



Impact of Corruption and its Impact in Indian Society: Causes and Remedies

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Abstract : Corruption is widespread in Indian Civilization and it has caused maximum suffering to the human kind. Corruption has become an increasingly salient issue in India today, spawning both enormous interest from the media as well as a large amount of academic research. Yet there is a large gap between what has captured the media's attention, the policy options under discussion, and the actual evidence base drawn from empirical research on corruption. The paper discusses issues related to the nature, causes, consequences and possible remedial measures of corruption in Indian Society. It emphasizes that lack of transparency, morality, accountability and consistency as well as institutional weakness provided fertile ground for the growth of corruption in India. It also emphasizes that how corruption related to development issues in India and which kind negative effects are shown in Indian social, political and economic system. The paper also touches that which kinds of reforms are necessary to fight against corruption in India.

Introduction

That corruption adversely affects economic development has become a commonplace assertion in academia and public discussion. Identifying the precise reasons for this impact is not straightforward, however. Recent empirical and theoretical investigations shed light on the reasons by suggesting that corruption may either deter investments or render them less productive. The appropriate remedy depends on which impact is of greater concern in a given country. Corruption is an age old phenomenon and can be seen everywhere now a days. It is like a cancer in public life, which has not become to rampant and perpetuated overnight, but is course of time. The word corruption means destruction, ruining or spoiling a society or nation. A corrupt society is characterized by immorality and lack of fear or respect for the law. It is the abuse of public power for private gain. Corruption comes under many different guises like bribery, extortion, fraud, embezzlement. Misappropriations of public goods, nepotism (favouring family members for jobs and contracts) cronyism and influence pending. Corruption has been defined in many different ways, each lacking in some aspect. A few years ago, the question of definition absorbed a large proportion of the time spent on discussion of corruption

at conferences and feelings.

However like a elephant, even though it may be difficult to describe, it is generally not difficult to recognize when observed. Unfortunately, the behaviour is often difficult to observe directly because, typically acts of corruption do not takes place in broad day light.

According to Oxford Dictionary – “perversion of destruction of integrity in discharge of public duties by bribery or favour is called corruption.”

The webster's Dictionary defines corruption as “inducement to wrong by improper or unlawful means as bribery.”

The most popular and simplest definition of corruption is given by the World Bank. According to this definition corruption is that it is the “abuse of public power for private benefit”. From this definition it should not be concluded that corruption cannot exist within private sector activities. Especially in large private enterprises, this phenomenon clearly exists, as for example in procurement or even in hiring. It also exist in private activities regulated by the government. **Corruption in India**

Corruption is widespread in India. India has been ranked 94th out of 176 countries in Transparency International's 2012 corruption perception index (CPI). Corruption has taken the role of a pervasive aspect of Indian Politics and Bureaucracy. The economy of India was under socialist. Inspired policies for an entire generation from the 1950s until the 1980s. The economy was shackled by extensive regulation protectionism and public ownership, leading to pervasive corruption and slow growth. Since 1991, economic liberalization in India has reduced red type and bureaucracy, supported the transition towards a market economy and transformed the economy with high growth rate. However, although the Indian economy has become the 4th largest in the world, the growth has been uneven across social and economic groups and poverty is still on issue. Endemic and deep rooted corruption is a major factor for most social and political ills. It is a serious threat not just to sustainable economic growth, but also to the socio- political fabric of the country. In Indian civilization, corruption have caused maximum suffering

to the humankind. In ancient Indian history the great Indian philosopher Kautilya says “just as it is not possible, not to taste honey or poison put on the surface of the tongue, so it is not possible for the government servant dealing with money not to taste it in however small a quantity.” On the difficulties of corruption detection Kautilya says “just as a fish moving under water cannot possibly be found out either as drinking or not drinking water, so government servant employed in the government works cannot be found out taking money.”

After the independence corruption is widespread in Indian bureaucratic and political system fill lust small point to apex. According to an international report, the much amount of Indian black money deposited in Tax Heaven Foreign banks, if which is come out in India. Then the annual budget of India can be made without tax lies to next 30 years. It is surmised that the is how much widespread in present India after independence probably that high profile scandal was the jeep scam in 1948, when jeeps were required for the army operation in Kashmir. Other notable scandals includes the Mudgal case (1951), Mundra case (1957 – 58), Malviya – Sirajuddin Scandal (1963).

