



By Richard Dailly, Managing Director,  
Kroll Advisory Solutions

## The value of ‘intelligence’ when investigating corruption & bribery in India

India remains an attractive market for investors due to a combination of factors. It is rich in natural resources, the official language of business is English, the legal system is based on English common law, and the judiciary is independent. This combined with an educated young professional urban work force strongly positions India as a key investment destination. Liberal economic policy is firmly embedded in India and no future government would consider returning to the days of semi-state control.

However, India’s historically strong state bureaucracy combined with a new generation of free-thinking and determined entrepreneurs, has rendered India particularly susceptible to corruption. These two opposing influences have found unique ways of benefitting one another in ways which are not commonly regarded as acceptable to international norms, standards and laws.

In Kroll’s experience, corruption is certainly worrying investors, who are nervous about entering into relationships and joint ventures, or investing in projects in India. Kroll’s 2011/2012 Global Fraud Report identified that 78 percent of respondents in India indicated that their organisation is highly or moderately vulnerable to corruption and bribery.

Investment involving land or licensing in India could expose a company to corruption risk – this immediately identifies certain sectors which require extra care. Obtaining a sophisticated and nuanced understanding of what might be happening behind the scenes is critical.

All of which brings us to the role of intelligence. ‘Intelligence’ brings together disparate sources of information in order to arrive at a greater truth. Developing a properly analysed and assessed picture of the risks investors are taking is critical in emerging markets such as India. Taken in isolation, separate pieces of information without context are meaningless; but when these separate elements are brought together, a larger truth emerges. Information sources are almost infinite. They include: the media, cor-

porate records, bloggers, photography, and people, to name but a few.

Today, there is an overload of information online, so how is it possible to separate the wheat from the chaff? Identifying reliable sources can be arduous and difficult; but it is possible. Every proposition should be stress-tested to see if the information is credible. The overall objective of stress-testing and corroboration is to triangulate diverse sources of information and arrive at the overall truth.

For example, if an anonymous blogger says that a person pays bribes, it is regarded as hearsay. To have more than one



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source repeat that view adds credibility. But the most useful and most credible information comes from drilling down to the specifics of *who, what, when, where, why and how*. To answer these questions in a consistent and credible manner requires multiple streams of information from sources who know the issues at hand in detail. Investors coming to India should not be frightened off by the perceived high level of corruption, but they should act with caution. Entering a high risk sector in India is viable, but it involves going in with one’s eyes open and spending time and effort to distill rumours from the truth. Once the true risks are identified, it is possible to put in place structures to mitigate and control the risks. Not to do so would be extremely foolhardy and leave any investor a hostage to fortune.

[rdailly@kroll.com](mailto:rdailly@kroll.com)  
[www.krolladvisory.com](http://www.krolladvisory.com)