Chapter- V

Present scenario in our country

White collar crimes are to be considered as a global phenomenon to which India is no exception. As discussed earlier, white collar crimes emerged in India with the advent of the British colonisation during the period of industrial capitalism. Prior to that, instances of men working with the District treasury embezzling with the money kept under his safe custody or bribing practised among the officials were found. Therefore, the white collar crimes were confined to this limit. Thus, the people indulging in the white collar crimes then can to said to be mere ‘grass eaters’ the people in the modern times have reached the stage of ‘meat-eaters’.

Thus the white collar crimes become phenomenon to be reckoned with industrial revolution. Modern industrial capitalist economy which evolved with time became complex in nature as it developed a growing commercial nexus among insurance, banking, stocks and related corporate matters. This in turn, gave rise to critical legal intricacies relating to property rights and other legal matters which paved the way for the birth of a new class of professionals of advocates who in the name of providing justice started abetting in the wrong and thereby pursued their own narrow interest. A large number of advocates evolved who forget the pious oath of serving the society and start looking for the legal loopholes and concentrate mainly in helping out the rich entrepreneurs to grow richer. They make extensive study to try out ways for maximum tax evasion for these rich corporate personalities as well as for themselves. The white collar crimes committed by these legal practitioners are not only confines in sorting out illegal methods of tax-evasion. There are very frequent instances of unscrupulous and unethical practises like that of fabricating false evidence, engaging professional witnesses, there by violating ethical standards of legal profession and dilatory tactics in collusion with the ministerial staff of the courts.

Next to the instances of white collar crimes committed in the Indian society by the lawyers, there lie the shameful illustrations of Magistrates and judges involved in committing crimes.

They in the name of interpreting the laws often act as the protective shield for the goons having or not-having any political colour and allow them to go free whereas they should have been subject to deterrence. It is the most unfortunate situation at the same time devastating, because here the crimes are committed by
those individuals who are being given by the State the responsibility to ensure justice.

In India, the white collar crimes are so widespread that it does not confine itself in the legal arena. Similar unfortunate instances can be drawn from other professions too, like that of medical practitioners, engineers, educationalists, businessmen, politicians and the list goes on.

The medical practitioners are often found involved in issuance of false certificates, carrying out illegal abortions, selling out sample drugs and medicine, even in some cases adulterated drugs and medicines to the patients. Dilatory tactics are often adopted by them in providing treatment to their patients with a mens rea to extract huge amount of money, no matter the person has good practice. Some of the notorious instances are like that of Nithari case, where the medical professionals put up before the society the optimum level of brutal character they can reach for the crave of making money. Misleading and fake advertisement claiming absolute cure is also one of the frequent malpractices being carried out in the medical profession. The problem lies in the fact is, they often escape punishment, since they cannot be said to have violated the letter of law, but, by violating the spirit of law, they commit crimes which are truly anti-social and creates enormous damage to the public health and safety at large.

Speaking of the engineers’ role in having their role to play in white collar crimes, we often find instances of underhand dealing with contractors, suppliers, passing of sub-standard works and maintenance of bogus reports of the labour work. They financially earn more for their low grade works from the contractors, than they can earn for the genuine work. Therefore, many of them, out of the greed of earning more and more, play dangerously with thousands of lives of the individuals.

When the matter comes to the white collar crimes educational institutions do come in the league to operate with impunity. A nastier role is played by the private institutions who are least bothered in providing the education, but only concentrate of making business at the cost of the children’s future. Even rackets operate in these institutions for procuring students to appear in the examinations on the basis of manipulated eligibility certificates, thereby damaging the standard of education in India. When it comes to the Governmental institutions, the teachers and staffs of the institutions are often found to be involved in unscrupulous
practices, since they can hardly make fortune from the inadequate salary they receive from the government. Teachers often drag the students for taking private tuitions and even go to the extent of blackmailing them of ruining their future, if they deny doing so.

These are only a handful of instances of white collar crimes practised in day to day life by certain professionals in the course of their profession. The major role in committing white collar crimes are played by the business tycoons and politicians, whose greed and wants multiply with the more they acquire. In India, whenever any major scandal comes to the media focus, a though investigation always finds an unlawful involvement of political parties in it. So far as the businessmen are concerned, their acts of white collar crimes go beyond count. They are termed as the corporate criminals who more often than not are involved in illegal contracts, combination and conspiracies of trade restraints, unfair labour practices, selling of adulterated foods and drugs, bribing of public officials so on and so forth. They take advantage of the corporate veil and indulge in a number of crimes. the recent Satyam scam case is one of the worth-mentioning illustrations, where it was seen how an individual, hiding himself in the veil of incorporation, indulge in defrauding crores of money.

The white collar crimes are often master minded and are carried out in a planned manner by technocrats in the form of scams, frauds, etc. facilitated by technological advancements. In these types of offences not only the individual is being with pecuniary loss but also, such offences like peddling drugs and narcotic substances, counterfeiting of currency, financial scams are some of the crimes which evoke serious concern and impact to the national security and governance. Violation of foreign exchange regulations and import and export laws are frequently resorted to for the sake of huge profits.

Another major white collar crime very common among the individuals, no matter he/she belongs to the middle or upper strata of the society is that of evading taxes. The complexity of the taxation laws provided a number of loopholes through which many individuals tried to escape. A tax-evasion has known no professional or class boundary in our country. Be it an engineer, doctor, advocate, a business tycoon or a simple small industry trader-all has learnt the trick of evading taxes. The main difficulty posed before the Income Tax Department is to acquire true information of the real and exact income of these professionals. It is often alleged
that only an insignificant amount of their total income is posed a income before the Income Tax Department and the rest therefore goes into the circulation as black money. The frequent modifications in the tax-laws of the country has been able to add very little to put a check on this continuing menace which is throwing a great negative impact in the Governmental revenue and thereby the growth of the country.

The Santhanam Committee Report its finding presented a clear picturesque description that in India the white collar crimes so defined, are mostly rampant among the businessmen, industrialists as well as corrupt officials and private practitioners. Highlighting the magnitude of the crimes in India, the Commission on “Prevention of Corruption” in its report quoted,“The advancement of technological and scientific development is contributing to the emergence of ‘mass society’ with a large rank of file and small controlling elite, encouraging growth of monopolies, the rise of the managerial class and intricate institutional mechanisms. Strict adherence to high standard of ethical behaviour is necessary for the even and honest functioning of the new social, political and economic processes. The inability of all sections to appreciate this need in full results in the emergence and growth of white collar and economic crimes renders enforcement of all laws, themselves not sufficiently deterrent, more-difficult.

Tax evasion and avoidance, share-pushing, malpractices in the share market and administration of companies, monopolistic control, usury, under-voicing or over-voicing, hoarding, profiteering, substandard performance of contracts of constructions and supply, evasion of economic laws, bribery and corruption, election offences and malpractices are some examples of white collar crime.”

It was on the basis of the report of this Commission that a new chapter was suggested to include into the Indian Penal Code, 1860 by making amendments to the Act. The motive behind such suggestion was to bring white collar crimes under the purview of the criminal law and at the same time broadly classify the offences that can come under the purview of white collar crimes. The matter was referred to the Law Commission by the Government of India for considering it. However, the Law Commission disagreed with the proposal and observed that such offences which are put under the banner of white collar crimes are to be left to be dealt with by special and self-contained enactments which act as supplement
to the basic criminal law. The reason behind that was, as discussed earlier, there have been a lot of debates regarding criminalising acts constituting white collar crimes.

However, in the Report of the Vivian Bose Commission of Inquiry highlighted how the industries indulge into white collar crimes such as fraud, falsification of accounts, tampering of records for personal gains, tax evasion, so on and so forth.

India is large country with a population of over a hundred crore people. It is one of the fastest growing economies in the world and is attracting huge investment from developed countries.

In spite of the healthy growth indices, a vast population still lives in poverty and does not have access to basic sanitation, health and education. The country’s from reaching the deprived section of society. Weeding out corruption today is a major challenge before Indian society.

Political corruption in India is a major concern. However, according to Transparency International’s corruption perception Index, India is amongst the most corrupt countries of the world with a score of 2.7 out of 10 and Ranks 71stamongst 102 countries in 2002. India’s score has declined from 2.9 in 1999 to 2.7 in 2002. Transparency International’s survey of International business perceptions rank India worse than China. World competitiveness year book 2000 also ranks India amongst those countries where bringing and corruption is very high. Corruption in India is a consequence of nexus between Bureaucracy, politics and criminals. India is now no longer considered a soft state. It has now become a consideration state where everything can be had for consideration. Today the number of ministers with an honest image can be counted on fingers. At one time, bribe was paid for getting right things done in right time. Corruption in India has wings not wheels. As nation grows, the corruption also grows to invent new methods of cheating the Government and public. Now some corruption cases are as follows,

5.1 **Bofors scandal:**

It all started when India decided to purchase 400 155mm Howitzers (fancy word for really-big-kickass-gun) from Swedish company Bofors AB for $1.4 billion in 1986. In 1987 the then Prime Minister Rajiv Gandhi and several others were accused of receiving kickbacks for this deal. Ottavio Quattrochi was a businessman
close to the Gandhi family and a prominent man in the hallowed passages of Indian government. His name came up as the middleman in this deal. The Bofors scandal was huge. Rajiv Gandhi lost the 1989 elections due to the backlash of these allegations.

From roughly 1980 to 1987 – Indira Gandhi’s final years and Rajiv Gandhi’s honeymoon years – Quattrocchi had the Midas touch. No deal was refused to him. “It was understood,” remembers a Congressman from the original Mrs. Gandhi’s days, “that a fertiliser contract meant Snamprogetti. That was considered the favour to Sonia and Rajiv.

It is alleged Quattrocchi was so influential with the office of the prime minister — Rajiv Gandhi — that Bureaucrats used to stand up when Quattrocchi visited them.

In 2002 a Malaysian court refused extraditing Quattrochi to India, observing that the offenses alleged against him were open to doubt. Dismissing India’s review petition for his extradition, Justice Augustine Paul of Kuala Lumpur High Court upheld the Sessions Court verdict earlier this month throwing out the extradition case on the ground that the descriptions of the offenses in the requisition papers were “insufficient, vague and ambiguous.” While discharging Quattrocchi unconditionally, the Sessions Court on December 2 had also ordered return of his passport and the bail.

The CBI chief PC Sharma attributed the failure to the fact that they were in a foreign country and had to present the case through a foreign lawyer. Maybe they should start training multilingual Indian lawyers? Malaysian ones are apparently no good.

In December 2005 the Indian government de-froze Quattrochi’s bank accounts on grounds of insufficient evidence to link those accounts to the Bofors payoff. A month later the Supreme Court directed the government to ensure that money was not withdrawn from those accounts.

It was too late by then. Rs 21 crore ($4.6 mn) had already been withdrawn from the accounts.

The judge noted that the CBI did not even present proper legal documents for Quattrochi’s extradition, which led to their request getting rejected. Besides, the Indian government’s decision to de-freeze Quattrochi’s bank accounts did not really add credence to their request.
Over more than two decades the case has dragged on like an Energizer bunny, with no end in sight. For some involved parties the case ended with death, some were cleared of charges, but the scandal lives on.

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5.1.2. Palmolein Oil Import Scam:-

The Palmolein Oil Import Scam occurred during the year 1991-92 in the Kerala state. K. Karunakaran was the chief minister of the state and the ruling party was United Democratic Front. Former Chief Vigilance Commissioner P J Thomas was the Secretary of Food & Civil Supplies at that time. Thomas was shunted from the CVC’s post by the Supreme Court of India because the court found that “Mr. Thomas was accused No. 8 in the Kerala palmolein case pending in the Court of the Special Judge, Thiruvananthapuram, for offences under Section 13(2) read with 13(1) (d) of the Prevention of Corruption Act, 1988 and under Section 120B (conspiracy) of the Indian Penal Code”.

Kerala government decided to import palm oil from a Malaysian company in Singapore named “Power and Energy Ltd” above the international price which was approved by the Kerala Cabinet. The price of import was fixed to $405.0 per ton which was higher than the international price of $392.25 per ton. The import order was signed by Thomas, who was then Kerala’s Food Secretary. The investigation agency’s charge sheet in the case says that this order caused a loss of more than 2.32 cores to the exchequer. The decision was to import 15,000 tonnes of palm oil. The opposition cried foul in the import. A vigilance case was filed against K. Karunakaran and seven others including Thomas. Thomas was bailed in 2003.

A Special Leave Petition by the late K. Karunakaran made the Supreme Court stay the proceedings. The court closed the proceedings against K. Karunakaran after his death in December 2010. CVC P J Thomas has resigned due to trial of this scam going.²
5.1.3. Harshad Mehta: Harshad Shantilal Mehta was an Indian stockbroker.

He is alleged to have engineered the rise in the BSE stock exchange in 1992. Exploiting several loopholes in the banking system, Metha and his associates siphoned off funds from inter-bank transactions and bought shares heavily at a premium across many segments, triggering a rise in the Sensex. When the scheme was exposed, banks started demanding their money back, causing the collapse. He was later charged with 72 criminal offenses, and more than 600 civil action suits were filed against him. Mehta died in 2002 with many litigations still pending against him.

