

CORRUPTION IN PUBLIC LIFE: HAVE WE BECOME IMMUNE?

(Seventh Lalit Doshi Memorial Lecture on 06.08.2001, Mumbai)

N. Vittal, Central Vigilance Commissioner

I am very grateful to the Lalit Doshi Memorial Foundation for inviting me to deliver the 7th Lalit Doshi Memorial Lecture this year. When I look at the eminent people who have delivered this memorial lecture in the past, I also experience a sense of trepidation. Nevertheless, I am emboldened to follow in their footsteps because this is an occasion where we can remember one of our excellent friends who was struck down by the cruel hand of death at the prime of his life. “Those whom Gods love, die young”, says the Greeks. Lalit Doshi was so full of life. What is more, he was always radiating a sense of cheer and was invariably pleasant. I still remember his active participation in the retreat which was organised in the Administrative Staff College at Hyderabad in January 1994 in which I also participated. This was in the first flush of the reforms of economic liberalisation process that has been introduced and Doshi was so full of ideas and perceptions. His valuable contribution made the entire retreat very memorable. Doshi, as an IAS officer, was connected with different aspects of administration and especially with economic administration where he made a valuable contribution.

2 As we look at our country today, especially from the point of view of development, we find that it is a victim of a social disease. This disease is preventing India from realising its full potential. This disease is the disease of corruption. Corruption is the AIDS of our body politic. AIDS arises out of uncontrolled sexual behaviour. Corruption is the result of uncontrolled financial behaviour. This includes financial rape where the public servant exploits his position to extract bribe from the citizen and financial adultery where the citizen and the public servant collude to cheat the public exchequer.

3 Corruption is the lack of integrity. This could be intellectual, financial or moral integrity. As the Central Vigilance Commissioner (CVC), I shall focus on the aspect of financial integrity.

4 The negative consequences of corruption are well known. Corruption is anti-national, anti-economic development and anti-poor. Nevertheless there does not seem to be in the public at large a proper and adequate realisation of the dangers of corruption. Either we have given up hope of making our country a less corrupt country or we have come to terms with corruption out of a sense of resigned cynicism accepting that corruption is a fact of life. The question: Have we become immune to the issue of corruption in public life? has become increasingly relevant especially in the context of the recent elections in the states. We have had also in this year the tehalka.com expose on 13th of March followed shortly thereafter by the CBI raid on the Chairman of the Central Board of Excise & Customs, perhaps for the first time in the country. We seem to be living in an India where there is a scam a week if not a scam a day. This city of Mumbai has seen scams in the stock market which seem to be occurring with sickening regularity the latest being the Ketan Parekh case into which a JPC is inquiring. We meet corruption practically in every walk of life in India.

5 As we gather here to pay our homage to the memory of our dear departed friend Lalit Doshi, perhaps it is worthwhile to recall the current state of our public life and ask ourselves the question: Have we become immune to the widespread corruption in public life? We ask this question as the starting point for an exercise in collective introspection and move from there to a strategy to rid this country of the social disease of corruption.

6 Corruption in any system or society depends on three factors. The first is the set of individual's sense of values, the second is the set of social values which are accepted by the society as a whole and third, the system of governance or administration. There are two broad elements which determine the extent of corruption or the lack of probity in public life. The social roots of corruption form the first element and second is the system of governance. Let us begin with the first element.

7 India is a corrupt country. According to the corruption perception index published in 2000 by Transparency International, India ranks 69 out of 90 countries as can be seen form the table below:

CPI 2000 by Transparency International							
1	Finland	24	Portugal	47	Poland	70	Philippines
2	Denmark	25	Belgium	48	South Korea	71	Bolivia
3	New Zealand	26	Botswana	49	Brazil	72	Côte-d'Ivoire
4	Sweden	27	Estonia	50	Turkey	73	Venezuela
5	Canada	28	Slovenia	51	Croatia	74	Ecuador
6	Iceland	29	Taiwan	52	Argentina	75	Moldova
7	Norway	30	Costa Rica	53	Bulgaria	76	Armenia
8	Singapore	31	Namibia	54	Ghana	77	Tanzania
9	Netherlands	32	Hungary	55	Senegal	78	Vietnam
10	United Kingdom	33	Tunisia	56	Slovak Republic	79	Uzbekistan
11	Luxembourg	34	South Africa	57	Latvia	80	Uganda
12	Switzerland	35	Greece	58	Zambia	81	Mozambique
13	Australia	36	Malaysia	59	Mexico	82	Kenya
14	USA	37	Mauritius	60	Colombia	83	Russia
15	Austria	38	Morocco	61	Ethiopia	84	Cameroon
16	Hong Kong	39	Italy	62	Thailand	85	Angola
17	Germany	40	Jordan	63	China	86	Indonesia
18	Chile	41	Peru	64	Egypt	87	Azerbaijan
19	Ireland	42	Czech Republic	65	Burkina Faso	88	Ukraine
20	Spain	43	Belarus	66	Kazakhstan	89	Yugoslavia
21	France	44	El Salvador	67	Zimbabwe	90	Nigeria
22	Israel	45	Lithuania	68	Romania		
23	Japan	46	Malawi	69	<u>India</u>		

8 India is like a snake whose head is in the 21st century and whose tail is in the 17th century. We are a billion strong country and we have wide differences in terms of social and economic development of different parts of the country. From a sociological point of view, the family is the basis of our society. The joint family and caste are only the extended versions of the family.

