprehend the emergence of this distinct form of criminal activity. He was pioneer to coined the definition of white-collar crime as ²"crime perpetrated by an individual of esteemed reputation and elevated social standing, while engaged in their professional activities. The main rationale for distinguishing white-collar crimes from "traditional" crimes is that white-collar crimes do not cause physical harm or pose direct threats. Instead, it entails the utilization of cunning, deception, and secrecy. Moreover, this crime can only be perpetrated by individuals of a particular nature. This crime is solely attributable to human intelligence and enterprise, which have led to the expansion of industries and corporations globally. This offence deviates from the traditional offences that have persisted for generations, instead displaying a contemporary and refined nature.

² Harkunwarjot Singh Makkar & Ankit Paul Kuar, White Collar Crimes in India: A Set Back for progressive Nation Building, vol-6, JPSC, 3549-3553, 2022

(B) Historical background

³Edwin Sutherland, an American sociologist, was the pioneer in defining white collar crimes on a global scale. He stated that the crime was done by an individual of affluent social standing, in contrast to people who typically indulge in regular criminal activities while employed. In 1934, Morris once again highlighted the imperative need to shift the focus when it comes to addressing crime. It is perquisite to classify and comeuppance as criminal offences the anti-social activities perpetrated by individuals of high social standing in the course of their professional duties who are kingpin. E.H. Sutherland's groundbreaking research highlighted the importance of classifying certain crimes committed by individuals from higher socio-economic backgrounds during their professional activities as "White Collar Crime." These crimes involve a breach of trust and should be distinguished from traditional "Blue Collar Crime."

II. NUANCE BETWEEN WHITE COLLAR CRIMES AND BLUE COLLAR CRIMES

White collar criminals are typically very bright, perspicacious and accomplished individuals from higher social classes, in contrast to common miscreants. The detection of these crimes is challenging as they lack any personal connection. Conversely, everyday crimes are characterized by their direct nature and human impact. Additionally, they employ aggressive techniques, such as employing physical coercion to carry out criminal acts. The average criminals typically petrifies law enforcement agencies after committing a crime. However, white-collar criminals do not share this fear. This is due to the fact that if they are caught, they may face fines, transfers, or at most, a brief period of incarceration. One other distinction between blue-collar crime and white-collar crime is that the financial impact of white-collar crime is exponentially more than that of typical crimes. The societal financial burden is greater in white-collar crimes juxtapose to crimes perpetrated by individuals of lower socioeconomic status. White collar crime is typically motivated by greed and is meticulously orchestrated and executed. In contrast, ⁴blue collar crimes are sporadically driven by emotions such as anger, revenge, and others. White collar crime results in harm to individuals or financial resources, whereas blue collar crime involves bodily violence.

(A) Kinds of White Collar Crimes

- 1) **Financial deception:** Fraud is a criminal act carried out with the goal to deceive and obtain an unfair advantage. Bank fraud refers to fraudulent activities specifically

³ Joyshri Maity & Haldia Law College, White Collar Crimes in India and its effect in the Society: A Critical Study, volume-8, IJCRT, 2020

⁴ Ahmar Afaq & Rupal Chhaya, Analyzing White Collar Crimes and its impact on the society, vol-47, BJAA, 2020

targeting financial institutions. Fraudulent companies engage in the act of creating false representations. It is also associated with the manipulation of negotiable instruments such as bounced checks, securities, and bank deposits. Bank fraud is a matter of concern to the general public due to the inherent trust relationship between banks and the public. This type of offence is widely prevalent in professional settings and falls under the category of both white collar crime and corporate crime. It adversely affects both the general public and the administration of the nation.