Harshad Shantilal Mehta was born on 29 July 1954 in a Gujarati Jain family of modest means.

His early childhood was spent in Mumbai (Kandivali), where his father was a small-time businessman. Later, the family moved to Raipur in Chhattisgarh after doctors advised his father to move to a drier place on account of his health. Mehta studied in Holy Cross Higher Secondary School, Byron Bazar, Raipur.

Mehta gradually rose to become a stock broker on the Bombay Stock Exchange and had an expensive lifestyle. He lived in a 15,000 square feet (1,400 m²) apartment, which had a swimming pool as well as a golf patch. By 1990, Mehta had risen to prominence in the stock market. He was buying shares heavily. The shares which attracted attention were those of Associated Cement Company (ACC). The price of ACC was bid up to Rs 10,000. When asked, Mehta used the replacement cost theory as an explanation.

Through the second half of 1991 Mehta had earned the sobriquet of the ‘Big Bull’, because he was said to have started the bull run. On April 23, 1992, journalist Sucheta Dalal exposed Mehta’s illegal methods in a column in The Times of India. Mehta was dipping illegally into the banking system to finance his buying. The authors explain: “The crucial mechanism through which the scam was effected was the ready forward (RF) deal. The RF is in essence a secured short-term (typically 15-day) loan from one bank to another. Crudely put, the bank lends against government securities just as a pawnbroker lends against jeweller. The borrowing bank actually sells the securities to the lending bank and buys them back at the end of the period of the loan, typically at a slightly higher price.” It was this ready forward deal that Mehta and his accomplices used with great success to channel money from the banking system.³
A typical ready forward deal involved two banks brought together by a broker in lieu of a commission. The broker handles neither the cash nor the securities, though that wasn’t the case in the lead-up to the scam. “In this settlement process, deliveries of securities and payments were made through the broker. That is, the seller handed over the securities to the broker, who passed them to the buyer, while the buyer gave the cheque to the broker, who then made the payment to the seller. In this settlement process, the buyer and the seller might not even know whom they had traded with, either being known only to the broker.” This the brokers could manage primarily because by now they had become market makers and had started trading on their account. To keep up a semblance of legality, they pretended to be undertaking the transactions on behalf of a bank.

Another instrument used was the bank receipt (BR). In a ready forward deal, securities were not moved back and forth in actuality. Instead, the borrower, i.e., the seller of securities, gave the buyer of the securities a BR. As the authors write, a BR “confirms the sale of securities. It acts as a receipt for the money received by the selling bank. Hence the name - bank receipt. It promises to deliver the securities to the buyer. It also states that in the mean time, the seller holds the securities in trust of the buyer.”

Having figured out his scheme, Mehta needed banks which issued fake BRs, or BRs not backed by any government securities. “Two small and little known banks - the Bank of Karad (BOK) and the Metropolitan Co-operative Bank (MCB) - came in handy for this purpose.

These banks were willing to issue BRs as and when required, for a fee,” the authors point out. Once these fake BRs were issued, they were passed on to other banks and the banks in turn gave money to Mehta, assuming that they were lending against government securities when this was not really the case. This money was used to drive up the prices of stocks in the stock market. When time came to return the money, the shares were sold for a profit and the BR was retired. The money due to the bank was returned.

The game went on as long as the stock prices kept going up, and no one had a clue about Mehta’s modus operandi. Once the scam was exposed, though, a lot of banks were left holding BRs which did not have any value - the banking system had been swindled of a whopping Rs 4,000 crore. When the scam was revealed, the Chairman of the Vijaya Bank committed suicide by jumping from
the office roof. He knew that he would be accused if people came to know about his involvement in issuing cheques to Mehta.

Mehta made a brief comeback as a stock market guru, giving tips on his own website as well as a weekly newspaper column. This time around, he was working with owners of a few companies and recommended only the shares of those companies. This game, too, did not last long.

By the time he died, Mehta had been convicted in only one of the many cases filed against him. Even after the death of Harshad Mehta case has not finalized.

5.1.4. Purulia arms drop case:-

The Purulia arms drop case was an infamous incident in which unauthorised arms were dropped from an Antonov An-26 aircraft in Purulia district in the state of West Bengal in India on 17 December 1995.

While the true motive of the operation remains shrouded in mystery and conjecture, it has been alleged that arms were intended for the socio-spiritual organization Ananda Marga (Sanskrit for “The Path of Bliss”). This has been disputed by the prime accused in the case ‘Kim Davy’ who claims the central government itself was behind the arms drop to counter the CPI(M) cadres.

An Indian court in 1997 determined that the Ananda Marga group was indeed the intended recipient of the guns and ammunition. Based on the pilot’s testimony, along with other evidence such as a photograph of the Ananda Marga headquarters on the aircraft, the Judge ruled: “as per the materials available I hold that it has been established from the materials on record that the places where the arms were targeted to be dropped were of Anandamargies and precisely three storied white building was the target point and at that target point the arms were tried to be dropped from a flying aircraft and the aircraft has been pin pointed as per the evidence and materials on record.” However, despite the passage of years, many details of the incident are wrapped in mystery, and there has been considerable speculation as to the purpose and modality of the operation. The crew of the aircraft consisted of five Latvian citizens and Peter Bleach, a British citizen and an ex Special Air Service operative turned mercenary who was based in Yorkshire and involved in arms dealing. They were arrested and sentenced to life imprisonment while alleged kingpin Niels Christian Nielsen (aka Kim Peter Davy), a Danish citizen and member of the Ananda Marga group, escaped. Later, an
Interpol red notice was issued against him. Following the intervention of Russian authorities, the Latvian crew (who gained Russian citizenship while in Indian custody) were later pardoned and released in 2000. An appeal has been submitted by the pilots’ lawyer before the Calcutta High Court in March 2000 challenging the trial results and the judgement but it is still pending. Peter Bleach, too, was released on 4 February 2004, via a presidential pardon, allegedly due to persistent British pressure. In 2007 Kim Davy was traced by Denmark authorities and on April 9, 2010 Danish government decided to extradite Kim Davy to India but Danish authorities failed to successfully defend their decision in the Danish high court. Court, therefore, refused extradition of Kim Davy to India. Further, Danish authorities decided not to appeal the high court judgement in the Supreme Court.

On 8 October 2008 the extradition of the key accused, Kim Davy, real name Niels Holck, was close to being finalized as the government had, in principle, agreed on giving “sovereign assurance” to the Danish authorities on their conditions, as well as bringing about some changes in the existing extradition law. One of the conditions Denmark had set included the waiving of the death penalty if Davy is convicted by a court for his involvement in the dropping of a huge cache of arms and ammunition from an aircraft in West Bengal in 1995.

On 28 April 2011 Kim Davy came forward and alleged that both the Indian government (congress party) as well as its intelligence agency R&AW were aware of the precise details of the arms drop well in advance, and that the whole operation was conducted with the implicit agreement of the Indian authorities. Both Peter Bleach and Kim Davy claimed that the aim of the arms drop was to help anti Left government dissidents and to create a pretext to impose President’s Rule in West Bengal. Still no decision on this matter.

5.1.5. SNC Lavalin scandal:-

The SNC Lavalin scandal is financial scam in Kerala, India related to the contracting of the government with a Canadian company, SNC-Lavalin which resulted in an alleged net loss to the exchequer of Rs. 374.50 crore. Several politicians were involved and eventually charged, including former minister Pinarayi Vijayan of the generating units at the Pallivasal power station was not called for as the plant was in fairly good condition. The KSEB undertook a feasibility study on the proposal only in September 1995, by a retired Chief Engineer of the KSEB, who later became a consultant to Lavalin.
Based on the consultant’s report and further discussions, the KSEB signed contracts with SNC-Lavalin to provide technical services for management, engineering, procurement and construction supervision in February 1996, to ensure completion of the projects within three years. This time also G. Karthikeyan of the Congress Party was the Minister for Electricity.

This so called consultancy agreement did actually include the rates for various equipments to be purchased as part of the project. Consultancy agreements also an avoidable pay.94 million Canadian dollars (Rs 169.03 crores) in February 1997. During this period Pinarai Vijayan was the Minister for Electricity.

The CAG found that Lavalin was only a consultant intermediary and not the original equipment manufacturer and that the supply of goods and services was made by other firms at a much higher cost leading to excess expenditure. According to the CAG, the absence of due professional care in negotiating the foreign loan proved to be detrimental to the financial interests of the Board.

The Board also could not ensure the quality of renovation work in the absence of technology transfer and training of its engineers. Owing to various technical defects in the equipment, the generation of power could not be maintained even at the pre-renovation level and the Board had to spend on repairs.

According to the CAG, failure to exclude the fee for technical consultancy from fixed price contracts resulted in an avoidable payment of Rs 20.31 crores, and failure to negotiate and exclude the exposure fee from the loan agreement resulted in avoidable payment of Rs 9.48 ment of Rs 1.20 crores as commitment fee despite there being committed but unavailed advance.

The CAG found that the Government did not receive Rs 89.32 crores out of the grant of Rs. 98.30 crores that was promised for the Malabar Cancer Centre. On 16 January 2007, http://en.wikipedia.org/wiki/Kerala_High_Court Kerala High Court ordered a CBI enquiry into the scandal.

In the progress report filed before the CBI Special court by the CBI Chennai unit DySP, V. Ashok Kumar, it has been stated that Pinarayi Vijayan, the former Electricity Minister should be arranged as the ninth accused.

Claus Trendl, Senior Vice President of the Canadian firm SNC-Lavalin, has been arranged as the 11th accused and A. Francis, former Joint Secretary (power) as the tenth accused.
During the course of investigation, Vijayan’s involvement came to light apart from the other accused, CBI said in its report. Vijayan, while serving as Electricity Minister between May 1996 and October 1998, colluded with K. Mohanachandran, Principal Secretary (Power) and joined criminal conspiracy which was already hatched in 1995 by R. Sivadasan, former KSEB chairman and others in the matter of awarding supply contracts of the projects to Lavalin, the CBI stated. Vijayan had led a high level delegation to Canada in October 1996 and held discussions with SNC-Lavalin and Export Development Corporation an International Development agency regarding the contract and took a decision in awarding the supply contracts to Lavalin at a fixed rate basis. The main consideration in the award of the contract, which was signed by KSEB on February 10, 1997 without Government approval, was the grant offered for establishment of Malabar Cancer Centre (MCC) at Thalassery in Kannur district. The E. Balanandan committee, appointed by the Kerala government, in its report had opined that the complete replacement of the machinery need not be carried out for the hydel projects and essential parts alone need to be replaced for which the estimated cost will be around Rs 100.5 crores. This recommendation was overlooked and the supply contract was signed just a week after Vijayan received the report. CBI said Vijayan along with the then Chief Minister, the late E. K. Nayanar and the late Dr. V. Rajagopal, former KSEB chairman, again visited Canada during June 1997 where the grant amount to establish the MCC was decided at Rs 100 crores.5

The CBI stated that Vijayan along with the other accused had, ‘fraudulently with dishonest intention’ of showing undue favour to SNC Lavalin, entered into only a ‘non binding’ memorandum of understanding on April 25, 1998 for MCC instead of a legally valid memorandum of agreement which facilitated SNC-Lavalin to back out from the commitment later, thereby ‘cheating the government’. K. Mohanachandran and A. Francis signed the MOU and no Government order was issued authorizing K. Mohanachandran to sign the same, but there was concurrence of Vijayan.

Lavalin, taking advantage of the non binding agreement, backed out of the commitment after spending only about Rs 12 crore through its consultants, thus not financing MCC to the tune of Rs 86.25 crore.
As part of the criminal conspiracy, Vijayan, K. Mohanachandran and A. Francis and others placed a crucial note for approval before the Council of Ministers on March 3, 1998, after suppressing various facts, including the fact that MoU route was dispensed with the Union Government, full report of the National Hydroelectric Power Corporation was not highlighted and concurrence of Central Electricity Authority, and obtained cabinet approval. Vijayan also had close contacts with SNC-Lavalin officials and by abusing his official position had exerted ‘high pressure’ on the staff of KSEB and thereby favoured Lavalin in their official dealings with KSEB, CBI said. The investigations revealed that the supply contract for renovation and modernisation of the Panniyar, Shengulam and Pallivasal hydel projects was given to SNC Lavalin at an exorbitant rate and the per MW cost for the same was the highest. This caused a loss to the Government of Kerala with corresponding wrongful gain to Lavalin. Still matter is pending in court.

5.1.6. Bihar Fodder Scam:-

The Fodder Scam was a corruption scandal that involved the alleged embezzlement of about Rs. 950 crore (US$211.85 million) from the government treasury of the eastern Indian state of Bihar. The alleged theft spanned many years, was engaged in by many Bihar state government administrative and elected officials across multiple administrations (run by opposing political parties), and involved the fabrication of “vast herds of fictitious livestock” for which fodder, medicines and animal husbandry equipment was supposedly procured. Although the scandal broke in 1996, the theft had been in progress, and increasing in size, for over two decades. Besides its magnitude and the duration for which it was said to have existed, the scam was and continues to be covered in Indian media due to the extensive nexus between tenured bureaucrats, elected politicians and businesspeople that it revealed, and as an example of the mafia raj that has penetrated several state-run economic sectors in the country.6

The scam was said to have its origins in small-scale embezzlement by some government employees submitting false expense reports, which grew in magnitude and drew additional elements, such as politicians and businesses, over time, until a full-fledged mafia had formed.