The joint family might have been eroded in recent times especially in the urban area but the kinship in the form of caste still prevails. Casteism gets a continuous boost because this seems to have become the basis of our entire politics. When I was young I recall leaders like Jawaharlal Nehru speaking about building India into a casteless classless society. The classless society never evolved and instead of building a casteless society, we have today a highly atomised society where caste defines the basis of politics. From casting our votes in the first election in 1952 we have come to a stage of voting a caste in recent elections.

9 This organisation of our society based on caste and kinship and the differences in the state of development between the states provides a very strong rationale for corruption. Caste and nepotism become the basis for distribution of patronage. One of the Chief Ministers is reported to have replied when asked why he was favouring his relatives “If I do not favour my relatives, whose relatives am I supposed to favour?”

10 This concept of standing by one’s caste or family is also reflected in the sense of tribalism of the corrupt. In addition to the social bond provided by caste and family ties, the common financial interest is another cementing factor. We are largely an illiterate society with at least 40% of our people being illiterate. Hence, emotions dictate politics. Politics is the route for power in a democracy. So when the politics is based on caste and the decisions are taken by the voter at the emotional level, corruption probably becomes more tolerable.

11 I wonder whether one of the social roots of corruption in India can be traced to basic philosophy of Hinduism and Hindu ethos. Hinduism preaches the concept of tolerance. Any number of examples are given in the puranas where a sinner having led a life of sin can get redemption by taking the name of Lord Narayana in his last moments as in the case of Ajamila. In social terms this has come to be accepted. People who lived a life of sin like the prodigal sons return to the straight and narrow path at some stage usually late in life. The shloka *Vridha nari pativrata vridha veshya tapaswani* probably represents the cynical acceptance of how people change in life from vice to virtue.

12 This concept of forgiveness and redemption in the evening of life is also reflected in another social tendency. We find a plethora of sadhus or spiritual leaders who have started preaching. Each sadhu has a band of very well to do chelas. An analysis of the chelas and sadhus may probably prove the well-known statement that every sinner has a future and every saint has a past.

13 At another level, the very basis of Hinduism, which believes in rebirth, shows that every soul is given innumerable opportunities to improve itself on its onward path. There may be set backs for sins committed but then virtue is also earned. This endless cycle of birth and death leads to the ultimate goal of Moksha. The emphasis of our saints on getting out of the birth and death cycle also is an attempt to persuade people to come to the right path as early as possible. *Punarapi jananam punarapi maranam punarapi janani jathare sayanam iha samsare bahu dustare kripaya pare pahi murare* said Adi Shankara in Bhaja Govindam reflecting the toils of repeated births and death. As we trace the social roots of corruption in our country, we can identify that this eternal message of tolerance, the sense of forgiveness, the hope held for sinners to come to the right path, probably have also led to the tolerance of a sin like corruption.

14 If we examine the root of corruption, we will find that it arises perhaps from the extreme attachment of people to their families. Nepotism is natural in this situation. Corruption, as defined by the World Bank, is the use of public office for private profit. A person in an office feels that he should earn enough not only for himself and his lifetime but also for his children, grand children and perhaps seven generations. That is probably the basic motive behind the enormous accumulation of wealth by the corrupt in our country today.

15 Equally important also is another psychological factor. Power is never demonstrated in a society unless it is misused. In certain communities I understand being as much corrupt as possible and amassing wealth is seen as a macho demonstration of his “competence”. If this is the attitude, those sectors of society, which did not have an opportunity to share the power cake in the past, may also rationalise that they must be also able to emulate those who had earlier enjoyed and misused their power and amassed wealth by rampant corruption. Thus a vicious cycle of corruption is launched where a society tolerates amassing of wealth and does not question how that wealth is accumulated.

16 This brings us to another important social root for corruption, which probably is getting more accentuated in recent times. This is the spreading cult of consumerism. The electronic media have had a tremendous impact in creating a desire in the mind of everyone to have the best of the consumer goods even at the beginning of life. Newspaper reports regularly made out how domestic servants have been the agents of crime in many cases. Perhaps it is this upstairs downstairs syndrome or the ostentatious consumption of the well to do and the sense of jealousy created as a result among the deprived which leads to crimes. Consumerism and desire for an ostentatious life style tempts many to make money by hook or crook. Corruption is the result.

17 Evil social practices also promote corruption. One major social cause that promotes corruption is the dowry system. Every public servant wants to see that his daughter is married off well and there is continuous pressure for having a minimum level of dowry. This may be one of the reasons why one comes across cases where even public servants who have had a clean life towards the end of their career become vulnerable to corruption. Dowry system is definitely one of the social roots of corruption in our country.

18 Equally important is the social pressure in a competitive society for ensuring that the children get the best possible education. Right from the kindergarten to every educational institution, there is pressure of competition and education has become commerce. This has been further accentuated by the government policies about affirmative action resulting in a great incentive for self financing colleges who charge a lot of donation fee and most of it is collected in black. Education pressure and corruption in the education sector is another social factor contributing to corruption in our system.

19 The recent elections have raised a debate whether corruption is no longer an issue. In other words, is probity in public life relevant in India today? As I see it, the position is as follows. Probity can be looked at two levels. One is the corruption or lack of probity which the common man meets at every stage in his day to day life. This is petty corruption and is more widespread. The impact in financial terms of this type of petty corruption may not be as high

compared to the corruption at higher levels where massive deals and kickbacks take place or even policies are modified to suit certain vested interests. Nevertheless, the poor man is not bothered about grand corruption at high levels of society.

