

A Study on Corruption in India

Dr. Gulshan Kumar

Associate Professor, Rajshree Institute of Management & Technology, Bareilly

Abstract: Corruption is very common these days everywhere in India. Corruption is a curse for whole society. It ruins the whole system mainly Government Sector. The purpose of this paper is to understand about the corruption, some major scams of corruption in India. This study also focuses on corruption ranking of India in the whole world, causes and consequences of corruption in India.

Keywords: Corruption, Scam, Ranking, Government.

1. INTRODUCTION

Corruption is a very old phenomenon and it can be seen everywhere these days. Corruption is like a cancer in the public life, which has not become overnight, but during course of time. The term corruption simply means destruction, ruining, spoiling a society or a nation. A corrupt society is characterized by immorality and lack of fear or respect for the law. It is the abuse of public power for private gain. Corruption comes under many different ways like bribery, extortion, fraud, embezzlement, misappropriations of public goods, nepotism (favouring family members for jobs and contracts) cronyism and influence pending. Corruption is a problem that mainly arises in the interaction between government and the market economy where the government itself must be considered endogenous. Corruption has been defined in many different ways, each lacking in some aspect. A few years ago, the question of definition absorbed a large proportion of the time spent on discussion of corruption at conferences and meetings. However like an elephant, even though it may be difficult to describe, it is generally not difficult to recognize when observed. Unfortunately, the behaviour is often difficult to observe directly because, typically acts of corruption do not take place in broad day light.

Mohandas Karamchand Gandhi, "Corruption and hypocrisy ought not to be inevitable products of democracy, as they undoubtedly are today.

The Durban Commitment to Effective Action against Corruption defined as, "Corruption deepens poverty; it debases human rights, it degrades the environment; it derails development, including private sector development; it can drive conflict in and between nations; and it destroys confidence in democracy and the legitimacy of government. It debases human dignity and is universally condemned by the world's major faiths"

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

The Webster's Dictionary defines corruption as "inducement to wrong by improper or unlawful means as bribery."

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

Section 7 of the Prevention of Corruption Act, 1988 defines corruption as: "Whoever being or expecting to be a public servant, accepts or obtains, or agrees to accept, or attempts to obtain gratification whatever, other than legal remuneration as a motive or a reward or for bearing to do any official act or for showing or for bearing to show, in the exercise of his official functions favour or disfavour to any person with the Central or State Government or Parliament or Legislature of any State or with any public servant as such."

OBJECTIVES OF THE STUDY

The objectives of the present study are as follows:-

1. To study the concept of Corruption.
2. To study some major scams of India.
3. To study about the corruption ranking of India in the world.
4. To study the causes of corruption in India.
5. To study the consequences of corruption in India.

2. LITERATURE REVIEW

Corruption has logically included in each circle of Indian culture but Indian Parliament, businessman, policymakers, and civil societies are trying to make efficient anti-corruption strategies for such problems (Sondhi, 2000).

Civil society organisations have a key role to play in combating corruption. In fact, the task of ensuring sustained political commitment, administrative accountability, and procedural simplification can be achieved more quickly if vigilant and active civil society organisations take up the responsibility of interacting with the government organisations. The Report Card methodology developed by the Public Affairs Center in Bangalore is an innovative instrument to track down and expose corruption in public services (Guhan and Paul 1997).

Jon S.T. Quas (2008) analysed in this paper the problem of corruption in India by examining its causes and various anti-corruption measures employed by the government from the formation in 1941 of the first anti-corruption agency now changed as CBI in 1963. The lack of political will of the leaders unfavourable policy text was the major hindrance of the anti-corruption laws in India. It resulted in lower per capita expenditure and least favourable staff-population of CBI in India in comparison with Singapore, Hong Kong, South Korea and Thailand. CBI powers were limited in comparison with other countries in India. So it was impossible to control corruption in the near future.

Charron (2010) explored the relationship between five common explanations of corruption within the literature with corruption levels in Indian states using released survey data from 2005. This study systematically explore variations in levels of perceived and experienced corruption of everyday citizens in the India. Due to an admittedly limited amount of data – especially with respect to the dependent variable – a cross-sectional analysis was employed here with 20 of the 28 Indian states. From the analysis of this study, The outcome was that more literacy though education and more fiscally independent state governments were less corrupted. With the enactment of the ‘Right to Information Act’ of 2005, which intends to force public utilities and services to make their transactions with customers transparent to the public, if such a law has had any significant impact on citizens perceptions or experiences with corruption.

