Introduction

The term ‘corruption’ comes from the Latin word *corruptio* which means moral decay, wicked behavior, putridity or rottenness\(^1\). The nature of corruption varies from region to region and remains largely contextual\(^2\). It is very difficult to formulate a single comprehensive definition of corruption which can cover all manifestations of corruption. Therefore, to describe the concept of corruption, it is easy to enumerate the various act of corruption. Oxford Dictionary defines corruption as the perversion or distraction of integrity or fidelity in the discharge of public duties by bribery or favour. Leslie Palmier defines corruption as the acquisitions of forbidden benefits by the officials or employees and thereby bringing into question their loyalty to their employers or it may be regarded as the use of public power for private advantage in the way which transgresses some formal rules or laws\(^3\). Oxford Advanced Learners Dictionary defines corruption as dishonest or illegal behavior of people, especially who are in authority and it include the act or effect for making somebody change from moral to immoral standard of behavior\(^4\).

Corruption as defined above, lays emphasis on dishonest, illegal, perverted or deviant behavior of an employee or official for private advantage. The private advantage may be in the form of bribe, price, reward, gift or favour bestowed or promised or it may be gratification i.e. satisfaction of desire or appetite of body or


\(^4\) *Id.*, para 1.
mind. By these definitions it is emphasized that such deviant behavior ought to be illegal, forbidden by law or in transgression of law. Thus, it is clear that those corrupt acts which do not transgress any law or rule are not included within the purview of corruption by these definitions. The corruption violating ethical values or moral code is not illegal and therefore is not actionable by law enforcement agencies but it seriously undermines the public perception about corruption.

Though, by agreed definitions of corruption, various attempts have been made to formulate a comprehensive definition of corruption. In general terms the corruption has been defined as an illegal act that involves the abuse of public trust or office for private benefit or the misuse of public office for private gain. In the current understanding of corruption, this definition has two limitations. First, it only deals with corruption in public sector. Second, this definition only covers the recipients of the proceeds of corruption and leaves out the act of bribe giving. Transparency International defines corruption as abuse of entrusted power for private gain. This definition is similar to the usual definition except that it includes private sector corruption within its scope. The World Bank defines corruption as an abuse of public authority for the purpose of acquiring personal gain. McMullan holds that a public official is corrupt if he accepts money or money’s worth for doing something that he is under a duty to do anyway, he is under a duty not to do or to

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5 Webster’s, “Third New International Dictionary”.
8 Ibid.
exercise a legitimate discretion for improper reasons. In the legal field, the term corruption is usually used for certain criminal acts which correspond to the general notion of abuse of entrusted power. The United Nations Convention against Corruption (UNCAC) does not define the term ‘corruption’ anywhere. It only enumerates various criminal acts that amount to corruption. Thus, within the legal context, corruption is a general heading for the cluster of different and specific criminal acts. Therefore, the appropriate legal definition of corruption must be that corruption is a list of acts which have been criminalized by law under the general heading of corruption. It becomes essential to indentify the different acts that fall under the general heading of corruption. The United Nations Convention against Corruption provides the most recent and comprehensive list of such acts. It is important to note that this is not an exhaustive list. Progressive development can enlarge this list and may include other act of corruption in the future. The core corrupt act of the list may be described as under:

**Bribery**

The most representative act of corruption is bribery. Bribery may be defined as the promise or offering or giving to a public official, or solicitation or acceptance by a public official, directly or indirectly of an undue advantage for himself or for another person or entity in order to do his official act or refrain from doing his official duty. There are however several forms of bribery. The act of offering bribe is commonly referred as active bribery and the act of accepting the bribe is referred as passive bribery. The definition of bribery has been changed when it takes place exclusively within the private sector or involves a foreign  


12 The UN Convention against Corruption has adopted by the General Assembly by Resolution 58/4 of 31 October 2003.

public official. If the act of bribery is committed in economic, financial or commercial activities of private sector, it is referred as bribery of private sector. In the context of international business, the bribery of foreign public officials and officials of public international organizations that gives undue advantage to such public official is called transnational bribery.

Embezzlement

The embezzlement of public property by public authorities is a very common corrupt practice in governance. It may be defined as misappropriation or diversion of public assets or property by a public official for unrelated purposes for his benefit or for the benefit of other person and that public property or private fund or security or any other things of value were entrusted to the public official by virtue of his position. The embezzlement of property can also occur in economic, financial or commercial activities of private sector\textsuperscript{14}.

Abuse of position or function by public servant

The abuse of function or position is referred as to perform or failure to perform an act in violation of laws by a public official in discharge of his duties for the purpose of obtaining an undue advantage for himself or for another person or entity.\textsuperscript{15}

Illicit enrichment

The corrupt act of illicit enrichment may be defined as a significant increase in the assets of public official that he cannot reasonably justify in relation to his lawful income. Illicit enrichment is a controversial act of corruption because criminalization of such an act goes against the principle of presumption of


\textsuperscript{15} Ibid.
innocence and reverses the concept of the burden of proof under criminal justice system\textsuperscript{16}.

**Corruption: a conceptual analysis**

Corruption has different meanings in different societies. It is due to difficulties in establishing a clear border between legal and illegal in different societies.\textsuperscript{17} Various approaches to define corruption can be placed into five groups. These are public interest centered, market centered, public office centered, and public opinion centered and legalistic. Proponents of the public interest centered approach believe that corruption is injurious or destructive for public interest\textsuperscript{18}. Market centered enthusiasts suggest that norms governing public office have been shifted from mandatory pricing model to free market model and thereby it is considerably changing the nature of corruption\textsuperscript{19}. Public office centered protagonist’s stress upon the fact that misuse of public office by the public officials for private gain is corruption\textsuperscript{20}. Those who believe in public opinion centered emphasize for defining corruption in the perspective of public opinion about the conduct, probity, integrity of politicians and public servants\textsuperscript{21}. Legalistic view of corruption focuses purely upon the problem for determining rules and norms which govern public interest and public behavior of public authorities.\textsuperscript{22}

Among various definitions, the general definition of corruption can be traced with

\textsuperscript{16} Ibid.
\textsuperscript{17} S. Rose-Ackerman, “Corruption and Government Causes, Consequences and Reform” (Cambridge University Press, New York, 2005) at 5.
\textsuperscript{21} C. Leys, “What is Problem about Corruption” *supra* note 18 at 31.
the definition of African Association for Public Administration and Management (AAPAM). According to it, a broader definition of corruption refers to use of one’s official position for personal and group gain and that includes unethical actions like bribery, nepotism, patronage, conflict of interest, divided loyalty, influence peddling, misuse or stealing of government property, selling of favours, receiving kickbacks, embezzlement, fraud, extortion, misappropriation, under-or-over invoicing, court tempering, and use of regulation as bureaucratic capital.\textsuperscript{23} Corruption is generally understood as anti social, illegal or dishonest behavior by an individual or social group who are in authority. It confers unjust or fraudulent benefits on its perpetrators. It is inconsistent with the established legal norms and prescribed moral values of the land and is likely to subvert or diminish the capacity of the legitimate authorities for providing full material and spiritual well being to all members of society in a just and equitable manner.\textsuperscript{24}

**Corruption in ancient India**

Manu Smriti is regarded as the oldest codification of rules of Dharma. Dharma regulates the rights and duties of every individual in order to ensure peace and happiness for all by harmonizing the interests of the individuals and the society. It is commonly acknowledged that Manu Smriti or Code of Manu is regarded as the oldest and the largest and Manu is regarded as the first law giver. The Manu Smriti is divided into twelve chapters and consists of 2,694 verses. The subject matter of its seventh chapter is about Rajadharma.

In the seventh chapter of Manu Smriti, the importance of king or ruler had explained and it is declared that the king is a God in human form he gives full

\textsuperscript{23} AAPAM, Ethics and Accountability in African Public Services, Report of the 13\textsuperscript{th} Round Table of African Public Services Association for Public Administration and Management held at Mbabane, Swaziland, on 2-6 December, 1991.

protection to the people against external enemies and internal wrongdoers and looks after their welfare. The 123rd verse of seventh chapter reads as under:

राज्यो हि स्वाधिकृता: परमस्यादशिनः शाता।

भूत्या महत्त्व प्रामाण लेम्यों स्वादिधा: प्रजा।।123।।

Protection of people against wicked and corrupt officers

Sometime it happens that the officers appointed by the king to protect the people themselves become knaves and seize the property of the citizens and give them all sorts of trouble. Therefore, it is the duty of the king to protect the subjects against such acts of his officers. Again the verse 124th of the seventh chapter reads as under:

िे कार्यके क्ष्मों अर्ध्येव गृहीयु: पापचत्तस।।

लेष्ण सर्वस्वाधारा राजा कुप्यःप्रवासानम्।।124।।

Property of corrupt officers should be confiscated

The king should expel corrupt officials from the country who receive illegal gratification from the citizens and also confiscate their property. There are numerous references to the prevalence of official corruption in ancient India. But the most elaborate reference sources are found in Kautilya’s Arthashastra. Kautilya believes that despite greatest care taken in recruiting officials, there would be some who would be turn out to be corrupt. Just as it is impossible not to taste honey that finds itself at the tip of tongue, so it is impossible for a government officials not to eat up at least a bit of the king’s revenue. Just as fish under water cannot possibly be found out either as drinking or not drinking water, so government servants employed in the government work cannot be found out taking money. Hence, strict discipline is a pre requisite for curbing corruption and, consequently, severest punishment must be meted out to corrupt officials. Kautilya observes that an effective spying system could help to locate corrupt officials.
Cases of corruption should be examined by the investigation committees appointed by the king. Those proven to be corrupt should be removed from service and their properties confiscated. Asoka, who tried to apply Kautilya's principles of governance in his administration, emphasized speedy dispatch of business. This must have minimized corruption in his regime.

References of corruption, its ramifications and standard of punishments are prescribed in Manusmriti and Arthsasthra of Kautilya. Buddhish Monk, Sage Nagarjuna had addressed an advisory letter to Raja Narendra administering him mode of “clean administration” according to Dharma. The letter was titled “SUNRULEKHA”. Roman law was also vocal about the punishment for corruption. Sree Rama’s Dharma Ghanta could be used even by an aggrieved dog. Asoka had said that where ever and whenever I am, I must for common weal. Harsh used to tour in congnite to assess the pulse of his subjects. Asthadiggaja of the Krishna Devaraya’s court were the mouth piece of the people’s grievances. Diogenes, a Greek philosopher known as cynic was exiled with his father from Cinope. He settled in Athens and founded the Cynic School of Philosophy for promoting self control, acceptance for suffering, the avoidance of physical pleasure and for returning to the nature. He had rejected all luxury and made his home in a large earthenware barrel. His way of life earned the name, Kumos. Kumos is the Greek name of dog. It is said that Diogenes had been moving in the streets of Athens in broad day light with a ‘lantern’. When asked why he was acting so cynically. Diogenes replied. I am not able to find an honest man through sunrays. I am searching for him through the added ‘lantern’ light.

25 Dr. A. Ranga Reddy (ed.), Dimension Of Crime And Corruption In India (Serial Publication, New Delhi, 2005).
26 Ibid.
27 Ibid.
28 Ibid.
The Code of Hammurabi was very severe with ‘tooth for tooth and an eye for an eye’ principle. Hammurabi code is the earliest known codified law. Hammurabi was greatest ruler of the Babylon. He ruled over Mesopotamia in 2100 B.C. A notable achievement of his reign was codification of laws. It is said that he received those laws from the Sun God. The Hammurabi Code was written in the Sumerian language and engraved on stones. The code contains 285 sections pertaining to civil and criminal laws. It deals with various subjects like marriage, property, wages, theft, public morality and murder. The code prescribed harsh punishment and unequal justice e.g., if a house fell down and caused to the death of the house holder’s son, the son of the house builder should be put to death. Hammurabi was a good administrator. He addressed 65 letters to the provincial governors asking them to collect taxes, to look after the people welfare and punish the corrupt officers. In India people were aware of public official’s susceptibility to corruption as early as Mauryan period of history. Kautilya in is his famous classical treatise on state craft the Arthashastra has mentioned that it is as difficult to resist the temptation of utilizing state funds for personal use honey or poison kept on one's tongue. He further elaborates how difficult it is to detect corruption of public officials. He had mentioned administrative and punitive measures to deal with corrupt officials and discussed in detail the procedure of their recruitment and character verification. Not only Kautilya but other Acharyas while elaborating duties of King had clearly mentioned that king had to protect public from enemies, thieves or criminals, wicked officials of the state, kinsmen of the king and also from the greed of the king himself. Some of the enlightened groups even led the movement against the Kings who transgressed their limits.

