

A Critical Study on White Collar Crime: Special reference to India

Dr. Jaiveer Malik,
Assistant Professor, Shri khushal Daas University Hanumangarh Rajasthan

Abstract:-

White collar crimes, which don't involve physical violence, have a big and often overlooked effect on a country's social and economic situation. In India, there has been an increase in such crimes, including corporate fraud, embezzlement, money laundering, and insider trading. These crimes reveal weaknesses in the legal and regulatory systems. Usually, these crimes are committed by people in trusted and powerful positions, who use legal uncertainties and procedural gaps to avoid being held responsible. This paper looks at how the concept and classification of white collar crimes have developed in India. It also analyses the laws, institutions, and court responses dealing with these crimes. Particular attention is given to the difficulties faced during investigations and prosecutions, as well as the legal rights and protections that are available to both the accused and the victims. By looking at important cases and comparing them with practices in other countries, the paper provides practical policy suggestions to improve the effectiveness of the Indian criminal justice system in tackling white collar crimes. White collar crime is becoming a bigger problem in India and globally. We know there is a lot of white collar crime, even though it is hard to get accurate numbers and what data we do have tends to show less than what is actually happening. Also, in India, street crimes have been going down, but white collar crimes are increasing. The average cost of a white collar crime is higher than that of a street crime. This paper looks into the causes of white collar crime by studying how criminal behaviour comes from a mix of opportunity and motivation. Most social psychology studies on white collar crime are based on the interactionist theory of motivation. While this theory doesn't fully explain the causes of white collar crime, it helps understand how offenders see their social world.

Keywords:- white, colour. Crime, Punishment, Economic offenses, Corporate fraud, Money laundering, Legal framework, Criminal etc.

Introduction

Most societies have certain rules, beliefs, and traditions that people accept as good for their well-being and growth. Actions that go against these accepted standards are considered anti-social. Many writers define "crime" as behaviour that is anti-social, immoral, or against religious teachings. But according to the law, a crime is any action that a government says is harmful to society and that is against the law, with possible punishment. A crime is any action or inaction that breaks the law and can result in being punished. One of the most important changes in the study of crime, especially since World War II, has been the idea of

"white-collar crime." This became a topic for scientific study and theory. Even though white-collar crime isn't a new idea, people have long talked about the corruption and dishonesty of those in high positions. In the past, there were cases of rich people stealing or cheating. Recent research has made people think about these cases more broadly and included them in general theories about why crime happens. Edwin Sutherland's work in the 1930s helped start the term "white-collar crime" and caused discussion about whether it should be studied as a serious topic in criminology. As trade and technology develop, white-collar crime becomes more common around the world. India is no exception to this trend. The country's growing economy and rapid industrialization have led to a big increase in this kind of crime in recent years. This type of crime is different from traditional crimes in both legal and social ways. White-collar crime affects many parts of life today. Financial scandals, like big bank failures and pension fraud, question the honesty of financial institutions and make crime a political issue. Public sector and tax fraud reduce money for important services like welfare, education, and healthcare. Businesses that act unfairly can put the safety of workers, customers, and travellers in danger and also harm the environment and public health. These are just some of the issues that the study of white-collar crime raises. The fact that such crimes exist challenges how criminal justice systems define, measure, and deal with crime. It also raises questions about how to compare these crimes to others, since they cover a wide range of harmful actions that aren't always seen as crimes. Now, the study of white-collar crime goes beyond traditional crime topics to include areas like financial regulation, environmental protection, workplace safety, consumer rights, and food safety.

Historical Background The idea of white-collar crime is often linked to E.H.Sutherland, who did important work in this area. His research made criminologists pay more attention to how these crimes affect society negatively. Sutherland explained that apart from usual crimes like assault, robbery, murder, and rape, there are also anti-social acts that people from higher social classes do as part of their jobs. In 1934, Morris highlighted the need to shift focus on crime. He said that crimes committed by people of high status in their professional roles should be considered as crimes and punished like others. Finally, E.H.Sutherland stressed that these crimes, done by people from higher socio-economic groups while breaking trust, should be called white-collar crimes. He also used the term "blue-collar crimes" to refer to traditional crimes.

