

## Political Governance System and Corruption in India



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### - Professor Dr. Prem Lal Joshi Historical Perspective

In 1922, the noted freedom fighter Mr. C. Rajgopalachari wrote in his prison diary that "elections and corruption, injustice and the power and tyranny of wealth and inefficiency of administration will make hell of life as soon as freedom is given to us. Men will look regretfully back to the old regime of comparative justice, as well as efficient, and more or less honest administration. The only thing gained from independence will be that as a race, we will be saved from dishonor and subordination".

It seems that the fears of Mr. Rajgopalachari became true in India's present day socio-economic and political environment. The daily news media presents the height of corrupt practices of our politicians and bureaucrats currently rocking the Indian Parliament (e.g. commission issues in MPLAD (Local Area Development) scheme and cash-for-questions scam. Consequently, for the first time, in 54 years, eleven members of the Parliament have been

expelled for demonstrating unethical practices in high places).

Historical evidence suggests Britain ruled India to further its own imperial interests. Upon independence, Britain left behind a "seriously impoverished economy — a feudal agrarian sector and a fragile industrial base, which contributed to large-scale unemployment, terribly low incomes, widespread poverty and illiteracy". Despite this legacy, India, since independence, has made significant achievements in several economic fronts. However, questions about corrupt administrative and political systems persist.

N.N. Vohra ([Make the system responsive](#)) states that the "post-1947, India was faced with an acute financial crisis and grave challenges on varied fronts. Nonetheless, in the early years, serious problems were tackled and fair progress was achieved in addressing the complex tasks of nation building". Adding to the complexity of problems associated with this period was that India faced four external aggressions during which our Armed Forces performed valiantly (except in the Sino-Indian conflict). In a nutshell, whilst serious gaps remained immediately after independence, India marched towards a path of sustained progress. This was possible due to the proven integrity, commitment to higher values and a positive national outlook. Also, the first generation political leaders were somewhat successful in implementing governance practices as they had experienced large personal sacrifices in the course of freedom struggle.

After 1980, several regional parties mushroomed whilst during 1990; the emergence of

coalition governments at the national and state levels gave birth to political instability. These changes contributed to a bottleneck in good governance. Furthermore, this new system of governance gave ample opportunities for individuals and groups to seize and hold political power resulting in a dangerous emergence of a "nexus between corrupt politicians and public servants and unlawful elements in society".

### **Some Publicized Scandals and Scams in India**

During 1990s, a series of mammoth scandals (e.g., the Bofors and submarine deals, the hawala case and the fodder scam) came to light. Prime Ministers and Chief Ministers were accused of being associated with these scandals. Subsequently, senior bureaucrats - even those of the ranks of director-generals of police and chief secretaries - were prosecuted for misuse of their power. Other examples include the Tehelka scandal and repeat stock market scams (Pre - Hari Prasad Mundra to Harshad Mehta to Anand Rathi & Ketan Parikh) and Urban Co-op Bank Scam (Pre - Karad Bank, UCBs at Nashik, Lucknow & Ahmedabad, Mumbai etc). Similarly, in 2002-03, in a house to house survey of over five thousand citizens, Transparency International found that Rs.26,758 crore (1 crore = 1 million) were extracted from citizens who interacted with the top ten most corrupt departments of Government of India. Lower strata with lower earnings were hit harder due to corruption.

Despite these scandals, the Indian economy is booming with poverty lines reduced. Surprisingly, curbing or combating corruption has never been on the agenda of any political party in India. In fact, there has not been a systematic national strategy to prevent and eradicate this malaise. At best, only limited policies and regulations have been forthcoming. For example, the "Benami Transaction Prohibition Act" was passed in 1988 and provides for the benami property to be confiscated. Nonetheless, there was no prescribed procedure laid down for its effective implementation.

Similarly, it is known to every one in the government that computerization could be an effective tool in preventing frauds and corruption in the banking sector. However, implementation of computerization in this sector to prevent fraud and corruption has been slow. For instance, computerization in the Public Debt Office (PDO) of the Reserve Bank of India was done only after thousands of cases of the rupees scam were committed in this office by Harshad Mehta. On the other hand, computerization of the booking of tickets and reservation system has virtually reduced the corruption practices on the railways. Successful reduction on the railways was achieved with commitment and sincerity.

