

# [Analysing elements of corruption in the indian economy politics essay](https://assignbuster.com/analysing-elements-of-corruption-in-the-indian-economy-politics-essay/)

Enter the subcontinent in the nineteenth century, the crown jewel of the British Empire, a land rich with resources. Resources which, if properly utilized meant India could potentially be a very powerful nation one day. Post partition and independence from the 1950s up to the late 1980s India remained inclined towards the soviets and had a mixed economy which meant that there were considerable regulations and control in the economy. Empowering the bureaucrats led to corruption at every level of the government. This along with other factors sowed the seeds for a problem that is still very prevalent all over India. Corruption in present day India not only exists but thrives at all levels of government and all the services, to such an extent that even the military and the judiciary is full of corrupt officials. It is interesting to note that the bureaucracy of India under the British Empire was renowned to be largely untainted by corruption. Today the scene is hardly the same mostly owing to the electoral politics in India, the police and the judiciary collude with the politicians and engage in a very systematic form of corruption that has been a disgrace to India’s democratic system.

In the mid nineteen sixties is considered to be a period where a great divide emerged in the history of public administration in India. Administrators shied away from the methods of the great politicians like Gandhi and Nehru who practiced principled politics. (Gill, 40-43) The key foundation to this new direction in which India’s administration was headed towards, was amorality and it was since then widely practiced in politics. Ever since then emerged an entire generation of politicians who were corrupt to the bone and involved in scandals at an enormous scale. This explains why the nineties were riddled with news of scandals and cons at the hands of persons in authority. The accused were often former ministers, governors and in certain cases even the prime minister. This goes to show that in India’s case no matter how many laws, rules and regulations are put in place to prevent corruption, if the persons who are entrusted with the political administration of the country misuse their authority and exploit the masses, there is absolutely nothing that can be done to prevent them from doing so.

Perhaps the largest factor responsible for the corruption in India is that the leadership at the helm of the country not only turns a blind eye to it, but in many cases indulges in it as well. From this stems a trickledown effect that ultimately culminates in corruption being a bureaucratic and political norm in the society, a widely accepted means to achieving many every day ends. Post independence political leadership has stemmed from regional and linguistic movements, which means that such leader will always prefer the betterment of their race rather than the betterment of the Indian people as a whole, this selfish attitude got narrowed down until politics became a purely selfish pursuit. The rules of the game changed forever, as political survival and the pursuit for power, instead of the service of the people seems to be the ultimate aim of politics.

The A. D. Gorwala report was one of the first attempts to highlight the problem of corruption that was so very prevalent in India. Gorwala claimed that the process of state building started from an individual level. Building characters of the leaders was the key to building a great nation, and according to Gorwala the immediate causes of the prevalent decadence that plagued the Indian society was World War two. Even though a lot of people helped with the war effort, it was never directly India’s war and hence many a few parties arose who profited from the war itself, both legally and illegally. This quality, of people profiteering from violence and looking for ways to increase their riches at the grave expense and at times lives of other people made them hardened criminals. These criminals took charge, ran for office and indulged in some of the worst scams of all times, siphoning out millions of rupees to private Swiss accounts. Gorwala also claimed that the national movement of independence failed to leave behind lasting spiritual sentiment amongst the population as a whole and died out giving way to the personal political ambitions of individuals.

The report focused mostly on the leadership of the country and how it should lead by example and pointed out the endless scandals that stained their records. “ Enquiries into allegations have been made by senior all-India leaders of the principle party…. Often they have remained secret. Nor action was taken. It seems fairly clear that if the public is to have confidence that moral standards do prevail in high places, arrangements must be made that no one, however highly placed, is immune from enquiry if allegations against him are made by responsible parties and if a prima facie case exists. There should be no hushing-up or appearance of hushing-up for personal or political reasons.” (Public Administration Committee 6-8)

Transparency international conducted a Corruption study in 2005 in collaboration with the Centre for Media Studies in Delhi. This was perhaps the largest corruption study undertaken, the span of which ranged over 20 states and covered a sample of 14, 405 people and it covered 151 cities and 306 villages. (India corruption study) A state wise analysis was performed, and it was concluded that Bihar was the most corrupt and Kerala stood to be the least corrupt, and among the government services the police was the most corrupt followed by the lower courts and the Land administration, making money a way out for people who may have committed heinous crimes and an illegitimate way to get legitimate services of the government essentially making these services unavailable for all those who can’t afford the bribes. Basic amenities like health and electricity were heavily plagued by corruption, and where the courts and the police are the most corrupt, it is indeed going to be a complete mockery of the rule of law which will no longer prevail. Without law, the very fabric that holds society together will unravel into anarchy.

