

REPORT ON WHITE COLLAR CRIME

- **The Report on the Commission of Inquiry on the Administration of Dalmia Jain Companies, 1963**

In the 1930s Dalmia Group run by brothers, Ramkrishna Dalmia and Jaidayal Dalmia, merged with Sahu Jain Family to form Dalmia-Jain Group. This business was ultimately split between the two families and again between the two brothers in 1948. On the allegations of corruption against the group, Vivian Bose Commission of Inquiry into the affairs of Damila-Jain group of companies was set up in 1963.

The committee said that because of the group's collection of black money, undisclosed assets and undetermined income tax liabilities, the dissolution or split had become so complicated that it could not be officially said that the groups had split. The Commission headed by Justice S.R. Tendulkar and after his death by Justice Vivian Bose, sentenced Ramkrishna Damia on charges of tax evasion, perjury and criminal misappropriation of funds in 1962.

- **The Report on L.I.C. Mundra affairs**

It was in the 1950s when, Haridas Mundhra, a stock speculator was arrested and imprisoned in the case of the first big financial scandal of newly independent India. At that time, Jawaharlal Nehru was the Prime Minister of India. His daughter Indira Nehru was married to Feroze Gandhi, who was also a Member of Parliament. Feroze Gandhi was the driving force behind the anti-corruption movement which led to the imprisonment of Ramkrishna Dalmia.

When Feroze Gandhi finally came to power he questioned whether the newly established Life Insurance Corporation had used premiums from the policyholders. Ultimately a committee was set up which was headed by the retired judge of the Bombay High Court, Justice M.C. Chagla which came to the conclusion that Mundhra be sent to jail on the ground of, as many as 124 prosecutions against him and 113 of them resulting in convictions.

- **Das Commission Report, 1964**

In the case of [R.P. Kapoor v/s Pratap Singh Kairon](#) [3], Pratap Singh Kairon, who was the Chief Minister of Punjab was accused of using wealth to boast his high status of and also of his family at public expense. The Commission exempted him on the ground that a father could not be held liable for actions of his grown-up children. The Commission clarified that a son cannot be stopped from carrying out a business of his choice except that the son cannot use his father's political position and power to exploit others. The petition was therefore dismissed by the court.

- **Administrative Reforms Commission on Reports**

Administrative Reforms Commission's 4th report titled 'Ethics in Governance' had made amendments and included new provisions in order to reduce the number of white collar crimes in India.

1. The report introduced a new provision stating that partial funding by the state is allowed in elections so as to avoid illegitimate and unnecessary expenditures by the political parties.
2. It suggested an amendment to [section 8](#) of the Representation of the People Act, 1951, keeping people facing charges in case of a grave or heinous crimes and corruption out of participating in elections.
3. The report on the election of the Chief Election Commissioner and other Election Commissioners decided to form a collegium in order to select them. The collegium would consist of the Prime Minister of India, the Speaker of Lok Sabha, the Law Minister and the Deputy Chairman of the Rajya Sabha as its members. This would prevent in wrongful exercise of power and prevent manipulation by the authorities enjoying dominance.
4. It was proposed that an office of 'Ethics Commissioner' be formed by each House of the Parliament. This office would be regulated by the Speaker or the Chairman to follow the code of ethics, to advise the body whenever required and maintain records of the office.
5. Most importantly the Commission asked the Government to recognize 'collusive bribery' as a special offence. The Commission advanced that [section 7](#) of the

Prevention of Corruption Act needs an amendment for the inclusion of ‘collusive bribery’ as an offence. This would prevent the public servants from performing such acts which leads to loss to the public.

6. The Commission also recommended to take immediate measures for the implementation of Benami Transactions (Prohibition) Act, 1988.
7. The Commission gave protection to whistleblowers on the grounds of confidentiality. And also made harassment and retaliation against them a punishable offence.
8. The Commission said that the media should have their Code of Conduct and self regulating mechanism to avert from wrongful actions and government be allowed to disclose the cases of corruption to media in order to help them fight against corruption in the country.
9. The Commission made an important decision stating that the head of the office should be given the responsibility to take proactive vigilance on corruption.

There are other provisions that were presented by the Commission before the Government thereby assisting the Government in their fight against corruption and other malpractices by the people at higher positions in the authority.

- **Law Commission 47th Report**

In its 47th report, the Law Commission said that since a corporation does not have a physical body, no pain can be inflicted upon them as a punishment. A corporation does not have a mind that can be accused of guilty intent and therefore new penalties should be created to punish them for their illegal and wrongful acts.

The Commission found that the real penalty for the corporation would be to experience a curtailment in their reputation. And that they be called a disgrace. The commission said that not only the directors or managers should be punished but the corporation as well. The people should be able to link the offence with the name of the corporation also.

The Commission recommended the inclusion of the following provisions in the Indian Penal Code, 1860:

1. In every one of those cases where the offence has been committed by the corporation and the punishment includes imprisonment or fine and imprisonment both, the court will have the power to impose on these offender fine only.
2. In every one of those cases where the offender is the corporation and the punishment for his offence can be either imprisonment and any other punishment other than fine, than in that case the court shall have the power to impose on such offenders fine only.
3. In this section, 'corporation' should mean an incorporated company or other body corporate. It would also include firms and other association of individuals.

Like the above mentioned provisions, the Commission in its report has mentioned the punishment the offender corporation or company would be subjected to.

- **The Report by Santhanam Committee**

The Santhanam Committee was the first body to recognize the intensity of the crimes committed by the people of high social standards, which was acknowledged by the 29th report of the Law Commission released in 1972. Santhanam Committee in its report on the Prevention of Corruption has talked about the reasons behind the prevalence of white collar crimes in India.

The technological advancement and development in scientific temperament has been assigned as the major reason behind the growth of white collar crimes. These large numbers with advanced disposition is being regulated by only a handful of elite who form the monopoly. The need of this technologically and scientifically advanced era is to make these masses adhere to the rules laid down by the elites to conduct them. Those who fail to do so land up becoming the offender of white collar crimes.

The committee showed its concern regarding the great damage that these crime can cause to the public morals. The case of white collar crimes are so complex and since people are not much aware about it, it is only the experts who can recognize such crimes and protect themselves from becoming a victim of it.