Regional Seminar on

Good Governance, Institutional Integrity, and Human Resources Management for Road Administrations

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

Presentation by

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Presentation Layout

Section 1

- Towards understanding corruption in India
- Effect of corruption in developing countries
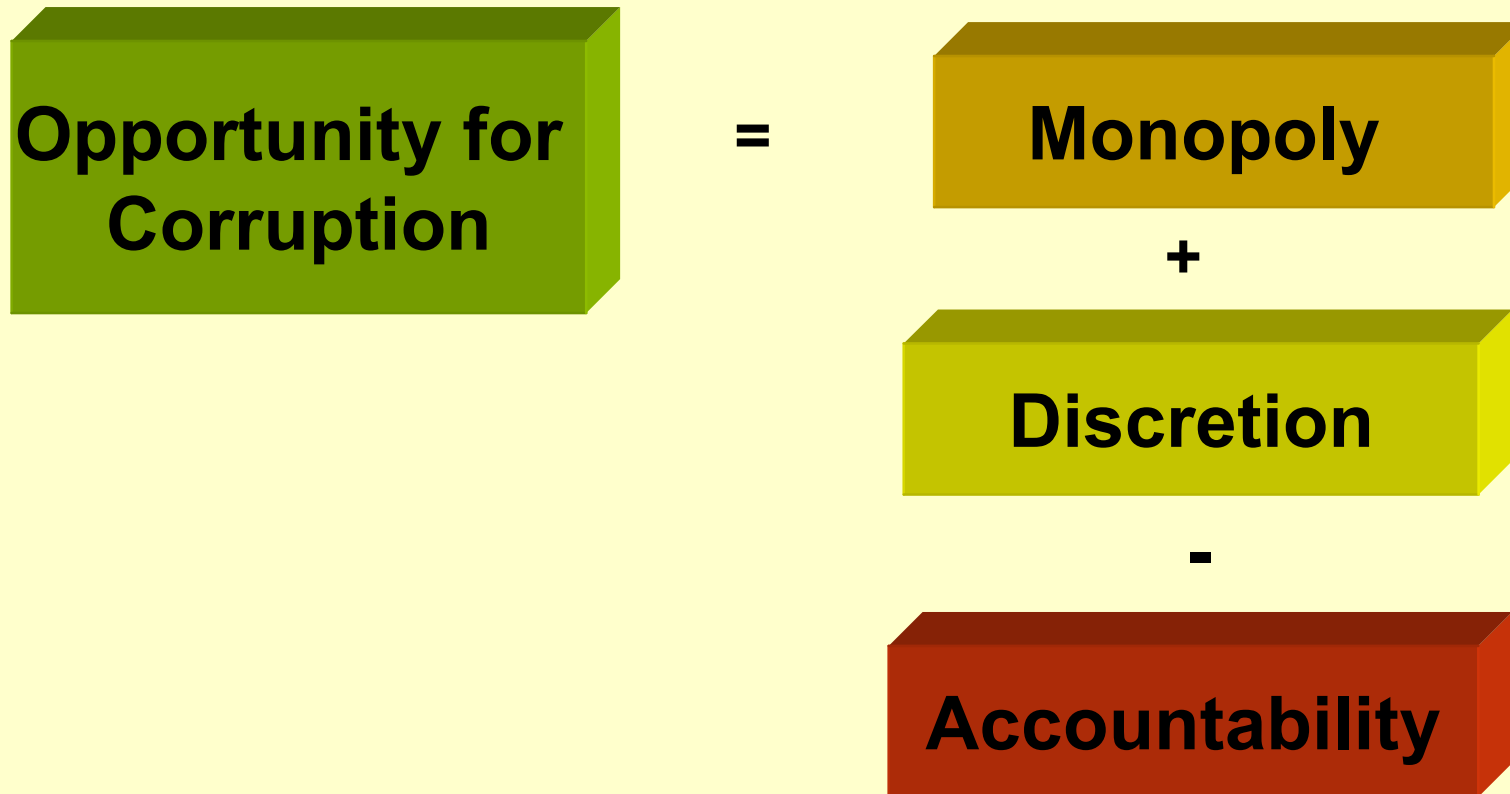- Case study : Community drinking water project.

Section 2

- Road administration in India and corruption issues
- Case study : National highways construction in India
- Instances of corrupt practices in road sector in India
- 'Contribute-Own-Operate-Maintain' model for rural roads.