20 One feature of the developed countries is that at least the type of petty corruption, which the common man experiences in India is absent in those countries. Corruption may exist at higher levels but the standards are apparently strict. For example, Vir Sanghvi in a recent article in Hindustan Times dated 13th May 2001 dramatically brought the difference in perception between when the lack of propriety takes place in Britain and India taking the case of the passport of Hinduja. This is what Vir Sanghvi said:

As the British example demonstrates, the only way to stamp out corruption is to begin with impropriety. Don't wait for the CBI to try and prove that a bribe has been paid-they will never get the proof and the case will take 20 years to come to trial. Start with impropriety-that is much easier to establish. The moment you see a minister hanging out with dodgy businessmen, assume that he is a crook. This may be unfair-perhaps he is only a native fool-but it is the only way to stop corruption at the root. Follow a policy of zero tolerance, insist on the highest standards of propriety in public life and only then do we have any chance of preventing impropriety from becoming corruption. One instance should prove my point. If we had followed the British example with regard to the Hinduja, would we be in this mess today with the Bofors charge-sheet? The answer is self-evident.

21 Vir Sanghvi has raised this issue about focussing on propriety as against the legality aspect of corruption. In Britain, there was also corruption and, thanks to William Gladstone's four innings as the Prime Minister of the country when he brought the structural changes relating to recruitment in civil services, army etc., that country became a cleaner country. After all, education is also an important factor. According to India Today study made in 1997, Kerala emerged as the least corrupt state. Probably this can be directly related to the increased literacy in that state and also the corresponding awareness of exercising their rights in Kerala.

22 Is probity in public life a middle class virtue? It is true that it is the middleclass that is the base of democracy. In Banana Republics we have two classes, only the super rich and abominable poor. Democracy in real sense does not exist. In totalitarian systems, of course, there will be no democracy and there could be total exploitation. If democracy has to survive, the middleclass value of probity in public life will also have to be sustained. We have to find practical methods of introducing and maintaining probity in public life. It has been said that the India is a feudal democracy. It is quite possible therefore that we take a tolerant view of the misbehaviour of the leaders because the king can do no wrong.

23 The corruption debate in Indian politics is viewed as only an attempt at one-upmanship. Even though it has affected some elections, by and large public memory seems to be short. For example, in 1973 in Gujarat, Shri Chimanbhai Patel was thrown out of power based on the Nav Nirman agitation started by the students on the issue of corruption. But the same Chimanbhai Patel came to power and died in office 16 years later. The total revolution started by Jayaprakash Narain in Bihar seem to have had minimum impact. Although Bofors became very

decisive issue in 1989 election, subsequently whenever any party raised the issues of corruption, it was seen more as an act of political vendetta. In the process, even government agencies like CBI are seen to be used by the powers that be to meet their political agenda. The initiation of a process of transparency in the selection of the Director, CBI was an attempt made by the Supreme Court in the Vineet Narain case to insulate the sensitive investigative agencies from outside influence.

24 The issue of corruption has also figured prominently in the recent elections where some of the candidates were either denied permission to contest election or were permitted to contest election even though they have been convicted in a court of law. In spite of the legal position, the voters have elected such candidates. Does it mean that for the common voter in India, probity in public life is not important? While one set of commentators have said that corruption and probity in public life does not matter in the view of the voters, opposite view has also been advanced by some like Mani Shankar Iyer. According to him the Tehalka tapes were an issue in the recent elections.

25 If probity in public life does not bother the public, what are the issues that distress and concern them? In some of the opinion polls conducted, issues like price of foodgrains, drinking water, employment, shelter etc. come higher as voters' priority than corruption.

26 From this development one can perhaps draw two conclusions. The first is that so far as Indian politics is concerned, the voter knows that our entire political system is based on corruption. Every political party needs funds for running its activities and this is collected in cash. This cash is basically black money. Black money is the oxygen for corruption; corruption is the oxygen for black money. In this situation, therefore, the voter considers that all parties are equally corrupt. The only difference may be that some are more than others or some have been found out and exposed and others have not yet been exposed.

27 There seems to be a total lack of awareness about the damages of corruption or lack of probity in public life in the well being of the people. The voter who considers drinking water or shelter or schools or employment opportunities as higher priorities is perhaps not aware that if there was no corruption these issues can be tackled more effectively and the benefits would be much more than what they have got. Rajiv Gandhi indicated at one stage that only 15 paise out of every rupee reach the beneficiary in the anti-poverty programmes. If corruption was checked, perhaps another 40 paise worth of benefits will flow even assuming 45 paise may be the overhead connected with administration and delivery mechanism.

28 The second conclusion from the election results could be that the voters are not bothered much about the high level corruption but they are more directly and visibly affected by the corruption at the cutting edge level of administration which they experience every day. Probably this discontent frustration and anger gets transmitted to the ruling party and gets translated as the anti-incumbency factor. It is possibly corruption at the higher levels involving large funds either not known to them or even if they are known they discount it. In fact, one of journalists close to a leader, who was very popular among the poor, told me once that when the issue of bribe came up, the leader told the hesitant parties who had come with money to bribe him that they need not worry. If they went outside and said that they have bribed the leader, nobody would believe

them for the simple reason that the public knew that the leader was rich enough and was not dependent on the bribes from the parties concerned. Secondly, even if they gave proof that the bribe was paid, the poor will rationalise the act of the leader by saying the money was taken for doing some benefit for the poor. Such is the impact of the charisma that the public condone corruption at higher levels in our democracy.

