

## **'COMMENTARAO' IN "THE TELEGRAPH"**

**Of July 21 2013**

“

**“Thieving galore-the highs and lows of corruption in India”**

**by S L Rao**

**In past scams, few have been caught, rarely returned the moneys or been punished. Some past scams: Krishna Menon in the jeep scandal in 1948; 1952-S A Venkatraman, a senior ICS officer, jailed in import licensing scam for cycles; Chagla Commission on the Mundra deal, and resignation of the then Finance Minister, TT Krishnamachari; 1960-Dharma Teja fled the country when accused of misdeeds; in 1981 Antulay, Chief Minister of Maharashtra lost his job for profiting from businesses to which he gave licenses; and Bofors in 1987 that led to the diminution of Rajiv Gandhi and his subsequent loss at the polls.**

**Unlike in the West our corruption is at all levels. Many commission agents have prospered in defense imports, including a former Chief of the Navy. India deserves a rule forbidding former civilian and military officials in defense from becoming import agents.**

**Corrupt practices in government procurement and spending benefit politicians, bureaucrats and businessmen. Big earnings are from large defense purchases. A cause or effect of defense imports is the poor quality and delivery of our defense research. Purchases of planes for Air India, and big public sector purchases of machinery and equipment earn money for Ministers, bureaucrats, and agents. Decline of public sector and little expansion, have reduced these opportunities. With competition, private sector is unable to take similar cuts as before, on purchases.**

**Commissions on big purchases are invariably paid abroad. Politicians and bureaucrats have therefore perpetuated facilitating mechanisms.**

**Exempting investments from Mauritius and some other countries from capital gains tax is a money laundering mechanism. Similarly, “participatory notes” enable anonymous investments by banks overseas. Both these require a well oiled and protected *havala* mechanism to send money abroad illegally.**

**National resources (teelecom spectrum, captive coal mines, buying planes, giving away airline routes and seat entitlements, etc) have become a major source of illegal earnings by government officials and agents. An example is the unwanted purchase of expensive planes by Air India (when it was seeking massive bailout funds), without any plans for utilization. Unsurprisingly, no government wants to give up ownership of Air India, despite the big drain on the budget.**

**Selling nationally owned natural resources as a good way to make money for bureaucrats and politicians has become difficult. Constitutional authorities like the CAG are uncovering such scams, as in telecom and coal.**

**The largest domestic source of corruption is from social welfare expenditure; on the rural employment guarantee scheme, public distribution system, subsidized kerosene, rural health mission, etc. These spend hundreds of thousands of crores. Government judges success by the spending, not its effects. Their implementation enables the generation of vast amounts of illegal moneys for low level government and public sector employees as well as those higher up, and the local politicians.**

**Food Corporation of India, was once (till Coal India took the position), considered the most corrupt organization in India. It is responsible for procuring, transporting, storing, and again transporting to other depots for distribution to retailers and then to consumers. Handling millions of tonnes of (primarily) rice and wheat provides opportunities for FCI employees to cheat. One obvious way is to pay**

**for 'A' grade grain and accept 'B'. There must be considerable collusion at other levels to do this successfully. Creation of bogus ration cards adds more corruption. Half the rationed quantities are said to be diverted to the trade. Beyond this there is money to be made in issuing ration cards even to those entitled for them and more when they were not entitled. Much more is earned by issuing cards in bogus names, usually to traders, and sometimes to hoteliers, who use or resell the rations in the open market. In addition there are the distortions in agriculture as farmers are encouraged to grow cereals whose demand is declining.**

**Coal India is another hotbed of corruption and outright theft, that also holds the country to ransom by its inability to deliver committed coal shipments to power and fertilizer plants. Even many buyers are said to collude with officials of Coal India. They accept low quality coal and pay for high quality. The loot is shared, at the cost of damage to the power or fertilizer producing plants, and higher prices for the consumer. Another effect is that we cannot join the world-wide coal exchange that guarantees quality and delivery, but cannot pay commissions to our greedy purchase managers and government officials.**

**There are many other such thefts-like the diversion of substantial cheap kerosene meant for the poor for adulterating diesel for lorries; illegal mining with the support of colluding government officials, losing the government of substantial tax revenues; overloaded trucks that damage roads but are waved through by bribe taking inspectors. Politicians at every level and many senior officials join in this loot of the Exchequer.**

**Surveys show 50% of NREGA funds not reaching beneficiaries. At the village, getting a job card requires payment. Only a part of the entitlement is actually paid, with the disbursing agency appropriating the rest.**

**All these are the huge thefts. There are others and they daily affect the consumer. Officials in the private and public sectors in education earn large illegal sums by arranging admissions, 'adjusting' marks, etc. A few years back the Chairman of the Medical Council of India was arrested for corruption. Medical colleges paid under the table for recognition and its continuance. Engineering and management institutions paid the officials of the All India Council for Technical Education. College authorities (usually the promoters) charge for granting admissions. A seat in radiology is said to cost over Rs 1.5 crores! Private colleges have mushroomed in engineering and management because there is so much illegal money to be made by the promoter. The quality is abysmal-little infrastructure, few and low grade faculty. Recruiters have now begun pulling back and hundreds of business schools, engineering and technical colleges, have shut down as employers discovered the poor knowledge and skills of the recruits from these colleges. These illegal earnings are common in many other schools and colleges.**

**Government clearances of land acquisition, environment, forests, pollution, etc, all cost extra, beyond the stipulated lawful fee. In the lower judiciary an accused can buy much time by bribing the prosecutor for supporting frequent adjournments. The complex procedures, many approving officials, and corruption, drives away foreign and also domestic investment.**

**A security guard's widow in a nationalized bank was asked to produce a tehsildar's certificate to show that she had dependent children. Though the date is on employer files, she had to pay the tehsildar Rs 7000 to get the certificate. To get the local authority to issue a 'katha" certificate to establish ownership of property, there is a big price to be paid. A driving license requires payment to the regional transport office inspector. Despite paying a fee to the municipality for garbage clearance, it is done if at all, very shoddily. Every service from a government agency at any level demands**

**reciprocal benefit to the issuing officer. Procedures are created to enable illegal gratification. Low level corruption is universal in India. The poor pay the bribe; the rich pay a “tip”. This low level corruption is a burden on the poor. High level corruption damages the economy.**

**Government officials design schemes with enough procedures, and frequent approvals, to enable illegal earnings. Can we ever change? We need an administrative, electoral and judicial revolution to eliminate the rascals who steal from the country and the citizenry. They must be quickly brought to justice and severely punished. Sadly, the people who legislate and implement laws are also the ones who make this moolah and unite to prevent change. (1288)**