

Understanding the System and Process as an Instrument to Curb Corruption:  
Transformation Experiences from India

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*“Talati<sup>1</sup> of Modasa Gram Panchayat Jitubhai Shah demanded a bribe of Rs 2,000 from Bordi villager Kakaldan Gadhvi for granting him Rs 42,000 under State Government scheme for house construction.”*

*“Gujarat Electricity Board employee Bileshwar Parmar asked Rajendrasinh Dabhi a resident of village Mohanpur to pay Rs 300 for new electricity connection.”<sup>2</sup>*

*“Prabhat Dhulabhai, a polio-stricken youth from Goyasundal village of Gogamba taluka in the Panchmahals, has studied up to SSC. When he sought work under the NREGA (National Rural Employment Guarantee Act) scheme, he was turned down. “The official refused to give me work, questioning my ability to dig up hard soil.” he says. At the work site, villagers have no idea that they should be provided drinking water facility or that there should be a crèche for the benefit of working women with young children. “We get paid for the amount of digging we do. We know nothing about drinking water and other benefits.” says a villager.*

These incidents are just a negligible portion of the hefty bribe of Rs.210.68<sup>3</sup> billion that Indian citizens pay annually to avail civil services.

*“Corruption traps millions in poverty,”* said Transparency International Chair Huguette Labelle. Despite a decade of progress in establishing anti-corruption laws and regulations, today’s results indicate that much remains to be done before we see meaningful improvements in the lives of the world’s poorest citizens. India is poised to be super economy by year 2050. Development projections of many economists suggest India will be one of the largest economies of the world. According to recent media reports as quoted by retiring Chief Justice of India, some thirty million cases are pending in courts across the country. There have been many international surveys taken place on corruption. In one such recent survey, on a corruption index (CPI 2006) India was ranked 75 among 163 countries; it poorly scored 3.3 points on scale of 10.

Corruption reflects social health. This statement is supported by the strong correlation between corruption and poverty is evident in the results of the CPI (Corruption Perception Index) 2006. On many fronts social health is a great concern and creates doubt whether economic growth is possible without healthy society? Whether economic performance at macro level is not depending upon micro level? Is there any interdependence? And if it is so, whether the development projections have taken care of essential elements of development at social & economic front? Corruption may be one factor that can prove all projections wrong.

India is a country of villages full of farmers and labourers. High illiteracy coupled with poverty. On one side of corruption those in power are encashing these poor illiterate lot

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<sup>1</sup> Village secretary

<sup>2</sup> From news article on [www.expressindia.com](http://www.expressindia.com)

<sup>3</sup> India corruption study 2005 to improve governance, by Transparency International India

where as another side of corruption is reflected by businessmen and corrupt officers availing licences, government contract and other favours at the cost of exchequer.

*“A poor farmer in a village Nanadia of Junagadh district of Gujarat, with a small piece of land dies. His son goes to the village secretary (Talati) to get land transferred on his name. The secretary asked for Rs.200 as bribe. Until and unless the bribe is paid, the secretary of the village became inaccessible. Record was fully under secretary’s control. The person has no other way but to fall to secretary’s demand.”*

This incident happened way back in 1977. The literacy level was very low. Land record was manually maintained. Even low cadre officer were enjoying unlimited powers. No one was listening complains at higher level against employees like Talati. There was apparent strong nexus between politician, executives and corruption. Bottom level executives were practicing corruption and were paying bribe to higher executives. There was a strong nexus between executives and politicians. They keep protecting each other for their crimes. Then there came the economic reforms of 1991. Invasion of technology and media made populace aware about ‘what is going on?’ and ‘what are their rights?’ Economic reforms were translated into system and processes. Same legislation is now enforceable because of higher awareness. Using technology, powers of village secretary are now made limited. The record is now visible to the landowner. The system has mandate to dispose application within stipulated time. He has to now give reason why the application is rejected. Why application is not processed. His kingdom of power is collapsed against system, transparency, technology and awareness. In many area NGOs are also active fighting against corruption.

