



Road to Good Governance through Whistleblower Policy in Indian Companies

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ABSTRACT

Post Enron, WorldCom & Tyco the world woke up to the need of good practices in corporate governance of public companies. Out of many recommendations made by the regulators, the cheapest and most effective is the provision for whistle blowing. This paper brings out the whistleblower policies prevalent in US Companies and Indian Companies and focuses on Indian Companies' commitment towards the whistleblowers' policy in their companies, in absence of mandatory regulations. The paper also attempts to bring out the philosophy best suited in designing whistleblower policy.

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Introduction

They are the fiduciary duties of those handling public resources to work to high standards of probity [1].

2008 saw the failure of few big financial companies and the subsequent bail out plans rolled out by US govt. Indian economy remained relatively unaffected by the global economic meltdown, however international and domestic investors could not garner this advantage because of various scams that were reported in last decade in India. The scams and media expose highlighted the nexus between politicians (Government) and corporations, also between Executive Directors and Audit committees of corporations in misusing the state machinery and public fund to their advantage which in turn jeopardized the process of investment and growth. Not only India but World has witnessed corporate frauds of huge magnitude in last two decades which showed a systematic failure of many standard mechanism of control: the board of directors, the external auditors and the financial market regulators.

Since the enactment of Sarbanes Oxley Act, 2002 Governments across the World have been trying to incorporate better governance policy in companies to overcome the problems arising from separation of ownership from control [2]. Continuous improvement in the practices of Corporate Governance could also not mitigate the scale of loss suffered by the stakeholders of Satyam Computers. The sad part of this entire story is that when Mr. Ramalinga Raju confessed in January 2009, about the frauds he had been committing with the help of the auditors for quiet sometime, only then this scam came in the public knowledge. All the mandatory compliances [3] also could not bring out the misdeed of Mr. Raju for seven years. US meltdown in 2008[4] and Indian Share market crash in early 2009 were very different from each other. One was policy failure and other was complete governance failure in a corporation. None of the Independent directors or the senior management could detect the ongoing fraud and blow the whistle. Post Satyam, Companies Bill 2008 was modified into Companies Bill 2009 and incorporated many changes with respect to Board of Directors and Independent Auditors to tighten the noose on the Board and finally passed as Companies

Act, 2013. But the policymakers missed a very simple solution- Whistleblower Policy.

People working in a company are the first one to detect any wrongdoings going on inside the company. To detect an ongoing fraud behind the closed doors of the corporations and other public offices, United States of America has implemented a strong Whistleblower policy [5]. In last decade many whistleblowers have reported the scam going on in their companies. They are rewarded if their revealing are found true, by Securities Exchange Commission and punished as well, if it comes out to be frivolous and non-substantial allegation. In US, Dinesh Thakur blew the whistle on the submission of Ranbaxy's false certification documents to drug controller. This raised a million dollar question that why are there very few instances of whistle blowing in India? It cannot be assumed that companies in India don't indulge in malpractices because if Indian company, Ranbaxy, can mislead FDA for years, how easy it would be to deceive Indian regulators. Then why employees don't come forward in reporting fraud in their organization. Is it because of lack of a Whistleblower Protection Law or absence of properly laid down structure and mechanism? Is it that our legal system does not accord the necessary protection to the whistle blower? Or is it that they don't have faith in the system that they would be heard, a fair inquiry would be done and justice would be delivered.