29 Ibid.
30 Ibid.
Corruption in medieval India

During Middle Ages also, corruption of every type was prevalent and all places intrigues were financed and executed by those public servants who were close to the ruler. Bribe was considered to be very effective tool in the hands of conspirators. During the time of Jahangir a magistrate was punished by the emperor himself and was ordered to be bitten by a cobra. Emperor took pains to see the execution of the punishment and remained seated till the magistrate died. During the British period corruption was rampant in India and proceedings of British Parliament bear the testimony of impeachment of high officials and recall of governors on the charges of corruption.

Corruption in Hindi satirical short stories

In Hindi corruption is known and described as bhrstachar, riswath, ghoose etc. Corruption has so many ways and means. It has extended its roots as Bhrmha Rakshas. Government offices are the main sources of corruption. People are dependent upon offices for getting services, licenses and permissions. This dependency syndrome leads them for bribing. They are compelled to pay bribe for getting small services from government offices. At the same time people are also responsible for corruption. Without having patience to tolerate or wait to get things done in right way, they reward to the clerks and officers to get things done at rapid speed.

Corruption has similarities with contemporary other social evils, namely dowry. The main similarity is that all Indians are against corruption and also against dowry. But all Indians are used to fell in the way of corruption and dowry.

32 Ibid.
33 Dr. A. Ranga Reddy, supra note 25.
Some time all are affected by these two evils. Even, all are criticize these evils. But directly or indirectly all are supporting these evils. Generally bribe takers and bribe givers keep silent about their dealings. Both the dowry takers and givers do the same things. The great similarity in these two evils is that both create big problem for innocent and poor people. In our society dowry has even become social prestige. Bribe has also become symbol of social efficiency.

Satire has great significance in literature. Satire has good skill to make an indirect expression. Satire attacks the weakness, irrelevances, deformities and incongruous of individuals and society. Satire attacks on the negativity of individuals as well as of society in such a way that we feel happiness in our outside but pricking to our inside. Satire has great communicative skill to deliver the good. It has curved nature to enter into the minds of people. It often co-exists with humor. Due to sugar coated layer of humor, bitterness of satire is subsidized. There would not any unhealthy reaction against satire openly, because it covered by humor. The humor protects the satire and its bitterness. Among all Indian languages only Hindi has independent satirical writers who wrote hundreds of satirical short stories. Corruption is one of the most important subjects among all of them.

In Hindi, Hari Shankar Parsai is known as ‘Bhisma Pitamah’ of Hindi satire. Corruption is well depicted in his short stories. Sudama Ka Chaval, Bholaram Ka Jeev, Sadachar Ka Taveej are very popular among them.

**Sudama Ka Chaval**

“Sudama Ka Chaval” is based on the popular mythological story of Sudama. The story of Sudama and his broken rice are very popular among Indians. The story of Sudama depicts the ideology of friendship. Sri Krishna and Sudama were friends from their school days. Parsai has taken the main story as it is. But he

\[34\] *Ibid.*
twisted the story according to his plan. He wrote a note at the beginning of the story stating that some of the pages of Sudama’s dairy have been found. In those pages a great secret was noted down by Sudama. According to that secret story is as follows.

As per traditional and popular story Sudama went to see Sri Krishna for asking help. He took broken rice from his wife to present them to Sri Krishna. He reached the Rajmahal. He had to face so many officers before getting appointment to meet Srikrishna. All officers were demanding for “khurchan” as bribe. Without khurchan he was not permitted to meet Sri Krishna. Losing patience innocent Sudama offers broken rice to them as khurchan. The officers taken away all his broken rice thinking that they have divine power of Mantra in them. Then they permitted to Sudama. They also took promise from Sudama that he will not reveal the same to Sri Krishna. Sudama met Sri Krishna without broken rice. With repeated requests from Sri Krishna Sudama attributed the whole story, what he faced to enter the Rajmahal. Sri Krishna felt shame and feared that if Sudama broke this secret to everyone of his kingdom, he will dethrone or became unpopular among the people. Due to this, he gifted a lot of wealth to Sudama with wealth and not for the reason of friendship or broken rice as depicted in popular mythological story. Like Sudama innocent people are unable to get done their works without offering bribe. Thus Parsai attacked on the corruption which appears everywhere in our government offices.

**Bholaram Ka Jeev**

Parsai has tendency to say that there should be under current of “karuna” in good satire. According to this philosophy he wrote “Bholaram Ka Jeev”. Without shedding the tears this story cannot be read. This is a satirical story of a

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36 Harishankar Parsai, “Meri Shresta Vyanga Rachanaken” Bhoomika at 1, as cited in Dr. A. Ranga Reddy, *supra* note 25.
school teacher, Bholaram. Bholaram died without getting the pension order which was pending in pension office for quite a long time. His “jeeva” has not reached to “Yama Loka”. Yama was feared and sad for it. Narada promised to Yama that he will enquire about Bholaram. Narada reached to the house of Bholaram in ‘Bhoo Loka’. He asked for Bholaram. His wife replied that Bholaram died long ago. She also told to Narada that they are suffering for everything without getting pension for several years. She also requested to Narada to do needful for getting sanction the pension of Bholaram. So kind hearted Narada took responsibility to get sanctioned the pension of Bholaram. He visited the pension office. Innocent Narada was unable to understand the language of the office. He met the officer with great difficulty. He was told by the officer that the pension papers of Bholaram were flying in the air. They required some ‘vajan’ (a weight) to keep them on the table. Innocent Narada advised the officer to keep paper weight on the papers. After getting explanation from officer, Narada offered his divine “Veena” as vajan (corruption). The officer accepted the Veena as vajan and ordered to bring the file of Bholaram.37 Thus the Jeeva of Bholaram was liberated from the clutches of pension file and of corrupted officers. This story reveals that due to corruption innocent teachers, who unable to pay the bribe, are suffering without pension. They even cannot get peace of mind even after dying because of rampant corruption in India.

**Sadachar Ke Taveej**

Through Sadachar Ke Taveej, Parsai has given a solution to get rid of the corruption. This short story starts with a meeting called by the king to discuss about the corruption in his kingdom. The whole kingdom was suffering from corruption. The king wants to eliminate corruption from his kingdom. He discussed the matter with his ministers and other court yards. One clever minister advised the king that a Taveej must be tied in hand of every employee. So that by

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37 Harishankar Parsai, “Tirchi Rekhayen” at 46, supra note 25.
the influence of Taveej no one will take bribe. The king accepted the advice and ordered to tie Taveej in the hand of each public servant. After some time the king wanted to test the influence of the Taveej. So he planned for making surprised visits to the offices. He changed his dress and make up. He found that in the middle of month no one was taking bribe. The king was satisfied with the arrangements. The king visited the employees in the last week of the month. In one office he offered bribe to get some favour from an employee. Suddenly, the employee accepted the bribe. The king was astonished. He checked the hand of the employee. Taveej was there. Some words were coming from the Taveej that this is the last day of the month. You can take bribe. The king understood that without knowing the reasons for corruption and without taking remedial steps we cannot expect to eliminate the corruption. Thus, satirist expressed his view that if you want to get rid of corruption you must know the reasons of it. Then you have to analyze the reasons scientifically and try to hit upon main causes of corruption. Then only one can eradicate the corruption from the society and the nation.

In the short stories written by Latif Ghonghi namely Lajja Tahasildar Ka Aabhoosan, Savdhan Ho BDO Sahab, Sadachari Pidhi ka Sankalp the problem of corruption is depicted very well. In Lajja Tahasildar Ka Aabhoosan, a Tehasildar takes bribe and pays the bribe to political leader for not getting arrested in hands of police. In Savadhan Ho BDO Sahab, Ghonghi sarcastically supported for taking bribe. He expressed that taking bribe is a birth rights of Indians. He also suggested that one must take bribe according to his position and designation.

Another satirist Narendra Kohli in his short story “Bhagvan Ki Aukath” painted a caricature of police department. According to Kohli police has no other way to live without bribe because they get very thin salary. Salary is not enough to get on in inflation. Kohli supported that being corrupt is a most important

38 Harishankar Parsai, “Sadachar Ka Taveej” at 6, supra note 25.
39 Latif Ghonghi, “Meri Shresta Vyangay Rachanahen” at 74, supra note 25.
40 Latif Ghonghi, “Teesre Bandar Ki Katha” at 74, supra note 25.
qualification to become police personnel. If one is unable to take bribe he cannot fit into police department. In this short story Kohli expressed through the minister of home affairs that bribe is a Prasadam of God. One must not hesitate to have it.

Many times people are compelled to take licenses and permissions from Government offices. This is the important area of bribing. Now days, without bribing anyone cannot get any license or permission from any office. In Jab Bholaram Ne Pump Lagvaya, Eshwar Sharma has described that Bholaram wanted electrical connection for his new bore well. He applied and visited several times from revenue office to irrigation office but he was unable to get the connection. After paying a bribe to line man he got the connection very easily. Thus he gained knowledge and preaches the same to others that how to tackle the situation.

It may be concluded that the Hindi satirist attempted boldly to expose the various dimensions of corruption. By their creative talent they ridicule every situation of corruption. At the same time without any hesitation they attacked and wounded them through satirical expressions. They wisely describe the corruption as vajan (weight), khurchan etc. With all these skilled applications they communicated their creative views very easily. It is certainly true that satirical short stories have great potential to deliver the goods and make the people to think about this social evil.

**Corruption in post-independent India**

When on August 15, 1947 we awake to freedom everybody thought that at least corruption will be controlled as the followers of Gandhi will not indulge in corruption. All these hopes were shattered within very short time and scandal after scandal rocked our national life. Even before the dawn of freedom the symptoms

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of this dreadful disease started on the body of politics. Rajaji has mentioned that
elections and their corruption, injustice and power, tyranny of wealth and
inefficiency of administration will make hell of life as soon as freedom is given to
us, men will look regretfully back to the old regime of comparative justice and
efficient, peaceful more or less honest administration. The scandals, like Jeep
scandal 1948, Haridas Mundhra scam 1957, Kairon scam 1964, Kuo Oil Deal
1980, Thal Vaishet Fertiliser case 1980, Antulay case 1981, Bofors scandal 1987,
Securities scam 1992, Polmolein Oil Import scam 1992, Lavalin scandal 1995,
Ketan Parekh scandal 2001, Taj Corridor scandal 2003, Gegong Apong scandal
2009, Madhu Koda scam 2009, A.P. Industrial Infrastructure Corporation scam
2010, U.P. Food Grain scam 2010, Lavasa scam 2010, Belekari Port scam 2010,
Housing Loan scam 2010, Indian Premier League scam 2010, Commonwealth
2011, ISRO-Devas S. Band scam 2011, 2G Spectrum scam 2011, Float Pump and
JMM case through enough light on standards of our national life. The sensation
created by Shivani Bhatnagar’s murder case followed by murder of Madhumita
Shukla in Lucknow and other which is a very long list and gives an idea about our
social and moral values. Arrest of judges, administrative officers, police, officers,
ministers, M.Ps and MLAs have become almost a routine event and do not evoke
any public reaction. Nani J. Palkiwala reacted to the situations in the way that
the equality of our public life has reached the Nadir. Politics is tainted with crime.
The moral standards of our politicians, policemen and criminals are not
distinguishable from one to another. Today, India is a living example of the fact
that cynicism corrupts and absolute cynicism corrupts absolutely. In our country


44 Ibid.
we are facing a situation wherein people have accepted corruption as part of their lives. A man commands respect and status on the basis of his acquisition and not by merit. The respectability acquired by wealthy people through corrupt means vitiates the social environment and corrupts the social institutions. The public perception about corruption in public life is very high. A 2005 study conducted by transparency international in India found that more than 45% of Indians had firsthand experience of paying bribes or influence peddling to get jobs done in public offices successfully. Transparency International estimates that truckers pay US $ 5 billion bribe annually. In 2010 India was ranked 87 out of 178 countries in Transparency International Corruption Perception Index. Former Prime Minister Indira Gandhi has said that corruption is a misuse of power. She publicly stated that corruption is a global phenomenon and her government has no different. Successive Central Governments and members of India’s famous Nehru-Gandhi political dynasty have often been accused for corruption and amassing illegal wealth. The year 2011 has proved to be a watershed in the public tolerance of political corruption in India, with widespread public protests and movements by social activists against corruption and for the return of illegal wealth stashed by politicians and businessmen in foreign banks over the six decades since Independence. Criminalization of politics is also a serious problem in contemporary India. In July, 2008 the Washington Post reported that nearly a fourth of the total Indian Parliamentarian faced criminal charges including human trafficking, embezzlement, immigration rackets, rape and even murder. According to the data provided by the Swiss Banking Association Report, 2006, India has

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45 Ibid.

46 Ibid.

47 Dr. Prabhas Chandra Sinha, Encyclopaedia of Laws Against Corruption (Anmol Publications Pvt. Ltd., New Delhi, 1st edn., 2012) at 1, para 1.