Jagannath Mishra, who served his first stint as the chief minister of Bihar in the mid-1970s, was the earliest chief minister to be accused of knowing
involvement in the scam. In February 1985, the then Comptroller and Auditor General of India, T.N. Chaturvedi, took notice of delayed monthly account submissions by the Bihar state treasury and departments and wrote to the then Bihar chief minister, Chandrashekhar Singh, warning him that this could be indicative of temporary embezzlement. This initiated a continuous chain of closer scrutiny and warnings by Principal Accountant Generals (PAGs) and CAGs to the Bihar government across the tenures of multiple chief ministers (cutting across party affiliations), but the warnings were ignored in a manner that was suggestive of a pattern by extremely senior political and bureaucratic officials in the Bihar Government. In 1992, Bidhu Bhushan Dvivedi, a police inspector with the state’s anti-corruption vigilance unit submitted a report outlining the fodder scam and likely involvement at the chief ministerial level to the director general of the same vigilance unit, G. Narayan. In alleged reprisal, Dvivedi was transferred out of the vigilance unit to a different branch of the administration, and then suspended from his position. He was later to be a witness as corruption cases relating to the scam went to trial, and reinstated by order of the Jharkhand High Court. No politician has punished in this scam.

5.1.7. Ketan Parekh’s share scam:—

Ketan Parekh is a former stock broker from Mumbai, India, who was convicted in 2008, for involvement in the Indian stock market manipulation scam in late 1999-2001. Currently he has been debarred from trading in the Indian stock exchanges till 2017.

Parekh is alleged to have been involved in circular trading throughout the time period and with a variety of companies, including Global Trust Bank and Madhapura co-oprative bank and Parekh’s sole conviction, which carried a one year sentence, came as a result of a transaction he conducted involving a unit of Canara Bank in 1992. Though Parekh is currently barred from stock trading, in 2009, the Securities and Exchange Board of India alleged a variety of companies and other actors were trading on behalf of Parekh; 26 entities were banned from trading as a result of that investigation. Yet trial not concluded.7

5.1.8. Sukh Ram Telecom Scam:—

Sukh Ram is a former union communication minister in Indian National Congress Government. He was accused of causing a loss of Rs 1.6 crore to the
exchequer by favouring a Hyderabad-based private firm in the purchase of telecom equipment. He, along with two others, was convicted in 2002.

In 1995 when the reported manipulation of bids by Sukh Ram to facilitate private firms at the cost of millions of rupees to the government blew into the open, it came to be termed as the “mother of all scandals”.

The scam came out in the open when the department of telecommunications (DoT) was accused of favouring a Hyderabad-based private firm that had provided sub-standard equipment, resulting in a loss of Rs 16.8 million to the government.

A raid by the Central Bureau of Investigation (CBI) that revealed Rs. 36.6 million rupees stashed in Sukh Ram’s official residence shocked the nation and deeply embarrassed then Prime Minister P.V. Narasimha Rao’s government.

As the government reeled under the impact of the disclosures, Prime Minister Atal Bihari Vajpayee’s Bharatiya Janata Party (BJP) - which was then in the opposition but has an alliance now with such Ram’s Himachal Vikas Congress in Himachal Pradesh - paralysed Parliament to demand action against Sukh Ram and others involved in the scam.

The CBI conducted intensive search operations at Sukh Ram’s New Delhi residence and a country villa in his home state of Himachal Pradesh even as the former minister was in Britain, ostensibly for medical treatment.

The raid was a result of police investigations into a DoT contract for multiple access rural radio systems awarded to Advanced Radio Masts (ARM), a small telecom equipment manufacturer.

A day after the raid on Sukh Ram’s house, Runu Ghosh, a senior official in the DoT, was also raided and huge amounts of cash and jewellery were recovered from her house. She was also arrested.

Sukh Ram was dramatically arrested at New Delhi’s Indira Gandhi International Airport close to midnight in September 1996, on his arrival from Britain, where he had taken refuge in a riverside town.

Two more raids revealed more money and jewellery and Ram became a symbol of the deep rooted corruption in Indian politics of which there had hitherto been no proof. Sukh Ram was also found to have favoured a joint venture, HFCL Bezeq Telecom, which had emerged the highest bidder in the race for privatization of telecom services. HFCL had bid Rs. 500 billion more than its closest competitor.

The consortium, led by HFCL, a company based in Himachal Pradesh, won the bids for five areas in the country but left serious doubts as to whether it
could raise the money to complete the job. To help the company, Sukh Ram changed the terms of the bids after they had been accepted, it was alleged.

Sukh Ram was expelled from the Congress party but this did not deter him from contesting elections to the Lok Sabha in 1996 from jail. He won.

In March 1997, the CBI had filed a charge sheet accusing Sukh Ram and Runu Ghosh of abusing their official position as public servants.

Sukh Ram is a former union communication minister in Indian National Congress Government. He was accused of causing a loss of Rs 1.6 crore to the exchequer by favouring a Hyderabad-based private firm in the purchase of telecom equipment. He, along with two others, was convicted in 2002.

In 1995 when the reported manipulation of bids by Sukh Ram to facilitate private firms at the cost of millions of rupees to the government blew into the open, it came to be termed as the “mother of all scandals”.

The scam came out in the open when the department of telecommunications (DoT) was accused of favouring a Hyderabad-based private firm that had provided sub-standard equipment, resulting in a loss of Rs 16.8 million to the government.

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In March 1997, the CBI had filed a charge sheet accusing Sukh Ram and Runu Ghosh of abusing their official position as public servants. Yet trial has not concluded.

5.1.9. The Hawala scandal or hawala scam / Ghotala:-

The Hawala scandal or hawala scam was an Indian political scandal involving payments allegedly received by politicians through hawala brokers, the Jain brothers. It was a US$18 million dollar bribery scandal that implicated some of the country’s leading politicians. There were also alleged connections with payments being channeled to Hizbul Mujahideen militants in Kashmir.9

Those accused included Lal Krishna Advani who was then Leader of opposition. He and others were acquitted in 1997 and 1998, partly because the hawala records (including diaries) were judged in court to be inadequate as the main evidence. The failure of its prosecution by the Central Bureau of Investigation was widely criticized. Still trial is going pending.

5.1.10. Kargil Coffin Scam:-

Thand charged it with financial impropriety in the ‘Kargil coffin scam’. George Fernandes and his Defense Ministry are already under the cloud of suspicion due to Tehelka episode. Now this CAG report strongly suggests that emergency purchases made for the Kargil operation were marked by grave financial improprieties. The list of lapses and irregularities in the procurements for Operation
Vijay is a long one. It is reported that most of the ordered equipment (of arms, ammunition and clothing), which totaled over Rs. 2,000 crores, arrived after the conflict. Almost one-third of the signed contracts were marked by financial impropriety. Some of the procured items, for instance rounds for T-72 tanks were totally irrelevant to the Kargil conflict since these tanks could not have been deployed at such altitudes. It is quite clear from the CAG report that the Kargil operation was made use of as a convenient smokescreen by this “Swadeshi” government for striking questionable defense deals. One of the emotionally attacking issues relates to Kargil coffin scam. This is with regard to a contract for aluminium caskets placed with a U.S. firm at a possibly inflated rate.

Why should the government go to a US company for coffins? Can’t we make it within the country? Do we lack a technology to make a coffin after 50 years of Independence? If this government depends on US for coffins, what kind of swadeshi economics this government was professing all these days?

The BJP is floating on a mixture of misplaced nationalism and falsified patriotism. This coffin controversy brought out the real colour of BJP and its government at the Centre. This is going to haunt BJP for more time to come.

As “The Hindu” editorial pointed out, war situations do require extraordinary measures and the Defence Ministry cannot be faulted for resorting to emergency purchases. Wars also do not have set time-frames. It could always happen that some of the equipment procured would be delivered after the war was over. But the eyebrows were raised over the decision to place orders worth about Rs. 700 crores, about one-third of the total procurement, with untested first-time vendors. This could have delayed the supply of the equipment, which could have been averted in the first place if we had gone with the established suppliers. Also, the Defense ministry should explain why material apparently unconnected to the Kargil war ordered by short-circuiting normal procedures. It is also reported that contracts for certain items were overvalued. In the much-talked about coffin scam, it is reported that aluminium caskets that are available for US $172 in Somalia (it is debated now and a section of experts say that this is not true) were bought for more than 20 times of this value. However, our HAL could have made them within few thousands of rupees, which is far low compared to the price paid for the coffins from the US firm. Also, why should we pay 90% of the contract value along with the order? The coffin scam is relatively small (Rs. 6.5 crores) compared to other irregularities identified in the CAG report. As
many as 35 of the 123 Kargil-related defense contracts were marked by financial impropriety. If this is the case with purchase of defense related items, how can we be confident that our defense secrets would not be sold to our detractors by these traitors. It is not only the financial irregularity that has shocked the nation but also the sensitive portfolio where it has happened is the major cause of worry.

It is also suspected that the united Opposition stalled the proceedings of the Parliament taking objection to “Kargil coffin scam” in order to prevent the government from introducing the controversial Prevention of Terrorism Bill, 2001 in the Lok Sabha. Whatever be the motive of the Opposition parties, the people of this country are angry and this scam is totally unacceptable to any patriotic citizen. The whole nation united together to help the bereaved families of our soldiers who died in Kargil war. The BJP government at the Centre is now answerable to the very same emotional unity. They can choose to ignore the Opposition parties and attach ulterior motives to their actions. But Mr Vajpayee should realize that his image and his government’s image in the eyes of people have taken a severe beating. The Prime Minster erred by re-inducting George Fernandes before the Venkataswamy Commission completed its inquiry into the Tehelka matter in the first place, because of which he was kept out of cabinet for few months. CAG report can not be ignored as it is prepared by a constitutional functionary. Mr. Atal Behari Vajpayee should not yield to the expediency of politics and should uphold the principle of probity in public life by chucking George Fernandes out of his cabinet once for all.

Without wasting any time, the Prime Minister should not only drop George Fernandes from his cabinet but also punish all those bureaucrats who were party to this sordid affair. The CBI should handle this case and based on its report, if the prima face evidence was obtained on this scam, George Fernandes and his ministerial colleagues should be prosecuted and put behind the bars. The Union Government should place all the facts before the country and come clean on it soon. Any delay would be counter-productive to its political agenda.⑩

Anything less than this would only yield the wrath of people. On its part, the Opposition parties should accept the words of the External Affairs Minister, Mr. Jaswant Singh who on the other day said that the Government was not shying away from any discussion on the reported scam. It would be better if the Opposition discusses this scam in the Parliament and enable the nation to get to the bottom of this issue. It can even demand a Joint Parliamentary Committee (JPC) to investigate
this scam. It is important that we counter these betrayers and anti-nationals first before we counter the terrorists. Yes, POTO can wait for few more days.

Let us identify the terrorists within the ministries. These are the real and strong threats as they enjoy power also unlike the other terrorists who have to counter the government machinery. Let us purge these miscreants from the corridors of power and tighten the law even to eliminate them from mainstream life. Matter is pending in court.

5.1.11 The Taj Corridor Scam:-

The Taj Heritage Corridor case is an alleged scam wherein 2002-2003, the then Chief Minister of Uttar Pradesh Mayawati and a minister in her government, Nasimuddin Siddique, were charged with corruption. The Taj Corridor project was intended to upgrade tourist facilities near the Taj Mahal and was to be implemented during her tenure as Chief Minister.

The then BJP government at the Centre gave the Environmental Clearance required for the project near Taj Mahal. However, later on the BJP backed out and then started saying that the project was not cleared by the Environment Ministry and blamed Mayawati for starting construction work near the Taj Mahal.\(^\text{11}\)

The total estimated cost of the project was Rs. 175 crore (US$ 44 million). It has been alleged that Mayawati embezzled the money dedicated for this project. The case is currently under investigation by the Central Bureau of Investigation. Initially, the case saw some rapid progress, when CBI conducted extensive searches on her various addresses, and claimed that though she had claimed income of only Rs. 1.1 crores during her tenure as CM, her bank balance in a single bank went up to 2.5 crore and total assets held by her were estimated at Rs. 15 crore. At one point a warrant was out for her arrest, but she was granted a stay.

However, since late 2003, investigations appear to have slowed down; there are speculations in the media about political interference, and the Supreme Court of India has several times pulled up the CBI for its tardy progress in the case. In 2007, the governor prevented Mayawati from being prosecuted by refusing to lift her official immunity. Advocates challenged that decision in court, but failed, effectively ending the case without going to trial.

The project is now defunct, and plans are being made to remove the partial construction near the Taj Mahal site and replace it with a low tech forested greenbelt. The High Court of Allahabad has ruled in favor of a 45-50 crore project.
but exactly who will foot the ASI bill remains to be clear. Case has not declared yet.