Section 3

- What more needs to be done in the fight against corruption.

The Opportunity for Corruption

Opportunity for Corruption = **Monopoly** + **Discretion** - **Accountability**
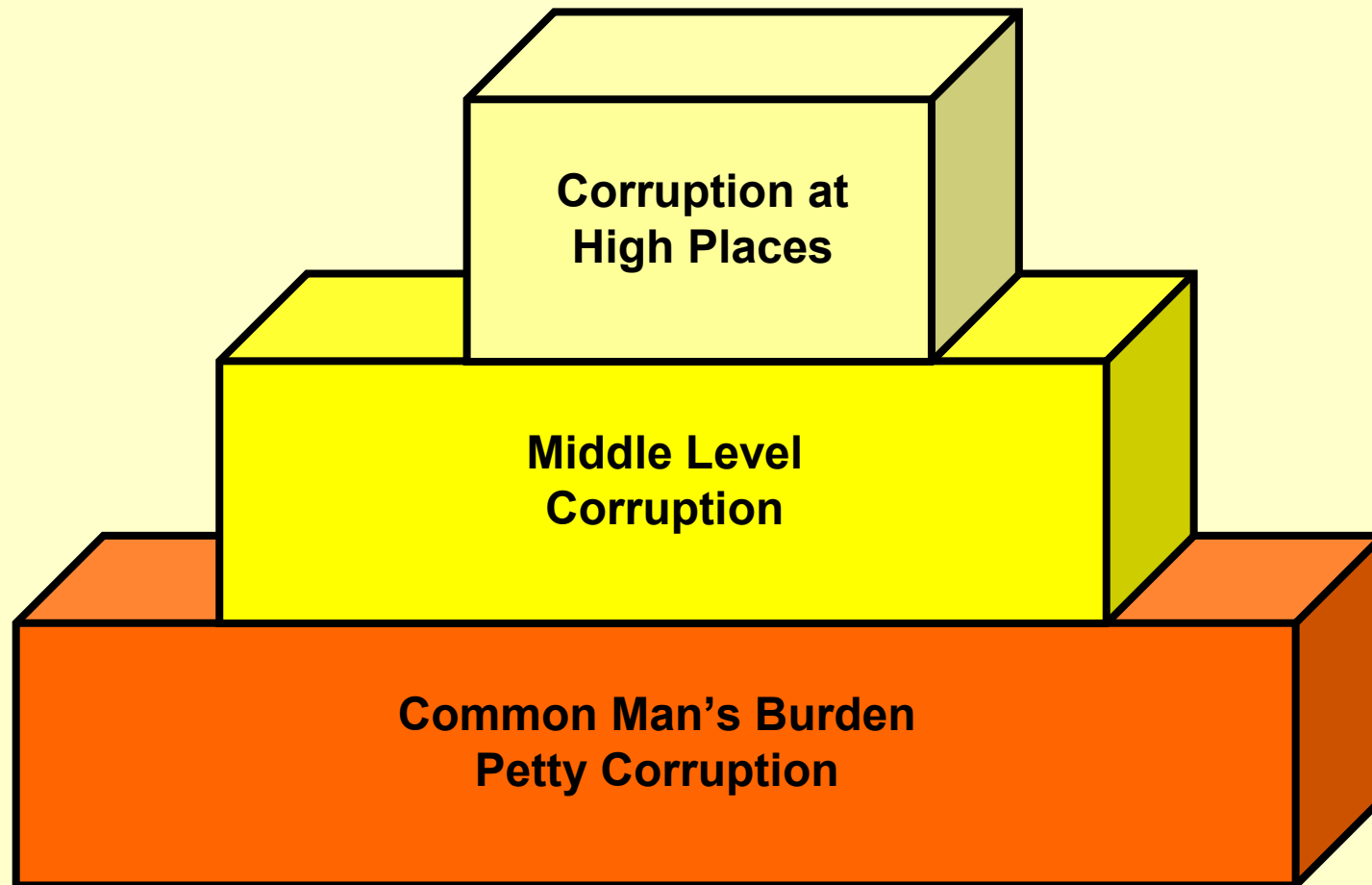
Conditions in Developing Countries : Emergence of Corruption

- A large mass of population with a large section impoverished and uneducated.

- A large programme of public investment for the provision of basic needs

- A political and economic elite enjoying monopolistic power

- 'Top to Down' pyramidical model of decision-making.

