

Fighting Corruption in Developing Countries : Dimensions of the Problem in India

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Abstract:

Corruption is internationally recognised as a complex social, political and economic phenomenon that impinges on every aspect of society. In developing countries the opportunities for corruption develop whenever public functionaries have large discretion in exercising the powers and little accountability for their actions. To better understand the phenomena of corruption as it exists in countries like India, it is necessary to understand the causes, dynamics and the impact of such practices at the top level, middle and the lowest levels. The Staircase Model of Corruption seeks to examine these aspects of corruption in India. In developing countries like India with over 250 million poor people the impact of corruption on the process of development is very severe. The various impacts of corruption in developing societies varies from retarded development, poor quality of goods and services, reduced foreign capital inflows, deterioration of democratic institutions etc. IN combating corruption it needs to be recognized that while the war against corruption has to be fought globally, the battles are to be fought locally. The individual citizen, the small groups in remote villages, the NGOs and other concerned citizen's groups, large and small corporates, individual public and private organizations, local governments, national governments, international bodies all have to fight against this malaise in their respective spheres of activity. Strengthening of Democracy and its institutions is an indispensable requirement. Enlargement of the role of local self governments would increase the participative nature of democracies and reduce the government-citizen interface paving the way for faster development and reduced opportunities for corruption. The launching of the National Highways Development Project and the Prime Minister's Rural Roads Project in India have revolutionized the road sector in India. This has also thrown up more challenges in face of increased potential of corruption in this sector. Some of the common types of corrupt practices inflicting the road development in India are examined along with case studies. Specifically for Low Volume Roads serving Rural Areas the Contribute-Own-Operate-Maintain (COOM) Model is suggested as a model offering a possible way out the various problems faced in this sector including low availability of funds for construction and maintenance, poor monitoring, no participation by local community, low quality of roads etc.

Fighting Corruption in Developing Countries : Dimensions of the Problem in India

"Just as it is impossible not to taste honey or poison that one may find at the tip of one's tongue, so it is impossible for one dealing with government funds not to taste, at least a little bit, of the King's wealth"

- Kautilya 'The Arthashastra' A treatise on politics and economics c 250 BCE.

Corruption is internationally recognised as a complex social, political and economic phenomenon that impinges on every aspect of society. The World Bank estimates that if worldwide income derived from illicit transactions reaches 5% of the global output then given a gross world product of \$ 33 trillion with 50 % involving illicit transactions like bribes etc, the volume of corruption related transactions would approach nearly one trillion dollars annually. In India, the estimates of money generated from corrupt practices vary widely from study to study. However to get an idea of the amounts involved in such illegal transactions, the PHD Chamber of Commerce in a report published in the Economic Times had concluded that the unaccounted money in India is estimated to be in the range of Rs. 350 to 700 thousand crores (US\$ 80 billion to US\$ 150 billion approximately).

Defining corruption

It is difficult to arrive at a comprehensive, universally applicable and unanimously acceptable definition of corruption. The definition of corruption and corrupt practices varies from country to country. The World Bank and other multilateral institutions refer to it as "the abuse of public office for private gain". It involves the seeking or extracting of promise or receipt of a gift or any other advantage by a public servant in consideration of the performance or omission of an act, in violation of the duties required of the office.

United Nations Manual on Anti-Corruption Policy also defines corruption as an abuse of (public) power for private gain that hampers the public interest. But the most functional definition adopted by various international organizations such as Transparency International and Asian Development Bank is the "misuse of public office for private profit or political gain" because, by and large, it covers all types of corruption/corrupt practices and abuses of public office. To elaborate the abuse of public office for private gains, World Bank has identified specific instances of this nature as follows:

"Public office is abused for private gain when an official accepts, solicits or extorts a bribe. It is also abused when private agents actively offer bribes to circumvent public policies and processes for competitive advantage and profit. Public office can also be abused for personal benefit even if no bribery occurs, through patronage and nepotism, the theft of state assets or the diversion of state revenues."

(World Bank, Helping countries combat corruption: the role of World Bank 1977)

What Causes corruption?

There are many causes of corruption at both institutional and individual levels. In the context of developing countries like India, various factors can be elaborated ranging from socio-cultural to politico-economic. Some of the more common ones being, decline in religious beliefs or in public morality, lack of clarity of standards of appropriate societal behaviour, value conflicts in the post colonial settings where the standards and practices of the traditional relationships are at variance with those of the residual colonial institutions.

An interesting conceptualization of the opportunity for corruption within an institution has been made by a political scientist Robert Klitgaard. He gives the following formula :

$$\text{Corruption} = (\text{Monopoly}) + (\text{Discretion}) - (\text{Accountability})$$

He states that “the opportunity for corruption is a function of the size of the rents under a public official’s control (M), the discretion that official has in allocating those rents (D), and the accountability that these official faces for his or her decisions. (Robert Klitgaard, Controlling Corruption Berkeley; University of California)

There exists a complex set of the determinants of corruption

- poor institutions to ensure the rule of law and safeguards for the rights of property,
- poor institutional structures to protect civil liberties
- poor standards of governance (including the level of professionalism of the administrative service) and economic policies

These when applied to the existent conditions in most developing countries generate an environment which seems to play an enabling role for the emergence and perpetuation of corruption. These conditions include:

- A large mass of population with a large section impoverished and uneducated.
- A large programme of public investment in most of the public spheres ranging from the provision of basic needs to large scale public works.
- A concentrated section of political and economic elite empowered to take all the important decisions regarding the utilisation of public funds, organisation of services etc following a rigid stereo typical ‘Top to Down’ pyramidal model of decision-making.
- A complicated and unclear set of rules and regulations which combined with large gaps in policy allow discretion in interpretation and ‘bending’ the rules as per convenience.

- An environment of aggressive competition to garner maximum power – political or economic power or both in conditions which are yet to frame a complete set of rules and regulations to systematize the processes.

The World Bank in its report of 1997 states that corruption thrives:

“where distortions in the policy and regulatory regime provide scope for it and where institutions of restraint are weak. The problem of corruption lies at the intersection of the public and the private sectors. It is a two-way street. Private interests, domestic and external, wield their influence through illegal means to take advantage of opportunities for corruption and rent seeking, and public institutions succumb to these and other sources of corruption in the absence of credible restraint.”

Thus in developing countries the opportunities for corruption develop whenever public functionaries have large discretion in exercising the powers and little accountability for their actions. This is helped whenever government policies leave gaps which create opportunities for middlemen or the agents of corruption to pursue their trade. Such opportunities also develop because of prevalence of administrative secrecy which encourages corruption and lobbying and insularity from democratic control.

Hence such root causes of corruption and also other causes which give rise to corruption and support its perpetuation need to be properly understood.

Understanding Corruption in Developing Countries :

The economist Mehbub-ul-Haq, spoke of two dimensions of corruption in South Asia.

- Exploitative corruption : where the public servant exploits the helpless poor citizen.
- Collusive corruption : where the citizen corrupts the public servant by an offer of a bribe in order to get financially and beneficially, better benefits.

He also pointed out four key characteristics that make corruption more damaging in South Asian countries than in any other parts of the world:

1. Corruption in South Asia occurs up-stream, not down-stream. Corruption at the top distorts fundamental decisions about development priorities, policies and projects. In industrial countries, these core decisions are taken through transparent competition and on merit, even though petty corruption may occur down-stream.
2. Corruption money in South Asia has wings, not wheels. Most of the corrupt gains made in the region are immediately smuggled out to safe havens outside the country. As compared to the developed economies a developing economy is hit harder by this capital flight
3. Corruption in South Asia often leads to promotion, not prison. The political-administrative-judicial institutional weaknesses allow the big fish to escape. The corrupt are often too powerful to be subjected to an honest process of accountability.

4. Corruption in South Asia occurs with 550 million people living in poverty where the basic needs of the population are yet to be met.

