



E-Governance and White Collar Crime Control

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ABSTRACT

White collar crime has proliferated in the modern civilization due to lack of information availability. It has led to financial loss, social loss, and declining moral ethics. E-governance will achieve the crime control by democratizing information, making the government schemes effective and efficient, and introducing transparency. This paper covers the drivers of the white collar crime and how e-governance can help curb the crime. A case in point of Land Records in India helps illustrate the benefits of the e-governance and its applicability to curb white-collared crime by making the process transparent, accountable, and citizen-friendly. Finally, the paper discusses on how to measure the effectiveness of e-governance initiatives from the white collar crime reduction perspective.

Keywords: White Collar Crimes, Transparency in administration, frauds and corruption control, e-Governance

1. Introduction

White collar crime has proliferated in the modern civilization due to lack of information availability. It has led to financial loss, social loss, and declining moral ethics. e-Governance can achieve white collar crime control by democratizing information, making the government schemes effective and efficient, and introducing transparency. White collar crime is a crime of privileged class who cause irreparable damages by exploitative tactics, which is “omnipresent” i.e. it’s a global phenomenon. e-Governance has made significant contributions in the fields of economic growth, sustainable development and good governance. Following paper focuses on the drivers of white collar crime, how e-Governance can eliminate it and the risks associated with use of e-Governance and its mitigation or monitoring. This is supported by a case study of Land Records in India.

2. White Collar Crime in various Domains in India

- Legal System in India: Currently numbers of cases are pending in High courts and Supreme Court which can be checked online using e-Governance, also the dates for next hearing are available to the parties. E.g. Telgi Scam of bogus stamp papers was having impact of Rs. 80,000 crores, yet no effective remedies are done and the matter is dangling in legal system. Also, in some countries provisions are made to make hearing using Webcam, wherein the terrorists are in Jail, where they were, and no risk and extra cost incurred for carrying them to court.
- In trade and industry: Santanam committee gives detailed report of criminal behavior of so called

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respectable men, e.g. big business tycoons, industrialists, public servants etc. Main point is "Corruption exists if there is someone willing to corrupt and capable of corrupting which is found in industrial and commercial classes, they indulge in evasion and avoidance of taxes, accumulate large black money, dirty money by various methods. For instance, suppressing profits by manipulation of transactions of immovable property by liason or men who live and spend and entertain beyond their means of income disproportionately"

- Financial Institute Fraud: Financial institution fraud (FIF) continues to be a significant white collar crime problem throughout the country. After the deluge of 26/7 in Mumbai, the CBI has refocused its program for the same and is now investigating higher-priority cases to a much greater degree. Large-scale mortgage fraud and identity theft operations, many perpetrated by organized criminal enterprises, also continue to plague India.
- Corruption in government and politics: This is global phenomena. Prevention of corruption act 1947 amended in 1988 is in practice. Yet, unscrupulous public servants amass wealth and possess disproportionate assets to their known sources of income. E.g. A encounter specialist police official, ordinary sub inspector of police of Mumbai Crime Branch amassed Rupees 225 crores of property in India and abroad. An officer attached to Psychotropic Narcotics Substances Act implementation amassed 250 crores of rupees assets and now settled in USA. One of the best examples of e-Governance is that the Central Vigilance Commission's famous case when it published on its website the names of 34 IAS officers against whom, charges of corruption were proved. The information percolated to millions on the net and led to the social outcaste of those corrupt officers. Public servants have meager salary and they have pressing needs of life and greed for modern luxury are reasons for corruption which is epidemic and found nearly in all public offices. Only its magnitude, degree and proportion vary. Similarly political corruption includes grafts right from stage of giving ticket to election, abuse of political offices i.e. 1 dozen MP's (Members of Parliament) were punished for asking question in Parliament, at cost, proven by sting operation. There is rampant violation of election laws (representation of people act) Tul MohanRam Episode, Mundra Sirajuddin affairs involve high ranking officials like cabinet ministers etc. In short, it can be said that the criminal justice system is not delivering and there is serious erosion of people's faith in its efficacy. It is commonly accepted that corruption is dysfunction to the system of governance and to society as a whole.
- Forgery: Another growing form of white collar crime. It includes all sorts of forgery, varying from land record papers to Supreme Court judgments.
- Violations of Foreign exchange regulations and import export act: This is more prevalent among businessmen who do under invoicing of export goods and over invoicing of import goods thereby harming National economy. This can be avoided by adding transparency to the process which is the key to the problem.
- Violation of tax laws: Tax evasion and tax avoidance, demarcation line is thin i.e. non-payment of tax which is to be paid and spreading of total income in such a manner that it does not incur tax liability legally, respectively. The loss incurred to state exchequer due to violation of tax is tremendous. Actual tax paid is only a fraction of total income, remaining of which goes to black money. Santhanam Committee report gives flow-sheet of tax evasion by various groups of several crores of rupees. Tax regulatory acts enforcement is in full swing. However, black money is converted to white money by various methods which adversely hamper economy of the country.