The fate of Satyendra Dubey and Manjunath in itself speaks about the treatment a whistleblower gets in India for blowing the lid off the corruption that is deep rooted in public departments and public company showing a complete lack of accountability for public fund. Corruption and frauds are not only in Public departments and Public sector undertakings but also in other public companies. A corporate fraud gives a huge blow to financial losses & company's reputation, in turn shaking the confidence of its stakeholders. From Bank of Credit and Commerce International to Enron to Satyam, world has witnessed that companies marred by fraud have never got back to their original glory. To inculcate the culture of ethical practices, accountability and safeguard public money the concept of Corporate Governance was introduced. The provision for whistle blowing and setting up an internal system for it is

one of the mandatory requirements of good governance in the companies which has been identified by many countries. In US because of compulsory Whistleblower Protection provision, the number of whistle blowing activities has increased, making companies more vigilant and responsible. But whistle blowing has not been widely used as a tool against fraud, in India. Even in the absence of law, few Indian Companies have adopted functional whistle-blowing mechanism. This research has been done with the objective of finding whether charges of frauds have been reported in Indian companies, which level of management is involved in frauds and money embezzlement in a company and whether whistle blowing mechanism in public companies are present.

Literature review

Definition of Whistleblowing

Whistle blowing means alerting law enforcement agencies and the general public in danger. It comes out that there is no single definition of whistle blowing. According to Oh and Teo [6] whistle blowing was first introduced in USA in 1963. But Nader and colleagues were the one to give first operational definition. According to Nader et al., Whistle blowing is “an act of a man or woman who, believing that the public interest overrides the interest of the organization he serves, blows the whistle that the organization is involved in corrupt, illegal, fraudulent or harmful activity” [7]. This statement has been taken as the working definition for this research.

Types of Whistleblowing

The purpose of whistleblowing is to bring to the notice the wrongdoing going on in an organization to harm few members of the society and is against public policy [8]. The whistleblower can report to internal bosses or disclose to external agencies. According to Miceli and Near, there are two types of Whistleblowing (internal and external) [9]. Park and colleagues [10] suggest a broader categorization of Whistleblowing types like: formal versus informal, identified versus anonymous and internal versus external. This paper has taken the classification presented by Miceli & Near and focuses on internal and external whistleblowing mechanism in Indian Companies. Usually if the organization provide a fair system of reporting the wrongdoings and ensures no unfavourable or biasness towards the whistleblower, he may seek internal remedies within the organization [11]. External Whistleblowing often takes place to garner support from external agencies when the reaction of the organization is negative and not conducive to whistleblowing acts [12]

Response of organization on Whistle-blowing

Every organization should set up a strong whistle-blowing mechanism so that all the issues of fraud are handled internally in a fair manner and also safeguarding everyone’s interest. This will cause less damage to organization than external whistleblowing as well curtail stock/securities fraud, money laundering, health threats, safety violations, tax evasion, corporate corruption and above all bad reputation in the market. The model of organizational justice [13] proposed by Greenberg [14] suggests that there should be procedural justice while making an inquiry into the charges made by the whistle blower. And the outcome of this inquiry should be guided by the principal of distributive justice. This would result in maximum satisfaction with the system and the outcome. Whistle blower laws should be designed to hold public entities accountable while protecting and compensating the victims and/or the whistleblower. There has been emphasis on setting up an independent inquiry system which would conceal the identity of the whistleblower, provide protection to him, give fair treatment

to all and come up with unbiased judgment, safeguarding interest of all.

In an extension to the existing model, in 1997, it has been suggested to adopt a new variable that is to reward whistleblower financially with the idea that this act of rewarding may encourage more people to come forward and report rather than be an indifferent spectator of the wrongdoing. However this idea of rewarding face criticism from the proponents of old system i.e. the ethicists. They feel that the act of whistle blowing is a result of the values, ethics and the good conscience of the whistleblower and such an act cannot be motivated by financial considerations [15]. However the Federal Statutes in the US enable the whistle blowers to get up to 30% of the total money recovered by the government due to act of whistleblowing[16] [17].

Hypothesis

Hypothesis 1: Frauds are not uncommon in Indian Companies

Hypothesis 2: Indian Public Companies have strong whistle blowing mechanism in place.