Removing the corruption absolutely is very difficult, if not impossible. Even reducing it by significant amount will also take generations because society takes generations to change. There are two aspects of the whole economics of corruption. One is social and the other is economical.

With some simple economics, if you convince people that you can save your money. You just need to know the established procedure in the government machinery. We can show that in the payoff metrics, the cost of this awareness is far lesser than the cost of paying bribe (to the individual as well as to the society as a whole). We can have demonstrations, role-plays, street plays, and parodies and articles publication through various media, and lectures in colleges. We can force government to display the full procedure and hierarchy. Accountability of the executives should be precisely mentioned and visible.

Though social change takes more time to take place, it would be very effective in the long term. Our suggestion is to integrate the lessons of ethics in the curriculum from primary school level. Here, it does not mean we will preach them about ethics but include many indirect messages proving that being ethical would help you as well as others in life. Design the curriculum that includes stories depicting the message how corruption damage an individual and society and also spread messages appreciating honesty and integrity. Whether it is literature or language or pure science or applied science include it from lower school level to post-graduate level colleges. Appreciate being ethical from very

tender age. Basically the child should imbibe the values that will ensure ethical behaviour throughout his life.

Following factors are identified as responsible for degree of the corruption in different civil services:

- ❑ Monopoly nature of services
- ❑ Large public interface and intensity of interface
- ❑ Activities or services which directly effects the day to day life of common man
- ❑ High dependence on these services by common man
- ❑ Essentiality of the services
- ❑ Services available across the country
- ❑ User could be identified, traced and tracked

**Following instruments and modalities can be useful in curbing the corruption:**

### **1. Simplify the system**

Let us narrate one real life incidence, which will provide the justification to our proposal of simplifying the system. Mr. Ratilal, young entrepreneur, wanted to start a small-scale unit in the Gujarat Industrial Development Corporation (GIDC) area near Halol in Gujarat. The area is relatively a backward district in Gujarat state so government offers incentives to establish enterprises there. However, for availing these incentives one has to sign a contract along with a loan application. For this purpose an affidavit on Rs.10 stamp paper was required to be submitted. Stamp papers are only available in the district collector office. Ratilal stays more than 70 kms from the office. Not only does he have to travel the distance but also has to complete the lengthy procedure of availing the stamp paper within stipulated office time of six hours. Ratilal has to finish the process the same day otherwise there is a fear of losing the industrial plot to someone else. He has to request four blank challan<sup>4</sup> copies to be purchased from a nearby stationery shop. The next step is to get these challans signed by the officer in-charge at the collectorate. The officer very well understands the emergency of the situation and being a sadist he takes his own time in signing it. The challan, after it is signed, is required to be submitted to the bank along with cash. The timing to accept cash is 11 to 2 p.m. The stationery shop, collector office and bank are in separate premises apart from each other and are located at a distance from each other. If you cannot submit challan signed by office of collector, you can't pay cash. Ratilal explained collector office the whole situation, but in vain. One of the author's father accompanied him and he was known the level of corruption prevalent in the system. He asked the officer for his suggestion as to how to get the stamp by today evening as they did not have any lodging for the night stay, and it is costly to come tomorrow and incidentally if we cant file this affidavit by tomorrow with GIDC office, we are unable to get the plot of land for which we have applied. The officer now reacted sharply that "you gain a lot if you get stamp today, why should I sign without any gain? I have much other work to deal with". The officer also described that payment in the bank is not enough. You need to come with two copies of challan signed by bank acknowledging that the cash is received. This office will process the same and the stamp