48 Ibid.
more black money than the rest of the world combined. Indian owned Swiss Bank account assets are worth 13 times more to the country’s national debt. Independent reports published through 1991 to 2011 calculated the financial net worth of India’s most powerful and traditionally ruling families, the Nehru Gandhi political dynasty, to be anywhere between $ 9.41 billion to $ 18.66 billion, most of it in the form of illegal money. Harvard scholar Yevgenia Albats cited KGB correspondence about payments to Rajiv Gandhi and his family, which had been arranged by Viktor Chebrikov, which shows that KGB chief Viktor Chebrikov sought in writing an authorization to make payments in US dollars to the family members of Rajiv Gandhi, namely Sonia Gandhi, Rahul Gandhi and Paola Maino, mother of Sonia Gandhi in December, 1985. The recent scams involving very big amounts of money, such the 2G Spectrum scam are well known. It is estimated that more than trillion dollars are stashed away in foreign havens, while 80% of Indians earn less than 2 $ per day and every second child is malnourished. It seems as if only the honest people are poor in India and want to get rid of their poverty by education, emigration to cities, and immigration, whereas all the corrupt ones, like Hassan Ali Khan are getting rich through scams and crime.

The economy of India was under socialist inspired policies for an entire generation from 1950s until the late 1980s. The economy was subject to extensive regulation, protectionism and public ownership, leading to pervasive corruption and slow growth. License Raj was often at the core of corruption. The Vohra Report, submitted by the former Indian Union Home Secretary, N.N. Vohra in October, 1993 observed the problem of the criminalization of politics and of the nexus among the criminals, politicians and bureaucrats in India. The report contained several observations made by official agencies on the criminal network.

49 Ibid.

50 Ibid.

which was virtually running a parallel government. It also discussed criminal gangs who enjoyed the patronage of politicians of all political parties and the protection of government functionaries. It revealed that political leaders had become the leaders of gangs. They were connected to the military. Over the years criminals had been elected to local bodies, State Assemblies and even to the Parliament.

The evaluation of anti-corruption discourse and neo-liberal concepts of corruption in India

The public perception about corruption in independent India starts with the J.P. Narayan’s movement in Bihar. Initially, it was a student agitation or movement against alleged misrule and corruption in the state of Bihar. Soon it was developed into a movement under J.P. Narayan’s leadership against then Indira Gandhi’s government at the centre. In the 1950’s J.P.Narayan was much impressed and attracted with the teachings of Vinoba Bhave’s Sarvodaya Movement. Vinoba Bhave has advocated the Gandhian vision of rural-based small society, self-sufficient, village republics where political power was to be decentralized. J P Narayan termed it a ‘total revolution’ in the economic, social and political spheres of the country and ultimately it will lead for withering away of the state mechanism. Pertinent to corruption, J.P. Narayan viewed it as an abhorrent moral evil which with all its greed and selfishness, only sustains the unjust and unequal social order and necessarily works as denial of humanity. Further, corruption in governance is a major cause for promoting injustice, exploitation and inequality in the society. Therefore, a moral battle is required against corruption for the meaningful revival and regeneration of Indian society.

52 Ibid; see also supra note 47.
53 Ibid; see also supra note 47.
from this abhorrent social evil\textsuperscript{57}. Indeed, he viewed the capitalist system itself as corrupt and argued that wealth cannot be amassed except by exploitation\textsuperscript{58}. By the 1970’s he was convinced that capitalist mechanisms has already infected to those who are at the top lair of bureaucracy and politics of the country and the roots of corruption have gripped to post independent Indian society like hydra\textsuperscript{59}. He viewed that the inevitable consequence of motives of profit and personal success was that relief funds and foods are misused, controls fails, black market flourishes, black money economy prospers without any check, legislators defect and change their parties for a price\textsuperscript{60}. He expressed the view that if village committees would have assumed the power, the evil of corruption amongst the traders, merchants, government officers and the rest could have been tackled effectively. Hoarding, profiteering and smuggling would have become almost impossible for anyone in India\textsuperscript{61}.

Thus, he advanced a view for an incorruptible and pure Gandhian order among the Indian elite. According to him only total revolution can reverse the corrupting influence of a small class that played at politics\textsuperscript{62}. As early as 1956 at a public rally in Puri, Narayan called on every listener to leave every other activity and function and jump into this great task of bringing about a non-violent revolution in the society. We have to cause everyone for realizing that an economic revolution is going to take place\textsuperscript{63}. Despite his great efforts in this regard, his failure to muster the requisite number of Sarvodayans, he had turned his hand to other tasks such as peace missions in Nagaland, drought relief work and touring foreign countries but he never gave up his hope for his total revolution. In 1974, when an opportunity come itself before J P Narayan in the

\textsuperscript{57} Vasant Nargolkar, \textit{supra} note 55 at 118.
\textsuperscript{58} J.P. Narayan, \textit{supra} note 56 at 2.
\textsuperscript{59} Vasant Nargolkar, \textit{supra} note 55 at 183-84.
\textsuperscript{60} \textit{Id.}, at 188-89.
\textsuperscript{61} \textit{Id.}, at 183.
\textsuperscript{62} J.P. Narayan, \textit{supra} note 54 at 4.
\textsuperscript{63} J.P. Narayan, \textit{supra} note 56 at 24.
form of mass anti-corruption movement and agitation from the state of Gujarat and Bihar, he taken the chance without any hesitation and leapt into agitation without any hiccup. He told supporters that the people had waited for radical social transformation for 27 long years. This agitation from Bihar and Gujrat against corruption and misrule was a beginning only. As early as September 1973, Narayan had begun to ignite the restless student for testing their readiness for radical political change and action. In April 1974, it resulted for getting fruits when students asked Narayan to lead their movement. Now, he had gotten a cadre of devoted followers to implement his concept of total revolution. In anticipation of broader political action, students were required to do Sarvodayans work and educate the wider public about Narayan’s aims and objects. His anti-corruption credentials nevertheless remained the most successful means for persuading people to join his movement and recognizing it, he was careful to stress that his movement was a peaceful struggle for ending corruption in high places. In depicting capitalists as hoarder and the state as corrupt, Narayan had found a populist vocabulary which suited well for his purpose. On 21 March, 1974, in a speech, he demanded that the government remove corrupt ministers and officers, improve the administration, deal firmly with the black marketers, hoarders and profiteers and take immediate steps to give relief to the hungry. The support that Narayan was able to mobilize in the 1970’s was probably more to do

67 Ibid.
68 Ibid.
69 “J.P. for Honest Probe” The Times of India, 17 April, 1974 at 01
70 Matthew Jenkins, supra note 66 at 44.
71 Vasant Nargolkar, supra note 55 at 96.
with the political and economic concept than Narayan demagoguery\textsuperscript{72}. By the 1970’s, some of the failings of Nehruvian development model, which still was continued by his daughter in the guise for removing poverty campaign was apparent\textsuperscript{73}. On top of the costly war with Pakistan and succession of droughts and shortage of goods, the government failed to reduce the impact of rising prices and unemployment\textsuperscript{74}. By 1974, the situation in Bihar was explosive. Social and economic underdevelopment, population pressures and underemployment in the state led for growing hostility towards politicians generally for their self-serving and mismanagement\textsuperscript{75}. A typical contemporary view was that the inefficient, inept and corrupt Bihar administration failed to give any relief to the poverty stricken mass or unable to control the rein of unscrupulous industrialists, traders and merchants for profiteering\textsuperscript{76}. At time of scarcity, due to enlarged public perception and suspicion about corruption in high places, Narayan was able to garner the huge mass of supporters for his own agenda\textsuperscript{77}. Shortly before the declaration of the emergency, Narayan announced that people wanted a clean and good administration while since 1971, our country has been witnessing only for galloping corruption\textsuperscript{78}. The primary aim of the movement was to usher a total change in the cultural, political, educational, economic and ethical spheres of life\textsuperscript{79}. Narayan’s allegation of rampant corruption at the top was viewed in the light of his desire to win support for his project of total revolution\textsuperscript{80}.

\textbf{Rajiv Gandhi and beginning the liberalization era}

\textsuperscript{72} Matthew Jenkins, \textit{supra} note 66 at 44.
\textsuperscript{73} \textit{Ibid.}
\textsuperscript{74} John R. Wood, \textit{supra} note 65 at 315.
\textsuperscript{75} \textit{Id.}, at 319.
\textsuperscript{76} Vasant Nargolkar, \textit{supra} note 55 at 4.
\textsuperscript{77} Matthew Jenkins, \textit{supra} note 66 at 44.
\textsuperscript{78} \textit{Ibid.}
\textsuperscript{79} “Chang of Urs Govt Inevitable: J P” The Times of India, 15 May, 1975 at 7.
\textsuperscript{80} Matthew Jenkins, \textit{supra} note 66.
Former Prime Minister Rajiv Gandhi recognized the discursive power of corruption. He himself embodied the liberal school of thought which was to pinch into the problem of corruption and to make India strong against corruption\textsuperscript{81}. He was pro-western in manner and technocratic in style\textsuperscript{82}. In 1985, he openly declared his intention to introduce new liberalized economic policies for getting and strengthening the role of private sector and by liberalization of economy he wanted to reduce the import quotas, tariffs and corporate taxes\textsuperscript{83}. Thus, under his prime minister ship he began to circulate the arguments for launching market friendly policies and scheme in mainstream of the country, but soon it caught up stiff opposition\textsuperscript{84}. Both, J.P. Narayan and Mr. Rajiv Gandhi had used a particular narrative about corruption to advance their political objectives. J.P. Narayan had tried to use allegations of corruption to derecognize both the existence of state and capitalism, while Mr. Gandhi was trying to justify his agenda for liberalizing Indian economy\textsuperscript{85}. In order to gain credibility for himself and his liberalization programme, he had tried to overcome the problem of corruption which was perceived as pervasive at the highest levels of government\textsuperscript{86}. He, therefore, worked hard in the first few months of his prime minister ship to construct an image of himself as a model of probity and tried for sidelining former minister like Antulay who was widely suspected to be involved in corrupt practices\textsuperscript{87}. Thus, he was able to use his initial reputation as Mr. Clean to great effect, depicting himself as a new leader who was uncorrupted by the system and would able to bring a new

\textsuperscript{81} Ibid.


\textsuperscript{83} Chanchal Kumar Sharma, “A Discursive Dominance theory of Economic Reform Sustainability: The case of India” 10(2) India Review, 2011.

\textsuperscript{84} Sudipta Kaviraj, the Trajectories of the Indian State: Politics and Ideas (Permanent Black, New Delhi, 2010).

\textsuperscript{85} Matthew Jenkins, supra note 66.

\textsuperscript{86} Ibid.

\textsuperscript{87} “Rajiv Ridicules Antulay Claim” The Times of India, 26 Dec., 1984 at 1.
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era of prosperity in India. He also made an attempt to shift the blame of corruption away from politician to other groups of system. To win support for deregulation, Mr. Rajeev Gandhi pointed out the finger for the problem of corruption squarely at the bureaucracy of India and argued that the massive corruption at bottom is the real problem of India. It was argued that corruption in permit-license–quota raj was an inevitable consequence of over regulated economy of India. It was not due to individual’s lack of morality and greed. This was also represented by a growing consensus of elites by which it was concluded that the state-centered development paradigm is highly responsible for inefficiency, waste and corruption. The elites of India were increasingly looking toward the fast developing countries and they were comparing to them favorably with the slow growth of India. As a nation India was being critised for its dull and slower Hindu growth rate. Mr. Rajeev Gandhi had begun to make efforts for winning the support of small scale businessmen, who complained most bitterly for leading extortionate practices and corruption within the country. Once in power, he was quick to assure the business community that he would help them grow faster by scrapping what he called for irritating inspector raj and annoying the small-scale sector. After that within two years, Mr. Gandhi’s liberalization programme was hit very badly by political allegation of corruption which damaged his personal credibility and his programme and policies for liberalizing Indian economy also. In 1987 it was came into light that Congress party officials, including Mr. Gandhi himself had received kick backs for awarding arms contracts to the Swedish firm bofors. This was hitting very badly upon positive public image of Mr. Gandhi. By 1998 three out of five Indians were convinced that Gandhi was personally corrupt. The delighted

90 Sudipta Kaviraj, supra note 84.
91 “Government Will Spur Small Units” The Times of India, 18 Sept., 1986 at14.
92 Matthew Jenkins, supra note 66 at 45.
93 S.Nihal Singh, “Rajiv and Government Battered” The Times of India, 10 May 1988 at 8.
Bharatiya Janata Party claimed Gandhi’s assiduous attempt to construct a clean image had been shattered. The scandals have shaken the confidence of the people in Mr. Gandhi’s integrity and his government. As one journalist noted, the liberalization project had gone into a coma ever since Mr. Rajiv Gandhi got into political troubles. It made the situations very worse because these allegations of corruption at the highest level coincided with a period of high inflation which was affecting the poor very badly. Gandhi’s liberalization programme came to be seen as placing profits above social obligations and neglecting traditional emphasis on alleviating poverty. The media noted that disillusionment is growing as it became apparent that the new policy has reinforced dualism in the industry, promoting goods of elite consumption at the expense of mass consumption products. During the 1989 general elections, the new coalition of National Front and main political opposition of the Congress party was able to represent before people of India that the Congress government under the leadership of Mr. Rajeev Gandhi had been acted as self-serving, corrupt and neglectful toward poorest people of the country. Even V. P. Singh was agreeing with deregulation but as the convener of the National Front coalition government, he stepped down from liberalization of economy. The election of 1989 proved that support for socialism and the accompanying distrust of crony capitalism has not yet been discursively defeated.

