

The realities of ransom risk

Kidnapping is likely to increase as the world tips into recession. Tata Tea discovered that balancing political risks, employee wellbeing and business ethics is an important but difficult path to take

..... BY SHASHANK SHAH AND HERSH SHAH

Rising uncertainties impacting individuals, organisations and countries across the globe has created a lot of negativity and animosity within and between communities. The fight for opportunities is likely to continue with only so much up for grabs, particularly in certain parts of the world.

This situation makes organisations vulnerable to security risks, and these need to be taken very seriously considering the duty of care they owe to their employees. In fact, India and Brazil feature in the top 20 countries for kidnap, extortion and illegal detention risks. A total of 100,555 (23,814 male and 76,741 female) victims were reported kidnapped or abducted in 2017, according to the latest figures from the US Overseas Security Advisory Council. Of these, 56,622 (14,296 male and 42,326 female) victims were children and 43,933 (9,518 male and 34,415 female) were adults.

There are numerous root causes to a kidnap and ransom risk, be it an assumption of wealth on the part of the employee and their company, or political and ideological reasonings. Generally, however, the number-one goal on the minds of kidnappers is money.

A post-COVID world is no exception to this situation



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especially with a large number of employees already losing their jobs. Previous health crises have indicated a rise in kidnap for ransom and other criminal activity especially after an outbreak as severe as COVID-19. There was an average 45-50 per cent increase in unemployment (as well as a massive increase in criminal activity) in Ebola-affected areas, such as Liberia and Sierra Leone in 2014, for example. But, as this case study shows, the causes that create the conditions for kidnapping and the way that businesses and governments respond is complex and changes over time.

Tata Tea

After three decades in various capacities as a TAS officer, Krishna Kumar became the managing director of Tata Tea in 1991. It was

the time when militancy had started gaining the upper hand in Assam where the company had several tea plantations. The United Liberation Front of Assam (ULFA) had gained control over the southern banks of the River Brahmaputra, while the northern banks were under the command of the National Democratic Front of Bodoland (NDFB) militants. The militants demanded what was called “protection taxes” per kg of tea produced and per hectare of land owned.

The ULFA was an indirect outcome of the mass movement of 1979 by Assamese students and government servants for the detection and deportation of illegal migrants from Bangladesh. It took six years and loss of several hundred lives before the Assam Accord was signed in the presence of Prime Minister Rajiv Gandhi on 14 August 1985 with the



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explicit declaration that all foreigners who had illegally entered Assam on or after March 25, 1971 (formation of Bangladesh) would be deported. However, it took three decades before any concrete action was taken on the ground during which period the militant and insurgency movements in Assam peaked.

Kumar observed that most tea companies were paying protection money, which collectively amounted to over ₹100 crores a year – about \$14 million. It was common knowledge that big companies had been earlier forced to pay fringe groups to ensure

safety in disturbed states like Punjab, Kashmir and West Bengal. The Tatas refused to pay, even though one of their employees, Dr Scaria, was killed by the militants in Nalbari in March 1990. Darbari Seth, then chairman of Tata Tea, had maintained that Tata Tea's policy was not to buy protection but to earn it through the company's goodwill with employees and the local community. This approach did work in the company's favour until April 1993 when Bolin Bordoloi, a Tata Tea manager and the youngest son of Assam's first chief minister, Gopinath Bordoloi, was kidnapped from Guwahati. The Bodo militants demanded a ransom of roughly \$7 million (₹54 crores using today's current exchange rates).

"We went from pillar to post pleading for support. I went to Mother Teresa, Kanchi Shankaracharya and even met the prime minister, Narasimha Rao, to get support. While we got moral support, there was limited help," said Kumar. The

company decided not to risk the lives of 175 managers working across the Assam valley. They were living like prisoners in the estates with the Assam Tea Protection Force shielding them. The company called all the managers to Kolkata and shared with them the company's inability to pay the militants. Conscious of the danger the managers and their families faced, Tata Tea proposed to pay them their full salary and pension if they opted to retire and withdraw from Assam. The company urged them to return to their native places. "Interestingly, not one manager responded to that. They all said that they would stand by their duty," said Kumar.

Investment

In the meanwhile, the Bodos gradually reduced the ransom for Bordoloi from ₹54 crores to ₹5 lakhs (about \$7,000), the amount they had spent on keeping him in captivity. The Tatas did not even agree to that. However, they agreed to greater investments for the wellbeing of the Bodo community. Tata Tea was already managing 63 hospitals, 280 adult literacy centres, 173 childcare centres and 110 schools in the region.

When Bordoloi was released after 11 months, Tata Tea helped set up a 65-bed referral hospital at Chabua in the heart of Bodoland at an expense of ₹7 crores. When everyone thought that peace was finally achieved, it turned out that it was too good to last.

In 1995, following the example of Bodo militants, ULFA started demanding money from Tata Tea. ULFA chief Paresh Baruah wrote a letter to Kumar demanding 100 walkie-talkie sets. "There was no question of buying and supplying military equipment, the value of which was about ₹8-10 lakhs. This was an ethical issue. Firstly, it was a supply to militants. Secondly, it meant resorting to illegal means for doing it," he said.

