



A Article on Corruption

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Abstract: *The word corruption means destruction, ruining or spoiling – a society or nation. A corrupt society is characterized by immorality and lack of fear or respect for the law. Corruption is always contextual and rooted in a country's policies, bureaucratic traditions, political development, and its social and cultural history. The total monetary worth of the Scam committed since 1992 in India is worth more than around Rs 1, 00, 00,000 crores. Mega Black Money Laundering Scam Cost Rs. 70,000 Crores, CWG Scam Cost: Rs. 70,000 crores, 2G Spectrum Scam Cost: Rs 176,000 crores, Adarsh Housing Scam Cost: Rs 18,978 crores, Scorpene Submarine Scam Cost: Rs 18,978 crores, Stamp Paper Scam Cost: Rs 20,000 crores, Bofors Scam Cost: Rs. 400 million, Fodder Scam Cost: Rs. 950 crores, Hawala Scam Cost: Rs. 80 crores, Satyam Scam Cost: Rs. 14,000 crores, Stock Market Scam Cost: Rs. 3,500 crores, Madhu Koda Scam Cost: Rs. 4,000 crores, . Cement Scam Cost: Rs. 30 crores, Nagarwala Scam Cost: Rs. 67 Lakhs, Mundhra Scam (1957) Cost: Rs. 1.2 crores are Mega corruption scams. Laws fixing accountability and encouraging transparency combined with efficient judiciary and free press provide ideal atmosphere to tackle the menace of corruption. Prevention of Corruption Act, 1988 (POCA), Right to Information Act, 2005, Public Interest Disclosure Resolution, Jan Lok Pal Bill etc. laws are fixing accountability and encouraging transparency. Corruption hurts everyone. It affect on the Poor heavily. The changes in income distribution have been partly the result of corrupt actions of non-transparent privatizations.*

Keywords: *Corruption, Society, nation, Adarsh housing Scam, CWG Scam.*

I. INTRODUCTION

“Corruption threatens the integrity of markets, undermines fair competition, distorts resource allocation, destroys public trust and undermines the rule of law”. G-20 Summit, Seoul Since 1991, economic liberalization in India has reduced red tape and bureaucracy, supported the transition towards a market economy and transformed the economy, with high growth rate. However, although the Indian economy has become the 4th largest in the world, the growth has been uneven across social and economic groups, and poverty is still an issue. Endemic and deep rooted corruption is a major factor for most social and political ills. It is a serious threat not just too sustainable economic growth, but also to the socio-political fabric of the country.

What is Corruption?

Corruption is an age-old phenomenon. The word corruption means destruction, ruining or spoiling – a society or nation. Selfishness and greed are at the root of it; it also implies lack of integrity and honesty. A corrupt society is characterized by immorality and lack of fear or respect for the law. When it stops valuing integrity, virtue or moral principles it starts decaying. Corruption is the abuse of public power for private gain. Corruption comes under many different guises: bribery, misappropriations of public goods, nepotism (favouring family members for jobs and contracts), and influencing the formulation of laws or regulations for private gain.

Corruption is not just the clearly “bad” cases of government officials skimming off money for their own benefit. It also includes cases where the systems don't work well, and ordinary people are left in a bind, needing to give a bribe to get a work done or the licenses they need.

The state of economy also plays an important role in corruption. Inequality of wealth distribution, exploitation by employers, and low wages and salaries provide ideal breeding ground for corruption. A license-permit regime or scarcity of basic commodities adds fuel to the fire broadly speaking; there are two forms of corruption:

Administrative Corruption

Corruption that alters the implementation of policies, such as getting a license even if you don't qualify for it.

Political Corruption

Corruption that influences the formulation of laws, regulations, and policies, such as revoking all licenses, and gaining the sole right to operate some public utility with monopoly.