Transparency International: Study of Indian Corruption

Transparency International's survey of international business' perceptions index – The Corruption Perception Index (CPI) with a score of 2.8 ranks India at a poor 90 in a field of 145 countries included in the survey. The CPI score relates to perceptions of the degree of corruption as seen by business people and country analysts and ranges between 10 (highly clean) and 0 (highly corrupt). The Index is a poll of polls, reflecting the perceptions of business people and country analysts, both resident and non-resident. In the last survey of this nature India was allotted a score of 2.7 out of 10 and ranked 71st amongst 102 countries in 2002.

CORRUPTION PERCEPTION INDEX AND RANK OF INDIA, 1995-2004

Year	No. of countries	CPI	Rank
1995	41	2.78	35
1996	54	2.63	46
1997	52	2.75	45
1998	85	2.9	66
1999	99	2.9	72
2000	90	2.8	69
2001	91	2.7	71
2002	102	2.7	71
2004	145	2.8	90

Source: Corruption Perception Index, Transparency International, Berlin

CPI as the name indicates is a study based on perception of business people and risk analysts. It neither reveals the level and extent of corruption nor identifies sectors where corruption is prevalent. It is not based on hard data. But is a poll of polls. Hence CPI though relevant gives an overall view, falls short of identifying specific areas that need to be addressed, possible plan of action etc. Hence, TI recommends that there is a need for national and state level assessments of the actual experiences of the common man who is the legitimate recipient of the public services delivered by the government, and bears the brunt of all acts of mis-governance and corruption.

India Corruption Study 2005

In a recent study report published by Transparency International India titled “India Corruption Study 2005” the magnitude of the petty corruption faced on day-to-day basis by the common citizen has been clearly brought out. The path breaking study covers the prevalence of corruption in eleven public services and incorporates the feedback from twenty major states of the country covering a sample of 14,405 respondents from 151 cities and 306 villages. The eleven public services covered in this study are: Police (Crime/Traffic), Judiciary, Land Administration, Municipal Services, Government Hospitals, Electricity (Consumers), Public Distribution System (Ration Card/Supplies), Income Tax (Individual Assesses), Water Supply, Schools (upto high school) and Rural Financial Institutions (Farmers).

The major findings of the report are:

- Common citizens of the country pay a bribe of Rs. 21,068 crores while availing one or more of the eleven public services in a year.
- 62 percent of citizens have had a firsthand experience of paying bribe or “using a contact” to get a job done in a public office.
- 75 percent of those interviewed think that the level of corruption in public services has increased in the last one year (2004-2005). Less than 10% think that such corruption is on the decline.
- One-third of citizens think that “both the officials concerned and the users” of these eleven services know how much to be paid as “extra” to get a job done or attended to.
- One-third to half of the compulsions leading to such petty corruption involving the common man could be addressed and also removed with simple initiatives including introduction of technologies.
- Amongst the service sectors studied Police emerges as the highest ranked on the corruption index. Judiciary (lower Courts) and Land Administration are close seconds. The corruption in government hospitals is mostly to do with non availability of medicines, obtaining admission, consultations with doctors and availing diagnostic services. Despite reforms, electricity service figure high on corruption index. Ration Shops under PDS figure lower in the corruption index score only because the problem of common man in dealing with these services is more to do with leakages in the system rather than direct monetary corruption.

The Study identified seven key factors that stand out as responsible for wide spread corruption in the system. These include,

1. Lack of transparency and accountability in the system,
2. Lack of an effective corruption reporting mechanisms,
3. Lack of honesty in officials in the Government,
4. Acceptance of Bribe as a way of life, custom and culture,

5. Ineffective judiciary,
6. Poor economic policies,
7. Inadequate training and orientation of Government officials

Analyzing Corruption in the Indian context:

Root Cause Categorization:

Often the types of corruption are categorized on the bases of the 'root cause' of the malpractice as viewed from the perpetrator's perception. On this basis we can have two broad categories:

- **NEED Based Corruption:** Where many reasons are perceived by the perpetrator to justify his participation in corrupt practices. These justifications can range from inadequate levels of salaries to public servants to the pressure of being a part of a corrupt 'system' leaving little or no option but to participate in the process.
- **GREED Based Corruption:** Corrupt practices which cannot be justified by the logic of NEED Based Corruption.

A closer scrutiny would however reveal that the so called 'Needs' used to justify corruption are a matter of perception on the part of the perpetrator and the relative importance he attaches to these 'needs' vis-à-vis the need to stay clean. Thus the 'root cause' categorization would be an inaccurate model of this phenomenon and all occurrences of corruption would find naissance in the 'greed' oh the perpetrators. Thus we clearly recognize that there can be no justification for corruption based on fulfillment of basic needs or any similar pretext.

Quantum or Impact based Categorization:

A distinction between corruption on a large scale and petty corruption can be made out on the basis of the quantum of public funds involved or the over all number of people affected or some similar yardstick. Often instances of large bribery scandals involving millions of dollars are placed in the category of Large Corruption cases while those involving smaller amounts are termed small and petty instances of corruption. This demarcation fails when we include the critical factor that often small and petty instances of corruption are in fact part of a large organized system of corruption and also the common man is affected more frequently and often more severely by the corruption he faces in his daily life.

Grand and Petty Corruption:

Distinction is often made on the basis of the level at which corruption exists

- **Grand corruption :** when public policy making, its design and implementation are compromised by corrupt practices.
- **Petty corruption :** the use of public office for private benefit in the actual course of public service delivery

This is also directly linked to the level of the persons involved in such practices. Only the members of the socio-politico-administrative power elite have the opportunities to

distort the system at the fundamental policy design and implementation levels to gain undue advantages. Perpetrators of petty corruption are more common and widespread as the potential to exploit public office exists at all levels from the very top to the lowest public official.

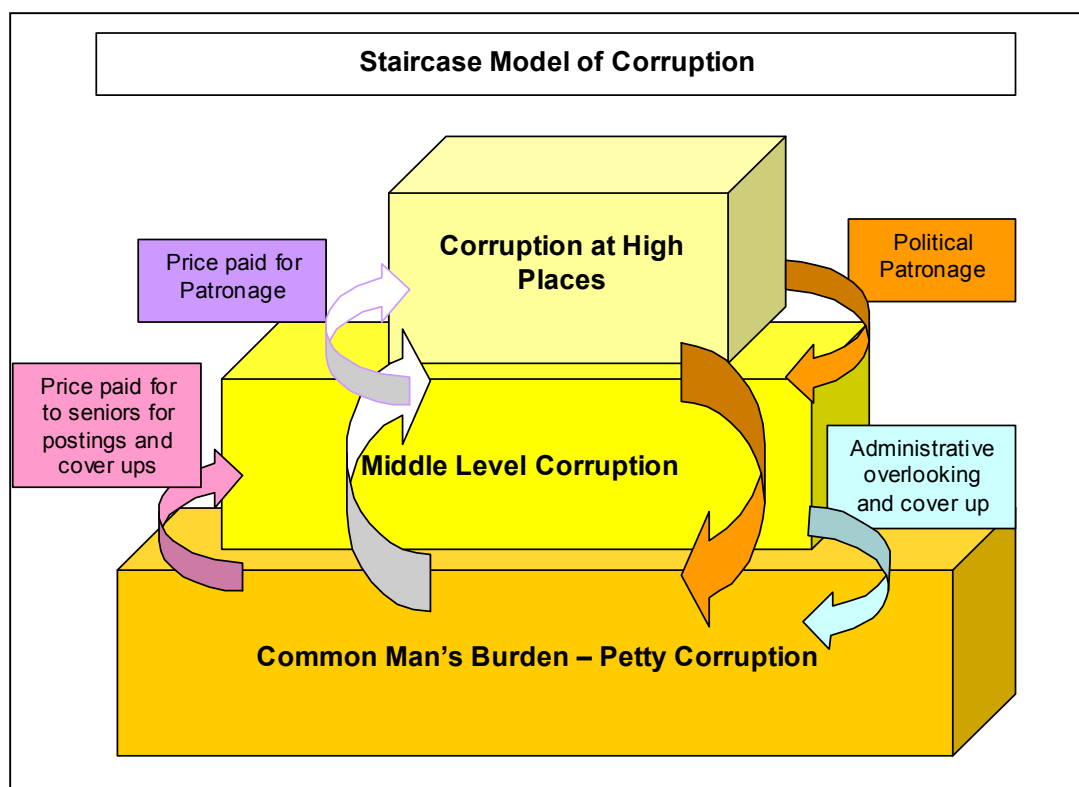
Thus a clearer understanding of the phenomenon of corruption in developing countries, like India would require an analysis which takes into account various facets of the problem including:

1. Scope and ambit of corruption in terms of the levels of institutions and systems affected
2. Level of the person(s) involved in its perpetration
3. Number and the socio-economic level of the persons directly affected
4. Quantum of funds involved
5. Frequency of occurrence of corruption and its degree of visibility
6. Availability and Effectiveness of the Redressal mechanism
7. Degree of difficulty in curbing such corruption

With these factors in mind, to better understand the phenomena of corruption in India a 'Staircase Model of Corruption' is proposed. This model divides corruption into three broad categories

1. Corruption at high places
2. Middle level corruption and
3. Common man's burden – petty corruption

The characteristics of each of these levels and there interactions is described in the following paragraphs.



Corruption at High Places or Top level Corruption occurs when fundamental systems and institutions responsible for public policy making, its design and implementation are corrupted. Such distortions are capable of being introduced only by a select club of the socio-politico-administrative power elite of a society. The quantum of amounts sought to be gained for private purposes are astronomical. Through an unholy alliance between the members of this elite which assert their control over a wide domain of public power – legislative, administrative, judicial – systems are established to which distort the fundamental decision making process impacting the entire country, to benefit a select few. This system includes a strong defense mechanism for the perpetrators of these corrupt practices. This powerful elite is successfully shielded from the scrutiny of audit or in such audits are used to cover up the underlying mal practices. Political patronage, nepotism, favouritism are a common occurrence as the perpetrators go on with their business with total disregard to the basic objective of their functioning – to ensure public good. Lack of information to the public at large and collusion by sections of the media ensure low visibility of these crimes in high places. The effects of this level of grand corruption, though immense, are seldom recognizable as a direct consequence of these malpractices by the common citizens who are the ultimate sufferers.

Defense equipment purchases, large public investments in infrastructure sector (roads and highways, electricity generation, ports and airports etc), Procurement policies for food grains, edible oils etc intended for the public distribution systems, acquisition and allocation of land for large projects (highway construction, airports, large industries etc), structure of subsidies and tax exemptions are some examples of where such top level corruption tends to occur as there are huge gains sought to be made with little or no risk of answerability.

On a rare occasion this 'steel frame' is pierced due to infighting amongst the members of this corrupt alliance. Political rivalry, judicial intervention and exposure by the media are increasingly becoming the major nemesis of such corrupt persons. Public organizations, Non Governmental Organizations (NGOs) and other citizen groups are demanding more and more transparency at the top most levels. Resistance to such demands, by the power elite is clearly apparent in the attempts to keep the business of governance shrouded in secrecy.

Middle level Corruption may be understood in terms of the bribe and illegal consideration which are paid at the execution and implementation levels. The perpetrators of such corrupt practices are those responsible for executing the public projects and/or delivery services. Bureaucrats, engineers, administrators at various levels are typical examples of such persons. For example a project for construction of a National Highway after the stage of approval of the basic policy framework is under the charge of the implementing government agency headed by a bureaucrat or an engineer. Design of the highway, procurement of materials, land acquisition, selection of private contractors for execution of the project etc are all decisions within the purview of the agency. 'Road Mafia' is a common phrase in the lexicon of road construction. This Road Mafia seeks to divert undue advantage to a select few contractors to the exclusion of others. The normative structure of open tendering and other equitable procurement rules are given the go by. This operates as a collaborative alliance between the engineer, the contractor, the suppliers of material and equipment, the local police, the bureaucrat and last but not the least the local politicians. Often one actor appears in more than one *avatar* to increase his share of the profits. *Collaborative* rather than the *Exploitative* element in such corrupt dealings is an important feature. The review and control over such decision making is usually again bureaucratic in nature. "Ensuring the continuation of the system by protecting one's own" is a common maxim followed by the perpetrators of this level of corrupt practices.

Other examples of such level of corruption are connivance by government officials with large business interests in order to evade tax liabilities. Corruption of the law enforcement agencies like the police allows criminals to evade arrest or those arrested to be 'benefited' by poor investigative exercise allowing them to get bail or a release from the courts easily. Corruption of the judicial processes to allow those charged with crimes under the law to be let off is another such example. The degree of immunity of this level of corrupt officials is also quite high but not similar to that enjoyed by those at the top levels. Perpetrators at this level are in constant need of 'political godfathers' who would protect them when their misdeeds stand exposed. Very often than not the corrupt officials at this level escape their due punishments due to their 'contacts' at high places. These 'contacts' however, frequently demand a heavy price. This price is paid off by increasing the earnings through corrupt practices. Thus this 'price hike' is passed on to the common man.

A plethora of laws and administrative rules and regulation exist to check these corrupt practices. A large number of organizations at various levels of government also exist to implement these laws. In India, for example, the Central Bureau of Investigation, the Central Vigilance Commission often use the Prevention of

Corruption Act to book those found to be guilty of such malpractices. The income tax department acting under the provisions of the Indian Income Tax Act and other related acts seeks to stamp out such wrongdoings. The effectiveness of these measures is a direct function of the efficiency of these agencies. At times corruption penetrates these very agencies and blunts their attack against corruption.

Such practices are not always invisible to the educated sections of the middle class in India. Right to Information Act and other such progressive measures have empowered the 'silent sufferers' to come out openly against such corruption. Media exposure, judicial review and the good work being done by the enforcement agencies is helping immensely in the fight against corruption at this level. Political godfathers also tend to withdraw their support to such corrupt officials once their public exposure becomes imminent. There is hope in the fight at this level of corruption.

Common Man's Burden: Petty corruption strikes very frequently at the point of delivery of public services. A common example is the distribution of entitlement of food grains at a subsidised price to the members of the economically weaker sections of the community. The agent charged with this responsibility either denies this entitlement to the eligible person or demands a price higher than that prescribed, in order to pocket the difference. Time and again, cases of diversion of stocks of subsidised food grains to the open market at prevailing much higher market prices, come to light. What needs to be noted here is the socio-economic level of the person being directly affected. He not only suffers from poverty but also a total lack of information regarding his rights and entitlements. Even though elaborate systems and institutional structures exist to offer him relief, but he is unaware of them. These bureaucratic structures are also apathetic to the plight of such dis-empowered victims of corruption and do not deem it fit to initiate efforts suo moto, to check such wrongdoings.

The amounts involved in each instance of petty corruption may be small as compared to the money which changes hands higher levels of corruption, but what magnifies the wrong committed by instances of petty corruption is

- a) Frequency of its occurrence: such instances occur in the common man's day to day life and in practically all spheres of delivery of public services.
- b) The amounts paid as bribes in such transactions are a very high when seen as a percentage of the income earned by the payees.
- c) The Exploitative element is the ruling characteristic in such corrupt dealings (as opposed to the collaborative nature of higher levels of corruption.)

This if one were to distinguish between the various sections of society in terms of how they are affected by corruption, it is evident that it is actually the lowest rung of the stakeholders in a society (the socio-economically weaker sections of society), which pay the heaviest price for corruption. This when seen with the fact that this section actually contributes the least to sustain corruption in society brings out the stark irony of the situation. This is also the section who feels most dis-informed and dis-empowered to act against this evil.