Materials and Methods

Exploratory Research design has been adopted in the present study. Exploratory research design largely interprets the already available information; it makes use of primary & secondary data and lays emphasis on analysis and interpretation of the existing and available information. The secondary data which is collected from the published sources such as published and unpublished thesis, books, journals, reports of government agencies and international financial institutions and websites, news articles, etc. The primary sources used are Annual Reports of companies, reports of independent agencies based on information collected through field surveys, Sarbanes-Oxley Act, 2002 and Indian Companies Act (Amended, 2013). Also the list showing the cases filed in court by Serious Fraud Investigating office (SFIO), against the companies on charge of fraud, has been referred.

Data Collection

The idle situation would have been to do exhaustive study of each Indian public company’s whistleblower policy to find out their commitment towards it. But looking into difficulty level of this process, to start with nifty 50 companies were selected. Out of these, initially 10 sectors were chosen and two companies from each sector were picked. Wherever it had been possible, one major public undertaking and other public company were picked in each sector to bring out the difference in their nature. Then news articles reporting any charges of fraud on these companies, in the last decade, were collected. Also, from website of Serious Fraud Investigation office of government of India, list of nifty 50 companies against whom cases were filed on the charges of fraud were taken out. In addition to all these data, the survey done by independent bodies were referred to verify the findings.

Data Analysis

Top ten sectors were chosen and two companies from each sector taken. Their annual report and official website were visited to find out the whistle blower policy and any other guidelines related to it, which has been adopted by the company. If there was a whistleblower policy then four variables were studied, the mechanism of reporting of complaint i.e. the presence of independent complaint officer/committee or hotline number, the procedure for making enquiry into the complaint, the deadline for making an enquiry and submitting its report, the communication of the fraud and the action taken at all level within the organization. Also analysis was done to find out a co-

relation between the types of companies and the nature of whistleblowing policy.

The news articles reporting any charges of fraud against these companies were referred to see the type of fraud, magnitude of fraud and mechanism by which these frauds were reported. News reports and the surveys conducted by independent bodies were used in finding the sectors mostly affected by fraud, the people involved in fraud and the most efficient mechanism for reporting fraud. Cases filed in court by SFIO against Indian companies were also analyzed to find out the types of company against whom external enquiry has been set up.

Result

The ten sectors chosen were Bank, Cement, Steel, Power, IT, Automobile, Heavy Engineering, Oil and Gas, Pharmaceutical and Construction, as in these, chances of malpractices and fraud were maximum (Annexure). The result reflected that in absence of mandatory provision for whistleblower policy in clause 49 of listing agreement with stock exchange, the companies have very weak policy in place. Every company has a code of conduct for its management but not a comprehensive whistleblower policy. Very few companies incorporated this policy before 2009, the year of Satyam fiasco. Only those Indian companies which are listed in NASDAQ and NYSE had incorporated the whistleblower policy with seriousness. Few other companies though have adopted this policy but it is merely an eyewash. There is no proper laid out process of investigation, there is no prescribed time-frame for investigation, report submission and action taken on the submitted report. Usually companies prefer the reporting to be done to a person assigned from the company itself and also the investigation is done by this single person. There is no independent person or committee to investigate the reported wrongdoing. Also the identity of whistleblower is not protected as the investigating authority is from the organization itself. There was no conclusive deduction but a slight inclination that the public undertakings were not serious with the implementation of whistleblowing policy but relied only on Central Vigilance Commission (CVC) (out of six samples only two have adopted whistleblower policy)

The news reports showed that frauds are happening in Indian companies. Media expose highlights that most of the frauds in a company is committed by the internal members, be it senior officials or managers either by forming a nexus with few people within the organization or collude with external players.

SFIO report reflected that mostly small scale industries were charge sheeted for fraud (out of 49, only three were large cap companies) [18]. This shows that either in large cap companies no malpractices happen or they go unreported. But news reports given in Annexure indicate that frauds in big companies are happening.