There were many attempts and inquiries made into corruption in various departments and many people took the initiative and voiced their reservations in the form of reports but without the support of senior politicians it was all to no avail. The Railway Corruption Enquiry Committee was one such early attempt. This commission was formed to investigate the corrupt practices that led to heavy losses for India’s extensive railway system. The committee was chaired by J. B. Kriplani, who called corruption the failure of the institution of citizenry that existed from the days of the Greek and Roman empires. (Railway Corruption Committee) It heavily criticized all forms of ticket evasion, bribery or theft. Above all it criticized the public servants for setting a negative example for the public. Senior bureaucrats and politicians used their posts to claim exemptions from paying tickets, setting a very negative trend. The report claimed that no one should be above the law and should do their part in contributing positively to the general welfare of the society as a whole. The report stated that laws and reforms can only go so far in the attempt to curb these mal practices, but what would really make a difference was if the civil servants led a movement to make the people aware of their civic duties and for them to nurture that sentiment in the population, and this is only possible if they actively participate in rooting out corruption themselves.

The role that politics plays in helping the spread of corruption in India was looked at most thoroughly by the Shah Commission of Enquiry which looked into the spending during the period of emergency from 1975-77. The head of this commission, justice Shah showed absolutely no reservations in condemning Sanjay Gandhi, son of Indra Gandhi, for committing one of the most heinous acts of corruption in the history of independent India. He stated that:” The manner in which Shri Sanjay Gandhi functioned in the public affairs of Delhi in particular is the single greatest act of excess committed during the period of Emergency for which there is no parallel nor any justification for such assumption of authority or power in the history of independent India. While the other acts and excesses may have been in the nature of acts committed by functionaries have some shadow of authority acting in excess of their powers. Here was a case of individual wielding unlimited powers in a dictatorial capacity without even the slightest right to it. If this country is to be rendered safe for future generations the people owe it to themselves to ensure that an irresponsible and unconstitutional centre of power like the one which revolved around Shri Sanjay Gandhi during the Emergency is not allowed to ever come up again in any form or shape or under any guise.”(Shah Commission Enqiry)

In the nascent days of India, if we trace the tale of corruption, it is a little strange, especially in the case of Jawaharlal Nehru. Even though Nehru shielded many a few corrupt colleagues of his, it is interesting to note that he never benefited personally from any of their ventures. He did not crave material possessions and was a dedicated public servant. Despite that the part he played in highly visible instances of corruption and his support to the guilty set a very bad example and some might even go as far as to say that his actions ‘ legitimized’ corruption at the highest levels, thereby undermining all his principles, essentially jeopardizing the integrity of law. (Noorani 67) In the early days of nation building and setting standards and political morals for years to come, some say that Nehru was to blame for not making an example out of the people responsible. Maybe if not for these few lapses in judgment, maybe if a firm example had been set, India might not have to pay such a heavy price at the hands of corrupt leaders who go unpunished.

It wasn’t just the conduct of politicians, but also the policies that they adopted which are to blame to a certain extent. India remained a heavily controlled and closed off economy since independence up to the late nineteen eighties. During that time a license Raj was in place which heavily regulated any private companies that wanted to be established. There was a lot of red tape when it came to procedures for setting up the smallest and simplest of business, and in order to avoid all the red tape and the heavy regulations people openly indulged in bribery which became a norm to get things done faster in the Indian society. Even after the economy was liberalized the social norms of getting work done in the public sphere never changed.