What allows for the corrupt system to perpetuate is the victims remain silent in the mistaken belief that the cost of corruption is not too high and that even without corruption there would not be much change in their life. This pessimism is compounded by the confusing belief that in fact the well to do section actually pay more than they do. India's former Prime Minister Rajiv Gandhi had observed that "For every rupee spent on the anti-poverty programmes, only 15 paise reach the beneficiary". In this context India's Chief Vigilance Commissioner had remarked "out of the remaining 85 paise, 40 paise perhaps can be accounted for administrative overheads and 45 paise is pure corruption."

Often the tolerance demonstrated by the affected persons to such debilitating incidence of corruption is sought to be explained in cultural terms. While it is not possible to agree with this nature of explanation but it is evident that those affected by such day to day instances of petty corruption do not view the money being diverted as their own. They are seen as 'government funds' which anyway did not belong to them. They feel beholden to the petty bureaucrats or government agents who deliver a small morsel of the funds intended for them. They feel no need to demand an account from their 'benefactors'.

The three levels are not independent and there exist many instances of co-habitation and overlap of areas of influence. Political Patronage from the top flows to all levels of officialdom and the price for such patronage is paid in terms of money or return favours and specific services by those benefiting from such patronage. Misuse of official machinery by politicians for political advantage often results from such a corrupt interchange between the political benefactors and the officials. The pliant officials who help their political bosses are rewarded with lucrative postings after the politicians are elected to power. Subversion of the democratic process is a major casualty in this whole process.

Connivance of law enforcement officials has allowed the political-criminal nexus to perpetuate and in some cases dominate the political scene. The common citizen is reduced to a helpless spectator in this reprehensible drama of loot of public funds and demolition of democratic institutions.

Why "Staircase" Model of Corruption?

The reasons for christening this model as a "Staircase" model are as follows:

1. A Staircase is a set of steps which are progressively connected and lead upwards (or downwards!) towards a new level. As described above the various levels of corruption exist in a mutually supporting network of illegal activities. And the degree and intensity of the corrupt practices progressively increases with each level.
2. Like in a staircase there exists a possibility of moving upwards from a lower level to a higher echelon where the stakes become higher. This is most easily demonstrated by the phenomena of criminalization of politics. Petty criminals who indulged in petty corruptions as road and rail contractors etc progress to

enter the realm of politics by utilizing their money and muscle power and thus gaining political power by distorting the democratic process.

3. Most important reason for terming this model as a Staircase, lies in the old Indian saying that says “to clean a staircase, always start sweeping from the top”. This holds an important lesson for those wanting to tackle corruption. The problem would never really be solved if the corruption at the top – corruption at high places - is allowed to continue unchecked. The demonstrative effect of detecting and punishing a high ranking corrupt official or politician as compared to many cases of petty corruption is immense. This is not to say that petty corruption cases should be ignored, but once a drive is carried out to sweep clean the lower steps, subsequent cleansing of the higher steps would invariably allow the dust to litter the lower steps once again.

Case Study No. 1: Corruption due to Subversion of Programme Objectives by the Local Engineering Bureaucracy : Community Drinking Water Project

(As the matters in the case, the names and locations have been changed however the other details remain unchanged.)

Location : District Rampur in the North Indian State of Punjab
Project : Community Drinking Water Project
Year : 2002-03

The North Indian State of Punjab has been a major beneficiary of the 'Green Revolution' of the 1960s in India where new technology and farm management techniques had revolutionized food grain production leading to a multifold increase in production and farm incomes in a period of a few years. This dramatic change was achieved by the hard and diligent efforts put in by the Punjabi farming community. This has ensured that even today Punjab continues to enjoy a per capita income nearly 30 times higher than the national average.

While water for the crops was assured by an elaborate system of Canals and supplemented by boring tube-wells to tap the underground water, what could not be assured in this southern district of Punjab was an adequate supply of potable water for the villagers. This was mainly due to the fact that most of sources of underground water suffered from mineral contamination (like excessive fluoride etc) and were unsuitable as sources of potable water.

The state government's response to the problem was to construct drinking water supply projects which were fed by the Canal Water. Raw stock of water was pumped up into large overhead tanks and subsequently purified using large multi stage purification tanks. Distribution was through pipes which reached the water from this Water processing plants to individual consumers. The entire responsibility for the design, construction, operation and maintenance (O&M) of such projects lay with the government engineering department. Soon the disadvantages of these projects became apparent.

- The projects required large doses of capital investment for construction of tanks etc and purchase of machinery and equipment.
- Often large areas of land were required to set up such projects. Land in this highly fertile region was scarce and extremely expensive.
- The water processing unit was dependent on its supply of raw water on the canal water system which was the mainstay for the water utilized for agriculture. Often Individual agriculturists diverted the precious water meant for the water processing plant into their fields.
- The involvement of the local population who were the actual consumers, in the setting up or O&M of such projects was minimal if not non-existent.

The local community viewed these projects as Government Projects over which they had no control. Instances of mis-utilisation of funds for these projects were ignored by the locals as it was seen as a matter of none of their concern. But supply of potable water is very essential for the day to day life of the community. It was not long when the bureaucratic apathy, swindling of maintenance funds, and general neglect led to a situation when these water processing plants began to fail and supply of potable water to the villages began to fail. The affected population became restive and agitated and openly expressed their dissatisfaction with the existing systems.

The crisis created by this situation prompted the government into action. With World Bank assistance a 'Sector Reforms Project' (SRP) for assuring supply of potable water, was launched in selected districts of India in the early 1990s. The model under this SRP was fundamentally different from the earlier models in so far as:

The community was to contribute 10% of the cost of setting up of the project and the balance was to be paid by the government.

The ownership of the project would transfer to the community after the completion of the project.

The community would be actively involved with the decisions regarding the nature and type of water supply scheme to be set up, its design, its construction etc.

O&M would be the sole responsibility of the community.

User charges were to be finalised and collected by the community to finance the O&M of these projects.

The government's engineering department would assist in all manner possible in this endeavour, particularly in the training of local *mistry* (repairmen) and *munshi* (accountant) who would be local persons nominated by the community.

This new community based approach was to have another major direct affect – The corruption of the local engineers and petty bureaucrats in the setting up and running of these projects was to be checked. This turned out to be the major reason why the local engineers and petty bureaucrats sought to scuttle this new approach.

Soon after the launch of this project allegations surfaced that the community based approach was flawed and that there were many instances of the local communities had failed in the responsibilities of taking proper decisions for setting up the Projects and that there had been embezzlement of funds by local community leaders. Based on the information received about the various instances of such contraventions an inquiry was instituted into the functioning of the community based approach projects of the SRP. 11 village communities where the SRP was under implementation were examined.

The major findings of this inquiry were as follows:

1. The communities in a majority of the villages were unaware of the fundamentals of the scheme. They had been informed that the project would be established like it had been done in the past, except that the government was forced to seek 10% contribution from the village community as there was scarcity of funds.
2. The community was unaware that the ownership of the project would stand devolved to them after its completion.
3. In 2 cases the local engineers had informed the communities that they need not contribute their 10% of the share as the same could be 'adjusted' by inflating the invoices suitably.
4. The design, planning as to the nature of the project to be set up, the budget needed and its execution were never really discussed with the community and the village councils had been informed by the local engineer as to the decisions in this regard.
5. Communities were unaware that O&M of the project would be their responsibility and even if they were aware they did not fully comprehend the import of their new responsibility.
6. Only in a few cases had the village communities nominated local villagers who would act as the *munshi* and *mistry* for the project. Even in these cases little or no training had been imparted to the persons nominated by the communities.
7. In the case of a village which defied the decision of the local engineers and bureaucrats and opted for a cheaper model for the project based on underground water (as against canal based supply), a case of misappropriation of funds had been made out against the community leaders. Inquiries showed that while it was correct that approximately an amount of Rs.1,00,000 had been overspent by the community in the purchase of machinery, but it had established a water processing plant at 2/3rds the cost of the project suggested by the local engineering department. More significantly the village community members were aware of the expenditure incurred on the project and attributed the excessive spending to their inexperience in tendering for the lowest priced equipment. In a bold gesture the community had decided to bear the cost of the 'excessive' expenditure over and above their 10% contribution for the project.
8. The most shocking indictment of the local engineering/bureaucrat cadre came to light when it was seen that there was no proper accounting for the large amount of funds earmarked under the project for Information, Education and Communication (IEC) activities. Amounting to nearly 25% of the initial project cost these IEC funds were to be spent towards assisting the communities to better understand their role in the new community based approach of SRP. Not only were these funds not really used for IEC but were falsely shown as expended!