One of the phenomena of corruption practices is that an official can be exposed for his/her corrupt practices and such a practice will be stopped for a while. However, after sometime the same thing restarts. It is just like removing slums in Mumbai by Municipality but after one month, the same slums get reconstructed in the same place because there is a lack of post-monitoring and anti corrupt system in the Municipality Department. Similarly, take the case of Customs Department at the airports in India. These days, the corrupt practices have been reduced to a considerable extent; still the government does not allow video cameras to be fixed there. The customs CARGO in Mumbai, Delhi, Chennai and Calicut are well known for their illegitimate practices through commission agents. The corrupt practices in Calicut customs CARGO was also discussed in the Parliament in November 2005.

Some countries experiences show that public sector reform through reducing the role of the bureaucracy can be very effective in curbing corruption. The smaller the role of the public sector and the less red tape and scope for administrative discretion, the less opportunity there is for corruption to flourish. However, in Indian context, often there

has been strong opposition to public sector reforms from employees unions and politicians who have vested interests. Many of the elected politicians find it a safe heaven to become chairmen or board members of hundreds of public sector enterprises in India. Hence, it provides them a breeding ground to flourish corrupt practices.

### **Players and Categories of Corruption in India**

N.Vittal, who himself is a bureaucrat and the former Vigilance Commissioner, (<http://www.india-seminar.com/2000/485/485%20vittal.htm>) argues that there are five players on the corruption scene in Indian system that makes for a vicious circle. These are :

1. the 'neta', the corrupt **politician**;
2. the "babu," the corrupt **bureaucrat**;
3. the "lala" the corrupting **businessman**;
4. the "jhola", the corrupt **NGO**, and
5. the "dada" the **criminal** of the underworld.

Alternatively, I would argue that the Indian corruption system can be categorized into four '**Ps**' in terms of quantum of money exchanged. These are:

1. **Political corruption** (e.g. kickbacks, donations to political parties from individuals and industries, use of black money in elections etc).
2. **Programme corruption** ( e.g., food for work, rural development, relief schemes, grants and subsidies to NGOs, etc);
3. **Project corruption** (e.g., commission to be paid for approval of contract and grants).
4. **Petty corruption** (e.g., chai paani (bribe/tips for prompt access and service) for obtaining an application form or submitting application form, making a FIR in police stations etc).

Again, it needs to be understood that the extent of corruption amongst politicians and officials depends, by and large, on monopoly power and the discretionary power they exercise in discharging their duties. Furthermore, the degree of corruption is influenced greatly by the extent they are held accountable for their actions. I would also include the lack of ethical traits and quality educational background of those officials in influencing the extent of corruption.

### **Some Core Reasons and Signs of Corruption**

Johann Grant Lambsdroff once stated that the causes of corruption are generally rooted in country's policies, bureaucratic traditions, political development and social history. These causes of corruption are also applicable to India. However, some others specifically found in the Indian system include political patronage, lack of punishment due to confused judiciary structure which is expensive, dilatory and inefficient, social system and environment, cumbersome and dilatory procedures, and the low salary structure of government and public sector employees. Other signs of corruption include: (a) electricity theft; (b) always having to negotiate price; (c) significant increases in toll taxes points; (d) police always wanting you in the police station (or asking for your

identification); (e) requesting for chai pani (bribe) and so on.

It is also argued that corruption flourishes because "it is a low-risk, high-profit activity". Other reasons that can be found in Indian system are:

- scarcity of goods and services;
- red tape and complicated rules and procedures;
- lack of transparency in decision-making;
- legal cushions of safety for the corrupt under the 'healthy' principle that everyone is innocent till proved guilty; and
- tribalism among the corrupt who protect each other. The popular phrase is 'thick as thieves' not 'thick as honest people'.

### **International Reflection**

It is said that there is no activity of the nation which is totally free from corruptive malaise. Therefore, corruption in India is all pervasive. "The World Economic Forum Survey" ranked India 45th out of 49 countries on the honesty of its officials. The "Corruption Perception Index of Transparency International" has depicted India as "becoming more corrupt in recent years. India has the dubious distinction of belonging to the category, of the most corrupt nations in the world". Similarly, the recent report by international consultancy major PricewaterhouseCoopers has put India as 12th in Opacity Index among 35 countries. "Opacity is the lack of clear, accurate, formal, easily discernible and widely accepted practices in the world's capital markets". It estimates the adverse effects of opacity on the cost and availability of capital of 35 countries. Other studies, like the study of "World Phenomenon on Corruption", have repeatedly branded India as one of the most corrupt countries in the world. Despite this fact India is still considered to be a very religious country and it is still widely believed that religion is the basis of the Indian life, thoughts and actions; consequently, the moral values in people's life should be very high.