- An environment of aggressive competition to garner maximum power

- A complicated and unclear set of rules and regulations, allowing discretion in interpretation and 'bending' the rules
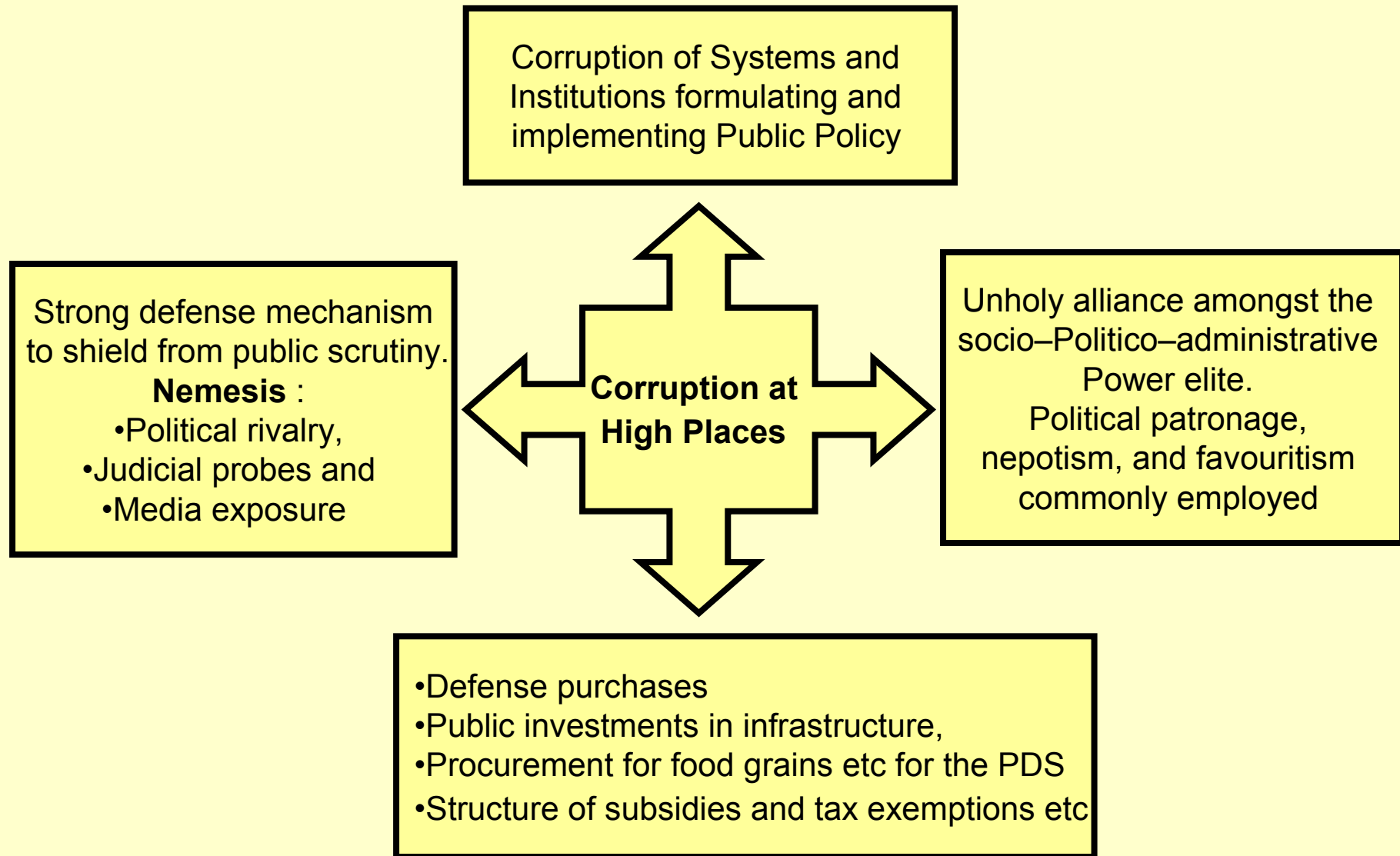
Effect of Corruption in developing countries

- Retarded Development

- Poor Quality of Products and Services

- Reduced Capital for Investment :'Black' and 'Red' Money

- Discouragement of Foreign Capital Inflows

- Destruction of Established Systems and Institutions

- Threat to National Security

'Staircase' Model of Corruption

Corruption at High Places

Corruption of Systems and Institutions formulating and implementing Public Policy

