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2000

Online at <https://mpa.ub.uni-muenchen.de/29727/>

MPRA Paper No. 29727, posted 24 Mar 2011 21:03 UTC

Corruption and Development: An inquiry into nature and causes and suggested remedy*

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ABSTRACT

Recognition for corruption as one of the main obstacles in the way of economic development is a rather recent development in the discipline of Development Economics. Due to wide-spread corruption only a small portion of development money reaches to the public. The reasons behind the corruption culture are numerous such as rejection of moral and spiritual values, greed and lust of money, rising election expenses, no belief in accountability to God or responsibility to the masses. With these states of character, the new policy of liberalization, privatization and globalization provided a golden opportunity to money maximizing culture. The remedy lies in inner purification and fear of God the all-knowing and all-seeing, and propagation of ethical and moral values. The strengthening of democracy and freedom of judiciary, right to information, and freedom of press should also be ensured to dislodge the corrupt politicians and public officials. A country caught in corruption and crimes is like a sick person. If timely and effective measures are not taken, it may result in collapse and disintegration of the whole system.

INTRODUCTION

The present paper aims to discuss increasing cases of corruption in our economy that not only hamper the development activities but endanger the very existence of our society. Although corruption and crimes are multifarious, the paper notes only those cases which are directly related to economic life. The paper especially investigates the reasons behind the increasing number of corruption cases and the remedy for it. The paper ends with a warning note that corruption and crimes which are spreading like cancer in the body of our nation if not treated timely and effectively they may destroy our whole system.

* Dr. Islahi, a staff member of the Department of Economics, Aligarh Muslim University, presented this paper to the 83rd Annual Conference of the Indian Economic Association held at Jammu University, Jammu and Kashmir, during December 29, 2000 - January 1, 2001; included " in: Raj Kumar Sen, Asis Dasgupta and Mrinal Kumar Dasgupta (editors), *Crime and Corruption in Indian Economy*. New Delhi, Deep and Deep, 2007, pp.151-57.

The engine of economic development must ride on four wheels: human resources, natural resources, capital formation and technology and the basic reason behind retarded growth of developing countries is considered as their undeveloped situation of these ingredients of development. At the same time the poorer countries have important advantage that the first pioneers along the path of industrialisation did not. These developing countries can draw upon the capital, skill, and technology of most advance countries. In spite of this advantage the slowdown of their progress has been attributed, for a long time, to foreign dominance, or its past legacy, misuse of resources due to market imperfections, low rate of saving and investment, demonstration effect, rapidly growing population, etc. To some extent, no doubt, some of them might have been responsible for slow development.. But at present the main obstacle in the way of real growth and satisfactory development is wide spread economic crime and dominance of corruption culture. This is something which is felt not only at home but the international bodies also realise it. Two years ago, hitting out at the critics of IMF's policies, the Fund's managing director Michel Camdessus had blamed cronyism, corruption and disorderly liberalisation for the East Asian countries meltdown.(1)

After Seattle, last year November, this year in April more than 6000 protesters crowded the streets to stop the World Bank/IMF meeting for taking place. Only the audience was different. The protesters complained that the countries, which received the assistance from the Bank, became poorer rather than rich. They had to repay the loans from which they had never benefited. There are apprehensions that a considerable part of the \$50 billion assistance that the Bank extends annually possibly goes the wrong way. About 4% or \$2billion may be the minimum leakage.(2)

DIMENSIONS OF CORRUPTION CULTURE IN INDIA

In India the volume of leakage is much greater.. Long ago, a former prime minister in a public meeting declared that out of every Rs.100 sanctioned by the government for any public programme, the people actually get the benefit worth Rs.20 only,(3) which means a leakage of 80 percent!

In 1996 the Transparency International, a German NGO put India as the 7th most corrupt country.(4) Only the mega scams in a period of ten years between 1986 and 1996 inflicted the country a loss of about Rs.15000 crore. See the table below. The amount will definitely be many folds if smaller and unreported scams and

financial embezzlement could be included. One will surely wonder how can a country expect required capital formation and satisfactory human resource development where frequent scams do not spare even defense on which life of the country depends, education on which intellectual development of the country is based, food and medicine on which health of people is rest, power and communication which provide infra structure for development, urea and fodder's which help the farmers and non-farmers equally, and so on and so forth?

