

# CORRUPTION AND GOVERNANCE IN INDIA

— CURRENT STATUS AND WAY FORWARD

**A Study Report**



VOICE OF THE VOLUNTARY SECTOR  
**VANI**

HEINRICH  
BÖLL  
STIFTUNG  
INDIA

**Voluntary Action Network India (VANI)**

## **Corruption and Governance in India – Current Status and Way Forward**

**Author:** Mr. Manoj Rai, Society for Participatory Research in Asia (PRIA)

**October 2014**

Copyright © Voluntary Action Network India

The content of this book can be reproduced in whole or in parts with due acknowledgement to the publisher.

**Supported by:** Heinrich Böll Stiftung

**Published by:**

Voluntary Action Network India (VANI)  
BB-5, 1st Floor, Greater Kailash Enclave-II,  
New Delhi 110 048  
Phone: 011-29228127, 29226632  
Telefax: 011-41435535  
E-mail: [info@vaniindia.org](mailto:info@vaniindia.org)  
Website: [www.vaniindia.org](http://www.vaniindia.org)

# Corruption and Governance in India

## — Current Status and Way Forward

Prepared by

Manoj Rai, Director, PRIA

Published by



**VOICE OF THE VOLUNTARY SECTOR**

**VANI**

Voluntary Action Network India (VANI)  
BB-5, 1st Floor, Greater Kailash Enclave-II,  
New Delhi 110 048

## Preface

India has emerged as one of the fastest growing economies of the world and is widely regarded as one of the biggest beneficiaries of the Liberalisation, Privatisation and Globalisation (LPG) process. While India continues to enlarge its global footprint and assume a greater role in international affairs, the Indian voluntary sector has been criticized for being largely disengaged from policy concerns and decision making processes at an international level. The resultant insulation leads to a lack of awareness among many NGOs, especially those working at the grassroots, about various international commitments and developments which directly or indirectly affect them.

Also, due to the prevailing dissonance between the policies formulated at an international and national level and praxis, many positive experiences and good practices of domestic NGOs remain unacknowledged by policy makers.

For the past decade and a half, the international development agenda was shaped by the Millennium Development Goals (MDGs). However, the MDGs were widely criticized for being a process led by international governmental and non-governmental organisations, where the onus of meeting quantitative targets was placed solely on developing countries, with no or little regard for quality and sustainability.

Currently, the global community is discussing the framework and modalities of a new global development compact to succeed the MDGs in 2015. This process has so far been extremely inclusive, holding consultations with various stakeholders and emphasizing the need to develop sustainable goals which shall form the basis of action for both developed and developing countries.

In this scenario, the institutions of SSC such as BRICS, IBSA and G20 have assumed greater significance as they need to ensure that the specific issues and challenges of developing countries are adequately articulated and represented so that the agenda is comprehensive and dynamic and not based solely on parameters set by developed countries. With this in mind, VANI conducted research studies on four thematic issues namely Sustainable Development, Financial Inclusion, Inclusive Growth and Corruption and Governance. These themes were identified as central to the international development agenda as well as to the voluntary sector in India after widespread consultations with partner organisations and other stakeholders through various meetings. The objective of these studies is to establish linkages between global thematic campaigns and Indian grassroot movements and thereafter carry out advocacy at three levels: concerned line ministries, global thematic networks and multilateral forums.

As an outcome of the study, four reports were prepared namely "Bringing People in From the Cold-Ensuring Inclusive Growth in India", "Critical Review of Financial Inclusion-In G20 Countries with Focus on India", "Sustainable Development in India-Review and Way Forward" and "Corruption and Governance in India-Review and Way Forward". The research for each report was carried out by the leading thematic NGO in that field. In this regard, I would like to thank Confederation of Voluntary Associations (COVA), Development Alternatives, Society for Participatory Research in Asia (PRIA) and Wada Na Todo Abhiyan (WNTA) for their participation in the study and in particular Dr. Mazher Hussain, Mr. Roberto G Lescrauwaet, Mr. M. Murali Krishna, Mr. Manoj Rai and Mr. Rahul Banerjee for authoring the various reports.

I would also like to thank Dr. Mrs. Jyotsna Singh and Ms. Divita Shandilya of VANI for coordinating and finalising the study and Mr. Rajkumar Sharma for his help on the design and publication of the reports.

I would like to thank Dr. Axel Harneit-Sievers, Director, India Office, Heinrich Boll Foundation and Ms. Shalini Yog, Programme Coordinator, Heinrich Boll Foundation for their valuable inputs and continuing interest in the development of this project and the Heinrich Boll Foundation for supporting the project.

We hope that this study will not only help fill the lacunae that exist among Indian voluntary organisations about the policies and decision making processes at an international level but also act as a representative voice of the sector, domestically and globally.

Harsh Jaitli  
Chief Executive Officer

# CONTENTS

Preface.....	02
1. Governance and Corruption in India – An overview.....	05
2. Legal and Institutional Framework for Anti-Corruption.....	12
3. India’s International Concerns and Commitments on Anti-Corruption.....	19
4. Anti-Corruption Initiatives by Citizens and Civil Society.....	25
5. Recommendations.....	30

## 1. Governance and Corruption in India

Governance is one of the most frequently heard terms during current political and social debates. Good Governance is widely considered to be the solution to most of the problems the country is facing. There is no universal definition of the term governance. However, a sort of agreement does exist on the broad elements of governance as processes and institutions by which authorities are exercised in a country or a region. The Planning Commission of India<sup>1</sup> in the 11th Plan document agrees that good governance covers all aspects of the interface between individuals and business on one hand and government on the other. Accordingly it says that governance should cover the following distinct dimensions:

- Constitutionally protected right to elect government at various levels in a fair manner, with effective participation by all sections of the population.
- The government at all levels must be accountable and transparent. Closely related to accountability is the need to eliminate corruption, which is widely seen as a major deficiency in governance.
- The government must be effective and efficient in delivering social and economic public services, which are its primary responsibilities.
- Local Governments (Panchayats and Municipalities) should be empowered to function efficiently for local economic development and social justice.
- The rule of law must be firmly established.
- Finally, the entire system must function in a manner which is seen to be fair and inclusive.

The word 'corrupt' when used as an adjective literally means 'utterly broken'. Taking together the Planning commission's definition of Good Governance given above and Government of India's own data on the country's progress in the above dimensions, one suspects if governance in India is 'utterly broken'. It is a matter of great concern that the world's largest democracy with such a comprehensive constitution and a very vibrant civil society has performed so badly on internationally accepted governance Indicators. It is also perplexing

---

1. [http://planningcommission.nic.in/plans/planrel/fiveyr/11th/11\\_v1/11v1\\_ch10.pdf](http://planningcommission.nic.in/plans/planrel/fiveyr/11th/11_v1/11v1_ch10.pdf)

to see that despite a many fold increase in budgetary allocations for social sector expenditure, India's ranking in the world in terms of Human Development Index remains stagnated at 136 among 187 countries and territories<sup>2</sup> for over many years.

Even at South Asia level, only one country (Sri Lanka) clearly had better social indicators than India in 1990, but now India looks to be the second worst performing state in the region (behind Bhutan, Nepal and Bangladesh), ahead of only terrorism-torn and corruption clutched Pakistan. According to the latest World Bank Report, India is the third largest economy of the world in terms of purchasing power parity. The 2011 round of the World Bank's International Comparison Program (ICP) recently<sup>3</sup> ranked India after the US and China on the basis of Purchasing Power Parities (PPPs). But India's per capita GDP (adjusted to purchasing power) is half of China, one third of Brazil and one fourth of Russia among peer BRICS countries.

