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Lecture on

“Organized Crime, Corruption and Indian Democracy”

by

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Organized Crime, Corruption and Indian Democracy

The Shibu Soren episode marks an important inflection point between political immorality, corruption and crime. A brief outline of events would therefore be instructive.

Mr. Shibu Soren and his colleagues were Members of Lok Sabha representing the regional Party Jarkhand Mukti Morcha in the 10th Lok Sabha. The then Congress government headed by Sri P.V. Narasimha Rao did not command the support of a majority of members of the Lower House, though it was by far the largest single party in Parliament. The Opposition brought a motion of no confidence in 1993 against the Narasimha Rao government. The Prime Minister's floor managers then left no stone unturned to sustain the government. Independents were bought, parties were split and defections were engineered. Four MPs belonging to JMM, including Mr Shibu Soren, were paid bribes of the order of Rs 1 crore each to induce them to vote for the government in the confidence vote. The government survived.

Subsequent investigations revealed that the JMM MPs were paid bribes through bank deposits, leaving a trail to be uncovered. The link between those Bank deposits and parliamentary vote was established. The Prime Minister himself faced criminal proceedings of having bribed politicians. The Supreme Court found that the JMM MPs indeed did accept money for parliamentary vote. However, the Court held that while the bribe givers could be prosecuted under Prevention of Corruption Act, the Members of Parliament could not be prosecuted! The Court held that the Parliamentary vote of MPs is covered by the immunity granted under Article 105 of the Constitution, and therefore they could not be proceeded against under the anti-corruption law.

Later, a personal aide of Shibu Soren, Mr Shashinath Jha, was murdered amidst allegations that he was blackmailing the MP about the money for vote transaction. Years later, in 2004, Mr Shibu Soren found himself in the UPA alliance in Parliament led by Congress Party. By then, other charges of murder were pending against him. He was accused of murder in the 1970's, as part of the violent tribal agitation in Jharkhand. Mr Shibu Soren, nevertheless, was made a Cabinet Minister. Within days, a magistrate framed charges of murder against Mr Soren and an arrest warrant was issued to detain him. The Minister promptly absconded. The Prime Minister managed to persuade Mr Soren to resign from the cabinet, only to be reinstated in the cabinet later after obtaining a bail in a court of law.

Now, in the latest twist, a trial court held Mr Shibu Soren guilty of first degree murder of his former aide. The Minister was forced to resign from the cabinet, but he continues as a Member of Parliament for the time being. While Section 8 of the Representation of the People Act disqualifies a person convicted of criminal charges from being a legislator, the incumbent legislators have a 90-day window during which they can prefer an appeal. If the conviction is stayed by the appellate court, then they will not be disqualified until the appeal is disposed of. For decades, this loop hole of the law was exploited by scores of legislators convicted of crimes. As disqualification would not apply to incumbents until appeal is disposed of, these convicted legislators appealed, and continued to contest and win subsequent elections as the appeals were pending. The interminable delays of law ensured that criminals could continue to be law makers even after conviction. Mercifully, in a 2005 judgment, the Supreme Court held this section 8 (4) of the RP Act, 1951 as unconstitutional. Disqualification will not apply for incumbent legislators upon conviction only during their term of office if an appeal is pending. But for contesting the next election, they are on the same footing as any other candidate, and stand disqualified if they have been convicted for specified offences in a court of law.

Several dozens of members of Parliament and state legislatures in recent decades have faced extremely grave criminal charges, and continued merrily to represent their constituents. Several were convicted, and yet remained legislators. Many keep moving from the legislature to jail with unfailing regularity. Scores of persons with criminal antecedents are nominated by parties as candidates, and many get elected by huge margins. Some win even as Independents without any party support. Often, the charges against them are not minor or technical in nature, but they face extremely grave charges of murder, abduction, rape and terrorism. And yet they find political acceptability, and continue to occupy positions of public trust and exercise considerable power.

This phenomenon of criminalization of politics has been adequately documented in our country. A decade ago, the Election Commission of India stated that one out of every six legislators in India faced grave charges. Over 700 of the 4072 legislators in States were said to have been facing criminal charges!

Criminalization of politics is the soft underbelly of our political system. It is morally indefensible, and politicians and parties are vulnerable to severe criticism on this count. It is also the one issue that can unite people across all barriers against the perfidy of politicians. But if we view criminalization a sign of weakening moral fibre of our politicians, then we are missing the point. No amount of moral outrage and condemnation of the political class can help us address the problem, unless we investigate the root causes.

Wringing our hands in despair at this increasing criminalization of politics, and politicization of crime will do no good. We need to understand the economic and institutional imperatives that increasingly legitimize crime and violence in society and public life. These criminals have not come out of a vacuum. Our malfunctioning governing institutions created fertile conditions for their rise. Any one who has an unresolved civil dispute with a business partner or customer

understands how tough it is to run a business ethically in India. For instance, if an honest entrepreneur produces high quality products at competitive price, and if the government is the monopoly buyer of his product, the travails he faces are unbelievable. If he cooperates with the CBI or other anti-corruption agencies to trap the errant officials, then his troubles multiply. The whole organization suddenly gang up against him and makes his life miserable.

If such are the problems faced by asset-rich, resourceful and well-connected entrepreneurs, the pain and suffering inflicted on lesser mortals in getting civil contracts enforced, or receiving reparation for the damages sustained have to be seen to be believed. A house-owner who cannot get her property vacated even for self-occupation, and the owner of a small plot of land who cannot evict a land-shark have no realistic legal recourse in our society. With 25 million cases pending in courts, and with most litigations taking decades for resolution, people have no realistic hope of justice through formal mechanisms. As a result, millions of cases never reach the courts. Like the 'missing' girl children on account of female foeticide, there are millions of such 'missing' cases in India every year. These missing cases, and not merely pending cases, reflect the appalling failure of due process and rule of law in our country. Most people prefer to swallow injustice and suffer silently. A few who have means, or are desperate, seek rough and ready justice through brutal methods. The neighborhood 'bhai', or the local mafia don is supplying his services to meet this unmet demand. In a civil court, even if you are lucky to get a decree in your favour after decades of struggle, your problems continue. To enforce a decree, an execution petition has to be filed, and another prolonged, excruciating process begins! But the local don will ensure settlement of dispute for a price within a few days, and his 'verdict' is enforced instantly. No wonder, many people see crime lords not as villains, but as saviours!

It is no secret that many banks and other financial institutions are now deploying musclemen to recover debts. If formal, organized businesses feel the need to

resort to use of force to run legitimate businesses, it is no surprise that ordinary people treat criminals with deference. In such a twilight zone, the distinction between 'hero' and 'villain' is erased. Brute force becomes the only effective arbiter. We can set things right only when it is possible to do business or protect rights through peaceful and lawful means. Rise of criminals is a consequence, not the cause, of breakdown of rule of law. This is particularly true of urban India.

A similar process is at work in government too. The recent spectacle of helpless citizens, and at times influential persons and officials, queuing in front of the Maoist Communists ('Naxalites') petitioning for redressal of their grievances says it all. There is no greater indictment of the functioning of our governing institutions than the public display of faith in armed revolutionary groups in the midst of the peace negotiations with government. In general, people have lost faith in the system, and have come to believe that nothing is accomplished through peaceful efforts, or due process.