Table showing Mega Scandals in India between 1986-1996

Name of Scandal	year	Amount involved (in crore)
Bofors	1986	Rs.200
Offering Plots	1988-89	Hundreds of crores
Hawala	1991	Rs.69
Stock-market Securities	1992	Rs.4'183
Brown Boveri Locomotive Deal	1993	Crores of Rupees
Contract In communication Ministry	1993	Rs.500
Pay Off	1993	Rs. 1
Sugar Deal	1994	Rs. 650
Treasury Frauds	1995	Rs.200
J.M.M.	1995	Rs.2.8
Cobblers Scam	1996	Rs. 1000
Animal Husbandry/Fodder scam	1996	Rs. 950
Urea Scam	1996	Rs.133
Indian Bank Scam	1996	Rs.2358

Source: *Social Problems in India* by Ram Ahuja, pp. 455-56.

The money earned through corrupt means is generally used for contesting elections, seeking political supports, creating split in opposition parties, construction of bungalows, purchasing farm houses and agricultural lands for plotting and re-sale, buying diamonds and jewellerys, investment in stock market, sending children to foreign countries for education, maintaining accounts in foreign banks, etc. a few years back the Reserve Bank of India estimated the amount at \$ 180 billion, i.e. Rs.550,000 crore in illegal bank accounts in foreign banks abroad.(5) It may be noted

that corruption affects our society in several ways. It not only retards economic development of the country but it destabilizes the central and the state governments. It has increased violence and lawlessness in the society. Its bitter fruits are casteism, linguism and communalism. It has destroyed the moral character and increased inefficiency, nepotism and lethargy. It has increased black money in the economy and led to adulteration of food, medicine and other essential items

CAUSES

It is not difficult to find the reasons for the fast-growing corruption in our country. The first and the foremost reason of corruption are the delinking the ordinary business of life from moral and religious values. There was a time when ministers and public offices resigned on the charges of corruption. But at present ministers stick to the public offices inspite of a host of charges against them. They not only go scot free, unharmed and unpunished but they manage to sturt on the political stage as honorable leaders.

Another reason for increasing number of corruption cases is the lust and greed for money. It is the lust of money that our politicians and players sell the honor of our country. Perhaps people still remember that cash and gold worth crores of Rupees were found from the Raj Bhawan of the governor of one state who died in air crash with eight members of his family in July 1994.(6) The recent news item of match-fixing is also an example of money maximizing culture which cares for no self-respect or honor of the country When 'get rich quick' becomes the norm, this phenomenon becomes the logical outcome..

The rising election expenses have also led the politicians to not only recover the expenses made in the election but procure enough funds or the next election. They realize that the power is transitory and they will not be able to afford the pomp and luxurious life they have been accustomed of once they are out of power. So the accumulate money for the days they would be voted out of power.

Last but not the least is losing faith in accountability before the Creator in the hereafter or no fear of responsibility to the masses in this world. Being confident that they can purchase worldly inspectors by their money and muscle power, or the can influence the court of justice in their own favor or prolong the court proceeding for indefinite period our politicians and ministers have no hesitation to amass public

wealth and loot public fund. In the wake of fading moral values and the concept of trusteeship and the lack of accountability and responsibility, the move for liberalization, privatization and globalization has provided golden opportunity. Competing for the emerging markets in India, multinational companies are offering high kickbacks to bureaucrats and politicians in order to get a business deal through

REMEDY

The present condition of crime and corruption worries every concerned Indian and they helplessly wonder what solution is.