**Post 1991: full liberalization of economy**

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94 “Rajiv Must Go, Repeats BJP” The Time of India, 9 May, 1987 at 14.
95 “The Decline and fall of Liberalization” The Times of India, 7 March, 1991.
96 Chanchal Kumar Sharma, *supra* note 83.
100 David B.H. Denoon, *supra* note 82 at 52.
101 Chanchal Kumar Sharma, *supra* note 83 at 152.
In spite of temporary hicups, the full blooded liberalization began in India within the space of two years. Though, it was the results of external global events such as the end of cold war and the financial crisis in India\textsuperscript{102}. Some scholar had argued that these events alone were not sufficient to create the political support for continued the liberalization. They contend that the new middle classes were instrumental in creating a vocal lobby in favour of market oriented economic reforms\textsuperscript{103}. A group of leading Indian industrialists was proponents of full liberalization of economy\textsuperscript{104}. The educated middle class also recognized very quickly and played very critical role to influence the opinion of full liberalization in the country\textsuperscript{105}. Under Gandhi’s limited programme of liberalization these groups had started to demand access the luxurious international goods which only deregulation could have provide\textsuperscript{106}. Moreover, in 1989 the Mandal Commission Report was implemented which provided reservation in public office for the lower castes and thereby increased competition for the higher caste and urban middle classes who were traditionally dominating the bureaucracy\textsuperscript{107}. Consequently, middle classes became more amenable to liberalization as they expected new opportunities for wealth creation in an enlarged private sector\textsuperscript{108}. Exposure amongst the educated Indians helped to propagate that corruption can be overcome by privatization in economy\textsuperscript{109}. Thus, the middle classes had higher expectations from liberalization. It was seen as a panacea for increasing their income and reducing corruption. These expectations were reinforced by assurance given from

\textsuperscript{102} Matthew Jenkins, \textit{supra} note 66 at 45.  
\textsuperscript{103} Chanchal Kumar Sharma, \textit{supra} note 83 at 155.  
\textsuperscript{105} Hannan Ezekiel, “Merits of Liberalization: How to Convince the People” The Times of India, 23 Dec., 1994 at 14.  
\textsuperscript{107} Matthew Jenkins, \textit{supra} note 66.  
\textsuperscript{108} \textit{Ibid.}  
\textsuperscript{109} \textit{Ibid.}
top. Then Finance Minister Manmohan Singh argued that liberalization by its nature works against corruption. He assured that liberalization will boost the moral revival of Indian society. Deregulation and liberalization, if pursued diligently and honestly, will remove all distortions and corrupt activities from society. The World Bank’s World Development Report, 1997 asserted, that the policies that lower controls on foreign trade, remove entry barriers to private industry, and privatize state firms in a way that ensures competition will all support the fight against corruption. If the state has no authority to restrict exports or to license businesses, there will be no opportunities to pay bribes in those areas. If price controls are lifted, market prices will reflect scarcity values, not the payment of bribes. If subsidy program is eliminated any bribes that accompanied it will disappear.

Since 1991, corruption and development policy in India

It was argued that liberalization would finally fulfill the Nehruvian vision of eradicating poverty. Industrialists were of the view that the removal of the restrictions and controls, reduction of the role of the public sector and the opening of the economy will eliminate poverty. All of these will produce a rapid growth of employment and income. Subsidies and subsidized employment will not be necessary to eliminate poverty. Academicians began to write about citizens as customers and the state as merely one of the service provider. They were arguing that laissez-faire, liberalism and privatization meant that the government is not needed for focusing for the welfare of poor. Thus, the traditional

113 Hannan Ezekiel, supra note 105.
developmental duties of the government were hit by those arguing for the sanctity of the markets. It created an environment which sidelined the concerns of poor. In 1995, a scholar had commented that despite of skyrocketing prices of essential commodities the successive government has turned a blinded eye to public welfare. It is undisputed that in the democratic systems of India, the poor have a very significant proportion of voters and their concerns cannot be completely ignored. Growing out of a concern about why western development efforts had failed? Corruption provides a clear answer to understand the complex problem of the developments failings. It was started to explain by someone that why the development policies in the free market era were going to be failed. N. Vittal, head of the Central Vigilance Commission in the late 1990 had argued that corruption among lower public officials was the road block to national prosperity. He claimed that corruption restricts access to government services and thus literally snatches food away from the mouths of the poor. In 1997, then Prime Minister I. K. Gujral himself claimed that corruption was the primary obstacle to development. These arguments were largely accepted by the educated elite. An intellectual Mohit Sen agreed with the reasoning that if funds allocated for poverty alleviation do not reach the poor as intended, the fault lies not in the strategy of poverty alleviation but the shortcomings have to be traced back to corruption. The main essence of that reasoning was that the basic policies of the state were correct, but literally corrupted at the stage of implementation. The endorsement of

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117 N.Vittal, Corruption in India: The Road Block to National Prosperity (Academic Foundation, New Delhi, 2003).
118 “Corruption Is the Main Setback to Infrastructure Development: P M” The Times of India, 13 July, 1997 at 21.
this thinking negated the need for a fundamental interrogation of the appropriateness of neo-liberal policies.\footnote{Matthew Jenkins, supra note 66 at 46.}

**Corrupt and faithless elite of India**

The neo-liberal narrative of corruption provided a strategic discourse in India. The failure of neo-liberal developmental policies as result of corruption has been used to delegitimize the whole developmental enterprise. N. Vittal wrote that corruption makes implementation of the so called pro-poor or pro-tribal programmes totally meaning-less if not counter-productive. The urban middle classes, as the primary speakers against corruption were increasingly irritated against what they were witnessing as the greedy politicians were trying to win support from poor and lower caste voters through wasteful and corrupt populist expenditure on development. The educated Indian elite have also started to criticize the appeasement regime and alleged that it produces inefficiencies in the long run and eventually depletes whatever financial resources are at the disposal of the Central Government. Politicians were held responsible for betrayal to the middle classes as they had been promised that liberalization would end the corruption and license raj. The market economy had failed to get rid of government corruption. This failure was perceived as having little to do with the market and a lot to do with the government. A Times of India survey found that a staggering 98% of people were convinced that all politicians were corrupt, but two-third believed that further economic liberalization will ultimately reduce corruption. The Indian politicians have distorted liberalization to form a plunder

\footnote{Matthew Jenkins, supra note 66 at 46.}
\footnote{N. Vittal, supra note 117 at 99.}
\footnote{Chanchal Kumar Sharma: supra note 83 at 156.}
\footnote{Krisha Kumar, “Clearing the State” 46 (48) Economic & Political Weekly, 2011 at 14-17.}
\footnote{K. Balakrishnan and Gouri Chatterjee, “Corruption All-Pervasive: Survey” The Times of India, 14 January, 1995 at 1, 15}
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It became a means to express an inchoate rage by the public at the political class, who are believed to have cheated the common man out of full benefits of liberalization.

**Anna Hazare phenomenon, 2011**

In April, 2011 Anna Hazare launched a fast into death movement against political corruption. It gained more popularity at national and international level too. It was very surprising. Hazare himself had not expected such well ground level support which was emerged in New Delhi. Form a handful of people, the crowd of campaigners became a few thousand within two days of the fast and just a couple of days it became a movement which had been developed in urban centers across the country. Suddenly this obscure civil society leader previously considered as inconsequential by the media and political elite was being widely proclaimed as messiah in the making. A highly successful media campaign carefully constructed the image of Anna Hazare as the 21st century Mahatma Gandhi of India. Hazare claimed that development today is an illusion created by the government and the people are being cheated for believing that development in a real sense is being carried out. More ever, by his anger at the political class, Hazare was also taping the middle class perception that the corrupt political elite had cheated them and plundered the nation by liberalization of Indian economy. Since era of liberalization, the narrative of corruption in India has fundamentally changed. J.P Narayan used the anti-corruption discourse to

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justify Gandhian socialist vision and called for total revolution. This movement was based around the belief that corruption stemmed from personal greed and it is the root cause of all conflict in the world\textsuperscript{132}. Western academicicians and policy makers had been arguing for years that corruption in India is an agenda for searching of a movement\textsuperscript{133}. In January, 2013 Ashish Nandy made allegations that the most corrupt people come from other backward classes, scheduled caste and scheduled tribes\textsuperscript{134}. Another narrative of corruption is that subsidies and reservation are main causes to roadblock the national prosperity of India. Thus, the anti-corruption discourse in India inextricably has been mired in the murky world of political struggle.

\textbf{Modi magic, 2014}

Three are, broadly speaking two views on overwhelming victory of Narendra Modi led BJP in general elections of India held in My, 2014. \textit{Firstly}, It was the view of some BJP and Sangh Parivar members\textsuperscript{135}. According to this view, Mr. Modi led BJP won in general because Hindu majority of India decided and wanted a leader who is proudly and aggressively a Hindu. His victory was the victory of the Hindutva agenda and a manifestation of the desire of India’s Hindus to reclaim their country. The second view was that his victory had relatively little to do with aggressive Hindutva\textsuperscript{136}. He won a platform of clean and good governance and because he was able to point out and circulate his vision of development and his development record of Gujarat also. India had tired from the corruption scandals and indecisions marked in the government of UPA II\textsuperscript{137}. After having watched to weak-kneed Manmohan Singh throughout in the last three years.

\textsuperscript{132} J.P. Narayan, \textit{supra} note 56.


\textsuperscript{135} Vir Singhvi, “Not the Best Place to be In” The Hindustan Times, 06 January, 2015 at 06.

\textsuperscript{136} \textit{Ibid}.

\textsuperscript{137} \textit{Ibid}.
of his prime minister ship, the electorates of India were shocked and wanted a strong leader, a man who did not fear any one, who did not take orders from party high command and whose words are final\textsuperscript{138}.

Since independence from Britain in 1947, India has a comparatively greater degree of state regulation of industrial activities than the western norm. This has involved a combination of direct state ownership of key or strategic industries and legal powers to control and regulates those areas coded to private entrepreneurship. This tightly regulated system inevitably gave rise to a phenomenon known as the \textit{licence permit raj}. This resulted in a triadic relationship of politicians, bureaucrats and big business houses. For decades, the prospects of Indian big business have depended on their degree of cosines with the politicians and bureaucrats. This nexus between public governance and corporate governance started in major scandals in India.

\textbf{Jeep scandal, 1948}

The history of corruption in post independence India starts with the Jeep scandal in 1948, when a transaction concerning purchase of jeeps for army needed for Kashmir operation was done by V.K. Krishna Menon with a foreign firm without observing normal procedure. Contrary to the demand of the opposition for judicial inquiry as suggested by an inquiry committee chaired by Avanthasayanam Ayyangar, the then government announced on September 30, 1955 that the Jeep scandal case has closed\textsuperscript{139}. In 1950, A.D. Gorwala, an eminent civil servant was asked by government of India to recommend improvements in the system of governance. In 1951, in his report submitted to the government of India, he made two observations. \textit{Firstly}, quite a few of Nehru's ministers were corrupt and this was common knowledge. \textit{Secondly}, as early as 1951, a highly responsible civil

\textsuperscript{138} \textit{Ibid.}

\textsuperscript{139} R.K. Gupta & H.D. Bist, \textit{supra} note 3 at 357.
servant in an official report maintained that the government went out to its way to shield its ministers.\textsuperscript{140}

**Haridas Mundhra scam, 1957**

Haridas Mundhra was a Calcutta-based industrialist and stock speculator who were found guilty and imprisoned in the first big financial scandal of independent India.\textsuperscript{141} Born in a trading family, Mundhra started life as a light bulb salesman and pyramided his holdings by fast deals and stock juggling into a Rs. 4 crore (USD 10 million) empire. In 1956, he was indicted by Bombay Stock Exchange for selling forged shares. In 1957, Mundhra had got the government owned Life Insurance Corporation to invest Rs. 1.24 crores in the shares of six troubled companies belonging to Mundhra. The investment was done under governmental pressure and bypassed the LIC’s investment committee which was informed of this decision only after the deal had taken place. LIC lost most of the money.\textsuperscript{142} The irregularity was highlighted by Feroze Gandhi, then Member of Parliament from Rae Bareli. That time Feroze Gandhi was the primary force behind anti-corruption movement in India. Hence, he looked upon the LIC as a child of Parliament. He would have not soft pedaling on the matter and took the case directly to the Parliament. Parliament must exercise vigilance and control over the biggest financial institution of India. The Parliament has created the Life Insurance Corruption of India, whose misapplication of public funds we shall scrutinize today.\textsuperscript{143} Standing from the treasury benches, he asked the government whether the newly formed Life Insurance Corporation had used premiums from 5.5 million life insurance policy holders to buy up shares at above market prices in

\textsuperscript{140} Ibid.

