



# FOUNDATION *for* RESTORATION of NATIONAL VALUES

ॐ सर्वे भवन्तु सुखिनः। सर्वे सन्तु निरामयाः।  
सर्वे भद्राणि पश्यन्तु। मा कश्चित् दुःखभाग् भवेत्॥



## NEWSLETTER

October 2017

fight  
CORRUPTION 

### **CORRUPTION: Looking beyond the usual remedies**

-By Shri Sunil Kumar Sinha, Member, FRNV

*Sometime ago, the World Economic Forum surveyed leaders to identify the greatest impediments to conducting business in developing countries. This survey cited corruption as the biggest hurdle in Russia, the second biggest in India, and the fifth biggest in both China and South Africa. Governments in these countries including India have geared up to take remedial action. However, the problems stubbornly persist!*

*India has marginally improved its ranking in graft as per watchdog Transparency International's corruption perception index for 2016, a list topped by New Zealand and Denmark which are jointly ranked as the world's least corrupt nations. The Berlin-based anti-graft organization has used World Bank data, the World Economic Forum and other institutions to rank 176 countries by perceived levels of corruption in public sector. India, China and Brazil with a score of 40 each figured in the 10 key economies in the mid-range. India's score has improved by two points as in 2015 the country had scored 38. No country got close to a perfect score in the Corruption Perceptions Index 2016! Over two-thirds of the 176 countries and territories in this year's index fall below the midpoint of the scale of 0 (highly corrupt) to 100 (very clean).*

*To further dwell up on the case of our country, which is marred by massive bureaucratic corruption, let us have a look at some statistics. In the Annual Report tabled in Parliament recently, the probity watchdog CVC said it received a total of 49,847 complaints in 2016, as against 29,838 in 2015 --an increase of 67 per cent. Complaints of corruption in various government departments jumped by a whopping 67 per cent in 2016 over the previous year, with the Railways topping the list.*

To make the things worse, recently a report highlighted the issue of rampant corruption among the law makers itself. As many as 289 legislators, including some well known politicians, are currently under the judicial scanner for amassing unaccounted wealth. The MPs and leaders who figure on the list are from all parties and in some cases the assets have gone up by more than 500% in five years. Growth of assets has been a controversial issue with some MPs pointing out that appreciation in property values or business incomes can be a legitimate reason. But the court is keen on probing whether big jumps in assets were accounted for by legal income.

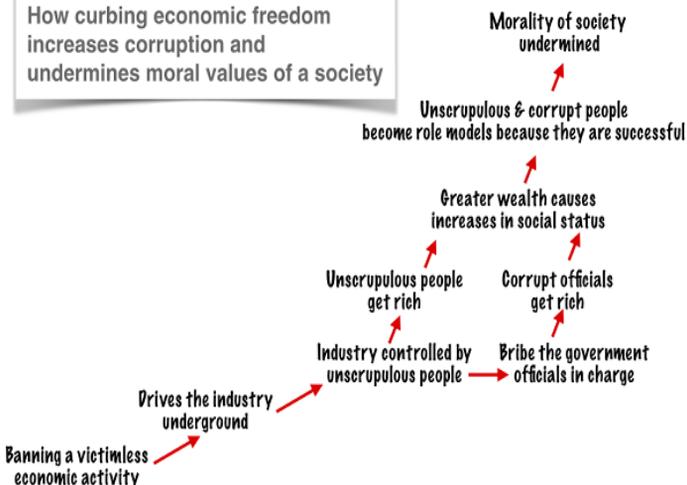
A bench of Supreme Court, hearing the matter, said that a thorough probe is needed to find the source of income and whether property amassed was through legal means. The bench also pulled up Centre for its reluctance in sharing information and directed the government to file a report within a week. The apex court made this observation based on a report prepared by the Association for Democratic Reforms (ADR), which stated that 77% of the total income declared by the BJP and Congress in FY16 came from 'unknown sources'. The scenario is really scary and does not augur well for the country.

Now, if we see the state of public services, there is high corruption risk for businesses. Companies encounter red tape, petty corruption, bribery and facilitation payments when dealing with India's public administration (GCR 2016-2017, ES 2014). India's economy continues to face constraints in the form of conflicting rules and a complex bureaucratic system with broad discretionary powers (ICS 2016). Businesses find the government's bureaucracy to be inefficient and rather burdensome, and report that bribes are often exchanged when applying for public utilities (GCR 2016-2017). Facilitation payments to expedite public services, such as police protection, water supply, and government assistance are also

common (HRR 2016). Companies operating or planning to invest in India face high corruption risks too. Though Government has stepped up its efforts to counter corruption, red tape and bribery continue to be widespread. Corruption is especially prevalent in the police, public services, judiciary and public procurement sectors. Due to varying levels of corruption and quality of government operations across India, local investment conditions vary between and within states. The Prevention of Corruption Act is the principal legal framework that focuses on corruption in the public sector. Both active and passive bribery are covered by legislation, and public officials are only allowed to accept gifts of nominal value.

