

# Corruption in Modern India: Political or Cultural phenomenon?

- Santhosh Narayana

# Hard facts

- According to data provided by the Swiss Bankers Association, (but not confirmed by Swiss authorities), India has more black money than rest of the world combined (\$1456 billion).
- In July 2008 The Washington Post reported that nearly a fourth of the 540 Indian Parliament members faced criminal charges including human trafficking, immigration rackets, embezzlement, rape and even murder".
- A 2005 study done by Transparency International in India found that more than 50% of the people had firsthand experience of paying bribe or peddling influence to get a job done in a public office.
- No hope among masses: Two-thirds of Indian respondents in the Global Corruption Barometer 2007 labelled its effort to fight corruption as "ineffective".
- The Anti-corruption Chief, PJ Thomas himself was forced to resign by Supreme Court this month since he faces Corruption charges (dating to 1992).
- According to Forbes, more than 80% of subsidized food aid to poor is stolen by government officials.
- Not a single case of judicial corruption has been put on trial in India.
- There are no sectors in India which doesnt have major corruption scandals.

# Extent of corruption

- Sports sector: Match fixing, Commonwealth games screw-up, Nepotism in IPL.
- Health sector: In 2008, World Bank said it had uncovered serious acts of corruption in its five health projects in India amounting to \$500 million.
- Telecom sector: A Raja was recently sacked after a CAG report said his ministry sold 2G licenses below market prices costing India nearly \$40 billion dollars.
- Software Services: The founder of Satyam Co, one of the top service firms in India admitted he had falsely inflated profits for years and resigned in Jan 2009.
- Defence sector: In the 1980's, the then Prime Minister Rajiv Gandhi and several other officials were accused of receiving kickbacks from Swedish arms manufacturer AB Bofors for winning a bid to supply India with 400 howitzers.
- Police sector: Indian police is largely inefficient and unreformed. The police act of 1861 has remained unchanged over the past 150 years.
- Real estate sector: Three of Maharashtra CM Ashok Chavan's relatives were involved in Adarsh scam. In Bangalore, CM Yeddyurappa is accused of allotting land to his relatives.
- Judiciary: In Jan 02, S.P Bharucha, then India's chief justice said 20% of the higher judiciary might be corrupt. As of feb 2006, 33635 cases were pending in the the Supreme court and more than 3 million cases were pending in high courts.

# Political corruption

- "Absolute power corrupts absolutely"

- Misuse of power by government officials for their private gain.
- Various forms: Bribery, influence peddling, patronage, nepotism, embezzlement, electoral fraud, kickbacks, so on.
- Political corruption - trickles down to every aspect of the society.
- Political corruption is not new. Cultures all around the world have suffered with people in power abusing their power.
- Political corruption was the main reason behind the fall of Roman empire, triggered french revolution and started October revolution in Russia.
- Any kind of government intervention is a recipe for political corruption.
- The history of independent India is rampant with cases of political corruption:
  - Jeep scandal (1948), Mudgal case (1951), Mundra deals (1957-58), Malaviya Sirajuddin scandal (1963), Pratap Singh Kairon case (1963) to name some early few.
- As Indian economy grows at a rapid pace, the stakes have got higher and the money involved in scams have blown up to gargantuan proportions.

# Factors that led to rise of political corruption in India

- Nehru's tolerant attitude towards corruption.
- License Raj.
- Lack of accountability in Judiciary.
- Labor aristocracy.
- Mafia Raj (or Goonda Raj or Jungle Raj)
- Black money
- Malfunctioning bureaucracy