Strong defense mechanism to shield from public scrutiny.
Nemesis :
- Political rivalry,
- Judicial probes and
- Media exposure

Corruption at High Places

Unholy alliance amongst the socio–Politico–administrative Power elite.
Political patronage, nepotism, and favouritism commonly employed

- Defense purchases
- Public investments in infrastructure,
- Procurement for food grains etc for the PDS
- Structure of subsidies and tax exemptions etc

Middle level corruption

Malpractices at the execution at implementation levels for public projects or delivery of services

Effectively checked by
•Legislations such as Right to Information Act
•Media exposure
•judicial review
•Anti corruption agencies
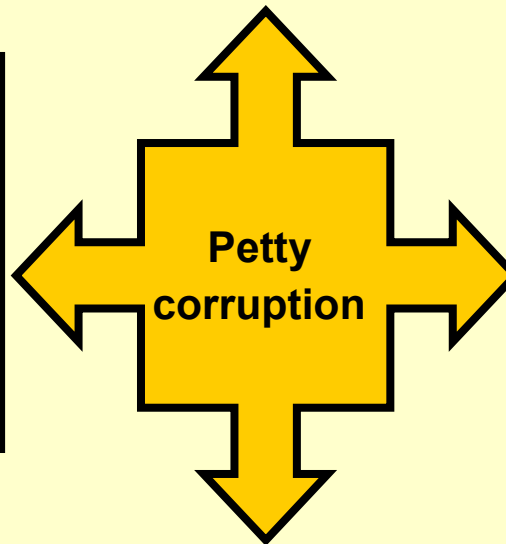
Middle level corruption

Bureaucrats, engineers, administrators at all levels in collude with local political and business interests. *Collaborative* rather than *Exploitative* in nature.

Procurement for public works
Land acquisition
Selection of contractors for projects
Evasion of taxes and other duties
Lower level judicial and police corruption

Petty corruption

Occurs mainly at the point of delivery of public services. Socio-economically backward persons worse affected.
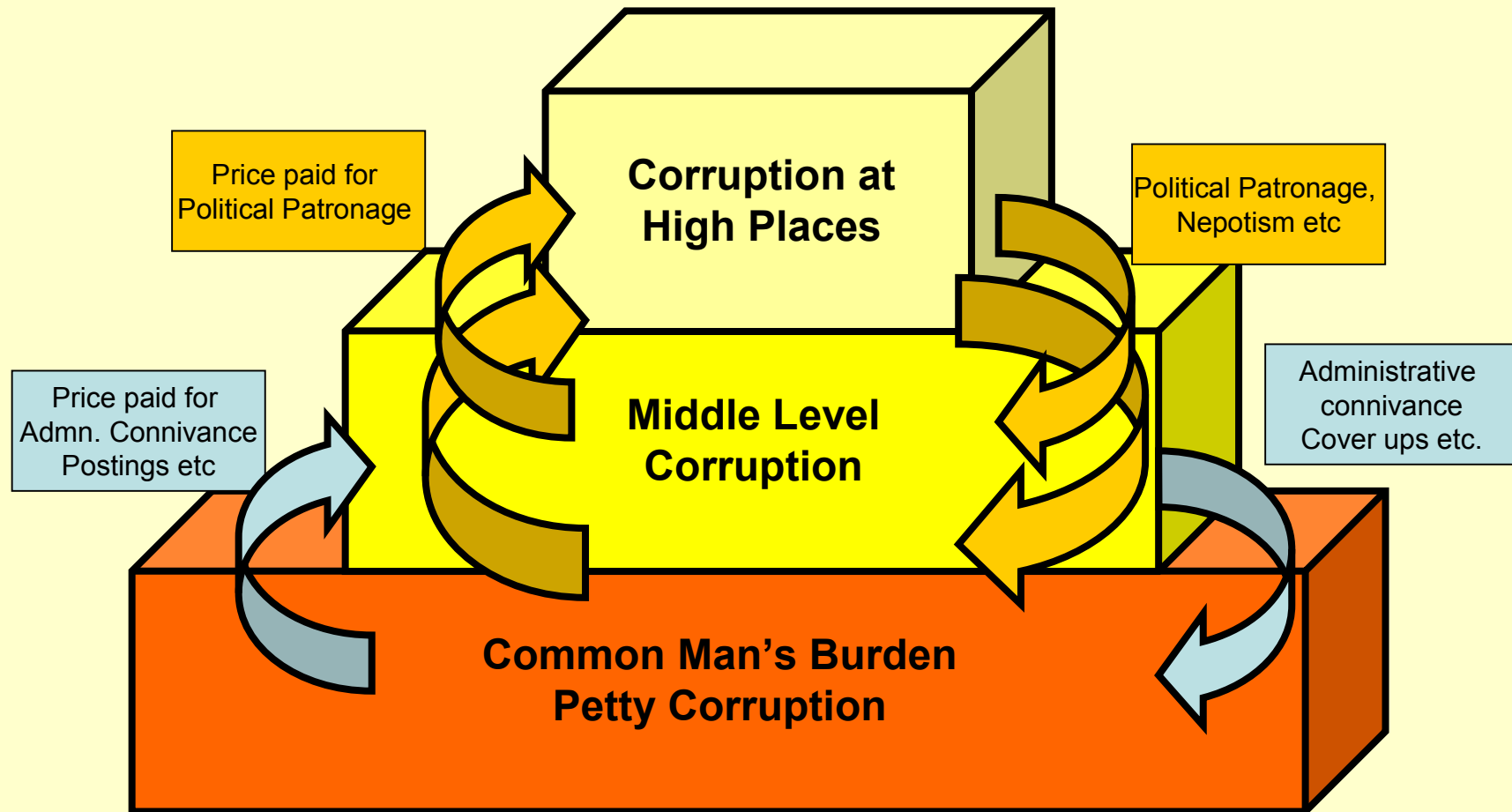
- Affected persons most dis-informed and dis-empowered
- Administrative apathy