S.K. Das (2000) in this book through light on about political corruption and the use of public office for private gain in India. A merit- based bureaucracy was launched in nineteenth century to control corruption. This system with its pay structure that rewarded civil servants for honest effort was seen as the best solution to political corruption.

Debroy and Bhandari (2011) suggested that India does not require more laws to control the corruption; it requires fewer laws that are enforced.

Bussell, J. (2018) examined in this study that middlemen is part of corruption or not. Middle men received the information from corrupt resources. They charged for their services. The outcomes of the study were that whether the respondent allocated any portion of the bribe to a middleman and the proportion of the overall bribe allocated to a middleman.

Kandukuri, U. (2015) in his study put lights on top major scams of India. Most scams were done by bureaucrats and rich people of the country. They looted our country in the form of bribes, bank loans and guarantee etc.

Kundu, M. (2015) found in his study that Corruption and bribery has affected our total political, administrative economic system like cancer disease. It may not be possible to entirely eliminate corruption at all levels, but it is possible to control

it within tolerable limits however unless people say 'No' to illegal gratification or expose such greedy public servants and politicians, the corruption chain cannot be broken in India. We need a well functioning State with more focus on people, strengthening of our legal and institutional mechanism

CORRUPTION IN INDIA

The culture of corruption in India is saturated in every aspect of society and the corruption culture exists because that people encourage a system of fraudulency and the citizens who are forced to participate in this way of life. The social order that contributes to this culture of corruption includes people who make the law and those who follow the law. Social order as employed follows this definition: It is the relationship between the factors that enforce control and maintain order and the individual. This refers to the structures that exist outside of an individual and exert influence over the individual to regulate behaviour. Social order includes groups, institutions, businesses, or any structure that are microcosms of how a society functions as a whole. Corruption in India is prevalent and difficult to eliminate because it has a common practice with in the society.

SOME MAJOR SCAMS OF INDIA

INDIAN COAL ALOCATION SCAM

This scam is also known as Coalgate Scam, which was put in light in 2012 when UPA government was in the power. This scam is one of the biggest scam of all times in India. This was a political scam, in which Comptroller and Auditor General (CAG) accused the Government of illegally allocation of 194 blocks of coal during 2004 and 2009. Initial estimated loss was Rs10 lakh crores, but in final report the scam was reported of Rs.1.86 lakh crores by Comptroller and Auditor General (CAG).

2G SPECTRUM SCAM

This scam is known as 2G Spectrum Scam. In this scam, Government was alleged that they had undercharged mobile telephone companies for frequency allocation licences which were used to create 2G spectrum subscriptions in 2008. The main accused was Telecom Minister A. Raja in this scam. Comptroller and Auditor General (CAG) found that the scam was Rs. 176000 crores. As a result, Supreme Court led to the cancellation over 120 licenses in 2012.

COMMONWEALTH GAMES SCAM

Even Sports were not stay untouched with the scams. Commonwealth Games held in 2010, was the biggest examples of scam in Indian history. Suresh Kalmadi, chairman of the Commonwealth Games, was accused of corruption and malpractices during Commonwealth games held in India. The whole event was marred with accusations of criminal conspiracy, forgery and cheating. This scam was of Rs. 70000 Crores. This scam put a black spot on India. It was also reported that Indian athletes were forced to stay in terrible conditions instead of accommodations allotted to them by authorities.

BOFORS SCANDAL

Bofors Scandal was related to weapon deal. This scam took place between Sweden and India during 1980s and 1990s. India signed a deal of Rs. 1437 Crores with Swedish arms manufacturer Bofors AB, for the supply of 155mm field howitzer to Indian Army. Many politicians including Prime Minister Rajeev Gandhi were accused of bribes of Rs. 64 Crores for the deal. In present, Bofors scandal is estimated to be around Rs. 400 Crores.