This implies that something must have gone terribly wrong in democratic governance of the country, for the country has not been able to redistribute fruits of its democracy and rapid economic growth (which it has harnessed since liberalization in 1991) to the majority of Indians. Due to corruptions and or otherwise, benefits of growth have remained accumulated in few influential hands. That is why perhaps India has the dubious distinction of having one of the largest numbers of billionaires as well as the largest number of the poor in the world. An increase in the number of billionaires is indicative of a country's robust macro-economic performance. But a disproportionate decline in poverty is certainly suspicious and is indicative of corruption in governance.

Corruption and governance lie on a continuum but occupy opposite poles. Whereas governance, with its end goal of creating a good government, aims to serve the interest of the people; corruption, through the use of public office and resources, serves the narrow interest of families and allies. Corruption is most commonly defined as the misuse or the abuse of public office for private gain. It can come in various forms and a wide array of illicit behaviour, such as bribery, extortion, fraud, nepotism, graft, speed money, pilferage, theft, and

---

2. <http://hdr.undp.org/sites/default/files/Country-Profiles/IND.pdf>

3. World Bank Report, April 2014.

embezzlement, falsification of records, kickbacks, influence peddling, and campaign contributions<sup>4</sup>. While corruption is commonly attributed to the public sector in India, it also exists in other sectors under the sphere of governance, such as political parties, private business sector and NGOs.

### 1.1 History and Geography of Corruption in India:

Corruption is not new to India. It exists from the days of colonial rule in 1858 when British excluded Indians from political participation and curbed information flow through Official Secret Act of 1923. It is an interesting fact that India got its independence in 1947 but the first major law to combat corruption, Prevention of Corruption Act (PCA) of 1947, was enacted just before independence, to prevent officials from cashing in on post-war reconstruction funding. The period up to 1991 was dubbed the "License Raj" as a result of the government's excessive oversight of the economy. The poor often suffered most from widespread corruption, which diverted large amounts of public revenue intended for public works, aid, and social welfare programs<sup>5</sup>. Historically, corruption proliferated with proliferation of License Raj<sup>6</sup>.

With liberalization of Indian economy in 1991, it seems corruption in governance also got liberalized with petty corruptions (in comparison to current scales of reported corruptions) of the past taking the form of grand corruptions<sup>7</sup>. The KPMG's Survey on Bribery and Corruption found that 68% of India's total illicit capital loss happened after the country's economic liberalization in 1991, indicating that the reform and rise of India's economy has been complicit in the transfer of "black money" abroad. Corruption reached its crescendo in public domain when financial bungling was reported in Commonwealth games in 2010 (the Central Vigilance Commission cited the total misappropriation of funds to be around 1.8 billion US dollars). It was soon followed by the telecom scam in 2010 (estimated to cost the government some 39 billion US dollars). A Centre for Media Studies (CMS)<sup>8</sup> study finds that 95 percent of the households who are asked for bribes end up paying it, and brings out that grievance redressal systems continue to be poor along with a

---

4. Robert Klitgaard, "Strategies Against Corruption", <http://www.clad.org.ve/klit3.htm.p>

5. Beina Xu (November 8, 2013); India's Corruption Problems; Council on Foreign Relations, <http://www.cfr.org/>

6. <http://www.cfr.org/experts/international-economics-trade/jagdish-n-bhagwati/b1753>

7. [http://www.kpmg.com/IN/en/IssuesAndInsights/ThoughtLeadership/KPMG\\_Bribery\\_Survey\\_Report\\_new.pdf](http://www.kpmg.com/IN/en/IssuesAndInsights/ThoughtLeadership/KPMG_Bribery_Survey_Report_new.pdf)

8. Centre for Media Studies, India Corruption Study (2010) report

lack of accountability of public service providers, despite all claims otherwise made by these agencies. Public anger against corruption escalated when a series of major scams were unearthed. Coalgate scandal, estimated to cost Government about 34 billion US dollars, came into light in 2012. Just to provide perspective to scale of these grand corruptions, it may be noted here that annual budget of largest social sector initiative of Government of India (Rural Employment Guarantee Programme) is in the range of a mere 8 billion US dollars. These astonishing estimates of corruptions in governance indicate how ordinary Indians have suffered over time.

Many analysts believe that Indian political Parties are most corrupt followed by its sprawling bureaucracy and judiciary. Unfortunately corruption in India is often termed as necessary evil. The Hindustan Times in an article<sup>9</sup> in 2012 reported that at least 42% of young Indians have paid a bribe at some point of time. The Transparency International<sup>10</sup> in its global report in 2013 on Corruption Perception Index ranked India 94th out of 176 countries, alongside Mongolia and Colombia and below neighbours like China and Sri Lanka. India was ranked 71st of 179 countries when this report debuted in the year 2007.

The term 'Corruption in governance' unfortunately has been limited to corruption in governments. It must be mentioned here corruptions in private business, autonomous institutions/enterprises, civil society and media equally affect a nation's social and economic health. The scale of corruption in institutions and agencies outside the government are no less. Unless all organs of governance become corruption free, a nation can't protect and serve its citizens equally and in the best possible way.

## **1.2 Factors influencing Corruption:**

Corruption is nothing but a reflection of the distribution of power within societies. When a country possesses the capability and the will to exercise its governance authorities in transparent and accountable manners, it is difficult for corruption and malpractice to flourish. Corruption is a symptom of weak, ineffective or bad governance. We can discern some factors which by their

---

9. <http://www.hindustantimes.com/india-news/newdelhi/42-of-india-s-youth-have-paid-a-bribe/article1-807254.aspx>

10. [http://www.transparency.org/country#IND\\_DataResearch\\_SurveysIndices](http://www.transparency.org/country#IND_DataResearch_SurveysIndices)

very nature (e.g. rigid system, social immobility etc.) cause corruption and some intermediary, accentuating factors (e.g. Ignorance, Illiteracy, Procedural) which provide impetus to corruption. Some of them are:

### **1.2a Causative Factors:**

- (i) **Social Inequalities and Undemocratic Dynasty Culture:** India is a land of many castes, languages, regions and religions. Coupled with patriarchy, these factors have led to general distrust among social groups while at the same time accentuating in-group trust leading to a propensity to share power and authority. Caste based politics and practices, for example, have often been found to be the root behind rampant corruptions at local levels. From politicians to bureaucrats to private business to civil society leaders have perpetuated culture of power transfers to their family members and/or close relatives. In doing so, they manipulate democratic practices and so, perpetuate corruptions.
- (ii) **Centralized Democracy:** India is a country with the largest democracy but perhaps the least democratic practices. This is reflected in the fact that despite 73rd and 74th Amendment Acts, central and state governments keep exercising their control on local economic and social issues. The leaders and officials of union and state governments (unlike the local governments' representatives who are accessible on daily basis) are not often accessible to ordinary citizens and so, are not socially accountable. As a result, people are not able to influence decisions at a local level. So, citizens become victims of manipulative and corrupt practices of centralised delivery agencies, which may not be directly accountable to the citizens.
- (iii) **Opaque and Unaccountable Political Parties:** Political parties, their resources and their conducts in public and private domains are not transparent and therefore, remain out of the purview of governance accountability. India does not have a publically accepted procedure for political funding. Almost all political parties in India, as recent reports<sup>11</sup> suggest, don't provide detail information about the quantum and source of their funding. Almost all political parties, the custodians of democracy

---

11. Reports of ADR (Association of Democratic Reforms), India during and after Lok Sabha elections 2014

in the country, don't practice internal democracy. Political manifestos (despite recent Supreme Court directives) seem to be a routine affair during elections rather than a serious roadmap for governance. Political parties don't hesitate in manipulating the rules of law and adopting unfair means to garner votes.