# Corruption in Nehru era

- It was believed that Nehru had a tolerant attitude towards corruption in his ranks.
- A.D Gorwala, a civil servant says in his report he submitted to Govt of India in 1951 - "Quite a few of Nehru's ministers were corrupt and it was common knowledge".
- The Santhanam committee, appointed by the Govt in 1962 to examine corruption said " There is widespread impression that failure of integrity is not uncommon among ministers and that some ministers, who have held office during the last sixteen years have enriched themselves illegitimately, obtained good jobs for their sons and relations through nepotism and have reaped other advantages inconsistent with any notion of purity in public life."
- Comments of Nehru on charges against Pratap Singh Kairon - "The question thus arises as to whether the chief minister is compelled to resign because of adverse findings on some questions of fact by Supreme Court. The ministers are collectively responsible to the legislature. Therefore, the matter was one, which concerned the assembly. As a rule therefore, the question of removing a minister would not arise unless the legislature expressed its wish by a majority vote."
- This attitude of tolerance towards corruption was further institutionalized by Indira Gandhi. She held the posts of both Prime minister and Party president and controlled the party funds. This gave birth to money power in politics.
- Corruption cases like Fairfax, HBJ Pipeline, and HDW Submarine deal came up since then. The famous Bofor's deal is well known. Narsimha Rao was the first Prime Minister being prosecuted in corruption charges. Cases like Rs.2500 crore -Airbus A-320 deal with France involving kickback (1990), Harshad Mehta security scam (1992), Gold Star Steel and Alloys controversy (1992), JMM bribery case, Hawala scam of Rs. 65 crore and Urea scam (1996) also came up during the period of Narsimha Rao Government.
- So long the BJP was in opposition, it was by and large known as a party with moral integrity, but when it aligned with the political leaders with shady background for the sake of power, the malady of corruption infected this party too. BJP party secretary Bangaru Laxman was caught on tape by tehelka.com accepting bribes and led to the resignation of defense minister George Fernandes in 2001.

# License Raj

- Nehru was inspired by the rise of Soviet economy when India achieved independence.
- He championed the cause of mixed economy in India.
- Mixed economy: Pseudo-capitalism - overseen by a Government managed Planning commission.
- Private companies needed government licenses to manufacture goods.
- "The central pillar of the policy was import substitution, the belief that India needed to rely on internal markets for development, not international trade - a belief generated by a mixture of socialism and the experience of colonial exploitation. Planning and the state, rather than markets, would determine how much investment was needed in which sectors" - BBC
- This led to the rise of powerful business empires that dominated their respective fields and severely underperforming public sector due to lack of competition.
- Liberalisation in 1991 changed the face of Indian economy. A large portion of red tape was eliminated since many redundant licenses were removed.
- Indian economy grew at 5.5% in 1992 after growing at 0.8% in 1991. This growth continues even today.
- License Raj throttled the spirit of entrepreneurship and encouraged bribery.
- Noted statesman C.Rajagopalachari was against License Raj during Nehru's time itself. He said "I want the corruptions of the Permit/Licence Raj to go. I want the officials appointed to administer laws and policies to be free from pressures of the bosses of the ruling party, and gradually restored back to the standards of fearless honesty which they once maintained. I want real equal opportunities for all and no private monopolies created by the Permit/License Raj."

# Who will check the judiciary?

"What if the ideal value is the wrong value?"

- Judiciary is the highest level in a country's structural food chain.
- It is the most sacred of all institutions and overrides all other institutions.
- Indian judiciary is virtually unchecked and been given a free reign.
- It is virtually impossible for common man to have enough formal evidence to accuse a judge in general, and that of the higher judiciary in particular, of corruption.
- No transparency: Judiciary has a special immunity from RTI Act when it comes to judicial appointments.
- A survey by Centre for Media Studies found that more than 77% of public feels Indian judiciary is corrupt. When such a big portion of public has lost faith in the highest institution in the country, judiciary cant be treated as untouchable.
- No working mechanism to impeach a member of higher judiciary. Impeaching a judge requires 2/3rd majority in the parliament.
- Anyone who has enough power or money or influence, can resort to the corrupt judiciary, when they get caught.
- The number of judges to a million people in India is one of the least in the world. This leads to a long wait for justice, which alone is enough to deter a lot of people from seeking it.
- Different levels of refuge - If panchayat doesnt work, go to high court. If high court doesnt work, go to Supreme court. This kind of self-deprecating hierarchy is part of the problem.