Private sector corruption is addressed by the Companies Act. Due to low levels of enforcement and monitoring, integrity in all state bodies is lacking, and corrupt practices such as facilitation payments and bribes persist.

How curbing economic freedom increases corruption and undermines moral values of a society



But a silver lining always exists amidst the bleak, somber realities of today's India. Government appears to be on a firm path and steely resolve to implement its policy of "Zero Tolerance against Corruption". The Government is tackling these situations by encouraging greater transparency, introducing simplified procedures, reducing scope for discretion etc. Several steps have been taken to combat corruption and to improve the functioning of Government. The timeline of multiple actions that the present Government has taken to seriously fight the menace of corruption and black money includes:

**27 MAY 2014:** First cabinet decision - Formation of SIT to fight black money & corruption (which had been delayed by the previous Government for 4 years despite Supreme Court's orders).

**14 FEB 2015:** Online auction of coal blocks started

by the government after SC cancelled all the coal block allocations made by UPA Government. While there was a scam of Rs 1,86,000 crore in coal block allocation under the previous Government, online auction during the term of the present Government has yielded more than Rs 5,00,000 crores and the allocation is not yet complete.

**31 DEC 2015:** No interview for grade-3 and grade-4 central government jobs. The interview in these jobs had become a major source of corruption where only those who could bribe the senior officials on interview panels could be selected.

**11 MAY 2016:** Mauritius route of black money laundering put to an end. The Mauritius route accounted for 35% of overall black money investment in India. The bilateral treaty signed between India and Mauritius ended this evil practice of bringing huge sums of black money and converting it into white.

**5 SEP 2016:** Government raises the issue of ending safe tax havens in Europe and other countries in the most important G20 meeting. All the major countries of G20 agreed to wage a war on money laundering, black money and terror funding on the call of the Indian Prime Minister.

**1 NOV 2016:** BENAAMI (Transactions) Act amended and notified after 18 years. The previous governments had NOT notified the benaami act. (The reasons of not being implemented can well be speculated!)

**8 NOV 2016:** Currency notes of Rs 500 and Rs 1000 banned. A historical move which broke the backbone of counterfeit currency, terror funding, naxalism, human trafficking and black money.

**22 NOV 2016:** Switzerland signs the treaty to share all real time financial transaction details with India. This means from September 2019, NO ONE can store any illegal money in Swiss banks, as Switzerland will provide real time information of everyone depositing any amount. It was PM Modi's persistent diplomacy, and his personal meeting with Swiss head which finally resulted in Switzerland-India signing this much important treaty.

**2 DEC 2016:** Rs 65,000 crore of unaccounted money by 64,200 people declared under the Voluntary Income Disclosure, from which government of India earned Rs 29,000 crores in the form of taxes.

**30 DEC 2016:** Singapore route of black money routing blocked, as India and Singapore sign the double taxation treaty.

**30 JAN 2017:** 18 Lakh people who have made deposits of "unaccounted sum" post demonetization identified.

Income Tax department sends notice to them, asking them to explain the unaccounted deposits, failing which action will be taken.

**1 FEB 2017:** *Political funding to the parties by cash decreased from Rs 20,000 to Rs 2,000.*

### Exploring Other Possibilities:

- 1. Introduce state-funding as part of election reforms:** The high cost of elections and candidates' dependence on money, often of questionable provenance, compromises them from the very onset. Once beholden to moneybags, they are under obligation to return the favour if they win. Of course, not all candidates can be funded by the state. So, we suggest that only candidates belonging to national parties receive election money from the state.
- 2. A reasonable and transparent tax structure, backed by clean and clear enforcement:** Our direct taxes (personal income and corporate) are no longer unreasonable, so there's little excuse for trying to evade them. But there is an unhealthy trend in piling on surcharges on various pretexts. Also, there are tons of other taxes that can add up to quite a bit. Finally, there's the larger question of how efficiently and honestly taxpayers' money is put to use.
- 3. Liberal and contemporary laws that citizens can understand and respect:** People find it difficult to accept ridiculous, outdated and moralistic laws — worse, they may not even be aware of some of these laws till some law enforcer somewhere decides to use them to harass and to extract money. Once you dismiss a law or rule as stupid and worthy of breaking (like not allowing drinking under 25 years of age), there's a human tendency to take other laws less seriously. Therefore, to the extent possible, there's a need to cut back on the multiplicity of unnecessary and complex laws, and zero in on just the ones that are needed to ensure a fair, equitable and just system. These should then be administered without fear or favour.
- 4. Reduce the role of the state in people's lives to the absolutely essential:** The greater the scope for state interference — be it the police or the clerk in a government office or the customs inspector — the greater the scope for harassment and graft.
- 5. Genuine autonomy for the public/government sector:** Big PSUs — think Air India, for instance — place huge contracts.