Is it a surprise then that voters have no qualms in electing notorious gangsters as their representatives? People do know the difference between right and wrong, and good and evil. But they have realized that an honest, peaceful representative cannot really deliver results in this unhappy milieu. That is why a Manmohan Singh, whose assumption of office as Prime Minister was universally hailed, is not elected as a mere MP in a Lok Sabha constituency. And the decent men and women who do get elected are helpless in getting things done. We have created a system of alibis in which authority is delinked from accountability, and stake-holding is divorced from power-wielding. In such a situation, honest legislators have very little capacity to influence events for public good. But a mafia don enforces iron discipline, and makes the bureaucracy comply. The very criminal reviled by the media and middle classes is perceived as a saviour by the common man! And once a gangster makes money, he spends lavishly for 'good causes', styles himself as the leader of his caste or religious group, and

can muster the muscle power required to navigate through the political and bureaucratic minefield. Witness the rise of Arun Gawli!

Once a legislator gets elected by deploying illegitimate and unaccounted money power, he converts politics as business. While constituents are kept relatively happy by 'good' deeds and selective intervention, the legislator's influence is largely deployed for postings of pliable bureaucrats and transfers of inconvenient officials; distorting market forces and undermining fair competition in contracts, tenders and public procurements; and endless interference in crime investigation. [This is the 'dangerously stable equilibrium' Robert Wade described in his authoritative studies 25 years ago.](#)¹

It is this market demand for criminals which legitimizes them in society, and breeds a new class of undeclared 'judges' providing rough and ready 'justice' by brutal means. The only legitimate way of curbing such criminalization is to strike at its roots by ensuring speedy, efficient and accessible justice through formal mechanisms of rule of law. Several solutions are self-evident: a system of local courts guaranteeing speedy justice as an integral part of independent justice system; increasing the number of courts; procedural reform to cut through the judicial maze; enhancing accountability of trial court judges as attempted successfully in Maharashtra and a few other states by the High Courts; and a National Judicial Commission which is entrusted with the responsibility of appointment of judges of Higher Courts and the power of removal of errant judges. All these are practical, well-documented, constitutionally sound responses to the growing challenges of rule of law.

Organized crime is just a more extreme manifestation of the growing propensity to resort to brutal means for settlement of disputes. New and more effective tools are needed to deal with organized crime successfully, given the special

¹ Wade, Robert, The Market for Public Office : Why the Indian State is not better at development, *World Development*; Vol.13, No.4, 1985; pp467-497

challenges posed by mafia and terrorist groups. That effective prosecution of terrorist groups and organized criminals require special procedures, in camera hearings, anonymity of witnesses, shifting of burden of proof to the accused, mandatory minimum punishments, and witness protection programmes is by now a well-established fact. Many legislative models are available from our own and global experience. We need to squarely face the challenge of reconciliation between the citizens' liberties guaranteed by the Constitution, and the society's right to be protected from hardened criminal gangs which abuse these very liberties to undermine the foundations of democratic society and human liberty. While these special steps are required to protect society from organized crime, at the very heart of it the problem is one of enforcement of rule of law, and guaranteeing speedy justice and settlement of disputes.

The question then arises: Why do criminals enter politics? If the issue is one of violence becoming the arbiter of justice, it stands to reason that more and more individuals and groups resort to violence and crime either to settle disputes for a price or settle personal scores and mete out punishment to their rivals. But why should such people enter political life? After all, while a life of crime is hugely rewarding in a society with imperfect instruments of law, a life in politics is vulnerable to constant criticism and sniping from the political rivals, media, civil society groups and even courts. Why, then, do criminals risk exposure and criticism by seeking political office? The answer lies in two parts. First, there is a propensity to treat public office as a private attribute in a power-centered society. In our society, domination, control and exercise of power are traditionally regarded as naturally desirable. The purpose of power is not examined critically, and many people seek power as routinely as they seek acquisition of property. This propensity to treat public office as private property is certainly one of the more unedifying features of our democracy. And politics pays handsome dividends! Experience teaches criminals that political office can be far more materially rewarding than a mere life of crime. Therefore, not surprisingly, many criminals find refuge in politics.

But there is far more powerful, rational factor at work in the phenomenon of criminalization of politics. In our criminal justice system, crime investigation and prosecution are largely politically controlled. While the law normatively makes crime investigation independent of external influences, in reality both investigation and prosecution are driven by partisan politics.

Over 80 years ago, the Ramsey Mc Donald government in Britain fell in the wake of the 'Campbell Affair', because the elected government of the day decided to withdraw criminal charges in a case of espionage for purely political reasons. The resultant outcry forced the government out of office, and Parliament had to be dissolved, leading to mid term polls. Since then, no British minister or high official ever dared to intervene in any crime investigation at any level. It is common knowledge in our country that not a day passes without some politician or other interfering unlawfully in the investigation of crime in almost every police station in the country! The criminal understands only too well that once he enters the political arena and becomes legislator or minister, the very policemen who controlled and terrorized him earlier now dance to his tunes! The criminal in a political garb is not only generally immune from investigation into his crimes, but he also gets actual physical protection and can bank on the police for support in his nefarious activities! Even more attractive, his political power weakens his rival gangs, and makes his own position more impregnable in the internecine gang wars. On top of it, there are endless opportunities of amassing wealth using public office for private gain. All these make a career in politics irresistible for a criminal.

A further question then arises: Why do political parties and honourable and decent leaders invite criminals into politics and offer them a platform? The cynical answer would be that that is the way of politics. But the truthful answer is that politicians, like all others, respond to incentives. A party is in politics to seek public office to pursue the goals it espouses. Political leaders have not taken a

vow to destroy the country; they only do whatever it takes to assume office, and retain power. In our electoral system, given the abject poverty of the electorate coupled with ignorance and illiteracy, often the quality of the candidate is less important than the inducements offered. In our first-past-the-post electoral system, the candidate who gets more votes than any of his rivals is elected. In such a system based on the marginal vote, parties are desperate for candidates who can give them the decisive advantage in the electoral battle. Unaccountable and abnormally huge money power offers great advantages in offering inducements in the form of money and liquor to the voters. Also huge expenditure can create an aura of invincibility around a candidate, and scare off rival candidates, parties and their agents. Similarly, the presence of musclemen who can browbeat the opponents and at time frighten voters into submission offers a great advantage to a candidate. Finally, if the candidate is seen as the leader of a caste or community, the primordial loyalties generated can be effectively deployed for mobilization of votes in a diverse and fragmented society. A criminal offers all these three advantages – money power acquired through a life of crime; muscle power by deploying his henchmen; and caste leadership which is often claimed by clever and successful criminals. The last element is important. Many criminals who harmoniously coexisted with colleague gangsters of all back grounds tend to segregate themselves over time on caste or religious grounds. The segregation of Mumbai mafias in 1990s on communal lines in the wake of communal polarization in society is a good illustration. Dawood Ibrahim, Chota Shakeel, Chhota Rajan, Abu Salem, Arun Gawli, Raju Bhaiya, Pappu Yadav, Tasleemuddin, Vangaveeti Ranga, Devineni Nehru, Suraj Bhan Singh – all these found it convenient to don the mantle of leadership of their caste or religion as a stepping stone to acquiring political influence. The otherwise 'secular' practioners of crime have thus graduated into 'communal' leadership, and most of them moved into political arena with ease, as their acts of crime were legitimized in the name of a community or caste.