\textsuperscript{141} M.A. Shewan & Udai Veer (eds.) *Corruption, Money Laundering and Law* (Mittal Publication, New Delhi, 2011) at 299.

\textsuperscript{142} Ibid.

companies controlled by the notorious stock speculator named Haridas Mundhra.\textsuperscript{144}

**Commission of enquiry**

Given the public spotlight, the government was forced to appoint a committee to examine the matter. The retired Bombay High Court Justice M.C. Chagla was appointed as one man committee\textsuperscript{145}. Justice Chagla held that a transparent and public enquiry was a very important safeguard for ensuring that the decision will be fair and impartial. The public is entitled to know on what evidence the decision is based. Consequently, large crowd had attended the hearing which was concluded in just 24 days. HT Parekh, then deputy General Manager of Industrial Credit & Investment Corporation of India and he was a member of LIC’s Investment Committee also had given evidence before Justice Chagla Committee. Justice Chagla determined that the Finance Secretary, Haribhai M. Patel along with two LIC officials may have been colluded on the payment and should be tried. The Finance Minister T.T. Krishnamachari, in his testimony tried to distance himself from the LIC decision, implying that it may have been taken by the Finance Secretary but Justice Chagla held the minister is constitutionally responsible for the action taken by his secretary. Eventually, Krishnamachari had to resign. The Nehru government suffered considerable loss of prestige in the incident. Haridas Mundhra was arrested from the Claridge’s Hotel in Delhi and sent to jail. Further, it was noticed that manipulations made by Mundhra were not restricted to LIC. It was a very big scandal. The income tax department had curiously withdrawn certain notices pending against him having entered into some understanding about the payments of arrears.\textsuperscript{146}

\textsuperscript{144}M.A. Shewan & Udai Veer, *supra* note 141 at 300.

\textsuperscript{145}Ibid.

\textsuperscript{146}Id., at 301.
Kairon scam, 1964

Pratap Singh Kairon was the Chief Minister of the Punjab Province then comprising Punjab, Haryana and Himachal Pradesh. He is widely acknowledged to be the architect of post independence Punjab Province. He was a leader of independence movement of India. His political influence and views are still considered to dominate Punjab politics and he was popularly known as the father of modern Punjabi politics. He was born on October 01, 1901 into a Sikh family in the village of Kairon, Amritsar district, Province of Punjab during British Raj. His father, Nihal Singh Kairon was a pioneer in initiating women’s education in the Punjab Province. He studied at the Khalsa College, Amritsar and then went to the USA, where the supported himself with work on farms and factories. He completed his Masters Degree in Political Science from the University of Michigan. Before going to Michigan, he had completed his Masters Degree in Economics from the University of California at Berkeley. He was influenced by farming methods practiced in the USA and hoped to replicate some in India later.

In 1929, he returned to India. On April 13, 1932 he started an English weekly paper The New Era from Amritsar. Later, he joined politics and newspaper eventually shut down. He was jailed in 1932 for five years for participating in the civil disobedience against British rule. In 1937, he was nominated for Punjab Legislative Assembly as an Akali. From 1941 to 1946, he was general secretary of the Punjab Provincial Congress Committee. In 1946, he was elected for the Constituent Assembly. In 1947, after getting independence, Kairon held various offices under the elected government of Punjab Province and in 1952 he became Chief Minister of Punjab. Pratap Singh Kairon was a man of vision. He laid the base on which Punjab prospered. He implemented many land reforms in Punjab and established the Punjab Agricultural University, which played a key role for green revolution in India. He also placed Punjab on industrial map of the country. He was behind the creation of the city of Chandigarh and the industrial township
of Faridabad. Kairon made primary and middle school education free of cost and compulsory.

Charges of corruption

He and his family members were indicted for charges of corruption. A case was filed by a Punjab Civil Surgeon against Kairon and indicted him for charges of corruption. A judicial inquiry was set up. It was the first judicial inquiry into the charges of corruption setup against a Chief Minister in office by the government of India. In judicial inquiry it was concluded that there is no getting away from the fact that Pratap Singh Kairon knew or had ample reason to suspect that his sons and relatives were allegedly exploiting his influence and powers. In the face of circumstances and his inaction, he must have connived at the doings of his sons and relatives, his colleagues and officers. Despite of the adverse verdict against Kairon his initial reaction was remained stuck with his office. But when Lal Bahadur Shastri got the report published, Kairon had no option but to quit his office. So, Pratap Singh Kairon resigned from his office as Chief Minister of the Punjab. On February 6, 1965, he was assassinated by Sucha Singh, in his car on the main highway from Delhi to Amritsar. Sucha Singh was later hanged.

Antulay case, 1981

Abdul Rehman Antulay was born on February 9, 1929 to father Hafic Abdul Ghafoor and mother Zohrabi in the village Ambet, District Raigad, Maharashtra. He was married to Nargis Antulay and the couple had one son and three daughters. After appearing for B.A. examination at Bombay University, he studied Barrister At-Law in London. He started his career as active social worker in 1945. He had a keen interest in social causes like service of the weaker section

147 Ibid.
148 Ibid.
of the society and upliftment of the unfortunates. Antulay was a member of the Maharashtra Legislative Assembly from 1962 to 1976 during that time he served as minister of state in different portfolio of the Maharashtra government. He was a member of Rajya Sabha from 1976 to 1980. He was again elected to the Maharashtra Legislative Assembly and served as Chief Minister of Maharashtra from June 1980 to January 1982. He was forced to resign as Chief Minister of Maharashtra after the Bombay High Court convicted him for extortion on January 13, 1982. The court ruled that Antulay had illegally required Bombay area builders to make donations to Indira Gandhi Pratisthan Trust, one of several trusts he had established and controlled, in exchange for receiving more cement than the quota allotted to them by the Government.\footnote{Id., at 295.} In 1985, he again got elected to the Maharashtra Legislative Assembly and remained until 1989, when he was elected to the 9th Lok Sabha. He was re-elected to the 10th Lok Sabha in 1991. From June 1995 to May 1996, he was Union Minister of Health and Family Welfare. In 1996 and 2004, he was re-elected to the 11th and 14th Lok Sabha respectively.

**Bofors scandal, 1987**

In 1984 a tender was floated for Howitzer guns for the Indian Army. On evaluation, French Sofma gun was found to be the best in terms of price and features. Army Chief Krishnaswamy Sundarji favored the Sofma because in field trials its range was found 29.2 km. against 21.5 km. for Bofors. Bofors was illegally permitted to alter its bid without any retendering. Despite the objections of the army and others the order went to Bofors. The Bofors scandal erupted after a 1987 report on Swedish radio claiming that Bofors had paid bribes to secure contract. A firm called A E Services was also named in Bofors scandal. The Hindu reporter Chitra Subramaniam obtained the private diary of Bofors M D Martin Ardbo, which revealed some objectionable comments such as "Q"s involvement may be a problem because of closeness to "R". The identity of "Q" become clear
when Chitra Subramaniam indentified the Swiss bank accounts where the A E Services money was went to and it was operated by Ottavio Quattrocchi\textsuperscript{150}. Subsequently, this was reinforced by the documents obtained by CBI from Switzerland but these documents were eventually ruled out in court because they were photocopies and not original. Once the scandal broke out, the ruling Congress Party came under severe fire by opposition, and subsequently defeated in general election held in 1989. CBI attempted to question Quattrocchi and permission was sought to impound his passport. However, just before Quattrocchi could be detained on the night of July 29-30, 1993 he left Delhi for Kuala Lumpur.

It was alleged that he had been let off as part of a deal between Sonia Gandhi and then Prime Minister PV Narasimha Rao. In March, 1999 Quattrocchi gave an interview claiming that he never received any payment from Bofors and he did not have any connection with A.E. Services. On October 22, 1999, when BJP led NDA government came into power, the CBI filed a charge sheet against Quattrocchi, naming AE Services as a front company run by Quattrocchi and his wife Maria. Based on 500 documents released by Swiss banks after protracted legal delays, the CBI court framed charges against Quattrocchi, naming AE Services as a front company run by Quattrocchi and his wife Maria, Win Chadha and his wife Kanta. Among the conspirators named in the case were Rajiv Gandhi and some other party functionaries. It was showed that Quattrocchi had been paid 3 per cent commission of the sale about US $7 million through A E Services. On February 5, 2004 the Delhi High Court quashed the charges of bribery against Rajiv Gandhi and others, citing inadequate evidence as any of the commission were actually paid to them\textsuperscript{151}. On May 31, 2005 the Delhi High Court dismissed the Bofors case allegations against the British business brothers Shrichand, Gopichand and Prakash Hinduja, on a technical ground that the CBI had failed to provide certified copies of the vital documents from the Swedish authorities to the court.

\textsuperscript{150} Id., at 284.

\textsuperscript{151} Id., at 285.
The Bofors scandal was a major corruption scandal of 1980 of India. Prime Minister Rajiv Gandhi and others were accused of receiving kickbacks from Bofors for winning a bid. The large scale of corruption was worse than India had seen before and it led directly to the defeat of the ruling Congress Party in November 1989 general elections. It has been speculated that the scale of the scandal was to the tune of Rs. 400 million. The case came to light during V P Singh’s tenure as defence ministers, and was revealed through investigative journalism by Chitra Subramaniam and N. Ram.

De-freezing of accounts

In June 2003, it was detected by Interpol that Quattrocchi and his wife Maria have two accounts containing Euros 3 million and $ 1 million in a London branch of the Swiss Bank BSI AG. Later, upon the request of the CBI these accounts were frozen. On the basis of evidences produced by CBI, several appeals by the Quattrocchi to de-freeze these accounts were turned down by British Court. However, on December 22, 2005 the Indian government changed his position, suddenly and then Law Minister Hansraj Bhardwaj deputed the Additional Solicitor General of India, Mr. B. Dutta to London, specifically for making request to release of these accounts. However, it appeared that the Law Ministry had never consulted to the investigative agency, CBI in this matter. According to an e-mail form the British authorities cited in India Today that Mr. Dutta converged his instructions on behalf of the Government of India, the Ministry of Law and Justice and the Central Bureau of Investigation and argued that no any useful purpose will be served by maintaining the order of freezing accounts dated July 25, 2003 as there is no longer any reasonable prospect of the case against Mr. Quattrocchi in

152 Ibid.
153 Id., at 290.
154 Ibid.
the trial proceedings\textsuperscript{155}. On January 16, 2006 a Public Interest Litigation was filed in the Supreme Court of India and the CBI was ordered to ensure that the money was not withdrawn until the reasons for the government decision were clarified\textsuperscript{156}. The CBI on January 23, 2006 admitted that roughly Rs. 21 crore about US 4.6 million in the two accounts has already been withdrawn. The British government released the fund on a request has been made by the Indian government. The deals cost government of India on extra 160 crore rupees\textsuperscript{157}.

**Quattrochi influence with Rajiv Gandhi and his family**

Quattrochi, born in Mascali, Province of Catania, Sicily arrived in India in the mid 1960, as the representative of Italian oil and gas firm Emi and its engineering arm Snamprogetti. His family became closed to the Gandhi family based on their connection with Rajiv Gandhi's Italian wife Sonia Gandhi. The special judge Prem Kumar in his order dated November 14, 2002 has observed that around 1974, Quattrocchi was introduced to Rajiv Gandhi and Sonia Gandhi by an Italian named Mr. Molinari. Then Mrs. and Mr. Quattrocchi started visiting Rajiv Gandhi and Sonia Gandhi. Children of both sides were frequent visitors to each other. At that time Rajiv Gandhi was a pilot in Indian Airlines. Italian food and other gifts were also being exchanged between them. Quattrocchi thus became very close to Rajiv Gandhi and his wife. Their children grew up together and based on this friendship Quattrocchi had become so influential at the office of the Prime Minister that bureaucrats used to stand up when Quattrocchi visited them. Ashok Malik has noted in the Pioneer that from 1980 to 1987, Indira Gandhi’s final years and Rajiv Gandhi’s honeymoon years, Quattrocchi had the Midas touch. No deal was refused to him. It was understood that that every fertilizer contract was meant for Snamprogetti, an engineering arm of Italian oil and gas

\textsuperscript{155} Ibid.