- (iv) **Colonial Bureaucracy:** India's bureaucratic system is still suited to colonial mind-set of ruling the people rather than serving them. The Bertelsmann Foundation 2008 report states that India is characterized by a deeply rooted patronage system and pervasive corruption at all levels of the polity and administration. Most of the IAS officers, for example, behave as local lords and indulge in exclusivist processes of decision-making to often twist the laws in favour of their political masters rather than citizens in general.
- (v) **Ineffective Judicial System:** India is ranked 26th of 131 countries on indicators of judicial independence in the Global Competitiveness Report 2007-2008. Recent Global Integrity Report also rates judicial accountability in India as weak. Unfortunately Indian legal system is known to be generally inaccessible for ordinary citizens and skewed in favour of rich and powerful ones. As per a report in Indian Express (dated 23rd Dec 2013) about 32 million cases are still pending in the Indian courts. India is known for delayed justice and it is said that justice delayed is justice denied.

#### **1.2b: Intermediary/Accentuating Factors:**

- (i) **Outdated Rules of Governance (Police, Private Sector, Religious Institutions and NGOs):** Most fundamental rules in governance of India, Police, Co-operative and other welfare Societies etc. are still based on the 1860 Act with amendments that are not effectively implemented. Despite Supreme Court directives to reform the police to be independent, pro-people and publically accountable, the government has not taken any significant step in this direction despite making public commitments to do so. The archaic Society Registration Act of 1860 and later Multi-state Societies Registration Bill, 2012, intend to negate roles of independent associations and institutions in governance reforms and societal development. In terms of rules and regulations, existing rules

(property/land transaction, recruitments in jobs, promotions etc.) are not transparent and so, are tailor-made for manipulations for rich and powerful people. Many private sector actors, Religious heads and NGO leaders are known to be manipulating the rules and regulations to serve their self-interests.

- (ii) **Uninformed Citizens:** Widespread illiteracy coupled with a lack of effort on the part of government to educate people about their roles, responsibilities and rights as citizens of India has spurred corruption on. Governments often bring in legislations and order to curb corruption but do not proactively educate ordinary citizens so that they can use these provisions against corruption. In a country like India where more than 25% of its population is illiterate<sup>12</sup> (the proportion of functionally illiterate could be much higher), the indifference of government and lack of information make matters worse for minimizing corruption.
- (iii) **Public Procurement Policies:** Tendering, Public procurement or government procurement is an important activity for all countries. In India, estimates of public procurement vary between 20% of GDP to 30% of GDP<sup>13</sup>. There are ministries such as Defence, Railways and Telecommunication in the Government of India where approximately half of the total budget is spent on public procurement alone. This makes the need for integrity in public procurement not merely an ethical requirement but an economic and social one too. In India, there is a reasonably good framework of rules and procedures for public procurement without discrimination. However, implementation of these regulations is poor which provides enough scope to the rich and the powerful to manipulate things in their favour. Various studies cite public procurement as one of the most important roots of corruption in governance. Failures of centrally sponsored schemes and initiatives such as Rural Employment Guarantee Programme, Public Distribution System, Rural Health Scheme (as in the case of U.P), etc. are some of many examples of problems in public procurements. This makes social

---

12. Literacy in India, Census of India, 2011

13. OECD estimates

spending contracts a waste due to corruption. After ratifying the UNCAC (United Nations Convention Against Corruption) in 2011, India has taken initiative to strengthen its public procurement system through the Public Procurement Bill, 2012 which still awaits clearance for its enactment.

- (iv) **Self-accountable Media:** Media's role in India has increased manifolds in recent years. It influences people's perceptions and actions. Media has highlighted many issues of corruption and has also successfully pursued actions against such corruptions. But media's own houses are not in order and their accountability to the systems of governance has not been above board. There are reported incidents of 'paid-news' and false propaganda. Over the years, experiences with Indian media have been somewhat mixed - sometimes it actively exposes corruption and at other times it plays in the hands of corrupt people and protects them.

## 2. Legal and Institutional Framework for Anti-Corruption

India's fight against corruption is as old as the history of the country. The Rig Veda mentions punishments of corrupt government officials with property forfeiture. Though British colonial rule saw its fair share of deceitful practices, Britain still attempted to minimize such acts. In the nineteenth century, before the collapse of colonialism in India, Britain passed the Indian Penal Code in 1860 to construct a proper legal criminal system. The Prevention of Corruption Act was enacted in March 1947 (just before India became an independent nation on 15th August 1947) to include a new offence 'criminal misconduct in discharge of official duties' and for that punishment of one year (minimum) to seven years (maximum) was stipulated.

Independent India passed the Criminal Law (amendment) Act, 1952 which brought some changes in punishment for corruption by enhancing punishment specified in section 165 of the IPC. Later Prevention of Corruption Act 1988 consolidated the provisions of Prevention of Corruption Act, 1947 and the Criminal Law Amendment Act 1952. It broadened the scopes of the two former acts, defined the term Public Servant, introduced the new concept "Public Duty", enhanced penalties for corruption and also specified judicial mechanisms. As new forms and frequency of corruptions increased in post

liberalized economy after 1991, India started evolving new legislations and new institutions to address the issue of growing corruptions. Some of the main legal provisions against corruptions in India are as follow:

**I. Prevention of Corruption Act, 1988:** The salient features of the Prevention of Corruption Act 1988 are as follows:

- a) The term 'Public Servant' is defined in the Act. The definition of 'public servant' has been enlarged so as to include the office-bearers of the registered co-operative societies receiving any financial aid from the Government, or from a Government Corporation/Company, the employees of universities, Public Service Commissions, and Banks etc.
- b) A new concept - 'Public Duty' is introduced in the Act. "Public Duty" means a duty in the discharge of which the State, the public or the community at large has an interest.
- c) Offences relating to corruption in the IPC have been brought in the Act, and they have been deleted from the Indian Penal Code.
- d) All cases under the Act are to be tried only by Special Judges.
- e) Proceedings of the court have to be held on a day-to-day basis.
- f) Penalties prescribed for various offences are enhanced.
- g) Criminal Procedure Code to provide for expeditious trial.
- h) It has been stipulated that no court shall stay the proceedings under the Act on the grounds of any error or irregularity in the sanction granted, unless in the opinion of the court it has led to failure of justice.
- i) Other existing provisions regarding presumptions, immunity to bribe-giver, investigation by a senior officer, access to bank records etc. have been retained.

The Corruption Act, inter alia, widened the scope of the definition of a "public servant" and enhanced penalties provided for offences in earlier laws. The Prevention of Corruption Act 1988 is the main law for dealing with offences of pertaining to corruption in India.

- II. The Benami Transactions (Prohibition) Act, 1988:** The Act prohibits any benami transaction (purchase of property in false name of another person who does not pay for the property except when a person purchases property in his wife's or unmarried daughter's name.) Any person who enters into a benami transaction shall be punishable with imprisonment of up to three years and/or a fine. All properties that are held to be benami can be acquired by a prescribed authority and no money shall be paid for such acquisition.
- III. Prevention of Money Laundering Act, 2002:** To act against growing menace of money laundering in India, the Indian Parliament in 2002 enacted Prevention of Money laundering Act to prevent money-laundering as well as to provide for confiscation of property either derived from or involved in, money-laundering. This Act was further amended in the years 2005, 2009 and 2012. The act prescribes that any person found guilty of money-laundering shall be punishable with rigorous imprisonment from three years to seven years. He could also be liable to a fine of up to 5, 00,000. However, vide amendment of PMLA, 2002 in 2012; the upper ceiling on the quantum of fine has been done away with. The appropriate authorities, appointed by the Government of India, can provisionally attach the property which is believed to be proceeds of the crime. The Act has provisions of Adjudicating Authority and the Appellate Tribunal. However, the burden of proof lies with the person who is accused of having committed the offence of money laundering, whereby s/he has to prove that alleged proceeds of crime are in fact lawful property.
- IV. Right to Information Act, 2005:** Following a nationwide campaign led by grassroots and civil society organizations, the Indian Parliament passed the Right to Information Act in 2005. Since then, social activists, civil society organizations, and ordinary citizens have effectively used the Act to tackle corruption and bring greater transparency and accountability in the government. The Right to Information Act, 2005 and its conformity Acts in the States require government officials and other public authorities to provide information requested by citizens within stipulated time or face punitive actions. India's RTI Act is generally claimed as one of the world's best law with very good

implementation track record. It is one of the most empowering and most progressive legislations passed in post Independent India. All types of citizens use this law by making information requests in order to get information of their interests and or expose the corruption in systems of governance. One of the most progressive provisions of the Act is that the information seekers need not give any reason for seeking information. It is however also true that lack of adequate public awareness, especially in rural areas, lack of proper system to store and disseminate information, lack of capacity of the public information officers (PIOs) to deal with the requests, bureaucratic mind-set and attitude etc. are still considered as major obstacles in implementation of the law. There are many instances when whistle-blowers used this law to expose corruption but were also harassed (in some cases even killed) by the corrupt officials and/or system.

