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# Effect of White-Collar Crime on Education System

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## ABSTRACT

*Today WCC are almost in every field. However, it is rapidly increasing in the educational system as well. White-collar crime refers to the criminal activity carried out by highly educated people from higher levels of society. It may also be referred to as an offence against highly qualified and educated people. Further, these crimes include those in the sector of the judiciary, healthcare, and educational professions, as well as other professions. Thus, White collar crime is a rising issue in India as well. The main cause of educational crimes is the expansion of the commercial and information technology industries. Hence, modern technology developments bring to professional crime new perspectives.*

*Today, White collar crimes are also common in the public sector, including the educational system. Although it can be challenging to figure out what kind of white-collar fraud might involve educators and administrators in schools. Nowadays educational institutions become a major hotspot for white-collar crimes. With establishing fraudulent and false information about their organisations, the executive boards of such organisations are in a position to obtain considerable government funding. Because high class individuals are engaged, these kinds of crimes and scams are particularly challenging to detect and prove. However, it is crucial to safeguard the educational system from fraud and fraudulent activities. This study will outline the usual kinds of white-collar crimes which have become common in India over the past couple of decades. Also, it is essential to control the white collar crimes especially in the educational system as it may weaken the future growth as well the economy of the whole country.*

**Keywords:** WCC, Education Sector.

## I. INTRODUCTION

White-collar crime can be defined as unlawful acts committed by those who have white-collar professions, and those who engage in this activity. The more affluent socioeconomic status or high class of society are generally white-collar criminals. While rendering professional or career services to people, they breach legal requirements. Thus, white-collar crimes committed in the

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education sector by the governing bodies through incorrect recruitment, partiality and inaccurate evaluation, service termination and promotions. Institutions of higher learning are a further focus for white-collar crime. The majority of white-collar crimes within India occur in commercial educational institutions because there is the institution's founder has complete control and can manage it in any way, they think fits.

Thus, to promote and protect education the Indian Constitution provides *The Right to Education (Article 21A) act<sup>2</sup> that* provides basic standards for primary educational institutions and defines accessibility to education as a fundamental right of all children between the ages of 6 and 14.

White-collar crimes of all kinds happen in educational institutions with the common goal of making money. For admission, students must donate a significant amount of money to programmes like the field of medicine. The sum of money donated depends on the credibility of the private university, and these institutions are typically run by wealthy businessmen and political leaders. Without adhering to any laws or rules, they operate these institutions like independent enterprises. These kinds of associations operate a variety of fraudulent activities, including fake degree schemes and fraudulent placement schemes. Contrary to this, teachers and staff members in government institutions participate in unjust practices such as forcing students to private coaching. For the purpose of making money, many private institutions operate without any legal authorization. Thus, it may be claimed that white-collar criminals have a hold over educational institutions.

The following includes a few examples of white-collar crime that take place at educational institutions:

- Obtaining a significant grant or assistance from government agencies by providing fake and incorrect information about the educational institution.
- Incorrect and fraudulent registration of students who live abroad.
- Raising significant charity or capitation charges on the students.
- Insufficient educational quality.
- Untrue placement promises.
- Fake and deceptive advertising to entice students to register.

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<sup>2</sup> legalservicesindia (2023) Right to education. Available at: <https://www.legalservicesindia.com/article/1925/Right-to-Education.html> (Accessed: April 15, 2023).

- Students are frequently mistreated in private institutions.
- Unauthorised private institutions.
- Discrimination in the students.

As a result, the risk of white-collar crime seriously impacts Indian educational institutions. Because white-collar crime reveals itself in different ways at all levels of education, either primary, secondary, or university level, this has ruined the whole Indian educational system. The Indian educational system has become worthless and ineffective as a consequence of an increasing amount of white-collar crime. Consequently, white-collar crime within education was aiming to supply whatever in school except for genuine education, which is studying, understanding, competence, and expertise. Ironically, certain private sector learning facilities are alleged of having poor professors or facilities. According to numerous professionals, private institutions and universities have difficulty hiring qualified teachers because they offer poor pay and unreliable job possibilities. Another frequent allegation levelled against the private education industry or specific institutions is that they work without the required permits or permissions and are therefore at risk of legal proceedings.

In India, the scale of white-collar crime has widened to such an extent that no industry is currently unaffected by white-collar criminals<sup>3</sup>. The medical field has been considered as being one of the honourable ones. As they can save someone's life, doctors are known as "God" in India. However, in modern times, certain medical professionals view their work as an occupation with only the goal of making money. Even the lives of the patients are not essential to them. To make capital, they engage in unlawful and immoral behaviour.