5.1.12. Oil food Programme scam:- (K. Natwar Singh)

Kunwar Natwar Singh, popularly known as K. Natwar Singh (born May 16, 1931, Jaghina, Bharatpur, Rajasthan, India) is an Indian politician and former cabinet minister. On November 7, 2005, he was removed from his post as Minister in charge of External Affairs under a cloud of scandal and became a minister without portfolio. Named by the U.N. Independent Enquiry Committee (popularly known as Volcker committee) as a beneficiary of illegal payoffs in Iraqi oil scam, he was forced to resign from the Cabinet on December 6, 2005. Singh was removed from the post on November 7, 2005 (though retaining a cabinet role as minister without portfolio) following a controversy over his alleged involvement in the United Nations Iraqi Oil for Food scandal. The Independent Inquiry Committee under Paul Volcker had reported on October 27, 2005 that he and his son Jagat Singh were non-contractual beneficiaries of the Oil for Food programme. Allegedly, they, along with Jagat Singh’s childhood friend Andaleeb Sehgal, were associated with a company called Hamdan Exports, which acted as an intermediary for illegal sales of oil to a Swiss firm named Masefield AG. In return, Masefield had to pay kickbacks, (termed “surcharges”) partly to Saddam Hussein’s regime and partly to Natwar Singh and others. It was alleged that such surcharges were Hussein’s way of securing support from politicians around the world and that this influenced Natwar Singh to lobby against US policies in Iraq (in particular, US sanctions on Saddam Hussein). This controversy heated up when Anil Mathrani, then Indian Ambassador to Croatia, and a close aide to Natwar Singh alleged that Natwar Singh had used an official visit to Iraq to procure oil coupons for Jagat Singh from Saddam’s regime. The Congress party distanced itself from him and on December 6, 2005, he resigned from the cabinet.  

This scandal represented a serious crisis for the ruling coalition. On March 26, 2006 it was reported that the Indian Enforcement Directorate (ED), investigating the money trail in the ‘oil-for-food’ scam, had finally tracked a sum of Rs 8 crore transferred from London-based NRI businessman Aditya Khanna’s bank account to his own [NRI account] in a Delhi bank and later withdrawn from this account to be allegedly distributed among Indian beneficiaries of the scam. In 2008, Natwar Singh resigned membership in the Congress Party after earlier having his membership suspended.
5.1.13. Abdul karim Telgis Stamp Scam:-

Abdul Karim Telgi (born 1961), is a convicted-counterfeiter from India. He earned money by printing counterfeit stamp paper in India.

Telgi’s mother was Shariefabee Ladsaab Telgi, and his father was an employee of Indian Railways. His father died while he was still young. Telgi paid for his own education at Sarvodaya Vidyalaya, an English medium school, by selling fruit and vegetables on trains.

Eventually, he moved to Saudi Arabia. Seven years later, he returned to India, at which time he began a career in counterfeiting, originally focusing on fake passports.

Telgi eventually moved to more complex and expansive counterfeiting when he began to counterfeit stamp paper. He began printing fake stamp paper. He appointed 300 people as agents who sold the fakes to bulk purchasers, including banks, insurance companies, and share-brokering firms. The size of the scam was estimated to be more than 20,000 crore (US$4.46 billion).

One aspect of the scandal that caused much concern was that it required the involvement of many police officers and other government employees. For example, one Assistant Police Investigator was found to have a net worth of over 100 crore (US$22.3 million) despite making a salary of only 9,000 (US$200.7) per month.¹³

On 17 January 2006, Telgi and several associates were sentenced to ten years’ rigorous imprisonment. On 28 June, 2007 Telgi was sentenced to rigorous imprisonment for 13 years for another aspect of the scandal. He was also fined a Rs 100 crore. The CBI requested that Telgi’s property be confiscated to pay the fine. Still trial is going on.

5.1.14. Madhu Kodas mine scam:-

Madhu Koda (born January 6, 1971) is an Indian politician who was Chief Minister of Jharkhand from 2006 to 2008. He was sworn in as the fifth Chief Minister of Jharkhand on September 18, 2006 and remained in office until he resigned on 23 August 2008; he was succeeded by Shibu Soren. He had eight ministers in his cabinet. Koda is the third independent legislator to assume the office of chief minister of an Indian state, including Bishwanath Das in Orissa in 1971 and S. F. Khonglam in Meghalaya in 2002.
Koda is presently in jail after multiple bail pleas have been rejected. However, only a tiny fraction of the Rs 4000 crores (USD 800 mn) graft money allegedly amassed by him has been recovered.14

On 10 October 2009, he was charged with laundering money. The Enforcement Directorate uncovered over 4000 crore in illegal assets owned by Koda. Among others, these assets were reported to include hotels and three companies in Mumbai, property in Kolkata, a hotel in Thailand, and a coal mine in Liberia. This alleged scam is said to be the second largest scandal uncovered in India in 2009 and gets his name included in the list of controversial Indian businessman like Hasan Ali Khan and Harshad Mehta.

In the probes, it was found that Maoists received a 30% share of the “Koda plunder”. This has led to staunch criticism of Koda from sections of society, including the opposite Bhartiya Janta Party. Gujarat Chief Minister Narendra Modi stated Koda was part of a corrupt network of Congress Party who stole money from Jharkhand. This great scam opened but yet Trial not started.

5.1.15. Satyam computers scam:-

Satyam computer services chairman B Ramalinga Raju’s admission he had cooked the company’s books has undoubtedly left India’s fourth largest software exporter struggling to survive the fallout, but his misdeeds may cast a cloud over the squeaky-clean profile of the entire sector, and by extension, the rest of the Indian corporate sector.

For years, Satyam and larger rivals such as Tata Consultancy Services, Infosys and Wipro were feted as among the new ambassadors of Indian industry with their corporate governance practices winning accolades around the world and their strong growth rates luring investors.

This looks set to change after Mr Raju announced on Wednesday Satyam’s famed cash pile was almost non-existent and its revenues and profits were inflated.

“In the short term, companies will definitely get painted by the same brush and Indian IT companies could come under a cloud,” says L&T Infotech CEO Sudip Banerjee, who till recently worked with Satyam’s larger rival Wipro Technologies.15

The impact of Mr Raju’s misdeeds was visible on the Indian stock markets on Wednesday as investors exited the stock in a big way. Satyam shares plunged nearly 78%, and dragged down the broader market. Peers such as HCL technologies closed 15% lower.
Some experts believe the damage will not be limited to the technology sector. “The impact is more on India Inc’s credibility, rather than brand India IT, as it is a wider problem and not sector specific,” Future Brands CEO Santosh Desai said.

Raman Roy, chairman and managing director of Quattro BPO Solutions and regarded father of Indian outsourcing, said the onus will now be on India’s technology sector to prove it does not have anything wrong in its accounting practices.

That must be frustrating for the sector’s top executives, most of who have spent long years differentiating India’s IT sector from the rest of Indian industry as they built their firms to take on some of the mightiest in the world. It took a lot of hard work for Indian IT companies to build reputations that enabled them to stand alongside global names such as IBM, Accenture, HP, Cap Gemini and Atos Origin.

For an industry born in the late 1980s and gained traction around and after the Y2K crossover, Satyam’s revelations could not have come at a worse time. The global economic slowdown has slowed growth and forced them to fight harder for business in the $800-billion global IT service market.

Some believe while the $50-billion Indian IT sector could find customers questioning the quality of their books, it could also perversely be seen as a coming of age of the sector.” The image of Indian IT existing as a standalone beacon unsullied by the goings on in the society around it has come unstuck. The assumption that since it’s the IT sector, so it won’t do fraud is proven wrong. IT is now as much part of the Indian business, with all its attendant ills. And with it Indian IT has kind of become real,” BBH India managing partner Partha Sinha said.

While the Satyam episode could temporarily cast a cloud over Indian IT firms, IT in India is unlikely to be as affected. Large overseas companies will still need to cut costs, and India will remain a preferred destination for doing so.

In the short term, overseas firms could still go to more familiar global names such as IBM or Accenture or CSC, all of which have significant operations in India. “The Indian global IT story, which was built on efficiency and costs not clean books, will not suffer any credibility issues globally as long as efficiency is not compromised,” said Mr. Sinha.
“There could be a shift in customer loyalties. The solution for global customers will be delivered by multinationals if not Indian players,” says Avinash Vashistha, CEO of Tholons, which advises global firms on offshoring.

While the immediate impact on brand India IT could be negative, some experts believe such things are common around the world and can be easily restored by further strengthening governance practices in the sector.

“Every country has such incidents. Corporate governance standards of Indian IT, particularly the non-family owned firms, are very good and I believe brand IT will not suffer in the long run,” added Mr Banerjee of L&T Infotech.

B. Ramalinga Raju, the former chairman of Hyderabad-based Satyam Computer Service, confessed to masterminding a $1.2 billion fraud at India’s fourth largest I.T. outsourcing company, the dirt is still tumbling out. On Nov. 24, the country’s Central Bureau of Investigation (CBI) released findings that show the alleged fraudulent accounting and embezzlement was far larger than originally thought.

Raju and nine accomplices skimmed some $2.5 billion from the company, according to CBI investigators, funneling the money into a collection of assets and property that could make even a profligate Bollywood star blush.

According to a 200-page CBI report, Satyam insiders forged board resolutions to secure $260 million in bank loans which were diverted for personal use, and over several years generated fake customer identities and account statements to inflate Satyam’s revenues by millions of dollars, boosting the company’s share price and making its books look far healthier than they were. Investigators following the paper trail have discovered that embezzled funds were channeled into 1,065 properties valued at $74 million, including some 6,000 acres of land, 40,000 sq. yd. of housing plots, and 90,000 sq. ft. of other developed real estate. The properties, bought in the name of some 80 shell companies, included prime commercial plots in and around Hyderabad, Bangalore, Chennai and Nagpur, matter is prejudice.

5.16. Indian Cricket league scam:

The major scams during the year were that of the IPL and CWG. These were related to the Indian Premier League, an annual short-format cricket tournament and the Commonwealth Games, which the country hosted this year. The businesses of IPL were to the tune of Rs. 1,200-1,500 Crore, although there are no official figures for either. It is scarcely surprising therefore that there is a matter is prejudice.
scam surrounding the IPL, which has grown in just three years to a massive $4bn wealth-creating package of sponsorships, broadcasting and other franchises, fees and other takings.16

IPL is a very valuable product and has taken Indian cricket to a very high level. Billions of dollars being transacted in this event and every cricket lover loved this event. Lots of money is involved in IPL with big corporate investing in this product. IPL being an event which involves lot of money with no transparency now leaves lots of un-answered questions in the mind of every cricket lover. This is still question mark that how much money each Franchisee is earning and how are they making money.

What is the amount of money received from the sponsors and other events are not made known to the public but the allegations sounds worrying. Many politicians involved, unknown stake holders, some sweat equity stake holders, betting, match fixing, money laundering, scams, etc. Modi was After these allegations and controversies, many facts are coming out. Nothing is proved yet, even alleged to have offered US$ 50 million to the Kochi franchisee to go back and give the Franchisee to Ahmadabad.

IPL has started an easy way to turn “BLACK MONEY” to “WHITE”. This process was not initiated by IPL. It was Indian Cricket League started this process. Later some politicians and prominent individuals found the scope of this process and initiated IPL. Many politicians and individuals are interested to participate as team owners or share holders either directly or through Binami (Byname) NRIs. The prime officials of IPL created a crystal clear way to earn money by providing opportunity for many Individuals to become the shareholders of team. The IPL scam comes into picture after Sashi –Kochi team scandal. His suddenly came unstuck earlier this month because of the involvement of Sashi Tharoor (left), an ambitious former top United Nations official who last year became an MP and a gaffe-prone external affairs minister. Tharoor helped a consortium based in his home state of Kerala to bid for one of two new IPL franchises on offer this year, and a woman friend, Sunanda Pushkar, was promised a $15m sweat equity stake on account of future consultancy work. Known as Kochi, the consortium put in the highest bid of $333m, which apparently upset Lalit Modi’s plans for who should win? There have been rows in parliament, tax and other raids, and calls for an official inquiry. Tharoor has been forced to resign from his and Pushkar has given up her 15m, yet trial not commenced.
5.1.17. ISRO-Devas S band Scam:-

Antrix Corporation Limited is a public sector undertaking and a commercial arm of Department of Space, Government of India and Devas Multimedia Private Limited is a privately owned company having few ex-ISRO officers as its employees. They entered into an agreement on 28-01-2005 after 2 years of negotiation. As per this agreement, Antrix leases 90% capacity of S band spectrum for 12 years. For this purpose ISRO will launch two satellites GSAT-6 and GSAT-6A to Devas. The amount payable by Devas is $300 million over a period of 12 years. There are also penalty charges to be paid by Antrix in case of late delivery of satellite or performance failures or service interruptions. Antrix Corporation Limited was incorporated as private limited company owned by Government of India in September 1992 as a marketing arm of ISRO for promotion and commercial exploitation of space products, technical consultancy services and transfer of technologies developed by ISRO.17

To implement the 2005 agreement, ANTRIX committed to develop and launch two satellites by ISRO. They are GSAT-6 and GSAT-6A. Chairman, ISRO/Secretary, Department of Space is the Chairman of Antrix Board that has 6 directors from ISRO and DOS and 3 external directors Shri. Ratan Tata, Shri. J.N.Godrej and Shri Ravindra Reddy (MD, MTAR).