- 2) **Bribery:** Bribery is a prevalent form of white collar crime. Bribery refers to the act of offering money or valuable items to an individual in a position of power in exchange for a favor. Bribery is the act of one individual providing money to another individual who holds a position of authority. It is done with the intention of compelling him to take action or deterring him from taking action. It is the predominant source of income for the majority of public officials in our country.
- 3) **Cybercrime:** Cybercrime is the primary catalyst for various types of crimes in India. This is the most recent issue that is currently widespread in the realm of cyberspace. Cybercrime refers to criminal activities that are specifically connected to computer networks which is very quotidian now a days. As technology advances expeditiously, so does the occurrence of technology-related crimes. Cybercrime encompasses those who possess advanced knowledge of computer technology. It involves intentionally causing harm to a person's reputation or inflicting physical or mental harm on them using the internet, networks, and other technological means. Cybercrime poses a significant threat to both national security and individuals' personal and financial well-being. Cybercrime can result in substantial economic damage to a nation. Not only can it result in money loss, but it also poses a threat to an individual's privacy. Revealing personal information can lead to privacy issues. Furthermore, the incidence of cybercrime targeting women is also upsurging. The prevalence of cyber stalking and the transmission of explicit content to women by criminals is on the rise due to the use of telecommunication networks and mobile phones. Cybercrime encompasses plethora of illicit activities such as hacking, child pornography, copyright infringement, cyber terrorism, and cyber stalking.
- 4) **Money Laundering:** Money laundering is a criminal act in which individuals conceal the true origin or ownership of money. In this criminal act, perpetrators endeavor to obfuscate the true ownership and illicit origin of the funds. Laundering is conducted with the explicit purpose of legitimizing funds that originated from lawful sources.

Money laundering refers to the process of disguising illicit funds as legitimate assets. For example, if an individual acquires funds through illicit activities such as black market operations or trafficking illegal goods, the money will be deemed 'illicit' or 'cluttered'. Consequently, they cannot deposit this money into banks directly, as it would raise suspicion. To avoid detection, they would need to fabricate statements and records to explain the source of the funds. Money laundering comprises a tripartite process:

- Initially, the possessor of the funds acquires the money through illicit methods and proceeds to deposit it into a financial institution using various means.
 - Subsequently, the money is transferred through many transactions.
 - Finally, the funds are returned to the banks in order to legitimize them.
- 5) **Tax Evasion:** Tax evasion occurs when someone deliberately hides their true taxable income and misrepresents their financial situation to the authorities and where the situation is charade. The purpose of concealing income is to minimize tax liability as seen by the government. Put simply, it refers to concealing illegally obtained funds to minimize tax liability and present a lower income to tax authorities. Tax evasion has detrimental effects on societal values since it undermines the morale of honest taxpayers and may incite them to engage in tax evasion as well. Additionally, it concentrates economic power in the hands of a select few individuals who do not deserve it.
- 6) **Identity Theft:** Identity theft is currently one of the most prevalent and straightforward forms of crime. With the rapid progress of technology, it has become increasingly effortless to obtain personal information about individuals. Identity theft is a criminal act where an individual illicitly obtains unauthorized personal information, such as name, address, and phone number, and exploits this data for financial advantage. Identity theft occurs when an individual fraudulently uses another person's identity for the purpose of financial gain or engaging in illicit activities.

III. REASONS FOR GROWTH OF WHITE COLLAR CRIMES

1. Technology Feasibility

Due to technological advancements, white-collar crimes have proliferated globally and are also experiencing tremendous growth in India. The pervasive utilisation of ubiquitous personal computers and cell phones has exacerbated this problem due to their popular adoption. They not only facilitate the generation of novel concepts but also offer opportunities for individuals

residing anywhere in the world to access these ideas.

2. Rationalism

Rationalism is a philosophical belief that accentuate the importance of reason and logic in comprehending the world and acquiring knowledge. Due of the multitude of transgressions, conventional researchers find it challenging to categorise and comprehend them. This leads to criminals engaging in criminal activities and subsequently rationalising that their actions are not in violation of the law. Insider trading is often perceived as a victimless crime by several stock traders, who struggle to identify the affected party. Bribery occurs when salespeople perceive that they have achieved success in their duties by finalising a transaction without inflicting any harm to their clients.