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<sup>4</sup> Revenue receipt of the government

may be delivered thereafter. It may take another couple of hours depending upon the workload at this office. He asked a bribe of Rs.10/- for stamp of Rs.10/-. Ratilal was now convinced that if we will not pay Rs.10/-, it will be late by another two days and we have to work around collector office and will not be able to concentrate on establishing the enterprise. My father agrees and officer with lot of satisfaction of his power signed in a way he was signing documents delivering charge of the whole country! The applicant went to the bank with equally great pleasure, where there was a long queue waiting for payment in the bank. At the last moment Ratilal succeeded in payment, but the journey is not over, the stamped copy of challan was promised after the lunch break and two hours after the payment was accepted. After two hours time, they went to the bank and the three copies of challan were delivered after another half an hour. Now Ratilal was under impression that this is the final phase to receive stamp paper. But it turned out to be a false belief. Still the challans were to be processed in treasury department before Rs. 10 stamp paper could be given. The signatory officer at treasury was a different fellow. At last the stamp paper was ready. The corrupt officer was happy to earn Rs. 10 and he was under the impression that the amount is accrued and it will now be encashed. It was then that my father took the stamp paper in his hand and shouted, "Let me give Rs. 10 bribe in presence of collector so that we can account for it." And the corrupt fellow started to quarrel that this was not the term of their deal. The duo started to shout at each other catching the attention of officers and visitors around in collector office. Now the officer was afraid of getting exposed and Ratilal came out with the stamp paper without paying any bribe.

If the system itself is simple why Ratilal will pay bribe and what power a clerk enjoys to issue or not to issue a stamp and when? The objective of Stamp Act is to increase revenue of the state and utilise the collective amount in redressal of conflict between signatories' parties in future. Why system itself should not be so simple and accountable that State collects appropriate revenue and the citizen can procure stamp on demand?

## **2. Technology**

Will poor farmer of village Nanadia pay bribe if he can see his land records on the screen? Will talati ask for bribe if he loses right to application after passing of stipulated time within which he has to dispose the work? And if he requires showing reasons for denying the application, will he ask for the bribe? In state of Karnataka, the state government has implemented a Project called *Bhoomi*. As land administration is one of the most corrupted in the country, the state government has used ICT effectively in administering land record system. The processes are designed in a way, that the records are visible and tamper proof. Land records system in India, processes and procedures are matured and established so incorporating ICT is not a difficult task.

## **3. Faster redressal on corruption cases**

Though faster redressal does not directly reduce the corruption, it would strengthen the system of delivering justice and faith in law. This will restore the trust of people in the

system. It may also attract more people to blow whistle against the corruption. In long run the level of corruption will be lower.

#### **4. Outcome-linked reward for government employee as well as the department**

Set up such a system where payoff for the employee is not fixed payoff. In case of fixed payoff, person would have no incentive to behave in a certain manner because the person is anyways going to get the benefit whether he works or he does not. This can also be applied for social organisations, as in the case in case of cooperatives working at village level, when farmers get one time payment for his produce he does not have incentive to cooperate, but when he plays an iterative game and payoffs are linked with market price over the time he cooperate.

So we suggest having such a pay system for the government employees so that one gets compensation proportional to the output one generates.

#### **5. Using Right to Information effectively**

Again here we will mention the story the one of the author heard from his father. It will address the issue we are trying to put across through this proposal.

‘My father was owner of an office premises in Ahmedabad. He suddenly received property bills mentioning area of 20 mt<sup>2</sup>, and taxation bills were issued on premises of the incorrect area. The actual area was 12 mt<sup>2</sup>. He complained to the municipal corporation in 1994, the authority appointed a commission and officers checked that it was 14 mt<sup>2</sup>, but no effect in bill, again he wrote letters and complaints every year at time of receiving bills during 1999 to 2005. He sent a legal notice in year 2005 but no result!!!!... And in year 2005, Right to Information Act came into effect. The Act contains provision that if a citizen asks for any public information for Rs.20. The information asked is required to be given within 30 days, failing that imposes strict penalty on the part of officers concerned. My father applied in year 2006 under RTI, within 30 days the officers of local government visited and the area was measured as 12<sup>2</sup>. The new bill with 40% less area, Received 60% less tax bill! A complaint does not work for a decade, but legal mandate could deliver the results.’