- V. Companies Act, 2013:** It is an Act of the Parliament of India which regulates incorporation of a company, responsibilities of a company, directors, and dissolution of a company. The new act would seek to usher in more transparency and governance in the corporate bodies besides creating the necessary environment for growth in the present global structure. The new law mandates every listed company and such other companies as would be prescribed (such as deposit taking companies and public interest entities) to establish a whistle-blowing policy, with direct access to audit committee chairman in certain cases. Further, independent directors would also be obligated to ensure that the company has an adequate and functional vigil mechanism and to ensure that there is no victimisation of the whistle-blower<sup>14</sup>.

*Beside the above acts, there are some bills/acts pending at various levels for enactments/implementations.* While the Lokpal and Lokayukt Act 2013, an anti-corruption Act of Indian parliament was enacted in January 2014 and it provides for establishment of institution of Lokpal at Union level and of Lokayukta at state levels to enquire into cases of corruption, there are other

---

<sup>14</sup> Business Standard, New Delhi. 1 December 2013. <http://www.business-standard.com/article/opinion>

six crucial anti-corruption bills at various stages of consideration and passage by the Indian Parliament. They include the Judicial Standards and Accountability Bill, 2012; the Whistle Blowers Protection Bill, 2011; the Prevention of Corruption (Amendment) Bill, 2013; the Right of Citizens for Time Bound Delivery of Goods and Services Bill, 2011; the Prevention of Bribery of Foreign Public Officials Bill, 2011 and the Public Procurement Bill, 2012. A committee headed by the Chairman of Central Board of Direct Taxes (CBDT), has been constituted to examine ways to strengthen laws to curb generation of black money in India, its illegal transfer abroad and its recovery. The Committee shall examine the existing legal and administrative framework to deal with the menace of generation of black money through illegal means including inter-alia the following: (a) Declaring wealth generated illegally as national asset; (b) Enacting/amending laws to confiscate and recover such assets; and (c) Providing for exemplary punishment against its perpetrators.

**Institutional Framework for Anti-Corruption:** There are numerous institutions in India to implement anti-corruption policies. They range from much respected institution of Supreme Court of India to newest institutional set-up called Lokpal as per mandate of the Lokpal and Lokayukt Act 2013 enacted in 2014. Some of the prominent institutions for mitigating corruptions are: -

- (i) **The Supreme Court of India:** The highest court of India has taken stronger instances against corruption by challenging powers of states in several instances. It has entertained Public Interest Litigations to pass directives against corrupt officials and/or practices. The court has also formed special groups to investigate issues and has taken over supervision of ongoing investigations against reported corruption.
- (ii) **Offices of the Lokpal and Lokayukt:** The Lokpal and Lokayukt Act, 2013 provide for the establishment of a body of Lokpal for the Union and Lokayukta for States to inquire into allegations of corruption against certain public functionaries and for matters connected therewith or incidental thereto. Lokpal's jurisdiction will cover all categories of public servants including the Prime Minister of India. All entities receiving donations from foreign source in the context of the Foreign Contribution Regulation Act (FCRA) in excess of Rs 10 lakh per year are brought under the jurisdiction of Lokpal. The offices of Lokpal at Central level and Lokayukt in states will provide adequate protection for honest and

upright public servants. It will have power of superintendence and direction over any investigation agency including CBI for cases referred to them by Lokpal. The Lokpal can use provisions for attachment and confiscation of property acquired by corrupt means, even while prosecution is pending. Lokpal and Lokayukta will work on behalf of the citizens and will protect their interests from abuse by public offices, both at the central and the state level. These will be independent bodies and the politicians and the bureaucrats will have no interference in their functioning. The establishment of Lokpal and Lokayukta will give the citizens right to file complaints in the High Courts and the Supreme Court in case they are not satisfied with the working of any government official or any other bureaucrat, as the case may be.

- (iii) **Office of the Comptroller and Auditors General of India (CAG):** The office of CAG is an authority, established by the Constitution of India, who audits all receipts and expenditure of the Government of India and the state governments, including those of bodies and authorities substantially financed by the government. The office of CAG thus acts as an effective check on financial irregularities by the public authorities. The audit reports of CAG contributed significantly in exposing mega-corruption such as those of 2G spectrum and Commonwealth games.
- (iv) **Central and State Information Commissions:** The office of Central Information Commission at Union level and the offices of State Information Commissions at state levels are set-up under the Right to Information Act, 2005. The Information commissioners and the information commissions at union and state levels act as custodian of citizens' rights under the Right to Information Act. Accordingly these offices support citizens in accessing information and take punitive actions against authorities who fail in fulfilling their mandated responsibilities to provide appropriate and timely information. The decisions of CIC or SIC are binding. Over the years these offices have effectively supported citizens in not only accessing the information but also in exposing corruptions.
- (v) **Central Vigilance Commission:** The Central Vigilance Commission (CVC) was set up by the Government in February, 1964 on the recommendations of the Committee on Prevention of Corruption, headed by Shri K.

Santhanam, to advise and guide Central Government agencies in the field of vigilance. CVC, a statutory authority, is conceived to be the apex vigilance institution, free of control from any executive authority, monitoring all vigilance activity under the Central Government and advising various authorities in Central Government organizations in planning, executing, reviewing and reforming their vigilance work. In 2004, Central Government designated the CVC as the designated agency to receive written complaints for disclosure on any allegation of corruption or misuse of office and recommend appropriate action. The CVC is not an investigating agency, and works through either the CBI or through the Departmental Chief Vigilance Officers. The only investigation carried out by the CVC is that of examining Civil Works of the Government which is done through its Chief Technical Officer. The Annual Report of the CVC not only gives the details of the work done by it but also brings out the system failures which lead to corruption in various Departments/Organisations, system improvements; various preventive measures and cases in which the Commission's advises were ignored etc. The CVC also involves citizens in fighting corruption in government's offices.

- (vi) **Central Bureau of Investigation:** The Central Bureau of Investigation (CBI) is the Government of India's foremost investigating police agency. The CBI is involved in major criminal probes, and is the Interpol agency in India. It plays an important role in public life and ensuring the health of the national economy. The CBI was established in 1941 as the Special Police Establishment, tasked with domestic security. It was renamed the Central Bureau of Investigation on 1 April 1963. It is overseen by the Department of Personnel and Training of the Ministry of Personnel, Public Grievances and Pensions of the Union Government, headed by a Union Minister who reports directly to the Prime Minister. Beside Union Government, the High Court and the Supreme Court have the jurisdiction to order a CBI investigation into an offense alleged to have been committed in a state without the state's consent, according to a five-judge constitutional bench of the Supreme Court (in Civil Appeals 6249 and 6250 of 2001) on 17 Feb 2010. The CBI has high credibility in unearthing crimes and corruption though it has also been blamed

repeatedly to serve political interests of ruling class.