Effect of Corruption in developing countries

Even though it is widely accepted that corruption or corrupt practices have a detrimental or corrosive effect especially in developing countries, very often an argument is put forward that corruption may not be altogether incompatible with development and at times may even encourage it by serving as an effective method of cutting the red tape and clearing projects for development. Such a view point regards a bribe as a market payment to ensure that resources are allocated to those persons who are most likely to use them efficiently. In this context a bribe is termed as 'speed money' which speeds up the processes.

The other view maintains that corruption detracts from development because of its undermining competitive processes, focusing on short term profits in place of sustainable and broad based development. It also sees that corruption creates incentives for officials to erect more bureaucratic obstacles aimed at increasing opportunities for more bribes. In the opinion of the World Bank, the arguments favouring corruption fail to account for any objective other than short term efficiency. Thus the error in the approach which seeks to discover compatibility between corrupt practices and efficiency in development processes is abundantly clear.

In the view of the World Bank, the effect of bribery in the system as a whole is negative. "It can delay reform by diffusing pressure and lead to detrimental evasion of good regulations. Small firms and poor segments of the society may disproportionately bear the burden of a dysfunctional system having the undesired effect of pushing business into the informal economy. Moreover, corruption may lead to the divergence of funds from their intended targets and to the financing of unproductive public expenditure. It may result in loss of tax revenue in the form of tax evasion or improper use of discretionary tax exemption. It may also affect allocation of public procurement contracts leading to inferior public infrastructure and services. The composition of Government expenditure may also be affected by corruption in that corrupt officials may favour expenditures on goods and projects tantamount to maximizing opportunity for their personal benefits." (World Bank Helping countries combat Corruption 1997). Thus corruption exacts heavy economic costs, distorts the operation of free markets and slows down economic development.

Some commonly discernible effects of corrupt practices in a developing country like India can be listed (non exhaustively) as follows:

Retardation of Development: With limited resources, developing countries are trying to achieve higher and faster rates of growth with the highest priority being accorded to the provision of basic goods and services to all its citizens. Clean drinking water, basic health facilities, reliable public distribution system for food and other essential commodities, road connectivity, electric supply are some of the basic conditions which the government seeks to provide to its people. Corruption in such a situation retards development by reducing the efficient use of limited resources. Inefficiency in terms of time and resources, caused due to corrupt practices, are a major cost being paid by developing societies.

Poor Quality of Products and Services: The systems affected by corruption produce poor quality of goods and services at a higher cost. This leaves the large mass of users of these goods and services unsatisfied and discontented. This also has the effect of making these goods and services unviable to compete in the open market (international markets).

Reduced Capital for Investment: A classical situation of "bad money drives out good money" exists in a corruption ridden society. Money which is pushed underground, often called **Black Money**, is often usable only for conspicuous consumption, with little or no option for investment through legal channels in the nation's economy. Such conspicuous consumption expenditure stays limited to the parallel economy - "**Black Money Economy**", which participates minimally in the development of the nation's economy. However in recent times a new phenomena has come to light. Another type of money – "Red Hot Money" or "**Red Money**" results from large corruption scandals which are exposed in public. In such cases the beneficiaries of the bribes and kickbacks find themselves unable to spend such booties even for consumption activities for fear of exposure. Such money either stays out of circulation for long periods or more often is removed from the economy of the country and introduced in a foreign economy to keep it safe from the investigations underway in the country. Such a flight of capital doesn't do the nation's economy any good.

Discouragement of Foreign Capital Inflows: Corruption not only makes the domestic produce uncompetitive (due to poor quality and high price), but also discourages the inward flow of foreign capital. Foreign investment is discouraged to participate in an environment where corruption is rampant. In the world of bribes and 'pot de vin' foreign investors shy away and move to other places which offer more efficient and corruption free investment opportunities. The PHD Chamber of Commerce in a report published in the Economic Times of 4th September 2001 brought out that the investment would increase by 2.9 per cent of GDP and GDP growth by 1.3 per cent if corruption index improves by one standard deviation or around 15 per cent. The implication of this is that India is loosing its least Rs.63,800 crore worth of additional investment per annum, roughly three times the foreign direct investment (FDI) we are attracting now and Rs.28,600 crore of consequent national income per annum.

Destruction of Established Systems and Institutions: Besides economic consequences, the rampant corruption tends to undermine the legitimacy of state institutions and governments. The effect is often slow and invisible. When a public official pursues his own interest without regard to the interest attached to his public function, the balance of authority both among government entities and between the State and the civil society is effectively damaged. When corruption becomes "acceptable" and practically a "way of life" then the need to fight it also perishes. If the general population assumes that public officials are not bound by the restraints of their public functions, it will be less likely to obey the laws of the society. In such a situation corruption emerges as a one of the root causes of destabilizing the rule of law.

Threat to National Security: Corruption in defense purchase and contracts tends to undermine the very security of the State. A recent well publicized exposé by way of a sting operation organised by a media group 'Tehalka.com' highlighted corruption in both the defense deals and political fund raising by trapping on video tape, government officials, arms dealers and middlemen, discussing the details of a proposed defense deal along with hefty commissions/bribes to be paid for the contract. Another shocking example of how corruption undermines security of the nation came to light when inquiries were being made into the 1992 Bombay Blasts, which killed hundreds of innocents and destroyed property worth millions of dollars in India's financial hub – Bombay. Inquiries showed how the deadly RDX used in the bomb blasts was smuggled in by the same route used by smugglers of gold and other contraband items, established by the smugglers with the active connivance of the local police and customs authorities in the western coastal state of Gujarat.

Measuring the effects of corruption:

As we have seen the price of corruption is larger than it appears on the face of it and also permeates all spheres ranging from the social to the economic and from the political to the judicial. Admittedly it is extremely difficult to arrive at the Economic Cost of Corruption in each instance. The reason is not difficult to see. Corruption by its very nature exists in a form which is hidden. One often uses the term **Unearthing** Corruption or **Uprooting** Corruption with clear symbolism which reflects the hidden or 'underground' nature of corruption. Its illegal nature and the risk of legal and social sanction on discovery, keep the corrupt practices in a domain which does not, but occasionally, surface, in the sphere of public activity. This is not the only reason but a very basic reason why corruption cannot be measured accurately always. However this is not to suggest that since we can not arrive at hard exact figures, the effects of corruption are immeasurable.

