CORRUPTION AND ECONOMIC DEVELOPMENT IN INDIA: ROLE OF E-GOVERNMENT

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ABSTRACT

Corruption, formerly ignored issue, has become one of the greatest preoccupation of western world who are trying their best to bring stability and solidarity to the global market. The present paper attempts to study the perspective of corruption given various social scientists. The same paper seeks to study corruption in an Indian context and has included various reports showing comparison of corruption in India and other countries. The researcher has sought to establish the relationship between corruption and economic development. The researcher attempts on her part best to decrease how corruption is shaking the economic development the research paper attempts to put forward the views of researcher regarding the elimination of corruption with the help of E-governance. The research paper also includes case studies of E-governance projects leading to rootout the corruption.

INTRODUCTION

Corruption and good governance have come to the fore in contemporary discussions of reform in developing countries. While corruption appears to be a worldwide phenomenon, evidence indicates that incidences of corruption vary across countries. Corruption has always existed, in all societies and at all stages of development. It is believed that corruption is a major hindrance to sustainable economic development. Inspite of the benefits of end of corruption, a bit little intellectual discussion based on experienced proofs shows the validity of the statement.

The aim of this paper is to give a clear exposition of the negative role played by corruption in the economy and then move on to talk of a possible tool to tackle it, especially with E-governance. This paper is
structured in the following way. The first section defines the concept of corruption from the viewpoint of different social scientists.

The second section of my research paper will make a careful study of the prevalence of corruption in India evidenced by reports showing corruption rank of India. In this section, the researcher will also study major scams of our country.

In the third section, the researcher seeks to establish relationship between corruption and economic development which has been evidenced by tables and the researcher has reached to conclusion that the relationship between corruption and economic development is adversely.

The fourth section of research paper will study representative sections of case study to highlight the efficiency of E-governance in combating corruption and accountability. The researcher will also put forward her personal viewpoint on the liquidation of corruption through various measures with special focus on E-governance.

PERSPECTIVE OF CORRUPTION

There are various definitions and understandings as to what exactly constitutes corruption. The definition most frequently used by social scientists is (Nye’s 1967) that corruption is: “…behavior which deviates from the normal duties of a public role because of private-regarding (family, close private clique), pecuniary or status gains; or violates rules against the exercise of certain types of private-regarding influence. This includes such behavior as bribery (use of rewards to pervert the judgment of a person in a position of trust); nepotism (bestowal of patronage by reason of inscriptive relationship rather than merit); and misappropriation (illegal appropriation of public resources for private-regarding uses)”. Further, corruption is most usually defined as a violation of the formal rules governing the allocation of public resources by officials in response to offers of financial gain or political support.

CORRUPTION IN THE INDIAN CONTEXT

In India, since 1991, economic liberalization has reduced red tape and bureaucracy, supported the transition towards a market economy and transformed the economy, with growth rates of 7.4% in 2009-2010 and 6.5 in 2011-2012. The economy of India is the tenth-largest in the world by nominal GDP and third largest by purchasing power parity (IMF). India is considered a newly industrialized economy. But the real meaning of democracy lies in the system of inclusive when every individual has access to economic, social and political justice. There has been a great debate between the economist about growth and development. In this aspect growth means increase per capita income of a person and on the other hand development is broader term which comprises per capita income, social participation, and education and health facilities. When we talk of India, fastest economy, it is also beset with the problem of corruption which weakens its social, economic structure. today, its growth has been uneven across social and economic Groups, with sections of society experiencing some of the highest levels of poverty in the world.
Endemic corruption contributes to this uneven distribution of wealth. The cost of corruption, perceptible in public sector inefficiencies and inadequate infrastructure, is undermining efforts to reduce poverty and promote sustainable growth. However, over the past few years, corruption is perceived to be widespread and entrenched at all levels of the political and administrative system. Recently, members of Parliament, the Supreme Court of India and the public at large have unequivocally expressed concern on the issue, particularly after some report suggested estimates of such unaccounted wealth being held abroad. So far as surveys show, India ranks 94 from 176 countries surveyed in Transparency International’s 2012 Corruption Perception Index (CPI), with a score of 36 (CPI ranks countries based on how corrupt their public sector is perceived to be. A country score indicates the perceived level of public sector corruption on a scale of 0-100, where 0 means that country highly corrupt and 100 it is perceived as very clean).

