

EFFECTS OF WHITE COLLAR CRIME

- **Effect on the company**

White collar crimes causes huge loss to companies. In order to recover the loss, these companies eventually raise the cost of their product which decreases the number of customers for that product. This works according to the law of demand states that, other things being equal, when the price of a commodity rises, it's demand would fall and when the price lowers, its demand would increase.

In short, the price of the commodity is inversely proportional to its demand. Since the company is in loss, the salaries of the employees are lessened. Sometimes the company cut down the jobs of several employees. The investors of that company and its employees finds it difficult to repay their loans. Also, it becomes hard for people to obtain their credits.

For example, a US-based IT cognizant landed up paying [178 crore](#) rupees to settle the charges levied on it under the Foreign Corrupt Practices Act by the Securities and Exchange Commission. The company had bribed an Indian Government Official from Tamil Nadu to allow the building of a 2.7 million square feet campus in Chennai. Apart from loss in paying 2 million dollar bribery amount, the company also had to bear extra charges of 25 million dollars to get free from the charges.

- **Effect on the employees**

White collar crimes endanger employees. They become conscious of their working conditions, whether it is safe anymore or not. They start doubting if they are safe and that they can still be given in their trust to the company.

- **Effect on customers**

The most important concern of the customers is whether the products which they are using is safe or not. This doubt rise to see the rate at which white collar crimes have been increasing.

- **Effect on society**

White collar crimes are harmful to the society for those people who should be cited as a moral example and who must behave responsibly are one committing such crimes. The society thus becomes polluted.

When the former director of [Andhra Bank](#) and the directors of a Gujarat based pharma company, Sterling Biotech, were arrested for their involvement in 5000 crore fraud case. They used to withdraw money from bank accounts of several benami companies. This was one big scam which put the people in fear.

Also in 2018 the [Punjab National Bank](#) (PNB) found that fraudulent transactions of value 11,346 crore rupees have been taking place in its Mumbai branch. *“The Staff there used to fake LoU (Letter of Understanding) for the buyer’s credit to the company of Nirav modi and Gitanjali Group”*, as published in the Business World.

- **Loss of confidence**

Stock fraud or trading scandals, like that happened in the U.S. in the 1980s, makes people lose faith in the stock market. Barry Minkow, a teenager and the owner of the business of carpet cleaning built a million dollar corporation in the 1980s. But, he was able to achieve this only through forgery and theft.

He managed to create more than 10,000 counterfeiting documents and sales receipts without coming to someone’s notice. His company although created through fraud was able to make market capitalization of 200 million dollars and leased 4 million dollars of land. Later, he was sentenced to 25 years of imprisonment.

Eron was the seventh largest energy trading company, based on revenue, in U.S. Forgery made them waive off hundreds of millions of debts out of their book. The investors thought that the performance of the company was really good and stable. But later on it as found that the incredible numbers on revenue records were fictitious. The famous Eron scandal where all the retirement accounts were wiped out it was found that people had loss their normality, their power and public confidence.

- **Effect on offenders**

The authorities have shown no consensus on the definition of white collar crimes. There are no accurate statistics available to analyse the causes and effects of such crimes and therefore government fails to take exact measures to prevent them. Also, though these crimes are on the rise, they are generally not reported.

These crimes have no eyewitnesses as they are committed *in camera*, which means that the offenders commit these crimes while sitting in a closed room or in their personal space using their computers, and nobody could know about what they are doing on their computer.

This makes it difficult to track the offenders. All these loopholes becomes an incentive for the offenders to fearlessly commit such crimes because the punishment is also for a short term unlike in blue-collar crimes. Offenders are mostly seen roaming freely which poses a danger to the society.

- **Effects on the temperament of the affected person**

The target of the offenders are generally elderly people with little access to liquid assets and their cognitive ability is less than that of younger people. So they become an easy target for the offenders. The victims of such crimes often undergo depression and are seen to have suicidal tendencies, because sometimes the loss incurred is unbearable.

The renowned startup founder, **Vijay Shekhar Sharma**, the person who founded the widely used app for transaction namely Paytm, became a victim of blackmailing by his personal secretary Sonia Dhawan. She along with others stole his personal data along with sensitive business plans, to extort money from him. Also, Sharma received regular calls stating that his personal information would be revealed to the public if he doesn't give the required amount to them. Sharma was put under a lot of pressure.