

Resurgence *with* Ethics



"Comments and Suggestions on CVC's National Anti - Corruption Strategy Paper"

Gujarat NRE National Integrity Theme Presentation Contest

at NIRMA University



Central Vigilance Commission's



Corruption Antidote

Political Corruption

- Establishment of institutions such as Lokpal*
- Code of Ethics for political parties*
- Transparency in funding of elections*

Administrative Corruption

- Simplify delivery of services through information technology*
- Incentives for companies with policies that discourage corruption*
- Implement recommendations of 10th report of Administrative Reforms Commission*
- Effective use of the unique identity program for greater transparency and traceability*

Legal and Judiciary

- Strengthen the Prevention of Corruption Act 1988, make offering of bribe an offence*
- Mandatory outer limit of one year for disposal of corruption cases*
- National Judicial Council to be instituted*

Regulatory Bodies / Agencies / Media

- Whistle – blowing and complaint-handling mechanisms for all regulatory bodies*
- Enactment of a Central Bureau of Investigation Act*
- Owners, proprietors and editors of media firms to disclose financial, political and other interests*

Social Action

- Establish anti-bribery hotlines*
- Greater citizen awareness*





The Genesis



The year 2008 was crippling to the wave of national pride and self-efficiency that India, as a nation seemed to be experiencing. The innumerable bomb blasts and terror attacks that rocked the country since 2004 seemed to culminate into a horror of serial blasts across the face of our motherland with 28 November, 2008 being the final nail to the coffin.

These events clawed at the glaring flaws that we had previously ignored as being part of the “system” and mundane. The Corruption and total disregard for Ethics that Indians took in their stride suddenly transformed into the mutilated gashes and clotted blood that marred the faces of our loved ones and neighbors.

We are all proud of our economic prowess by being one of the fastest growing economies. But we are still striving for an inclusive growth, where the benefits of the growth do not get percolated to the society. We all wish to lead a life of virtues which have been taught to us in our schools, like morality, honesty and truth, but how frequently have we come across instances of bending the rules, jumping the traffic signal and

getting away with a token bribe. Even in the prestigious international events where the whole world is watching at us, we do not resist from mass scale corruption even at the extreme cost of putting the whole Nation in shame. We require the media to bring out these issues of corruption to be forgotten with the exposure of the next big embezzlement and blatant misappropriation of tax payers money. We are being battered frequently by ghastly acts of terrorists, but could not devise a concrete way out, from being mutilated by acts of cowardice of a handful. Have we become too immune of what is happening around us?

It is a matter of fact that political and bureaucratic corruption, public funds embezzlement, fraudulent procurement practices and corruption in the enforcement and regulatory institutions and consumer exploitation by private companies/ contractors plague Indian public life. Corruption not only stifles growth, it also perpetuates inequalities, deepens poverty, causes human suffering, dilutes the fight against terrorism and organised crime, and tarnishes India's image globally. The impact of corruption is multi fold, encompassing: political costs, economic costs, social costs, environmental costs and issues of national security.

The National Anti-Corruption Strategy by Central Vigilance Commission (CVC) represents a blue print for commitment and action by the various stakeholders to the governance process. It aims at systematic and conscious reshaping of the country's national integrity system. The strategy recommends a set of action to be taken by the government and a set of action by the political entities, judiciary, media, citizens, private sector and civil society organisations. We have tried to bring out what the youth of India thinks of corruption and how do they review this very commendable effort of CVC. We have received various suggestions and comments from students, on the strategy paper. It is the youth who needs to decide on how they want to shape the Nation. Let us hear what 'Future of India' has to say.....