Madavan Nair was the Chairman, ISRO / Secretary DOS of Antrix Board when the deal was signed. Antrix signed a MOU in March 2003 with Forge Advisors, USA to explore opportunities in digital multimedia services. Later, principals of Forge Advisors, USA established an Indian company called Devas Multimedia Services Pvt Ltd. In 2008, Deutsche Telekom, Germany also obtained minority stake in it.

According to this agreement, Devas provides an upfront capacity reservation fee of US$20 million per satellite and annual lease charges starting at US$9 million per satellite and going up to US$11.25 million. The amount payable by Devas is US$300 million over a period of 12 years.

Devas so far made a payment of Rs.58.37 crore as upfront capacity reservation fee for the two satellites. On receipt of complaints, ISRO set up a committee in December 2009 chaired by Dr. B. N. Suresh, mandated to review and examine legal, commercial, procedural and technical aspects of this agreement. The exact recommendations of this committee have not been made public.
The Space Commission on 2 July 2010 directed Antrix Corporation to annul this agreement citing the need of S Band for strategic requirements, including societal ones which have come up very recently and which were not contemplated at the time of signing the Agreement.

The Cabinet Committee on Security headed by Dr. Manmohan Singh, Prime Minister of India, annulled this agreement on 17-Feb-2011 citing strategic requirements.

In parallel to the decision to annul the agreement, the Government of India constituted HPRC to review technical, commercial, procedural and financial aspects of this agreement consisting of Shri. B. K. Chaturvedi, Member of Planning Commission and former Cabinet Secretary and Prof Roddam Narasimha, Member Space Commission.

S Band terrestrial spectrum is extremely valuable for mobile broad band services as well as satellite services. The frequency which encompasses 2.0-2.7 GHz band is globally used for providing a wide variety of services: mobile broad band services using 4G technologies such as WiMax and LTE, WiFi, mobile satellite services, among others. The Agreement, however, is only for satellite-based S-Band capacity. Experts have opined that there is a fundamental difference between application and usage of satellite and terrestrial based spectrum, and hence they are not comparable.

This deal stating that it will lead to a loss of Rs 2 lakh crore to the Indian government if it was implemented. However, the Comptroller and Auditor General of India (CAG) has clarified that, “it can by no stretch of imagination, be concluded that information as given in the media reports are findings of this department”. Yet investigation not concluded.

5.1.18. Uttar Pradesh food grain scam:-

Uttar Pradesh food grain scam took place between years 2002 and 2010, in Uttar Pradesh state in India, wherein food grain worth 35,000 crore (US$7.81 billion), meant to be distributed amongst the poor, through Public Distribution System (PDS) and other welfare schemes like Antyodaya Anna Yojana (AAY), Jawahar Rozgar Yojana and Mid-day meal for Below Poverty Line (BPL) card holders, was diverted to the open market. Some of it was traced to Nepal and Bangladesh border, as in 2010 security forces seized Rs 1.17 crore worth of
foodgrains like paddy and pulses being smuggled to Nepal, another Rs 60.62 lakh worth of grains were confiscated on the Indo-Bangladesh border.

The scam first came into light in 2003, during the Chief Minister ship of Mulayam Singh, in Gonda district in the distribution of foodgrains meant for the Sampoorna Grameen Rozgar Yojana and soon complaints started pouring in from other districts as well. After initially ordering an inquiry into the scam Mulayam Singh withdrew it. The Special Investigation Team (SIT) set up by the Mulayam Singh government in 2006, lodged over 5,000 FIRs. Subsequently the next UP chief minister Mayawati upon assuming office, ordered a CBI probe into the scam on December 1, 2007. Media dubbed it, “mother of all scams”, and TV news channel, Times Now reported the scam which started in 2002, under the reign of following Chief Ministers of Uttar Pradesh, estimated to be at over 200,000 crore (US$44.6 billion). Uttar Pradesh as with other states and UTs, is allocated a monthly quantity of foodgrains, i.e. rice and wheat, by the Central government for distribution amongst AAY, BPL and APL families, under TPDS managed by the state government. For the period from April 2010 to March 2011, this quantity for the state was 528395 tons.

The latest of the scam series in India, initially referred as the ‘UP rice scam’ could be the biggest of them all, even outdistancing the so called 2G Spectrum scam. The scam involves goofing up of rice worth 200,000 crore (US$44.6 billion). It was a scam that stretched to almost 7 years and 300 FIRs.

The scam was reported in UP (Uttar Pradesh, India) between the years 2003-2007, the period when Samajwadi Party leader Mulayam Singh Yadav was the chief minister of the UP.

The Central government allocates foodgrains to each state government for distribution through ration shops at subsidised rates to the poor. Under the PDS scheme, each BPL (Below Poverty Line) family is eligible for 35 kg of rice or wheat every month, while an APL (Above Poverty Line) household is entitled to 15 kg of foodgrains on a monthly basis.

“Instead of using the Food Corporation of India and the Shipping Corporation the Government cleared a private company to send the rice and earn the profits. Rice sent to Sierra Leone had a Swiss company named Novell as the buyer. 1,17,000 tonnes of rice was sent to Nigeria which had a bumper crop and refused to accept the rice. Then the rice was diverted to South Africa which has
higher per capita income than India. The African countries could have been just a front to sell the rice in international markets. “But the rice did not even reach the desired African countries. It went somewhere else and resulted in an escalation of the international prices,” Rajya Sabha MP D Raja said.”

The Regional Food Controller’s office in the state is responsible for procuring the foodgrains, while the District Rural Development Agency (DRDA) is in charge of its distribution. An embezzlement by a section of officers from the controller’s office made news in March 2004, after 70 truckloads of rice meant for distribution was lifted from the Food Corporation of India (FCI) and when FCI demanded its payment, a project director refused to verify the stock register, gradually it was revealed that they had been selling the grains in the black market and a probe was ordered. As per initial estimates at the time, foodgrains worth Rs. 15,000 crore could have been diverted from the Antyodaya Yojana (food-for-work scheme) over the last five years.

By December 2004, Chief Minister Mulayam Singh Yadav had suspended a district Magistrate of Lakhimpur Kheri and several officials of the food department and political parties including the CPI, Congress and BJP were increasing pressure on the government to order a CBI probe.

First FIRs in the case were filed in January 2005, when the state government acknowledged the scam to be worth Rs. 45,000 crore under the Central government sponsored Antyodaya Anna Yojana (AAY). Apart 65 officials named in the FIR, further over 300 persons were suggested to involve in the preliminary reports. Apart from that a district magistrate, six ADMs and a few district food and supplies officials were suspended.

In April 2007, Union Minister, Kapil Sibal demanded a probe by the Central Bureau of Investigation (CBI) into the illegal sale by private traders who procured the grains from the Warehouses of Food Corporation of India, diverting food grains allotted to the state for the poor. Alleging that the scam took place from August to November 2004, when Rajpal Tyagi was leading the Rural Development ministry. At first the scam was investigated by the Economic Offences Wing (EOW) of the Uttar Pradesh Police (UPP), followed by a Special Investigation Team (SIT) set up by the Mulayam Singh government, after its investigations in three districts, Sitapur, Lakhimpur Kheri and Gonda, SIT lodged over 5,000 FIRs.
When Chief Minister of the state, Mayawati took over, SIT investigations had revealed the scam to be larger in scale and multi-dimensional, covering many welfare schemes like Antyodaya, Sampurana Grameen Swarojgar Yojana during 2002-2005, thus a CBI inquiry on ordered December 1, 2007; the scam was now worth Rs. 35,000 crore. Two years later in early December 2009, CBI lodged 9 cases, identifying nearly 150 government officials, including some PCS officer as accused; in all nine people were arrested, with one of them being chief finance and accounts officer of the District Rural Development Authority (DRDA) in Ballia and his junior.

The Lucknow Bench of the Allahabad High Court, responding to a PIL, on December 23, 2009, directed the Uttar Pradesh government to file a status report on all the nine food grain scams in the state from 2000 till January 8, 2010 being investigated by the CBI. On December 3, 2010, the Lucknow Bench of the Allahabad High Court, responding to Public interest litigation (PIL) filed by advocate Vishwanath Chaturvedi, directed the Central Bureau of Investigation (CBI) to conduct and complete an inquiry within six months, into the foodgrains scam in Gonda, Lucknow, Varanasi, Ballia, Lakhimpur and Sitapur districts. It also stated, that “It shall not be necessary for the CBI or state agencies to obtain sanction under the statutory provision with regard to present controversy where from initial stage, prima facie intentionally, deliberately and in a planned manner, the foodgrains were lifted from godowns for sale either in the open market or to smuggle outside UP or to other countries, “] The bench also asked the Centre and Uttar Pradesh government, to consider appropriate amendments in the “Prevention of Corruption Act, 1988. Though period under investigation is till 2007, the court also directed that “it should be open to the CBI and state agencies to proceed with investigation with regard to the scam not only up to 2007 but even beyond in case some link evidence/material is found with regard to continuance of diversion of foodgrains under various schemes of the state and Central governments.” Still trial is going on.

5.1.19.Lavasa scam:-

Well before the Adarsh cooperative housing society scam became national news, activists and locals have been protesting against the irregularities in the Lavasa project near Pune. As the road turns from Chandni Chowk to Pirangut, on the outskirts of Pune, a sign reads ‘Lavasa: 45 km.’ Through its numerous
advertisements and publicity events, Lavasa has almost become a household name in Pune, emblematic of luxury.

A hill station city, as it is being promoted, the 25,000-acre township is unique in its concept. Nestled in the Western Ghats full of tropical vegetation, it is located at one of the world’s highest rainfall points. This is exactly why the project has been under the scrutiny of social activists since its inception in 2001.

The protest against the environmental damage caused by the project has culminated in a public interest litigation petition in the Bombay High Court against the State government and Lavasa Corporation Limited (LCL). Suniti S.R. of the Medha Patkar-led National Alliance of People’s Movement is one of the petitioners.

The petition, filed by advocate Y.P. Singh, states that the government has given permission for the construction of Lavasa, citing ‘unknown provisions’ of the law. The project has provoked social activist Anna Hazare to write a letter recently to the Chief Minister. The Hindu has a copy of it. Mr. Hazare has pointed out several anomalies. He writes: “The new tourism act of the government of Maharashtra was introduced in 1996. But LCL gave the proposal in 2001 when the Congress-NCP government came to power. Why did LCL have to wait for this? Added to that, there were no tenders floated for the project. The proposal by LCL [then Lake city Corporation] was approved immediately. The whole situation raises a lot of unanswered questions.”

At the end of his letter, Mr. Hazare states that as he is troubled by the blatant disrespect for the Constitution and the laws, he will be on a ‘Maun Andolan’ (silent movement) from November 5. He will also return his Padmabhushan to the President on November 11. On December 1, he will start a hunger Satyagraha at Alandi, where the Samadhi of Maharashtra’s Saint Dyaneshwar is located.

In fact, the State government is not even authorised to give permission for large-scale projects like Lavasa, activists say. Environment clearance on several grounds, as stipulated under the Environment Impact Assessment Notification of 1994, is necessary. However, LCL has taken an environment clearance under unknown provisions of the law from the Environment Department of the Maharashtra government, the petition says.

It is mandatory for all projects located at a height above 1,000 metres to have the clearance and, as the petition points out, the entrance gate of Lavasa
itself is sited at an altitude of 1,052 metres. The road passing through the forests is yet another reason, say the activists. Adding to these, 11 dams have been built along the Warasgaon reservoir, the catchments of which will supply water to the project. This also requires the Centre’s approval, the petition argues.

Under the July 7, 2004 amendment to the Environment Impact Assessment Notification of 1994, any project for more than 1,000 persons and with an investment of over Rs. 50 crore requires the clearance.

As on that day, Lavasa construction did not reach the plinth level, the clearance was mandatory, the petition says.

As a recent visit to Lavasa revealed, the first of its cities, ‘Dasve,’ is nearing completion, with construction on 2,000 hectares, complete with four hotels, a town centre, apartments and luxury villas and an adventure sports club, among other amenities. Officials claim all the people displaced by the project have been given adequate compensation, houses and a job per family.

In a guided tour of the city, the Lavasa media manager was quick to point out that there was no coercive removal of people from their land. Pointing to a small restaurant, which did not fit in with the architecture of the rest of the ‘city,’ he said that since the restaurant owner had his share of land, he was free to construct anything.

As for the compensation to landowners, future expansion plans and environmental concerns, The Hindu was told that “since LCL has applied for the second round of IPO for the second city, Mugaon, the Securities and Exchange Board of India guidelines will have to be followed, and the answers to the questions will have to come through the SEBI.”

Another issue Ms. Suniti and Dr. Vishwambar Choudhari of the Oasis Environmental Foundation raised is that Lavasa has been promoted as a tourism initiative. But as another document by the Maharashtra government (dated April 12, 2004) states, LCL has been granted permission for a ‘stone-crushing’ unit under the orange category of small-scale industries. “Since when did medium polluting industries like this become a part of tourism project? Plus, where will the stones for this come from? Obviously, the hills will be cut. Isn’t this an environmental violation,” Dr. Choudhari asks.