3. The professional environment

Individuals have the capacity to display both exemplary and undesirable conduct within the professional environment. When faced with an ethical dilemma, individuals may be inclined to exhibit significantly varied behaviour due to factors such as inadequate job incentives or a lack of managerial concern for ethical considerations. Consequently, certain individuals succumb to these pressures and violate their ethical values, resulting in engaging in unlawful conduct.

4. Access to Information

Given that individuals may readily access confidential data such as their bank account numbers, passwords, and other personal particulars on their mobile devices and laptops, malevolent individuals may opt to exploit this information for personal benefit. A significant number of individuals engaged in white-collar crime often focus their efforts on affluent individuals or establishments such as casinos, financial institutions, and hotels, where substantial amounts of money are often exchanged. Hackers can manipulate biometric systems by exploiting access codes, retinal images, and other data, then altering this information to their advantage.

5. Avarice

According to Machiavelli, the progenitor of contemporary political thought, mankind possess an inherent inclination towards malevolence. According to him, a man is likely to forget the loss of his inheritance more easily and quickly than the death of his father. This applies equally to anybody desiring to participate in any type of white-collar offence. Otherwise, what would motivate an individual of affluent financial status and elevated social position to engage in the act of homicide? This vice is advantageous since it can serve as a source of motivation for individuals to pursue goals that are not related to money gain.

6. Competition

The fierce competition in the market led the miscreants of white collar crime to opt illegal means for achieving the colossal profit. For short term interest the white collar criminals commit the fraud, defalcation of money etc . All these crimes are committed to satiate the desires of becoming opulent by illegal means.

IV. EFFECTS OF WHITE COLLAR CRIME

1. Business effect

White-collar crimes have substantial adverse effects on a company. Furthermore, once the information becomes public knowledge, it can tarnish the company's reputation in the long run, a consequence that is challenging to measure. Ultimately, it may even compel it to shut down. Losses caused by a single dishonest employee working alone or in partnership with an external party can significantly and rapidly decrease the company's total profitability.

2. Client Impact

People enjoy purchasing products from a business that offers a congenial trading environment. Customers do not want to encounter any legal complications. Thus, it creates doubt in the client's mind when a corporation is implicated in criminal situations and investigations. Some clients may cease their relationship with the organisation due to concerns about unnecessary inconvenience. Consequently, individuals start searching for feasible alternative solutions.

3. Societal Impact

White-collar crimes also have substantial financial consequences. Illegal activities in a firm lead to employment losses, decrease in stock prices, and loss of confidence in the judicial system. The cumulative effect of the cases of white collar crimes starts getting perfidious attack on the economy.

V. CASES ON WHITE COLLAR CRIME

1. Sukesh Chandrasekhar's Deception case

Sukesh Chandrasekhar, a fraudster, became well-known for his excessively extravagant way of living due to the many fraudulent schemes he successfully executed. Sukesh, a dropout, manipulated many government officials, including the present residence of Minister Amit Shah defrauded unsuspecting parties of millions of dollars. He was associated with Bollywood stars Nora Fatehi and Jacqueline Fernandes, whom he gifted expensive racehorses, fancy purses, and costly vehicles. Sukesh allegedly helped TTV Dhinakaran, the AIADMK deputy general

secretary, in securing a good position with the election commission, as per recent reports. Sukesh and Dhinakaran were initially apprehended by the Delhi Police Crime Branch in 2017 over the election commission bribery issue, and the investigation is ongoing. Sukesh is accused of swindling a minimum of 200 crore rupees from several unsuspecting individuals while in prison.