Political parties understand this phenomenon only too well. In their desperate search for votes and victory, they are only too happy to nominate suitable criminals as candidates. As most major parties resort to similar practices, they legitimize each other. Eventually, the political clout enjoyed by criminal netas is so pronounced, that a party which shuns criminals is at a great disadvantage. The vicious cycle is thus complete, as what started off as a potential political advantage ends up being the inevitable compulsion. As we have seen before, the people, who are at the receiving end of a decrepit political and governance system despair of any positive outcomes. Therefore, a muscleman who somehow arm twists the public officials to offer some protection and ensures minimal delivery of services ends up being the saviour. He thus establishes a power base in his constituency, and converts it into his political fiefdom over time.

Once we understand the nature of challenges posed by criminalization of politics, the answers become self-evident. First, we need to make our justice system strong, people-friendly, accessible, efficient and affordable, so that there is no market demand for criminals to deliver rough and ready justice. Our governance system needs to be reformed to guarantee elementary justice to all through lawful and constitutional means. Second, we need to insulate crime investigation and prosecution from the vagaries of partisan politics so that a career in politics does not become a magnet for the criminal. Various Commissions and Committees recommended such independent crime investigation, but to no avail. [The recent Supreme Court verdict in the landmark *Prakash Singh case*² mandating police reforms will hopefully enlarge the debate, and create conditions for independent crime investigation and prosecution. In its verdict, the Supreme Court directed the Union and the State Governments to take immediate steps for the following:](#)

² Prakash Singh & Ors vs Union of India & Ors, Writ Petition (civil) 310 of 1996, date of judgment 22-Sep-2006, www.judis.nic.in/

- i. Constitution of State Security Commissions headed by the Chief Minister or Home Minister to ensure that the political executive does not exercise unwarranted influence or pressure on the State police.
- ii. Notifying the procedure for selection and minimum tenure of the Director General of Police (DGP) of the State.
- iii. Security of tenure for other police officers
- iv. Separation of crime investigation from law and order
- v. Constitution of an independent Police Establishment Board in each State to decide upon all transfers, postings, promotions and other service related matters of officers of and below the rank of Deputy Superintendent of Police.
- vi. Establishment of State and District Complaints Authorities to look into complaints against police officers
- vii. Constitution of a National Security Commission for Central Police Organisations

State governments are exceedingly reluctant to implement these police reforms. The most important of these reforms relating to the insulation of crime investigation from unwarranted political interference has not been effected in any State.

Clearly, a lot more needs to be done to make rule of law a reality. In particular, independent and separate crime investigation, independent, effective and impartial prosecution mechanism, local control of simple matters like traffic patrolling and petty offences and local courts for speedy justice, an independent National Judicial Commission to recruit and remove judges of higher courts should be the corner stones of any meaningful reform to ensure rule of law.

The issue of the electoral system is linked not only to criminalization, but is also at the heart of corruption in our society.

One oft-repeated view in our country is that there is decline in values in our society. This is a view generally held by those who are nostalgic about the past in all societies and in all ages. Often, taboos are confused with morals, and changing fashions and cultural mores are confused with values. True values are about harmonious reconciliation between individual goals and societal good. A society is stable and harmonious when the bulk of the people pursue their private gain while promoting public good simultaneously. If a significant proportion of people see conflict between the two, and promote personal gain at the cost of public good, then everybody suffers grievously. As a philosopher said, if all men are angels, there is no need for laws. Gladstone aptly summed up the rationale for the state when he said, “ The purpose of a government is to make it easy for people to do good, and difficult to do evil”. Even now, despite obvious failings of our political governance system, the bulk of the people act in a responsible and socially productive way. That is why, despite abject poverty and deprivation, there is so much peace and contentment, and so little violence and crime in India.

That is not to say that Indian society is healthy in all respects. Obviously there is phenomenal, all-pervasive corruption eating into the vitals of our system. Most transactions involving government are mediated by corruption. Everybody who deals with a government agency knows that payment of a bribe is the precondition to obtaining a service which is our entitlement. There are many who would blame the bribe given as much as the bribe taker in such cases. In reality the most cases, the bribe giver is a victim of extortion, He is compelled to pay for a simple service, because if he does not submit to the extortionary demands of the public servant, he ends up losing much more than the bribe. The delays, harassment, uncertainty, lost opportunity, loss of work and wages – all resulting from non-compliance with demands for a bribe – are so great that the citizen is sucked into a vicious cycle of corruption for day-to-day survival. It is only in a small number of cases of collusive corruption where the bribe giver and bribe taker together fleece society, and the bribe giver is as guilty or even more guilty

than the bribe taker. These are cases of execution of substandard works, distortion of competition, robbing the public exchequer, commissions in public procurement, tax evasion by collusion, and causing direct harm to people by spurious drugs and violation of safety norms.

Corruption in society is not static, nor is it constantly increasing. Not too long ago, during the heyday of license-permit-quota raj, there was hardly any transaction which did not result in corruption. In order to start a small enterprise or business, many palms had to be greased. Obtaining telephone connection was a herculian task, and getting a phone installed, or shifted or repaired involved a bribe. Hundreds used to queue up in front of a government office to get the permits to buy cement for house repairs! But the last fifteen years of dismantling of this licence-permit-quota raj did yield significant dividends. Wherever competition and choice have come in, corruption declined significantly. Today, a consumer can get a telephone at will, and we can buy steel and cement from the market without waiting for the graces a babu to get a permit. Our children cannot even imagine that just a decade ago, telephone was a great luxury to most Indians! Similarly, wherever transparency and technology have come in, corruption is on the decline. This is true even where government monopoly continues. Take, for instance railway reservations. A nation-wide network of computerization has brought in transparency, predictability and access. The result is a dramatic reduction in corruption and improvement in quality of service. With introduction of technology and transparent procedures, in many cities a birth certificate can now be obtained across the counter without involving any bribe. Land records computerization in Maharashtra did reduce corruption to some extent. Wonder of wonders, even obtaining a driving license is now corruption-free in Andhra Pradesh. All these, and many more examples amply illustrate that corruption is on the wane in many areas, and the cynics and prophets of doom are wrong when they claim that there is an overall decline in values, or corruption is getting worse by the day.