II. ROOT CAUSE OF CORRUPTION

Corruption is always contextual and rooted in a country's policies, bureaucratic traditions, political development, and its social and cultural history. Still, corruption tends to flourish when policies are complicated, their implementation is weak, and the general public has no redressal mechanism. Almost all major scams of last six decades are a direct result of deficit in Governance by our corrupt Politicians and Bureaucrats. Following is a partial list of financial scandals since the economic liberalization of 1991-92. The total monetary worth of the Scam committed since 1992 in India is worth more than around Rs 1,00,00,000 crores (One Crore Crores). Needless to say, a lot of other scandals of probably smaller magnitude must have also taken place, but have gone unnoticed or unreported.

1. 1992 — Harshad Mehta Scam was worth Rs 5000 Crores.
 2. 1994 — Sugar Import Scam was worth Rs 650 Crores.
 3. 1995 — Preferential Allotment Scam was worth Rs 5000 Crores.
 4. 1995 — Yugoslav Dinar scam was worth Rs 400 Crores.
 5. 1995 — Meghalay Forest Scam was worth Rs 300 Crores.
 6. 1996 — Fertilisers Import Scam was worth 1300 Crores.
 7. 1996 — Bihar fodder Scam was worth 950 Crores
 8. 1997 — Sukhran telecom Scam was worth Rs 400 Crores.
 9. 1997 — Lavalin Power project Scam was worth Rs 374 Crores.
 10. 1997 — Bihar Land Scam was worth 1200 Crores
 11. 1997 — C R Bhansali stock scam was worth Rs 1200 Crores.
 12. 1998 — Teak Plantation Scam was worth Rs. 8000 Crores.
 13. 2001 — UTI Scam was Rs 4800 Crores.
 14. 2001 — Dinesh Dalmia Stock Scam was worth Rs 596 Crores.
 15. 2001 — Ketan Parekh security scam was worth Rs 1250 Crores.
 16. 2002 — Sanjay Agarwal Home Trade Scam was worth Rs 600 Crores.
 17. 2003 — Telgi Stamp paper Scam was worth Rs 172 Crores.
 18. 2005 — IPO Demat Scam was worth Rs 146 Crores.
 19. 2005 — Scorpen submarine Scam was worth Rs 18,978 crores.
 20. 2006 — Punjab's city centre project scam
 21. 2006 — Taj Corridor Scam was worth 175 Crores.
 22. 2008 — Pune Billionaire Hasan Ali tax default scam was worth Rs 50,000 crores.
 23. 2008 — Satyam Scam was worth Rs 10,000 Crores.
 24. 2008 — Army Ration Pilferage Scam was worth Rs 5000 crores.
 25. 2008 — 2G Spectrum Scam was worth Rs 60,000 Crores.
 26. 2008 — State Bank of Saurashtra Scam was worth Rs 95 crores.
 27. 2008 — Illegal money in Swiss Bank is worth Rs 71, 00,000 Crores.
 28. 2009 — Jharkhand Medical equipment scam was worth Rs 130 Crores.
 29. 2009 — Rice export scam was worth Rs 2500 crores.
 30. 2009 — Orissa Mine scam was worth Rs 7000 crores.
 31. 2009 — Madhu Koda scam was worth Rs 4000 crores.
 32. 2010 — IPL fraud involving swine called Lalit Modi option yet to be fixed.
 33. 2010 — Commonwealth Games scam. Quantum of loot yet to be fixed.
 34. 2011 — Reddy brothers illegal mining activity. Recently arrested by CBI on High Courts directive. Quantum of loot yet to be fixed.
1. **Mega Black Money Laundering Scam Cost:** Rs. 70,000 Crores Face of the Scam: Hassan Ali Khan :-This scam of ultra high magnitude came into lime light when Indian businessman was arrested on money laundering charges which was to the tune of Rs. 39,120 crores. The revelation about the huge sums of money being stashed away in Swiss banks underscored and exposed the problem that has been the focus of Baba Ramdev's activities in recent years. The government is only now appear to acknowledge that money laundering is a real problem.
 2. **CWG Scam Cost:** Rs. 70,000 crores Face of the Scam: Suresh Kalmadi :-Allegations of corruption over the 2010 Commonwealth games in Delhi are being investigated by several bodies including the CBI and a special committee set up by the Prime Minister. Allegations of corruption spanned a broad spectrum including issuing of contracts and purchase of equipment – from treadmills to toilet rolls. The preparation for the sporting extravaganza consumed a huge sum of about Rs 70,000 crore. It was always in lime light for various allegations such as child labour, nepotism and favouritism, payment to non-existent parties, wilful delays in execution of contracts, besides the highly inflated financial costs.