3. White collar crimes in various professions in India:

- Legal Profession: Preparing false and fabricated claims , fabricating evidence delaying litigation by colluding with opposite party, adopting unscrupulous tactics, violation fo ethical norms of legal profession i.e. Advocate act 1961, converting "criminal lawyer to lawyer criminal"
- Engineering: The underhand dealing in getting tenders passed for contractors, suppliers showing

oversight of the use of sub-standard materials for constructions and thereby buildings are collapsing prematurely say within 25 years. Falsification of records, frauds, if the original tender of a lowest bidder is “X” the completion cost of the project is usually “3X/4X” which proves there are totally time-overrun and cost-overrun of the project though there is project monitoring on paper through PERT charts. This leads to multicrores of rupees losses in every project and social cost of delay of project are very huge.

- Educational Institutes: Private educational institutes e.g. not even approved by Delhi AICTE, run private engineering colleges admission to which is given without merit, also institutes running on government aid make fake and bogus enrolment of students, give meager salary to teachers while getting signature for full salary defrauding large sums of government grants. Large sums of Government grants, issue of fictitious bogus manipulative certificates, collection of unauthorized donation in the name of bldg funds, issuance of fake degrees and diplomas by unrecognized institutes even professors are taking bogus PhDs at cost and getting enhanced salaries.
- Money laundering techniques: Black/dirty money converted into white. Black money means not obtained from legal activities i.e. obtained by corruption/ held in secrecy to avoid income tax liability and circumvent restrictions by laws of the country and dirty money is obtained thru completely illegal means i.e. it can be hidden in Swiss banks but cannot be used by the holder until there is special scheme declared by government like amnesty scheme thus its converted to clean money e.g. trafficking illegal drugs generate enormous qty of dirty moneys. Concealing its origin, ownerships and other potentially embarrassing factors by investing it to benami properties (unfortunately legitimate in India)

4. What Drives a White Collar Crime?

Firstly, let us know what white collar crime is? White Collar Crime is a term that has been coined by Sutherland as “crime committed by a person of respectability and high socioeconomic status.” i.e. its illegal act characterized by quite deceit and concealment without single drop of blood or violence. Edelhertz further adds to it that it is committed by neophysical means and by concealment/guile to obtain money or property, to avoid payment, or loss of money or property or to obtain business or personal advantage. The drivers of White Collar Crime are:

- Greed: A primary driver of white collared crime is greed for pursuit of money, wealth, power, food, or other possessions. Greed also breeds corruption which is inherent in any public sector services and government services in India. We need to deter greed, for which e-Governance increases transparency and hence reduces greed.
- Control and Power: The white collar criminals want to exercise the complete control and power of the system in their hands and enjoy benefits of it (by both, good and bad means).
- Job Security: People want to make sure that their future life is secure until they are on the job.

Following are the repercussion of these crimes:

- Financial Loss: Financial loss by the white collar criminals is greater than financial loss from burglaries, robberies, and larcenies is minimized using e-Governance.
- Social Damage to morale & institution: White collar criminals destroy the moral and promote social disorganization. Since crimes are violations of trust, they create and extend feeling of distrust. E-Governance keeps government a trustworthy body for people.
- Privileged class deviance: Misuse of official power, favoritism, change in land use pattern, undervaluation of house and land price, etc. are generally done with cooperation of government officials or the relevant parties in absence of e-Governance.