But this period has witnessed a dramatic shift in the nature of corruption. While corruption declined in a large number of areas, it has correspondingly grown in other areas. This is what I would call the 'balloon effect'. Take a balloon inflated with air and under tension. If you apply pressure in one direction, the balloon yields and causes an indentation or depression. But as the pressure of air inside is constant, the surface of the balloon yields in another direction, and it expands in the same measure! In other words, as long as the pressure inside remains constant, decrease in volume at one spot results in corresponding increase in volume at another spot! This is exactly what happened to corruption in India over the years. As the license-permit-quota raj has been dismantled, much of the corruption in those sectors disappeared, only to be replaced by other, sometimes more pernicious forms of corruption. Take a few instances of large scale corruption which surfaced in recent years. The Telgi stamp scam which shook Maharashtra, Karnataka and Andhra Pradesh is said to have caused a loss of Rs. 3000 crores to Rs.30,000 crores through spurious stamp paper! Satyendra Dubey's murder is an illustration of how public procurement and execution of public works even in a very prestigious and well-executed national highways project could lead to great corruption and contractor-mafia-politician nexus. The brutal slaying of Manjunath while bravely attempting to curb adulteration of petroleum products shows how distorted incentives and misplaced state policies continue to cause great national loss, and lead to unimaginable tragedy. The case of Ranjeet don from Bihar is yet another illustration of the shifting corruption. His annual income was believed to be about Rs 100 crore, and his business was to leak every conceivable examination question paper. And his dream was to be an MP, and presumably to be the Minister in-charge of education! And he would surely have fulfilled that dream if he were not caught while leaking the question papers of CAT examinations for admission to the prestigious IIMs. Even then, he did contest for Parliament, and was mercifully denied nomination as a major party candidate, and therefore lost the election!

The CGHS scam which surfaced in 2003 showed how several corporate hospitals, in collusion with CGHS officials defrauded the public exchequer in the public procurement of health services for the CGHS patients. Audits revealed that fictitious patients were shown to have been admitted as in-patients; two or more expensive procedures like MRI were shown to have been conducted on the same part of the same patient's body on the same day; and extremely expensive, highly toxic drugs were claimed to have been administered to patients in fatal doses – all to raise false claims of reimbursement! In one city, Hyderabad, alone, in just one year the corporate hospitals defrauded the exchequer to a tune of Rs 35 crores! And then we all remember the case of the Ahmedabad magistrate who took bribes and gave warrants of arrest against President Abdul Kalam and the then Chief Justice VN Khare – obviously not bothering about what warrants he was signing, as long as he got the money. The huge scams in land allotments in recent months in many parts of the country are a further testimony to corruption shifting from the old licensing and economic decisions to the new era of patronage. The 2005 report on corruption in India published by Transparency International, India chapter also establishes how corruption is growing in sectors from where the state cannot, or has not been taken out.

The much-talked about corruption perception index of Transparency International places India pretty low in terms of integrity in public office. [A Center for Media Studies-Transparency International \(CMS-TI\) study in 2005 estimated that the monetary value of petty corruption in 10 sectors alone is of the order of Rs. 21,000 crores per annum³.](#) When you consider the collusive or 'grand' corruption and all the sectors of the economy, easily ten times this amount is collected in bribes annually. The 3 million trucks in road transport industry provide an illustration. Typically, each truck pays about Rs. 200 per day as bribes at check posts, octroi centres, and other places. Thus, petty corruption in truck transport

³ Centre for Media Studies (2005) "*India Corruption Study 2005: To Improve Governance*". Transparency International India.

alone accounts for over Rs 20,000 crores per annum! Clearly, corruption amount of Rs 200,000 crore every year is a realistic estimate by any standard.

Let me recount an incident to help us understand the devastating consequences of corruption. In 2001, the Federation of Andhra Pradesh Small Industries Associations launched a major agitation against corruption in Central Excise department. The Central Excise and Customs officials have the powers of both a revenue department and police, and hence can arrest, detain, seize properties, penalize, and in general make life miserable for entrepreneurs. Naturally, corruption is well-organized and widespread. This agitation by entrepreneurs was not to eliminate corruption altogether. *All they were seeking was some 'streamlining' so that only one agency of the department collects 'reasonable' monthly 'mamools' (systematized bribe taking - usually a fixed amount taken once in a month) without harassment!* Extortion is common at every level of operation – registration, cancellation, inspection at range/divisional level, inspection by audit wing, revenue intelligence wing, enforcement, raids etc.

Happily, that agitation succeeded, and extortion was curtailed significantly in AP.

But why were the entrepreneurs forced to go on to the streets, pitch tents, stage dharnas, and resort to hunger strikes? Such a plight was usually reserved to workers in earlier days.

In the earlier license-permit-quota raj, the entrepreneur paid a hefty bribe to the politician and bureaucrat to obtain a license to start a business, or expand capacity. He then paid regular 'mamools' (bribes) to various regulatory and tax authorities. At the end, he produced shoddy goods, which he could easily sell at exorbitant prices to consumers, who had no choice – the license raj ensured monopoly to the entrepreneurs. Supply was never allowed to match or exceed demand, and all competition was stifled. Shortages were endemic. Remember the days when consumers paid a '*premium*' to buy a motorcar! Telephone was a

luxury! People queued up to get a permit to buy cement. Sugar was unavailable in open market. At one time in 1974, even food grain trade was sought to be nationalized, until wiser counsels prevailed. Because of these monopolies, the entrepreneur made handsome profits despite all the corruption.

The fiscal compulsions of 1991 forced on us the economic reforms. The LPQ raj was largely dismantled. Trade barriers were removed, and import duties were reduced. Suddenly, manufacturers faced real competition from domestic rivals and global producers. The corruption costs, which could no longer be passed on to the consumer, became an unbearable burden. Often, extortionary corruption of central excise and customs officials is the difference between survival and death for an enterprise suddenly exposed to real competition in a buyers' market. It is this desperation, which forced millions of entrepreneurs to defy the might and retributive power of the central excise officials.

Corruption in indirect taxes has horrendous consequences. An honest entrepreneur is harassed, and sometimes expelled from business. But more important, by favoring the tax-evaders, competition is severely distorted. Let's consider a manufacturer who evades excise duty by bribing and colluding with tax officials. He then has to conceal his production. That means he has to steal power, as energy consumption cannot be disproportionate to production needs. Theft of power further reduces his cost of production, and leads to massive corruption and crisis in the state power board. Since sale of produce also has to be concealed, sales tax is evaded, leading to further fiscal deficits in the state. Finally, as sales revenues are unrecorded, he has no profits, and therefore can avoid corporate tax, and personal income tax. Now, imagine the genuine taxpayer who declares his full production and ends up paying excise duty, power tariff, sales tax, and extortionary bribes to buy peace. How can he compete with the rival manufacturer who, in collusion with the tax-man, evaded all taxes, and reduced cost of production? And after all this, if he somehow survives and makes a modest profit, he has to pay corporate tax! In this perverse environment, even

honest entrepreneurs are forced to resort to dishonest practices for survival, or they close their businesses. The number of small businesses which had to fold up because of their incapacity to deal with corrupt officials is legion.

Clearly, corruption seriously distorts competition and market forces, resulting in loss to the honest entrepreneur, consumer, and state exchequer. As Secretary General Kofi Annan pointed out in his statement on the adoption of the UN Convention against Corruption, "Corruption is an insidious plague that has wide range of corrosive effects on societies. It undermines democracy and rule of law, leads to violations of human rights, distorts markets, erodes the quality of life, and allows organized crime, terrorism and other threats to human society to flourish".

Happily, there is nothing in our nature or character, which makes corruption inevitable. Corruption has declined significantly over the decades. Wherever new technologies ensured transparency, rent-seeking disappeared. Computerized reservation of railway tickets is one example I have already cited. Non-discretionary procedures in postal department have always ensured high levels of honesty and service-delivery, even without technology. Fair competition and dismantling of license raj dramatically eliminated corruption and lowered costs and tariffs in telecom industry. Consumer goods' prices are lowered, even as quality and choice improved. There are many such success stories.