29 Another reason for tolerance of corruption by our public can be traced to the Hindu concept of prayashchita. If a person at a higher level is caught accepting bribes and even if a small punishment is imposed, the public seems to think that he has atoned for his sins and he should be given another chance. This is also reflected in Vir Sanghvi's observation above about our being too tolerant of impropriety.

30 We have evolved in our country red tape ridden elaborate systems leading to enormous delays in many public offices. This probably makes the common man consider paying a bribe as speed money is a part of the system. So long as he gets his rightful dues, he considers the bribe given as speed money as an additional tax which is inevitable. Particularly in the business community I find that there is a perception that one has to take a long-term view of the business. If one starts fighting the bureaucracy at the lower levels, the cost for fighting for probity in public offices or fighting against corruption leads to more loss in business. In fact, we find a very peculiar equation in India. With 6% as the conviction rate in our criminal courts, corruption is a low risk, high profit business for those who can afford to be corrupt. At the same time, with the enormous clout of the bureaucracy, people outside the system, be they NGOs or businessmen, find that if they want to take on the system, the risks in terms of loss of profit is much more than the gain, which may be mostly in terms of psychological satisfaction.

31 Then there is the aspect of 'National Character', published in the book, RESCUE DEMOCRACY FROM MONEY POWER by Bharatiya Vidya Bhavan whose third edition was recently released, Rajaji makes very perceptive observations about probity in public life. He says:

"National character is the keystone on which rests the fate and future of our public affairs, not this or that 'ism'."

"National character, again, depends on and in fact is individual rectitude. Movements for the encouragement of personal rectitude, for purifying individual character, are therefore not irrelevant in the context of politics but are vitally connected with our hopes in respect of national affairs".

"National character is the keystone of national affairs. It locks the bricks together like the key stone in the arch. If the keystone is not there, the arch goes to pieces and tumbles down. It is the improvement of individual character that goes to make the uplift of national character which in turn becomes the keystone in the arch of national prosperity" (Page 81).

“Gandhiji, it has been often stated, wished to spiritualise politics. He firmly held the view that we cannot keep politics and morality apart. Indeed he wanted politics to be rebuilt based on a true and reliable foundation, viz., individual honesty” (Page 82).

“If the parched field of Indian policies and administration has to get fresh green life and grow, we need the monsoon of purity in national character. And the monsoon consists of little drops falling and uniting to make the rain. Individual purity of character alone can revive the parched field” (Page 82).

“When will the people of India wake up, wake up to the need to work hard, to the need to be honest in all matters and in all walks of life including manufacture and trade? Character, which includes efficient work and truthfulness and purity of mind, is the keystone of the arch both in individual life and in national life. Politics, economics, administration, education, health and hygiene and a score of other things, all call for good character in the individual. Individuals make or mar the nation” (Page 82).

32 I think, basically most of us are selfish. When we face a problem, we are interested in finding immediate solutions. It may sometimes involve breaking the queue or breaking the rules or sometimes it may involve a financial advantage. How many of us insist on a regular receipt when we buy things with the sales tax duly added? In order to save on sales tax, cash transactions have become more the rule than the exception. Perhaps, the scope of corruption also in such departments is also correspondingly higher.

33 The second element responsible for the corruption in our country is our system of governance. Our democracy is based on corruption because all political parties have to collect funds in cash, which is black money. Further corruption in our system flourishes because of the following systemic aspects. It is this system that has resulted in a Rs.58000 crores non performing assets in our banking sector, a VDIS scheme which rewards the tax evader by levying a 30% tax while punishing the honest tax payer with a 40% tax and so on.

- scarcity of goods and services
- red tape and delay
- lack of transparency
- legal cushions of safety for the corrupt
- tribalism – brotherhood among the corrupt

34 What do we do in such a situation? The easiest option is not to do anything, accept the reality and take a cynical view to live with corruption. It will be like that situation where an astrologer advised a worried client that he was having all the problems because in his horoscope Saturn, Jupiter and Mangal were in very harmful places and this might continue for the next three years. Hopefully, the client asked: “What will happen after three years?” The astrologer told him that he would get accustomed to it! Perhaps the majority of the people in the country are adopting this advice.

35 When I suggest that out of the hundred crore people in the country may be five crore are corrupt and 95 are not, I have heard cynical people say that the 95 crore people may not have got

an opportunity to be corrupt! Once you give them an opportunity, they will also become corrupt. The question therefore to ask ourselves is, are we so bad?

36 The response of the public to the CVCs initiative in displaying the names of the charged officers on the CVC's web site showed that even now, in these cynical times, there is a sense of shame. The Newsweek which carried a story on this called it "e-shame". Perhaps even today public opinion can be mobilised. We must be able to make the best use of the media, both print and electronic, to convey the message about the need for checking corruption.

37 It is a good thing that the issue of corruption is becoming a global issue. I attended the Global Forum Against Corruption held at The Hague, Netherlands from 28-31st May 2001. The comment made by Shri T N Ninan, the Editor of Business Standard who also attended the programme is worth noting in this context.