2. Satyam Scandal case

The Satyam incident, considered one of the worst accounting scams in our country, was revealed in a remarkable manner. In 2009, B Ramalingam Raju from Satyam Computers confessed to falsifying his financial records in a statement published in the Times of India. The severe recession of 2009 was worsened by the 14,000 crore fraud, as stated by Lego Desk. Raju and his friends were targeted by SEBI for financial fraud, insider trading, and other significant financial schemes. SEBI imposed a 14-year ban on the guilty parties from participating in the securities markets and mandated them to pay 3000 crore rupees within 45 days, as per a Lego Desk article.

3. ⁵ Saradha Chit Fund Case

Many individuals in lower socioeconomic groups took their own lives after this deception was revealed. The Saradha Chit Fund from Bengal was a Ponzi scheme that earned the nickname "Bonzi" because of its fraudulent nature. As to a Trade Brains inquiry, Sudipto Sen, the architect of the programme, attracted rural investors by offering high profits and including religious elements related to "Saradha"—Sarada Devi, the wife of Ramakrishna Paramahansa, a revered saint in Bengal. Before collapsing, the company managed to secure an impressive 300 billion rupees from one million investors. The group has garnered high-profile endorsements from some of the most easily deceived personalities in the film industry. Sen used the money to support various TV news shows, regional films, and local football teams transferred funds Sen used the money to support various TV news broadcasts, regional films, and local football clubs. Sen provided significant financial support to influential political figures to silence the grievances of affected investors. Saradha built over 200 entities to create shell organisations and distract SBI from its investigation. Sen and his associates faced various actions, such as a restriction from SEBI on participating in the securities market until all refunds were issued. Sen departed after confessing to the CBI about his wrongdoings, leading to the filing of several FIRs against him.

CM Mamata Banerjee established a \$70 million relief fund for low-income depositors and

⁵ Paras Kaushik & Yashika Gandhi, White Collar Crimes in India: A Thorough Study, vol-4, IRJETS, 2022

initiated an ongoing inquiry through a Special inquiry Team (SIT). Trade Brains reports that Sen has 98 pending claims in 2021.

4. Harshad Mehta Scam case

The Harshad Mehta Scam is a prominent instance of white-collar criminality. The film "Scam 1992" immortalises the life and career of Harshad Mehta, a prominent businessman and stockbroker in Bombay. Mehta was renowned in Mumbai's trading community. He was suspected of stock price manipulation, resulting in a significant rise in share prices. Mehta reportedly acquired more 5000 crore rupees by deceit, as stated by Lego Desk. Renowned financial writer Sucheta Dalal ultimately uncovered the deception through her exceptional research. Mehta's activities were unethical rather than illegal as he exploited existing weaknesses in the system. SEBI significantly amended market laws and regulations in response to this fraud being exposed. Lego Desk reported that Mehta's actions resulted in widespread panic selling.

VI. CONCLUSION

India must plummet fraud and corruption in both the public and commercial sectors to sustain its current economic path. Fraud and corruption hinder global firms from investing in the country. ⁶An example of how White Collar Crime may impact the broader population is insurance premiums rising dramatically as a result of false claims filed against the insurer. Although an individual may have an excellent claims record, premiums are based on total claims, of which a significant number may be false. Hence, the Indian government should enhance governance and rigorously penalise lawbreakers. Political parties must now have the fortitude to rectify the situation. Private companies should use fraud prevention strategies and prioritise ethical practices to decrease fraudulent activities. To reduce the danger of fraud in India, collaboration between the two sectors is essential. Strategies to regulate white-collar crime have reasons, and society's response to this type of crime is influenced by intricate social factors that include both objective and subjective elements. There is a belief that the public shows less concern and support for severe comeuppance for white collar crimes compared to traditional street crimes. Box and other authors see the public's uncertainty towards white collar crimes as a challenge in educating them about not perceiving these crimes as accidental or random events. Hence, the fundamental verity should be that prevention is always more favourable than therapy. The public should unite to protect society from individuals who are eroding moral

⁶ Jatin Sharma & Dr. Manu Singh, White Collar Crimes in India: An Analytical Study, IJTRD, 2022

values and ethics by deceiving and manipulating public trust.