Just imagine - liquid soap dispensers were rented for Rs 9,379 a piece , operating expenses escalated from Rs 399 crores in December 2002 to Rs 1,628 crores; finally, medical equipment including tread mills were brought or rented at way past the asking rate. Like any other scams in the past, the games scam involved a large network of politicians, bureaucrats and corporate acting in collusion. The chairman of the organizing committee, Suresh Kalmadi, and his aides are in jail and the investigation is going on. Delhi CM is also facing heat of adverse remarks in Shunglu committee's report.



3. 2G Spectrum Scam Cost: Rs 176,000 crores Face of the Scam: A. Raja & M. K. Kanimozhi

Telecoms Minister Andimuthu Raja was sacked after a report by India's state auditor said his ministry sold licenses and spectrum below market prices, depriving the government of up to USD 39 billion in revenues. The Comptroller and Auditor General of India (CAG) said rules were flouted in spectrum allocation in order to give benefits to several ineligible in 2007- 08. The heat of the investigation reached even the PMO which had to explain to the Supreme Court why PM sat on a request for permission to charge Raja with corruption. The CBI launched an investigation into alleged corruption at the ministry and arrested A Raja. The investigation is being carried out under direct supervision of the Supreme Court.

Several telecom companies are also under CBI's scanner. DMK MP Kanimozhi is also in Tihar jail and another DMK minister Dayanidhi Maran had to resign recently. Maran was under pressure to quit after CBI accused him of forcing the promoter of Chennai-based telecom company Aircel to sell his firm to a Malaysian company in 2006, when he was Telecom minister. The scam became bigger with new revelations of the involvement of politicians, bureaucrats, corporate personalities, media persons and lobbyists.

4. Adarsh Housing Scam Cost: Rs 18,978 crores Face of the Scam: Ashok Chavan and Politicians: -Adarsh Housing society scam is a typical example of nexus among politicians and bureaucrats, this time for land grab. Congress party politicians, bureaucrats and military officials have been accused of taking over land meant for building apartments for war widows. The CBI began investigating the case when pressure was mounted by opposition parties in Parliament. Local media say apartments with a value of USD 1.8 million were sold for as little as USD 130,000 each in the apartment block, which faces the Arabian Sea in one of the world's most expensive stretches of real estate in Mumbai so far only Maharashtra CM, Ashok Chavan, has been sacked and the CBI is probing for several violations of norms, including environmental laws and land-use rules. Some vital files related to the case have gone missing – typical of cases involving ruling politicians.

5. Scorpene Submarine Scam Cost: Rs 18,978 crores Face of the Scam: Ravi Shankaran

Exposed in 2005, the Scorpene deal scam has gone down in history as one of India's largest bribery corruption scandals, in which Rs 500 crore is alleged to have been paid to government decision makers by Thales, the makers of the Scorpene submarine. The amount was channeled via middlemen such as Abhishek Verma. In the scandal, the prime accused, Ravi Shankaran was selling secret Navy documents to Thales. In 2005, the Indian government had approved the 19,000 crore submarine deal with the French company. The purchase of six Scorpion submarines cost the Indian government a lot more than its actual price. Scorpion submarines are now being built in India under a technology transfer agreement that was part of that contract.

6. Stamp Paper Scam Cost: Rs 20,000 crores Face of the Scam: Abdul Karim Telgi

The Stamp Paper scam was perhaps the most unusual scam in modern India. Abdul Karim Telgi, a former fruits and vegetables seller, duped the nation of crores of rupees by printing fake stamp papers. His counterfeiting career began with fabrication of fake passports after which he ventured into selling fake stamp papers to banks, insurance companies, foreign investors, share broking firms and bulk purchasers. His accomplices included police officers, government employees, and politicians.