The wisecrack goes that everyone complains about the weather but no one does anything about it. I suppose the same thing could be said about corruption, on which Indira Gandhi famously explained away her own inaction: it was a global phenomenon, she said. Well that turns out to be true. Except that something is in fact being done about it – on a global scale. Conferences are being held in quick succession to discuss the issue: one at the Hague earlier this week, which 1800 people attended; another soon in Prague, and then two more in South Korea before the end of the year. After working up remarkable steam on the environment and human rights, the global conferencing community has discovered corruption as an issue on which corrective action is urgently required.

Don't laugh and turn the page. This is serious business. It may take a while before the conferences leads to measurable action, but it seems pretty clear that we'll get there. Remember that that the first major international conference on environment was held in Stockholm in 1972. From there to Kyoto was just over a quarter century. The human rights movement has gone from agenda item to action item in a much shorter period, and I suspect that this will be true of corruption as well. Though what kind of action, and how effective it will be, remain unclear.

38 Educational system can be another major area where values can be inculcated and the need for integrity ingrained. I had taken up the matter with the Ministry of the HRD in the context of the revision of the syllabus. Perhaps an open discussion especially about the nexus between corruption and its negative impact on social development has to be ingrained in the public. Once this value gets institutionalised, perhaps we would have made some progress.

39 When we talk of corruption in public life, do we mean only public life in the sense of politics or do we take the entire society and look into corruption in other parts of society like the business, education and bureaucracy? Corruption pervades practically all sectors of our life and society today. Corruption seems to have become a way of life in our country because of the social causes which we have identified. The next question is, where do we go from here? Do we accept the corruption as given or is there a way out?

40 It was Alexis De Toqueville who said that the inevitable became intolerable the moment it was perceived to be no more inevitable. Today it is possible that people of India in their

different capacities as voters or businessmen or citizens have come to accept corruption as inevitable. If we could persuade them that corruption is not inevitable, then we will be able to bring about a change.

41 There are two approaches to the whole issue of corruption. One approach which may be considered as pragmatic, realistic and worldly wise is to accept that corruption is as universal as human nature and it is only the degree of corruption that can perhaps be controlled. The other approach is that corruption can be controlled and countries, which were once notorious for corruption, have been able to bring in greater probity in public life, thanks to committed and visionary leadership and changes in rules, systems and procedures.

42 Britain itself was not known as a corruption free country in the 19th century. This is what Dr C P Srivastava writes in his book CORRUPTION – INDIA’S ENEMY WITHIN (page 86). The suggestion of Shri Srivastava should be seen in the context of how one Prime Minister in Britain W E Gladstone was able to bring about probity in public life.

Time for action to arrest and reverse this trend is here and now. What is needed is a new, well thought out programme for national regeneration on the basis of shared ethical values and for the reconnection of all the people to the ideal of transparent integrity in governmental administration as well as in all aspects of political and public life. To fulfil its rightful destiny in the new millennium, the country will have to find ways to move towards an honest and ethics-based polity, an efficient, compassionate and corruption free administration and bureaucracy and a responsible and value based society.

Other democratic countries have come out of a virtually intractable state of corruption by adopting and implementing, with courage and determination, a carefully conceived programme involving fundamental changes in the electoral system as well as in governmental administration, especially in the public services. For example the United Kingdom whose public notoriously corrupt in the 18th century made a transition across barely 50 years to a regime of extraordinary public probity. This was achieved primarily because of the visionary leadership of the liberal party under W E Gladstone who first in his capacity of Chancellor of the Exchequer in 1850s and later as Prime Minister, four times during the period 1868 to 1894 initiated a string of reform measures. The purpose of these measures was to abolish practices with payment of commissions in the army, to define and outlaw corrupt practices by state officials, to introduce competitive examination for admission to a non partisan civil service, to replace fees by salaries in public offices, and to set up systems of financial scrutiny by Parliament.

43 In the twentieth century we have seen how the Independent Commission Against Corruption (ICAC) set up in 1974 in Hong Kong was able to bring greater cleanliness in public life at least till 1997 before the handover to China. World Bank quotes Botswana as a country, which has vastly improved its probity in public life. We have seen the enormous drive and leadership of Lee Kwan Yew who was Prime Minister for a long time, literally making Singapore a very clean country over three decades.

44 I therefore subscribe to the view that while it is true that India is a very corrupt country, it is nevertheless possible that the level of corruption in India can be brought down. India can also

become like post Gladstone Britain or post Lee Kwan Yew Singapore. Success, it is said, is a self-fulfilling prophecy. So is also failure. In my job as CVC, I take the stand that corruption can be controlled.

45 Mere desire is not enough. If wishes were horses beggars can ride. The vision of a corruption free India has to be translated into action. As I see it, corruption in India is the result of a vicious cycle which involves political corruption, bureaucratic corruption, criminalisation of politics and business corruption. The root cause of corruption in India is political corruption. Our entire democracy is based on corruption. Every political party needs funds and they collect funds in the form of black money. Black money is the oxygen for corruption and corruption is the oxygen for black money.

46 My strategy consists of the following 5 elements:

A Black money, which is at the root of corruption, in politics, business and bureaucracy, should be effectively eliminated. This can be done in a three-phased programme.

Phase I Three months

- Implement the Benami Transaction Prohibition Act 1988
- Amend the Prevention of Money Laundering Bill to cover Income Tax, Customs, Excise and Sales Tax
- Enact Corrupt Public Servants (Forfeiture of Property) Act as suggested by the Law Commission and pending with the government from 4.2.1999
- Amend the Income Tax Act on the principle of zero exemption. Exempt all incomes upto Rs.2 lakhs per annum. Levy a flat tax rate of 20% on all incomes above Rs.2 lakhs.
- Amend the Customs and Excise Acts on the principle of zero discretion.