Because of the development of science and technology in various fields, there are more and more white-collar crimes occurring globally each day. The legal profession is another one of those. The most trustworthy, responsible, and knowledgeable member of the community is an advocate. In most cases, lawyers help clients to get justice. Nevertheless, numerous lawyers nowadays are breaking their pure commitment to serve the public and have turned their attention to discovering legal loopholes that would allow successful entrepreneurs to continue gaining wealth. One of the causes of white-collar crimes is additionally believed to be the poor quality of legal education and unethical business practices employed by lawyers to draw in clients. Thus, Professional misconduct is defined as unethical or dishonourable behaviour by an

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<sup>3</sup> Gottschalk, P., 2020. Theory of convenience: determinants of white-collar crime intention. *Deviant Behavior*, 41(11), pp.1431-1439. <https://www.tandfonline.com/doi/abs/10.1080/01639625.2019.1624101?journalCode=udbh20>

advocate.

*According to Section 35(1) of the Advocate Act 1961<sup>4</sup>*, when a state bar council receives an allegation or has reasonable grounds to suspect that a lawyer on its register has engaged in ethical or other illegal behaviour, it has to submit the matter to its discipline commission for resolution.

## **II. WHITE-COLLAR CRIMES IN MANY EDUCATIONAL PROFESSIONS**

Some occupations require specific skills and expertise that offer adequate and suitable possibilities for various kinds of white-collar crime. These occupations include the fields of law, engineering, medicine, and educational institutions.

Medical industry - Among the white-collar crimes carried out by medical practitioners in this industry consist of the granting of false medical certifications, involvement in unlawful abortions, and provision of drugs for clients or pharmacists.

Engineering - Using not appropriate and cheap supplies of low quality to create structures such as highways, waterways, dams, and other public infrastructure is one type of white-collar crime in the sector of engineering that places the security of the public at risk on a huge scale.

Educational institutions - Presently, educational institutions' administrations also participate in white-collar crime. There are numerous cases involving educational institutions. White-collar crimes in this sector consist of, unfair transfers at government institutions, donations or unnecessary admission fees.

Legal profession - In the legal profession, white-collar offences are fairly common. Representatives of the legal field have to abide by strict legal ethics and laws. However, among the most common legal offences carried out by legal professionals and advocates are providing advice to save criminals, participating in fake litigation, and creating a fake proof.

Also, white-collar crime is additionally relatively common among certain other professions, including marketing, real estate advice, Chartered Accountants, Company Secretaries, as well as management consultation.

Education becomes out of the hold of those in the middle class and middle class in the community after it is privatised. The desire to make a profit is what institutions and universities want in the private sector. Since they have no focus on providing excellent education or helping

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<sup>4</sup> LawyerServices (2023) Section 35 of the Advocates Act, 1961 - Indian act / law / statute / kanoon, LawyerServices. Available at: <https://www.lawyerservices.in/Advocates-Act-1961-SECTION-35-Punishment-of-Advocates-for-misconduct> (Accessed: April 15, 2023).

those who are weaker sections in communities. The growing process of the Indian education industry is now at a critical stage. The existing and upcoming players in India's educational system have huge potential for growth considering the country's current economic condition. Therefore to make the education system free from crimes participation and awareness of society at large is equally important along with government initiatives.

**Therefore, the following are the Laws and Acts Preventing White-Collar Crime:**

- Prevention of Corruption Act, 1988
- Information Technology Act, 2005
- Fugitive Economic Offender's Bill, 2017
- Indian Penal Code, 1860.
- Prevention of money laundering Act, 2002.
- Income Tax Act, 1961.

Therefore, in order to provide students, who constitute the nation's future, with an improved educational experience, the Indian Education System will a variety of challenges that have to be fixed. The Indian educational system has seen substantial changes through time, yet there are still multiple imperfections and problems that need to be fixed. The Indian educational system is an ancient institution that remains in operation presently. It has given the world grounds to be proud of India by producing so many talented individuals. Nevertheless, this system has a lot of shortcomings and discrepancies that, if decreased, might help with the overall advancement of the entire country.

### **III. ANALYSIS WITH INTERNATIONAL ARENA**

Today, white-collar crimes are not limited to national boundaries. With the advancement of technologies and globalisation, it is very easy for people or well-known institutions to commit educational crimes<sup>5</sup>. Today, worldwide institutions making money from these frauds. White-collar crimes are easily committed with no penalty and without fear of being caught by educational institutions. Also, education organisations are not giving much importance to providing high-quality services rather, they emphasise making revenue at the expense of the futures of students. The educators and other staff members at government-owned educational institutions often participate in dishonest actions, including pressuring students to join private

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<sup>5</sup> Vardhan, H. (2023) A critical study of white collar crimes - IJIRL. <https://ijirl.com/wp-content/uploads/2022/07/A-CRITICAL-STUDY-OF-WHITE-COLLAR-CRIMES.pdf> (Accessed: April 15, 2023).

education, threatening to destroy their futures, and imposing fees for the granting of documents such as transfer certificates, relocation certificates, mark sheets, and college degrees. International students, both new and existing, need to be cautious of common frauds, such as those related to fees, accommodation, and citizenship.