The swindle exceeded Rs 20,000 crore and covered 12 states. The Telgi scandal had political implications; a narco test allegedly revealed the involvement of Maharashtra's political heavy weights like Shard Pawar and Chhagan Bhujbal. Telgi was convicted in 2007 and sentenced to 13 years of rigorous imprisonment and fined Rs 202 crores. Forty-two of his accomplices were also sentenced to six years rigorous imprisonment.

7. Bofors Scam Cost: Rs. 400 million Face of the Scam: Ottavio Quattrocchi

The Bofors case has been one of the highest-profile and longest- running criminal investigation in India. In the 1980's, the then Prime Minister Rajiv Gandhi and several other officials were accused of receiving kickbacks from Swedish arms manufacturer AB Bofors for winning a bid to supply India with 400 howitzers. The scale of the corruption was far worse than any that India had seen before, and directly led to the defeat of Gandhi's ruling Congress party in the November 1989 general elections. Top politicians like Rajiv Gandhi and S.K. Bhatnagar and high profile names like Win Chadha and the Hinduja family were accused of "receiving kickbacks. Italian businessman Ottavio Quattrocchi, was the prime accused in the scandal and was chased by the CBI for years.

Its fallout stymied India's defence expansion for years, with officials unwilling to take decisions on purchases for fear of later being probed for corruption.

8. Fodder Scam Cost: Rs. 950 crores Face of the Scam: Lalu Prasad Yadav

Popularly known as "Chara Ghotala", this is Bihar's most famous scam in recent years. For over two decades, the officials and politicians of the state colluded to embezzle funds worth Rs. 950 crores by fabricating vast herds of



fictitious livestock for which fodder, medicines and animal husbandry equipment were acquired. The swindle allegedly involved chief ministers Jagannath Mishra and Lalu Prasad Yadav; the later also spent some time in jail. The case is still going on.

9. Hawala Scam Cost: Rs. 80 crores Face of the Scam: L K Advani / P V Narsimha Rao

The Hawala scam was a \$18 million bribery scandal and came in the open in 1996. It involved payments allegedly received by country's leading politicians through hawala brokers. It was probably the first scam that gave the public an idea of the loot of national treasure at the hands of the top politicians. The scam revolved around the payments politicians received from hawala brokers, who fund drugs and terrorism around the globe. Many prominent politicians like LK Advani, Arjun Singh, Yashwant Sinha, Kalpnath Roy, VC Shukla, Madhavrao Scindia, Sharad Yadav, Buta Singh, Natwar Singh and Madan Lal Khurana were indicted in this case, but no action was taken against them due to lack of hard evidence. List of the accused included Lal Krishna Advani who was then the Leader of Opposition.

10. Satyam Scam Cost: Rs. 14,000 crores Face of the Scam: B. Ramalinga Raju

Exposure of the biggest corporate scam (at about USD 1 billion) led the founder Chairman of Satyam Computers, Ramalinga Raju to resign in Jan 2009 after admitting profits were falsely inflated for years. Raju admitted about \$1 billion, or 94 percent of the cash on the company's books was fictitious. "What started as a marginal gap between actual operating profits and the cash on the company's books was fictitious. "What started as a marginal gap between actual operating profits and the one reflected in the books of accounts continued to grow over the years," said Raju. "It was dubbed "India's Enron". With clients abandoning it, shares were hammered down to near-penny-stock levels. The government stepped in to save the firm by appointing a new board of directors and orchestrated its sale to Mahindra group. The firm is now called Mahindra Satyam. Several officials were arrested along with Raju under various charges including fraud. The cases continue in court.

11. Stock Market Scam Cost: Rs. 3,500 crores Face of the Scam: Harshad Mehta ("Big Bull")

Several Indian stockbrokers were accused of siphoning off over Rs 3,500 crores of funds, mostly from inter-bank transactions, to fuel a rise in the Mumbai stock market in 1992. It involved top officers of state-run and foreign banks and financial institutions, bureaucrats and politicians.