The governing climate in those days can be gauged from the many observations . A.D. Gorwala committee, set up to suggest ways to improve the system of governance. The Santhanam committee (1962) examine the problem of corruption observed in 1964 that “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.” In later years corruption will be gradually widespread in Indian society and no effective measures have yet been installed that curb the menace. The lokpal bill could not be passed in last decades; it speaks for the utter lack of political will in the country.

In recent years so many major scandals involving high level public officials have shaken the Indian public services. This scandal suggests corruption has become a pervasive aspect of Indian political and bureaucratic system. Some of them major scams are following –

- 1 Coal Allotment Scam (Cost – 186000 Crores)
- 2 2 G Spectrum Scam (Cost – 176000 Crores)
- 3 Commonwealth Games (CWG) Scam (Cost – 70000 Crores)
- 4 Mega black money laundering Scam (Cost – 70000 Crores)
- 5 Adarsh Housing Scam (Cost – 18978 Crores)
- 6 Stamp Paper Scam (Cost – 20000 Crores)
- 7 Boforce Scam (Cost – 400 Million)
- 8 Fodder Scam (Cost – 950 Crores)

- 9 Hawala Scam (Cost – 8000 Crores)
- 10 Satyam Scam (Cost – 14000 Crores)
- 11 Stock Market Scam (Cost – 3500 Crores)
- 12 Madhu Koda Scam (Cost – 4000 Crores)

Status of Corruption in India

There is no denying the fact that there is widespread corruption in India. Petty corruption which affects the basic rights and services of the common man is highly rampant besides the grand corruption scandals which break out every now and then. A report on bribery in India published by Trace International in January, 09 states that - 91% of the bribes were demanded by govt. officials. - 77% of the bribes demanded were for avoiding harm rather than to gain any advantage. - Of these 51% were for timely delivery of services to which the individual was already entitled. Example, clearing customs or getting a telephone connection.

Indian economy is 6th largest in the world and it fares pretty well in some of the global competitive indices. In terms of the strength of the financial institution, business sophistication and innovation, we are among the first 30 countries in the world, while in terms of corruption we are ranked 85th by the Corruption Perception Index of Transparency International. That means half of the countries of the world are less corrupt than India. The Transparency International’s Bribe Payer Index for 2008 ranks India in very poor position - 19th among 22 countries. This means that Indian firms are perceived by international business as highly likely to engage in bribery when doing business abroad. Most of the corruption as well as governance indicators show that there is little change in India’s position over the years.

Impact of Corruption

Corruption is a serious economic issue as it adversely affects the country’s economic development and achievement of developmental goals. It promotes inefficiencies in utilisation of resources, distorts the markets, compromises quality, destroys the environment and of late has become a serious threat to national security. It adds to the deprivation of the poor and weaker sections of the economy. Various attempts have been made to indicate the impact of corruption in quantitative terms. Some estimates show that govt. loses about Rs. 2 lakh crores annually due to tax evasion while about Rs. 40,000 crores is lost due to delay in projects. Transmission and distribution losses in the Power Sector are estimated to be about 50%, out of which about 30% is attributed to theft in connivance with the Electricity Boards employees. According to one estimate if corruption was not there, the Public Sector Enterprises would have improved their profit margin by almost 20%. According to a corruption economist (Mauro) if corruption in India is reduced to the level of the Scandinavian countries, then investment would rise by 12% annually and GDP would grow at an additional 1.5%.