India of Tomorrow

1 Billion Plus
People on the march
Need for inclusive Growth
Fueling Rapid Consumption
 Cannot be ignored by "the Developed"
 whether within or outside the country

Hardly 10% of Government's Social Sector spending reaches the needy

Corruption affects the poor the most

- Rs. 883 crore was paid as bribe by people BPL in an year in India
- Poorest household paid Rs.215 crore to police as bribe

We need a robust poverty alleviation mechanism through proper implementation & monitoring so that the benefit reaches the poor



PDS is a glaring example of Corruption affecting the poor

- Ration shops remain empty or closed
- Items meant for PDS find their way to regular kirana store and sold at market price
- License to open and operate Ration shop is a separate scam due to huge margin involved



In the words of Prof C K Prahalad:

- Human Development is not More Resources but less Corruption in Deployment of Resources
- Good Governance (less corruption) leads to High Levels of GDP/Capita; not the other way around



Focus on Human Development (Focus on Individuals) and not Groups' Rights leads to Rapid Economic Development (GDP/Capita)

The poor isolated from "India Shining"

Falls easy prey to the divisive elements



We inherited a partitioned India as a slave's legacy with corruption packaged free – with shackles in the mind for next 50 years



MOST OF OUR YOUTH (even those who have not seen the license/permit/quota Raj) DON'T KNOW WHY WE ARE THE WAY WE ARE



India of Tomorrow

The root cause lies in

- A basic disregard to law
- Abetted by an equally corrupt and inept implementation mechanism
- Sometimes arising out of a VIP syndrome
- Further fuelled by the basic problem of **severity of punishment as against certainty of punishment**



Scams have become a daily news bite

- Media cries foul – TRPs increase
- Parliament rocked
- Probe ordered with its finding never to be released in public domain
- No one punished
- We move to another bigger SCAM
- The circle unending
- Trial by media becomes the only resort when conventional justice delivery system fails



Once again the need for "Certainty of Punishment"

Its the small bribe that "we" pay



That lets them buy the guns that are trained on us



The *Hawala* route that we take

To evade a few Rupees ... is used by them to finance their operations around the world

- ☒ Be it the tea industry in Assam which inadvertently financed the fire in the north east
- ☒ Or the Construction and illegal Mining Industry that is today financing the Maoists
- ☒ Or the Diamond Merchants, the builders and the sultans of Bollywood, who continue to be the don's supply source

STOP FUNDING TERROR

The Satyam Saga

Corporate India's biggest Fraud haunts us and pricks our conscience



But this single incident

- Caused a knee-jerk reaction from government
- Attempted to paint all NIFTY 100 companies in the same brush
- Enquires were ordered
- We did not analyse why Satyam happened
- Did not try to cleanse the system
- But instead spread mistrust in the system
- We need to have trust; create an atmosphere where no more Satyam's happen

THE MALICE HAS ROOTS IN

- Gross abuse of processes
- Companies are vetted not on corporate ethics and corporate governance
- But merely on balance sheet performances
- Quarterly results rule the market
- And not the long term vision of growth of the company





India of Tomorrow

COMPANIES SHOULD BE RATED

- Not merely on Performance and Presentation of Results
- But on how the management performs its tasks and activities
- Criterion needs to be changed from a theoretical to a practical approach
- More importance needs to be given on attitude and performance would follow on its own and not the vice-versa



THE LAWS THAT GOVERN US NEED A SERIOUS RELOOK

- The laws are heavily drafted to try to keep the offenders at bay
- The regulations in place attempt to make the process a stringent one
- As a result making it tough for the honest to comply with
- While the dishonest finds a way out to bend the system and buy his way out
- The honest find himself grappling in the plethora of rules and regulations

We need our laws to be easily complied with and aimed at facilitating the honest to follow them

SIMPLIFICATION IS THE KEY

- The laws need to be ethical to have an ethical society
- They need to be made easy and practical
- We need to get rid of our antiquated legal framework and align it with present scenario
- The Honest should not be forced to turn corrupt

Preconceived Mindsets like....

"Everybody evades tax"

Discourages the honest to pay higher tax.....

Leading to more leakage.....

Multiple division of entity...etc...