The above findings have been in consonance with the result of surveys conducted by Ernst & Young and KPMG. According to "India Fraud Indicator", a study by Ernst & Young [19], 61% of fraud cases committed against business are 'inside job' committed by the employees of organization. In the year 2011-12, the fraud involving employees increased from 50% in first half (IH) to 71% in second half (2H). Middle to low-level employees accounted for 38% of total fraud cases in 2011-12, mainly due to their involvement in the daily operations of the organizations in which they worked. On the other hand, senior management was only involved in 23% of reported fraud cases. However, due to their authority and direct access to funds they

were involved in the fraud cases of high magnitude, each of whose value amounted to more than INR 100million.

"India Fraud Survey 2012" by KPMG and "India Fraud Indicator" by Ernst & Young point out that employee collude with external parties to commit fraud. Even according to ACFE 2012 Global Fraud Study [20], the position held by the fraudster within the organization is directly related to the loss incurred on account of the fraud committed (the value of fraud committed by senior management were approximately three times higher than loss due to managers).

Numerous surveys indicate that most of the frauds are unearthed from tips or complaints by sources internal to an organization and the whistle-blower hotline are the most effective mechanism for reporting fraud [21]. It has been observed that companies don't use internal channels of communication to report about the fraud and the outcome of investigation. Every attempt of the companies is to keep it under wrap

The Whistleblower Policy in US

Post Enron scam, the Sarbanes-Oxley Act of 2002(SOX) has forever changed the governance of corporations in USA for publicly held corporations. SOX clearly lays out that who all can blow whistle from corporate fraud, the way complaints should be handled and the protection given to whistleblowers. SOX require audit committees to be actively involved into the inquiry made on the complaint of whistleblower. Section 301 compels audit committees to develop reporting mechanism for recording, tracking and acting on information provided by employees anonymously and confidentially. Section 806 of SOX provide protection from any type of retaliation to whistleblower or if retaliated then will be entitled to all relief like compensatory damages of back pay, reinstatement of proper position, compensatory litigation costs, expert witness fees and attorney's fees.

Whistleblowing received a blow in *Garcelli v. Ceballos* [22], when US Supreme Court decided that any information of misfeasance given because of nature of employment duty would not come under whistle blower policy hence cannot seek protection against retaliation. This had been criticized extensively as many feared that this would stop police officers for fear of vengeance to report any corruptions of their department/ posting. The much discussion in US is that possible ramification of this decision should be addressed by US Policymakers with amendment in Whistleblower Protection Enhancement Act, 2007.

Whistleblowers Protection in India: A Status Check Whistle blower in Public Sector

Whistleblower Act, 2011: An Analysis The Law Commission of India in 2001 had recommended that in order to eliminate corruption, a law to protect whistleblowers was essential. India is also a signatory (not ratified) to the UN Convention against Corruption since 2005, which enjoins states to facilitate reporting of corruption by public officials and provide protection against retaliation for witnesses and experts. The enactment is a step in the direction to protect honest officials from undue harassment. The contradiction in this Act is that it punishes any person making false complaints but it does not provide any penalty for victimising a complainant. Also it does not admit anonymous complaints. The power of the Central/State Vigilance Commission is limited to making recommendations only. It does not have any power to impose penalties. Table below reflects how law commission's recommendations have been diluted in Whistleblower Act.

Table 1. Comparison of the Law Commission Report and the Act

	Law Commission of India	Act
Scope	Disclosure can be against Minister and public servant.	Disclosure can be only against public servant.
Definitions	Defines disclosure as a complaint against abuse or misuse of power; commission of an offence under any law; or mal-administration. Defines victimisation.	Defines disclosure as a complaint against a public servant on commission of an offence under the Prevention of Corruption Act, 1988 or misuse of power leading to demonstrable loss to the government or gain to the public servant; or a criminal offence. No definition.
Disclosure of Identity	The name of person making the disclosure shall be revealed to the public servant unless the complainant requests that his identity be kept hidden or it is necessary in public interest.	The Vigilance Commission shall not reveal the identity of the complainant to the head of the organisation except if it is of the opinion that it is necessary to do so.
Powers of Competent Authority	The Competent Authority has the power to direct the appropriate authority to initiate criminal proceedings against the guilty official.	The Vigilance Commission has the power to recommend measures such as initiating proceedings and taking steps to redress the loss to the government.
Time limit	The Competent Authority has to complete the inquiry within 6 months to 2 years after receiving the complaint.	No time limit prescribed for discreet inquiry. Time limit for explanation to be given by the concerned head of department shall be prescribed.
Burden of proof	In case a complainant is victimised the burden of proof is on the employer or public servant who is accused of victimisation.	No provision.
Penalty	Penalty for false complaints is imprisonment up to 3 years and fine of up to Rs 50,000.	Penalty for false complaints is imprisonment up to 2 years and fine of up to Rs 30,000.