White Collar Crime & Criminology Early criminologists focused on crimes linked to lower-class people who ended up in courts and prisons. They believed that crime resulted from personal issues like poverty or lack of resources. This view was challenged in 1939 by Edwin Sutherland, a U.S. criminologist, who introduced a new idea. Sutherland said that upper-class people engage in a lot of criminal activities, and the main difference between their crimes and those of lower-class people is how they are handled by the system. He argued that these differences don't really change the cause of the crime. The term white-collar crime was first used in criminology in 1939 by Sutherland. He published his research on white-collar criminality in 1941. He was part of the sociological school of criminology and

defined white-collar crime as crimes committed by people of high social status through their jobs. Sir Walter Reckless said, “White-collar crimes are committed by persons of status, not for need but for greed.” Sutherland also noted that white-collar crimes are more harmful to society than regular crimes because the financial loss from these crimes is much bigger than from theft, burglary, or robbery.

Nature of White-collar Crime For a crime to be called white-collar, it should be connected to the person's professional role. In theory, this connection matters more than the specific law broken or the offender's status, even though these have become key factors in discussions about white-collar crime. Most of the laws involved in these crimes are not part of the usual criminal code, and the people breaking these laws are usually more respected in society than the average criminal. Even though these crimes are often related to actions like embezzlement or forgery, they are still handled under criminal law. People in non-white-collar jobs, like farmers or repairmen, can also be involved in white-collar crimes if they do illegal things like tampering with milk or providing unnecessary repairs on TVs. However, people in high-status jobs who commit crimes like rape, robbery, or theft not related to their jobs would not be considered white-collar criminals. These crimes usually involve dishonesty or lying, which breaks the trust people place in the individual or the business.

Legal and Procedural

Challenges Complexity of Evidence

White collar crimes often involve a lot of electronic records, complex accounting trails, and money moving across borders. Investigating such cases needs special skills in forensics, cybercrime, and finance, which Indian enforcement agencies often don't have. Getting evidence from other countries also needs legal agreements called MLATs, which take a lot of time.

Delayed Investigation and Prosecution

The Central Bureau of Investigation (CBI), Enforcement Directorate (ED), and Serious Fraud Investigation Office (SFIO) are often busy with many cases. They don't have enough staff or modern tools, which leads to delays in filing charges and starting prosecutions. Legal Loopholes and Judicial Delays People accused of crimes often use their legal rights to delay the process, like applying for bail multiple times, getting temporary relief, or questioning the court's authority. High-profile accused also ask for adjournments, which can make the trial last for years. The lack of special courts for economic crimes makes this situation even worse.

Influence and Systemic Interference Powerful companies and politically connected people can affect investigations through lobbying or pressure. There are cases where key witnesses change their stories and investigative agencies face pressure to weaken the cases.

Lack of Inter-Agency Coordination Agencies like the CBI, ED, SEBI, SFIO, and Income Tax Department often work separately, leading to repeated efforts and not enough team work. The absence of a centralized system for managing cases causes confusion and delays, especially in big fraud cases.

Rights of the Accused and the Victim in White Collar Crime Cases In any criminal justice system, especially for white collar crimes, both the accused and victims should have their rights protected to ensure fair and impartial justice. However, due to the nature of these crimes and the social status of the accused, the balance between these rights may not be fair.

Rights of the Accused Indian law gives strong protections to those accused, mainly from the Constitution and the Code of Criminal Procedure.

- **Right to Fair Trial (Article 21):** This guarantees life and personal freedom, including a fair trial. It is a key part of criminal law.
- **Presumption of Innocence:** An accused is considered not guilty unless proven guilty beyond a reasonable doubt.
- **Protection against Self-Incrimination:** No accused can be forced to testify against themselves.
- **Right to Legal Representation:** The accused has the right to be defended by a lawyer of their choice. These rights are especially important in white collar crimes because the accused are often powerful individuals. Fair procedures must be strictly followed to prevent unfair treatment.

Rights of the Victim the Indian legal system traditionally focused more on the rights of the accused, but recent laws have tried to give victims more rights.

- **Right to Compensation (Section 357, CrPC):** Courts can order the accused to pay compensation to the victim for loss or injury.
- **Right to Participate in Proceedings:** Victims have a limited right to be involved, especially during sentencing or parole. Reforms in the Criminal Law (Amendment) Act, 2008, and later laws have improved this.
- **Protection of Identity and Dignity:** Victims, especially whistle-blower or complainants in high-profile white collar crimes, are at risk of threats and retaliation. Witness protections programs help keep them safe.

Judicial Trends and Landmark Cases

Judicial statements in India have often pointed out how serious white collar crimes are and how important it is to enforce the law strictly. However, there are still big problems like long delays in court cases and not following the law the same way in different situations.