Even a fraction of that is huge money in absolute terms. There is always a temptation for political bosses to exert their influence and swing the contract for chosen ones and receive handsome kickbacks. So get them out of the day-to-day functioning of these PSUs.

- 6. Minimize discretionary powers of ministers and bureaucrats:** This would reduce scope for misuse of such powers to favour some — especially in lucrative areas such as award of government land. Where discretionary powers are unavoidable, bring in checks and balance. After a deal is done, the relevant documents should be put up on the Net.
- 7. Pay government and PSU officers, judges and policemen market-indexed salaries commensurate with their responsibility:** This would minimize the 'need' for bribes. Their salaries could be benchmarked against corporate sector salaries. But higher salaries should be combined with exemplary punishment, including dismissal from service and a police case if an employee is caught indulging in corrupt practices. Mere transfer or suspension won't do.
- 8. Introduce sweeping police reforms and stronger judicial accountability:** This has been discussed for decades but there's been no action. The recommendations for reforms are already there. What is needed is to set a time frame for implementation. This will make the police not just a professional force that's not at the beck and call of politicians, but also a trained one with in-built checks against developing vested interests. Today the situation often is that the investigator (police officer) is answerable to the person being investigated (politician). Also, separate the police into two wings: one for investigation and the other for maintaining law and order. The two functions are different and require different skill sets. Sadly, the image of the judiciary has taken a knock in recent years — for the common man, the courts are the last resort for seeking justice.
- 9. Blacklist corrupt businessmen:** Private businesses caught indulging in corrupt practices or bribing officials should be blacklisted for, say, 10 years and be barred from government projects. In the category of corrupt practices would fall use of shoddy material — like road contractors who give one inch of tar when they are supposed to give four inches and the road crumbles after one monsoon. Bigger instances of private businesses cutting corners in public projects by colluding with corrupt

officials should attract exemplary punishment.

**10. Transparency and stricter scrutiny of government tenders/orders, including auction/sale of public-owned assets:** This would impact thousands of crores worth of orders that are placed every year by government departments, PSUs, municipal corporations and the like.

To conclude, Corruption is so obvious, and yet so mysterious. Even Kautilya reflected serious concerns about opacity in the operations of the world of the corrupt. About 2500 years ago too, he averred that the Illegal transactions were so shrouded in mist that it is akin to fish moving under water and there is virtual impossibility of detecting when exactly the fish is drinking water. He also noted that while it is possible to ascertain the movements of bird flying in the sky, it is difficult to gauge the corrupt activities of government officials. It also quite convincingly demonstrates that corruption is not an exclusive feature of modern times alone. The fact that the menace has survived and thrived through the ages speaks volumes about its endurance. Governments of all historical eras have recognized its illegality and devised legal instruments to tackle the problem, but they have not been able to overcome its spread as well as its acceptability in society. If corruption has persisted through centuries, what is it that has stopped administrative systems from eradicating it? We need to look beyond usual remedies and act fast so that the moral and ethical fibre of the nation is not eroded.

### **Fighting Corruption**

*-By Shreyan Acharya, Volunteer, FRNV*

Freedom from the colonial shackles had influenced many nations to strive to build a prosperous country. A country's weak financial condition had been the result of the century long colonial exploitation. India was amongst one such country who had gained independence from the British Rule during the same period when many nations were overcoming the disastrous effects of the World War. India's independence was achieved at a cost of partition and economic depression. The leaders of a free country were posed with many challenges majorly social and economic upliftment of the poor. It is not denied that throughout this period India has not achieved anything. If we see globally, then we can witness India's rising global competitiveness in every sector. The major IT companies of the world today has Indians on the top rank. India's military strength is amongst the top countries in the world. But, it is all in vain

when we see India's rank in the corruption index. India's deploring image comes into picture when we see the level of rampant corruption in the country whether it be Coalgate or CWC.