Effective strategy:
- Grass-root democracy
- Role of NGOs
- Spread of information

Petty corruption

- Frequently occurs in every day life
- Amounts, though small are a large percentage of income.
- Exploitative in nature

- Diversion of entitlements (food grains, etc)
- Demand of bribes for basic services (health, electricity, water etc)
- Exploitative demands by lower administration, law enforcement and lower court authorities

'Staircase' Model of Corruption

Case Study: Community Drinking Water Project

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

➔ Acute shortage of drinking water in an otherwise prosperous agricultural   region of India

➔ Government schemes, based on 'canal' water, required heavy doses of capital and land

➔ Involvement of local community minimal: Consumers apathetic

➔ Mis-utilisation of funds and other mal practices led to poor O&M and drinking water supply affected

Case Study: Community Drinking Water Project
continued

World Bank assisted 'Sector Reforms Project' (SRP) launched in early 1990s

➔Community participation to be increased through 10% contribution for the cost of the project.

➔The ownership of the project would transfer to the community.

➔Community to 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 of these projects to be financed through User charges to be finalised and collected by the community.

➔The government's engineering department to assist in all manner possible.

Case Study: Community Drinking Water Project
continued

Entrenched local engineering bureaucracy felt its position threatened and attempted to defeat the basic purposes of the 'community based approach'

➔ Mis-informed local communities as to their rights and obligations under the new 'community based approach'

➔ Restricted community's involvement in the decision making process, citing technical concerns.