\textsuperscript{156} Ibid.

\textsuperscript{157} Ibid.
firm Emi\textsuperscript{158}. His influence extended to ministers was noted by VP Singh, who initially pursued the Bofors scandal and his testimony is summarized in a court judgment that V.P. Singh, Finance Minister in Rajiv Gandhi Cabinet has stated that Quattrocchi had sought appointment with him on a number of occasions but he did not give him any appointment. Rajiv Gandhi then asked him to meet Mr. Quattrocchi. The link between the public servants politicians and Quattrocchi looms large in these deals. It also became clear that for contracts with India, Quattrocchi was the man of approach.

**Interpol, removal of the red corner notice**

In April, 2009 the Interpol removed the red corner notice issued against Ottavio Quattrocchi after a request from Central Bureau of Investigation. In sharp contrast to a nearly two decade long investigation by the CBI, an income tax tribunal bench has ruled that Rs. 41 crore was paid in bribes to Quattrocchi, once considered a friend of the Gandhi family and Win Chadha, the Bofors agent in India\textsuperscript{159}. A major chapter in 25 year old Bofors saga was closed while discharging Quattrocchi from the case and allowing the CBI to withdraw prosecution against him. Chief Metropolitan Magistrate Vinod Yadav, in his 73 page order, noted\textsuperscript{160} that the CBI despite of spending through the nose for about 21 years has not been able to put forward legally sustainable evidence with regard to conspiracy in the matter. Further, in the case of Mr. Quattrocchi, as against the alleged kickback of Rs. 64 crore he received, the CBI had by 2005 already spent around Rs. 250 crore on the investigation, which is sheer wastage of public money\textsuperscript{161}.

**Security scam, 1992**

\textsuperscript{158} Id., at 289.
\textsuperscript{159} Id., at 294.
\textsuperscript{160} Ibid.
\textsuperscript{161} Ibid.
Harshad Mehta was an employee of the New India Assurance Company employee and soon he turned as stock broker of share market. He was living in a 15,000 sq. ft. plush apartment with a swimming pool in up market Worli. Dalal Street worshipped him as the Big Bull. He had paid an advanced tax of Rs. 28 crore for the financial year 1991-92. This extravagant lifestyle of Harshad Mehta caught the attention of tax authorities. When the security scam broke out, it emerged that Mehta was using bank receipts of public sector banks to buy stocks. Mehta deployed well over Rs. 1,000 crore and triggered the biggest Bull Run in the Indian stock market. The BSE SENSEX rose from 2,000 points in January 1992 to 4,467 points in April that year. The SENSEX tanked to 2,529 points in August, wiping out over Rs. 100,000 crore in market capitalization\(^{162}\). The scam rocked Parliament and Mehta was jailed. A decade later, Mehta died in a hospital with 27 cases still were pending against him. The SEBI Act was enacted but it could not prevented the occurrence of market manipulations like the MS shoes scam 1994, CRB scam 1997, Vanishing Companies scam 1998, Plantation Companies scam 1999, and Ketan Parekh scam 2001 etc. In April 1992, press reports indicated that there was a shortfall in the government securities held by the State Bank of India. Investigations uncovered the tip of an iceberg. Later it was called the Security scam, involving misappropriation of funds to the tune of over Rs. 3500 crores. The scam engulfed top executives of large nationalized banks, foreign banks and financial institutions, brokers, bureaucrats and politicians. The functioning of the stock market was thrown in disarray. The tainted shares were worthless as they could not be sold. This created a panic among investors and brokers and led to a prolonged closure of the stock exchanges along with a precipitous drop in the price of shares. Soon after the discovery of the scam, the stock prices dropped by over 40 percent, wiping out market value to the tune of Rs. 100,000 crores\(^{163}\). The normal settlement process in government securities was

\(^{162}\) Id., at 280.

\(^{163}\) Id., at 281.
that the transacting banks made payments and delivered the securities directly to each other. The broker’s function was only to bring the buyer and seller together. During the scam, however, the banks adopted an alternative settlement process similar to settlement of stock market transactions.

**Palmolein oil import scam, 1992**

The Palmolein Oil Import scam occurred during the year 1991-92 in the state of Kerala and K. Karunakaran was the Chief Minister of state. This was his fourth term as Chief Minister of state. Kerala government decided to import palm oil from a Malaysian company in Singapore named "Power and Energy Ltd" above the international price which was approved by the Cabinet. The price of import was fixed to $405.0 per ton which was higher than the international price of $392.25 per ton. The import order was signed by Secretary of Food & Civil Supplies, Shri P.J. Thomas of state of Kerala. It was decided to import 15,000 tons of palm oil. During investigation it was revealed that this order was caused loss of more than 2.32 crore to the exchequer. The opposition raised voices against this import order. A vigilance case was filed against K. Karunakaran and seven others including P.J. Thomas. The court closed the proceedings against K. Karunakaran after his death in December 2010. On 4th September, 2010 the name of Shri P.J. Thomas was approved by the President of India for the appointment to the post of Central Vigilance Commissioner. Consequently, Thomas was appointed as Central Vigilance Commissioner and took oath of his office. Thomas was shunted down from the CVC post by the Supreme Court of India because the court found that Mr. Thomas was accused in the Kerala Palmolein case pending in the court of Special Judge, Thiruvananthapuram for offences under section 12 (2) read with 13 (1) (d) of the Prevention of Corruption Act, 1988 and under section 120 (b) of

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164 *Centre for PIL & Anr v. Union of India & Anr.* AIR 2011 SC 1267.
Indian Penal Code\textsuperscript{165}. On February 3, 2011 he was finally asked to quit by the Supreme Court from his office.

**Lavalin scandal, 1995**

The SNC Lavalin scandal is of financial scam of Kerala. It was related to the contracting of the government with a Canadian Company, SNC Lavalin which resulted in an alleged net loss to the exchequer of 374.50 crore.\textsuperscript{166} Several politicians were involved and eventually charged, including former minister Pinarayi Vijayan. The Kerala State Electricity Board (KSEB) signed a memorandum of understanding with SNC-Lavalin in August 1995. This time G. Karthikeyan of the Congress Party was the Minister of Electricity. According to the provisions of the MoU, the funds for the renovation were to be arranged by SNC Lavalin from the Export Development of Canada (EDC), and the Canadian International Development Agency (CIDA). The KSEB done it, ignoring recommendations of the Central Electricity Authority (CEA) that immediate replacement of the generating units at the Pollivasal Power Station was not required because the plant was in good condition. The KSEB undertook a feasibility study on the proposal made by a retired Chief Engineer of the KSEB later who became a consultant to Lavalin. The KSEB signed contracts with SNC-Lavalin to provide technical services for engineering, management, and procurement and construction supervision. The project had to be completed within three years. The CAG found that Lavalin was only a consultant intermediary and not the original equipment manufacturer and that the supply of goods and services was made by other firms at much higher cost leading to excess expenditure\textsuperscript{167}. The absence of due professional care in negotiating the foreign loan proved to be detrimental to the financial interest of the KSEB.

\textsuperscript{165} Ibid.

\textsuperscript{166} M.A. Shewan & Udai Veer, supra note 141 at 275.

\textsuperscript{167} Id., at 276.
Sukh Ram telecom equipment scandal, 1996

Sukh Ram was Union Communications Minister of the government of India. He was a member of Lok Sabha from Mandi constituency of Himachal Pradesh. In 1996, the Central Bureau of Investigation seized Rs. 3.6 crore in cash concealed in bags and suitcases from his official residence. The cash was allegedly collected by him committing irregularities in awarding telecom contract. Later, he was convicted and sentenced to three years rigorous imprisonment by the court.

Fodder scam, 1996

The Fodder scam was corruption scandal that involved the alleged embezzlement of about Rs. 950 crore from the government treasury of the Eastern Indian State of Bihar. It was the fabrication of vast herds of fictitious livestock for which fodder, medicines and animal husbandry equipment was supposedly procured. Although the scandal broke out only in 1996 while the theft was increasing in size for two decades. The fodder scam is a finest example of the nexus between politicians and bureaucrats for embezzling the public fund. In no other frauds officials were so dismissive of rules as in this scam. Confident that they would never be caught, the bureaucracy submitted accounts that are breath taking. For instance the account books submitted to the CBI has shown that a sum of Rs. 253 crores were spent on the purchase of fodder for 959 sheep, 5,664 pigs, 40,504 hens and 1,577 goats in one year against the allocated sum of Rs. 105 crores. Yet, another monumental falsehood in the case was that the administration has shown that two buffaloes were transported from Haryana to

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168 Id., at 275.
169 Ibid.
Bihar, a distance of about 1000 km. by a two-wheeler scooter\textsuperscript{171}. The reason for the falsehood, given at a later stage, was that the officials got panicky while filing the accounts in the animal husbandry department because they had to explain the vast amounts pilfered from the public exchequer. Apparently, while making fictitious entries they spotted a scooter through the window and entered its registration number in the file, as they had to furnish the registration number of a vehicle by which the buffaloes was transported\textsuperscript{172}. While committing such a mistake the concerned officials could not anticipate that the CBI would cross check it. The fodder scam is only one among many such thousands scam of India. It could have seen the light of the day because of peculiar circumstances and judicial intervention at the highest level and its constant monitoring. Thus, the BBC correspondent in India, Mark Tully in his seminal work “India in slow Motion” has observed that the political system, which is rotten, is being used by not only politicians but also by bureaucrats in order to behave in a rotten way themselves. He further commented on the necessity of radical reforms in administrative structures, a radical limitation on the powers of bureaucracy and a radical reform in the police service for good governance in India\textsuperscript{173}.

It was said that the fodder scam had its origins in small-scale embezzlement by same government employees submitting false expenditure reports. Slowly it grew in magnitude and additional elements such as politicians, businessmen and criminals had involved in full fledged. Jagannath Mishra as the first Chief Minister of Bihar was allegedly involved for knowing about the scam. In February 1985, then Comptroller and Auditor General of India, T.N. Chaturvedi, took notice of delay in monthly account submissions by the Bihar state treasury and departments and wrote for warning to the then Bihar Chief Minister, Chandra Shekhar Singh,

\textsuperscript{171} Ibid.
\textsuperscript{172} Ibid.
\textsuperscript{173} The Hindu, December 15, 2002.
that this would be indicative of embezzlement. This initiated a continuous chain of closer scrutiny and warnings by Principal Accountant Generals and CAGs to the Bihar government across the tenures of multiple Chief Ministers, but the warnings were ignored in a manner that it was treated as suggestive by extremely senior political leader and officers of the Bihar government. In 1992, Bidhu Bhushan Dvivedi, a police inspector of the state anti-corruption vigilance unit submitted a report outlining the fodder scam and likely involvement to the Director General of the same vigilance unit, G. Narayan. Suddenly, Bidhu Bhushan Dvivedi was transferred from vigilance unit to another branch of the administration and then he suspended from his position. Later he was prosecuted for charges of corruption related to the scam and was only reinstated by an order of the Jharkhand High court.