Sources: 179th Law Commission Report, Bill 2010, PRS

Yet the Act has not been operationalized as the rules have not been notified. There are certain amendments brought in the Act by present NDA Gov., which have raised eyebrows on certain aspects.

- The present amendment is vindictive to whistleblower as he can now be prosecuted under Official Secrets Act. This stand of Indian Gov. is going beyond the US Supreme Court's observation in *Garcelli v. Ceballos*, as in [22]. However Supreme Court of India's observation in *Common Cause & Ors. v. UOI & Ors.*, "if somebody access documents that ought to be carefully maintained by CBI, it is difficult to find fault with such a whistle blower particularly when his or her action is in public interest", doesn't go with one of the exemption clauses introduced in amendments.
- Under the amendments, Whistleblower has been barred from going to media with his revelation, even as a last resort in

absence of any action on his complaint. Whereas Supreme Court has given a contrary opinion in *Indirect Tax Practitioners' Association case* (2010) 8 SCC 281. It has opined, "Whistleblowers can make their allegation internally, for example, to other people within the accused organization or externally- to regulators, law enforcement agencies, to the media or to the groups concerned with the issue."

The above Act does not cover corporate whistleblowers unearthing fraud.

Whistle blower in Companies/Private Sector

Indian Companies Act 2013- The Companies Act, 2013 also does not address this issue, specifically. It makes a cursory mention in section 177 (9) & 177(10) to establish a vigil mechanism and not elaborating its constitution and working. The words in it show the lack of commitment and strong desire.

Clause 49 Of Listing Agreement- Clause 49 has not been changed in consonance with the New Companies Act and Whistle Blower policy is still under non mandatory requirement for public listed companies [23]. Hence it is not their obligation as a good governance practice to set up a Whistleblower mechanism and for disclosure, inquiry and punishment of wrongdoers in an organization.

Ministry of Corporate Affairs Voluntary Guidelines- It was given by Adi Godrej Committee, based broadly on the OECD Principles of Corporate Governance which suggests companies to formulate and implement an effective Whistle blower Policy and communicate it to everyone.

The dilution in Law commission's recommendation while enacting The Whistleblower Act and further dilutions by recent amendments (passed by Lok Sabha), the casual statement on the of mandatory Whistleblower Provision in The Companies Act and non-mandatory provision in clause 49 of Listing Agreement point in one direction that in India policymakers lack dedication to nail corruption rampant in public domain.

Conclusion and Recommendations

The sporadic news clippings point out that frauds are taking place in Indian Companies. It is not that negligible fraud happens in Public companies in India rather both senior management and junior officers are involved in it. As in "[19]", the frauds committed by senior management amounted to huge loss in revenues in comparison to the fraud committed by managers and junior officers. Also the no. of frauds cases against bigger companies were very less but the magnitude of loss was relatively very high compared to the value of all the losses combined in case of fraud in smaller companies. Yet the less cases of fraud reporting in India is not due to strong internal whistle blowing but due to indifference shown by the employees witnessing fraud, in absence of strong and efficient whistle blowing mechanism.

