

CIB (India) Mumbai Chapter

Fourth Meeting Report

June 21, 2014

Venue: IofC flat at Kumaram, Worli Seaface

“Go after corruption. It bothers Indians and needs to be fixed. However, at present it also churns the wheels of our economic system. Draconian measures or finger pointing will solve nothing. It might bring the country to a halt. You don’t solve a blood contamination disease by cutting off the arteries of the heart. You make the blood pure again one pill, one small transfusion at a time.” wrote Chetan Bhagat in a news article after a new government was elected in India.



Anil Chopra describing to Mr. Puri about CIB as Dr. R K Anand and Mrs. Jvoti Puri look on

Mr. S S Puri, former Director General of Police (Anti-Corruption), after quoting Chetan Bhagat continued to share, “To combat cancer, we require chemotherapy which is given in small doses and is calibrated. To overcome the menace of this national termite which has rendered us hollow; we need to have clear thinking and appropriate strategy.”

Mr. Puri was addressing a small group of 13 persons who had met for the monthly CIB Mumbai Chapter meeting. As part of the vision that the Chapter Convener, Anil Chopra had for his team, he had invited a respected personality to share with his team mates his own challenges and experiences in dealing with corruption and ethical issues.

The former civil officer who post-retirement was entrusted with the Stamp Paper Scam that was of enormous proportions and huge ramifications spoke softly of how he found the work of the police a wonderful service. Describing it as ‘paid social service’, he shared how a policeman’s job is contingent to the world around him and though unpredictable (often violent and messy) it is a profession that is most honourable and satisfying where the job satisfaction is instant.

Talking about how corruption ate into the wealth of a country he said, “India suffered losses of Rs.36,400 crores [One crore is 10 million] due to corruption in the 12 months preceding September 2013, says a survey by Ernst & Young (EY) and Federation of Indian Chambers of Commerce and Industry (FICCI), excluding large corruption scandals like the 2G Telecom scam and the Common Wealth Games scam, among others.

“Corruption is of two types,” he shared, “meat eating and grass eating. The meat- eating corruption is almost always collusive and one transaction is enough to last a couple of generations. It is silent, stealthy and insidious!



“Unaccountable wealth or better known as black money (attained by illegal means and /or remaining outside the purview of the tax laws) remains within the calculated comfort of its owner. This includes money generated through arms deals, gun-running, smuggling, drugs and narcotics, illicit trade, real estate transactions et al; and is a major contributors to the tax havens abroad.

“Grass-eating corruption extorts millions of our countrymen in their day to day activities. Obtaining a post-mortem report, death certificate, donation in cash for admissions to school, caste verification certificate, lodging of FIRs, pre-condition for recruitment in government jobs at subordinate cutting edge levels, etc. are just some of the experiences that define this form of corruption. This is extortionist in nature and is demanded when one is under already duress. This form of corruption is petty in scale and alienates the belief of lay public in the government.”

Referring to an article written by Mr. Manoj Nath a former Director General of Police in the State of Bihar, Mr. Puri said Mr. Nath brilliantly summed up people’s response to the menace of corruption. The response of people at large is even more ambiguous because it is rooted in the fact that they are themselves “half victims, half accomplice, like everyone.” People’s lack of combativeness, venom and extraordinary passivity stems from the fact that they tend to be comfortable with the idea that corruption is an inescapable fact of governance and political morality.

The article read, *“The ambiguity in the public attitude towards ill-gotten money is the result of our peculiar situation. Our economy is half white and half black, half over-ground and half underground. We condemn black money but deal in it, nevertheless. Under our very eyes, criminals and gangsters acquire wealth, then political power, then more wealth and with it acceptability and social esteem. Political banditry as a mode of creation of surplus value has long been accepted as a legitimate vocation. To displace the awareness of these contradictions, we have devised various overt and covert strategies to acknowledge and accommodate the criminality within our midst. Lawyers, chartered accountants, investment advisors, honestly work for the legitimization of dishonest earnings by politicians, government officials, corporate CEOs, etc. Dirty money courses through our formal and informal financial system in different ways, with different consequences. We do not seek to know hard enough about the offshore funds being routed in our economy for fear of discovering their actual provenance. We are so enamoured, even over awed with power and manipulation that we tend to ignore what David Bell calls ‘the economic fulcrum underneath.’ ”*

To combat crime, we need to have two pronged strategy: prevention and detection. Many a crime are prevented when the preponderance of probability lies in that these would become manifest at any given moment. A reasonable certainty of apprehension and conviction deters criminals.

Crime swells when there is an assurance that it would not be easily detected and that in the unlikely event of getting so detected, the law as it exists, could be subverted first at the level of cognizance and subsequently during investigation, prosecution and/or adjudication. Organized crime syndicates prosper on this philosophy.

Continuing on this thought, Mr. Puri said, “Crime is influence of motive on character. A person with character would rather beg than steal. Laws are not a substitute of character. The only cure in combatting the menace of corruption and crime is to instil values.” Citing how Hong Kong was worse than India decades ago, he said, “Through education in schools, things have changed.”



Rueing the fact that our education system is so skill oriented that it neglects the importance of imparting values he said, “We must prepare a child to face situations, but he must learn that it has to be ethical. A chapter on ethics in the regular curriculum in Education would be a good beginning to building on a foundation laid by our family. The certainty of punishment deters,” he concluded, “Unfortunately in India, that fear is lost.”

Another attempt to combat the ills of corruption he shared was in the creation and existence of a credible mechanism where information can be received and is welcomed, with privacy of the informer kept in absolute secrecy. This will make the masses feel participants in unearthing diverse forms of unaccounted and illicit wealth. All such information leading to successful prosecution may be rewarded with a tempting percentage of such money unearthed. The RTI Act has significantly contributed to lifting of veil of confidentiality from public records maintained by the government. It is time we take a call whether we should continue to maintain confidentiality of income and assets of all those who seem to be living in a lifestyle disproportionate to their know sources irrespective whether they are public servants or not.

Concluding his speech he urged the CIB Mumbai Chapter to act as a forum that would persuade Industry to devise a strategy that could work as a whole and with collective action in simplifying laws and helping rid the evils of corruption. Signing off with his experience with Siemens Ltd. he said, “I liked their policy when dealing with issues on compliance: *Ask us and we'll tell you how to do it. Tell us if you can help us do it better.*”

The meeting ended with much appreciation to Mr. S S Puri for his speech and also to his wife, Mrs. Jyoti Puri who accompanied him. Welcoming Mrs. Deepa and Tapan Parekh to the Mumbai Chapter, Anil Chopra requested all present to block their calendars for the next meeting, the date of which he would announce soon. Providing a glimpse of what the Agenda would be he said, “We hope to undertake an exercise in envisioning how the Mumbai Chapter should go and your collective wisdom will only enhance the exercise.” Finally, Mrs. Asha Anand was thanked for playing the role of a gracious host.