

Corruption: A Threat to Good Governance

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Abstract

Good governance remains the essential prerequisite to the progress of the developing countries in pursuit of twin goals of socio-economic development and national reconstruction. Corruption creates a major hurdle to the system of good governance to be evolved. The present paper attempts to study the origin of corruption, its major causes and institutional machinery to check this evil practice. It lays stress on strengthening the institutional machinery and suggests the preventive and punitive measures, which could help eradicate corruption. It concludes that making the governing system more transparent, accountable and participative by implementing administrative reforms in true intent will indubitably lead to the cleansing of public life and, thus, ensure good governance.

Keywords: Good Governance, Responsive, Accountable, Transparent, Rule of Law

INTRODUCTION

Good governance is responsive, accountable and transparent governing system in a democratic framework. It is a system of governance based on rule of law, having independent and robust judicial system with due concern for human rights and equality. In developing countries like India, there exists considerable gap between demands and their fulfillment as the administration suffers from inertia, inefficiency and lack of commitment. Good governance is, therefore, required not only to remove administrative obstacles but also to enhance the capacity of administrative system to successfully achieve the progressive national goals and values. However, corruption is creating hurdles to the system of good governance to be evolved. It is eating into the vitals of our socio-political system. Scams after scams have eroded the credibility and legitimacy of politico-administrative setup. A large section of politicians, senior officials, businessmen and non-government organisations (NGO's) etc. are involved in unethical practices. Commonwealth Games, 2G spectrum, Adarsh House society scams have dented the image of India as a clean country. Consequently, transparency international ranking for integrity lists India as less honest than 86 other nations (Tribune, 2010).

The common man is worst affected since much of its occurs at the cutting edge of administration viz to obtain Ration Card, Bank Counter, Railway Ticket, Driving Licence, Gas Connection. It

widens the gap between rich and poor (Chandrasekhar, 2011) thus creating unequal social system as much as it diverts resources away from development expenditure especially those geared to reducing deprivation and improving the quality of life of poor. Thus, the governing system is unable to make significant impact on the lives of poor and marginalised. The Durban Commitment of Effective Action against corruption (1999) resolved: “Corruption deepens poverty; it debases human rights, it degrades the environment; it derails development and it destroys confidence in democracy and the legitimacy of governments. It debases human dignity.” (Verma, 2011) Consequently, corrupt practices undermine the principle of equality of opportunity and inclusive growth. Corruption not only undermines the moral fibre of society but can have serious and irreversible practical consequence for political, economic development and governance (Second Commission on Centre-State Relations, 2010). It creates hurdle in the socio-economic development of a nation. It dilutes the administrative efficiency thereby creating governance deficits (Dawar, 2011). It has seriously affected India’s ability to compete in the international market. As it has dented India’s International image resulting in loss on competitive efficiency with international business. Many international players are not willing to invest in India because of their perception of corruption in government (Chauhan, 2011). Consequently, it creates imbalance in the social, economic and political system.

Corruption has been defined as “the use of public power for private profit in a way that constitutes breach of law” (Aikin). It means manipulation of one’s official position for the private gain at the cost of common good. The Santhanam Committee added a new dimension by defining it “any action or failure to take action in the performance of duty by a government servant for some advantage is corruption” (Arora, Goel, 2001). So it widened the definition of corruption by adding action and inaction on the part of public servant. Section 161 of the Indian Penal Code of 1860, which defines “corruption as the acceptance of any gratification whatever, other than legal remuneration as a motive or reward for doing in or forbearing to do any official act or for showing or forbearing to show favour or disfavour to any person, or rendering or attempting to render any service or disservice to any person” (Arora, 2001). Thus, illegal money or favouritism was treated as the main Corrupt activities. Section 5 of the Prevention of Corruption Act 1947 identifies five characteristics of those indulging in corruption. These are:

- i) Habitual acceptance of gratification
- ii) Obtaining valuable items for a consideration.
- iii) Misappropriation
- iv) Abuse of position to obtain pecuniary advantage; and
- v) Possessing property disproportionate to one’s income (Ramachandran, 1995)

Thus, embezzlement of funds, abuse of one's official position for private gain and possessing income disproportionate to one's known source is considered as act of corruption.

ORIGIN OF CORRUPTION IN INDIA

There were instances of unethical and corrupt practices in ancient and medieval period. A clear and most obvious reference to it finds mention in Arthashastra. He identifies 40 different types of embezzlement, including bribery, graft, favouritism, frauds, manipulation of prices of commodities etc." (Arora, 2001) In medieval India, there was rampant corruption during sultanate and Mughal periods. The invention of bakshish as a practice of rewarding government employee even for routine task and favours legitimated corruption in the Mughal era (Arora, 2001).