5. Role of E-Governance to Reduce White Collar Crime

- E-Governance is improved communication between the government and the citizens i.e.

Governments have been putting out vast amounts of material on the Internet. A fair number of these would be available in hard copy. It is advantageous on the part of the governments to provide information online because of quick communication and reduction in printing and stationery costs.

- The internet connects citizens together and also connecting them to government. Such lobbying may be done through e-mail, listserv, discussion board and the like. Again, this role encroaches into the media's traditional role as a window for lobby groups.
- Electorates can be hooked directly to enable them to vote or voice their opinion on a wide range of issues. Voting online, touch-tone telephones, voice signatures and digital signatures can become real and people can shape opinion from their homes or nearby Internet kiosks. Some countries have already gone in for online referenda to settle specific issues.
- e-governance can also help fight corruption. The fact that it brings in a much-needed measure of transparency can act as a check against corruption. Aided by the political and administrative will, e-governance can definitely battle corruption. But the traditional role of the media as a watchdog against corruption will not disappear in a digital democracy.
- e-Governance makes it possible to maintain a think-tank for government and for country and for society at large, and to avail prizes of 20% amount to establish disproportionate assets of corrupt officials and burden of proving innocence should be on the alleged corrupt officials
- It also avails fast track courts to establish criminality of the corrupt officials on day to day basis. The properties of the corrupt officials' should be attached at the first instance and to be released iff he is proven innocent in the court. Similarly, all the bank accounts in his name and in the name of his relatives/friends of suspicious nature must be frozen till proceedings is pending.
- With e-Governance, we can anticipate trends in technology, in international economic relations etc. and advice government about the measures which can be taken to put the trends to work.
- We must create awareness in people about steps to be taken and thereby prepare them for hard decisions like social boycott on white collared criminals and attach stigma to them for the lifetime. Encourage public interest litigations against white collared criminals for bringing them to books immediately. At the same time, false allegations should be deterrently penalized.
- Easy monitoring of all projects and schemes so as to minimize cost and time over-runs and makes them more productive and effective.
- Evaluating impacts of projects and schemes, and thereby make changes required in them becomes easy. This is obtained using Impact Assessment Table which has the priority of components of the Risk factors i.e. Process, Cost, Schedule and Support.
- Along with e-Governance, following points are recommendations for its effective utilization:
- There should be expert advisor to Prime Minister's office in all such matters and there should be commission which should make finding public in all probe cases against white collared criminals and there should be public notification in all leading newspapers in all languages at the cost of white collared criminal.
- There should be midyear review of the economy of assumptions made in the budget and policies set out in it are faring in practice and take corrective measures and its assessment of states.
- Mechanism must be devised for commission to make presentations on policy issues periodically, monthly, quarterly and yearly to: Prime Minister personally and The Cabinet Committee on economic affairs.
- The structure of organization and staffing of commission must be of "stainless" character i.e. Ceaser's wife should be above all suspicions and they must be tested periodically to check their stainless character by intelligent methods and proper surveillance on them under direct control of Prime Minister.
- Investment planner: Commission should be transformed to body, the principal functions of which are:

- To frame policy options for government on specific issues which it has to confront and management for maintaining govt funds with performance auditing. E.g. Chronic disease control, waterborne diseases, AIDS, etc, the technologies which can be deployed/developed to contain management for these.
- Foreign collaboration if required can be taken.

7. Case Study: Computerization of Land Records- Social Impact

Maintaining the records of land and subsequent updation and modifications reflected at Tahsil or Circle or block or subdivision level registrars, being approved by competent authority. Later the master copy at district head quarter is subsequently updated. The subsequent changes in land records due to sale-deed, mortgage, lease, acquisition, partition, availability of irrigation, crops grown, change of land types, etc. are known as mutation. Any physical change of land plot due to various possible causes i.e. erosion, earthquake or otherwise is reflected in its cadastral data and in map. This will make land records foolproof, so that lowest level Revenue Dept official cannot play any mischief. Which otherwise leads to chronic trouble to the owner of the land. As it's a rampant corrupt practice in the manual land record system, with many lacuna. E.g. lack of standardization, hand written sometimes, difficult to retrieve data from land registers, the wear and tear further creates chronic difficulties. Its susceptible to manipulation, large chunks of land belonging to government, reserve land, forest land protected areas are manipulated by mischief mongers. E.g. On forest lands Mumbai buiders have encroached and it lead to historical agony of the flat purchasers ie. Innocent victims of the crime are 5, 00,000 citizens in Mumbai. The poor and underprivileged are the worst sufferers as they have little idea of Records of Rights (ROR) and ownerships are diverted to private owners by land mafias, in league with corrupt revenue officials i.e. marshy lands adjoining to link roads in Mumbai are grabbed by land mafias in western suburbs.

