

# On the Nature of Corruption in India and Some of Its Implications

Notwithstanding that corruption, widespread and deep-rooted, has been with us for a long time, it is only since the time just before the commencement of the Commonwealth Games (CWG) that it has started occupying a prominent place in the political and media spaces. Partly it is because of the humiliation that the nation had to suffer on account of adverse publicity brought about by corruption and mismanagement in the organizing of the CWG; and, partly because of the astronomical sums involved in the CWG scam, and in the 2-G and Antrix-Devas scams which came in the limelight shortly after the CWG scandal. Although everyone knew about the ongoing loot of public money, not many knew about the breath-taking gigantic character of it. Because of the sheer size of the loot, at the moment it is this aspect which seems to be dominating the discussions on corruption in India. There is no doubt that the size of the loot is an extremely important aspect; but in the Indian context it is by no means the most important one. At this juncture, corruption in India has acquired a character which has the potential of imperilling the nation and the society in serious and unpredictable ways. The purpose of this short note is to delineate some of the important features of corruption in India and their implications for the nation and the society.

One important adverse effect of corruption is that almost invariably it results in some destruction of social wealth. If persons in charge of getting a stadium constructed use substandard material, and the stadium collapses as a consequence thereof, then all the resources expended in building the stadium will have been wasted. Some of the CWG structures collapsed even before the start of the games; it is not particularly difficult to extrapolate the quality of the structures which did not collapse in view of the revelations of massive corruption which have now come to light. Through corruption corrupt people transfer money belonging to others to themselves. In this process of transfer how much wealth will be destroyed depends on the nature of the process. The wealth destroying effect of corruption can be summarized by a simple measure, which can be termed as the wealth destruction multiple (WDM). If the process of transferring one rupee to the corrupt results in destruction of  $m$  rupees of social wealth then the wealth destruction

multiple will be  $m$ . If a stadium on which Rs. 100 crores have been spent collapses because someone for a gain of Rs. 1 crore used substandard material then the wealth destruction multiple will be 100. *One of the most significant features of corruption in India is that this wealth destruction multiple is very high. And, as a consequence of it corruption is resulting in large destruction of social wealth.* A high WDM has another significance as well. If a person does not mind destruction of a large amount of social wealth for a small gain for himself, it is unlikely that his sense of belonging to the nation or the society will be particularly strong. Therefore it follows that if a large number of people in a country do not mind indulging in acts of corruption involving large WDMs then the continued security, prosperity and cohesiveness of it cannot be taken for granted.

Although, because of the endemic nature of corruption in India, wealth destruction is taking place in all domains, it may be worthwhile to mention certain domains where the problem of wealth destruction is particularly acute. One domain where massive destruction of social wealth is taking place consists of forests, wild flora and fauna, and medicinal herbs which are found only in forests. The rate at which the forests in India are disappearing, because of corrupt politicians and forest officials, many species of flora and fauna are likely to become extinct or highly endangered in a matter of years. The WDM in the domain of forest related wealth is particularly large in India. The national heritage of monuments, excavated sites and artifacts of historical importance constitute another domain where the situation is extremely grim. The collusion of politicians and officials is likely to result in, through encroachments of land on the one hand and plundering of artifacts and other material of archaeological importance for the purpose of smuggling out on the other, in disappearance or disfigurement of a large number of them. Another important domain is that of construction activities in the public sector. The CWG kind of construction may be an extreme case, but the general character of construction in the public sector is unlikely to be radically different from the CWG type as the underlying factors are essentially the same everywhere. The only differences might be those of degree.

There is one very widespread form of corruption in India which consists of individuals collecting the remuneration but not performing the duties for which the remuneration is paid. Because in popular thinking corruption involves taking bribes or other kinds of illegal and immoral transfers of money, this form of corruption is not even recognized by many as corruption. If a government official is drawing his salary but not performing the tasks which fall under his duties properly, there is no reason why the relevant part of the salary should not be construed as ill-gotten gain and treated on par with other illegitimate transfers of money. This form of corruption, for obvious reasons, can be extremely wealth-destroying. Whether the killing of a tiger takes place because of collusion between

the poachers and forest officials or on account of dereliction of duty on the part of officials makes no difference with respect to the consequences. Life of a building gets reduced by the use of substandard material as well as by poor maintenance because of neglect by those charged with its care.