This unsavory bond between the politicians and the bureaucrats has come to light time and time again in recent years in the form of scams and scandals such as the fodder scam in which the Chief minister and several notable public servants including members of the opposition were involved,

the telecom scam involving the telecom minister of the time etc. All such instances set a very negative mindset in all those aspiring to be politicians there by ruining the man power to come. Sadly, these are the scandals that saw the light of day, countless others of varying magnitudes have been carpeted and will continue if decisive and adequate measures aren’t taken. Let us examine some of the more recent cases that underline the corruption of society within India over a large sample of fields. In telecommunication, there is no scandal bigger than the 2008 2G Spectrum scam that cost the Indian government over US$ 40 billion. Termed the “ mother of all scams” by BJB Spokes person Ravi Shankar Parsad, at the center of the 2G Spectrum fraud is India’s Telecom Minister, Mr. A. Raja who has been charged with selling off 2G cell phone technology licenses at knocked down prices which were originally set in the year 2001, despite the fact that cell phone users had shot up from 4 million to 350 million between 2001 and 2008. Mr. Raja has further been charged with disregarding the for auctions and awarding licenses without even inviting bids, on a first come first served basis. Furthermore; it is also regarded that Mr. Raja ignored advice from the Law and Finance Ministries of the country and also refused to obey the recommendations from TRAI (Telecom Regulatory Authority of India) on the rates to set for the auctioning of the spectrum rights. Mr. Raja resigned amidst massive political pressure from the opposition shortly after this scandal came to light. As of now, the Supreme Court of India is monitoring the Central Bank of India’s investigation into the matter.

Shortly after the 2G Spectrum scandal, India was hit by another blow of epic proportions, in January of 2009, Chairman of Satyam Computer Services, Ramalinga Raju resigned from his post after notifying the Board of Directors of the company, through a letter that he has falsified the accounts of the company in order to cover up losses that the company was facing. According to Mr. Raju’s letter, about US$ 1 Billion (94% of the company’s cash on the books) was made up. The Satyam scandal, as it is now commonly known as is biggest ever corporate fraud in the history of the country. The revelation of the Satyam scandal led to Marrill Lynch (Now part of the Bank of America) and State Farm Insurance to withdraw partnerships with the company, caused the Bombay Stock Exchange to plummet 7% and has raised concerns for foreign investors looking to invest in India. (Vaswani) The Crime Investigation Department has been investigating the matter and despite Mr. Raju’s claims that no money was used for his personal interests, the CID has found that the company employed 40, 000 people, not 53, 000 as had been claimed by Mr. Raju who had been withdrawing over INR 20 crore for those 13, 000 employees.

Moving onto sport now, we shall look at the Commonwealth Games in India who were hit by spate after spate of corruption scandals from faulty contracts being handed out, to un checked budget allocations, to substandard building materials. The 2010 Commonwealth Games were meant to showcase the country’s competence and coming of age but rapidly turned into an embarrassing example of the corruption and inefficiency that is part of everyday life in the world’s largest democracy. As it has been reported the overall expenditure of the games came to a staggering US$ 15. 5 billion compared to $1. 1 Billion used up for the games in Melbourne in 2006. With such a steep increase in expenditure, one has to wonder where it all went. Allegedly, it is estimated that the expenditure bills have been inflated by 30% of the actual value of services or commodities procured. Even the Income Tax department is now scrutinizing the finances of the CWG after charges of tax evasion were levied against the CWG’s broadcasters. The Central Vigilance Commission is looking into 11 major project tenders which were awarded at hiked rates causing a loss of over US$ 111 million. (Dolakia) The developer of the infrastructure for the CMGs, Emaar-MGF has also been pulled into the mix with alleged irregularities in the construction of the CGW Village in Delhi. To add to all that, the Central Beaureu of Investigation has also been regularly questioning suspected villain in the story, Suresh Kalmadi – The Chief of the CWG’s organizing committee. The CBI has also been regularly raiding the offices of the organizing committee, nominating Mr. VK Verma in the FIR report for buying and hiring overpriced equipment. Another major fallout from the games was the Queens Baton Relay financial irregularities case, where again, large sums had been paid to a little known British firm for providing rental cars etc during the launch of the Queen’s Relay Baton in London.