### **Strategies to Curb Corruption**

The economic literature posits that corruption acts as a major deterrent to growth and development. There is a well-developed body of mathematical models of corruption. Some of these models and studies state that once the critical mass is reached, corruption becomes self-sustaining. If that is the case, can we really get rid of corruption in India? Some authors also argue that there is plenty of corruption in the US but it is at a higher level and generally has relatively less impact on the common man. Will that be a good compromise or strategy in Indian conditions too as it is a well known fact that the political corruption can not be eradicated totally in India, yet the US situation may be tolerated in developing countries like ours provided the masses are affected at a minimum.

To combat corruption, it is very essential to have a strong political will and commitment, good government and good governance, administrative accountability, simplification of procedures, and public participation through watchdog ship approach of public audit committees. Various authors provide a comprehensive framework to combat corruption in developing and third world countries. For examples:

1. Strict fines and penalties

2. Greater degree of transparency and public exposure
3. Enhancement of powers of specialist bodies e.g. anti corruption units.
4. Increased guidance or training for government and public sector officials
5. Review of legislation for domestic and international corruption implications
6. Continuous review of corruption related regulations to ensure their effectiveness.
7. Review of high-risk areas
8. Enhancing and legal enforcement of codes of conduct
9. Simplifying and computerization of administrative systems
10. Whistle blowing procedures
11. Integrating ethical values into management
12. Introduction of E-governance

### **Role of Civil Society and Media**

Corruption is so deep rooted in the present day India that it has found an acceptance in the social system and bribery, nepotism and favoritism are wide spread . People pay this price to babus (bureaucrats) as a convenience to receive prompt public services. However, sometimes, they may not be sure about the delivery of prompt services or favors. As public-sector accountability is weak, fuzzy and tenuous, people have no choices but to accept the system and take it as an integrated part of their working culture.

Civil Society, being an independent actor looking for interests of the general public. is the one to investigate and bring to light cases of corruption. This could be achieved by creating public awareness, formulating and promoting action plans to fight corruption as well as by monitoring mechanism of government decisions and in public service delivery system in an effort to reduce corruption to a large extent.

In some situations and departments the extensive public cooperation, such as a corruption telephone hotline where anonymous callers can report allegations of corrupt practices may be very effective. Since we have a poor governance system, an adequate range of incentives and disincentives to ensure compliance are required.

Similarly, the media (both electronic and print) can help expose corruption at various levels provided it operates in a free and unbiased manner. Perhaps, the media is considered the most persistent institution in the fight against corruption as the concept of investigating journalism has been catching on fast. Furthermore, the Internet is another media for disseminating information about the corrupt bureaucrats and politicians, which is so far being done in rare cases in India.

### **Conclusions**

In some developed countries corruption practices are dealt very seriously and severely. For example, in Japan and South Korea, the former prime ministers and children of

presidents were jailed for corruption. In contrast, in India none of senior politicians, implicated in various scandals and scams, have so far been convicted. The slow, tardy and inefficient legal system often is responsible for this delay.

Therefore, for the contemporary India, labeled as corrupt and economically appears set on a rising path, to move positively forward, it is being strongly advocated from various quarters that a shift from a 'culture of corruption' to one of 'accountability' is absolutely necessary to India's regeneration, stability and the future prosperity. It is also said that "an economically developed and militarily powerful country free from corruption can only sell its culture, a weak nation can not." The country needs some simple strategies to tackle this issue e.g., STP (simplification of stringent rules and procedures, transparency and a rapid system of punishment for the corrupt). Civil society participation and media role must be strengthened.

It is suggested Special courts should be set up for an expeditious time-bound trial, and exemplary punishment should be awarded to the corrupt. Furthermore, the government should seek the assistance of forensic accountants and auditors for collection of solid evidence as many of the corruption cases involve technical accounting and complex financial procedures.

Another suggestion is that Special Audit Courts for revealing financial and administrative corruption should be established as a watchdog. This court should report directly to the President of India who in turn should refer the matter to the Parliament. In severe cases of corruption, the Parliament should transfer them to the public prosecutor to take the proper legal actions.

In the end, in the Indian system, the combating of or checking corruption effectively is not an easy process. Still, vigorous and determined will and actions will go a long way to reduce it though a complete spring cleaning exercise of corruption is practically impossible in this largest democracy.

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