Causes of Corruption

In this section, we briefly review the major causes of corruption in India. Given the complexity and breadth of an issue such as corruption, it is impossible to fully account for all of the underlying drivers that create incentives for corrupt behavior. Rather than attempting to construct such an unwieldy inventory, we focus instead on stylized drivers of corruption. India's per capita Gross Domestic Product (GDP) in 2015 places it among the ranks of the world's lower middle-income countries. Given the inverted-U shaped relationship between corruption and per capita GDP across countries, it seems intuitive that corruption in India might pose a particular challenge. In the poorest countries, corruption is limited because there is, frankly, not much to steal; in the most undeveloped economies, there is little need to delegate the types of discretionary tasks that lend themselves to bribery. On the opposite end of the spectrum, the rich, advanced industrialized countries have developed robust legal frameworks and institutional and enforcement mechanisms necessary to deter and combat corruption. As Laffont (2006) points out, one is likely to find the greatest corruption in those countries standing at the unfortunate juncture of a heavily regulated economy that does not yet boast adequate enforcement capacity. We refer to these two factors—lack of enforcement capacity and regulatory complexity—as “deep” causes, insofar as they reflect the key institutional parameters that define India's corruption environment. The remaining two drivers— inadequate regulation of political finance and shortcomings in public sector recruitment and postings—are more “proximate” in nature. By proximate, we do not mean to imply that they can be easily addressed in the short term, but rather that they are well-defined pathologies spawned by larger infirmities plaguing India's institutional moorings. Based on the literature, we believe these four drivers set the stage for the vast majority of corrupt acts taking place in India in recent years.

The important causes of corruption in India are poor regulatory framework, exclusivist process of decision making aggravated by discretion and official secrecy, rigid bureaucratic structures and processes; and absence of effective internal control mechanism. Social acceptability and tolerance for corruption and absence of a formal system of inculcating the values of ethics and integrity further propagates corruption. Significant levels of corruption exist in India despite the existence of a relatively strong governance structure, institutions, legal framework and policies. The anti-corruption laws and institutions coupled with a strong oversight system consisting of the CVC, CAG and the CIC have been well acknowledged. The problem lies in implementation and there is a huge gap between the policies and practice. Public procurement is an activity highly prone to corruption and which has serious impact on the industry as well as the market. According to World Bank estimate, the average bribe to obtain a public contract is

estimated at 15% of the contract value. The CVC therefore maintains a high focus in this area.

Anti-Corruption Efforts Undertaken

The Central Vigilance Commission though created in 1964, became an independent statutory body only in 2003 by an Act of parliament based on a judgement of the Supreme Court. Its mandate is to oversee the vigilance administration and to advise and assist the executive in matters relating to corruption. It investigates cases of corruption arising out of complaints or detection by vigilance wings in the various departments and recommends punishment wherever required. It is then for the executive to punish the individual official. Anti-corruption efforts were so far focussed only on enforcement wherein it was assumed that strict enforcement of anti-corruption laws and punishing the corrupt public servants will have a serious deterrent effect. This approach has not been effective because of the cumbersome process involved in punishing the errant and the deterrent effect is lost due to delay and dilution of punishment. Therefore having realised the shortcoming of an enforcement focussed strategy, the Central Vigilance Commission is now proposing to lay greater emphasis on prevention and education and generation of awareness among the people as a more effective and sustainable means of fighting corruption. We plan to develop a sound preventive vigilance framework which would enable organisations to assess the risk of corruption and take steps to correct the policies, procedures and systems and strengthen their internal controls to eliminate the scope for corruption in the first place. One of the preventive strategies successfully deployed by the CVC is the leveraging of technology to combat corruption, by persuading organisations to adopt IT and automate the activities and process vulnerable to corruption. The results of this exercise have been encouraging and our efforts been internationally recognised. An important requirement for the success of anti-corruption efforts is that it should be participative i.e. involve all the stakeholders and establish coordination among all agencies fighting corruption. These elements have been lacking so far. **Role of Private Sector in Fighting Corruption**

Anti-corruption efforts in India have been largely focussed on the Public Sector which is called the “demand side” in the parlance of corruption economics. The private sector which forms the “supply side”, which actually pays the bribes, has been largely ignored. The supply side theories often put the onus of fighting corruption on the private sector. It states that firms pay bribes primarily for overcoming their shortcomings in terms of - poor quality of their product/service, high price of their product or to create a market for their goods which otherwise are not in demand. Thus they pay bribe to stay in competition despite these handicaps or to avoid true and fair competition. Corruption is the anti-thesis of a free, fair, competitive and efficient market, as it distorts the objectivity, transparency and fairplay in

the market. It may therefore be argued that business entities are obliged to maintain integrity in order to maintain the efficiency and sanctity of the market. It would be self destructive to distort the very market on which they are dependent for their existence. Therefore the theory X of corruption economics advocates that given an opportunity and if the fears of the private sector are allayed, they will at all cost stand up against corruption. It is this thinking that has given rise to instruments like Code of Conduct and Integrity Pact through which we try to involve the private sector in fighting corruption.