(vii) **State Anti-corruption Bureau:** The Anti-Corruption Bureau is a specialized agency tackling the problem of corruption in various departments of the Government against Public Servants and also against Private Persons who abet the offences, under the Prevention of Corruption Act, 1988. The anti-corruption bureaus have been constituted by all state governments to register the cases under the provisions of this Act. Besides this, the Bureau conducts enquiries basing on the information/petitions received from various agencies like Government, Vigilance Commission, Lokayukta etc. and also on the information/petitions received by the Bureau from the public containing specific and verifiable allegations of corruption against Public Servants. The Bureau basically enforces the provisions of the Prevention of Corruption Act, 1988. The Bureau has suo-moto powers to collect information, conduct enquiries and register cases on Public Servants. It investigates Disproportionate Assets Cases of Criminal misconduct and misappropriation. Apart from that the Bureau also conducts enquiries in the form of Regular Enquiries, Discreet Enquiries and also conducts Surprise Checks in areas of rampant corruption. After completion of investigation and enquiries, a final report is sent to Government through the Vigilance Commissioner who tenders his advice to the Government. Depending on the merits of the case, the further course of action may be either to file charges or to drop charges.

### 3. India's International Concerns and Commitments on Anti-Corruption

Corruption has become a major governance challenge in almost all countries of the world whether developed or developing. There are thousands of stories about rampant corruption pushing citizens to rise against governments in Latin America and in communist blocks. Gorbachev's Glasnost and Perestroika experimentations in erstwhile Soviet Union were also in response to deep rooted corruption in ruling communist structures and elites of the USSR. While corruption in any society is undesirable, its impact on developing economy like India is most debilitating as it suffocates socio-economic development and so,

excludes large number of citizens from the benefits of inclusive growth. Corruption used to be mostly a complex socio-economic and cultural phenomenon at local level. But in a globalized economy and society, local corruptions are elevated and can trace their roots internationally. Internationally rooted corruptions have had their ramifications in India. From stories of Soviet findings to Communist groups in India to more recent incidents of black money in Swiss Banks, Terror funding from other countries or Hawala (money laundering) rackets operating from Gulf countries are some of many examples. Bofors scandal and most recently controversial Augusta Westland helicopter deals are some other examples of local corruption connected internationally. So, it is important for the countries to seek and commit support bilaterally and multilaterally.

As the world's largest democracy India faces a number of challenges. India is presently under tremendous local pressure to initiate far reaching reforms in anti-corruption, prompted by popular anti-corruption movements in the country. But as one of the most diverse countries in the world and one of the largest economies in the world, India is known for its respect to international protocols and its active roles in international cooperation. India has also signed cooperation treaties bilaterally with many countries to exchange cooperation in fights against crimes and corruption. Being the founder and ordinary member of many global platforms, the country has committed its support to various international initiatives against the corruptions and follows the due procedures as laid down in various commitments. Some of the major international commitments of India are as follow:

- a) **United Nations Convention against Corruption (UNCAC):** In May 2011, the Indian Government ratified two UN Conventions - the United Nations Convention against Corruption (UNCAC) and the United Nations Convention against Transnational Organised Crime (UNTOC) and its three protocols. The Regional office of UNODC (United Nations Office on Drugs and Crime) for South Asia works in six countries: Bangladesh, Bhutan, India, Maldives, Nepal and Sri Lanka. It was established in 1987 and is based in New Delhi, India. The United Nations Convention against Corruption (UNCAC), which entered into force in December 2005, is the first ever binding global anti-corruption instrument<sup>15</sup>. It obliges the

---

<sup>15</sup> <http://www.unodc.org/southasia/en/>

States to prevent and criminalize different corrupt practices, promote international cooperation, cooperate for the recovery of stolen assets and enhance technical assistance and information exchange. The Convention addresses both the public and private spheres and provides a set of comprehensive agreed-upon obligations and provisions to criminalize corruption and enhance transparency and accountability. In order to monitor the progress in the implementation of the Convention, Member States have agreed to conduct "peer-review mechanisms" among themselves, for which UNODC acts as a Secretariat.

- b) **International Association of Anti-Corruption Agencies:** The Central Vigilance Commissioner of India has been a member of the Executive Committee of the International Association of Anti-Corruption Agencies (IAACA) since its inception in 2006 in Beijing, China. With the aim of facilitating implementation of the United Nations Convention against Corruption, the IAACA has successfully organized series of events in an effort to push forward international cooperation against corruption. Currently the IAACA has more than 300 organizational members who cover nearly all law enforcement for all the national institutions and bodies entrusted with the task of fighting against corruption and more than 2000 individual members, including prosecutors, investigators and experts with experience in anti-corruption research or practice<sup>16</sup>.
- c) **Asian Development Bank- OECD Anti-Corruption Initiative:** India is an active member in the Asian Development Bank- OECD Anti-Corruption Initiative for the Asia Pacific Region. This initiative seeks to curb corruption to counter its negative effects on political stability, welfare, economic development, and international trade and investment. The 31 member countries in Asia Pacific resolved to cooperate in the fight against corruption as early as 1999, when they launched the Anti-Corruption Initiative for Asia-Pacific under the joint leadership of the Asian Development Bank (ADB) and the Organisation for Economic Co-operation and Development (OECD). The Initiative supports the member governments' efforts through three mechanisms namely, (i) Fostering policy dialogue through Steering Group Meetings and Conferences (ii)

---

<sup>16</sup> <http://www.iaaca.org/AboutIAACA/BriefIntroduction/>

Policy analysis, including thematic reviews and stocktaking and (iii) Regional Seminars

- d) **Anti-Bribery Working Group of OECD:** India participates regularly in the Anti-Bribery Working Group of OECD (Organisation for Economic Co-operation and Development) as an Observer. Established in 1994, the OECD Working Group on Bribery in International Business Transactions (Working Group) is responsible for monitoring the implementation and enforcement of the OECD Anti Bribery Convention, the 2009 Recommendation on Further Combating Bribery of Foreign Bribery in International Business Transactions (2009 Anti-Bribery Recommendation) and related instruments. This peer-review monitoring system is conducted in three phases and is considered by Transparency International to be the 'gold standard' of monitoring.
- e) **G20 Anti-Corruption Action Plan 2013-14:** Being the member of G-20, India shares concerns and commitments of G-20 nations against corruption. G20 Leaders established the G20 Anti-Corruption Working Group in Toronto in 2010 and endorsed the first Anti-Corruption Action Plan in Seoul later that year. At the Los Cabos summit, Leaders renewed the mandate of the Working Group and called for a revised Action Plan to be developed. The G20 renews its pledge to implement fully the commitments found in the Seoul Anti-Corruption Action Plan, the Cannes Monitoring Report and subsequent Leaders' declarations adopted at the Summits in Cannes and Los Cabos, noting in particular the commitment in the Los Cabos communiqué to "closing the implementation and enforcement gaps"<sup>17</sup>.
- f) **IBSA Joint Working Group and BRICS:** India is also actively involved in the anti-corruption initiatives of various groups of countries BRICS (Brazil, Russia, India, China, South Africa) and IBSA (India-Brazil-South Africa). An IBSA Joint Working Group (JWG) on Public Administration was launched during the first IBSA Summit held in Brasilia (13 September 2006). The JWG aims at ensuring an effective public service and sharing of best practices in governance amongst the three countries,