Furthermore, a chain email, which first started circulating on the internet in early 2009 states that Indians have more money in the Swiss banks than all other countries combined. It claims that as per a Swiss banking Association report 2006, bank deposits in the territory of Switzerland by nationals of a few countries are under India, US $1456 billion, US, $390 billion, Russia, US $ 470 billion. The Swiss Ministry of External Affairs confirmed there figure when a reference was made by the Indian Ministry of External Affairs to them. Since the information was publicly available on the website of the Swiss National bank, the figures of earlier years were also taken and are tabulate in table 1. From this table, it can be seen that bank deposits of Indians in Swiss banks has decreased from '23,373 crore in year 2006 to 9,295 crore in years 2010. (Black paper, 2012)

<table>
<thead>
<tr>
<th>Year end</th>
<th>Total Libilities towards Indian In Billion</th>
<th>Total Libilities towards all countries In Billion</th>
<th>Libilities towards India as % of total Libilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1.95</td>
<td>1,494.42</td>
<td>0.1302</td>
</tr>
<tr>
<td>2009</td>
<td>1.97</td>
<td>1,515.01</td>
<td>0.1297</td>
</tr>
<tr>
<td>2008</td>
<td>2.40</td>
<td>2,020.13</td>
<td>0.1188</td>
</tr>
<tr>
<td>2007</td>
<td>4.31</td>
<td>2,434.77</td>
<td>0.1769</td>
</tr>
<tr>
<td>2007</td>
<td>6.46</td>
<td>2,228.53</td>
<td>0.299</td>
</tr>
</tbody>
</table>


Moreover, in last few years, whatever scams are taking place currently, they definitely find their place in dailies viz The Hindu, Times of India etc. they discuss origin vested interests corrupt people threadbare. India has witnessed large numbers of scams where public money has been looted by the politicians and bureaucrats. The major scams among them are as under.
2G Spectrum scam—In February 2011, Indian Telecommunications Minister Andimuthu Raja was placed under arrest and accused of selling so-called 2G spectrum mobile phone frequency licenses for a fraction of their value. Some analysts are labelling this controversy as the largest scandal to ever plague India (one of the fastest growing mobile markets, with some half-billion subscribers).

Commonwealth Games.—the 2010 Commonwealth Games in New Delhi were marked by more than poor planning and organization. Several officials that worked on the games were arrested on charges of forgery and irregularities in awarding related contracts. In January 2011, Congress party figure (and organizing committee chief for the games) Suresh Kalmadi was removed from his post. In April, he was arrested over conspiracy charges stemming from the award of a multi-million dollar contract for the games to a Swiss firm.

All these scams show the ways in which we find our county in the chain of corruption. Thus also shows the means of spoiling our social, political, economic environment.

CORRUPTION AND DEVELOPMENT

Amartyr Sen’s seminal ‘Development as Freedom’ is a useful frame to contextualize development and the impact of corruption on development. As defined by Sen, socio-economic development can be seen as a process of expanding the ‘real freedoms’ that people enjoy so they are able to live without various constraints or ‘unfreedoms’ operating to limit their capacities (2001) Sen argues that such unfreedoms are sources of tyranny and oppression which limit the economic, social and political capacities of individuals and communities, acting to reduce their ability to achieve key development outcomes such as good health and basic education.

Most modern economists view corruption as a major obstacle to development (Ts Aidt,2009). At the 1996 World Bank and International Monetary Fund (IMF) Annual Meeting, World Bank President James Wolfensohn broke a longstanding taboo on discussing corruption in the development sphere, openly bringing the issue to the top of the international development agenda in his ‘cancer of corruption’ speech (Bracking & k.Ivanav).