E-governance is of major significance because it uses computers in processing information in which speed is an inherent component. A single computer can process the information within seconds, which cannot be done by hundreds of employees for years together. It enables us to simplify the rules. Example: Bhoomi Project of Karnataka Government, which computerized the twenty million land record containing about 1billion data fields. It addresses the concerns of 7 million farmers' families or 35 million rural populations. Nine thousand village accountants were maintaining these records manually in earlier system. In the new system, 177 Bhoomi kiosks distribute computerized land records, 750 Village Accountants maintain its backend. Rs. Eighty million user charges have already been collected as against total investment of 180 million in the first two years itself.

7.2 Problems addressed by e-Governance for Land record system in India:

- Unmanageability: Due to population explosion, rise of mutation, maintenance of land records becomes unmanageable, manual compilation of records is time consuming and cumbersome. Revenue staffs are already overloaded and also engaged in other activities e.g. Conduct of elections, relief and rehabilitations, medical gains, implementation of government schemes, issue of certificates.
- Difficulty to inform Land reform act: Ceiling surplus land act, ownership right to tenants, prevention of alienation, and restoration of aliented tribal lands etc.
- Delay in updation: Inconsistency in various hierarchies leads to chaos, so delay in delivery of land records. So, Record of Rights is nightmare for public.
- Cumbersome mutation process: No reporting mechanism about pendency
- Land Resource Management: There is no record of lands available after mountains are reduced to ground level after stone quarrying which are easily encroached by land mafias with help of corrupt revenue official, which is eliminated if there is transparency in process.
- No link with other institution: It leads to great inconvenience due to non-availability of land data

- in e-form, increasing litigations, due to defective records at Sub Registrar's office.
- Encroachments on Government land: It goes abated and is difficult to arrest.
 - Expansion of Mafia Raj: It leads to lack of maintenance of law and order.

7.2 Advantages of e-Governance in Land Records:

- Easy access to record of rights and quick delivery.
- Increase public awareness
- Transparency
- Increasing Credit Flow: Since ROR is vital document to acquire financial loan, it helps flow of credit fund to households and further leads to growth of economy increasing of land sales and purchase. After computerization, it will facilitate quick buy-sell of land resulting growth of economy and revenue to government by stamp duty.
- Reduction of disputes
- Quicker mutation process
- Enforcement of Land reforms
- Linkages with other institutes in many states: Judicial Financial Development departments, NGO's etc can have access to land record database.
- Creation of jobs for local youths
- Encroachment can be easily controlled and detected and transparency and government / public can easily be admitted.
- Transparency due to e-Governance: Lack of transparency and accountability in public dealings, are the major reasons of rampant corruption. There should be public participation, where state and central functionaries have to serve or support even correct the citizens else there are violent agitation leading to massacre as experienced at Nandigram near Calcutta in land acquisition stage itself. This means software has to be written to codify rules, procedures and other related government functions and public access should be through IT which leads to success for bringing transparency in administration and management through E-commerce and e-business leading to e-Governance which is definitely possible. Appropriate legal instruments empowering government enable such interactions should be done simultaneously.

7.4 Disadvantages of computerization of Land records:

- Delay in delivery: Unexpected delay in delivery due to frequent load shedding (power cuts), technical snags, and lack of infrastructure causes great inconvenience to public. Non-Conventional Energy can tackle any crisis of energy.
- Delay in update: A mutation entry is time consuming to update in land register. It should be improved for remote update through mobile technology.