Sticking with sports, let us now move onto a corruption scandal that recently shook India and it’s favorite sport, cricket. The IPL mess all started back in March when the bidding for new franchises in the IPL started. Rendezvous group won the Kochi franchise for $333. 33 million. Shashi Tahoor, an MP from Kerala played a mentoring role is said bid. It was then alleged that the Rendezvous groups’ bid had been accepted despite better offer on the table. As the structure of ownership of the Kochi franchise started to come to light under continuous scrutiny, it was revealed that one of the shareholders was a close associate of Mr. Tahoor. Further down the line the CEO of the Kochi franchise claimed that he was offered $50 million by Lalit Modi, chief of the IPL to “ pack up his franchise”. (Willamson) Further scrutiny was then spread over the entire IPL to identify the roots of the IPL’s funding, which revealed that Mr. Modi’s brother-in-law owned a large part of Rajasthan Royals; his stepson-in-law owned the company that has the IPL’s media rights. Aviation Winister Patel’s daughter even worked for the IPL. The revelations kept on coming one after the other, while Mr. Tahoor resigned as a Minister for State of External Affairs under growing pressure. Eventually, everything culminated with the suspension of Mr. Modi, but it was to be too late as the Board for Control of Cricket in India had already been damaged badly by the saga.

In the earlier part of the decade gone by, India faced, what at that time was one of the largest counterfeit scandals to hit nation. In late 2001, Abdul Karim Telgi was arrested in Ajmer in connection to a scam involving the printing of counterfeit stamp paper and selling it off to bulk purchasers, such as banks, insurance companies and share-broking firms. Despite being in prison it is alleged the Mr. Telgi still managed to continue his buisiness with the help of prison officials and

guards. In 2003, Senior Inspector Dattatrya Dhal was arrested, along with Assistant Inspector Dilip Kamat in connection to aiding Mr. Telgi in running his business from prison. An increasing number of high profile arrests continued to be made through the course of the case, such as Krishna Yadav, the former labor minister and sitting MLA. In 2006 a videotape emerged, showing Mr Telgi taking a Narco Analysis (Truth Serum) test and confessing the names of Congress Party leaders

Sharad Pawar and Chaggan Bhujbal in relation to his frauds, though neither of the two have been found guilty of any association with Mr. Telgi. At the peak of his fraudulent scandal, Mr. / Tegli is believed to have been earning up to a whopping US$ 40 Million per month. (Telgi scam) The overall hit of the scam is estimated to be as high as $4. 5Billion, though some sources conflict on the amount.

Taking a trip down memory lane, we’ll take a look at India’s first large scale global corruption scandal; the Bofors scandal, the scale of which, at that point was India’s worst ever. The scandal takes off from when India agreed to purchase 400 155mm Howitzers from Sweedish arms manufacturer, Borfor AB. The then Indian PM, Rajiv Gandhi, along with others was accused of receiving kickbacks in order to award the contract to Borfors. The outcry from the scandal was huge and it is widely accepted that the scandal led to Rajiv Gandhi’s Indian National Congress party eventually losing out the in 1989 elections. The Bofors scandal is speculated to have been worth about US$ 9 million, which, considering inflation over the last 30 years was no tiny amount. (Prasad) Ranjiv Gandhi was assassinated in 1991 and eventually, in 2004 courts cleared him on charges of bribery but the case is still ongoing in regards to other charges such as causing wrongful loss to the Government.

If one wants a perfect example of a sustained scandal that has seen involvement from bureaucrats, politicians and business men, linking hundreds of top officials for over two decades, costing the Nation approximately US$ 206 million, it would be none other than the Fodder Scam. The scam is thought to have been around since the mid 70’s with then Chief Minister of Bihar, Jagannath Maishar the first CM to be alleged of involvement in the fodder scam. The scam is said to have original with small scale embezzlement, with government employees submitting false expense reports to get additional funds. This small scale swindle eventually mutated and evolved over two

decades into a scandal that involved almost ever senior official in Bihar and countless businessmen. A scandal that has seen the CM of Bihar during the mid 90’s when the report broke, Lalu Parsad Yadhav sent to prison multiple times and charged with multiple cases involving embezzlement of government funds. By the time it was exposed, the fodder scam was an intricate scandal run by a mafia consisting of top government officials, bureaucrats, businessmen, even the lower government officials were involved in the scandal that had the country fooled for so long. Funding was demanded from the Government for cattle that never existed and once provided it was pocketed by the mafia of politicians and businessmen, an association that insured the scam could continue undetected for so long, eating up about US$206 million worth of Government funds.(Patna)