Whistle blower policy is the first line of defense for a board to check malpractices in a corporation. This research clearly points out that the Indian Companies have not seriously incorporated 'The Whistle blower Policy' as a measure of good governance. Tata Sons director JJ Irani accepted that confidential whistleblower system had helped them uncover one of the major frauds at Tata Steel [24]. There is no doubt that the Internal whistle blowing mechanism is the most effective and best type of method. It keeps the employees vigilant, encourages early reporting, checks the problem internally and does not earn bad name for organization. Satyam had Whistleblower Policy since 2005 yet it did not deliver. To prove their commitment towards good governance and to distance themselves from unethical practices, it becomes imperative on Indian companies to have a safe, robust channel for employees for reporting any

malpractice observed by him. While framing Whistle blowing policies the following guidelines, shown in Table 2, can help in making roadmap ahead.

Table 2. Ways to Manage Whistleblowing

Preventive Actions	Responsive Actions
Consider employee complaints seriously and take action	Correct situations that are subjects of whistleblowing
Establish an in-house complaint process	Investigate claims and respond quickly
Lobby for comprehensive laws governing whistleblowing	Train managers and employees to respond effectively
Monitor legislative action and anticipate change	Punish wrongdoing appropriately
Communicate policies and penalties to all employees	Encourage use of alternate communication and resolution mechanisms
Educate managers concerning their role	Establish a supportive organizational culture
Reward ethical behavior	Prescribe roles
Develop policies and codes of ethics	Set up ombudsmen or complaint handlers

Source: Paul and Townsend, 1996; and Miceli et al. 2009

Based on the above table one of the probable model could be

- 1)Reporting - Vendors/Customers can put their grievance through a telephonic hotline/ webportal to the Chairman of Audit Committee along with evidence, disclosing their identity. Whereas employees can submit their anonymous complain, substantiating with evidence, to the Chairman of Audit Committee through an internal common e mail ID
- 2)Preliminary Inquiry - Chairman, Audit Committee would constitute an inquiry Committee consisting of independent directors and/or any external member/s, if the investigation of charge requires any specific qualification/skill which the other members do not have. The committee should submit their report in 15 days to the Chairman of Audit Committee.
- 3)Detailed Inquiry - If the charge holds no ground it would be dismissed and if the committee feels that the charge has some standing and it needs to be further investigated then the Chairman, Audit Committee should return it to the inquiry committee for further investigation. For detailed investigation the inquiry committee members may be retained or changed looking at the nature of the charge. The committee should submit its report at the end of one month to the Chairman, Audit committee and if extension is required give reason for the same.
- 4)Punishment – The Chairman, Audit Committee should put the detailed report to the Board. If charges are found true, stringent, exemplary action should be taken against the wrongdoer, collectively by the board.
- 5)Communication - Also a culture of communication should be adopted by the companies relating to whistleblower cases dealt internally. The incidence should be reported to Shareholders, SEBI and should be put on official website. Also it should be circulated internally to all employees of the company. This would not only keep the employees on guard but give a clear signal about the commitment of company to keep its house in order. The communication of stringent action taken against the wrongdoer would also infuse an ethical behavior among the employees. The limitation of this research is that it relies too much on the information reported by other agencies. A further exhaustive empirical research with employees could be done to find out the reasons which prevent them from coming forward in

reporting the internal malfeances, to which they have been witness.

1. Reporting & Prelim Inquiry

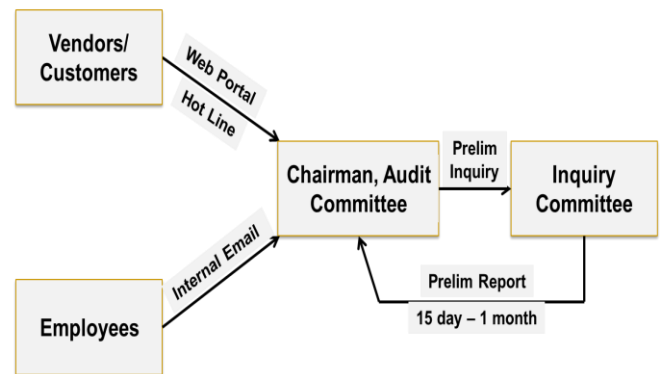


Fig 1. Suggested reporting & preliminary inquiry

2. Investigation & Punishment



Fig 2. Investigation & punishment

Is it because of lack of a strong Whistleblower Protection law or absence of proper structure and mechanism for reporting? Also through interviews with the representatives of management, the internal policy could be found out and case studies can be made showing how Indian companies deal with reported case of fraud in their companies.