Phase II Three months

Introduce an amnesty scheme under which within a period of three months, all those who have black money can declare the same and regularize the same by paying an income tax of 21%.

Phase III

Effectively implement the laws passed in Phase so that the amount of black money is practically eliminated.

B Hold the National Convention on Ethics in Government on the lines suggested by Dr C P Srivastava in his book Corruption – India’s Enemy Within

C Enact the CVC Bill after taking into account the comments of the CVC on the Parliamentary Committee’s report on the CVC Bill

D Amend the Representation of People’s Act so that the candidates against whom serious criminal charges have been framed in a court of law are prohibited from contesting the elections till their name is cleared in the courts of law.

E For all sensitive posts in Government and sensitive organizations like banks, PSEs etc., introduce the pattern, which is now prevailing for selecting the Director CBI. This will mean that neutral committees of experts will select the panels for filling up the sensitive posts. The government will appoint candidates to the sensitive posts from these panels. Once a person is appointed to a post, he will have a fixed tenure for three years

47 The strategy for removal of black money from the economy needs some elaboration. Black money in India is like God. It is everywhere. I do not know why black money is also called the parallel economy because in geometry parallel lines do not meet whereas black money intersects with practically all sectors of our life.

48 Recently there was great excitement about the Mumbai police's initiative to nab the underworld and cut its link with film world. Underlying this whole nexus will be the cementing influence of black money. Black money probably is very dominant in certain sectors like real estate, politics or the film world. Nevertheless, it is practically present in every sector of our life. Every corrupt public servant also in some way or the other hoards black money.

49 Government has made valiant efforts in the past to tackle the problem of black money mostly in the form of amnesty schemes. The net result of government's effort has been more like trying to use petrol to put out fire. The latest was the VDIS scheme which added insult to injury by providing for the black money hoarders, a soft 30% rate of taxation (which in effect was only 10% according to knowledgeable experts), as against the 40% which honest tax payers had paid.

50 No wonder black money flourishes in our system. Even when laws are made, they are not implemented like the little known Benami Transaction Prohibition Act passed in September 1988. This Act has not been implemented all these twelve years in spite of the CVC requesting government to empower the CVC under this Act and prescribe the rules for implementation.

51 The advantages of removal of black money are obvious. The economy will become cleaner. As corruption goes down, economic development takes place. If India's corruption level goes down to that of Scandinavian countries, according to the 1999 UNDP report for South Asia, GDP will go up by 1.5% and FDI by 12%. Now that the budget exercises are on, here are some ideas which government can consider for getting rid of black money substantially by an integrated approach. This approach involves three phases. In the first phase, government empowers itself with legal measures to tackle the problem of black money and also cut at the root of generation of black money. In the second phase which will last for three months, an amnesty is provided to all holders of black money to come out into the open and join the mainstream. The third phase is the stage where after the amnesty period is over, stringent action is taken to rid the economy of the menace of black money once for all.

52 The first phase, which can be completed in three months, involves the following:

- Prescribing rules for implementing Benami Transaction Prohibition Act 1988 which is already on the statute book
- Enacting the Corrupt Public Servants (Forfeiture of Property) Act which empowers CVC to confiscate ill-gotten wealth of corrupt public servants. The Law Commission's proposal is pending with government from 4.2.1999
- Adding Income Tax, Customs and Excise, in the schedule for Prevention of Money Laundering Bill which is before the Rajya Sabha, so that if the black money generated by evasion of these taxes is sought to be laundered within the country or abroad, strict action could be taken.

- The main source of black money is evasion of Income Tax, Customs and Excise. So far as income tax is concerned, we should move over to a zero exemption, simplified flat tax rate system. Incomes up to Rs.2 lakh per annum should not be taxed. Any income above this limit should be uniformly taxed at a flat rate of 20% whether assesses are individuals, HUF, companies, partnership or any other type. This removal of discretion in one stroke will eliminate the scope of corruption. Incidentally, this will also enhance the income to the government because at present government hardly realises 17% as the effective rate for collection of income tax.
- The Customs and Excise Act provide excellent opportunities for corruption because of the ambiguity and discretion at different levels to decide what should be the applicable rate. It will be much simpler if there is an approach of zero discretion by precisely indicating the rate that is applicable for a particular product or services. In fact advance ruling must become a regular part of the system so that well before industrialists import, export or move goods out of the factory, the precise rate is known. For instance, if we take a product like KitKat, is it a chocolate or a biscuit? Many would say it is a chocolate. I am told it has been adjudicated to be a biscuit whereby there is considerable saving for industry and government loses revenue.

53 Once these laws are in place, the government should give a three-month window of opportunity to all holders of black money to come out into the open and pay a flat rate of 21%. The one percent extra tax is a token levy to show that the government would any day encourage honest tax payers who have paid 20% and not reward black money hoarders as was done in the VDIS. This is the second phase

54 In the third phase, once the amnesty period is over, government should systematically utilise all the laws that are available especially those mentioned above so that black money is seized and brought into the main stream of the economy.

55 If government were to take the initiative, it will be very difficult for people to oppose. What we have seen over the last five decades, especially in customs, excise and income tax is a whole culture built on the pressures, pulls and counter-pulls of vested interests seeking exemptions and special treatment. Once this culture of evasion of taxes is overcome, we would have entered a much better era. What better opportunity than the beginning of the real millennium to place India on the path away from the intersecting parallel economy?