Corruption not only results in wealth destruction; it also in general impedes creation of wealth. This effect takes place through several different routes. One particularly important route in the Indian context is corruption in appointments. When a person is appointed because of his proximity to some politician or bureaucrat, or because of vested interests of those doing the selection, or because of transfer of money from the appointee to the appointing officials and higher-ups, such an appointment impedes creation of wealth in two different ways: The person who is appointed, in general not having the requisite qualification for the job, will tend to create dislocations in the system; and the person with the requisite qualifications who is not appointed will not be able to use his expertise for wealth-creation in the most efficient manner. If someone with a poor knowledge of a subject is appointed a teacher of that subject on a permanent post, it will ensure that the next 25-30 generations of students will be deprived of proper education in that subject with the obvious consequence of diminished wealth-producing capability of the students concerned. Also the person with the expertise in the subject may have to engage himself in tasks for which he is not really well-qualified. As corruption even in the context of some appointments can adversely affect the possibilities of wealth creation, it is clear that if most appointments are made on the basis of extraneous considerations, as by now is the case in India, then the possibilities of wealth creation can get seriously affected. *Another important feature of corruption in contemporary India is that it is impeding wealth creation in a severe way.*

According to the figures published in the newspapers, the total expenditure on CWG was about Rs. 70000 crores. China spent about Rs. 28000 crores on organizing the Olympic Games. China received well-deserved accolades from throughout the world on the superb organizing of the games; and in the process built the infrastructure for holding sporting events in the future. Assuming the figures in the media to be correct, it follows that even if half of Rs. 70000 crores had been embezzled but the remaining half had been properly utilized there is no reason why India could not have organized the games in a befitting manner. The international sporting events like the CWG cannot be organized properly if the outlay is below a certain critical level. If through corruption so much money is siphoned off that what is left over is below the critical level then the kind of shameful outcome which occurred in the case of CWG would be inevitable. When the extent of corruption crosses a certain limit then it is no longer possible for the task in

question to be adequately, not to speak properly, performed. *With respect to the extent, in India the corruption in many domains is essentially of the CWG type, making the country at least partly non-functional in those domains.*

The diminution in functionality mentioned above is being reinforced by two other forms of corruption. Even if it is the case that the amount of money left over after embezzlement and other forms of illegal transfers is sufficient for completing the task, it may not be possible to do so because of incompetence of those assigned for performing it. As a large number of appointments are made on the basis of monetary or other extraneous considerations, rather than on the basis of the suitability of persons for the jobs for which they are employed, by now a large percentage of people who hold positions in the country simply lack the capabilities essential for the jobs they are supposed to perform. Moreover, a considerable part of what one knows one learns by doing. In a society where people perform or at least attempt to perform, one can expect even unsuitable persons to learn in the due course of time to perform, even if not very satisfactorily. But in a society where one of the most rampant forms of corruption is non-performance of tasks for which remuneration is paid, the question of such a thing happening does not arise. On the contrary, even those who have the potential to perform efficiently will not be able to do so because of the most perverse work-culture that has taken hold of the Indian people at this juncture.

Sufferings of an average Indian because of corruption are immense. For even utterly trivial things one has to waste enormous amounts of time, suffer humiliation and harassment, pay bribes, be cheated, and put up with shoddy performance. Overwhelming numbers of Indians are victims of the massive and all-enveloping corruption which plagues the nation. *One of the most peculiar features of the corruption in India is that most of the victims have the same attributes as the corrupt politicians and bureaucrats. In terms of moral depravity there is practically no difference between those at the helm and those at the bottom.* Therein possibly lies the intractability and persistence of the corruption problem.