Landmark Cases - State of Gujarat v. Mohanlal Jitmalji Porwal & Anr., (1987) 2 SCC 364
The Supreme Court stressed how serious economic crimes are, saying they harm the country's economy and hurt public trust. The Court called for a strong and strict way of dealing with these kinds of offenses.-

CBI v. Ramesh Gelli & Ors., (2016) 3 SCC 788 This case made it clear that people working in private sector banks can also be charged under the Prevention of Corruption Act. This means that accountability is not just for government workers but also for others in the private sector.-

SEBI v. Sahara India Real Estate Corp. Ltd. & Ors., (2012) 10 SCC 603 This was one of the biggest corporate fraud cases in India. The Court held the Sahara Group responsible for raising over 24,000 crores through optionally fully convertible debentures without following SEBI rules. The judgment helped protect investors and showed how strong SEBI's role is in regulating the market.

Reasons for the Growth of White-Collar Crimes The main reasons behind the increase in white-collar crimes are competition, greed, and the lack of strong laws to stop them.

Competition Herbert Spencer, who came up with the phrase "survival of the fittest," said that competition is natural, like how Darwin explained evolution. This suggests that competition between people and businesses is always going to happen.

Lack of Strong Laws Most white-collar crimes happen online, which makes it hard for the police to find and track them. These crimes often take place in private places like homes or offices, and there are no witnesses. This makes it even harder to catch the criminals.

Effects of White-Collar Crimes

1. Effect on the Company White-collar crimes cost companies a lot of money. To cover the losses, companies raise the prices of their products, which reduce the number of people who buy them. This follows the law of demand, which says that as prices go up, demand goes down and vice versa. Companies also cut employee salaries or lay off workers. It becomes harder for employees and investors to get their money back. People also find it more difficult to get loans or credit.

2. Effect on Society White-collar crimes is harmful to society because the people who commit them are supposed to be role models. When they act dishonestly, it makes society less trustworthy and more corrupt.

Conclusions:

The research paper ends with a close look at white collar crime in India. It goes into great detail, explaining many different parts of the topic. The paper gives important information about how common white collar crime is, how it has changed over time, and how it affects both the economy and society. It carefully looks at various types of white collar crimes, such

as bank fraud, bribery, money laundering, tax evasion, and cybercrime. It also points out several reasons why these crimes have become more common in India. These reasons include fast economic growth that creates more chances for illegal activities, industrialization that allows for more complicated fraud schemes, and technology that gives criminals new ways to do harm. By looking at these factors and putting them in the context of India, the paper gives useful insights into the many different aspects of white collar crime in the country. White collar crimes can have many different reasons behind them. These can include a strong desire for money and status, pressure to meet goals, and the ability to make excuses for unethical actions. These crimes can be done by individuals who are greedy or by large organizations that are involved in corrupt behaviour. The results of these crimes go far beyond just one person's actions. One effect of white collar crime is the growth of an underground economy that operates outside of the legal system. This hidden network involves illegal transactions that avoid taxes and regulations. This weakens economic stability because resources are used for illegal activities instead of for the good of society. It also causes inequality and slows down overall progress. Another big impact is the spread of black money in society. When people commit fraud, like money laundering or stealing money, they gain large amounts of illegal money that isn't tracked in normal financial systems. However, they are not enough on their own. It is also important to educate people about the serious consequences and the importance of ethical behaviour. By understanding these issues, people can better understand their role in maintaining honesty and be less likely to engage in unethical actions. India has the chance to stop the increase in white collar crime and create a society that values honesty and responsibility by working as a team, they can build a strong system that fights white collar crime and supports the principles of fairness and justice. These steps are needed to make big changes and make sure people who do illegal things get the right punishments.

References/Bibliography:-

1. chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://iosrjournals.org/iosr-jhss/papers/Vol.29-Issue3/Ser-5/A2903050127.pdf
2. chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.ijfmr.com/papers/2024/2/15901.pdf
3. chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://ijlr.iledu.in/wp-content/uploads/2025/04/V5I692.pdf
4. Indian Express, "CBI lacks autonomy: SC," January 2013. .
5. *State of Gujarat v. Mohanlal Jitmalji Porwal*, (1987) 2 SCC 364.
6. *SEBI v. Sahara India Real Estate Corp. Ltd.*, (2012) 10 SCC 603.
7. <https://www.statista.com/statistics/309435/india-cyber-crime-it-act/>
8. NCRB, "Crime in India 2022," Ministry of Home Affairs.
9. Law Commission of India, 239th Report on Expeditious Investigation and Trial of Criminal Cases Against Influential Public Servants

Copyright & License:

© Authors retain the copyright of this article. This work is published under the Creative Commons Attribution 4.0 International License (CC BY 4.0), permitting unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.