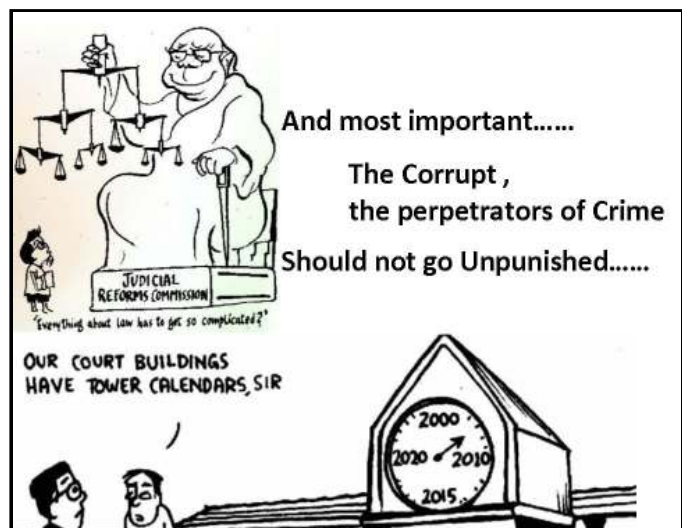


Creating a vicious circle

System loaded against one who tries to be honest

CERTAINTY OF PUNISHMENT AS AGAINST SEVERITY OF PUNISHMENT

- The Guilty should not be allowed to roam scot free
- Certainty of Punishment would deter others from repeating the mischief
- "Certainty of Punishment" is not espoused by our judicial system. Focus is rather on "Severity of Punishment"

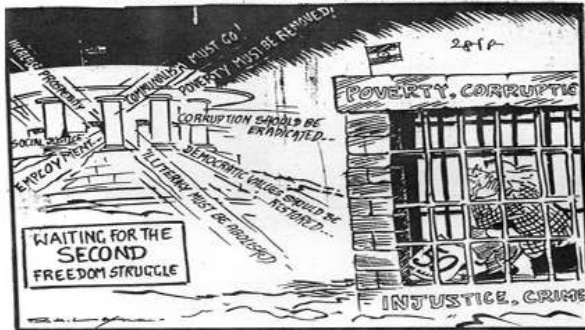




India of Tomorrow

Solution 1

Let Eradication of Corruption
Become the National Agenda
Let there be a public movement against it
Let the Youth take the initiative ...



Solution 2

For you and me...

- Honour and Support those that Raise their Voice
- Avoid Short Term Gains for Long Term Goals
- Do not Buy my way out
- And most important Raise a Voice to weed out corruption



Solution 3

and Corporate Sector can take this initiative
Let us adopt a NO BRIBE stance
Let each of us ingrain this in our corporate ethos

AND



Flaunt the "NO Bribe" logo in all facilities

Solution 4

Empower the YOUTH



To Break the Shackles of **Corruption**
Uproot the seeds of **Distrust**
And forge **Unity, Harmony**
Peace & Brotherhood



The Solution

We must learn to Trust. For several centuries, Indians have been brainwashed to distrust other Indians. This saps national energy. Distrust kills initiative. Distrust compels people to maneuver and manipulate. Trust and transparency stimulates entrepreneurship.

To Build **INDIA** of my **DREAMS**

One **NATION**

One **COUNTRY**

One **PEOPLE**

WE ARE ONE!





Siddhartha Roy



How much have CWG cost to the country?

- ₹ 11,494 crore – Sports Minister M. S. Gill
- ₹ 28,054 crore – Urban Dev Minister S Jaipal Reddy
- ₹ 87,500 crore – Ministry of Tourism

— Deccan Herald – 16th Sep '11

Vast incoherence in numbers!

Expenditures **spiral out of control** and **no government agency/official** has any idea of the **total cost** and/or is accountable for any **mismanagement** of funds!

Also CVC has found **irregularities** in up to **14 CWG projects!**

Preliminary Irregularities found by CVC in CWG 2010:

1. Award of contracts at **higher prices**
2. **Poor** Quality Assurance and **Management**
3. Award of work contracts to **ineligible agencies**

When **thousands of crores of public funds** are being spent on CWG which we can **ill afford**, the least the Government can do is **ensure transparency** and **accountability!**

corruption
noun.