Some time ago, after media reports on the violation of rules, LCL took out a full-page advertisement in some major national dailies. It sought to clarify and
justify the progress of Lavasa till date. The advertisement stated that the allegation made by activists those politicians were involved in LCL was not true. It claimed that LCL was a subsidiary of Hindustan Construction Company (HCC) that held 64.99 per cent stakes, while the Avantha Group held 16.25 per cent, Venkateshwara Hatcheries 12.79 per cent and Vinay Maniar 5.95 per cent.

According to Ms. Suniti of the National Alliance of People’s Movement, they have proof of Union Minister and Nationalist Congress president Sharad Pawar’s daughter Supriya Sule and Son-in-law Sadanand Sule having held a 21.97 per cent stake in LCC from 2002 to 2004. “All the necessary permission from the government for Lavasa was received in this period. After that, both of them quietly sold off their stakes. So the argument that no politicians are involved is not valid,” she said.

The advertisement also refuted allegations that Pune’s water was being diverted to Lavasa. Instead, it blamed Pune for doing “next to nil [in] recycling of water.” Prayas, a non governmental organisation, reckons that while LCL’s claims that Lavasa will need only 35 MLD (million litres a day) of water, it has been allotted 1 TMC from the Warasgaon reservoir, which is 10 per cent of Pune’s needs.

According to the petition, on September 4, 2005, the Ministry of Environment and Forests wrote to say Lavasa was being built without the mandatory environmental clearance needed under the Environment Impact Assessment Notification. Despite such instructions, the State authorities took no action, the petition alleges.

The petition wants the Lavasa Corporation asked to restore the environment and compensate the villagers for the losses they suffered owing to the environmental damage. It also demands that all the permission granted for the project be revoked and the entire area planted with tropical vegetation. Till that happens and the State government is brought to book, Lavasa city will continue to awe Puneites, yet the investigation is going on.

5.1.20. Belekeri port scam:-

The Belekeri port scam relates to 3.5 million tons of confiscated iron ore that was exported illegally from Belekeri port near Karwar in Karnataka. After Deputy Conservator of Forests R. Gokul seized the ore and the high court refused to permit it to be exported, a large part of it was surreptitiously exported from the port. After persistent protests and public pressure, Karnataka Chief Minister
Yeddyurappa, who is balancing political considerations with control of corruption, admitted to an illegal iron-ore export racket at Belekeri Port involving 35 lakh metric tonnes of iron ore. It is said that the scam was worth an estimated 60,000 crore rupees (US$12 billion).

This iron ore from the Bellary region is alleged to have been illegally mined after paying a minuscule royalty to the government. The major irregularities involve mines in Bellary, including those of Obulapuram Mining Company owned by G. Karunakara Reddy and G. Janardhana Reddy, who are ministers in the Government of Karnataka. A report constituted by the Lokayukta uncovered major violations and systemic corruption in mining in Bellary, including in the allowed geography, encroachment of forest land, massive underpayment of state mining royalties relative to the market price of iron ore and systematic starvation of government mining entities.

Justice N. Santosh Hegde resigned from the Lokayukta position on 23 June 2010 after an honest officer (Deputy Conservator of Forests R Gokul) was suspended by order of minister J. Krishna Palemar and he felt powerless to help. He expressed inability to be effective in his Anti-corruption mandate owing to a non-cooperative Government of Karnataka. Amid media speculation that the ports minister Krishna Palemar had recommended Gokul’s suspension on behalf of some politicians with business interests, Palemar defended his recommendation to suspend Gokul, saying Gokul had failed to attend a meeting, and “this raised suspicions that he too might have had a role to play in this particular incident. Because of this I recommend that he be placed under suspension”.

Hegde’s resignation sought to underline the helplessness of the advisory post of the Lokayukta in such situations. The resignation has brought considerable public attention on the scam, whose existence the government has also been forced to admit. The lack of effective regulation in the mining and transport of iron ore has adversely impacted road safety in addition to the loss of revenue and environmental denudation due to illegal mining.

Overloaded trucks carrying ore have caused hundreds of fatal accidents on the roadways leading to ports such as Belekeri. As many as 114 accidents were reported in 2007, and 174 in 2008. There are also reports of severe damage to the roads in Karnataka, including national highways NH-17, NH-48 and NH-63, near Shimoga, trial is continue.
5.1.21. Housing loan scam 2010 in India:

India CBI arrested eight top-ranking officials of public sector banks and financial institutions, including the LIC Housing Finance CEO Ramchandran Nair, in connection with the scam.

The 2010 fake housing loan in India was uncovered by the Central Bureau of Investigation (CBI) in raise amount (2010) felt that the combination of factors that happened in the last quarter of FY10 were accountable for the sharp decline in the LIC Housing and Finance Share price. Reuters stated that LIC Housing and Finance is looking forward to CBI alleged that the officers of various public sector banks and financial institutions received bribes from the private financial services company Money Matters, which acted as a mediator for corporate loans and other facilities from financial institutions. The bank officials sanctioned large-scale corporate loans to realty developers, overriding mandatory conditions for such approvals along with other irregularities.

The Central Bureau of investigation arrested number of high official from the several financial institutes in India in connection with the housing scam in November 24, 2010. Smith (2010) stated that findings are shocking where the head officers of several banks and financial institutes are involved in corporate corruption. Precisely, the banks and financial officials were from the public sectors including LIC, Bank of India, Central Bank of India and Punjab National Bank. However, ) stated that since the matter was related to the erosion of funds from the LIC housing and Finance Limited, event was named as the LIC housing and Finance Scandal. Lamont (2010) cited that the officers from the high rank including the secretary of LIC Investment, general managers, directors and deputy managers of banks were involved in taking out the funds from LIC in appropriate and unethical way.

Smith (2010) said that these officials were acting as the middleman to provide the funds to the main parties and in return they were having hefty amount of funds from the real investors, insurers and other consumers. Smith (2010) regarded this as the distortion of the corporate governance system where the business ethics were neglected to sustain the core business activities of the public sector banking firm. Meanwhile, Economic Times stated that the officials were charged with the exploiting of funds, looting, corrupting corporate loan process and manipulating and overriding with the regulations of the LIC Housing and
Finance Limited in regard to the approvals and other rules and regulations. Nonetheless, the loans provided through this manner were estimated to be worth of 85 Billion Dollars, comes as the biggest scandal in the Housing Finance in Asia. However, the stock price took a sharp dip soon after the event. Apparently, LICF had a good run till September 2010 when it reached Rs.299 and the growth rate undoubtedly, received the appreciation by the investors and other shareholders. The stock recorded no significant changes thereafter but the appearance of corporate scandal shook the stock price chart and the price dip to Rupees 150 by the end of year 2010. At present the stock price is stands at around rupees 190 and gaining its momentum over a period of time but however, LIC the capital to the tune of Rupees 25000 Crores in 2011-12 through debt. Eventually, the technical experts believed that company is developing its core competencies and capabilities and undoubtedly, investors would revive the stock price and current Market changes and company’s development will be seen through the price momentum. However, experts believed that the Housing and Finance Scandals by the top officials in LIC and other banking institutes will always stand to harm the future potential of such companies but however, the future and the endless opportunities lies in the hand of ultimate investors. Eventually, online newspaper, Rediff quoted as saying that most of the brokers are taking up the stock of LICF after the scam as related to the current project being performed by the company. Namely, IIFL, Aditya Birla, IL&FS are impressed by the current progress by the company and building up the stock ay higher rate. However, Reuters stated that the Financial Budget introduced by the Indian Planning Commission had slightly adverse effects on the stock of banking, insurance, mortgages and other related sector in the industries. However, the company has been quoted as saying that they would include the margin between 2.8 to 3% in relation to the rising interest rates and their effects on the share price. However, in response the scam, the Reserve Bank of India and other regulatory and financial bodies attempted to reform the housing finance sector by making several supervision and security measures in this regard eventually, the corporate scam destroyed the interest and confidence of investors and thus, the monetary and regulatory authorities must execute their task in relation to safeguarding the interests of investors.21

Bureau of Investigation exposed the stock price dip to 18% of the prevailing mark apparently; Smith (2010) stated that the Central rate after the scam and other banks who were involved saw a decline between 5 to 15% during the time.
Hence, it was anticipated that investors believed in the core values and company’s relation with the investors and the stock changes occur in the short span of time but however, the stock is futuristic for the long term.

CBI’s Economic Offences Wing (EOW) raided offices of the public sector banks and LIC Housing Finance in six cities (Mumbai, Delhi, Chennai, Jaipur, Kolkata and Jalandhar), to recover incriminating documents.

According to CBI, the companies to which the loans in question were given include: The CBI EOW also suspected that the companies may have inflated their assets value and balance sheets in order to make themselves eligible for the loans. According to CBI, an employee of Money Matters expressed his willingness to turn witness in the case. Most firms, including BGR Energy and Oberoi Realty denied any role in the scam. The scam was discovered shortly after the 2010 Commonwealth Games corruption controversy and the Adarsh Housing Society Mumbai scam. The investors were rattled as news of the arrests broke in Mumbai. The share of the LIC Housing Finance, Central Bank of India, Punjab National Bank, Bank of India, Money Matters Financial Services Ltd. as well as other banking and real-estate stock declined. The Union finance ministry initially claimed that the case was a bribery incident, and not a large-scale scam. The CBI officials had indicated that the size of the scandal could be worth over Rs 1,000 crore, but the finance ministry officials claimed that the magnitude of the scandal was too insignificant to have an impact on the Indian financial sector. The income-tax (IT) department decided to investigate the books of those involved in the scam, after receiving primary reports from CBI. However, many political analysts believe innocent bankers were implicated in this falsely created scam to defuse attention of the common man against the much larger & serious scams done by the ruling Indian government, notably of corrupt politicians like CWG minister Suresh Kalmadi & ex-telecom minister A Raja, yet the trial is pending.

5.1.22. The 2010 Commonwealth Games Scam:

A number of concerns and controversies surfaced before the 2010 Commonwealth Games in New Delhi, India, which received widespread media coverage both in India (the host nation) and internationally.

The Commonwealth Games was severely criticised by several prominent Indian politicians and social activists because billions of dollars have been spent on the sporting event despite the fact that India has one of the world’s largest concentration of poor people. Additionally, several other problems related to the
2010 Commonwealth Games have been highlighted by Indian investigative agencies and media outlets; these include — serious corruption by officials of the Games’ Organising Committee, delays in the construction of main Games’ venues, infrastructural compromise, possibility of a terrorist attack, and exceptionally poor ticket sales before the event.

Azim Premji, founder of Wipro Technologies, remarked that India faced several socio economic challenges and “to instead spend on a grand sporting spectacle sounds like we [India] have got our priorities wrong.” Miloon Kothari, a leading Indian expert on socio economic development, remarked that the 2010 Commonwealth Games will create “a negative financial legacy for the country” and asked “when one in three Indians lives below the poverty line and 40% of the hungry live in India, when 46% of India’s children and 55% of women are malnourished, does spending billions of dollars on a 12-day sports event build national pride or is it a matter of national shame?”

One of the outspoken critics of the Games is Mani Shankar Aiyar, former Indian Minister for Youth affairs and Sports. In April 2007 Aiyar commented that the Games are “irrelevant to the common man” and criticized the Indian government for sanctioning billions of dollars for the Games even though India requires massive investment in social development programs. In July 2010, he remarked that he would be “unhappy if the Commonwealth Games are successful”. Indian businessman Azim Premji called the 2010 Commonwealth Games a “drain on public funds” and said that hosting the high-expense Games in India is not justified given that the country had more important priorities facing it, such as education, infrastructure and public health. On 28 July 2010, the Central Vigilance Commission, an Indian government body created to address governmental corruption, released a report showing irregularities in up to 14 CWG projects. As per official reports, in total 129 works in 71 organizations’ have been inspected. The detailed preliminary findings included the award of work contracts at higher prices, poor quality assurance and management, and work contracts awarded to ineligible agencies. There are also allegations of widespread corruption in various aspects of organising the games including procurement and awarding contracts for constructing the game venues. The Commonwealth Games Organising Committee on 5th Aug 2010 suspended joint director T S Darbari and deputy director general Sanjay Mahendroo following the report of the three-member panel which was probing the financial irregularities related to the Queen’s Baton Relay.
Also, Organising Committee treasurer Anil Khanna resigned from the post in the wake of allegations that his son’s firm had secured a contract for laying synthetic courts at a tennis stadium. The GlobalPost news agency reports that scandals have come to light, such as “shadowy off-shore firms, forged emails, inexplicable payments to bogus companies and inflated bills — for every purchase from toilet paper to treadmills.”

Among the alleged corruption and defrauding of the games budget, toilet paper rolls valued at $2 were costed at $80, $2 soap dispensers at $60, $98 mirrors at $220, $11,830 altitude training simulators at $250,190.

Allegations of corruption and financial irregularities. The day after the conclusion of the Games, the Indian Government announced the formation of a special committee to probe the allegations of corruption and mismanagement against the Organizing Committee.22

The probe committee will be led by former Comptroller and Auditor General of India VK Shungloo. This probe will be in addition to the Central Bureau of Investigation, Enforcement Directorate, and Central Vigilance Commission investigations already underway. The Prime Minister of India, Dr. Manmohan Singh, had promised in mid-August, when reports of the bungling first surfaced, that corrupt officials will be given “severe and exemplary” punishment after the Games. The committee has been given three months time to submit its report. On April 25, 2011 after being questioned over alleged irregularities in the conduct of Queen’s Baton Relay (QBR) held in London in 2009, CBI arrested Kalmadi under Sections 120 B and 420 (criminal conspiracy and cheating) of the Indian Penal Code in the Commonwealth Games Time Scoring Equipment scam, this case is prejudice.

