

Corruption, Transparency and the Good Governance Agenda in India

By

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EU-India: Beyond the New Delhi Summit

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Introduction¹

In the emerging agenda for action between the European Union and India there is a clear identification of the areas of joint concern. Of particular interest is the emphasis on trade and development which implicitly recognises the need for 'good governance' generally, but more particularly, in promoting individual rights and the rule of law. Good governance here does not necessarily mean the prescriptions of the World Bank or the IMF; it does, however, mean effective, accountable and transparent governance.

In contrast there is broad agreement - inside and outside India - on indicators of bad governance.² Chief among these is the incidence of corruption. In India high levels of corruption in public life and the private commercial sector co-exist with equally high levels of mass poverty, illiteracy, underdevelopment and the increasing criminalisation of politics. As a recent editorial in a leading newspaper observed:

Corruption in public life is one of the most daunting issues facing the country. Things have come to such a pass the *all* politicians evoke public ridicule.³

Public life in today's India is dominated with concerns about corruption and the inability of politicians to tackle it effectively. In the last few weeks, scandals have followed scandals: a Cabinet Minister was caught on video accepting a bribe; a legal paper scam involving several states, politicians of many different parties, the police and the criminal underworld has defrauded the treasury of an estimated billion dollars; and regional politician is alleged to have massed nearly \$800 million worth of property abroad.⁴

Such scandals are not the exception but a regular feature of Indian politics, both at the national and regional levels. The current National Democratic Alliance central government, which came to power in 1999 as a coalition with difference, untainted with the previous association with the institutionalised 'licence permit raj' of Congress regimes, has not done much better. In the last four years it has been dogged by one corruption scandal after another to the point where it has now become embarrassed about its ability to deliver clean government.⁵

Actions of governments and politicians apart there are general indicators that corruption is a serious issue in the medium term development of the Indian economy. In Transparency International's Corruption Perception Index, India ranked 72 in 2001, 73 in 2002, and 83 in 2003.⁶ In fact all countries in South Asia rank poorly. In 2002 and

¹ For a fuller discussion of the themes in this talk see Gurharpal Singh, 'South Asia', in Robin Hodess *et. al.* eds., *Global Corruption Report 2003* (London: Profile Books, 2003).

² See *Human Development Report 2003*. <http://www.undp.org/hdr2003/>.

³ *The Tribune*, (Chandigarh) 25th November 2003.

⁴ See *The Tribune*, 18, 19 and 23 November 2003. *Frontline*, (Chennai), 8-21 November 2003.

⁵ *The Tribune*, 19 November 2003.

⁶ See Robin Hodess, *et. al.* eds. *Global Corruption Report 2001* (Berlin: Transparency International), pp232-236; Robin Hodess *et. al.* eds., *Global Corruption Report 2003* (London: Profile Books, 2003); <http://www.transparency.org/cpi/2003/cpi2003.en.html>

2003 Bangladesh was ranked as the most corrupt country in the world. External findings of surveys by the likes of TI are also confirmed by opinion polls and surveys within South Asian states.

Corruption and Good Governance Agenda

In the last decade external and internal pressures have compelled Indian politicians to address the good governance agenda.

Externally the World Bank, IMF, the Asian Development Bank and other national development agencies such as DFID have made significant contributions to the anti-corruption process. September the 11 and the war in Afghanistan, for example, threw into sharp focus the complex relationship that exists in South Asia between corruption, terrorism, money laundering and political decay. In November 2001 India signed up to the ADB-OECD Anti-Corruption initiative for Asia-Pacific. The initiative commits each signatory to the development of an anti-corruption action plan which requires them to address three pillars of anti-corruption activity: civil service reform, reduction of bribery, and the closer involvement of civil society. Donor agencies, moreover, have been more insistent that programme funding is tied more specifically to anti-corruption policies and procedures.⁷

Internally, the pressure for change has come not only from the mobilisation after well-publicised scandals over the last decade, but also the growing expansion of civil society activisms centred around access to information, accountability audits by grass roots organisations, the growth of information technologies, and the broader impact of economic liberation which has created the need to reform long-standing institutions created during the licence permit raj period.⁸ Yet while these developments have no doubt created a strong momentum for change, politicians in India have proved quite adept in managing the good governance agenda to their own advantage. In the face of external and internal pressures for greater self-regulation, ruling national and state governments have frequently targeted political opponents in the name of anti-corruption drives, co-opted anti-corruption campaigners, and significantly compromised the effectiveness of anti-corruption institutions and proposed legislation.⁹

Nevertheless it would be churlish to say that in the campaign against corruption has failed to produce useful outcomes. Among these are:

- *The growth of civil society networks engaged in anti-corruption work.* The last decade has seen the rise of NGOs involved in a broad range of anti-corruption activity at the village, city, regional and national levels. These organisations are active on many fronts. Their main contribution is in promoting civil activism. Some like the MKSS in Rajasthan have achieved global recognition in the

⁷ G. Singh, 'South Asia', p.154.