# Labour Aristocracy

"Not getting fired is my birthright and i shall have it"

- Socialist policies of Nehruvian Congress gave rise to conservative labour laws which demonise industry owners and over-protect labourers.
- Strikes and Hartaals became commonplace in the country.
- There was a time when having a government job was a hard requirement for many parents in their future-groom.
- Transfer the inefficient worker, not fire him.
- There was this case of Uttam Nakate, who was caught napping in his office, but the company couldnt fire him because of tough labour laws. He went to court and it took 20 years for the company to the rights to fire him.
- "Aside from highlighting the problem of India's lethargic legal system, Uttam's case dramatizes how the country's labor laws actually reduce employment, by making employers afraid to hire workers in the first place. The rules protect existing unionized workers at the expense of everyone else." - Gurcharan Das (former CEO of P&G)
- Too many laws: In India there are 45 labour laws at the national level and nearly 150 laws at the state level. Ideal recipe for delays and red tape.
- "In 2004, there were 482 cases of major work stoppages, resulting in 15 million human days of work loss"
- World Bank
- Short sighted laws. Situation 'A' is bad - so write a law to ban situation 'A'. Not looking at the big picture.
- Finally all disputes end up in labour courts which are too slow to lead to any speedy resolution - huge handicap in today's fast paced global economy.

# Mafia Raj

"I will make you an offer you cant refuse"

- Organised crime.
- Rule of a group of powerful people, in connivance with local law, revenue and police officials (corrupt).
- Getting their way by virtue of cash, caste and muscle.
- Mafia Raj encompasses almost all sectors in India. Land mafia, builder mafia, hawala mafia, drug mafia, forest mafia, coal mafia, granite mafia, betting mafia, tender mafia, you name it.
- Mafia serve as a feeder for local political parties, lending them money and manpower during elections. Indeed, mafia serves as a starting point for a lot of young people today who aspire to be politicians someday.
- This leads to criminalisation of politics, with a lot of MPs today, either accused or convicted in one or many crimes.
- Satyendra Dubey case: Dubey, a 31-year old project director with National Highways Authority of India, wrote a letter to PMO, exposing the corruption in Golden quadrilateral project. He was shot dead in Gaya, shocking the entire nation.
- The case of Veerappan: Veerappan, a dacoit living in the forests covering parts of Karnataka, Tamilnadu & Kerala. He managed to evade police for a ridiculously long 34 years, assisted by local politicians and land mafia. The kidnap episode of Rajkumar for 109 days is one of the worst chapters of Indian Police history.
- Janardhan, Somashekar and Karunakara Reddy (known as Reddy brothers) built their wealth from mining mafia in Bellary, Karnataka and now yield phenomenal influence in South Indian politics.

# Black money

- Unaccounted money.
- India has more black money than the rest of the world combined. India's underground economy today is estimated to be about half of country's GDP.
- Global financial Integrity Study in 2006 showed that the average amount stashed away from India annually during 2002-06 is \$27.3 billion (about 136,466 crore).
- External tax havens like Switzerland are only part of the problem.
- Its extremely common in India to skip that bill at the grocery store to escape sales tax.
- Extremely common in India to evade income taxes.
- Unclear laws in this matter and lack of political will makes it easy for culprits to get away. The Central government is shying away from acting against Hasan Ali Khan, even though his accounts in Swiss Bank has been verified, because the laws were not in effect when his crimes were committed.
- Dawood Ibrahim is believed to be responsible for the flow of large amounts of hawala money into Mumbai stock market.
- Black money is one of the chief sources of funding for terrorists.
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# Ugly bureaucracy

□ "Implementation is everything"