Staying with political corruption, lets now glance over to a less glamorous, yet equally damning scandal in the 90’s that led to US$ 18 million worth of bribery. Arrests of linked militants in Kashmir led to raids against hawala brokers, the Jain brothers which led to the ghastly discovery of evidence of money linked to the Kashmiri militants transferred to top politicians.(Haqque) Known as the Hawala Scam, the most damning feature of this scandal is that despite the huge stake involved in the scandal, it was never sufficiently investigated, despite big names sush as L. K. Advani, V. C. Shukla, P. Shiv Shankar, Sharad Yadav, Balram Jakhar, and Madan Lal Khurana being accused in relation to the scam. Most of the fore mentioned were acquitted to the courts, they deemed the hawala brokers journals to be insufficient evidence. India’s CBI was vastly criticized for its poor investigation of the cases.

(Asia Corruption Ranking)

This map shows that despite the fact that there is rampant corruption all over India, it is still comparatively not one of the worst countries in the region with regard to corruption.

Corruption is a disease that ails many nations, in India’s case the price that it pays in terms of development and even in sheer monetary terms is crippling. A nation that prides itself as the largest democracy of the world and a country where the majority of the population is below the poverty line, and has a very low standard of living cannot afford to have corruption at such a huge scale. Transparency international estimated that truck drivers end up paying billions of dollars worth of bribes annually. With a population of 1. 17 billion people, and a Gross domestic product of 4. 05 trillion, India can be one of the most rapidly developing nations of the world and the standard of living would improve drastically provided that corruption is brought down.(Factbook)

(Nature of Bribe)

Of course there will have to be measures in place that will ensure that the money of the people is spent on uplifting their general standard of living. The World Bank and the IMF have reduced spending in certain sectors in India because they recently discovered the level of corruption that takes place. Scandals at a large scale and executed by ministers really damage the reputation of a nation and its question not only credibility but also the aptness of the system which seems to fails time and time again, for it is the failure of the system that so many corrupt individuals reach the top levels of the government.

(Perception of corruption)

Transparency Internationals measure of corruption, the Corruption Perception Index (CPI), ranks India as a highly corrupt country, this measure basically indicates how corrupt a country is from a scale from one to ten, one being the most and ten being the least. Somalia made it to the top of the list as th most corrupt country with the measure of 1. 1 followed closely by Afghanistan (1. 4) and finally down the list is India with a 3. 3, followed by Brazil which has a 3. 7 and so on. Despite these disturbing findings that shocked many international investors and observers, the Indian population remains largely indifferent to this embarrassing find.

(Amount of Bribe)

After an exhaustive study of the causes and roots of corruption in the country, one must then look at preventive steps and amends that must be made in the anti-corruption system that would strengthen it and allow for a brighter future to pervade through. In this vein, the works of Professor Krishna K. Tummala and Sunil Sondhi serve as seminal instances of the what, the how and the why of Corruption and ways to combat it.

Professor Tummala correctly identifies the overall political and socio-economic conditions of the country to be conducive to the spread and perpetuation of corruption (Tummala 26). As noted by various scholars of public policy and management, less developed countries are prone to corruption by virtue of the income and economic disparities that plague their populace, the inequality of opportunities, fast-changing life styles and inefficiency of the state when it comes to providing basic public amenities such as energy resources, infrastructure and security. Couple that with the fast pace at which the world is changing and the struggle to embrace modernity and one has the perfect recipe for disaster! In such a context, efforts to curb corruption and use of illegal force and authority are indeed difficult to implement and promulgate, however with a few adjustments, such policy changes might just allow for a concrete step towards progress after all.

Corruption stems for two basic reasons, contends Tummala, ‘ need and greed’ and posits that corruption in the civil and public service sectors might be contained to some extent by an increase in salaries across the board. One such recommendation was seen to be made in March 2008 by the Sixth Pay Commission which favored a bump in incomes in the lower rungs of the civil service so as to alleviate corruption bottom-up. However, even in countries where the civil service is paid hefty incomes, corruption still exists at all levels which leads one to understand that greed is not of kind, but of size and that unless such acts are publicly denounced and proclaimed at absolutely intolerable that a difference, if any at all, is to come about. What one notices in India is this complacency at all levels, be it the political leadership or civil society, a high ended business man or a common man on the street. As the Santhanam committee rightly observes, a ‘ favorable social climate’ must be created wherein the likes of corruption and illegal activities are strongly condemned and protested against.