A recent report by global competitiveness index found that India has 59 rank out of 144 countries and its score is 4.3 out of 7. The global competitiveness Index 2012-2013 indicated that amongst other factor (inefficiency government beurcracy, policy instability, inadequate supply of infrastructure, inflation) corruption is the one most problematic factor for doing business and influences an economy’s competitiveness. Figure 1.
The Global Competitiveness Index

GCI 2012–2013 .................................................. 59  4.3
GCI 2011–2012 (out of 142) ......................... 56  4.3
GCI 2010–2011 (out of 139) ......................... 51  4.3

Basic requirements (60.0%) ......................... 85  4.3
- Institutions .......................................................... 70  3.9
- Infrastructure .................................................... 84  3.6
- Macroeconomic environment ................... 99  4.3
- Health and primary education .................. 101  5.3

Efficiency enhancers (35.0%) ......................... 39  4.5
- Higher education and training ................. 86  4.0
- Goods market efficiency ......................... 75  4.2
- Labor market efficiency ......................... 82  4.2
- Financial market development ............... 21  4.9
- Technological readiness ......................... 96  3.4
- Market size ....................................................... 3  6.2

Innovation and sophistication factors (5.0%) ...... 43  3.9
- Business sophistication ...................... 40  4.3
- Innovation ......................................................... 41  3.6

Stage of development

1. Factor driven
2. Efficiency driven
3. Innovation driven

The most problematic factors for doing business

<table>
<thead>
<tr>
<th>Factor</th>
<th>Percent of responses</th>
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<tbody>
<tr>
<td>Inadequate supply of infrastructure</td>
<td>20.4</td>
</tr>
<tr>
<td>Corruption</td>
<td>15.8</td>
</tr>
<tr>
<td>Insufficient government bureaucracy</td>
<td>12.7</td>
</tr>
<tr>
<td>Policy instability</td>
<td>7.6</td>
</tr>
<tr>
<td>Inflation</td>
<td>7.5</td>
</tr>
<tr>
<td>Access to financing</td>
<td>6.2</td>
</tr>
<tr>
<td>Tax regulations</td>
<td>6.2</td>
</tr>
<tr>
<td>Restrictive labor regulations</td>
<td>5.7</td>
</tr>
<tr>
<td>Inadequately educated workforce</td>
<td>5.1</td>
</tr>
<tr>
<td>Insufficient capacity to innovate</td>
<td>3.0</td>
</tr>
<tr>
<td>Government instability/coups</td>
<td>2.8</td>
</tr>
<tr>
<td>Poor work ethic in national labor force</td>
<td>2.7</td>
</tr>
<tr>
<td>Tax rates</td>
<td>1.9</td>
</tr>
<tr>
<td>Crime and theft</td>
<td>1.0</td>
</tr>
<tr>
<td>Foreign currency regulations</td>
<td>0.7</td>
</tr>
<tr>
<td>Poor public health</td>
<td>0.7</td>
</tr>
</tbody>
</table>

Note: From the list of factors above, respondents were asked to select the five most problematic for doing business in their country and to rank them between 1 (most problematic) and 5. The bars in the figure show the responses weighted according to their rankings.

In Concluding, many aspects of corruption are evidence that it shows economic growth through a wide range of channels.

Corruption is a serious economic issue as it adversely affects the country’s economic development and achievement of development goal. It promotes inefficiency in utilization of resources, distorts the market, compromises quality, destroys the environment and of late has become a serious threat to national security. It adds to the deprivation of the poor and weaker sections of economy.

Corruption as all of us know not only weakness but damage the state and its potential for promotion of development and social justice. It is really regressive in the way that costs negative economic influence which inclines to affect heavily on micro enterprises on and individual as well

In today market, the economic scenario is somewhat strange in the sense that big industries fix price of commodity which they want to sustain and maintain at any level due to the formation of cartel. Due to this cartel agreement, the small scale industries do not find entry into the market and become victims of loss leaving the competition market this result in inefficiency of utilization of resources.
Corruption is also varied detrimental to human development as real talent is denied of their best opportunities to give to best. Instead, a low talented person gets opportunities to perform the job for which his talent is not cut out this scenario we well notice in all departments viz education, finance, defence, politics etc.