5.1.23. Adarsh Housing Society Scam:-

The Adarsh Housing Society is a cooperative society in the city of Mumbai in India. It was reserved for the war widows and veterans of the Kargil War.

In 2010, the Indian media brought to public the alleged violations of rules at various phases of construction in the Adarsh Society. Questions were raised on the manner in which apartments in the building were allocated to bureaucrats, politicians and army personnel who had nothing to do with Kargil War and the way in which clearances were obtained for the construction of the building of the
Adarsh Society. The Adarsh society high-rise was constructed in the Colaba locality of Mumbai, which is considered a sensitive coastal area by the Indian Defense forces and houses various Indian Defense establishments. The society is also alleged to have violated the Indian environment ministry rules. Activists like Medha Patkar had been trying to uncover the problems since at least 2004. It had led to resignation of the then Chief Minister, Ashok Chavan.

Several inquiries have been ordered by the army and the Government to probe into the irregularities. Some of the current occupants of the flats in the Adarsh co-operative society building have offered to vacate their flats at the earliest, denying allegations that they were allotted flats because they influenced or helped, in some manner, the construction of the society by violating the rules, investigation report is not submitted in this scam.23

5.1.24. 2G spectrum scam:-

Telecommunications Mr. A. Raja, now being popularly known as SPECTRUM Raja has become a famous personality overnight. The Spectrum Scandal which has cost the government more than rupees 1 lakh crore is supposed to be the biggest scam the country has ever seen. 24

The Ministry of Telecommunications held by Raja is in charge for the allocation of Spectrum to the companies which offer mobile phone services in the country. In the year 2008, 2nd generation (2G) Spectrum for GSM service providers was allotted to the private players.

There were a lot of controversies in the way Spectrum allocation took place by 2008 itself, now the minister’s office is being raided by the CBI for further investigation.

The Minister claims that there is no truth in the allegations against him; he says that whatever procedure was followed in the year 2001 has been adopted by him as well. But there were mere 50 lakh subscribers in the year 2001 compared to 37.5 crore mobile phone users by the end of March 2008; there has been an exponential growth in the Mobile Market which is known to all of us. The fact that the market has grown by leaps and bounds in between 2001 and 2008 is unquestionable.

In the year 2001 the government was shouldering the responsibility to nurture the mobile services market, therefore the Spectrum license was not auctioned then. Even the private players in the industry would not have anticipated such a colossal growth in the mobile services market. The Government was then
in a position to motivate and attract private players to operate in the mobile services space.

But that is not the case in 2008. Both domestic as well as MNC players consider investing in Telecommunications extremely profitable. In this sort of a scenario if the government decides to fix the same price, following the same procedure as it did in the year 2001 then it would be a deliberate attempt to put too small a price for the 2G spectrum.

The Telecom Regulatory authority of India (TRAI) is a statutory body found by the government of India in 1995 to avoid excessive government interference in pricing and policy. The TRAI had advised the Telecom ministry to auction the Spectrum License in the years 2001, 2003, 2007 respectively. But the Telecom ministry held by Raja had completely neglected TRAI’s recommendations and allotted the 2G spectrum license on first come first serve basis. More than that fact, Mr. Mishra (TRAI - Head) in his letter dated 14th Jan 2008 to the Telecom Ministry had clearly pointed out that the Ministry has ignored all the crucial recommendations of TRAI and considered a few points for name sake.

The last date to submit applications for 2G spectrum was announced as 1st October 2007 by the ministry as on 24th September. Later an artificial cut-off date, Sep 25, 2007, was created and applications received between Sep 25 and Oct 1 were summarily rejected. (This in itself is a clear violation of TRAI’s guidelines).

Datacom Solutions, Yestel, Shyam Telelink, Loop Telecom, Spice, Idea Cellular, Tata Teleservice, Swan and Unitech were given license for 2G Spectrum. The total fee generated by the government for selling license to the above 9 companies is 10,772.68 crore.

Out of the companies mentioned above, the two companies Swan and Unitech do not have any prior experience in the business of mobile phone, broadband or related services. Swan Telecom has obtained Spectrum license to operate in 14 circles for an amount of 1537.01 crore while Unitech has obtained license to operate in 22 circles by paying 1651 crore respectively.

Within a matter of six months these two companies have sold majority of their stake to foreign companies. Swan Telecom had sold 45% of its shares for a whopping amount of 4050 Crore to a company called Etisalat which is based out
of UAE due to which the valuation of Swan Telecom had increased to Rs. 9990.56 crore.

Unitech had sold 60% of its shares to a Norway based company Telenor for Rs. 6120 crore due to which the valuation of Unitech had increased to a monstrous amount of 10,731 crore.

Just by leveraging their ability to acquire Spectrum license, Swan and Unitech had made massive 700% return on their investment within a matter of six months.

Raja’s ministry made Rs. 10,772.65 crore by selling 2G license to 9 companies whereas Swan and Unitech just by selling half of their stake had proved the fact that their license is worth more than 20,000 crore. If we consider the market value of these two companies, the Government by selling license to these nine companies should have generated 70,022.42 crore as license fee. In that way our country has incurred a loss of over Rs. 60,000 crore.

The Central Vigilance had written a letter to the Telecom Department stating the irregularities in allocation of 2G Spectrum as on 15th of December 2008. It had clearly mentioned that it is highly disappointed with the way 2G Spectrum was licensed. Even after that, Raja while answering to a question in Parliament had told that 2G Spectrum was allotted on first come first serve basis; he had also mentioned that neither TRAI nor the Vigilance had raised objections, which is against truth.

TRAI head Mr. Mishra had clarified in an interview (December 2008) that nowhere in the guidelines or recommendations of TRAI it had mentioned that Spectrum needs to be allotted on first come first serve basis. The Chief of the Central Vigilance Mr. Prathyush Sinha had told in an interview (April 2009) that it is evident that there have been severe irregularities in 2G Spectrum allocation.

Despite all misshapes the Congress party; Prime Minister and the Finance Minister are trying to hold up the Telecom Minister A. Raja due to political pressure from the DMK which is obvious. In fact Raja has said on record that whatever he has done has been discussed and in consent with the Prime Minister. This very fact is even more shocking than the scam in itself. Raja and Kanimozi still in Tihar jail and their bail applications rejected.

5.2 Contributing factors behind white collar crimes:-

Though much debate has been raised as to the basis on which white collar crimes should be defined as well as whether white collar crimes fall within the
strict boundary of criminal law, precisions as regard these are yet to be arrived at. Therefore, going by what Sutherland had put forward as the white collar crime, here we are to examine what are the contributing factors responsible for the development of white collar crime in the present society. It must be borne in mind that the nature of white collar crime, as propounded by Sutherland, is crimes committed by the elite class people during the pleasure of their office of profession. So, the nature of white collar crimes has evolved in the urban areas with the concentration of the industry and commercial activities in the urban areas. The changing socio-economic scenario of the society coupled with the increase of wealth and prosperity has furnished opportunities for such crimes. But still, one pertinent question that still remains is that where lies the necessity or compulsion behind commission of these white collar crimes. Here the persons indulging in these crimes are neither unemployed nor the oppressed or humiliated to such an extent that they would resort to such crimes that attack the base of the moral structure of the society. On the contrary, they are well-off, suave and well-educated masses of the society who are fortunate enough to live a well comfortable life in the society. Therefore in trying to find out a tentative answer to this question it is often said that greed plays the dominant role behind the commission of these crimes. It has its root in competitive business community which tries to oust their rival competitors in order to earn maximum profits. The transnational encouragement of the hyper-mobility of capital, the never ending look for cheap foreign labour, the immobility of domestic labour, leads to the misuse and abuse of power by the corporate state. Globalization has lead to oligopolization and expansionism rather than genuine economic.

However the motives attributed behind the commission of white collar crimes are often not specific. Individuals change institutions and institutions change society. However, individuals acting on their own behalf are incidental to corporate deviance and white collar crimes. But from a general perception it can be said that an urge of making name and having more of a financial soundness are the contributing factors behind causation of white collar crimes. As for illustration, though there is a code of ethics for the practicing advocates in the Advocates Act, 1961 in India, their nature of the profession involves the spirit of combat and competition for which they often resort to wrongful ways and tactics such as concealment and misrepresentation of facts. Even if the situation so requires
according to them, they can drag themselves to the extent of bribing witnesses or even judges to make the case in their favour.

These acts practised by the advocates for sustaining their social position and on the greed of making more and more wealth are crimes and therefore they should be prosecuted under the penal provisions. There are thousands of examples that can be illustrated in the same manner as regards other professions.

In this regard the question arises whether it is right to comment that white collar crimes stand at a different stature from the conventional crimes. The criminals in this field do not indulge themselves in the commission of the traditional crimes like that of rape, murder, robbery so on and so forth, but they are involved in acts such as embezzlement, bribery, stock-fraud, tax-evasion, misleading advertisement so as to defraud people. Since most of the business and professional relationships are based on trust, white collar crimes are spreading like a rapid fire they are causing breach of trust. Here the explanatory approach is to look into the individual motivations of what is taken to be clearly criminal behaviour. White collar crimes in that cases stand only as standard theories of crime causation. White collar crimes therefore can be said to be adopting of new tools for committing old crimes. The best illustration can be that of fraud committed through computer medium.

However these difficulties have not absolutely discouraged all the attempts of finding out the Causation of crimes. But research on the causation of crime may be limited within the typography of crimes, crimes committed by professional people. Therefore going into the search for reason for the multiplicity of white collar crime is relatively high social-economic status of the white collar criminals. They influence their power to handle their occupation tactfully and persons affected in this process hardly know that they are being victimised. In this regard it must be mentioned that a white collar crime committed by an individual though affects the society and economy of a particular country, it goes out unnoticed and unpunished many a times since white collar crimes generally do not affect any particular individual, they affect the society at large. To add to that, it is often found that the criminal law administrators and the judges being the member of the upper strata of the society are generally sympathetic towards the white collar criminals while dealing with them. In many of the unfortunate cases, it is even found that the administrators or judges are the partners of the crimes being so committed. Therefore, apart from the sympathy factor there at times may be
situations of mutual-appreciations and thereby, allowing the criminals to go free. Moreover, in cases, where only the sympathy factor plays among the judges, the latter often fail to demarcate the thin line of distinction between criminality and immorality involved in the white collar crimes.

The advancement in the field of science and technology, particularly during the closing years of the twenty-first century, has added fuel to the fire to the criminology of the white collar crimes, by allowing unprecedented growth of a new variety of electronic machine and computer dominated white collar crimes. Thus as has been pointed out earlier white collar crimes are to be understood as old crimes committed applying new colour in modus operandi. The only demarcation of these crimes from conventional crimes are the motive behind the causation of the crime, it is not of necessity but of greed which multiplies with the frame.

5.3. WHITE COLLAR CRIMES: CRIMES OF PROFESSIONAL OCCUPATIONS:-

A present day analysis of the term white collar crime is as controversial as it is general. One needs only look at the F.B.I. website to see a host of crimes ranging from health care fraud to computer crime amassed under the umbrella of white collar crime. The term is widely used by both criminologists and sociologists alike, incorporating a mass of non-violent behaviors related to economic fraud. Beyond that rudimentary description there is widespread disagreement and interdisciplinary criticism of the definition and application of white collar crime. Criminologists, with a focus on the law, contend that many of the behaviors society believes to be white collar crimes are in fact not crimes at all. Without a statute to define a behavior as a criminal violation of law, behaviors could be labeled by individual standards rather than in the context of community value. An individual evaluation of what is or is not deviant allows for a subjective approach that softens the scientific objectivity of criminology.

Additionally, the American system of criminal justice was built upon the premise of individual culpability. This presents difficulties when criminal acts involve a collective. The penalty phase of a criminal action was never meant to impose sanctions against groups or organizations. Sociologists contend the term itself is fundamentally flawed.
Studies have shown the vast majority of white collar crimes are carried out by individuals comprising the middle and lower classes of society, without regard to the color of their collar. Sociology views white collar crime not from a statutory or legal definition, but rather as a class distinction emphasizing the disparity between the treatment of the rich and the poor. In many cases the motivation leading to the commission of a white collar crime is directly related to socio-economic status. The definitional conflict between sociology and criminology has led to what has been termed as Osterile definitional disputes.

The current definition of white collar crime has come about due to a commingling of behaviors, variables, systems and theories. Unlike conventional crimes, white collar crime can be committed by an individual, a corporation, an occupation, or an organization. The criminal element of intent has become less important as product liability and other corporate malfeasance have come to be identified as white collar crime. A questionable clustering of behaviors has resulted in an intermixing of simple deviations from societal norms, breaches of civil law, and criminal violations, thus blurring the line between civil and criminal law. For the purpose of this paper, it is necessary to limit the scope of the term white collar crime. The genesis of the term is credited to Sociologist Edwin Sutherland in 1939 and simply states that white collar crime is the abuse of Power by an individual, situated in a high place, whereby virtue of that position they are provided with opportunities for such abuse. This paper will refer to crimes of professional occupations as a behavior having been statutorily defined as criminal, committed by an individual who has obtained a professional occupational position where the trust inherent to that position facilitates the commission of such crime. Professional will refer to occupational prestige rather than career criminality. This paper will attempt to offer an explanation as to why a professional practitioner may commit a criminal act facilitated by occupation after living a life of relative conformity to societal norms. Means, motive, and opportunity will be analyzed. Structural perspectives and learning theories of deviance will be applied to distinguish conventional and white collar crime.