56 Bureaucratic corruption as mentioned earlier is mainly due to the five factors:

- Scarcity of good and services
- Red tape and delay
- Lack of transparency in administration
- Legal cushions that have been created in the form of procedures and laws by which a corrupt official can engage the best lawyers and quibble his way to freedom
- Tribalism or biradri between the corrupt who protect each other.

57 A three-point strategy is followed by CVC to tackle the issue of bureaucratic corruption. The first is the simplification of rules and procedures so that the scope of corruption is reduced. The second is transparency and empowering the public. The third is effective punishment.

58 The CVC has the powers to exercise superintendence over the vigilance administration of the various ministries of the central government or corporations established by or under any central act, government companies, societies or local authorities owned or controlled by the central government. This power of superintendence empowers the CVC to give directives even in policy matters and definitely in procedures. The CVC therefore focuses on procedures, which are likely to lead to corruption and try to modify them. One example is the corruption in government procurement procedures. On 27.11.98, the CVC issued a directive that in government procurement procedures, once the tenders had been opened, there must be no post tender negotiations except with the lowest bidder. This has brought a lot of transparency and some check on corruption in government purchase operations.

59 The second element of the strategy of the CVC is to bring in greater transparency in the system. Perhaps for the first time in the world, CVC published the names of charged officers on a web site. These are officers who were facing departmental inquiries and who have been proved guilty after a due inquiry. This was almost an exercise in serendipity. Serendipity is a word coined by Horace Walpole in 1754 after The Three Princes of Serendip, a fairy-tale. Serendipity means the faculty of making happy and unexpected discoveries by accident. The Central Vigilance Commission has had an experience in serendipity recently after it launched on its web site (<http://cvc.nic.in>) the names of the charged officers who were either facing prosecution under the Prevention of Corruption Act or departmental action for a major penalty like dismissal.

60 The action of the CVC was basically motivated by a desire to communicate the correct facts of action against public servants. The general perception of the public was that the publicity is only given about middle level or junior officials. The fact is that contrary to public perceptions, action is also taken against senior persons but somehow this aspect does not get reflected in the media.

61 The display of the names of the senior officials of the Government of India including IAS and IPS officers in the web site of the CVC in January 2000 proved to be a classic example of serendipity. While the basic objective of the CVC was to meet the long-standing demand of the media for information about senior officials facing corruption charges and inquiries, once the information was put on the web site, the reaction was an exercise in serendipity. The public at large welcomed the measure. 93% of the people in a poll conducted by the Hindustan Times welcomed measure.

62 Some of the people who figured on the web site were also occupying sensitive positions. It is a normal Government principle that if a person is facing a vigilance inquiry, he should not be placed in sensitive posts but in practice this was not being followed. This is an important reason why corruption flourishes in our system. This aspect was highlighted immediately by the web site. Lack of transparency of the departmental operations helped people facing vigilance inquiries to occupy sensitive posts. Placing the names of the charged officers in the web site introduced an element of transparency. Questions were raised in the public at large about people who are facing inquiries occupying sensitive positions. There was another somewhat unexpected development. An impression grew that the very fact that the names were figuring on the web site

meant that these persons have already been condemned to be corrupt. In fact, one paper went to the extent of saying that the CVC has started an Icondemnyou.com web site. All that the CVC had done was to extend to the departmental inquiries the practice, which is as old as the Indian Penal Code in criminal cases.

63 In criminal cases when a person is accused, he is legally innocent till proved guilty but so far as court proceedings are concerned, the name of the accused is in the public domain. While even in a serious criminal offence like murder or theft, the accused does not protest that his reputation has been damaged, the moment CVC published on the web site the names of officers, who were facing prosecution cases under the Prevention of Corruption Act or departmental action for major penalty, a hue and cry was raised saying that its very action the CVC had already condemned the innocent public servants! One of the IAS Associations went to the extent of passing a resolution against the CVC stating that here after departmental authorities will not be willing to take a sympathetic view of the officers facing departmental action.

64 It was interesting to see that while under the law no defamation has been caused by publicising the names of the charged officers, the general perception appeared to be that the CVC web site was a sort of a rogues gallery, which it is not legally or technically. In spite of the fact that we have become very insensitive and cynical on the issue of corruption, the web site publication seems to have caused some stirring of the conscience in our society. The perception was that public servants would avoid getting their names published on the web site of the CVC. This was confirmed in a poll taken by the Economic Times in which 83% of the respondents said that the publication of the names of the charged officers in the CVC web site will have a deterrent effect.

65 There was a third benefit, which flowed from the web site. Some of the persons whose names were on the web site said that even though their names were there, they had not been even served with a charge sheet. This highlighted another dimension about how corruption flourishes in our system. This is the element of delay in departmental inquiries. It is quite possible that innocent persons may also become subjects of vigilance inquiries. If the departmental inquiries are delayed, the results are totally contradictory so far as the honest and the corrupt persons are concerned. In the case of an honest person, he becomes a victim of mindless departmental procedure. His career may be ruined, thanks to the delay in getting his name cleared. On the other hand, in the case of a corrupt person delay provides a cover of respectability because he can continue to maintain that he was innocent till he was proved guilty. The CVC was able to use the web site initiative as a device by which monthly reminders to all the departmental authorities could be sent so that the disposal of the cases could be expedited. The intention of the CVC is to see that within six months all departmental inquiries are completed so that honest persons can get their names cleared and the corrupt punished quickly.