There were also instances of immoral conduct and corrupt practices in the pre-independence history of India, particularly, during Second World War, but it was confined to lower and middle level official of some departments (Aggarwal, 1997). After Independence, India got transformed from a police state to a welfare state. A number of welfare schemes and 5-year plans were launched to achieve higher growth rate and improve the welfare of masses. Government spending and investment on various development programmes and schemes increased manifold. Various acts like Foreign Exchange Regulation Act and export–import control act came to regulate the economy (Aggarwal, 1997). Licence, quota and permit Raj, the outcome of economic policy of state, encouraged corruption in various sectors of economy. Besides the economic system, scam after scam dented the political system during later phase of Nehruvian era. Therefore, to curb increasing instances of corruption and to suggest measures to restore integrity of political system, Santhanam Committee was appointed in 1962. This Committee stated that "There is widespread impression ... that some ministers who have held office during the last 16 years have enriched themselves illegitimately obtained good jobs for their sons and relations through nepotism and have reaped other advantages inconsistent with notion of purity in public life" (Bhattacharya, 1987). So, there were instances of corrupt practices in the decade following independence. Bofors scams and irregularities in the purchase of defence weapons, arms and ammunition hit the decade of 1980s but perception of integrity deteriorated from bad to worse in the post liberalisation period.

The role of private sector increased manifold in the development of country with the opening of economy and withdrawal of state from many areas, privatisation of many sectors of economy and disinvestment. But there is ineffective legal and regulatory system to prevent it from engaging in corrupt activities and malpractices. The lack of fairness, the absence of competitive bidding in many areas and anomalies in the regulatory process gave birth to many scams like security scam, Hawala scam, telecommunication scam etc. The flow of foreign funds and entry of multinational corporations further aggravated this problem.

Consequently, corruption has become worse after liberalisation. “Prior to 1991, corruption was in the form of granting licences. Now, it replaced by the award of contract and in changing the terms of contractual obligations” (Tata, 2011). The nature of governing system has changed drastically in the post liberalisation period. Corporate houses are playing significant role in deciding policies and price of government transactions. They are not only interacting and interfering with individual officers or politicians but also with political parties and system as a whole (Ramakrishnan, 2010). The credibility of governing system has reached all time nadir due to spurt in unethical conduct and corrupt practices. Scams and scandals viz. 2G Spectrum, Adarsh House Society, Commonwealth Games and National Rural Health Mission (NRHM) in UP have undermined the faith of people in democratic system.

Corruption: Causes and Growth

Semi-feudal nature of Indian Political System, lack of people’s participation, ignorance, illiteracy and consequent lack of accountability is main cause of growth of corruption. It was presented as a moral issue, not a political, or a systemic one. There were no calls to change or dismantle a system that was causing the corruption (Roy, 2011). The centralised character of Indian administrative system was the main cause of corruption. Lord Acton’s insightful remark “Power corrupts and absolute power corrupts absolutely” (Arora, 2001) hold true. The scale of corruption in governance can be significantly brought down if the product and service delivery mechanism is subjected to decentralisation (Dawar, 2011). The corruption is also the result of unaccountable and unchecked power. Therefore, there is need to enforce the accountability of governing system to the people of the country. There were far too many discretionary power that ministers enjoy, which were being routinely misused (Tribune, 2011). Discretionary allotment of land and out of turn allotment of various services is a major cause of corruption. These are utilised to provide freebee to relatives of politicians, bureaucrats and businessmen, which in turn assist the politicians during election time. Therefore, there is urgent need to evolve a system for the judicious use of these powers. Vohra Committee had pointed out the unholy nexus among the politicians, administrators and businessmen accentuating the rot of corruption (Tribune, 2010). The recent scams viz. 2G Spectrum, Adarsh Housing society and NRHM scams indicate that this nexus has more Got stronger The study of allotment of 2G Spectrum reveals that anomaly has taken place at price, policy and procedure. Collusive bribery is becoming characteristic of major scams and scandals, as entire hierarchy of governing system is involved in these sinister acts. Retired civil servants are hired by companies largely because of their contacts in the centre of power, their knowledge of complex government rules, procedure and loopholes and experience of handling politicians (Tribune, 2011). Volume of corruption has assumed such an alarming proportion that governing elite is bent upon virtually capturing the state. They are investing in real estate, cinema, transport, TV channels to legitimise their black money. They also manipulate the policy for private profit causing a huge loss to public exchequer (Sunday Tribune, 2011).