---

<sup>17</sup> <https://www.g20.org>

including effective systems for monitoring and evaluating government performance. The JWG has identified six key areas for sharing knowledge and learning viz. Integrated Monitoring and Evaluation, E-Governance, Human Resource Development, Citizen-Oriented Service Delivery, Anti-Corruption and Ethics, and Accountability and Transparency.<sup>18</sup> BRICS leaders also share their concern on rising corruption in countries and emphasized the same during recent 6th BRICS summit held in Fortaleza, Brazil. Among 72 points of Fortaleza declaration, point no. 17 quotes heads of governments of BRICS countries as<sup>19</sup> "We believe that sustainable development and economic growth will be facilitated by taxation of revenue generated in jurisdictions where economic activity takes place. We express our concern over the harmful impact of tax evasion, transnational fraud and aggressive tax planning on the world economy. We are aware of the challenges brought by aggressive tax avoidance and non-compliance practices. We, therefore, affirm our commitment to continue a cooperative approach on issues related to tax administrations and to enhance cooperation in the international forums targeting tax base erosion and information exchange for tax purposes. We direct our relevant authorities to explore ways of enhancing cooperation in this area. We also direct our relevant authorities to strengthen cooperation in the field of customs." The 6th BRICS summit declaration reaffirms the commitments of BRICS countries when it says in point no. 58 that 'We recognize that corruption negatively affects sustainable economic growth, poverty reduction and financial stability. We are committed to combat domestic and foreign bribery, and strengthen international cooperation, including law enforcement cooperation, in accordance with multilaterally established principles and norms, especially the UN Convention Against Corruption.'<sup>20</sup>

- g) **United Nations Global Compact:** Many of Indian business companies have embraced principles of United Nations Global Compact (UNGC) to work against corruption in all its forms, including extortions and bribery. The

---

18 [http://ibsa.nic.in/intro\\_public\\_administration.htm](http://ibsa.nic.in/intro_public_administration.htm)

19 <http://www.globalresearch.ca/sixth-brics-summit-fortaleza-declaration/5391525?print=1>

20 <http://www.globalresearch.ca/sixth-brics-summit-fortaleza-declaration/5391525?print=1>

UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. By doing so, business, as a primary driver of globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere<sup>21</sup>.

- h) In addition to above, India has also requested to join Asia Pacific Economic Cooperation (APEC) and so, in a way subscribe to the APEC's commitments against corruption, as declared in Santiago in Chile in the year 2004.

### **Influences of India's International Commitments on domestic actions against Corruption:**

As discussed above, India has been quite active in multilateral global forums such as G-20, BRICS, IBSA and OECD. As a member of UN, India has been signatory to many UN treaties and agreements. These international commitments and obligations have influenced India to bring in appropriate changes in legal and executive initiatives against the corruption. The Indian Government ratified two UN Conventions in May 2011 - the United Nations Convention against Corruption (UNCAC) and the United Nations Convention against Transnational Organised Crime (UNTOC) and its three protocols. Because of these commitments and also due to domestic demands, India moved towards enactments of various anti-corruption acts.

After India ratified the UNCAC, the United Nations Office on Drugs and Crime also started two initiatives aiming at encouraging corporate integrity and probity in public procurement. While both studies acknowledge that important legislation exists in India, under which corruption can currently be prevented and investigated, the Indian legal framework could be substantially strengthened by the enactment of a series of new bills, including (i) the Public Procurement Bill 2012, (ii) the Company Bill 2012, (iii) the Whistle-blowers

---

21 <http://www.unglobalcompact.org/AboutTheGC/index.html>

Protection Bill 2011, (iv) the Prevention of Bribery of Foreign Public Officials and Officials of Public International Organisations Bill, 2011 as well as the amendment to existing laws to include bribery in the private sector as a punishable offence. Though some of the bills are still pending but voices in support of having such acts are strengthening day by day.

UNCAC has 71 Articles divided into 8 chapters. It requires that States Parties implement several anti-corruption measures which may affect their laws, institutions and practices. These measures could help to prevent corruption, strengthen international law enforcement, de-criminalize conducts and support judicial cooperation. It provides for effective legal mechanisms for asset recovery, technical assistance and information exchange, and mechanisms for implementation of the Convention, including the Conference of the States Parties to the United Nations Convention against Corruption (CoSP). The periodic reviews of international commitments generate peer pressures on countries to comply with their international commitments against corruption. India has also benefitted from learning of and pressures from peer countries in different international forums/groups. It is said that the current Lokpal Act, enacted by India in 2014, supports India's commitments to her international commitments including the ratification of UNCAC.

#### **4. Anti-Corruption Initiatives by Citizens and Civil Society**

Indian Civil Society has a long tradition of voicing and acting against prevailing corruption in governance. However, its focus has been more on corruption in organs of government and less on other actors of governance such as the private sector, media, religious and research institutions and NGOs. Perhaps it was during Jayaprakash Narayan (JP) led Samagra Kranti (Complete Revolution) movement against corruption in governance and emergency during mid-70's that Civil Society got engaged with the issue in most parts of India.

Now civil society has a growing influence on the political agenda and often has a positive influence on intra- and inter-ethnic harmony. There are debates on number of NGOs in India. PRIA's study<sup>22</sup> in early 2000 estimated that numbers

---

22 *Invisible, Yet Widespread: The Non-Profit Sector In India, December 2002, PRIA*

of registered and non-registered NGOs in India were 1.2 million. A study commissioned by the government put the number of NGOs in India, accounted for till 2009, at 3.3 million<sup>23</sup>. In an earlier affidavit to the Supreme Court of India, the Central Bureau of Investigation (CBI) of Government of India had conservatively estimated the number of NGOs in the country to be over 2 million<sup>24</sup>.

Whatever the actual estimate of number of NGOs in India, Indian civil society is vibrant and NGOs generally operate freely. The transformative Index 2014 reports that civil society in India is increasingly assertive<sup>25</sup>. However in its study on assessing anti-corruption and good governance mechanisms in India, Global Integrity Report<sup>26</sup> expresses concerns on relatively weaker engagements of Indian civil society with the issue. Anna Hazare led 'India Against Corruption (IAC)' movement in 2011 was the most recent and focussed national initiative against the corruption, which mobilized ordinary citizens to rise against corruption in government of India.

Indian civil society organizations are also active members and/or collaborating partners in various international initiatives against corruption such as those anchored by the Transparency International, CIVICUS, C-20, IBSA, Credibility Alliance, et al. In India, the Civil Society groups often raise issues related to corruption in delivery of public services; ask questions on loopholes in existing rules and regulations. They also monitor actions of implementing agencies. A large number of civil society organizations such as Transparency International India, VANI, National Social Watch, PRIA, ADR, MKSS, CBGA, Bharta Swabhimani Trust, India Against Corruption, Jago Re, Lok Satta et al work towards reforming the governance in India and so, reducing corruption emanating from a governance deficit.

A number of initiatives by NGOs at local and sub-national levels have led to exposing corruption and reforming the governance. There are different categories of NGOs working on different type of factors (causative and accentuating) affecting corruption in governance. Some of them are referred below.

---

23 *Indian Express*, New Delhi, 7 July 2010.