Even in government, direct taxes and services like passports are improving significantly.

All this analysis reveals two things: first, corruption is declining in certain sectors, and it does not remain static; second, even as the supply of corruption is reduced in certain sectors because of institutional and policy reforms, other, new avenues are forcibly opened up to meet the demand for corruption. In other words, the economic reforms of the past fifteen years have diminished supply of corruption

in the traditional spheres of economic decision making and altered the political economy of scarcity and shortages. But as the demand for ill-gotten money continues unabated, newer avenues of supply are opened up in sectors in which the state continues to play a prominent role. Obviously the state has to perform critical, sovereign functions, and cannot simply disappear. Therefore, the problem of corruption cannot be addressed by mere removal of monopoly and creating competition or promoting transparency. In fact, the problem is that sectors which ought to be managed by the state alone are getting privatized! The rise of criminals as the undeclared judges to deliver rough and ready 'justice' in the wake of failure of rule of law is one such totally undesirable form of 'privatization'!

This demand for illegitimate funds is fuelled by the nature of our politics. There is inexhaustible appetite for illegitimate funds in our political system. It is this demand which is not addressed by economic reform, and is driving corruption into the core areas of government functioning and corroding the state institutions. A detailed and insightful understanding of our political system is critical if we are to address the challenge of corruption in our public life. Mere moralizing will not lead us anywhere, unless we understand the nature of incentives in public life today, and recognize the damage caused by a decrepit political culture to our society.

Huge, unaccounted and illegitimate election expenditure, mostly incurred by the candidates as an investment in politics as business, demands multiple returns to sustain it. Even a casual analysis shows the multiplier effect of illegitimate election expenditure on corruption: risk premium is high in politics; provisioning for the next election has to be substantially higher than the previous one; a high return on risky investment is the natural expectation; the many party 'cadres', who in mass-based parties are actually mercenaries, need to be rewarded with access to public money and opportunities to make a 'living' at cost of state or society; and the many intermediaries in the vast cycle of corruption demand their

own pound of flesh, thus multiplying the corruption proceeds several fold. Direct theft of public money through treasury malpractices is both rare and easy to detect and punish. In a robust and open democracy, complex systems need to be evolved to sustain such a web of corruption. Transfers and postings of officials and even junior employees often has a price. At times some form of auctioning actually take place, and the positions go to the highest bidders. The bids can be one-time payment for a tenure, or monthly payment of a guaranteed amount.

The health of a democracy depends on the choice of representatives and leaders, which in turn is directly linked to the way political parties function and elections are conducted.

While we have outstanding men and women in public life, flawed electoral process is increasingly alienating public-spirited citizens from the political and electoral arena. The persons best equipped to represent the people find it impossible to be elected by adhering to law and propriety. If elected, decent citizens cannot survive for long in elective public office without resorting to, or conniving in, dishonest methods. Even if they survive in office, their ability to promote public good is severely restricted.

Indian people have often been changing governments and elected representatives. However, this change of players has little real impact on the nature of governance. Even if all those elected lose, and all losers are elected, the outcome is not substantially altered. This sad situation calls for a change in the rules of the game, and citizens cannot be content with mere change of players.

Election expenditure – root cause of corruption

Excessive, illegal and illegitimate expenditure in elections is the root cause of corruption. Often the expenditure is 10 to 15 times the legal ceiling prescribed. Among elected representatives, almost everyone violates expenditure ceiling laws. Most election expenditure is illegitimate and is incurred in buying votes, hiring hoodlums or bribing officials. Abnormal election expenditure has to be recouped in multiples to sustain the system. The high risk involved in election expenditure (winner-take-all process), the long gestation period required for most politicians who aspire for legislative office, the higher cost of future elections, the need to involve the vast bureaucracy in the web of corruption (with 90% shared by the large number of employees) - all these mean that for every rupee of expenditure, fifty to hundred rupees has to be recovered to sustain the system. One rupee election expenditure normally entails at least a five-fold return to the politician. To share five rupees with the political class, the rent-seeking bureaucracy has to recover about Rs.50. In order to extort Rs.50 from the public, there should be delay, inefficiency, harassment, humiliation and indignity worth Rs.500 heaped on the innocent citizens! To take the example of a major State, it is estimated that about Rs.1500 crores (15 billion) has been spent by the major political parties in the recent general elections for Parliament and Legislative Assembly in 2004. This expenditure can be sustained only when the returns are of the order of at least Rs.7500 crores (75 billion), which in turn is translated as extortion of Rs.75,000 crores (750 billion) from the public by the vast bureaucracy. The inconvenience, humiliation, the lost opportunities and the distortion of market forces are often worth ten times the actual corruption. Unaccounted and illegitimate election expenditure is thus translated into huge corruption siphoning off money at every level. In addition, this ubiquitous corruption alters the nature of political and administrative power, and undermines market forces, efficiency and trust on a much larger scale, retarding economic growth and distorting democracy. Cleansing elections is the most important route through which corruption and maladministration can be curbed.

The behavior of the electorate is increasingly plebiscitary in nature. However, the Westminster model adopted by us recognises only power by acquiring legislative majority by means fair or foul, without reference to public opinion or people's mandate. As people's mandate and power are easily divorced, the rulers are increasingly obsessed with survival in power at any cost. As a result, it is now axiomatic that integrity in public life and survival in public office are no longer compatible. In this milieu, the vote, instead of being an unifying, cleansing and energising tool, has become a divisive force, or at best a means for expression of anger and frustration. The electoral behaviour in most parts of the country over the past twenty five years clearly shows that the dominant mood of the electorate is to reject the party in power. Often this rejection is despite the perception of the elite that the government has performed creditably, and the alternative chosen by the people is even less attractive on careful analysis. Obviously the voter perceives the issue differently. As far as he is concerned, the government of the day failed to fulfil his expectations. Even populist governments, which successfully transferred assets and resources to the people through direct subsidies and welfare schemes, incurred the wrath of the people, as much as those governments that had long-term perspective. This only shows that people are disgusted with the political process itself, and there is deep-seated resentment and unrest about the imbalance between the exercise of positive and negative power and their own marginalisation and disempowerment.

This rejection of the governing class by the voter can be construed to be both positive and negative. The positive significance is the demonstration of the voter's yearning for a comprehensive reform and rejection of status quo. The negative impact is the increasing instability and fear of the ruling classes to face the electorate. All these maladies constitute a first class recipe for corruption, greed, and shortsightedness on the part of those in authority. Corruption has become endemic and is widely perceived to be an ubiquitous feature of our governance. No class of public servants is exempt from this. People who are

victims of this day-to-day corruption do not have effective institutional mechanisms for resisting it, and therefore succumb to it. Those who have the will to resist do not dare to do so for fear of greater personal loss than the potential gain resulting from resistance. As a result, it is more convenient and less cumbersome to become a part of the process, than to fight against it. Every individual in this vicious cycle therefore prefers the status quo either to maximise personal gain or minimise personal pain, even as the society at large loses more than individual gain, and is increasingly debilitated. To explain this phenomenon, Robert Wade coined the expression, 'dangerously stable equilibrium'.