Leadership crisis is also major reason of rampant corruption. There is no national level leader who commands a mass following all over the country (Times of India, 2011). It has given rise to the ethics crisis and politics of opportunism and compromise. Prime minister is losing the authority to govern while remaining answerable for the lapses of his government as well as the party (Times of India, 2011). National parties are certainly not in a position to handle issue like corruption and mal-governance at state level.

Administrative delay in the execution of plans and programmes is major cause of corruption. Central Statistical Organisation report pointed out loss of Rs. 1.2 Lakh crore due to delay in execution of government plans in the last financial year, which is 20% of real cost, it not only causes a loss to national exchequer but also creates scope for corruption (Jansatta, 2011).

Another cause of corruption is public procurement system in India. Despite a huge procurement budget, there is no specialised law or public policy (Economic Times, 2011). World Trade Organization WTO estimates our total government procurement as a percentage of GDP is 20%, roughly an annual Rs. 11 Lakh crore. Courtesy red tape and opaque decision making in award of government contract offers huge avenues for graft (Times of India, 2011). Declining ethical standards and ineffectiveness of institutional control system are also the reason for unbridled growth of corruption.

Prevalent Social Conditions and Corruption

Social institutions like the educational and religious institutions, media and NGO's have not played the role expected of them to preserve the social and moral fabric of Indian society. Education in market economy has virtually become a business. There is mushrooming growth of self-financed colleges and universities. Their sole purpose is to earn money rather than providing quality education based on morality and ethics. A number of self-styled religious god men are looting the innocent people in the name of religion and are facing criminal charges in various courts across the country.

Similarly, there is an unprecedented growth of NGO's in the country. While many of them are doing commendable social reformative work, many among them are also making money at the cost of public interest. It will be an uphill task to separate the real from fake (Tribune, 2010). The media has the tremendous potential to strengthen democracy, by highlighting the illegal acts of people at the helm of power, but recently, the pernicious practice of "Paid News" has generated a debate within and outside the journalistic community. It has subverted the press freedom and ethics, and thereby, democracy (Tribune, 2010). These institutions have the capacity to make a long-lasting impact on the character and activities of people, but as a result of deterioration of professional standards, these have not been able to restore probity in public life.

Checking Corruption: An Institutional Approach

To check the corrupt practices in the pre-independence period, legal provision was incorporated in Indian Penal Code of 1860 (Arora, 2001). The Delhi Special Police Establishment (DPSE) was set up in 1941 and it was given statutory status by DPSE Act 1946. The Central Bureau of Investigation (CBI) was established on 1 April 1963 to deal with vigilance and anti-corruption work. The DPSE also became part of this larger anti-corruption organisation. More legal power to punish corrupt public servants were also taken by enacting “the prevention of Corruption Act 1947” (Aggarwal, 1997). Central Vigilance Commission (CVC) was set up on 11 February 1964 to deal with high level administrative corruption (Gopinath, 1997). There is also institution of Controller and Auditor General (CAG) of India to examine whether Union and State Governments have utilised public funds properly and expenditure is duly sanctioned. Besides there are conduct rules for All India and Central Services governing the conduct of public officials and to serve as a check on corrupt practices, there are also Income Tax, customs and excise authorities having quasi judicial powers to deal with evasion of income tax, excise and customs duty.

There is plethora of anti-corruption agencies in India. In each of these agencies, the government has deliberately left some loopholes so as to make them crippled and ineffective (Times of India, 2010). CVC has not been made effective as it was recommended by Santhanam Committee. It is an extension of bureaucratic apparatus of the central government and its operations are hedged in by the overpowering Ministries and political forces at the centre (Bhattacharya, 1987). It is merely an advisory body and has no power to register a criminal case. It has no statutory basis as yet. It has no investigating agency of its own, but has to depend upon government controlled, CBI or departmental vigilance unit (Aggarwal, 1997). With staff strength of less than 200, the CVC seeks to check corruption in more than 1,500 central government departments and Ministries. At present, public servant can be prosecuted for corruption under the Indian penal code and the Prevention of Corruption Act 1988 (Venkatesan, Tripathi, 2011). However, the investigating agencies such as CBI have to get the sanction of appropriate authority under section 19 of the Prevention of Corruption Act 1988 for initiating the prosecution in the court (The Hindu, 2004). However, Union and State Governments are reluctant to grant such sanction. As of December 2010, as many as 21% of sanctioned posts in the CBI were vacant (Venkatesan, 2011) Besides due to slowness of criminal justice system its conviction rate is 2-3% only (Chauhan, 2011). CBI has not played the role of fair and independent investigation agency.