The major impediment for the growth of a nation is corruption. This is generally heard from everyone. But, we also need to establish ways of fighting this menace. Corruption in India is prevalent in every level of public life. From top echelons to the bottom level day-to-day activity, corrupt practices are rampant. India is no alien to this menace. Corrupt practices are prevalent in India since decades, but the anti-corruption drive initiated by the social activist Anna Hazaare aroused the national level awakening. The Gandhian methods to challenge the authority and bend the government through non-violent methods marked a huge success. This movement led to the awakening of public consciousness to understand the importance of transparency and accountability. This movement gave a political mileage to many opposition leaders against the ruling dispensation at that time. The fight against corruption touched the nerve of every citizen and this opportunity was carefully scrutinized and used as a major issue by the current government during the 2014 Lok Sabha Polls. Not only in India, fight against corruption been a global level issue. The impeachment of Dilma Rousseff or recent the impeachment of the South Korean President on allegations of corruption have marked a rising public consciousness. Globally, many leaders have vowed to fight corruption and have shown a commitment for no tolerance.

There are challenges to achieve the ultimate goal of establishing a corruption free country. Anna Hazaare along with the likeminded individuals led the foundation stone to introduce people a need for an anti-corruption ombudsman i.e. the Lokpal Bill. The Bill had been introduced back in early 1960s when the then Law Minister Ashok Kumar Sen proposed it in Parliament. But, the Bill failed to pass. It was introduced in many coming years, but the result was the same. The Hazaare movement gave it a new momentum and helped people understand its importance. But, even after so many years, it has not come into effect. The current dispensation had been supportive of the same movement, but now even in power it has failed to bring it into law. There are reasons for these challenges which can either be "Lack of Political Will or Political Opportunism". To understand lack of political will, let us examine certain other issues that might not be directly related to corruption, but in my opinion are inextricable to the issue of corruption. The Right to Information and Political Funding is one such issue. Keeping political funding out of the RTI scrutiny raises many suspicions. The present ruling class can set a milestone example by removing this hindrance and empowering the statute. This will not only open many doors, but politically, it

will mark the government's commitment for better governance. The fight against corruption is often used as a mean to achieve an end. This I quote as political opportunism. It is often used to get a political mileage. But, this is not entirely wrong, as it can be a positive political opportunism till the promises are kept. Lastly, to effectively fight corruption, people disclosing corrupt practices must be protected at all levels. The Vyapam Scam could be seen as an eye-opener to bring Whistleblower's Act into effect and it is a growing need of the hour.

In the end, political will to bring necessary laws into effect to fight corruption is required, but also a change in the approach of the citizen towards it is equally required. This can be referred as a psychological awakening to examine its effects before indulging into any corrupt practices no matter how small it is in scale. This fight can only be won with the concerted efforts of both citizens and the appropriate authorities. And, in the age of growing feeling of nationalist duties, one must consider corruption as the most gruesome Anti-National Activity.



□ **Delhi University Social Science Secondary School, Maurice Nagar, University Enclave, Delhi**



### **Children's Activity on Peace:**

*Dr. Seema Pawar, Project Director- VBE conducted an activity with classes IV and V on Peace. The objective of the activity was to imagine a peaceful world and communicate their ideas through words; and to identify differences between a peaceful world and a world of conflict.*

## **NEWS AND EVENTS**

□ *FRNV organized workshops for teachers in three different schools in Delhi. The workshops were facilitated by Dr. Seema Pawar, Project Director – VBE. Prof. Daya Pant, Retd. Professor, NCERT took the sessions on Values-based Education with school teachers. The objective of the workshops were to make the teachers realize that first they should understand the meaning of values in their own life and then exhibit those values in their day to day behaviour and school and become role model for children to inculcate those values in children. Values cannot be imparted through teaching but only through modeling from their own actions and behaviour.*

*About 50 teachers participated in these workshops in three different schools, namely;*

□ **Raja Ram Mohan Roy Sarvodaya Kanya Vidyalaya, Hauz Rani, Malviya Nagar, New Delhi**



□ **Govt. Boys Senior Secondary School, New Ashok Nagar, Delhi**

**Dear Readers,**

**FRNV invites stories from its readers on deep-rooted values that have helped us in our everyday lives. Some of these stories will be featured in the next issue of our newsletter. So put your thinking caps on, recall the values integral to your life which you cherish and write to us at [shilpi@valuefoundation.in](mailto:shilpi@valuefoundation.in).**