NIRAV MODI PNB BANK FRAUD

This scam is one of the most controversial scams of Indian history. This scam took place through PNB's Brady house brand. Nirav Modi, Mehul Choksi and two other Punjab National Bank officials were included in this scam. In this scam, Nirav Modi accused of obtaining Letters of Undertaking (LOU) from PNB without paying margin money against the loans. It simply means if the companies failed to pay the loan, PNB itself would have to pay the amount. This scam was about Rs. 11400 Crores.

CHOPPER SCAM

This scam was related to defence. In 2010, a deal was signed between UPA government and AgustaWestland to acquire 12 helicopters. These helicopters were supposed to be used by Prime Minister, President of India and other VVIP duties. This scam was worth Rs. 3600 Crores. Many politicians and defence officials were included in this scam.

SATYAM SCAM

This was one of the major corporate scam in Corporate World. In 2009, Ramalinga Raju, official of Satyam Computers Limited was found accused of this scam. Company officials admit that they manipulated, misrepresented and falsified their accounts of over 14000 crore. They admitted all these facts in front of its board, stock exchanges, investors and other stakeholders.

HAWALA SCAM

It was one of the major scandals of 1990s. This scam revolved around hawala brothers, known as Jain Brothers. Jain Brothers were linked to a raid on terrorists. Many big politicians were said to be involved in the bribery. It was found that the payment of black money was done through Jain Brothers by these politicians.

STAMP PAPER SCAM

This scam was popularly known as Telgi Scam. In 2002, Abdul Karim Telgi was accused of printing and selling of forged and duplicate stamp papers to bank and other financial institutions. The estimated value of the scam was worth Rs. 20000 Crores.

BIHAR FODDER SCAM

This scam was popularly known as Chara Ghotala. This was the most famous scam of Bihar. Bihar Ex- Chief Minister Lalu Prasad Yadav, Jagannath Mishra was accused of this scam. This scam involved the fabrication of "vast herds of fictitious livestock" for which fodder, medicine and animal husbandry equipment was allegedly procured. The estimated value of this scam was worth Rs. 950 Crores.

HARSHAD MEHTA & KETAN PAREKH STOCK MARKET SCAM

This scam was most famous scam of Stock Market in 1992. Harshad Mehta siphoned lump sum money from the banking system and raised a large fund for himself by producing seamlessly original looking fake bank receipts, many banks lent him huge amounts of money assuming that they were doing this in return of government securities. Ketan Parekh also executed similar scam and looted Bank of India of around \$30 million.

SARADHA GROUP FINANCIAL SCAM

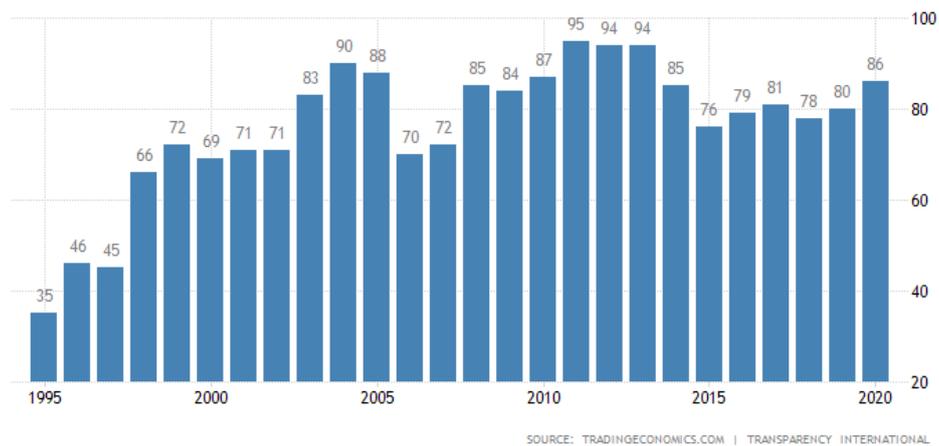
This scam was one of the famous financial scam in West Bengal in 2013. Kunal Ghosh, Sudipto Sen, Madan Mitra were accused to collect money through a Ponzi Investment Scheme called Chit fund. They collected around US \$4-6 billion from over 1.7 million depositors.

VIJAY MALAYA SCAM

Vijay Malaya accused of fraud and money laundering in India. He owed various banks over Rs 9000 Crores, which he had taken as a loan to keep his defunct Kingfisher Airlines from falling. After this scam, he absconded the country and sought refuge in U.K.