The elections are largely plebiscitary and the people vote for a platform or a leader or a promise or, as is seen more often, vote to reject the incumbent government or party in power. The individual candidate's ability is rarely an issue in our electoral politics. At the same time party workers and local oligarchies do not regard election as an opportunity to vindicate their policies or ideologies. In most cases, election of their chosen candidate is merely an opportunity to have control of state power and resources, to extend patronage selectively to people of their choice, to get pliant local bureaucrats appointed in plum postings, to humiliate and harass the inconvenient employees who would not do their bidding, and increasingly to interfere in crime investigation and prosecution by doctoring evidence, influencing investigation and letting criminals loyal to them go scot free and implicating people opposed to them in criminal cases. In the midst of this, governance is an irrelevant, and often inconvenient ritual without any meaning to those in power and without any positive impact on the people.

At the macro level when we examine a whole state or the country, the electoral verdict does broadly reflect public opinion. More often than not this verdict is a reflection of the people's anger and frustration and is manifested in the rejection vote, or their support to a leader, promise or platform. However, at the local level, caste or sub-caste, crime, money and muscle power have become the

determinants of political power. All parties are compelled to put up candidates who can muster these resources in abundance in order to have a realistic chance of success. While political waves are perceived around the time of election or afterwards, at the time of nomination of candidates all parties are uncertain about their success and would naturally try to maximize their chances of success at the polls by choosing those candidates who can somehow manipulate or coerce the voters. As a net result, irrespective of which party wins, the nature of political leadership and quality remain largely the same, and the people end up being losers. This is then followed by another rejection vote in the next election and the vicious cycle keeps repeating. Where the candidate cannot muster money or muscle power, he stands little chance of getting elected irrespective of his party's electoral fortunes. Increasingly in several pockets of the country, people are spared even the bother of having to go to the polling station. Organized booth-capturing and rigging are ensuring victory without people's involvement.

There is much that is wrong with our elections. Flawed electoral rolls have become a menace. Purchase of votes through money and liquor, preventing poorer sections from voting, large scale impersonation and bogus voting, purchase of agents of opponents, threatening and forcing agents and polling personnel to allow false voting, bribing polling staff and police personnel to get favours and to harass opponents, [use of violence and criminal gangs, illegally entering the polling stations and controlling the polling process](#) — all these are an integral part of our electoral landscape. [Progressively firmer and proactive stance taken by the Election Commission of India coupled with the advent of Electronic Voting Machines \(EVMs\) has seen previously favoured malpractices such as booth-capturing and large scale rigging, stealing ballot boxes or tampering with the ballot papers, inducing or forcing voters to reveal their voting preferences through various techniques including 'cycling'](#) ⁴etc. fall into disuse.

⁴ 'Ballot Cycling' is where a voter is given an already-marked ballot paper and sent into the polling booth where s/he drops it into the ballot box. The voter brings her/his own unmarked/unused

No wonder the Election Commission estimates that more than 700 of the 4072 legislators in States have some criminal record against them!

Many scholars wonder how despite massive irregularities the electoral verdicts still seem to largely reflect public opinion, and how parties in power often lose elections. The answers are simple. Happily for us, though parties in power are prone to abusing authority for electoral gains, there has never been any serious state-sponsored rigging in most of India. The irregularities are largely limited to the polling process alone, and most of the pre-polling activities including printing and distribution of ballot papers, and post-polling activities including transport and storage of ballot boxes and counting of ballots are free from any political interference or organized manipulation. That is why parties in power have no decisive advantage in manipulating the polls, and electoral verdicts broadly reflect shifts in public opinion. However, the massive irregularities in polling process make sure that candidates who deploy abnormal money and muscle power have a distinct advantage. Sensing this, most major parties have come to nominate 'winnable' candidates without reference to their ability and integrity. Thus, the use of money power and muscle power are sanctioned by almost all the parties, and often they tend to neutralize each other. The net result is that candidates who do not indulge in any irregularity have very little chance of being elected. Election expenditure - mostly for illegitimate vote buying, hiring of hoodlums and bribing officials - is often ten or twenty times the ceiling permitted by law. Criminals have a decisive or dominant influence on the outcome in many parts of India, and have often become party candidates and won on a large scale.

If we examine the new entrants into politics over the past three or four decades in the country, very few with intellect, integrity, commitment to public service and passion for improvement of the situation could enter the political

ballot paper outside the polling booth which is then marked and given to the next voter. This practice ensures that voter, once bought, stays bought; and the writ of the local thugs and political bigwigs can be enforced by coercion.

arena and survive. Almost every new entrant has chosen politics exactly for the wrong reasons. A careful analysis shows that heredity and family connections are the commonest cause for entry into politics. This is closely followed by those who have large inherited or acquired wealth and have decided that investment in politics is good business. In recent years, many local muscle men, whose services were earlier sought for extortion or vote-gathering, are now directly entering the fray and gaining political legitimacy. A few persons have entered politics out of personal loyalty to, and close contacts with those in high public office. People with very high visibility on account of great success in mass entertainment like sports or films have also been increasingly drawn into the vortex of politics. Occasionally, accidents of fate are pitch forking certain individuals into elective public office. If we exclude these methods of heredity, money power, muscle power, personal contacts, high visibility, and accidents of fate, there will not be even a handful of persons in this vast country of ours, who have entered politics with deep understanding of public affairs and passion for public good and survived for any length of time over the past four decades. There is no activity more vital and nobler than governance. In the true sense, politics is about promotion of happiness and public good. But if the best men and women that society can boast of are either prevented or repelled or rendered incapable of surviving in the political arena, then that governance is bound to be in shambles. Over the past forty seven years of our republic, the unsuitable constitutional and legal mechanisms that we evolved landed the Indian republic in an extraordinary crisis of governability.

Democracy is the only system, which demands constant selection, nurturing and development of capable leadership. If the best men and women society can offer are repelled by the political process and politics acquires a pejorative connotation, the result is collapse of ethics in public life, and with it public confidence in governance. With the most competent and qualified persons eschewing politics, paralysis of governance is the inevitable consequence. With all decisions geared towards somehow winning elections and retaining power or to amass individual wealth at the cost of the public, the people are swindled. This

legal plunder ensures that public goods and services are of appalling quality and wholly insufficient to meet the requirements of a civilized society or growing economy. Public exchequer will soon be depleted and fiscal collapse will be imminent. Sadly, all these ugly features of a dysfunctional democracy are evident in contemporary India.

Compulsions of first-past-the-post system

In addition to the electoral irregularities, use of unaccounted money power and criminalisation of politics, the first-past-the-post (FPTP) system in a plural society added to the decline in political culture. On the one hand the largest party is likely to obtain disproportionate presence in legislature, with consequent marginalisation of large segments of public opinion. In a plural society such a majoritarianism has evidently led to ghettoization of numerically important groups like minorities and dalits.