The first and foremost check on corruption should come from within man himself. This requires inner purification of individual. For this purpose, true religious and spiritual values have to be inculcated in his heart and mind. God-fearing, accountability in the life after death, fellow feeling, love to human being and sympathy and sacrifice are the values that provide check from within a person. In other words, an attempt is to be made to bestow value perspective on the ordinary business of life – the struggle to produce, consume, and distribute material goods. The moral and ethical perspective is the common treasure of all religions. These values have to be translated into the economic endeavours of humankind both in its individual and collective aspects. We should remember that economic development is a segment of multidimensional development of man and the society. Economic development must be an integral constituent of spiritual and moral development. Instead of measuring quantity of goods produced it measures its quality, ethical desirability and its effect of other dimensions of human development. The advancement of a country is to be gauged by two measuring rods of material prosperity and moral status of its people.

Democratic setup of the country provides another tool to bring healthy change in the economy and reject the corrupt politicians. It is true that a country where elections are fought with the support of the underworld and guns can hardly describe itself as a functioning democracy. Democracy requires a good balance between order and liberty. They must exist together. It is also true that in the midst of dismal poverty, abysmal illiteracy, and alarming inequalities functioning participatory democracy is not very effective. The money and muscle power can influence a section of society and stop people from exercising the democratic rights. But they cannot be suppressed for a long time. In every general election we see examples of dethroning the corrupt politicians. We need to strengthen democratic institutions in

the country and bring electoral reforms, which can ensure the return of honest candidates.

Another hope is in judiciary of the country. Although examples are available to influence judgement and bribe the judges, judiciary has done a lot in recent years to get the corruption cases probed. Strengthening the judiciary system can put a check on corruption in high places. In fact economic reforms cannot succeed beyond a point unless we have judicial reforms too. Judicial delays in India are so great that ordinary folk avoid courts if at all possible. According to Prof. Bibek Debroy who headed a project on legal reform, the total backlog court cases are 30 million. On average it takes 20 years for a dispute to be resolved. ‘If no new cases at all are registered,’ says Debroy, ‘the court will take 324 years to dispose of the backlog at current rate of clearance!’(7)

When parliament is ineffective, the only recourse is the judiciary. As a watchdog of constitution, the Apex Judiciary is simply rescuing the country from looters. Justice P.N.Bhagwati, the former chief justice of India, observes, “When the executive fails to discharge its constitutional or legal duties and the legislature does not act, the Judiciary has to step in. Though the judiciary is not elected, it is accountable to the people and committed to justice. Today when there is tremendous corruption and total misuse of power by politicians and the bureaucracy, the judiciary is the only bulwark. And it has to act actively to maintain democracy and the rule of Law”.(8)

The judiciary in India has expanded its power of judicial review by entering what is known as Public Interest Litigation (PIL). The PIL is born of a popular movement for more and genuine redress from courts without any obstruction put in their right to access to justice. The PIL is a check on mal administration..

Freedom of press and proposed bill for right to information may prove effective weapon to raise voice against corruption practices of those who are at the helm of affairs and disclose them in public. Again the money and muscle power may try to suppress the media in general in a corrupt environment. But we hope that a daring step by even a single journalist may force others to come up with truth.

The central and state government’s departments meant for fighting corruption like Administrative, Vigilance Division (AVD), Central Bureau of Investigation

(CBI), Domestic Vigilance Unit (DVU), Central Vigilance Commission, Lok Aayuktas etc. Must be made effective to fight corruption

CONCLUSION

The history of nations, without exception, reveals that governments are established, strengthen and advanced with honesty, unity, hard work and sacrifices. And the decay and decline with corruption, injustice, exploitation, looting the public money and patronisation of criminals. Nations, like individuals, have also an age to grow, live a healthy life, become sick and die. Our leaders fought for independence and against British exploitations with an objective to transform India into an ideal state of peace and prosperity. They even endangered their careers in the struggle of freedom. After 50 years of Independence, the wide-spread of crimes and corruption, exploitation of the sons of the soil by its own people and loot of public funds by those who ate trustee and guardian, show that the diseases that lead to decay and decline have already set in. And if measure necessary for survival and healthy development are not taken in time, I am afraid, the ultimate result will be destruction and disintegration.

NOTES AND REFERENCES

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