Exposure and investigation of fodder scam

On January 27, 1996 the Deputy Commissioner of West Singhbhum district, Amit Khare, acted upon information and conducted a raid on the office of the animal husbandry department situated in Chaibasa district. The documents seized by his team were indicating that the large scale embezzlement has been done by officials, business people and organized criminals. Then Chief Minister Laloo Prasad Yadav set up an enquiry committee to probe the irregularities. There was fear that state police who is accountable to the state administration would not investigate the case properly. Therefore, it was demanded that the case should be transferred to CBI. Public Interest Litigation was filed before Patna High Court. On March 1996, Patna High Court ordered that the case be handed over to the CBI. The CBI began enquiry but within few days, CBI filed a submission before High Court that the senior officers and legislators of Bihar are blocking to

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174 M.A. Shewan & Uday Veer, supra note 141 at 269.
175 Id., at 269.
176 Ibid.
177 Id., at 270.
access the documents that may reveal the existence of nexus between political leaders, officials, businessmen and criminals. As the investigation proceeded, the CBI unearthed linkages of the serving Chief Minister of Bihar Laloo Prasad Yadav. On May 10, 1997 a formal request was made by the CBI to the federally appointed Governor of Bihar to prosecute Laloo. On the same day, a businessman, Harish Khandewal, one of the accused of the case, was found dead on the track of the train with a note that he was being coerced by the CBI to turn witness for the prosecution. The Governor, A.R. Kidwai had stated that he would need to be satisfied that strong evidence against Laloo is existed before he permit a formal indictment to proceed against Laloo. The coalition of Central Government, led by Prime Minister Inder Kumar Gujral was depending on support from federal legislators affiliated with Laloo for its survival. It was also unclear why the CBI had sought the governor’s consent at the initial stage of prosecution. When the High Court sought a clarification, CBI stated that it was a precautionary measure. The High Court questioned the tactic of CBI and warned that it would force prosecution on its own authority. Ultimately on June 17, 1997 the Governor had granted his permission for prosecution. Many senior officers of the Bihar government including four IAS officers were taken into judicial custody on the same day. On June 21, 1997 fearing that evidence and documentation that might prove essential in further exposing the scam were destroyed. On June 23, 1997 the CBI filed charge sheets against Laloo Prasad Yadav and 55 other co-accused including Jagannath Mishra, former Chief Minister of Bihar. Jagannath Mishra was granted anticipatory bail by the Patna High Court. Anticipatory bail application filed on behalf of Laloo Yadav was rejected by same court and he appealed to the Supreme Court which resulted in final denial of bail on July 29, 1997. The next day, he was sent to jail. As it become clear that Laloo would be

178 Id., at 271.
179 Id., at 271.
180 Ibid
181 Id., at 272.
engulfed in the scandal and therefore the demand for his removal from the Chief Minister ship had gained momentum both from other parties as well as within his own party, Janata Dal. Laloo formally parted ways with the Janata Dal and formed his own party, the Rashtriya Janata Dal (RJD), taking with him about all the Janata Dal legislators and win a vote of confidence in the state assembly. The RJD continued to support the coalition of Central Government. With the demand for his resignation to continue, he resigned from his position, but was able to install his wife Rabri Devi as the new Chief Minister of Bihar. Laloo claimed that he had helped to HD Deve Gowda for becoming the Prime Minister of India. However, there was media speculation that Gowda had a grudge against Laloo. At one occasion, Laloo had insisted to step down of HD Deve Gowda when his government was fledgling at the centre and ran into internal coalition squabbles and this motivated to Gowda to push CBI Director Joginder Singh for pursuing prosecution against Laloo. Much later, in 2008, Laloo claimed that HD Deve Gowda confessed, wept and fainted when Laloo confronted with him on inciting the CBI for pursuing the prosecution against Laloo. Looking retrospectively, Laloo has said to that the scam had a lasting negative impact on his political career and may have ended his prospects to one day be prime minister of India. Later, HD Deve Gowda had stepped down from the Prime Minister ship due to internal differences in his coalition government and I K Gujral became new Prime Minister of India. The new coalition government at the centre was also depending on the support of Laloo Yadav in Parliament and that time CBI Director Joginder Singh alleged that Prime Minister Inder Kumar Gujral had attempted to block investigation proceedings. Later I.K. Gujral led Central Government issued an order of transfer of Joginder Singh from CBI to the Home Ministry as a Special Secretary. Technically, he was given promotion but in actual it had done for

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182 Ibid.
183 Id., at 273.
184 Ibid.
185 Ibid.
removing him from the investigation of fodder scam\textsuperscript{186}. It was clear interference of Central Government in fair investigation of the case. There was also an alleged follow on move to transfer of UN Biswas, the regional CBI Director, which led to the High Court warning that it would act to disallow any such transfer\textsuperscript{187}.

Since it broke out into public it became clear that the fodder scam was symbolic of bureaucratic corruption and the criminalization of politics in generally in India and particularly in Bihar. It was called a symptom of the deep and chronic melody afflicting the Bihar government and few other state governments as well. It was cited as an important indicator of the deep inroads made by mafia raj in politics and economics of the country. Reference has also been made to the anarchic nature of governance that occurred in Bihar because criminals developed their roots in a state controlled sector of economy\textsuperscript{188}.

**Hawala scandal, 1997**

Hawala Scam was an Indian political scandal involving payments allegedly received by politicians through Hawala brokers, as popularly known Jain brothers also. It was a US $18 million bribery scandal that implicated some of the country’s leading politicians. The politician including L.K. Advani, V.C. Shukla, P. Shiv Shankar, Sharad Yadav, Balram Jakhar, and Madam Lal Khurana were allegedly involved in this scandal. Many of them did not get convicted because the records did not get proved as the main evidence in court.

**Barak missile scandal, 2000**

The Barak Missile scandal is a case of alleged defence corruption relating to the purchase of Barak Missile systems by India from Israel. The Barak Missile system was jointly developed by Israel Aircraft Industries (IAI) and RAFAEL.

\textsuperscript{186} Ibid.
\textsuperscript{187} Ibid.
\textsuperscript{188} Id., at 275
The contract had signed with Israel by the Indian government to procure seven Barak systems at a total cost $199.50 million. This was done despite objections raised by several groups including members of the team that has originally visited Israel to observe the missile performance and A P J Abdul Kalam, then head of the Defence Research Development Organization.

**Securities scam, 2001**

In spite of recommendations made by the Jankiraman Committee report in 1992 to prevent security scams from happening in future another security market took place in 2001. This involved the actions of one major player by the name of Ketan Parekh. He manipulated a large amount of funds in the capital market though a number of his own companies which is probably why the scam remained a mystery for quite some time the RBI, SEBI and Department of Company Affairs (DCA) have gone stock in their regulatory operations. During 1999 and 2000 the SENSEX reached a high and after that the stock market crashed in 2001.

**Tehelka expose, 2001**

In a sting operation conducted by Tehelka.com it was alleged that some type of kickback is involved in the different defence deals made by the government and the Barak missile deal was one of them. Transcripts of conversations had indicated that Jain accepted an amount of one crore as bribe from Suresh Nanda. Tehelka is a weekly political magazine and it is known for undercover expose style of journalism. In 2000, it started being published as a news website, Tehelka.com. In 2001, Tehelka.com exposed the alleged culture of bribery in the Ministry of Defence. It had set up a bogus London-based company, and contracted to the officials of Defence Ministry for selling thermal binoculars to the Government of India. Tehelka claimed that Bangaru Laxman, then secretary of the ruling BJP party has taken a bribe for helping the bogus company in procuring government contracts. During the process, Tehelka also met Jaya Jaitly, then head
of Samata Party and a close aide of the defence minister George Fernandes. Jaya Jaitly responded against Tehelka story, and made allegations that Tehelka journalists are Pakistani agent and raised doubts over the authenticity of the tapes.

A commission was set up by NDA government to investigate the matter. After some time, UPA government came into power and rejected investigation report of the commission and whole matter referred to Central Bureau of Investigation. After lodging FIR, CBI made investigation into case and claimed that George Fernandes then Defence Minister and the former chief of the Indian Navy, Admiral Sushil Kumar were involved into the case. R.K. Jain admitted to Tehelka that 3 per cent of the total cost went to Fernandes and Jaya Jaitly as commission and he himself was given 0.5 per cent. The commissions were paid to them by Suresh Nanda, middleman of the deal. The DRDO had sought to block the import of the Barak system because the DRDO project Trishul was eventually declared technologically better. Suresh Nanda along with his son, Sanjeev Nanda were charged under section 120-B, 201 of IPC and were arrested.

**Taj corridor scandal, 2003**

The Taj Heritage Corridor case is an alleged scam wherein, then Chief Minister of Uttar Pradesh Mayawati and a cabinet minister in her government, Nasimuddin Siddiqui were charged with corruption. The Taj Corridor project was intended to upgrade tourist facilities near the Taj Mahal in Agra. Then BJP government at the centre gave the environmental clearance required for the project. However, later the central government claimed that the project was not cleared by the Environment Ministry. The total estimated cost of the project was Rs. 175 crore. It has been alleged that Mayawati embezzled the money dedicated for this project. Initially, the case saw some rapid progress, when CBI conducted extensive searches on her various addresses, and claimed that though she had claimed income of only Rs. 1.1 crores during her tenure as CM, her bank balance in a single bank went up to 2.5 crore and total assets held by her were estimated at
Rs. 15 crore. At one point a warrant was out for her arrest, but she was granted a stay. However, after sometime, CBI developed cold feet and it appeared that investigation has slowed down. There were speculations in the media about political interference in case. Then governor of UP T.V. Rajeshwar did not grant sanction for prosecution against alleged accused in court. This decision of governor was challenged in court but failed. Thus the case ended without going for trial in court.

The Public Interest Litigation was filed by Lucknow residents Kamlesh Verma, Anupama Singh and Qateel Ahmed. The PIL had questioned then Governor T.V. Rajeshwar's 2007 refusal to grant the Central Bureau of Investigation (CBI) sanction to prosecute Mayawati and her Cabinet colleague for their alleged role in the corruption case. The High Court's division bench of Justice Pradeep Kant and Justice Shabibul Hasan issued the notice to Mayawati and Nasimuddin Siddique and sought their replies. The three have also questioned a designated CBI Lucknow court’s decision against not taking cognizance of the CBI charge sheet against Mayawati and others, indicting them for their acts of omission and commission in the corruption case. They have also questioned the trial court’s 2007 order to the probe agency to seek the governor's sanction to prosecute Mayawati at a time when she was not the Chief Minister. Mayawati approached the apex court questioning the locus standi of the three petitioners, as well as the authority of the High Court to entertain the PIL contesting the decisions of the governor and the CBI court in a criminal matter. She contended that only the CBI was entitled to question the decisions of the governor or the CBI court, and the agency chose not to do so. And since the deadline to question the governor's order had passed after the lapse of 30 days from June 3, 2007, no plea for revival of the corruption case could be made against her at any forum, she contended. She told the apex court that even its three-judge bench, headed by erstwhile Justice S.B. Sinha, had refused to interfere with the governor’s denial of sanction to prosecute her. The three-judge bench of the apex court, which ordered the CBI in September
2003 to probe the Taj corridor scam, had ruled that it was not entitled to examine the legality of Governor Rajeshwar's denial of sanction to prosecute Mayawati. The bench said that the legal issue was to be decided by a magisterial court and not by the apex court.

**Special Judge to decide on charge sheet**

In a major setback to BSP supremo in Taj Heritage Corridor scam, the Supreme Court rejected the CBI Director’s report for closing the case and directed the agency to submit the entire material to the Special Judge, Lucknow, to decide independently whether prosecution should be launched against her and other accused persons or not. The court rejected the CBI Director's report based on Attorney General Milon Banerjee’s opinion for closing the case, saying that the matter should have not been referred to the latter by the agency's chief without first giving his own opinion, especially when the entire investigating team, headed by an officer of the rank of SP unanimously had opined that a case was made for filling of the charge sheet against the accused person. A three-judge Bench of Mr. Justice S.B. Sinha, Mr. Justice S.H. Kapadia and Mr. Justice D.K. Jain said in investigation of criminal cases, the law is clear that the opinion of the investigating officer in charge was final for filing of the charge sheet. He is not required even to seek the opinion of the Public Prosecutor as his role comes in the picture only for conduction the trial after the charge sheet is filed.

In this case, the court pointed out that the then CBI Director without giving his opinion had not only overruled the investigating officer and the SP in charge of the probe but five other senior officers, including the Additional Director, Joint Director, DIG Additional Legal Adviser and Deputy Legal Adviser also, who had given clearance for filing the charge sheet against Mayawati, her cabinet colleague Nasimuddin Siddiqui and others. It came down heavily on the CBI Director, who in his status report submitted on December 31, 2004 had sought the closure of the case based on the AG's opinion. The court had then sought the opinion of the
Central Vigilance Commission (CVC), which said that its role is only advisory in nature. Taking all these aspects into consideration, the court said neither the AG's opinion, nor the CVC advisory, would be sent to the Special Judge as they would form his opinion entirely on the basis of the report of the investigating officer and the evidence gathered by the investigation team. The court expressed anguish over the manner the CBI had dealt with the case and the growing tendency of approaching the apex court in all criminal cases involving some important persons. The bench said that the premier investigating agency like CBI was expected to do its duty honestly, otherwise the criminal investigation and justice delivery system would collapse like a heap of sand.

**Gegong Apang scandal, 2004**

Gegong Apang, an Indian politician was born on 8 July 1949 in Arunachal Pradesh. He served as Chief Minister of Arunachal Pradesh from 18 January, 1980 to 19 January, 1999 and again from August 2003 to April 2007. Apang was first elected as Chief Minister in 1980. He held the position until 1999, when he resigned following a no-confidence vote caused by a split in the ruling Congress Party. In 2003, he was elected the leader of United Democratic Front, a coalition of his own political party, the Arunachal Congress, BJP and others. A few months later, Apang and his supporting MLAs merged with the Bharatiya Janata Party and the BJP had got first chance to rule a north-eastern state in India. A few months later, 2004 general election of India had taken place and BJP-ruled National Democratic Alliance lost power at the centre. Apang returned to the Indian National Congress and Congress won a majority in state assembly elections, with Apang as obtaining the Chief Minister position. He remained Chief Minister until 9 April, 2007 when due to pressure of other Congress Party MLAs, he resigned and Dorjee Khandu was elected Congress Party leader and became the Chief Minister of State.
In August 2010, Apang was arrested for alleged charges of corruption relating to a 1000 crore public distribution system scam. Apang denied the charges and claimed they are politically motivated, though the government stated that the investigation was conducted independently and without political interference. The scam allegedly involved fraudulent hill transport subsidy bills that were passed while Apang was Chief Minister.