⁸ For a more detailed discussion of these aspects see, Gurharpal Singh, 'Understanding Political Corruption in Contemporary Indian Politics', *Political Studies*, 45:3(1997),pp.626-38.

⁹ See Gurharpal Singh, 'The Effectiveness of Anti-corruption Drives in South Asia: A Case-Study of Punjab', (forthcoming).

efforts to mobilise the peasantry; others like Lok Satta, based in Hyderabad, are well respected for their campaigns and promotion of institutional reform. These organisations are increasingly networking and provide useful role models for anti-corruption campaigners throughout the country.

- *The increasing demand for transparency and freedom of information.* The rise of civil activism has been accompanied by demands for greater transparency in public life often channelled into campaigns for freedom of information legislation. Since the early 1990s these demands have been fuelled by the greater diversity in the media and the rise of investigative journalism which, as in the case of Tehelka.com, made spectacular disclosures. Some states have passed freedom of information legislation, and others are in the process of enacting it.¹⁰
- *Elections and the Election Commission.* Within in some state institutions there is clear recognition that part of the problem is the funding of political parties.¹¹ The prohibition on company funding in the 1970s led to the rise of black money. Recently companies have been allowed to fund political parties. Furthermore, the election commission has taken a number of measures to decriminalise the political process by seeking the public declaration of a criminal record or pending cases of all candidates before elections. It has also introduced a number of codes of practice to better regulate the activities of candidates and parties.¹²
- *Use of information technology.* E-governance initiatives have begun to cut through the web of bureaucracy. Some states in India have begun to provide service delivery on-line. And government websites sometime provide practical information on how to confront make complaints about corrupt acts.¹³
- *Bureaucratic policy entrepreneurs and anti-corruption.* Among the higher echelons of the Indian civil service there has been the emergence of new policy entrepreneurs who have now begun to champion the anti-corruption agenda. In particular I want to mention the former head of the Civil Vigilance Commission, N. Vittal. During his tenure he turned the campaign into a personal crusade and achieved a great deal of public recognition. Vittal's example has created a new role model for traditionally conservative civil servants who have been reluctant to be identified with anti-corruption campaigns.¹⁴

Good Governance, EU and India

Despite these positive developments a great deal needs to be done. What can the EU contribute to reducing corruption in India?

¹⁰ G. Singh, 'South Asia', p.161.

¹¹ See N. Vittal, 'Corruption in India- A Strategic Perspective' (unpublished), p.4.

¹² See, <http://www.eci.gov.in/>

¹³ G. Singh, 'South Asia', p.161.

¹⁴ See N. Vittal, *Corruption in India* (Academic Foundation, 2003).

First, there is a need to support the broad coalition of civil society groups and organisations operating at the various levels to better realise their anti-corruption objectives. There is immense diversity, complexity and rivalry among these groups and organisations, but if their activities are to have a wider impact there needs to be some kind of co-ordinating effort to better share best practice. More opportunities need to be provided for networking, co-ordinating effort, and developing policies.

Second, the EU needs to encourage and support the processes of political reform that are currently underway – in the fields of transparency and freedom of information, civil service and judicial reform, and to better regulate the funding of political parties. These reforms are obviously for the medium term and as such should be engaged in order to facilitate the process both in terms of capacity building as well as crafting new institutions for a globalised and dynamic economy.

Third, related to the last point, while it is important to promote civil action and transparency in the fight against corruption, it should not be forgotten that the state provides the main agency for change. Despite the ability of Indian politicians to manage the good governance agenda for their own benefit, we should be weary of the arguments that see civil society as uncorrupted and the state as corrupt. To tackle corruption effectively there is need for a strong consolidated state characterised by rule governed behaviour. Excessive emphasise on de-regulation and transparency may undermine the precisely those outcomes which are being sought.¹⁵

Fourth, the EU in its own project management should establish models of best practice. No doubt this is being attempted, but more openness would also help to compare EU practice with other examples and enable activists on the ground to evaluate local impact. As I have indicated, international development agencies have been engaged in such work for a while.

Finally, there is need to recognise that the issue of corruption cannot be ignored or put on the back burner. If the trade relationship between EU and India is to develop and the targets for foreign direct investment to India are to be realised, then the levels of public and commercial corruption will need to be reduced dramatically. In this context it perhaps important the issue is addressed explicitly rather than implicitly. A clearly focused EU anti-corruption agenda in India would contribute significantly to this process.

To conclude: in the emerging EU-India agenda the EU has a very important role to play in promoting good governance which should include reducing corruption in public and commercial life. This can be best done by engaging constructively with Indian state institutions, organisations and movements working to achieve the same ends. The EU as India's largest trade partner cannot afford to ignore this responsibility.

¹⁵ I develop this point at length in G. Singh, 'The Effectiveness of Anti-Corruption Drives'.