- Indian bureaucracy is ranked worst in Asia. Its largely unresponsive, inefficient, lacks accountability and abuses authority.
- In spite of laws being sound and relevant, they are not implemented properly.
- “The system often suffers from problems of excessive centralisation and policies and action plans are far removed from the needs of the citizens. This results in a mismatch between what is required and what is being provided” - Administrative Reforms Commission.
- "Customer (citizen) is the king" - attitude lacking among bureaucrats.
- Almost everybody has their own personal tale about Indian bureaucracy. Whats yours?
- Union Minister of State for Health Dinesh Trivedi accused the bureaucracy in his own ministry of “red-tapism” last year (regarding H1N1 control).
- Indian bureaucracy was created by the British to serve their vested interests and exploit Indians. That attitude continues partly to this day where bureaucrats identify themselves more with the term 'elite' than 'service'.
- “I argue that India is today a flailing state—a nation-state in which the head, that is the elite institutions at the national (and in some states) level, remain sound and functional but that this head is no longer reliably connected via nerves and sinews to its own limbs” - Prof. Lant Pritchett, Harvard Kennedy School.

# The cultural angle

□ "Change always comes from within."

- Corruption in India is not just a political animal. There are various elements in our deep-rooted culture that has encouraged and accelerated the spread of corruption:
- Jugaad
- Caste system.
- Dont question the traditions. They are sacred.
- Do not get involved. Mind your own business.
- Rules are for sissies!!

# Jugaad

- Jugaad is a locally made truck used in small villages in rural India as a low cost transport.
- It has become a symbol of the culture of work-around in India.
- Though it may denote resourcefulness in the short term, in the long term it is a bad idea.
- "India's self-interested practicality is a cultural smog that has spread far and wide, including the high places of traditional idealism like Indian journalism" - NYtimes
- This penchant for creative improvisation is the reason why India is not able to produce any major industrial innovations on a sustained basis inspite of highly skilled talent.
- This attitude of short term ill-researched 'patching' can be seen everywhere in India.
- Entire family on a single scooter, messy water pump built from assembled scrap parts of a motorbike, trucks carrying stuff 10 times their weight and who can forget the good old 'beedi' with only tobacco and no filter?
- Indeed, Vajpayee's messy coalition of 13 parties was jokingly termed as Jugaad.

# Caste system

"Only a fool is proud of what he is born with"

- Caste based discrimination has been the most deep-rooted social ill in India.
- Caste based nepotism is so subtle and so complete in India, that the person wouldnt even think twice about it and probably even think he is doing nothing wrong.
- Almost all politicians today compete on the basis on caste.
- The lower section of Indian society has been almost completely kept out of public sphere.
- In fact even a powerful social measure like Quota or reservations has not yielded expected results because of caste based segregation in educational institutions.
- Caste system has also led to revenge-based politics in many constituencies. Eg. Mayawati.
- I have personally seen an educated couple searching for a baby from their own caste for adoption (to my horror).
- Isnt it ironic that even though nearly 80% of Indian marriages are arranged (most of them same caste), almost every Indian movie has a love story.

# I dont know, its the tradition!!

- Too many things holy in India. Too many dogmas.
- Not questioning the beliefs, but blindly following them.
- Blind faith does not lead to corruption in its purest definition, but it does blind you from seeing it.
- Even honest people develop a sense of tolerance for corrupt practices like caste or linguistic discrimination when it suits their group.
- People too busy worrying about maintaining their traditions, rather than thinking about the society at large.
- Slow pace of changes in the society: When being a rebel is discouraged inside your house, how rebellious would you be outside?
- Lack of introspection in the society: " I dont question what you follow, you dont question what i follow"
- Lack of social responsibility: People tend to believe that traditions are personal choice not realizing (or caring) what effect they have on the society at large.