Following from the same line of argument, there exists a strong dualism within the Hindu society, where on the one hand the a ‘ holier than thou’ attitude exists and the great epic tales from the Vedas and narrations of ‘ honesty, generosity and piety of legendry kings such as Vikramaditya’ that are told to children even today, on the other we have an inclination towards a most immoral, debase lifestyle which is fed by the desire to compete with the proponents of the liberal, modern lifestyle which took hold post the economic liberalization in 1990. The rhetoric of anti-corruption that is heard once in a blue moon now and then stands as measly Lilliputtian when compared to the giant Gulliver of the modern, liberal, commodity-dependant lifestyle which can only be maintained in the long run by resorting to corrupt practices in a country like India. What needs to be understood then is the need for a cognitive reframing and reconceptualization. We need to reinvoke the principles of simplicity and spirituality into our daily affairs and lifestyles to change the very way a singular block of the community functions, thereby effectuating change bottom-up.

However, what needs to be reiterated at this point is that a simple bottom-up and grass-roots level approach is not the complete answer to the plague that is corruption in the country. A simultaneous top-down approach is necessary to ensure the effectiveness and perpetuation of the corruption-alleviation scheme. Herein the role of the three branches of the State comes into play. The Indian system of governance is parliamentary one with the doctrine of separation of powers firmly in place as per the Constitution. The Parliament being the Legislative, the Prime Minister being the Executive and the Supreme Court, holding Judicial authority.

Whereas India has with the passage of time strengthened its Judiciary with the Supreme Court taking landmark decisions and the inclusion of amendments 73 and 74 to the Constitution that allow for the empowerment of the masses, there is still is a long way to be covered for the Judiciary to effectively play its part in alleviating and eradicating corruption. As both Sondhi and Tummala have noted, the Judicial processes of India allow for unnecessary delays in suits against corruption, red-tapism and the existence of unnecessary hierarchies both within the judicial as well as accountability/transparency systems allow for cases to get stuck in the back log or never effectively tackled. Moreover laws that have been made to tackle or eradicate corruption from its very roots are either mostly ignored or followed only in certain instances and on the whole the entire spirit of the law is often found to be lost. In fact, paradoxically, certain laws are found to be in complete contravention to the benefits they aim to provide the masses. Tummala correctly notes:

“ various rights guaranteed to the civil servants in the name of assuring their neutrality and accord protection from harassment have been found to come in the way of bringing the errant to book. As noted, Article 311 of the Constitution of India (requiring permission of the appointing authority to prosecute) proved to be a major hurdle.” (Tummala 72)

Even in the case where the corrupt are brought to the courts, the process of providing justice is extremely slow and long-ended as has been observed earlier. Correctly identifying this, Prime Minister Manmohan Singh has noted the need for special courts to be formulated and special institutions to be erected for this very purpose. A review of the judicial process is therefore extremely necessary to come to an effective solution to this problem. Appellate jurisdiction must be provided to special courts for such cases which can then relieve the burden of the pre-existant courts and allow for revisions and appeals to be dealt with effectively and efficiently. The help of partnering institutions must be invoked to ensure the smooth flow of information and evidence when it comes to these cases. In this vein, the help of watch-dog organizations, both national and international, may be sought.

Coming next to the problem of implementation which essentially stems from the Executive and its subservient bodies wherein we see a lack of role models who set examples for the general populace. In fact in the very tenure of Indira Gandhi, as Sondhi rightly notes, the practices of corruption within various body functionaries of the state were seen to exist in the form of policies that encourage excess and allow for lacunas within the system of law and governance. The case of Bihar also serves as an apt example, where despite the existence of a number of anti-corruption measures, the implementation of the said measures amounted to zilch. Similarly the case of Tamilnadu where the Chief Minister herself was found to be involved in various cases of corruption serve as an apt example of what is wrong with the current state of affairs and simultaneously point out what needs to change. The political leadership itself needs to be kept in check and in this regards administrative accountability and transparency needs to be encouraged and implemented. As Sondhi notes, such measures,