Market crashed when the news of the scam broke out, wiping millions of dollars from market value. Harshad Mehta, the main accused, died in 2002. He was convicted in only one of the many cases filed against him, for misappropriation of funds. Several bank executives were convicted for fraud in allowing bank funds to be used for trading stocks.

12. Madhu Koda Scam Cost: Rs. 4,000 crores Face of the Scam: Madhu Koda

In October 2009, the Enforcement Directorate (ED) charged former Jharkhand CM Madhu Koda with money laundering to the tune of over Rs 4,000 crore. Koda is accused of possessing assets disproportionate with his income and for alleged money laundering. Koda's declared assets in 2005 when he became Chief Minister of Jharkhand were just 12 lakhs. In less than four years he established a business empire that reached beyond India, to Thailand, Indonesia, Singapore and Dubai. His assets included hotels, three companies in Mumbai, property in Kolkata, a hotel in Thailand and a coal mine in Liberia.

This one-time labourer has 1,800 bank accounts all over the globe. Investigators said that most of Koda's assets were held in the name of his main associates: Vinod Sinha of Chaibasa (Jharkhand) and Sanjay Chaudhary of Jamshedpur. Presently, Madu Koda is spending his time at the Birsa Munda Central Jail at Hotwar.

13. Cement Scam Cost: Rs. 30 crores Face of the Scam: A R Antulay

A R Antulay, the Chief Minister of Maharashtra was convicted of money extortion from the Mumbai builders in the form of donations to Indira Gandhi Prasthan trust, one of several trust funds he had established and controlled, in exchange for receiving more cement than the quota allotted to them by the Government.

14. Nagarwala Scam Cost: Rs. 67 Lakhs Face of the Scam: R S Nagarwala

This probably is the most dramatic scandal – voice of the then PM Indira Gandhi was mimicked to withdraw funds from bank. In March 1971, the former army captain, Rustom Sohrab Nagarwala, then attached to Indian intelligence or R&AW, mimicked the voice of Indira and defrauded the State Bank of India, Parliament Street branch, New Delhi, for 60 lakhs presumably to be given to the Mukti Bahini in its guerrilla-liberation campaign from East Pakistan.

The fraud was discovered when the chief cashier, Ved Prakash Malhotra went to the PMO for a receipt of the withdrawal. Nagarwala was nabbed for "mimicking the voice" of the PM and the money was recovered on the same day. The opposition parties tried implicating Indira Gandhi and alleged that it was not an isolated case. The case took a



mysterious angle when the investigating officer, D. K. Kashyap, of the case was killed in a car attack in 1973. Nagarwala was sentenced to four years and died in prison in the same year – likely due to deliberate neglect of his ill-health, as pointed out later in an official enquiry.

The inquiry commission set up by Janata Party in 1977 raised more questions than solving the mystery. Incidentally, Indira Gandhi did not have an account in the said SBI branch.

15. **Mundhra Scam (1957) Cost: Rs. 1.2 crores Face of the Scam: Mundhra**

This was the first high profile scandal where in 1957 a highly ambitious business, Haridas Mundhra got the government-owned Life Insurance Corporation (LIC) to invest Rs. 1.24 crores in the shares of his six troubled companies: Richardson Cruddas, Jessops & Company, Smith Stanistreet, Osler Lamps, Agnelo Brothers and British India Corporation. The investment decision had bypassed the LIC's investment committee, which was informed of this decision only after the deal had gone through. In the event, LIC lost most of the money.

The irregularity was highlighted in 1958 by the son-in-law of Nehru, Feroze Gandhi of the Indian National Congress party, who represented the Rae Bareilly seat in the Parliament of India. It was a matter Nehru wished to handle quietly so that the government would not be shown in poor light.

Incidentally, it was Feroze Gandhi's initiatives that led to the formation of LIC through the Life Insurance of India Act of 1956, under which 245 firms were nationalized and consolidated into LIC. The scandal also became high profile due to tense relation between Nehru and Feroze Gandhi. Mundhra was sentenced to 22 years in prison. The case also compelled T.T. Krishnamachari to resign as finance minister.