66 Yet another benefit is the apparent launching of a virtuous cycle in other areas of government where transparency can be introduced to improve the quality of governance. If the names of charged officers facing departmental inquiries can be publicised, why not the names of the willful defaulters in the banking system? The Governor of the Reserve Bank of India has announced that the Reserve Bank is examining this issue. Similarly, in the case of the non-

banking financial institutions also there were reports that the Department of Company Affairs is thinking of publishing the names of defaulters.

67 An interesting development is that while people are willing to complain, they are willing to go ahead and do the sting operation. Interestingly in a study made in six cities in December 2000, by the Centre for Media Studies, Research House, Community Centre, Saket, New Delhi, India, it made the following observations.

Nearly half of those who avail services of most often visited public departments of Government in the country had the first hand experience of giving bribe at one time or other. In fact, as high as two thirds of people think that corruption in these offices is real. However, one third think corruption is more often exaggerated. And yet, 80 percent of people are passive and hardly 20 percent had ever complained about such corruption to any.

68 It is interesting that while 50% of the people reported that they had bribed, only 20% took the trouble of complaining. This also highlights the need for sensitizing the public about the dangers of corruption. Interestingly the National Cadet Corps which has got about 1.2 million cadets have also decided that from this year, 2001, the vigilance awareness week will be observed by the NCC also.

69 The third element of the strategy is bringing in effective punishment. The corrupt public servants can be prosecuted if the evidence is strong and which can be proved in a court of law. Where the standard of proof required is beyond reasonable doubt, such case once they go to the court they take a long time and unfortunately in India the conviction rates are very low, as low as 6% in criminal cases. The other option is to take departmental action. In the departmental inquiry the proof needed is preponderance of possibility. It is in this area that the CVC has been expediting action. All the cases referred to by CVC are computerized. Reference to the CVC is made by the departments at two stages. In the first stage, reference is made with all the data and seeking advice on whether there should be prosecution or departmental action. If the departmental action is to be taken, whether there should be a major penalty or minor penalty. Once the advice is given, inquiry is conducted and after the inquiry is conducted, again the advice is sought – second stage advice – what will be type of punishment to be awarded? With all the data now being computerized, one glaring fact that emerged was that there was very poor and slow follow up action. For example the cases of major penalty after inquiry pending as of November 2000 and February 2001 are as follows:

Period	As on 23/11/2000	As on 22/02/2001	Remarks
Less than 1 year	422	408	14
Between 1 - 2 years	264	195	69
Between 2- 5 years	407	307	100
More than 5 years	175	156	19
Total	1268	1066	202

70 Systematic follow up with various authorities is being conducted so that prompt action is taken. The experience of CVC has shown that corruption flourishes because of delay and lack of transparency. Transparency aspect has already been discussed above. Delay, in effective punishment is sought to be reduced by systematic follow up and results are encouraging.

71 The common citizen ultimately must be able to join the fight against corruption. War, it is said, is too dangerous a matter to be left to the generals alone. Fighting corruption is too important to be left only to the CVC. I have therefore been suggesting the following four-point action for the citizens of the country including students to join the fight against corruption.

72 The first point is participating the Benami Black Money Scheme of the CVC. CVC on 12.7.2000 announced the Benami Black Money Scheme to take advantage of the information available with the public against corrupt public servants. The details of the scheme can be seen on the CVC web site at <http://cvc.nic.in>.

73 The second point of action is that the citizens can make suggestions about the rules that can be simplified or modified so that scope of corruption is reduced. CVC has the power of supervision over vigilance administration and can give directive to departments to amend rules.

74 The third point of the CVC strategy is that citizens can take part in trapping corrupt public servants. CVOs have been asked to organize sting operations when they get complaints from public about corruption. Every office in Government of India is supposed to have board which says DO NOT PAY BRIBES, IF ANY BODY ASKS BRIBES COMPLAIN TO THE CHIEF VIGILANCE OFFICER / CENTRAL VIGILANCE COMMISSIONER. The CVOs in turn have been instructed to arrange for traps. The problem in trap or sting operation is that witnesses are not willing to come forward. Citizens who are public-spirited can come and participate in traps as witnesses. They will be making a major contribution to tackling corruption.

75 The fourth point of action is in helping to create greater awareness about the evils of corruption in society. The CVC from the year 2000 has started observing for one week from 31st October, which is the birthday of Sardar Patel, the Bismarck of India, the Vigilance Awareness Week. This week can be used for spreading the awareness of fighting corruption in the form of talks, competition, and so on to focus attention on the need for probity in public life.

76 We have explored so far the social roots of corruption, the present situation of corruption and possible approaches to become free of corruption. Have we become immune to corruption in public life? The answer a priori may be yes. But if we probe below this surface, we will find that the sense of immunity is the result of a defeatist and cynical approach. Many accept the situation of corruption but are not happy. It is an interesting and curious fact that even corrupt politicians, when they came to power talk of fighting corruption and providing corruption free government. The reason for this is the fundamental opposition to corruption as a way of life at least at the conceptual level. Many may feel a sense of helplessness but if we remember the eternal call of the Kathopanishad which Vivekananda used to invoke, we will not feel so despondent. The message is: Arise, Awake and Stop not till the goal is reached.

Utthistata, Jagrata, Prapta Varan Nibodhata!