International efforts have equally focused on tackling the “supply side” of corruption and most of the countries have either formulated their own Foreign Corrupt Practices Act or are signatories to Anti- Bribery Conventions. Therefore international pressure is building up on countries to formulate laws and take action against the private business in their countries who attempt to bribe foreign governments to obtain contracts. This is aimed at achieving fairplay and competitiveness in international business. International economic and financial organisations are strongly pursuing this. As Indian companies are becoming globally competitive, we may sooner or later have to address these concerns.

Remedial Measures (Cure) To Combat Corruption

Corruption is a cancer, which every Indian must strike to cure. Many new leaders declare their determination to eradicate corruption but soon they themselves become corrupt and start amassing huge wealth. Many people become materialistic and money oriented, there is no importance of ethics and morals in business dealing. This is because these kinds of people have no moral accountability to anybody or about society or nation.

There are many myths about corruption which have to be exploded if we really want to combat it :-

Public awareness is must to combat corruption in India, for this it should be must to improve our education system because education is the best mean to understand fundamental rights and Right – Wrong conversation. Corruption can be remed if people can understand and start to believe the value of ethics and morality in their life. People will start to believe that their life is accountable if they really start to believe in God, in oneness of God and if they really start to live life on the way which God has chosen for mankind. Foolproof laws should be made so that there is no room for discretion for politicians and bureaucrats. The role of the politician should be minimized. Application of the evolved policies should be left in the hands of an independent commission or authority in each area of public interest. The decision of the commission or authority should be challenged only in the courts. Cooperation of the people has to be obtained for successfully containing corruption. People should have a right to recall the elected representatives if they see them becoming indifferent to the electorate. Funding of elections is at the core of political corruption. Electoral reforms are

crucial in this regard. Several reforms like state funding of election expenses for candidates, strict enforcement of statutory requirements like holding in-party elections, making political parties get their accounts audited regularly and filing income-tax returns, denying persons with criminal records a chance to contest elections, should be brought in. Responsiveness, accountability and transparency are a must for a clean system. Bureaucracy, the backbone of good governance, should be made more citizen-friendly, accountable, ethical and transparent.

More and more courts should be opened for speedy and inexpensive justice so that cases don't linger in courts for years and justice is delivered on time. Local bodies, independent of the government, like Lok pals, Lok adalats and vigilance commissions should be formed to provide speedy justice with low expenses. The Strongest lokpal is must to remed corruption in India. With the help of the Right to Information Act, citizens should be empowered to ask for information related to public services, etc. and this information should be made available to general public as and when required. Such stringent actions against corrupt officials will certainly have a deterrent impact.

Conclusion

There is a much better grasp today of the extent to which corruption is a symptom of fundamental institutional weaknesses in Indian society. Instead of tackling such a symptom with narrow intervention designed to “eliminate” it, it is increasingly understood that the approach ought to address a broad set of fundamental institutional determinants. However, the challenge of integrating this understanding with participatory process has barely begun. The implementation of institutional reforms can benefit significantly from the participatory process that is being developed for anti-corruption activities. Equally important, any participatory process, however sophisticated, ought to lead to concrete results beyond enhanced participation and heightened awareness. Thus, identifying key institutional reforms in India, and mobilising support for such reforms, needs to be fully integrated into the participatory process from very early on. Such early convergence is likely to promote a better balance between prevention and enforcement measures in addressing corruption. Until recently, the pendulum was firmly in the “enforcement” corner. The gradual swing towards the middle ground has taken place due to recognition of the limitations to expose legalistic enforcement measures, since the law institutions themselves are currently part of the corruption problem in India. Therefore, corruption is an intractable problem in India; it is like diabetes, which can only be controlled, but not totally eliminated. It may not be possible to root out corruption completely at all levels but it is possible to contain it within tolerable limits. Honest and dedicated persons in public life, control over electoral expenses, could be some of the important prescriptions to combat corruption.

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