IN a recent study published by Transparency International (Indian chapter) In many cases, the direct 'cause and effect' relationship can be established between the distortion of a system by corruption and the mal effect it has on the outcome / output of the system. It can be demonstrated that if an actual system (distorted by corruption) performed loyally and efficiently as it was designed to do the cost of the output (goods, services etc) would be say X % lower than the cost being incurred on it presently, then its easy to conclude that the cost of corruption is X %. Let us take an example. A road of certain specification (length, width, type of foundation and pavement etc) is to be constructed, within a given timeframe and an allocated budget. A normal system, not inflicted by any distortions due to corruption, would deliver the road as per prescribed standards of construction, in time and without exceeding the budgetary allocation. However if the same system is afflicted with corruption it could result in several consequences (individually or in varying degrees of combination) – the completed road would be of poor quality (prescribed standards not met), there would be cost or time over runs or both. In all cases it is possible to arrive at figures to show how much effect the existence of corruption had on the system. This is the most common scenario in Public Works like construction of road works, buildings etc. It can also be asked what if the distortion in the system penetrates the level of the conception of the original budget/cost estimate of the

project. If the standard of reference itself stands distorted, it makes the measurement of the completed works, using it as a reference, quite untenable. This would add another element which would help in accurate determination of the final cost of corruption of the system. An ideal budget/cost estimate based, for example, on a mean of a wide sample of similar works, would reveal if any distortion exists in the original. This is the most evident form of measuring corruption which is often applied in the domain of public works in developing countries.

Corruption does not limit its tentacles just to public works, it spreads further and deeper. The measurement of the effects become more difficult as the 'cause and effect' relationship blurs and diffuses. This blurring occurs due to various reasons. As more and more factors (in addition to corruption) influence the outcome of a process or system it becomes difficult to distinguish and isolate the effects solely attributable to corruption, beyond a certain degree of accuracy. Also, if one tries to measure the effects over a longer period or attempts a projection over a wider domain or a longer period the accuracy of the figures declines.

How accurate do we need to get?

It can be argued that why do we need to be too accurate as to the figures? Do we need to know how many children die over one year because of a delayed project of construction of a Health Centre in a village? Is it not sufficient to know that the delay resulted in the deaths of some children? Clearly, in such cases additional efforts to arrive at more accurate figures appear not only wasteful but would perhaps betray a lack of understanding as to *why* we need to measure the cost of corruption in the first place. However, accuracy of figures sometimes is necessary to arrive at a decision e.g. under the administrative procedures to recover the cost of corruption from the person found responsible, the actual figures of loss caused by corruption are often necessary. Also the courts of law, in order to award compensations or impose penalties in cases of Corruption, often use the cost of corruption as a basis for arriving at a figure of compensation or penalty, as the case may be.

To elaborate the point that at times it is sufficient that we have a clear indication that the mal-effect due to corruption exists up to a certain degree. This is often the case when we enter the domain of analysing the socio-economic effects of corruption. Very often it allows a better understanding of the ground reality if one examines the cost of corruption in social as well as economic terms. e.g. the cost, for a delay in construction of a road due to corruption, to an impoverished region can be examined in terms of the affect on transportation of agricultural produce, difficulty of commuting from the region to a nearby town, poor delivery of health services, difficulty for children to attend school in the nearby town, difficulty for the voters to commute to the voting centres, delayed response by police and emergency teams in times of need etc. Not all these costs are expressible in figures, but it may be sufficient in most cases to record the approximate degree of effect of the delay in construction of the road (caused due to corruption).

The case of road administration in India

Transparency International, 2002 has ranked public work/construction business sector including transport infrastructures as the sector in which the probability of bribery is the highest. The large amounts of investments in this sector coupled with a maze of rules and regulations governing a large number of contracting transactions expose the road administration to the lure of corruption.

In India, two major initiatives of the central government in the past 10 years have revolutionized the face of road construction in India. These are the

- National Highways Development Project (NHDP) and
- Prime Minister's Rural Roads Project (Pradhan Mantri Gram Sadak Yojana or PMGSY)

The National Highways Authority of India (NHAI) is mandated to implement the NHDP which is India's largest ever highways project seeking to create a network of world class roads in the country with uninterrupted traffic flow by capacity enhancement of the national highways network. This includes four/six laning of around 13,146 Km of highways. The total estimated cost is Rs. 54,000 crores (approximately US \$ 13.5 billion).

The Rural Roads Project, PMGSY, seeks to reach multifaceted benefits of roads to the hitherto deprived rural areas of the country. Recognizing the economic and social benefits of rural roads (including increase in agricultural production, better prices for agricultural produce, reduction in transport costs, creation of new employment opportunities in farm and off-farm sectors, lower prices for essential commodities to rural consumers, facilitating setting up cottage and agro-Industries, better access to medical care, better availability of public services etc.), roads are seen as an integral part of the government's poverty reduction strategy to address the needs of nearly 250 million poor of the country. Under this programme about 360,000 kms of rural roads are being constructed with a projected investment of Rs, 60,000 crores (approximately US \$ 14 billion).

Every phase of the construction projects is susceptible to corruption.

- The planning and design stage which determines the specific alignments of the proposed road on the ground is often subjected to external influences as the construction (or non construction) of a road in a particular area has a huge impact on the property prices of that area.
- The award of construction contracts is a very lucrative exercise often tainted with corruption, with the contractors vying to gain unfair advantage in an environment of fierce competition
- Procurement of materials, equipment and services is an area which seldom escapes the allegation of corrupt practices.
- The operation and maintenance of projects after completion of construction is also prone to corruption.

Other characteristics also increase the chances of corruption in this sector. e.g.

- Several levels of official approvals and permits for these projects.
- The specific and unique nature of many projects makes price comparison difficult.
- The incidence of cost over-runs and time delays is a common occurrence and difficult to control.
- Poor quality of work remains undetected by a poor quality control setup.
- Large number of projects spread out over large geographical areas (often remote and difficult to access) become difficult to supervise.
- Involvement of a large number of subcontractors makes monitoring of transactions even more difficult.

The following case study is that of an upright engineer who stood up to the corruption in the highway construction.

Case Study No. 2 :

Engineer Stood up to Highway Corruption, Shot Dead
Case of Mr. S.K.Dubey, Deputy General Manger,
National Highways Authority of India (NHAI)