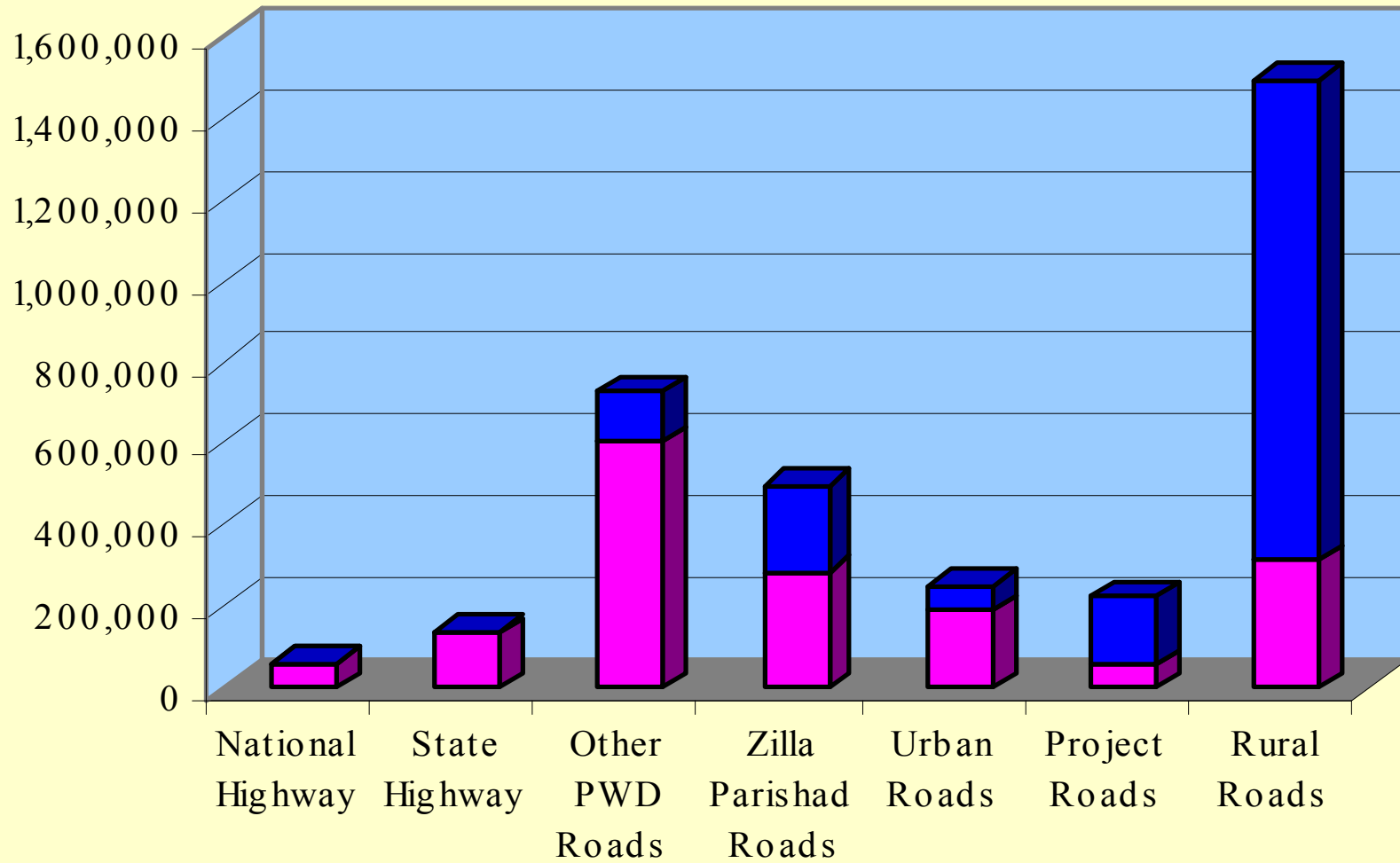➔ Filed complaints against the Villages who acted against the 'technical advice' of the local engineers

➔ Instances of embezzlement of IEC funds.

Road administration in
India and corruption issues

Road length in India (in Kilometers)

	Length Surfaced	Length Unsurfaced	Total Length
National Highway	58 006	106	58 112
State Highway	135 546	2 165	137 711
Other PWD Roads	603 358	122 067	725 425
Zilla Parishad Roads	283 832	215 630	499 462
Urban Roads	190 102	60 020	250 122
Project Roads	55 034	170 082	225 116
Rural Roads	1 030 049	466 088	1 496 137
Total Road Length	2 355 927	1 036 158	3 392 085

Length of roads in India (in km.)

Length Surfaced   Length Unsurfaced

Road administration in India

Two major governmental initiatives:

National Highways Development Project (NHDP)
- India's largest ever highways project
- Capacity enhancement through four/six laning of 13,146 km of highways.
- Estimated cost is US $ 13.5 billion).

Prime Minister's Rural Roads Project (PMGSY)
- Rural roads construction an integral part of government's poverty reduction strategy
- Under this programme about 360,000 kms of rural roads are being constructed
- A projected investment of approximately US $ 14 billion for construction and US$ 9 billion for 'upgradation' of existing tracks.

Case Study: Muder of S.K.Dubey, Dy.G.M., National Highways Authority of India (NHAI)

Location : Koderma in the eastern Indian state of Jharkhand
Project : National Highways Authority of India (NHAI) Highways Project
Year : November, 2003

• S.K.Dubey 30 year old engineer posted at Koderma to supervise the construction of the 180-km highway under the NHAI's "Golden Quadrilateral" project.

• Detects a number of mal practices in the highways construction project and tries to approach his senior organizational officials, does not get the desired response.

• On 11, November, 2002 Dubey, writes to the Prime Minister of India highlighting several instances of ''loot of public money'' and ''poor implementation.'' He requests anonymity but fearing his complaint may not be disregarded lightly he gives his full identity in his complaint.