On the other hand, in the FPTP system, there is desperation to somehow win the election in a constituency by all means fair or foul, as each seat becomes critical in the legislative numbers game to form government or acquire influence in the Westminster model. The ugly practices adopted by a party at the constituency level becomes somehow acceptable in this quest for electoral success. Once a candidate obtains party nomination, he and his caste or group often make it an issue of personal prestige to be elected in the winner-take-all electoral and power game. As election in each constituency runs on similar lines, the parties and candidates are not inhibited by the fear that their illegitimate efforts to win a few constituencies might undermine the larger objective of enhancing the voting share in a whole state or the nation.

Another feature of the FPTP system is that reform of the polity becomes more and more difficult. Genuinely reformist groups with significant but limited resources and influence have no realistic chance of success in the FPTP system and they tend to wither away. In a system in which winning the seat by attracting the largest number of votes is all-important, honest individuals or reformist

parties fighting against the electoral malpractices and corruption have very little chance of success. This tends to perpetuate the status quo, and people will have to live with the unhappy choices among parties, which are more like Tweedledom and Tweedledee. Political process becomes increasingly incestuous, and even as power alternates between parties, the nature of the power game and the quality of governance remain unaltered. The political system has thus become fossilized over the years and is self-perpetuating. Fresh breeze of electoral reforms, is vital to rejuvenate the political process and to inject institutional self-correcting mechanisms to revitalize our democracy.

Role of political parties

In India, traditionally parties have been seen as pocket boroughs of those at the helm. Often there are entry barriers to members. Communist parties have always had a somewhat strict membership admission procedure, which is generally uniform in its application. The mainstream parties which are mass-based and have no rigid membership norms, however, have been erecting barriers of entry to all persons who are potential threats to the current leadership. While ordinary, faceless members are admitted as cannon-fodder with ease, the potentially influential members are not always welcomed with open arms. Similarly, even the faintest criticism of party bosses on any issue is taken as an act of indiscipline, often leading to suspension or expulsion. Again, when leadership changes in the party, the same member who was earlier punished for rebellion is welcomed back with alacrity. There are countless instances of such disgraceful autocracy in all major political parties in India.

The political parties, which exhibit such authoritarian tendencies in protecting the privileges of those in power and nipping in the bud any potential threat to individual dominance have not shown the slightest sense of shame or remorse in assiduously cultivating and recruiting known criminals, corrupt persons and charlatans and rogues. Such shady elements are courted and welcomed, while decent and dignified citizens are shunned and often rejected.

No major mainstream party has any published membership rolls. Spurious membership and disputes arising out of it are only too well known to all of us in respect of major political parties. As a net result, parties have often become a collection of greedy, corrupt and unscrupulous persons, who are willing to use any method, however ugly, immoral, violent or brutal, to perpetuate their hold on state power. By virtue of entry barriers and expulsion powers in the hands of party bosses, no real rejuvenation of parties with injection of fresh blood is possible. All idealistic, talented youngsters are often repelled by the parties, and undesirable elements find a haven in them.

As a perceptive political observer commented some years ago, in Indian political parties, 'the man who wears the crown is the king'. Leadership is often acquired through undemocratic means and retained by the power of patronage, nomination and expulsion, rather than the support of members. This paved way for oligarchies and unaccountable and unelected coteries dominating and manipulating the political process. Party leadership, however illegitimate the ascent to it may be, gives total control of the party apparatus and resources. Through total monopoly over candidates' choice, the leadership's access to, and control over, levers of state power is complete and unchallenged. Given the fact that most parties are dominated by only one leader, and not even a small group, 'monarchy' is the correct description of party leadership. Once in office, the power of leadership is absolute, and control of resources is awesome. Any potential dissidence or principled opposition is instantly snuffed out. Suspension, expulsion, instant removal from office, denial of party tickets, all these and more weapons are fully available to leadership if there is any whiff of opposition. If the party is in power, state machinery is used for party ends, and more often to perpetuate absolute control over the party and state, with cynical disregard to propriety and public good. All positions in the regional and local units are nominated by the party leader. Every party functionary owes his or her position to the grace and good will of the 'High Command'. Myths and images are assiduously propagated to perpetuate personal power. No other party

functionary or leader is allowed to share the limelight. The moment a local or rival national leader is gaining in popularity, he is immediately cut to size, removed from office, and if necessary expelled from the party to deny him a political base, and force him into political wilderness.

Membership rolls are not available, and when prepared are often spurious. Elections are not held, and if held are rigged. Musclemen often take over party meeting and conferences at various levels, and fisticuffs and violence are quite common. All parties, without exception, nominate candidates for public office through the dictates of the leadership or high command. All funds are collected clandestinely and spent at will to further augment personal power. State level 'leaders' are nominated by the 'high command'. When a party is elected to office in any State, the legislature party leader, who will be Chief Minister, is nominated by the central leadership, and formally anointed in a farcical 'election'. Often sealed covers are sent indicating the name of the person chosen as Chief Minister by the party leadership. There are instances in which persons who did not command the support of even a handful of legislators became Chief Ministers. Even candidates for public office in local government elections and cooperatives are decided by the party's central leadership. When the party obtains a majority in a local election, again the zilla parishad chairman or other functionaries are decided by the party bosses far removed from the scene. In short, political party functioning has become totally autocratic, oligarchic, unaccountable and undemocratic. The whole political process and all democratic institutions are systematically subverted. Party leaders have become medieval potentates, with the sole intent of survival in power, and bequeathing their office to their family members or chosen successors.

The distortions of our political process have significantly eroded the state's capacity for good governance. First, the positive power to promote public good has been severely restricted; while the negative power of undermining public interest is largely unchecked. Authority is delinked from accountability at most levels, and in respect of most functions. As a result most state functionaries have realistic and plausible alibis for non-performance. Second, while the electoral

system has demonstrated great propensity to change governments and politicians in power, the rules of the game remain largely unchanged. Increasingly, honesty and survival in political office are incompatible. Third, all organs of state are affected by the malaise of governance, 25 million cases are pending in courts, and justice is inaccessible, painfully slow and costly. Fourth, at the citizen's level there are no sufficient incentives for better behaviour. Good behaviour is not rewarded sufficiently and consistently, and bad behaviour is not only not punished consistently; it is in fact rewarded extravagantly. As a result, deviant and socially debilitating behaviour has become prevalent, and short-term individual interest has gained precedence over public good.

Nine Interlocking Vicious Cycles

In a well-functioning democracy, the political process ought to find answers to governance problems. Every election holds a promise for peaceful change. People in India have been voting for change time and again. But the political process is locked into a vicious cycle, and has become a part of the problem. There are nine factors complicating the political process, perpetuating status quo. First, election expenditures are large, unaccounted and mostly illegitimate. For instance, expenditure limit for assembly elections in most states is Rs. 10,00,000. In reality average expenditure in most states is several multiples of it, sometimes exceeding Rs.10 million. Most of this expenditure is incurred to buy votes, bribe officials and hire musclemen. Such large, unaccounted expenditure can be sustained only if the system is abused to enable multiple returns on investment. Rent seeking behaviour is therefore endemic to the system. Most of this corruption is in the form of control of transfers and postings, which in turn sustains a system of retail corruption for a variety of routine services, regulatory functions and direct transfer of resources through government programmes. Large leakages in public expenditure, and collusion in contracts and procurement are extremely common. The economic decision-making power of the state is on the wane as part of the reform process. But as the demand for illegitimate political funds is not reduced, corruption is shifting to the core areas of state

functioning, like crime investigation. Robert Wade studies this phenomenon of corruption, and described the dangerously stable equilibrium which operates in Indian governance. This vicious chain of corruption has created a class of political and bureaucratic 'entrepreneurs' who treat public office as big business.