From what has been discussed above, it is clear that the nature of Indian corruption at this juncture is such that it is resulting in large destruction of social wealth, in erection of powerful impediments against wealth creation, societal non-functionality in many domains, and in reduction of competence levels, in some domains to dangerously low levels. The present generation of Indians seems to be bent upon stealing the future of generations yet to come.

A natural, and extremely important, question that arises relates to the reasons for this phenomenon. While a search for the causes of this all-pervasive affliction is likely to

be difficult and long drawn-out and consequently outside the scope of this short note, certain, rather significant, correlations which have the potential to throw light on the causes of the corruption phenomenon should be noted. Although corruption has been with us for a long time, even few decades back the situation was not as grim as it is now. With respect to each of the dimensions: extent of corruption, work ethics, and the nature of appointments, the situation was considerably better. In early nineteen-sixties Gulzarilal Nanda was India's Home Minister, one of the most powerful positions in the Central Government, first under Nehru and then under Shastri. He was also acting Prime Minister twice, first in 1964 and then in 1966. The landlord of the flat where Nanda was living on rent after he ceased to be Home Minister, threw out his belongings on the road because Nanda did not have money to pay the rent for the accommodation. The photograph of Nanda's belongings lying on the road made it to the front-pages of newspapers. Indians of today have forgotten the likes of him, who refused to be tempted and selflessly devoted their lives to nation-building; but see it fit to honour those who did lasting damage to our democratic institutions and those whose names would forever be associated with betrayal of trust that the people had reposed in them for lucre. For Indians of today only money and power are worthy of being on the pedestal; not any of the principles and values essential for societal functionality and progress. From this perspective of loss of values, it is doubtful if in our long history the situation has ever been grimmer than what it is today. We must remember that Indians of Kabir and Surdas centuries when invasions, wars and massive societal dislocations were taking their toll had the great sagacity, wisdom and judgment which made them put these indigent poets above all the mercenary ones who abounded in those times.

In this connection it is also interesting that in recent times the rich people in India have reduced their monetary outflow for charitable purposes to insignificant levels. In sharp distinction, spending on conspicuous and vulgar consumptions has of late increased by leaps and bounds. Unlike in the past, contributions to charitable causes do not as a rule result in enhancement of one's status in the society. But, vulgar display of riches, even when it is widely known that much of these riches are ill-gotten, can be depended upon to bring about a rise in one's status.

When for a people Mammon worship becomes the only value worth pursuing, the kind of degeneration that we are witnessing today is something that is inevitable. It is not just the society that is evaluating worth of persons in terms of their possessions and consumptions, persons themselves are doing the same. Assuming this line of thinking to be correct, we get our first clue as to what may in fact be required to come out of the morass that we are in. In some way, no matter how small, but demonstrable, one must reject this

correlation between worthiness of individuals and their possessions and consumptions. To combat the vise-like grip that the corruption has over the country, what will be even better would be to establish association between certain types of consumption patterns and societal degeneration.

As was mentioned earlier, one of the most worrying implications of corruption in India is that our average competence levels in many walks of life have become dangerously low. Because of the widespread nature of corruption and general decline of non-lucres values, the incentives for skill-formation have also become greatly weakened. It no longer pays to have expertise in any area, either in terms of money or of prestige. Because of the precipitous decline in learning and expertise our institutions have become caricatures of the real things. There is need to document the real character of today's institutions. A truthful account, without any embellishments, has the potential to make at least some people start worrying about the country. Also, if the attempts mentioned in the preceding para could be combined with inculcation of the idea that learning and expertise are to be valued in themselves then at least a glimmer of possibility for the reconstruction of the nation might emerge.

In a fundamental sense, protecting India from the dangers flowing from the all-encompassing corruption and building it in accordance with the ideals which inspired our freedom movement is not going to be any less difficult than the freedom struggle itself. But an awareness on the part of the concerned that the conduct and life-style of the Indian elite of today as well as the values underlying them must be rejected and that the norms like valuing learning for its own sake need to be revived will augur well for the task of saving the country from the perils inherent in the kind of corruption which afflicts it today.

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