# Mind your own business!!

- Lack of social responsibility and initiative among Indian masses.
- How many times have you seen a group of people just staring at an accident scene and doing nothing about it?
- How many times have you seen someone peeing or spitting in public and turned a blind eye.
- Tolerance is held in such a high regard in our society that tolerance has slowly come to mean "living with the problem".
- Typical rural scenario: Indian woman regards her husband as her master, stays drunk all the time, beats her everyday and doesn't earn.
- Voting percentage is lowest among in urban areas in India. Says everything you need to know.
- Perhaps the biggest factor behind bribery: It's just a few rupees. Why go to all the trouble of protesting? Let's just pay him and get it over with.

# Rules are for sissies!!

- Lack of civic sense among masses. Utter disregard for rules.
- Personal goals take preference over social ethics.
- Nowhere is it more apparent than in traffic: I have never heard a first time traveller to India not talk about the road rage on display.
- Breaking rules is almost considered 'cool'.
- Kids shitting in public is a common scene in rural India. Of course spitting in public is a national pastime.
- Almost everybody has their own version of that joke about dumping your garbage in the neighbor's garden.
- Cynical attitude towards rules and regulations. "Sab chalta hai"

# What can be done?

- Update and implement anti corruption laws. Protect whistleblowers.
- Increase awareness among masses - social media.
- Increase accountability in judiciary.
- Citizens need to stop being parties to corruption and also need to discourage others from doing it. For gods sake, stop paying bribes!!!
- Capitalism. Allow market forces to guide the competition rather than government.
- Automate systems wherever possible.
- Clean up the public sector and bureaucracy.
- Stop resorting to shortcuts and respect rules.

# The legal framework

## The 1988 Prevention of Corruption Act

- Criminalises corruption in the public and private sectors in the form of active and passive bribery, extortion, bribery of foreign officials, abuse of office and money laundering.

## Right to Information Act, 2005

- It represents one of country's most significant achievements in the fight against corruption.
- Under the provisions of the Act, any citizen may request information from a "public authority" which is required to reply expeditiously or within 30 days.
- The Act also requires every public authority to computerise their records for wide dissemination and to proactively publish certain categories of information for easy citizen access.

## Public Interest Disclosure Resolution

- India doesn't have whistleblower protection but this one comes closest.
- This resolution authorised the Central Vigilance Commission (CVC) to be the 'Designated Agency' to receive written complaints for disclosure on any allegation of corruption or misuse of office and to recommend appropriate action.
- The CVC can take action against anyone who leaks the names of whistleblowers and witnesses and may request police assistance to investigate complaints.

# India against Corruption

- Its a civil society initiative to push the government for comprehensive reforms of anti-corruption systems in India.
- Led by eminent people like Kiran Bedi & Anna Hazare and supported by various Right to Information activists, religious leaders and social reformers.
- Its created a vote bank against corruption - <http://www.voteforindia.org/>
- Indian citizens can register on this website and pledge that they will not vote for a party that doesnt support Jan Lok pal bill.

## Jan Lok Pal Bill

- This anti corruption bill was crafted by IAC initiative as a response to Government's watered down version of Lokpal bill.
- Jan Lokpal Bill is designed to create an effective anti-corruption and grievance redressal systems at centre and to assure that effective deterrent is created against corruption and to provide effective protection to whistleblowers.
- Lokpal bill was first proposed in 1969 but could not get through Rajya Sabha. It has been introduced 9 times since and failed each time.
- Anna Hazare will be going on an indefinite fast from April 5, 2011 to convince Govt to enact Jan Lokpal bill in place of PM's watered down Lokpal bill.
- Jan Lokpal bill has a lot of support from various political parties - Sudhakar Reddy, A B Bardhan, Abani Roy (Left front), H D Devegowda (JDS) Mysora Reddy (TDP) and Jayant Chowdhry (RLD) signed a joint statement indicating their support to the movement.

Corruption's time has come.  
Lets stand against it together.