Second, as the vicious cycle of money power, polling irregularities, and corruption has taken hold of the system, electoral verdicts ceased to make a difference to people. Repeated disappointments made people come to the conclusion that no matter who wins the election, they always end up losing. As incentive for discerning behaviour in voting has disappeared, people started maximizing their short-term returns. As a result, money and liquor are accepted habitually by many voters. This pattern of behaviour only converted politics and elections into big business. As illegitimate electoral expenditure skyrocketed, the vicious cycle of corruption is further strengthened. With public good delinked from voting, honesty and survival in public office are further separated.

Third, this situation bred a class of political 'entrepreneurs' who established fiefdoms. In most constituencies, money power, caste clout, bureaucratic links, and political contracts came together perpetuating politics of fiefdoms. Entry into electoral politics is restricted in real terms, as people who cannot muster these forces have little chance of getting elected. While there is competition for political power, it is often restricted between two or three families over a long period of time; and parties are compelled to choose one of these individuals or families to enhance their chances of electoral success. Parties thus are helpless, and political process is stymied. Absence of internal democratic norms in parties and the consequent oligarchic control has denied a possibility of rejuvenation of political process through establishment of a virtuous cycle.

Fourth, in a centralized governance system, even if the vote is wisely used by the people, public good cannot be promoted. As the citizen is distanced from the decision-making process, the administrative machinery has no capacity to deliver public services of high quality or low cost. Such a climate which cannot ensure

better services or good governance breeds competitive populism to gain electoral advantage. Such populist politics have led to serious fiscal imbalances.

Fifth, fiscal health can be restored only by higher taxes, or reduces subsidies or wages. The total tax revenues of the union and states are of the order of only 15 percent of GDP. Higher taxation is resisted in the face of ubiquitous corruption and poor quality services. Desubsidization is always painful for the poor who do not see alternative benefits accruing from the money saved by withdrawal of subsidies. A vast bureaucracy under centralized control can neither be held to account, nor is wage reduction a realistic option.

Sixth, elected governments are helpless to change this perilous situation. As the survival of the government depends on the support of legislators, their demands have to be met. The legislator has thus become the disguised, unaccountable executive controlling all facets of governments functioning. The local legislator and the bureaucrats have a vested interest in denying local governments any say in real decision making. The vicious cycle of corruption and centralized, unaccountable governance is thus perpetuated.

Seventh, the FPTP system underrepresents scattered minorities and overrepresents concentrated social groups. This results in marginalization and ghettoization of excluded groups, and promotes insecurity and encourages strategic voting and vote bank politics. In such a situation, obscurantists become interlocutors of the excluded groups, drowning voices of reason and modernity, and politicians pander to fundamentalists and sectarianism. Countermobilization of other social groups based on primordial loyalties then becomes inevitable, leading to communal polarization, sectarianism and strife.

Eighth, with need for money power, caste clout, and muscle power dominants for success in constituency elections, honest and decent elements have little chance of getting elected through honorable means. This results in bad public policy and incompetent governance, deepening the crisis.

Ninth, in FPTP system, only a high threshold of votes for a party ensures victory or success in representation. Significant, but scattered support to a party or

individuals does not pay electoral dividends. Therefore voters prefer other “winnable” parties and candidates. National parties and reforms are thus marginalized increasingly in many parts of India. The polity is thus regionalised, and status quo is perpetuated.

This detailed analysis clearly shows that the distortions in the process of power need to be corrected if we have to create a system substantially free from corruption. Blaming politicians does not help, as the politician is as much a victim of a vicious cycle as he is the villain. Our whole political system is founded on corruption, and honesty is increasingly incompatible with survival in elective public office. There are still many outstanding individuals in all parties whose personal integrity and commitment to public service are beyond doubt. But institutionally, corruption is entrenched in our system.

The answer lies in three fundamental transformations in the nature of our politics. First, we need to reform our political parties and liberate them from feudal, oligarchic control. Democratic management of parties ensuring transparency, member-control, and choice of candidates left to members and the electorate in some form of primary elections are the critical requirements for combating corruption. The nature of parties determines the character of a democracy, and democratically managed, honest, transparent, accountable political parties are vital to promote probity in public life.

Second, a new political culture needs to be evolved in place of the present culture of treating public life as private business. Politics was not too long ago an opportunity to promote public good. Such a noble endeavour was transformed into private entrepreneurship over a period of time. This culture of politics as business is so pervasive that increasingly decent men and women are repelled by politics and shun it like the plague. The pursuit of public good practiced by Gandhi and Ambedkar, Lincoln and Mandela, Martin Luther King and Aung San Suki now seems to be a distant dream. We need to restore such nobility to the calling of politics by creating new and clean politics for a new generation of Indians rearing to compete globally and fulfil India’s true potential. Politics ought

to be about promotion of opportunity for all and fulfillment of our potential, not a power game for personal domination and private gain.

Third, we need to devise an alternative system of elections which minimizes the distortions of the first-past-the-post system. We have adopted the British model for no better reason than familiarity. Most democracies in the world have adopted for more refined systems representing the will of the people and promoting more responsible political behaviour. The desperation to obtain the marginal vote in a winner-take-all system trapped us into a vicious cycle of corruption, criminalization, irresponsible populism and politics of dynasties and fiefdoms. Some form of proportional representation with suitable checks and reasonable thresholds to prevent political fragmentation will dramatically alter the incentives in politics and promote integrity. Decent, honorable, competent candidates must find politics worthwhile and attractive, and honesty must be compatible with survival in office. Decency and electability must be synonymous, and desirable candidates must once again become political assets, not liabilities. There are several models of proportional representation which are available, and we can design an appropriate model to maximize the advantages and minimize the wrong incentives in our conditions.

Neither criminalization nor corruption is as intractable as it appears. Our democracy has many flaws. But as Myron Weiner pointed out, we are among a handful of democracies which sustained freedom and stability for six long decades among nations liberated after the Second World War. Democratic maturity needs time, patience, genuine effort to find rational answers to complex problems, and willingness to reconcile conflicting views. All great democracies went through the tortuous process of democratic transformation. The power of ideas, high quality of leadership, inspiration and a spirit of idealism are the necessary conditions to build a great democracy free from major distortions. India has the strength and resilience to build a great democracy. Both criminalization and corruption can be combated effectively by democratic reform.

The recent trends give us a priceless opportunity to transform our democracy. Robust economic growth despite our growing political and governance crisis helps us absorb the shocks of change. The demographic revolution sweeping India, with 54% of the people below 25 years of age, unburdened by the baggage of the past, and seeking a new political culture provide us a platform for political transformation. The rise of the satellite television and communications revolution gives us a great opportunity to mobilize people for change across this vast and diverse land. The enlightened sections and middle classes need to conquer their fear and shed cynicism in order to meet this great challenge of our generation. As Martin Luther King said, the silence of the good men is more dangerous than the brutality of bad men. We need to raise our voice and march together for building an India of our dreams. History beckons us.

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