Absence of corruption may be definite contribute to the welfare of nation had there been no corruption at all, accountability and transparency is ensured n system, this will increase government tax revenue which can be spent on public expenditure due to this government may think for enhancement of millionaire development goal.

**HOW DOES E-GOVERNANCE HELP TO REDUCE THE CORRUPTION?**

E-governance, means of exchange of information, is instrumental in curbing the means of corruption. E-government involves using information technology, and especially the Internet, to improve the delivery of government services to citizens, businesses, and other government agencies; and it enables citizens to interact and receive services from the federal, state or local governments twenty four hours a day, seven days a week. There are several benefits attributed to e-government such as it provides efficient government management of information to the citizen; better service delivery to citizens; and empowerment of the people through access to information; improved productivity and cost savings in doing business with suppliers and customers of government; and participation in public policy decision-making.

**CHARACTERISTICS OF E-GOVERNMENT SERVICES**

The characteristics of E-Government that make it stand out in comparison to traditional government, are: low asset specificity, low uncertainty (online availability of information, service 365 days, 24x7), disintermediation, automated processing, low information asymmetry, lower monitoring costs, and audit trail of interactions and transactions between a government and citizens/businesses. A few of these have been highlighted in Bhatnagar (2004) and Silcock (2001).

**CASE STUDIES OF E-GOVERNANCE PROJECTS LEADING TO REDUCED CORRUPTION.**

**Bhoomi**

Bhoomi, a Government to Citizen e-governance project implemented by Karnataka, a state in southern India, is a shining example of how ICTs can help reduce discretion of authorities, improve accountability and transparency and reduce corruption. Farmers of Karnataka needed RTCs (Record of Rights, Tenancy and Corps) certificates for many purposes like getting a bank loan, verification and government pensions. Before this e-governance project, Vas enjoyed many discretionary powers and consequently farmers faced many problems. Mostly these village accountants were inaccessible and the service was delayed or denied unless bribes are paid. Therefore, As a part of Bhoomi, Karnataka government has setup computerized land record kiosks, the Bhoomi centers, in Taluk (sub district) offices (expanded later to 180 kiosks) to provide

**Computer-aided Administration of Registration Department (CARD)**

Computer-aided Administration of Registration Department (CARD) is one of the major success stories of e-governance in Andhra Pradesh, one of the most IT savvy states in India. The conventional procedure of registration was cumbersome which included 13 steps like ascertaining the value of the property, calculating the stamp duty, getting the legal document written, verification by sub registrar, copying the document, posting entries into register etc. Even a person selling a small piece of and had to go through multiple agencies like stamp vendors, document writers, registration agents (middlemen) and registration offices. Each step and each person in the process caused and contributed to corruption. (Satyanarayana, 2000).

After having gone through all the literature regarding the role of E-governance in the elimination of corruption, the researcher has put forward the following points in the same contest:

- The corruption will die a prime death provided transparency is maintained for instance the availability of crystal clear information will ensure transparency in all selection. Descretionary powers, I think are the root cause of corruption. So better it is to remove or snatch such powers from people.

- Government monopoly must also be held responsible for promoting corruption as they sometimes delay and denied services to the deserved. Therefore it must be removed for thriving of democratic justice.

- E-Government can reduce the tolerance for corruption amongst citizens who would no longer be required to compromise their honesty by paying a bribe to public officials. In addition a massive societal education effort is required to reinforce fundamental values like honesty.

- E-government introduces competition which improves service levels and lowers corruption. Web publishing of Government information builds accountability by providing documentation to citizens to substantiate their complaints against corrupt practices.

**CONCLUSION**

The researcher has come to the conclusion that India is beset with corruption from all sides. Corruption in long run, disintegrates society and in this way enhances the criminal incidents. E-Governences not only reduce corruption, but improve the revenue of the government also. It provided equal opportunities to all citizens. E-governance possesses the potential has the capacity to usher in societal harmony. In India against corruption several movements were being launched which awaken peoples conscience regarding corruption meanwhile government too put much emphasis on its removal. In such a condition ICT will prove a strong instrument for overthrowing corruption.
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