In the case of *The U.S. Department of Justice and the states of California, Florida, Illinois and Indiana*, 2011<sup>6</sup> the federal government was deceived. Which, the Educational Management Corp., a Pittsburgh-based enterprise, breached the rules of the Higher Education Act by promoting college admissions officers for accepting unqualified applicants who would be able to receive larger amounts of federal funding. Some of the students who received this assistance are uneducated, are using drugs, or participate in computer classes while not having a computer of their own.

Therefore, in order to preserve the prestige of this industry and to deliver high-quality educational services, this issue should be given importance on a global scale. These days, international universities charge an enormous amount for the opportunity of enrolling students from other countries. Consequently, white-collar crime has a significant negative impact on educational facilities around the globe. White-collar crime appears at all levels of learning and negatively impacts the entire educational system. Hence, the illegal educational industry globally is a multi-million-dollar industry without strict penalties and also with huge money. It has additionally been reported that operators of these businesses have become extremely wealthy suddenly by taking advantage of students and their guardians.

#### IV. CASE LAWS

##### **MCI Bribe scandal<sup>7</sup>**

The Medical Council of India's (MCI) past record for approving medical colleges is doubtful. The MCI Chairman has been imprisoned for taking a two crore bribe. In accordance with reports, the CBI uncovered during its earlier investigations that the previous MCI Chairman and his family had enormous assets a total of Rupees 24 crore. The President of India announced the dissolution of the MCI and substituted it with a six-member Council of governors, which is an encouraging step.

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<sup>6</sup> Online Course Report (2021) College cons: The Nine biggest education scams in American history [infographic], Online Course Report. Available at: <https://www.onlinecoursereport.com/education-scams/> (Accessed: April 15, 2023).

<sup>7</sup> Sharma, R. (2023) Head of the Medical Council of India removed for corruption, BMJ (Clinical research ed.). U.S. National Library of Medicine. Available at: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1121855>. (Accessed: April 15, 2023).

### Education loan scam<sup>8</sup>

This was one of the shocking educational scams. The Inquiry of a multimillion fictitious school loan operation has shown that the accused opened a bank account in nationalised financial institutions in order to take the huge amount in a fraudulent manner. Further, the investigators were surprised when they discovered a substantial amount of bank accounts at nationalised institutions like the State Bank of India, Punjab National Bank, and Bank of India, in which it can be hard to register an account and take loans. Also, during investigations, it was discovered that employees at several bank branches had opened accounts with banks in the name of fakes and their false companies without breaking all norms and regulations. At last, the investigating branch arrested two persons. As it was revealed that Abhishek Hasija and his brother were found guilty of opening accounts at different nationalised banks.

In the case of *Jacob Mathew v. State of Punjab*<sup>9</sup>, according to the Supreme Court, if one of the following two circumstances are fulfilled, specialists from a variety of professions, such as law, medicine, architecture, or anything else, could be held accountable for carelessness in the performance of their duties such as when they lack the expertise required to practise the profession he pretended to be or even though they possess the necessary skills, they failed to apply them.

## V. CONCLUSION

White-collar crime, an extremely serious category of crime, is discussed in this paper. White-collar crimes are still on increasing levels in today's society in a number of different ways. Due to the fact that these crimes are committed by well-known members of society, they are challenging to fight. Thus it can be concluded that, presently, white-collar crime was in every aspect of the economy and every sector of economic activity and it is beyond control. The vast commercialisation and privatisation of education have also resulted in an increase in white-collar crime within the Indian educational system. Further, the transformation of ordinary fraud into white-collar crime is generally the result of technological upgradation and loopholes in the laws. Today, many private colleges and universities engage in unethical conduct, such as creating fake paperwork and providing fraudulent information, in order to secure funding from the government to operate their educational institutions. Educators and other staff members are

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<sup>8</sup> Tripathi, R. (2023) Education loan scam: Two men arrested for helping Kingpin: Delhi News - Times of India, The Times of India. TOI. Available at: <https://timesofindia.indiatimes.com/city/delhi/education-loan-scam-two-men-arrested-for-helping-kingpin/articleshow/6927102.cms> (Accessed: April 15, 2023).

<sup>9</sup> Ram, O. (2021) Dr Jacob Mathew vs state of punjab case summary 2005 SC, Law Planet - Legal News, Law Updates & Law Exams Preparation. Available at: <https://lawplanet.in/dr-jacob-mathew-vs-state-of-punjab-case/> (Accessed: April 15, 2023).



often seen earning far less than their agreed bonus. The institution is able to raise an enormous amount of money illegally due to these fraudulent methods.

White-collar crime in India is currently on increasing levels, particularly in the education industry, which is an important concern and a problem for the whole society. The foundation for the growth of society and economic activity is education. Generally, white-collar crimes have 2 surprising aspects, first, they are considered non-violent offences and second, they are carried out by members of higher-ranking professions. Thus, this report has demonstrated how the education system was affected by serious Scams and frauds by well-recognised persons.

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