The institution of CAG is constitutional office to examine the accounts of Union and State Governments to check whether the expenditure as incurred is properly sanctioned and whether it is properly utilised or not. However, since the frauds and irregularities in the financial

transactions are of very serious nature, delay in detection and analysis of the frauds and large scale loot of public funds highlighted the limitations of sample check. Further, CAG report is studied by parliament through Public Account Committee and Public Undertaking Committee. Inordinate delay in presentation and discussion of these reports make it irrelevant and ineffective (Shunglu, 1997). As a result of the loopholes, these institutions have not been effective to make a dent on corruption. The country has an abysmal record of penalising politicians, senior officials, industrialists and businessmen for corruption (Tribune, 2010). Therefore, following preventive and punitive measures are suggested to check this menace and cleanse the public life.

Preventive Measure: To check corrupt practices and thereby to ensure good governance, the utmost requirement is to provide clean, efficient, effective and responsive administration at the grassroot level where common people interact and interface with administrative set up for the fulfillment of his needs and services, such as non-receipt of pensions, poor delivery of rations, non-availability of adequate water, poor sanitation and drainage (Indian Express, 2011). This requires strengthening the grassroot governance and making the grievance redressal machinery effective, particularly, at district and sub-division level so that most problems of people are disposed off where they arise in a time-bound manner. In this respect, progressive acts of certain state governments, such as Delhi government's right of citizen to time-bound delivery of services act 2011, Madhya Pradesh government's public service guarantee act, decentralisation of public distribution system by Chhattisgarh government and right to service act of Bihar government to provide time-bound services across 10 departments, (Times of India, 2011) will not only increase coverage of welfare schemes but also ensure good governance. Also the Union Government's Unique Identification Project (UID) hopes to ensure sharper targeting of welfare programmes, minimise leakage and collapse the many cumbersome IDs, currently in use, into a single number (Indian Express, 2011).

Political reforms can be very decisive to cleanse the dirt in the political system. The political parties should evolve a code of conduct, which should be strictly enforced by Election Commission of India. Political class would do well to take the initiative for pushing the strict auditing of party finances, mandatory disclosure of Poll funding and greater check on entry of criminal elements into politics (Times of India, 2011).

Institution of Lokpal should be set up to counter political corruption. It should be statutory body with wide jurisdiction and powers of an independent investigation agency. Administrative reforms should be implemented to create transparency. Political activity, policy making and service delivery should be rule based and involve greater transparency and accountability. It will help to eliminate middlemen exploiting poor people (Times of India, 2011). There must be a provision to consult the affected party and transparency on memorandum of understanding (MOU's) that government enters into with private corporations in respect of land and minerals

(Roy, 2011). The statutory norms and practices should be followed while appointing officials to important constitutional posts (Tribune, 2010). Press Council of India should be given more powers to enforce professional standard and ethics (Tribune, 2010). There is also urgent need for tax reforms. Introducing good and services tax will spur tax compliance while creating a common market that boosts revenue (Times of India, 2011). As the large number of regulatory bodies have been established in the post liberalisation period, but their functioning have not been up to desired level and professional standard expected of them. There is urgent need for legislation, which would enable monitoring of the work of regulatory authorities and make them more accountable without, however, compromising their independence (Singh, 2011).

Punitive Measures: Punitive measures are aimed at strictly punishing the guilty. For it CVC should be given more teeth by making it a statutory body. It should be given the power that could be exercised by the commission of enquiry under the Commission of Enquiry Act 1952 (Aggarwal, 1997). It should have its own investigation agency. CBI should be given necessary autonomy to enable it to function as fair and independent investigation agency. The institution of CAG should be further strengthened. Considering the serious nature of financial transactions, CAG should also undertake audit of investigative nature. He should conduct the investigation of entire expenditure. His report should be discussed at proper time by parliament and state legislatures to make it relevant and effective (Shunglu, 1997). Indian Judicial System is slow and cumbersome. Therefore, it is essential to expedite the judicial process for speedy disposal of corruption-related matters. For this purpose, special courts or tribunals should be set up for speedy trial of offences under the Prevention of Corruption Act and if proved guilty, there should be provision to confiscate their property (Times of India, 2011).

These provisions if implemented in true intent will not only eradicate the menace of corruption but also create transparent, clean and effective administrative system, an essential prerequisite for good governance.

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