24 *Times of India*, New Delhi. 9 July 2014

25 <http://www.bti-project.org/bti-home/>

26 <https://www.globalintegrity.org/global/report-2011/india/2011/>

- (a) **Social Accountability Initiatives:** Social accountability is often seen as a simple and direct process that takes place along the interface between the state and citizens, in actuality it is a complex process mediated by the character of the state's institutions and processes, as well as the social structure of the polity, including that of civil society. Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) programme, for example, mandated compulsory social audit of works done under it. But it was because of functional existence of Panchayats as accessible institutions of local governance and civil society organizations as facilitators that social accountability tools such as Social Audit, Jan Sunwai and citizens-government interface, Citizens' Report Card became popular and effective in bringing transparency in governance and reduction in corruption. States where MGNREGA implementation and social audits have been effective are those where civil society organizations, independent activists have been pro-active in spreading awareness and mobilizing the poor, conducting mass public hearing and social audits. For case studies, please see websites of Accountability Initiatives, PRIA, NREGA, PAC, et al.
- (b) **Right to Information and Pro-Active disclosers:** Perhaps one of the most important tools used by Civil Society in making government transparent has been the use of Right to Information. Understanding the provisions of the Act and then using it themselves or helping citizens to use the RTI, civil society organizations have been able to access relevant information and use that information for ensuring accountability of officials and/or exposing corruption. The provisions under RTI Act of 2005 empower citizens to demand information (as against the provisions of Official secret Act, 1923) and forces officials to divulge the information. This helps bridge the information gap between citizens and the government. The information gaps have always been root causes of corruption. Millions of applications by thousands of CSOs and lakhs of citizens across the country have helped in minimizing corruptions in offices and governance. (see websites of MKSS, NCPRI, CIC, DoPT, et al).
- (c) **Budget Tracking:** DISHA, IBP, CBGA are some of the few names which have pioneered the concepts of budget tracking from top to bottom to

find out when and how much of the allocated resources reached to their intended target. So, if some money has been allocated under any scheme, the CSOs have traced the leakage, if any, in the system of delivery and shared that information with citizens (to build pressure) and the government (to take appropriate corrective steps) to ensure optimal use of the resources for poor and the needy ones.

- (d) **Data Building:** Data about poor and marginalized are either not available or not reliable, if available. This data is ultimately used as a basis for public policies and programmes for inclusion and development of the marginalized communities. Civil Society organizations in different parts of the country have capacitated the communities to map their own resources and functional basic amenities in their locations to either counter or support data from the government. This process of data building (for example, GPS mapping by the slum dwellers <http://terraurban.wordpress.com/>) has effectively helped the community to demand due entitlements.
- (e) **Campaigns for Political reforms and Social Movements:** Civil Society coalitions usually undertake awareness campaigns to sensitize and educate people on their roles, responsibilities, rights and entitlements. There are also apolitical campaigns for people's participation in political spaces such as Pre-Election Voters Awareness Campaigns to educate citizens about importance of voting in and contesting the Panchayat/Municipal elections. Citizens' demands to include their issues in political manifestos are other examples<sup>27</sup>. Citizens and civil society were in forefront during the India Against Corruption movement led by Anna Hazare. It mobilized large number of citizens to encourage demands by the citizens and pressurize government in ensuring inclusiveness and transparency in governance and reduce corruption in governmental actions. Campaigns are usually focussed around one or two issues and include a large number of stakeholders/participants and are targeted towards policy or behaviour changes. ADR undertakes regular

---

<sup>27</sup> PRIA lead PEVAC campaigns by CSOs in different states during 1995-2005 in collaboration with Ministry, State Election Commissions and the state governments. During 2014 Lok Sabha elections PRIA and Partners pursued inclusion of pro-poor issues in political manifestos of major political parties.

information campaigns for reforms in political recruitment, funding and conduct.

- (f) **Use of Alternative Media (Internet, Social Media and Mobile Phones):** As the traditional media (newspapers, radio, magazines, and television channels) becomes more inaccessible (due to economic, social or political barriers) or outdated, civil society has effectively used social media (face-book, twitter etc.), mobile phones (sms and call centres) and internet in mobilizing opinions and seeking support. Though reach of alternative media is limited in comparison to traditional methods but it is increasing and has cascading effects. For example, 'I Paid the Bribe' is a website where citizens can report bribes demanded by public officials and read about experiences to see where bribery occurs. The website urges citizens to report on the nature, number, pattern, types, location, frequency and values of actual corrupt acts. Citizens' reports are used to argue for improving governance systems and procedures, tightening law enforcement and regulation and thereby reducing the scope for corruption in obtaining services from the government.

**Factors Supporting NGOs to act for Governance reforms and against Corruption:** Inspiration and commitments are important ingredients to act against corruption. But having a complete understanding of the issues is most important. Many times despite best efforts, civil society fails to deliver the desired result. There may be more significant external reasons behind such failures but there are also some internal reasons which civil society organizations need to take cognizance of. Some of the important internal reasons behind such failures have been found to be:

- (i) **Lack of comprehensive understanding of the legal frameworks:** In such cases temptation to act overtakes need to understand fully the minutest details of rules and regulations related to the issues (problems). For example trying to promote use of the Right to Information (RTI) Act without oneself understanding the provisions of the RTI Act.
- (ii) **Mis-understanding about the target:** For example, demanding repair of municipal roads from Governor of the State. NGO should plan its action with full preparations and full understanding of the stakeholders and their roles. A governor could be helpful in policy directive while municipal

engineer could address road repair issue.

- (iii) **Lack of appreciation and cooperation spirit:** Most often NGOs very humbly feel self-sufficient and so; do not appreciate the value of partnerships. Even if they do understand value of partnership, the spirit of cooperation often misses. In such cases chances of failures become very high as corrupt people in governance may easily manipulate fractured strength of CSOs.

In a country like India where Government and Governance have largest influence, it is important to address multiple issues in governance. There are numerous examples where NGOs have successfully created models for governance without influencing local governance processes. But such models have remained isolated and are like islands if they are not linked to local governance processes. There are also examples (Social Audit, Knowledge Resource Centres, and Self-Help Groups et al) of NGOs actions which have been mainstreamed into governance processes and so, have made larger and more significant positive impacts on societal developments. So, it is important to work for reforming governance to be transparent and accountable and corruption free. But that requires long term commitments and periodic self-capacity building in addition to usual SWOT Analysis, Resource Planning, Partnership and Monitoring the progress.

## 5. Recommendations

India must act towards improving responsiveness, transparency and accountability in its systems and processes of governance. The current political slogan of 'less government and more governance' implies overhauling the systems of governments to ensure maximum use of minimal public resources for greater inclusive development. That requires systems to be sensitive, citizens-centric, transparent, corruption-free and efficient in their responses. Different actors in governance (national, provincial and local governments; Civil Society including Media and the Market) must work together and complement each other in nation-building. The government and political leadership in the country should therefore commit for systems and processes of governance to enable: -

**A) Mandatory education of all citizens about their roles, responsibilities and rights as well as the rules and regulations of governance:**

Right to information (if someone demands...) and Right to education (if someone wants to study...) are important rights. But it must be made binding on the Union, State and Local governments that they should prepare details of existing and new rules and ensure its dissemination to and understanding amongst ordinary citizens. So, this must become a proactive responsibility of the government to educate citizens about all s/he needs to know for getting benefits from the government. Similarly private service providers should ensure availability and appropriate use of the relevant information by their client- citizens.

**B) Decentralized and Participatory Development Planning and implementation, led by constitutionally mandated local governments must be mandatory:**

Decentralized local governance reduces corruption in the long run<sup>28</sup>. This is because localization helps to break the monopoly of power at the national level by bringing decision making closer to people. Provisions and practices of taking decisions at local levels also strengthen government accountability to citizens by involving citizens in monitoring government performance and demanding corrective actions. This way it helps government to be more responsive and accountable to the people. In turn it reduces corruption and improves service delivery. Efforts to improve service delivery usually force the authorities to address corruption and its causes. However, one must pay attention to the institutional environment and the risk of it being captured by elites in the area. In the institutional environments typical of some developing countries, feudal or industrial interests dominate in a particular geographical area, owing to which institutions of participation and accountability maybe weak or ineffective and political interference in local affairs maybe rampant. In such cases, localization may increase opportunities for corruption. This suggests a pecking order of anti-corruption policies and programs where the rule of law and citizen empowerment should be the first priority in any reform efforts. Localization in the absence of rule

---

28 [http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2006/01/13/000016406\\_20060113145401/Rendered/PDF/wps3824.pdf](http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2006/01/13/000016406_20060113145401/Rendered/PDF/wps3824.pdf)

of law may not prove to be a potent remedy for combating corruption.