The Right to Information Act is powerful tool in the hands of citizen. The officer in charge is bound to give information within 30 days of application. In denying the application he has limited option under the Act. He is accountable in case of failure and heavy fine is imposed upon him. This has created an opportunity for citizens to avail information and ensure transparent administration.

India is one of the contenders for possible inclusion as super power in United Nations reform process. The criteria to be super power are many, but to name a few, there must be healthy political, economical society and strong military. To be healthy economically, politically and in terms of military power, the corruption at any level would rust the social base. To be super power at any point of time, and if it happens to be super power,

to maintain the status stable, the corruption will be one of the impeding factors. Corruption is a great social evil and it could be destroyed.

While making a statement for people of Haiti, country no. 163 on CPI index, organisers said, *“Corruption in Haiti has been perceived to be the highest in the CPI 2006. This does not, however, indicate that Haiti is the ‘most corrupt country’ or that Haitians are the ‘most corrupt people’. While corruption is indeed one of the most formidable challenges to good governance, development and poverty reduction in Haiti, the vast majority of the people are only victims of corruption. Corruption by a limited number of powerful individuals, and failure of leaders and institutions to control or prevent corruption, does not imply that a country or its people are most corrupt.”*

This applies to Indian society too. India also is by and large society who loves ethics, but they are victims of circumstances and few powerful executives, politicians and businessmen, who govern and rule the powerless. If the system is broken, the society will mitigate huge corruption, and money that can be streamed in economy for the betterment of society.

The World Bank has correctly identified corruption as among the greatest obstacles to economic and social development. It undermines development by distorting the rule of law and weakening the institutional foundation on which economic growth depends.

The harmful effects of corruption are especially severe on the poor, as supported by CPI study, poor are hardest hit by economic decline, are most reliant on the provision of public services, and are least capable of paying the extra costs associated with bribery, fraud, and the misappropriation of economic privileges. A single rupee paid by them compels them to be hungry for a day. Corruption sabotages policies and programs that aim to reduce poverty; so attacking corruption is critical to the achievement of position anticipated by economist, India as one of the super economy. Instil message in the common man, if you want your country to be super power and super economy, corruption will be one of the enemies in the way, fight with corruption and defeat the evil to make your country super power.

Corruption is a result of conditions and opportunities to be corrupt. It is cause because of compulsion and temptation. Corruption can be a cause and the result of a country's dysfunction. If people are suffering from poverty, low wages, lack of participation in different spheres of life, poverty may force them to become corrupt. Corruption is now becoming habit of citizens. Corruption appears in poor because they need freedom from poverty. It appears in rich because they want to be richer. Literacy should be antidote to corruption, but evidence suggests that educated people pay and collect more money via bribe. Anti-corruption strategies are most effective when they are participative and inclusive of all stakeholders in society. Such inclusiveness requires building coalitions among stakeholders--government, civil society, NGOs, etc., within a country in order to ensure that the reforms are sustainable, corruption free society acts as catalyst to economic reforms.

- ❑ Increasing Political Accountability, Give power precisely to the executives coupled with responsibility and fix accountability, applies them to legislators and judiciary appropriately
- ❑ Strengthening Civil Society Participation, Setting up of independent and decentralised anti-corruption exchanges
- ❑ Creating a Competitive Private Sector
- ❑ Institutional Restraints on Power
- ❑ Improving Public Sector Management
- ❑ Use technology where you can
- ❑ Privatisation and increase healthy competition, as far as possible try to generate competition for the services
- ❑ Spreading awareness regarding Right to Information Act
- ❑ Reduce the 'middlemen' in transactions, simple process so far as possible
- ❑ Instil character, courage and confidence in the citizens and government officers

In conclusion, we are sure, if citizens are vigilant for their rights, empowered with knowledge, ensured transparent system, appreciated for ethical practice, encouraged to seek justice and supported for high moral standard; the corruption can be reduced to significant level. Also we have seen that in the incidents mentioned here indicates that after implementation of RTI, using ICT and after system reform, transparency has increased and corruption has reduced.