• But tragically the confidentiality of Dubey's letter and the identity of the 'whistle blower' were both violated as Dubey's letter was passed down from file to file through the bureaucratic maze.

• In the early hours of 27 November 2003, S.K. Dubey is shot and killed by unidentified assailants.

Case Study: Murder of S.K.Dubey of NHAI (continued)

Dubey's key complaints included:

• Tenders are called for on the basis of Detail Project Reports (DPR) by design consultants which are are badly prepared and are unreliable.

• Process of procurement ''completely manipulated and hijacked'' by the big contractors ; forged documents are submitted to justify technical and financial capabilities.

• NHAI officials are in league with big contractors and internal NHAI decisions are leaked.

• Nearly 10% of contract value is paid as 'Mobilisation Advance' to selected contractors within a few weeks of award of work, for which the NHAI officials receive illegal gratification or "commissions". No follow-up to ensure the actual utilisation of such advances.

• Practice of subletting of contracts or sub-contracting to small petty unqualified contractors fails to ensure the requisite quality of construction.

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Case Study: Murder of S.K.Dubey of NHAI (continued)

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• Satyendra Dubey's death and the public outrage, it generated, has led to many fundamental changes in the whole approach to corruption reporting and administrative responsiveness.

• The National Media highlighted the brave young engineer's fight against corruption in the face of an unresponsive and insensitive bureaucratic administration.

• The Government has framed the draft Whistleblowers Act, formally called The Public Interest Disclosure (Protection of Informers) Bill

➤ Final approval from the Parliament of India is pending,
➤ Supreme Court of India has issued directions to Government to start the process.
➤ Central Vigilance Commission designated as the competent agency
➤ Complaints or disclosure on any allegation of corruption or of mis-use of office by any employee of the Government can be received.
➤ Central government, Central corporations, Government companies, societies or local authorities and Non Governmental Organizations (NGO) are covered.

Road administration and corruption issues

Broad Stages afflicted by corruption:

- **Planning and design stage** : determines specific alignments of proposed road , has a huge impact on the property prices of that area.

- **Award of construction contracts** : a very lucrative exercise often tainted with corruption, unfair advantage sought in an environment of fierce competition