In a 1939 meeting of the American Sociological Society, Edwin Sutherland proffered the term white collar criminal. He defined the white collar criminal as any person of high socio economic status who commits a legal violation in the course of their business activities. Sutherland’s definition emphasized the offender
over the crime, and the role of trust and power in providing the means and opportunity to commit deviant acts (Sutherland 1940). For half a century since, Sutherland’s definition of the white collar criminal has been the subject of much debate and controversy. Specific criticisms point out his use of arbitrary terms that cannot be quantified, such as high socio-economic status, respectable and business activities. It is widely considered throughout the sociological community, that Sutherland’s 1939 definition of white collar crime was intended to draw attention to the idea of there being no difference between elite crime and street crime; as well as highlight the discrepancies in the application of law and justice between the rich and the poor. In subsequent writings, Sutherland clarified his use of high socio-economic status to include persons of the middle and upper classes. Sutherland’s elucidation had little to no effect in quelling the arguments related to his original work. A study based on the interviews of federal prisoners convicted of embezzlement concluded that although none of the subjects were poor, only a scant few could be considered as being of a high socio economic status. Cressey’s findings led to other criminologists questioning whether an offense such as embezzlement could even be considered white collar crime under the Sutherland definition. Even the term business activity was the subject of debate with Quinney theorizing the term should apply to all persons, in all occupations, without regard to socio-economic status. Quinney questioned whether a person cheating welfare would be committing a white collar crime because the welfare system is the source of their livelihood. Despite fifty years of debate and study, no consensus has been reached. Defining white collar crime is an enigma. A common misconception of white collar crime is that, like pornography, it is difficult to define, yet most people would recognize it when they saw it. The only fact regarding white collar crime is that no occupation is exempt or untouched by it. One need only pick up the paper, watch the news, or surf the Internet to accept the statement as an axiom. However, an occupation which society views as a profession may offer those individuals with the motivation to commit crime, as well as greater means and opportunity to accomplish complex schemes that are nearly undetectable to those operating outside the profession.

Sutherland’s focus on the elements of trust and power are germane when identifying the characteristics that allow an occupation acceptance in society as a profession. For an occupation to receive professional consideration, its membership
may have numerous characteristics in combinations not generally found within the occupations of the general public. Secondary education is the hallmark of the professional world, generally at a graduate level or higher. Education is sometimes accompanied by specialized skills or certifications. Those certifications are issued by governmental or organizational bodies tasked with the oversight to uphold the practitioner’s oath or ethical code of conduct. The combination of characteristics and the requisite trust given based upon an occupation being accepted as a profession automatically has an inherent benefit of some degree of occupational prestige. The Duncan Socio-economic Index, or SEI, is a linear scale that ranks occupational titles by perceived prestige (Duncan 1961). Prestige is defined as a characteristic of individuals or social positions that form a linear hierarchy. A quick look at the SEI shows professional occupations (e.g. doctors and judges) reflected near the top of the SEI. Blue-collar and labor positions typify the lower end of the scale. It is a logical conclusion that the amalgamation of trust, power, and prestige inherent in most professions can result in the practitioners being subjected to less scrutiny and surveillance, which in turn may provide an increase in opportunities to commit crime. When crime is discovered in a profession charged with the restraint of deviance, or the institution of social control, the fact that a crime has been committed by an individual becomes secondary to the violation of trust and power given to the profession by society. An offense by an individual is perceived as an offense by the profession. For example, if a convenience store clerk is caught stealing money from a till, or a garbage worker is arrested for submitting falsified timecards, there is generally little interest or reaction beyond those parties immediately affected by the incident. By way of comparison, if the scenarios were changed to a police officer caught stealing evidence or a doctor discovered billing for services not rendered, invariably a reaction would come not only from those directly involved, but from society as a whole. The first scenario is not likely to result in a judgment statement that all convenience store clerks are corrupt or that all garbage men are greedy because a police officer is entrusted with power to take freedom and a doctor is entrusted with the power to take a life, society assumes great risk when trust and power are given. In the context of professionals, society has provided those individuals with the motive and the means to offend.
Attempts to identify motives endemic to white collar crime have produced mixed and limited results. It is academic fallacy to apply a default motivation of greed to white collar crime, which grossly over-simplifies the convolution that results when combining the variables of means and opportunity. Research efforts are complicated by the availability of reference material and restricted access to the primary sources of data. The autonomy of professional organizations results in closed doors, restricted access, and a mentality geared toward internal policing and privacy. The majority of information available for study is generated through secondary sources such as mass media and offender interviews. There have always been concerns with the inability to verify the veracity of information obtained by the media. Offender interviews are subject to the personality traits of the offender and it is unknown how personality influences and affects motive, both in regard to the commission of crime and to the responses of the offenders. There are only a handful of studies which attempt to analyze individual personality traits of white collar criminals. Of the four studies, the only consistency in each case was the evaluator’s opinion that all of the offenders were psychologically normal. Psychological normalcy is defined as being free from psychotic illness or episodes include hallucinations, delusions, and neurosis. Attempts to identify personality traits with propensity toward the commission of white collar crime bore mixed results. Two of the four studies identified the subjects as having traits related to egocentricity, while the other two identified traits related to recklessness. The results notwithstanding, there are other data sources that imply if personality is a factor, it is fairly insignificant. Research shows capitalism is, in and of itself, criminogenic. Criminogenic is defined as that which produces or tends to produce criminality. The culture of capitalism tends to attract those with values, attitudes, and personality structures with an affinity toward deviance, if not outright criminality. In the context of capitalism and personality, the environment causes the crime, while the individual personality traits determine who will commit it. There are other theories that attempt to identify motivations for crime. Each of those requires several assumptions about criminality in general. The first assumption is that those behaviors defined by statute as being criminal, are in fact deviant. The second assumption would be that all deviant behavior is human behavior. If criminal behavior is deviant behavior, and deviant behavior is human behavior, one must analyze criminal behavior using the broad structure of human
actions and thoughts in a general view. Several sociological theories offer that a broad look at human behavior might offer insights as to motive.

The classical and interactionist theories both explain human behavior using the pleasure principle. The pleasure principle states that human beings seek that which brings pleasure and avoid that which causes pain. Classical theorists maintain that biological considerations are the driving force of the pleasure principle while symbolic interactionists uphold it is a learned function of environment. Regardless of the nature versus nurture argument, the pleasure principle provides a potent explanation for white collar crime. White collar crimes are typified by small amounts of effort resulting in relatively quick and certain rewards. Theories of social inequality also offer logical explanations for white collar crime which appear to originate as a result of economic stressors. Anomie theory as first conceived by Durkheim was defined as the absence of norms which may occur during times of rapid social change. He applied anomie theory to those wealthy individuals who commit suicide as a response to a perception of infinite aspirations of limitless success. His conclusions were that a poor individual would be less likely to commit suicide than a wealthy person because those who live in poverty have less temptation to extend their needs while the rich can never receive fulfillment from their greed.

Anomie theory was later modified to emphasize the strain that results when the societal goal of material success is defeated by limited legitimate avenues to achieve it. Anomie causes strain. When strain occurs illegitimate opportunities are conceived to make the goal of material success attainable, thereby relieving the strain. Another motive for white collar crime based in anomie theory is commonly referred to as need and greed. Need and greed separates society into two classes; the rich and the poor. A literal definition of need refers to the poor individual who lacks the financial resources to provide the necessities of life, literally food and shelter. There is also a secondary meaning which views needs in the context of cultural relevance. For example, a single female police officer may feel a need to make the same salary as her male counterpart. The environmental perception of need is no less valid for those who experience it, than the literal need experienced by the poverty stricken. Whether need is literal or the product of an environmental construct, there is a higher propensity for those who cannot meet their needs through legitimate means to commit crime.
Greed refers to the rich. Among the rich, it is much more common for needs to be satisfied. When needs are satisfied, the focus tends to shift toward greed. In a capitalist society, wealth equates to success. Wealth and the perception of success construct the belief that more success is better. Those who have wealth always envision having more which leads to the paradox of greed. The paradox of greed can be demonstrated through some basic observations of Bill Gates, the founder of Microsoft. Bill Gates has more money than he could ever have a practical use for. His inability to use money of that quantity limits the real world value of his fortune. However, the ability to use his money is not a factor when one considers his fortune solely in numerical terms. Sixty billion dollars will always be more desirable than 50 billion dollars despite the ability to spend it. It is human nature that to have more is to want more. There is a parallel idea of motive based in desire and fear of failure. Using the term desire in place of need and fear in place of greed, the explanation of desire and fear of failure are nearly identical to that of need and greed.

Means, motive, and opportunity are inexorably linked in the case of the professional occupational criminal. The means to commit crime has been shown to be innate to professional occupations and are the result of prestige, power, and trust. When an individual realizes sufficient motive to commit a crime, opportunities are then identified within what was once defined only as means. The professional occupational criminal is able to accomplish his crime by manipulating a component of his position. The professional who lacks motive does not recognize opportunities for criminality as such. Opportunities without motive are relegated to nothing more than the means to commit a crime. A dentist who charges for fluoride treatments has the means, via his profession, to commit the crime of fraud. If circumstances resulted in the dentist experiencing a sudden financial crisis (need or greed), the fluoride treatment could then provide the means, or the fluoride treatment could be recognized as an opportunity to generate revenue by diluting the fluoride rinse with water, making no change in billing practices.

When professionals commit criminal violations of societal norms the media is quick to flood the airwaves with investigative reports labeling the incident a scandal. Interviews are conducted with family and friends who decry the behavior as unforeseen and completely out of character. But why would a professional who has lived the majority of his or her life in relative harmony with societal
norms suddenly engage in a deviant behavior that their own social constructs view as repulsive? How does one violate that which their environment has conditioned them to abhor? In order to commit a crime in violation of one's own social role, the professional occupational criminal must neutralize ethical objections toward the act they are committing or intend to commit. Sykes and Matza explored the processes by which an individual creates a personal reality which allows a violation of societal norms to occur that allows them to retain a personal identity with no connection to criminality. Neutralization techniques utilized before the occurrence of a crime can factor into the violator’s motivation. Sykes and Matza identified five neutralizations that allow an offender to counterbalance social inhibition to the act. Those techniques are denial of responsibility, denial of the victim, denial of injury, condemnation of the condemners, and an appeal to higher loyalties. Since Sykes and Matza, two other neutralization techniques called the defense of necessity and the metaphor of the ledger have been suggested.

While the names of the five Sykes/Matza techniques are self-explanatory, Minor’s contribution requires some additional explanation. The defense of necessity neutralizes behavior with the idea that there was no other choice available to the offender. The metaphor of the ledger refers to numerous instances of good behavior justifying an occasional instance of the bad. Through neutralization techniques, offenders are able to rationalize behaviors contrary to self-image and assuage feelings of guilt.

Since its inception, the term white collar crime has engendered conflict and controversy to criminologists and sociologists alike. Efforts to find a definition that mutually satisfies the legal focus of criminology while accounting for the sociological idea of environment have been met with failure. Regardless of accuracy, Sutherland’s definition of white collar crime has sparked a half century of debate and study.

When defining crimes of professional occupations, Sutherland’s definition requires little modification. Professional occupational criminality is the abuse of power by an individual, situated in a high place, whereby virtue of position they are provided with opportunities for such abuse. Society assumes risk when giving power, trust, and prestige to the professions that are tasked with the implementation of social order and control.
The study of white collar crime and crimes of professional occupation has been inhibited by the restriction of data and access to primary sources of information. Professional organizations are largely insular and have strong tendencies toward self-policing and privacy.

Much of the available information has come from secondary sources such as media and interviews. The veracity of media sources is difficult to substantiate. Interview data is obtained from offenders who may have ulterior motives for or personality traits that influence the truthfulness of the information.

Means, motive, and opportunity are necessary elements of both conventional and white collar crimes. Sociological theories of deviance and criminological theories of strain attempt to explain deviance and criminality. Efforts to test many of the theories continue. The most promising progress in theory comes when integration of several theoretical explanations occur. Professional occupation may allow for increased means and opportunity to commit crime.

Crimes of professional occupation require a deviance from societal norms and social controls. Currently, neutralization theory offers the most complete insight as to how an individual is able to suppress social controls, values, and roles in order to carry out a crime. Neutralization theory allows for the construction of a personal reality based in rationalizations that prevent a connection between the actor and the criminal act.

After discussing all these cases it seems that due to loopholes of in existing laws the unscrupulous persons are getting the opportunity to siphons a huge money for their own benefits and causing the loses to a great Extent to the public treasury as well as due to the lack of the spiritual and ethical values in our country the white collar criminals are getting an opportunity keep themselves in the safe heavens.
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