Sarbanes-Oxley Act 2002 has reduced the big corporate frauds in US and has increased the reporting of malpractices followed by companies. On similar line we as well need a strong whistle blower policy to protect and honour not only Khemkas and Durga shaktis, our angel guardians in public departments but also in public companies. To mitigate loss, along with setting effective whistle blowing channel in companies, a strong regulatory & compliance mechanism should be framed. Failure to follow the compliance should call for heavy penalty from the regulatory authority. US have gone from Whistle blower Protection to rewarding them to eliminating people's declaration/disclosure in due course of their employment from whistleblower disclosure. And India has only taken the first step of making Whistle blower Policy mandatory in Public Companies in the year 2014. With new Companies Act, there is a new benchmark for good governance in corporate sector in India. But yet Policymakers have failed to give elaborate directions with respect to Whistle Blower Mechanism. It should not be left to the companies to formulate their own mechanism rather, like CSR, universal & detailed guidelines of structure and functioning of Whistle Blower system should be given to all companies to follow. Only time will tell how effective it would be in achieving its objective.

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Annexure

The information provided hereunder is provided "as is." Statements of fact and observations in the table are those of the author. The author make no representation express or implied in respect of the accuracy of the data in this paper and cannot accept any legal responsibility or liability for any errors or omissions that may be made. The information provided is based upon investigations from on line data sources like company's website and annual reports. the author, nor any of her agents or representatives, make no warranty or representation regarding the timeliness, content, sequence, accuracy, or completeness of any information or data furnished hereunder [or that the information or data provided hereunder may be relied upon]. The reader should make his/her own evaluation as to the appropriateness or otherwise of the data presented.

Sector	Company Name	Whistle blowing policy	Fraud cases reported in media, if any
Bank	ICICI Bank	Present (It is mentioned but details are not available in the annual report but indicates that they are available to the employees). The Whistle Blower Policy broadly conforms to the standards set by the Protected Disclosure Scheme of Reserve Bank of India. Central Vigilance Commission (CVC) is the designated agency to receive written complaints or disclosure on any allegation of corruption or misuse of office	ICICI Bank's UK unit accused of acting against whistle blower ¹
	Axis Bank	On pg.110 & 111 of audit report 2010, cursory mention of provision of reporting fraud to Whistleblower committee & or audit committee & about special committee of the Board of Directors for monitoring of large value frauds	
	SBI Bank	Present (It is mentioned but details are not available in the annual report but indicates that they are available on intranet of the company). (i) Preventive Vigilance Committee (PVC) (ii) Whistle Blower Scheme present. The guidelines of the Central Vigilance Commission (CVC) are followed.	1) CCharging them with committing a Rs 12 crore fraud, the CBI arrested branch managers of the State Bank of India (SBI) and Punjab National Bank (PNB) in Tirunelveli and Salem on Tuesday ² . 2) LLoan fraud case: SBI's vigilance cell finds involvement of 4 bank officials ³
Cement	ACC	Fraud Risk Management Policy adopted in yr. 2008. Auditors look after this.	
	Ambuja	Present (Fraud Risk Management Policy, FRMC), audit committees appoint a committee, whistle blowing hotline present but silent on the process/ channel for investigation and also silent on dead line for submission of report.	
Steel	Sesa Goa	Present but Auditors are not part of investigation	1) SSFIO has filed a case against Sesa Goa Ltd & Sesa Industries Ltd. for violation of 4 sections of Company Law and 3 charges under IPC ⁴ 2) KKarnataka Lokayukta indicted Adani, JSW Steel, SesaGoa, NMDC for dubious practices in mining iron ore in the state ⁵
	SAIL	Present but written complaint has to be lodged to Central vigilance commission. Absence of hotline number	
Power	NTPC	The Company has not adopted any separate "Whistle Blower" policy. However, under the provisions of "Fraud Prevention Policy" adopted by the Company, a Whistle Blower mechanism is in place for reporting of fraud or suspected fraud	Government yet to receive the probe report into the alleged Lanco-NTPC bidding fraud in which rules were reportedly flouted in bagging projects under the National Solar Mission ⁶
	Adani Power	Absent, only reference in following words 'The employees of your Company have access to senior management for any counseling or consultation in case they notice any fraud or misdoing by other employee'.	Karnataka Lokayukta indicted Adani, JSW Steel, SesaGoa, NMDC for dubious practices in mining iron ore in the state.
IT	Infosys	Detail	
	Wipro	Detail	
Automobile	Maruti	Present but no hotline no. to report fraud	
	Tata Motors	Detail	