8. Risks Involved

Majority of our population are people who will not be in a position, at least not in the foreseeable future, to search for and access e-Governance services on their own. This in turn emphasizes the need of a mediator (human or machine or a combination of both) who can deliver these services through channels that reflect citizens' preferences. The *other risks* are as under:

- Structure of government
- Importance of government identity
- Structure of economy
- Stability at political level

The *risk mitigation and monitoring* must involve:

- A Sustained Development Approach: Though various projects are going on at various levels yet a future oriented mechanism is required. It can be planned as under:
 - Proper planning and working out of each section of the plan related with a project.
 - Efforts to find out the relative cost and impact of the selected way of working.
 - Networking of government departments.
 - Encouraging utilization of electronic means of communication between Government and citizens.
 - ICT training to the decision-makers and workers as e-Governance can be initiated through technology but it can be sustained only through e-literate employees.
 - Establishing information management standards.
 - Raising efficiency levels through cost management and process improvements.
- So, we must begin any e-Governance project with Project Planning with Management Information System concepts.
- Initially, in any project, goal identification and its feasibility prediction is to be done. Technology to be used is to be determined. Then, we must decide who will do what work.
- The risks arising of the above disadvantages can be mitigated by sustained development and good systems architecture design and implementation using PERT (Project Evaluation and Review Techniques) & CPM (Critical path Method) techniques to evaluate the risk and mitigate it when necessary and monitor it when needed.
- Risk identification and Risk projection are major parts to avoid disadvantages of e-Governance. Anticipating problems, determining the probability of problems occurring, evaluating the potential impact and repairing solutions in advance requires considerable effort.
- Further, it is necessary to develop a contingency plan – a course of action for each potential problem identified in the project risk profile. Carefully examine each problem and develop one or more alternative solutions. Contingency planning is a form of insurance and comes with a price. The tradeoff is that a problem that has been identified, with a solution developed in advance, is far simpler and cheaper to resolve than one that occurs unexpectedly.

9. Areas where E-governance can control white collar crimes

- *Legal System in India:* e-Governance will enhance the working of judiciary as the status of the cases pending in High courts and Supreme Court can be checked online, also the dates for next hearing and many more.
- *Election ID and e-Governance:* There must be a single citizen ID card for all govt schemes. There should be integration of IT based government services and their e-delivery. E.g. Gyandoot in Madhya Pradesh, e-Seva in AP, Friends in Kerala, in Maharashtra, Rajasthan, and Tamil Nadu now provides online registration of property transactions. In Mumbai there is registration of births and deaths by BMC. In Karnataka, totally computerized land records under Bhoomi project. There should be computerized transactions of treasury in all districts and Taluka. There should be monitoring of public grievances and disaster mgmt systems under control of Chief Minister.
- *E-documents:* Forgery is major part of white collar crime which takes place by bribing corrupt official, with partnership. Forgery can be avoided by matching the documents with original by means of PKI. Moreover, many employees, in an organization, know about the corrupt practices and want to complain but do not do so due to the fear of wrath from senior officers. For the fear of disclosing their identity, they do not report it to the vigilance department. E-Governance renders golden opportunity to such people to alert concerned officials through Email, E-forms, and E-complaints.
- *Right to Information:* The right to information envisaged by electronic governance presupposes decentralization in power structure and decision-making. E-governance is a tool for connecting

people and sharing information. It will result in improved transparency, speedy information dissemination, higher administrative efficiency and improved public services in sectors such as transportation, power, healthcare and local administration.

10. Concluding Remarks

White Collar Crime erodes the faith of the general public in the legitimacy of the politico-administrative system and eventually saps the idealism of those in public service and thus destroys the moral fabric of society. It is the main reason for social unrest in any society. In many countries the Governments have toppled down on the charges of corruption. In short, corruption-ridden governance is termed as “Bad Governance”. E-government can lead to transparency provided that the legal framework supports free access to information. E-governance initiatives have played a key role in achievement of developmental and social objectives in many countries. We discussed applicability of e-Governance to curb white-collared crime by making the process transparent, accountable, and citizen-friendly and how to measure the effectiveness of e-Governance initiatives from the white collar crime reduction perspective. Thus, e-Governance provides opportunities to move forward in the 21st century with high quality, cost effective government services delivery and the creation of better relationships between the people and government. But little work has been done to find if e-governance has had an impact at the grassroots. Whatever be the case, even a small provision for downloading application forms has helped eliminate the tyranny of middlemen.

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