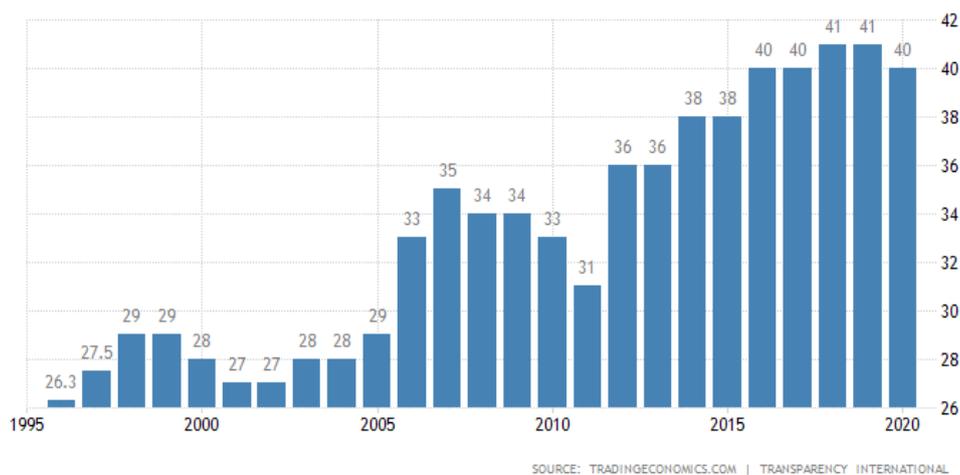
CORRUPTION RANKING OF INDIA IN THE WORLD

Transparency International conducts an annual research into the corruption perception of different countries, and as per the 2020 report released. There is not good news for India as we have declined our ranking by 6 in comparison with previous year 2019. The lowest corruption rank of India in the world was 35 in 1995 where as highest corruption rank of India in the world was in 95 in 2011. We can see from the data that corruption rank was on very high level in 2011, 2012 and 2013 when the UPA government was in power. But in 2014 when Modi's Government become into the power for the first time, there was a tremendous decline in the corruption rank of India in the whole world. But after second time, when Modi's Government come again into the power in 2019, corruption rate started climbing once again.



CORRUPTION INDEX OF INDIA IN THE WORLD

Corruption Perception Index (CPI) extracts a score based on various factors related with fighting corruption, and India has received a CPI of 40 in 2020, which were 41 last year. On a scale of 0-100, 0 is perceived as being highly corrupt and 100 is considered as least corrupt. The lowest CPI in India was 26 in 1995 and highest CPI in India was in 2018 and 2019 respectively. From 2011 continuously CPI has risen till 2019. It reflected that when Modi's Government came into power, the CPI was continuously improved and India's reputation has become better than before.



CAUSES OF CORRUPTION

- Lack of Strict and Fast Punishments
- Lack of Fundamental Rights Awareness among the People
- Lack of Transparency in Deals and Affairs
- Lack of Effective Management and Implementation
- Lack of Economic Stability in India
- Unhealthy Competition Encouragement in India
- Low Pay Scales and Wages
- Lack of Employment
- Lack of Enough Powers to the Judicial System
- Lack of Unity in Public

CONSEQUENCES OF CORRUPTION

- Fall in Growth of Indian Economy
- Rise in Unemployment
- Psychological and Social Disorder
- Rise in Poverty
- Power and Authority in Wrong Hands
- Loss of Indian Economy Wealth

ANTI-CORRUPTION LAWS IN INDIA

- Indian Penal Code (IPC), 1860
- The Prevention of Corruption Act (PCA), 1988
- The Benami Transactions
- The Prevention of Money Laundering Act, 2002
- Lokpal and Lokayukta Act of 2013

3. CONCLUSION

From the above description we can say that corruption spreads all over India under the root. Although it is not possible to combat the corruption fully, but still Indian Government had taken many actions to control corruption in India. We can see the efforts of Government of India in the form of Corruption Index, which regularly controlled from the last few years. Now corruption is a habit in India. From top to bottom, mostly all the officials in the government sector, make their habit that they do not done any work without bribe, gift or some kind.

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