- **Procurement** of materials, equipment and services

- The **operation and maintenance** of projects after completion of construction

Road administration and corruption issues

Characteristics also increase the chances of corruption in this sector.
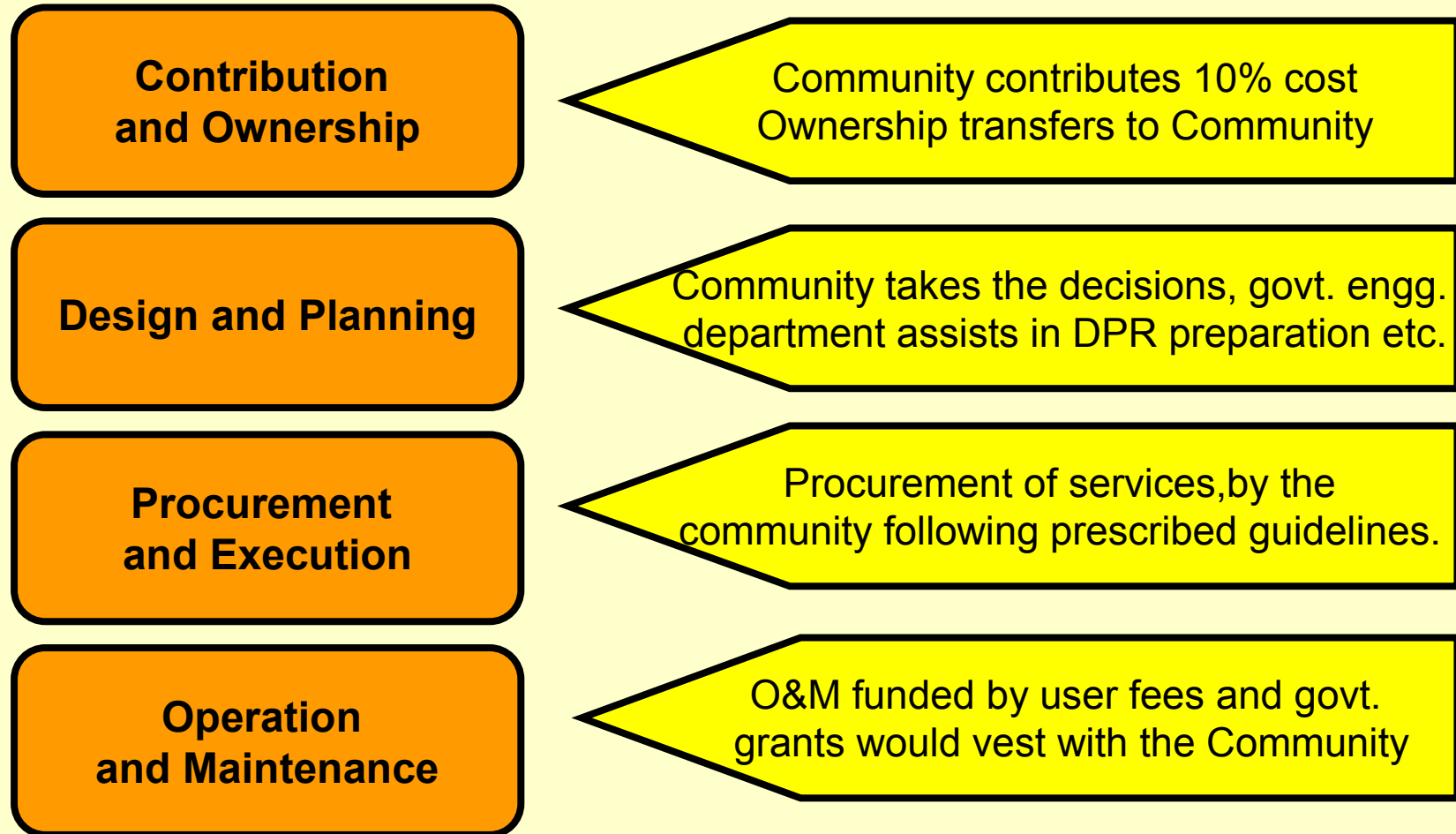
- Several levels of official approvals and permits for projects.
- The specific and unique nature of many projects makes price comparison difficult.
- The incidence of cost over-runs and time delays is a common occurrence and difficult to control.
- Poor quality of work remains undetected by a poor quality 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.

Rural roads and corruption issues

In the case of Rural Roads sectors additional factors come into play :

- Small lengths of roads, constructed in remote regions.

- The population directly benefited is poor and uneducated, unaware of the processes involved in road planning, design and construction

- Land and other assets often acquired under 'public good' ; little or no compensation is paid.

- Total control over the projects by the local engineer and the petty bureaucrat ;local community stands excluded.

- Monitoring difficult in remote areas; Contractors dilute quality and violate other 'inconvenient' terms of the contract.

- Responsibility for the maintenance of the road either unclear or suffers from the apathy of the local road administrators ; total neglect of routine and periodic maintenance needs of the road.

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

Contribution and Ownership — Community contributes 10% cost Ownership transfers to Community

Design and Planning — Community takes the decisions, govt. engg. department assists in DPR preparation etc.

Procurement and Execution — Procurement of services,by the community following prescribed guidelines.

Operation and Maintenance — O&M funded by user fees and govt. grants would vest with the Community

What more needs to be done in the fight against corruption

While the war against corruption has to be fought globally, the battles are to be fought locally.

Individual citizens, 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.

Specific Action Plans to fight corruption locally and globally

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

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

- **Creation of an Ombudsman at the National and State levels**

- **Strengthening Local Governments**

- **Strengthening the independent and decentralized nature of vigilance departments**

- **Fast track judicial courts**

Other administrative measures which could be taken include:

Simplification of procedures:
Simplified forms and procedures reduce dependence of the users on middlemen and touts
facilitate the government-citizen interface and reduce the potential for corruption.
Each department to be made responsible for such measures in a time bound manner.

Use of technology for efficient delivery of Public services:
Reduce the need for citizens to visit public offices and government departments.
Various technology enabled features like Toll free lines, websites offering free download of information and tender bid forms etc,
Successful examples in India : Introduction of computer technology for reservation and sale of tickets by Indian railways.

More Competition :
Often confused with More Privatisation of public services. 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 Outsourcing of certain services, wherever possible, more cost-effective and efficient way of delivery of services, opt to purchase outputs rather than inputs.

Improved Citizen Interface:
Drafting of Citizen Charter: in consultation with various stake holders like service providers, users etc detailing realistic and measurable action standards,
Periodic public hearings
Faster grievance redressal mechanisms

Thank You

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