¹ Available from <http://articles.economicstimes.indiatimes.com/2009-12-16> (Viewed on Sep 3, 2014)

² Available from <http://www.deccanchronicle.com/130626/news-current-affair> (Viewed on Sep 3, 2014)

³ Available from <http://www.hindustantimes.com/punjab/chandigarh/loan-fraud-case-sbi-s-vigilance-cell-finds-involvement-of-4-bank-officials/article1-1136704.aspx> (Viewed on Sep 3, 2014)

⁴ Available from <http://sfio.nic.in/websitenew/in%20SFIO.pdf> (Viewed on Sep 3, 2014)

⁵ Available from http://articles.economicstimes.indiatimes.com/2011-07-30/news/29833281_1_invoicing-sales-adani-enterprises-jsw-steel (Viewed on Sep 3, 2014)

⁶ Available from http://articles.economicstimes.indiatimes.com/2012-02-29/news/31110611_1_energy-capacity-renewable-energy-lanco-infratech (Viewed on Sep 3, 2014)

Heavy Engineering	BHEL	BHEL has not yet established a Whistle Blower Policy for the employees.	Home Minister P. Chidambaram had given BHEL, under the Ministry of Defence, Rs 1,000 cr contract to manufacture night vision devices. The order was placed in 2009. BHEL imported substandard products from Israel and passed them off as indigenous ⁷ .
	L&T	Present	World Bank bars L&T for 6 months over forgery ⁸
Oil and Gas	ONGC	Present	Gujarat High Court asks CVC to probe allegation of corruption against ONGC officials for misappropriation of fund meant for CSR ⁹ .
	Reliance	Present but very elementary/cursory	
Pharmaceutical	Ranbaxy	Absent	USFDA ¹⁰ aftermath: Ranbaxy has given comment to media in May, 2013 that they would start whistle-blower policy ¹¹ .
	Dr. Reddy's	Present	
Construction	DLF	Present but only covers how to make disclosures/reporting, silent on procedure for investigation etc.	Robert Vadra-DLF land deal
	Unitech	Absent, only code of conduct is present	

⁷ Available from <http://www.sunday-guardian.com/buzzword/chidambaram-angry-with-bhel-fraud> (Viewed on Sep 17, 2014)

⁸ Available from http://www.business-standard.com/article/companies/world-bank-bars-l-for-6-months-over-forgery-by-executive-113030800483_1.html (Viewed on Sep 16, 2014)

⁹ Corporate Social Responsibility; Available from http://www.business-standard.com/article/printer-friendly-version?article_id=113042200616_1 (Viewed on Sep 17, 2014)

¹⁰ U.S. Food and Drug Administration

¹¹ Available from http://www.indiaonline.com/article/news/usfda-after-math-ranbaxy-starts-whistle-blower-policy-5691379694_1.html (Viewed on Sep 17, 2014)