III. HOW TO STOP CORRUPTION

Accountability and transparency are two great antidotes to corruption. If the legal system is quick, fair and uncomplicated, it makes the task of fighting corruption easier. Free and strong press is the third facilitating factor. Therefore, laws fixing accountability and encouraging transparency combined with efficient judiciary and free press provide ideal atmosphere to tackle the menace of corruption.

The Legal Framework

Prevention of Corruption Act, 1988 (POCA) is India's principal legislation against corruption. Its main thrust is to prohibit public servants from accepting or soliciting illegal gratification in the discharge of their official functions. In addition, bribe-givers and intermediaries may be held liable under POCA for bribing public officials. However, prosecution under POCA requires prior approval of high authorities which severely limits its usefulness particularly where there is collusive activity within government branches. The 1988 Prevention of Corruption Act - Criminalises corruption in the public and private sectors in the form of active and passive bribery, extortion, bribery of foreign officials, abuse of office and money laundering.

Right to Information Act, 2005 - It represents one of country's most significant achievements in the fight against corruption. - Under the provisions of the Act, any citizen may request information from a "public authority" which is required to reply expeditiously or within 30 days. - The Act also requires every public authority to computerise their records for wide dissemination and to proactively publish certain categories of information for easy citizen access.

Public Interest Disclosure Resolution - India doesn't have whistleblower protection but this one comes closest. - This resolution authorised the Central Vigilance Commission (CVC) to be the 'Designated Agency' to receive written complaints for disclosure on any allegation of corruption or misuse of office and to recommend appropriate action. - The CVC can take action against anyone who leaks the names of whistleblowers and witnesses and may request police assistance to investigate complaints.

- It's a civil society initiative to push the government for comprehensive reforms of anti-corruption systems in India. - Led by eminent people like Kiran Bedi & Anna Hazare and supported by various Right to Information activists, religious leaders and social reformers. - Its created a vote bank against corruption Indian citizens can register on this website and pledge that they will not vote for a party that doesn't support Jan Lokpal bill.

Jan Lokpal Bill - This anti corruption bill was crafted by IAC initiative as a response to Government's watered down version of Lokpal bill. - Jan Lokpal Bill is designed to create an effective anti-corruption and grievance redressal systems at centre and to assure that effective deterrent is created against corruption and to provide effective protection to whistleblowers. - Lokpal bill was first proposed in 1969 but could not get through Rajya Sabha. It has been introduced 9 times since and failed each time. - Anna Hazare will be going on an indefinite fast from April 5, 2011 to convince Govt to enact Jan Lokpal bill in place of Corruption in the Judiciary

Independence of the judiciary is guaranteed by the Constitution. India is ranked at 26th of 131 countries on indicators of judicial independence in the Global Competitiveness Report 2007-2008.



IV. SUGGESTION: WHAT CAN BE DONE?

- ✓ Update and implement anti corruption laws. Protect whistleblowers.
- ✓ Increase awareness among masses - social media.
- ✓ Increase accountability in judiciary.
- ✓ Capitalism. Allow market forces to guide the competition rather than government.
- ✓ Automate systems wherever possible.
- ✓ Clean up the public sector and bureaucracy.
- ✓ Stop resorting to shortcuts and respect rules.

V. CONCLUSION

Corruption hurts everyone. It affects the poor heavily. There is considerable evidence to show that although rich people are more likely to pay bribes, the poor bear a disproportionately high burden of corruption if measured as the fraction of income paid in bribes. They often face outright exclusion when access to public goods and services requires bribing, given their powerlessness due to lack of voice or political influence. Moreover, when corruption results in shoddy public services, the poor have no other options but to live with sub-standard services. Corruption also unfairly weighs heavily on trade and service activities of small enterprises not only for the added cost but also as a discouraging factor. Corruption allows already influential individuals or groups of individuals to take advantage of state activities at the cost of the rest of the population; it hurts the poor disproportionately and increases income inequality.

A study of recent economies in transition indicates that the changes in income distribution have been partly the result of corrupt actions of non-transparent privatizations.

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