**C) Reforms in Political Parties for their internal democracy and public accountability:**

Political party reforms are critical in the context of electoral reforms and need to be addressed urgently. In absence of any concrete legal regulations, political parties do not hold fair and democratic internal elections and do not comprehensively report on their income and expenditure. As regards accountability related to reporting on the regular functioning, expenditure and income of registered political parties, there are certain provisions already present that empower the Election Commission of India. There is also a draft bill called the Political Parties (Registration and Regulation of Affairs, etc) Act, 2011, prepared by the Centre for Standards in Public Life (CSPL) under the guidance of former Chief Justice of India M N Venkatachaliah. But due to lack of public pressure, nothing concrete has been done so far. This is an area of great importance for reforms and advocacy.

**D) Reforms in recruitments and functioning of the Bureaucracy, Police and Judiciary to get rid of current practices of patronage and favouritism:**

Indian bureaucracy, police and judiciary have always been in the eye of the storm due to many reasons ranging from their irrelevance to inefficiency to corruption. Various reports from periodic studies and commissions have made many recommendations, which have not been implemented. As the Second Administrative Reform Commission (ARC) Reports point out and also as ground realities suggest, our bureaucracy, police and judiciary have yet not been aligned with new constitutional (now three levels of governments: union, state and local) realities. They are also not compatible with the fast changing socio-development needs of the Indians. Government and even civil society has so far not pushed for implementation of Second ARC report. In addition to the demand for implementation of second ARC report, focus should be also on addressing rampant corruptions in recruitments in bureaucracy, police and judiciary.

**E) Restructuring of archaic taxation rules and public procurement rules to make them more inclusive, transparent and corruption free:**

Constitution of India empowers governments (union, state and local) for

taxation. Therefore each tax levied or collected has to be backed by an accompanying law, passed either by the Parliament or the State Legislature. Taxes are must for wellbeing of any country and its citizens. But India needs to reform its current tax-system which is corruption laden and inefficient. Tax rules and regulations must be citizen-centric and transparent. Use of IT and e-governance must minimize human discretion and control in tax assessment and collection. Tax authorities must be accountable to public scrutiny for their acts. Public Procurement Bill 2012 should be enacted and implemented in a transparent manner. Civil society must also pay attention to problems in taxation regimes and corruptions in public procurements to reduce corruptions in governance.

**F) Civil Society must be made accountable by providing it clear-cut roles in undertaking innovations and supporting periodic policy reforms for inclusive and participatory development:**

It is unfortunately true that a large number of NGOs across the country indulge in corrupt practices and do not furnish their financial details to citizens and the government. There are very progressive provisions in propositions from VANI, other networks/institutions and also in Voluntary Action Policy of Planning Commission for improving accountability, efficiency and functioning of the NGOs. It must be remembered that voluntary sector has contributed significantly to growth of citizen-centric governance by acting against corruption. So, all provisions in rules and regulations should be aimed at protecting, nurturing and accordingly making civil society accountable to citizens and the authorities under the constitution of India. Civil society on its part must seriously think of action against those NGOs whose action defame and demean the high credibility of the voluntary sector.

**G) Private business must make profit in transparent and accountable manner and all its policies and programmes must mandatorily follow 10 principles of UN Global Compact (UNGC):**

Currently there are no clear-cut and legal frameworks for ensuring accountability of private sector towards the UNGC principles. It must be made mandatory, with clear-cut measurable indicators, for all profit

making organizations to follow the principles of UNGC in their actions on- and off- the field.

H) **Also Focus on Corruptions outside the Government:-**

The time has come when civil society must pay its attention to corruption in police and judicial reforms, rules and regulations, corruption in private sector and civil society. The degree and intensity of the corruption in these sectors have remained largely untouched by the civil society in general. There are some organizations who work on these issues. But civil societies in general need to provide equal attention to corruption in these important sectors of governance in India.

## LIST OF VANI PUBLICATIONS

- Civil Society Accountability Principles and Practice (India Toolkit) (English)
- Enabling environment for Voluntary Organisations A Global Campaign (English)
- Model Policies for International Good Governance in Voluntary Organizations
- The Hand Book in Good Governance for the Voluntary Sector
- Status of the Voluntary Sector in India A Report
- Status of the Voluntary Sector in India (Primer) English & Hindi))
- Civil Society Engagement in Aid Effectiveness Discourse
- Changing Dynamics Between VOs and Private Sector
- Involving Voluntary Organizations in Governments Plans and Projects
- India's Global Footprints
- India's Development Assistance: Trends, Challenges and Implications for CSOs
- India's Role in the G20: A Civil Society Approach
- Contribution and Challenges of Voluntary Organizations Working on Religious Minority A Primer of the Study Report (English & Hindi)
- Contribution and Challenges of Voluntary Organisations Working with Women A Primer of the Study Report (English & Hindi)
- Role and Contribution of Voluntary Organisations in Health & Nutrition A Primer of the Study Report (English & Hindi)
- Challenges of the Grassroots Voluntary Organisations A Primer of the Study Report (English & Hindi)
- Role and Contribution of Voluntary Organisations on Water & Sanitation A Primer of the Study Report (English & Hindi)
- Contribution and Challenges of Voluntary Organizations Working with Dalits A Primer of the Study Report (English & Hindi)
- Contribution of CSR on Thematic Issues of Education, Health and Nutrition, and Water and Sanitation A Primer of the Study Report (English & Hindi)
- Revisiting the National Policy on Voluntary Sector and Need for a National Policy on Volunteering (English & Hindi)
- Policy Brief of Revisiting the National Policy on Voluntary Sector and Need for A National Policy on Volunteering (English & Hindi)
- Enabling Environment of the Voluntary Sector in India A Study Report (English)



## About Heinrich Böll Foundation

"The Heinrich Böll Stiftung / Foundation (HBF) is the Green Political foundation from Germany, affiliated to the "Greens/Alliance '90" political party represented in the Germany's federal parliament. Headquartered in Berlin, and with 30 international offices today, hbs conducts and supports civic educational activities and projects worldwide.

HBF understands itself as a green think-tank and international policy network, working with governmental and non-governmental actors and focusing on gender equity, sustainable development, and democracy and human rights.

With a presence in New Delhi since 2002, the HBF India office coordinates the interaction with stakeholders and partners in the country. Its programme focus areas include climate and resource policy, socio-economic policy from a gender perspective, the dynamics of democracy, and India's role in the new global order."

## About VANI



Voluntary Action Network India (VANI) is an apex body of the Voluntary Organisations.

- Founded in 1988 to act as a promoter/Protector and collective voice of the voluntary sector.
- Base of 8000 non-governmental organisations spread in 25 states of India.
- Resource Centre for publications, research work, articles, important documents and information about and related to the voluntary sector.

### *Objectives:*

- As a platform, to promote voluntarism and create space for voluntary action.
- As a network, attempt to bring about a convergence of common sectoral issues and concerns for building a truly national agenda of voluntary action in India. In addition, facilitate linkages of various efforts and initiatives of the Indian voluntary sector, which succeed in strengthening a united and sustainable movement of change.
- An an association, work towards fostering value based voluntary action and long term sustainability especially amongst our members.

### *Areas of work*

- Promoting practices of good governance in the voluntary sector.
- Strengthening networks
- Articulating independent voices of the sector.
- Research and advocacy of policies and law effecting the voluntary sector.

**Voluntary Action Network India (VANI)**  
**BB-5, 1st Floor, Greater Kailash Enclave-II,**  
**New Delhi 110 048**

**Phone: 011-29228127, 29226632**

**Email: [info@vaniindia.org](mailto:info@vaniindia.org) Website: [www.vaniindia.org](http://www.vaniindia.org)**