KODERMA, JHARKHAND (Eastern India) NOVEMBER 27, 2003

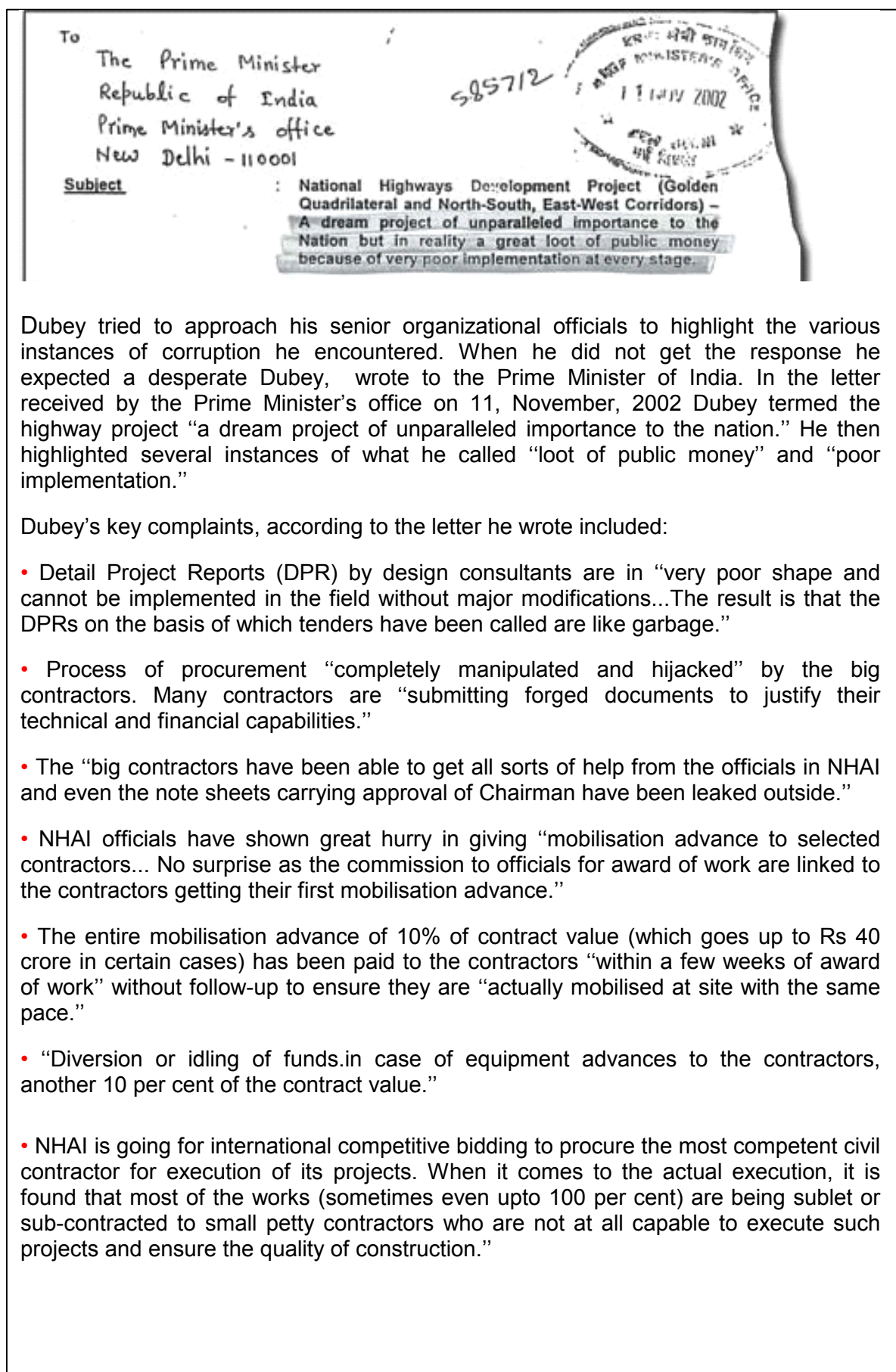
It was 3 am in the morning when Satyendra Dubey had arrived at Gaya railway station in the East Indian State of Bihar. His driver was to receive him at the railway station. However, he did not find his driver at the station and called up his home only to learn that the vehicle had apparently developed some mechanical problem. Dubey asked his driver to wait at home and that he would hire a tricycle *ricksshaw* and reach home on his own. Satyendra Dubey was not seen alive after this phone call. When he did not reach home his worried driver went out looking for him, only to find Dubey lying dead in a nearby deserted area.

Satendra Kumar Dubey, 30 years old, an engineer from India's prestigious Indian Institute of Technology, Kanpur and National Highway Authority of India's unit in-charge at Gaya had been shot and killed.

Was it another case of indiscriminate killing by "unidentified assailants", not uncommon in these parts? Was Satyendra Dubey killed for his belongings as he made his way home? No Dubey's case could not be dismissed as easily as this.

When this young engineer was killed he was supervising the construction of the Government of India's National Highways Project in the Koderma division in the East Indian State of Jharkhand. With a reputation of being honest and upright Dubey, during his posting at Koderma, supervising the construction of the 180-km highway between Aurangabad and Barwadda under the "Golden Quadrilateral" project, had reportedly ruffled many a feather and vested interests and the corrupt had ganged up against him because he wanted the work done as per the government specifications.

During his tenure, he got the contractor of the project to suspend three of his engineers after exposing their mishandling of funds. It was common knowledge that Dubey had been facing several threats to his life following his stern action.



Dubey in his letter had requested that his name be kept secret but at the same time he felt if his information was not to be disregarded lightly he had to disclose his credentials. And he did. He wrote in his letter

“Since such letters from a common man are not usually treated with due seriousness, I wish to clarify... that this letter is being written after careful thought by a very concerned citizen who is also very closely linked with the project. I request you to kindly go through my brief particulars (attached to a separate sheet to ensure secrecy) before proceeding further.”

But just the opposite happened. The confidentiality of the letter and the identity of the ‘whistle blower’ were both violated. Dubey’s letter was passed down from file to file through the bureaucratic maze.

Dubey’s complaint was forwarded to his parent Ministry of Road Transport and Highways (MoRTH) apparently ignoring Dubey’s request for anonymity. At least eight Ministry officials went through the letter. Within a year of his complaint on November 27, Dubey was shot dead in Gaya. According to the First Information Report (FIR) filed at the Rampur police station in Gaya by Dubey’s brother, the people whose corruption he exposed were behind the murder.

“You would appreciate that the disclosure...has exposed me to undesirable pressure and threats,” reads a note left behind by the 30-year-old IIT-Kanpur engineer just before he was killed.

The National Media highlighted the brave young engineer’s fight against corruption in the face of an unresponsive and insensitive bureaucratic administration. Public outrage, it generated, has led to many fundamental changes in the whole approach to corruption reporting and administrative responsiveness.

The draft Whistleblowers Act, formally called The Public Interest Disclosure (Protection of Informers) Bill is pending final approval from the Parliament of India. However the Government acting under directions of the Supreme Court of India issued during the hearing of the Writ Petition in the case of Satyendra Dubey’s murder, has designated the Central Vigilance Commission as the agency competent to receive “ written complaints or disclosure on any allegation of corruption or of mis-use of office by any employee of the Central Government or of any corporation established by or under any Central Act, Government companies, societies or local authorities owned or controlled by the Central Government” by any public servant or any other person including any non-governmental organisation.

<http://www.pmgsy.nic.in/pmgs12.htm> - top The instances of corruption in the highway construction sector pointed out by Dubey are not limited to the region under his supervision. Some common instances of mal practice in the road construction sector are

- Detail Project Reports (DPR) by design consultants are manipulated in order to justify hefty cost over runs. The whole exercise of calling forth tenders based on DPRs is thus reduced to an exercise in futility.
- Manipulation of the procurement process by strong vested interests involving the big contractors, politicians, bureaucrats and engineers ensure that the contracts are awarded to a select few and that too at prices much higher than those prevalent in the market. Quality of goods and services also suffers under such hijacked processes of procurement.
- Land acquisition for large projects invariably involves payment of compensation to the proprietors of the land. Fixing the cost of compensation itself involves an exchange of bribes. Subsequently the actual owners of land under acquisition rarely receive the full value paid against their name as it is siphoned off by the middle men and other powerful brokers.
- The road alignment or the area where the proposed road is to be constructed also is a critical factor as it greatly impacts the land prices of the land adjacent to the proposed road/ highway.

In the case of Rural Roads sectors in addition to the above problems the case is further complicated by the following factors:

- Generally small lengths of roads are constructed (1 km to 20 kms) in remote and normally inaccessible regions.
- The population directly benefited is poor and uneducated and unaware of the processes involved in road planning, design and construction.
- Land and other assets are often acquired in the name of 'public good' with little or no compensation being paid to the proprietor.
- There is absolute and total control over the projects by the local engineer and the petty bureaucrat and the local community stands excluded.
- Supervision and monitoring in remote areas is extremely difficult allowing the executing contractor to dilute quality of the road and violate with impunity other 'inconvenient' terms of the contract.
- The responsibility for the maintenance of the road is either unclear or is placed under the charge of a government engineer stationed in a far away city/town leading to a total neglect of routine and periodic maintenance needs of the road.

What is being done and what more can be done?

Transparency International gives certain broad principles, rules and practices for fighting corruption, which include:

- An elected legislature and free and fair elections ;
- A pro-democratic reform oriented executive
- An independent judicial system and judicial review of official actions
- Good financial management with close monitoring over financial integrity;
- The institution of ombudsman which can receive and investigate, complaints about maladministration of the executive at all levels.
- Agencies to combat corruption which operate independently and impartially
- Assessment surveys for benchmarking standards and then subsequent regular surveys to measure progress
- Building up of an efficient and honest public service organised to serve the public (public service ethics, monitoring assets and integrity testing; adopting procedural statements and codes of conduct against conflict of interest, nepotism and cronyism)
- Transparency and efficiency in public procurement
- Strengthening local governments.
- A free and independent media
- the right to information and increasing public awareness
- The private sector with corporate responsibility and an open and fair competition policy.
- Encouraging International actors and mechanisms for the development of formalised international assistance arrangements.