1. **Lack of integrity** or **honesty** (especially susceptibility to **bribery**)
2. Use of a **position of trust** (like Public Office) for **dishonest gain**
3. Moral perversion; **impairment of virtue** and **moral principles**

"Integrity" defined

"the use of funds, resources, assets, and authority, for the official purposes for which they are intended to be used"

'Integrity violations' in public procurement are:

- corruption, including bribery, "kickbacks", nepotism, cronyism, and patronage
- fraud and theft of resources
- conflict of interest
- collusion
- abuse/manipulation of information
- discriminatory treatment
- waste/abuse of organizational resources

— ADB/OSCE Anti-Corruption Initiative for Asia and the Pacific

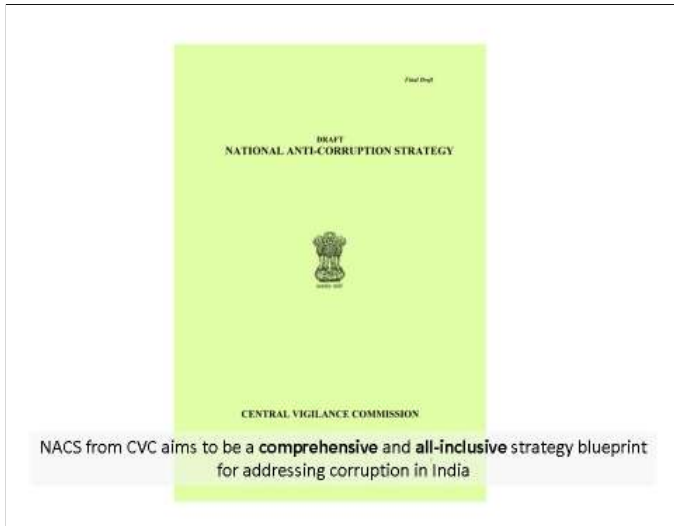
From the WordWeb Pro 5.2 Dictionary

How it harms the country?

- Hardens alleviating **poverty** and effective **development**
- **Increases cost** of doing business (20-100% more)
- Undermines **competitiveness**
- Keeps India from achieving its **economic growth** and **employment potential**
- Creates **Growing income inequalities** (growth limited to few elites & fails to reach majority)



Siddhartha Roy



What's Hot!

- ✓ Inputs of **independent agencies** like Transparency International, UNODC, CBI, KPMG and individuals (incl. **advocates** and **academicians**)
- ✓ Incorporation of interviews/GDs/studies and **surveys** (incl. CENPAP/WAYE) **results** of corruption practice **perceptions** and **experience** in the country
- ✓ **Clearly defined recommendations** for **all** stakeholders from the vigilance agencies to common man
- ✓ **Simplicity** and **Brevity** of content
- ✓ Outlined **Objectives** and right **keywords**

No cash? No problem - I take credit cards!

The Strategy, though a blueprint, should have statistics!
At least this one should!

WHY does a 'STRATEGY BLUEPRINT' need statistics?

Because only statistics can point out areas which **require immediate attention** and areas where legislation and regulation has to be **administered slowly** and **in stages**.

Statistics give us some **fair idea** regarding **where we are** and **what we are/should be aiming for**.

For instance!

Qualitative Discussion on Corruption Types

<ul style="list-style-type: none"> • Extortionary (say Petty) <ul style="list-style-type: none"> – Citizen has on choice – Ends up losing time/money /opportunities if denies the bribe. – Making countless rounds in public office. 	<ul style="list-style-type: none"> • Collusive (say Grand) <ul style="list-style-type: none"> – Paid to public authority to fleece the general public – Eg. Development Contracts, tenders, projects, etc. (esp. in Civil/Construction works) – Loser is the general public as cost of public service goes up and efficiency goes down.
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Combal Corruption website – of the Lok Satta party

The same Qualitative Discussion can be better understood here and also extent of damage!

Range of Bribery Payment

Amount of Reported Bribes (N=90)

Amount of Bribe (₹)	% of Bribes
< 200	26
200 - 1000	22
1000 - 5000	17
5000 - 10000	11
10000 - 50000	4
50000 - 100000	5
100000 - 500000	2
500000 - 1000000	2
> 1000000	1

- More rampant at grass root level as **86%** bribes are < ₹ 2, 50, 000
- More than half of those bribes are < ₹ **1300**
- Bribes > ₹ 2, 50, 000 is **14%**!
- Though Big Bosses are just **1-2%** of total officials indicating **High degree** of Corruption!

Hence, **different strategies** to address both ends of the spectrum!

Statistics Courtesy: The BRIBELINE Project under TRACE International Inc.