

# Examining the Impact of Corporate Crimes on Society: An Indian Perspective Study

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## Abstract

Corporate crime is a non-violence crime, where the main motive can be identified to be associated with financial gain. Corporate crime can also be recognised as organisational crime, is a type of white-collar crime that is specifically committed by individuals within their respective legitimate occupations, with regard to the benefit of their employing corporations. These individuals however do not consider themselves as criminals and their activities to be criminal activities. It is also to be taken into consideration that corporate crimes are not new to this society. Corporate crimes could be categorised in a variety of forms given their nature and scope. In India, the laws governing corporate crime have long been in discussion. However, given the continuous development in technology, it is suspected that the legislative bodies are required to further research on the topic in order to develop the rules and regulations governing the given offence in order to align the governing regulations with the changing forms of corporate crimes. The primary focus of this article is to critically analyse the factors associated with corporate crime in the society by taking into consideration the Indian perspective on the same.

**Keywords:** Corporate Crime, Crime, Corporate Law, Corporation, Law, Liability, Corporate Liability

## Introduction

Corporation as a creation of law, can be identified as one of the most common forms associated with business organisations. Scholars have suggested a venture to be called as an artificial judicial individual for the particular reason that a company is a legal person, being artificial given the obedience of the law and ignoring the personalities of a human. The primary characteristics of a company specifically include limited liability and corporate personality as well as transferability of shares followed by punctual progression and company as a person. Generally, a company is treated as a distinct legal person who is responsible for its debt that it incurs and which is also considered to be the only beneficial concerning its credits. It has been identified that common law countries generally honour the principle of separate individualism in the context of a company. However, in the case of exceptional situations concerning crimes that are involved may lift or pierce the corporate veil. The primary focus of this article is to critically analyse the factors associated with corporate crime in the society by taking into consideration the Indian perspective on the same.

## Corporate Crimes

Corporate crime can also be recognised as organisational crime, is a type of white-collar crime that is specifically committed by individuals within their respective legitimate occupations, with regard to the

benefit of their employing corporations. These individuals however do not consider themselves as criminals and their activities to be criminal activities. It is also to be taken into consideration that corporate crimes are not new to this society. Corporate crimes have been taking place in society from the inception of corporate entities and their establishment. Scholars have argued that it is hard to confine the term corporate crime in one single definition. There are multiple definitions that would explain the nature and significance of corporate crimes in the views of different scholars. For instance, John Braithwaite, an Australian criminologist, defined corporate crime as, “*the conduct of corporations or employees acting on behalf of a corporation, which is prescribed and punishable by law* (Kawasaki, 2019).” On the other hand, criminologist Edwin Sutherland in 1939 defined corporate crime as a crime “*committed by a person of respectability and high social status in the course of his occupation.*” Some of the common examples of those crimes include:

- Manipulating the stock market
- Falsifying information on financial statements
- Bribery of public officials
- Bribery
- Embezzlement
- False claims in advertising
- Damage caused to the environment due to negligence (Legalserviceindia, 2022)

It can be opined that corporate crimes at the present time, are being committed by a huge number of corporate criminals every day. It is also a fact that most of these white-collar criminals will never get caught; however, government as well as private citizen groups have come together with the intention of dealing against these particular crimes in India with the introduction of multiple legislation including “*Prevention of Corruption Act, 1988*”. This particular act was introduced with the intention of eliminating the practice of corruption in India and remove one significant corporate crime from the country in the form of corruption.

### Categories of Corporate Crimes

Corporate crimes could be categorised in a variety of forms given their nature and scope. However, some of the common categories of corporate crimes have been explained in brief in the following section:

- **Ad hoc crimes:** In the case of this particular category, an individual or the offender specifically pursues his individual objective with no direct interaction with the victim in question. For instance, credit card frauds and hacking.
- **Bribery:** In the case of bribery, it could be explained as a situation where goods, money, services or any other form of data is offered with intention of influencing the action and opinion as well as decisions of the taker.
- **Embezzlement:** When an individual being entrusted with the property or money, specifically appropriates the same concerning their own use, it amounts to embezzlement.
- **Counterfeiting:** Counterfeiting can be explained as a crime where an individual imitates or copies something without valid authorisation for doing so.
- **Forgery:** Forgery on the other hand, can be identified as a crime where an individual delivers false instruments despite having knowledge for the instrument being false. This instrument could include a cheque.

- **Tax-evasion:** Tax-evasion is a situation where individuals more frequently use the same with an intention of having extra-unaccounted income.
- **Professional Crime:** These crimes particularly include crimes that are committed by different professionals entitled with public safety and privacy as well as other relevant concerns. These crimes are generally committed by lawyers, medical practitioners in the course of their professional operations.
- **Fraud:** Fraud in its wider sense means any kind of intentional deception that has been made concerning any personal gain as well as to damage another individual or entity. This form of corporate crime is defined in both civil as well as criminal code. One can further define fraud as a broad term encompassing multiple different schemes that involve one similar intention of defrauding people of their money (Buell, 2018). One of the most common as well as simplest forms of fraud can be recognised to be the offer to send someone a greater amount of money if they'll simply send the fraudster a little amount of money. It is certain that the fraudster gets the money that's sent to him but never sends out the money he promised to send.
- **Insider trading:** Insider trading can be recognised to be a trading done given the benefit concerning the trader specifically possessing material as well as non-public information giving them an advantage concerning the financial markets. For instance, an employee working at an investment bank might not have the knowledge that Company X is somehow making the preparation of acquiring Company Y. The employee in question in this case, is capable of buying stock in Company Y with certain expectation that the stock of the company will rise notably in price after the acquisition comes into public knowledge.

### National and International status of Corporate Crime

Researchers have suggested that international criminal law till date has particularly failed in the course of recognising the criminal liabilities concerning corporations. Furthermore, none of the statutes concerning the international criminal tribunals have been capable of successfully recognising corporations as possible defendants with regard to the allegations concerning serious violations of relevant international law. The international governing bodies have put significant efforts into introducing corporate criminal liability. At the “1998 Rome Conference” an attempt was made for the establishment of an “*International Criminal Court*”. It has also been studied that the recent developments made in the given domain, particularly demonstrate more openness concerning the recognition of “*corporate criminal liability*” at the international level. In this regard, it is critical to mention two initiatives. The first initiative directly concerns the adoption of the “*Malabo Protocol by the Member States of the African Union*” in 2014. C

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