While the war against corruption has to be fought globally, the battles are to be fought locally. The individual citizen, the small groups in remote villages, the NGOs and other concerned citizen's groups, large and small corporates, individual public and private organizations, local governments, national governments, international bodies all have to fight against this malaise in their respective spheres of activity.

The broad principles of the fight against corruption are well recognized but their impact is diluted in the translation into action at the local level. This calls for

specific plans of action to be worked out, keeping in mind the existent circumstances and conditions, to combat corruption.

The broad strategy to combat corruption in India is based on the government's declaration of Zero Tolerance against corruption. Agencies like the Central Bureau of Investigation, Department of Income Tax, Directorate of Revenue Intelligence, Enforcement Directorate are empowered under various legislations to carry out investigations of illegal financial dealings. IN a recent judgment the Supreme Court of India observed that it is the bounden duty of the judiciary to enforce the rule of law and to see that investigation into corruption "is conducted in accordance with law and is not scuttled by anybody". In a highly publicized case involving top level politicians and bureaucrats, the Supreme Court directed the Central Bureau of Investigation and the Revenue authorities to fairly and properly conduct and complete the investigation expeditiously against every person involved, irrespective of position and status.

Apart from these the following measures are necessary to fight a successful war against corruption in India

1. **Creation of an Ombudsman at the National and State levels:** As early as 1966 a proposal for creation of a two tier Ombudsman like structure for India was mooted. 'Lok Pal' at the centre and the 'Lok Ayuktas' at the State levels. The Lok Pal will enquire into complaints, which are made alleging that a 'public functionary' has committed an offence under the Prevention of Corruption Act, 1988. Most significantly the expression 'Public functionary' covers the Prime Minister, Ministers and Ministers of State, Deputy Minister and Members of Parliament. The Lok Ayuktas at the State level would perform the same functions at the State level. In the States, as of now, about 14 States have Lok Ayuktas and Up Lok Ayuktas, under State laws.
2. **Strengthening Local Governments:** At the urban and the rural levels the distance between the government and the citizen must be reduced at all levels. To ensure that a democracy is a system *Of* the people it must be seen to function *For* the people it must be a system *By* the people. Democracies must move towards Participative Democratic systems rather than remain limited as Representative democracies. The perceived distance between the citizen and his government translates into a detachment of the ordinary citizen with all things 'Public', leaving an open field for the unscrupulous and corrupt to take advantage. Strengthening of local governments – Panchayati Raj Institutions in the rural areas and Urban Local Bodies (municipalities etc), will be a strong step towards true democracy. This strengthening in concrete terms means more placing more of the 3Fs - Funds, Functions and Functionaries- under the control of these local self government bodies.
3. **Strengthening the independent and decentralized nature of vigilance departments:** The Central Vigilance Commission and other vigilance departments need to be strengthened and freed from bureaucratic control. Presently, the myriad of approvals necessary to be taken before initiating inquiries and/or punitive action against the guilty reduced the efficacy of these

actions. Needless to add that adequate care must be taken to ensure that the innocents are not victimized.

4. **Fast track judicial courts** to speed up the disposal of corruption related cases to ensure speedy justice in such matters. Long and time consuming procedures blunt the deterrence against corruption.

Other administrative measures which could be taken include:

Simplification of procedures: Studies have shown that irrespective of the educational background, the citizens are unable to fill forms and complete procedures on their own thus generating a dependence of the users on middlemen and touts, which in turn promotes bribery and illegal payments. Simplification of procedures and documentation necessary would facilitate the government-citizen interface and reduce the potential for corruption. Each department charged with public service delivery should be made responsible for such measures in a time bound manner.

Use of technology for efficient delivery of Public services: Use of technology to reduce the need for citizens to visit public offices has been successfully used in various government departments. Various technology enabled features like Toll free lines, websites offering free download of information and tender bid forms etc, or SMS based application can be developed for better service delivery. Introduction of computer technology for reservation and sale of tickets by Indian railways has demonstrated how the instances of bribes and illegal payments demanded for out of turn reservations, has plummeted. Online sale of tender forms also eliminates one level of corruption in public procurement process.

More Competition : This is often confused with More Privatisation of public services. This is not essentially the case. Replacing a public monopolistic system with a private monopoly will not lead to better delivery of services or a reduction of incidence of corruption. The government is to ensure a level playing field for all players and allow free and fair competition to select the most efficient player for the job. A linked issue is that of outsourcing of certain services, wherever possible. It has been found in some cases to be more cost-effective and efficient way of delivery of services when departments opt to purchase outputs rather than inputs. e.g a hospital instead of buying expensive X ray machines could outsource the function and buy reports instead. This will help eliminate several opportunities for corruption involved in purchase of X-ray machines and its spares, procurement of X-ray films, hiring of Radiographers etc. A Service and Quality Assurance Agreement can be entered into to ensure requisite quality of service.

Improved Citizen Interface: Many steps in this direction could be taken including drafting of Citizen Charter: in consultation with various stake holders like service providers, users etc detailing realistic and measurable action standards, periodic public hearings so that service providers are accountable to users, Faster grievance redressal mechanisms

Legislations against corruption in India

Prevention of Corruption Act, 1988 read with relevant provisions of the Indian Penal Code (Act 45 of 1860). The Prevention of Corruption Act contains elaborate procedure for prosecution of corrupt public servants.

Benami Transactions (Prohibition) Act, 1988 : The Act precludes the person who acquired the property in the name of another person from claiming it as his own. This was enacted with a view to curb the mal practice of corrupt officials covertly owning property, acquired through ill-gotten gains, under the names of relatives, friends or employees.

Other proposed legislations include a Bill titled '**The Corrupt Public Servants (Forfeiture of Property)**' which seeks to Confiscate properties illegally acquired by corrupt means.

Revisiting the theme of Strengthening Local Self Government, this paper proposes to put forward a model of rural road construction and maintenance which could help in ameliorating to a large degree the problems facing this sector. It may be of interest to note that under the existing legislation in India development of Rural Roads is a subject which stands transferred to the Panchayats (rural local bodies). The rural road development model proposed is as follows :

Contribute-Own-Operate-Maintain (COOM) Model for Low Volume Roads serving Rural Areas.

This model proposes that :

1. the village communities contribute 10% of the total cost of project, with the major 90% share coming from the government.
2. The ownership of the completed road would stand transferred to the community.

3. The community would discuss and debate the various issues involved in the design and planning of the proposed road with the local engineer offering all the necessary assistance called for by the villagers body.
4. The decisions on issues like the alignment of the road, type of road (gravel, black top etc), cost of the project etc would be taken by the community with technical inputs, if needed, being provided by the government's engineering department.
5. DPRs could be prepared either by the local engineering department or by any other organization (e.g. local technical college, technical consultants with NGOs etc), at the discretion of the community.
6. The procurement of services, following the general prescribed guidelines, would be the responsibility of the community.
7. Selected members of the community could be charged to oversee the implementation of the project by the selected contractor. Being local residents problem of accessibility to the project site on a day to day basis would be ameliorated. Any major technical issue could be taken up with the local engineer.
8. Maintenance would be the responsibility of the community. Routine maintenance, not requiring much expenditure could be easily handled, while a specific budget for periodic maintenance and renewal could be provided by the government, again on a shared expenditure basis of 90:10.
9. The community could take a decision of imposing and collecting user fees from road users to fund maintenance.

It is believed that this model would be an effective way to combat the rampant corruption in the sector of rural road construction. The region specific details regarding the representation of the community (through elected Panchayats etc) would not be difficult to work out.