The company met and communicated all details to the Assam government. However, most of the information was supposedly leaked from the secretariat of the chief minister, Hiteswar Saikia. One late night, Kumar received a call from someone who claimed to be Baruah himself. He said that he had all the information that the Tatas were giving the government and threatened him. The Tatas now decided to go to the Intelligence Bureau (IB) of the

“ Would you react by taking a soft option or would you take a hard decision based on ethics? ”



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Tata Tea managers were even arrested for ‘waging war against the state’

REDUCING THE RISK OF KIDNAPPING

- Detailed due diligence and review of kidnap and ransom risks in the region before setting up operations
- Communication and education to employees working in high-risk regions will equip them with basic skills required to manage such situations
- Avoid too much social media activity at individual and company level in the high-risk region
- Ensure employees are not carrying high-value items and are dressed in simple attire at all times
- Build relationships with local authorities, police officers and government and set up a crisis management process including raising of a trigger
- Conduct a mock “ransom drill” like a fire drill to be better prepared for situations and train employees
- Insurance companies offer kidnap and ransom insurance, a crime coverage that protects organisations against potential financial losses that arise during an extortion or illegal kidnap.



central government, the agency entrusted with matters pertaining to national security. Kumar and his colleagues met the IB’s additional director several times. Every meeting was followed by letters to them, which were on record. The IB advised two things: don’t pay the militants in cash or kind; continue the dialogue with them, else they will retaliate.

Dialogue and arrest

Tata representatives met with ULFA representatives in different places including Bangkok and explained to them that as per the Tata code, they would not be able to pay any protection money. Instead, they

would willingly undertake work like building hospitals, providing jobs to locals and extending medical support. Consequently, a medical aid scheme was introduced and funded by the Tatas through which any Assamese could apply for hospitalisation within and outside the state. The IB was kept in the loop throughout.

A year into this scheme, one of the patients, whose name was registered as Bonti Baruah and was treated for a pregnancy-related blood disorder in Bombay, was found to be Pranati Deka, ULFA’s culture secretary. She, her baby and accomplices were arrested at Mumbai airport. The Prafulla Kumar Mahanta-led Assam government, who had not

been kept in the loop due to past experience of information leakage, was furious and alleged collusion between the Tatas and the ULFA, and that the former was funding the latter – a charge of sedition.

SS Dogra and Brojen Gogoi, Tata Tea managers, were even arrested for “waging war against the state”. The news hit national headlines – the Tatas were charged with treason. The matter went to the High Court and eventually to the Supreme Court, which observed that the Tatas had approached the highest security agencies of the country, the police and the Home Ministry and provided all supporting documents while engaging with the



“ The Assam government considered the Tatas’ medical scheme a conspiracy to support militants

militants. They could not be funding the ULFA and were not guilty.

“It is such a paradox that on one hand we had been charged with sedition by the authorities in power at that time, and on the other hand we had been directed and guided by the highest national security agency of the government of India,” Kumar said in a subsequent interview. “We didn’t disclose this publicly because we had 175 members of the Tata family across the Assam valley. And to disclose that would have been putting their lives at risk. So, we decided not to do that and went through those nine months of gruelling challenges,’ he recalled in an interview several years later.

A difficult path


The Tatas acted on the belief that the security agencies would communicate with the state government, an assumption considered naïve by observers in an era of coalition politics. While the Assam government considered the Tatas’ medical scheme a conspiracy to support militants, to many in Assam the real problem was the unflinching Tata principle of not paying.

Yet, this was an example of how a lot of trouble could have been avoided by just paying a small amount of money. When there were large companies that had officially declared ransom payments, denouncing the Tatas’ actions as seditious just because they continued to engage with the militants on the advice of intelligence agencies smacked of a political witch-hunt.

Several industry observers considered the Tatas’ decision pragmatic – balancing business obligations with employee safety and fulfilment of social objectives for the local Assamese populace. Had the Tatas decided to exit from Assam, it would have had a serious impact on the local economy and affected the livelihoods of 20,000 labourers who worked in its 21 tea gardens. “This is an example of how moral questions become issues when you run a company. Would you react by taking a soft option or would you take a hard decision based on ethics? The Tatas have taken this stance several times. It is part of our philosophy. It influences every

decision we take,” said Kumar.

While local circumstances will always play a decisive role in how risk managers guide their organisations in such situations, some general guidelines can be useful for mitigating such risks (see *Reducing the risk of kidnapping*). Even so, organisations always face a conflict choosing between payment of ransom for protecting employees versus being ethical and disassociating from such practices. ☞

 **Dr Shashank Shah has been a SAI Fellow at Harvard University and is a strategic advisory board member at IRM India. Hersh Shah is the Chief Executive Officer of the India Affiliate of IRM and also Chair of IRM’s Regional Group in India. Part of this feature originally appeared in *The Tata Group: From Torchbearers To Trailblazers* (Penguin Random House, 2018) authored by Dr. Shashank Shah, and is reproduced with permission from the publisher.**