**Abdul Karim Telgi scam, 2006**

Abdul Karim Telgi was born 1961. He earned money by printing counterfeit stamp paper in India. Telgi’s mother was Shariefabee Ladsaab Telgi, and his father was an employee of Indian Railways. His father died while he was still young. Telgi paid for his own education at Sarvodaya Vidyalaya, an English medium school, by selling fruit and vegetables on trains. Eventually, he moved to Saudi Arabia. Seven years later, he returned to India and started his career in counterfeiting, originally focusing on fake passports. For printing fake stamp paper, he appointed 300 people as agents who sold the fake items to bulk purchasers, including banks, insurance companies, and share-broking firms. The size of the scam was estimated to be more than 20,000 crore. One aspect of the scandal was that it required the involvement of many police officers and other government employees. In January 2006, Telgi and his other associates were sentenced. He was sentenced to rigorous imprisonment for 13 years and fined Rs. 100 crore also. The CBI requested that Telgi's property be confiscated to pay the fine. In 2008, a movie “Mudrank” based on the stamp scandal was ready to release but Telgi filed a petition in court on the ground that the details covered in the film would damage his legal appeals and the film has not yet been released.

**Cash-for-vote scandal, 2008**

Notes-for-vote or cash-for-vote scandal had taken place in Indian politics because, the then Prime Minister Manmohan Singh led UPA government had
positively and successfully approached to IAEF for Indo-US nuclear deal and by this reason the Communist Party of India led Left Front had withdrawn support from the government. It was alleged that the member of ruling parties has openly bribed to Indian MPs for winning the first confidence vote in the Lok Sabha on 22 July, 2008. Tehelka, an Indian news magazine, alleged that the BJP had willfully set out this trap for making a successful sting operation and discrediting the government. The magazine also claimed it is appears that this sting operation has been set out with mutual consent and collusion of respected BJP leaders like Sudheendra Kulkarni, Arun Jaitley and even LK Advani.

The historic win was marred when three BJP leaders waved bundles of 30 million rupees and made allegation for buying votes in Parliament. Then Speaker of Lok Sabha, Somnath Chatterjee asked New Delhi’s police chief to make investigation into the case. BJP demanded the resignation of Prime Minister Manmohan Singh over the allegations that government was bribing MPs to survive a vote of confidence in Parliament. The BJP also offered fresh “documentary evidence” or video-tapes to back up its charges that three of its MPs were bribed to save the Manmohan Singh government during the trust of vote. BJP also criticized the TV channel CNN-IBN for not telecasting the sting operation.

Satyam scandal, 2009

The Satyam Computer Services scandal was publicly announced on 7 January 2009, when Chairman Ramalinga Raju confessed that Satyam’s accounts had been falsified. The Company Law Board decided to bar the current board of Satyam from functioning and appointed new directors. The Corporate Affairs Minister Prem Chand Gupta said that the current board has failed to do what they are supposed to do and the credibility of the IT industry will not be allowed to suffer at any cast. Chartered accountants regulator ICAI issued show cause on the accounts fudging. On the same day, the Crime Investigation Department (CID)
team picked up then CFO Vadlamani Srinivas for questioning. He was arrested later and kept in judicial custody. Immediately, after breaking out the news, Merrill Lynch a part of the Bank of America and State Farm Insurance terminated its engagement with the company. Satyam’s auditing firm Pricewaterhouse Coopers was also suspected for being involved in this scandal. SEBI, the stock market regulator, also said that, if found guilty, its license to work in India may be revoked. Satyam was the 2008 winner of the coveted Golden Peacock award for corporate governance under Risk Management and Compliance Issues and it was also stripped by the scandal. The New York Stock Exchange has halted trading in Satyam stock. India’s National Stock Exchange has announced that it will remove Satyam from its S&P CNX Nifty 50 share index on 12 January. The Founder of Satyam was arrested two days after he admitted to falsifying the firm's accounts. Ramalinga Raju was charged with several offences, including criminal conspiracy, breach of trust, and forgery. CID told in court that the actual number of employees were only 40,000 not 53,000 as reported earlier and Mr. Raju had been withdrawing 20 crore rupees every month for paying these 13,000 non-existent employees.

**Madhu Koda scam, 2009**

Madhu Koda was born on 6 January, 1971 in Patratu, West Singhbhum of Jharkhand. His father, a tribal farmer wanted that Koda has a normal life and remain a farmer or iron worker, but after experiencing corruption in the iron industry, he eventually began his career in politics. In 2006, he became Chief Minister of Jharkhand and remained in office until he resigned on 23 August 2008 when he was succeeded by Shibu Soren. He had eight ministers in his Cabinet. In the history of Indian politics Madhu Koda is the third independent legislator who has assumed the office of Chief Minister as an independent legislator. Before it, in 1971, Bishwanananth Das in Orissa and in 2002, S.F. Khonglam in Meghalaya have become Chief Minister as independent legislator.
In 2009, he was charged with corruption and money laundering. The Enforcement Directorate uncovered over 4000 crore illegal assets owned by Koda. Among others, these assets were reported to include hotels and three companies in Mumbai, property in Kolkata, a hotel in Thailand, and a coal mine in Liberia. In the probe, it was found that Maoists were receiving the 30 per cent share of the Madhu Koda plunder. Koda was criticized by the media and other sections of society for his plunders raj. The Gujarat Chief Minister, Mr. Narendra Modi stated that Koda was part of a corrupt network of Congress Party who has stolen money from Jharkhand.

**U.P. food grain scam, 2010**

In 2003, during the Chief Minister ship of Mulayam Singh Yadav, this scam came into light from Gonda District of Uttar Pradesh. Uttar Pradesh food grain scam took place between years 2002 to 2010. It was alleged that food grain worth 35,000 crore meant to be distributed amongst the poor, through Public Distribution System (PDS) for welfare schemes like Antyodaya Anna Yojana, Jawahar Rozgar Yojana and Mid-day-Meal Yojana was diverted to the open market. Some of it was traced at the border of Nepal and Bangladesh and security forces seized and confiscated worth Rs. 1.17 crore food grains at the Indo-Bangladesh border. Initially the government ordered for making an enquiry into scam then withdrew it. In 2006, the Special Investigation Team (SIT) was set up by the Mulayam Singh government and it lodged over 5,000 FIRs. Subsequently, the next UP Chief Minister Mayawati assumed office and ordered for making CBI probe into the scam. Media dubbed it as mother of all scams and estimated to be at over 200,000 crore. Uttar Pradesh allocated a monthly quantity of food grains i.e. rice and wheat at subsidized rates by the Central Government for distribution amongst AAY, BPL and APL families, under PDS managed by the state government. For the period from April 2010 to March 2011, this quantity for state of U.P. was 528395 tons.
Instead of using the Food Corporation of India and the Shipping Corporation the government cleared a private company to send the rice and earn the profits. Rice had sent to Sierra Leone and Nigeria which had a bumper crop and refused to accept the rice. Then the rice was diverted to South Africa, but it did not reach the desired African countries. It went somewhere else and resulted in an escalation of the international prices. The Regional Food Controller's office in the state is responsible for procuring the food grains, while the District Rural Development Agency is in charge of its distribution. An embezzlement by a section of officers from the controller’s office made news in March 2004, after 70 truckloads of rice meant for distribution was lifted from the Food Corporation of India and when FCI demanded its payment, a project director refused to verify the stock register, gradually it was revealed that they had been selling the grains in the black market and a probe was ordered. As per initial estimates at the time, food grain worth Rs. 15,000 crore could have been diverted from the Antyodaya Yojana over the last five years. By December 2004, Chief Minister Mulayam Singh Yadav had suspended a District Magistrate of Lakhimpur Kheri and several officials of the food department and political parties including the CPI, Congress and BJP were increasing pressure on the government to order a CBI probe.

In April 2007, Union Minister, Kapil Sibbal demanded a probe by the Central Bureau of Investigation (CBI) into the illegal sale by private traders who procured the food grains from the warehouses of the Food Corporation of India and then diverted into open market. First it was investigated by the Economic Offences Wing of the Uttar Pradesh Police followed by a Special Investigation Team (SIT) set up by the Mulayam Singh government. After making inquiry into three districts, Sitapur Lakhimpur Kheri and Gonda, SIT lodged over 5,000 FIRs into case. SIT investigation had revealed the scam to be larger in scale and multi-dimensional, covering many welfare schemes like Antyodaya, Sampurnan Grameen Swarojgary Yojana. Thus, a CBI enquiry was ordered by government.
On 03 December, 2010 the Lucknow Bench of the Allahabad High Court, responding to public interest litigation filed by advocate Vishwanath Chaturvedi, directed the Central Bureau of Investigation to conduct a complete enquiry within six months, into the food grain scam in Gonda, Lucknow, Ballia, Varanasi, Lakhimpur and Sitapur districts. It was argued before court that it is not necessary for the CBI to obtain sanction under the statutory provisions with regard to present controversy where prima facie it is clear that the food grain has lifted intentionally, deliberately and in a planned manner from go downs for selling either in the open market or smuggling outside UP or other countries. The bench asked to the Centre and Uttar Pradesh government to consider appropriate amendments in the Prevention of corruption Act, 1988. The court also directed to the CBI and state agencies to proceed with investigation with regard to all aspect of the scam.

A.P. industrial infrastructure corporation scam (APIIC scam), 2010

Andhra Pradesh Industrial Infrastructure Corporation Ltd. also known as APIIC was part of the Andhra Pradesh Government initiatives with the objective for providing industrial infrastructure through development of industrial areas. Andhra Pradesh Industrial Infrastructure Corporation Limited was established in the year 1973 for identifying and developing potential growth centre’s in the state fully equipped with developed plots/sheds, roads, drainage, water, power and other infrastructural facilities; providing social infrastructure, like housing for workers near industrial zonal, co-coordinating with the agencies concerned for providing communication, transport and other facilities. A 100 storied trading tower with corporate houses, star hotels and entertainment theatres was to be built in Hyderabad. The Andhra Pradesh government had allotted 97 acre land to the Andhra Pradesh Industrial Infrastructure Corporation (APIIC) for the proposed trade tower. The government wanted to complete it very soon. A three member team was went to Kuala Lumpur, Malaysia to study the famous ‘PETRONAS’ towers and worked out the modalities of the project.
EMAAR-MGF controversy

APIIC has gained controversy over land acquisition for the Boulder Hills Projects, a joint venture with EMAAR-MGF in Hyderabad. News reports suggest that the APIIC agreed to dilute the public stake by undervaluing the land. Near about 500 acres of land was acquired by APIIC in 2002-2003 for setting up a golf course and residential properties. APIIC sold 285 acres land at 27 lacks per acre against the prevailing price of 1 crore per acre in 2003. The remaining 235 acres land and an additional 15 acres unusable land were allotted as a 66 year lease with a 2 per cent share of the Golf course revenues. EMAAR sold this project to EMAAR-MGF and diluted the value of APIIC’s stake from 26 per cent to 4 per cent, by not considering the prevailing market rate for the land in 2009. There also allegations that government officials were allocated parcel of the property at deeply discounted prices compared to the prevailing market price. Officials, who previously ran APIIC and seem to have conflicts of interest with developers, have refuted many of these allegations and defended earlier land allotment decisions.

Belekeri port scam, 2010

The Belekeri port scam is related to 35 lacks metric tons of iron ore. It had to be exported illegally from Belekeri port near Karwar in Karnataka. A Forest Conservator Officer seized iron ore and the High Court refused to permit it to be exported from the port. After persistent protests and public pressure, then Karnataka Chief Minister B.S.Yeddyurappa admitted that an illegal iron-ore export racket was involved at Belekeri port. It is said that the scam was worth an estimated 60,000 crore rupees. This iron ore from the Bellary region was allegedly mined illegally after paying small royalty to the government.

Justice N. Santosh Hegde resigned from the Lokayuktas post of Karnataka on 23 June, 2010 because an honest Forests Conservator Officer was suspended by government and he felt powerless to help him. Due to a non-cooperative attitude
of government of Karnataka he expressed inability to be effective in his anti-corruption mandate. There was a strong speculation in media that the government had suspended to Forests Conservator Officer on behalf of some politicians having business interests. By giving resignation from the Lokayuktas post of Karnataka, Justice N. Santosh Hegde underlined the helplessness of the advisory post of the Lokayuktas in state of Karnataka. The resignation has brought considerable public attention to the scam. The government has also been forced to admit the existence of scandal.

**Housing loan scam, 2010**

This fake housing loan scam was uncovered by the Central Bureau of Investigation. CBI arrested eight top-ranking officials of public sector banks and financial institutions, including the LIC Housing Finance CEO Ramachandran Nair, in connection with the scam. CBI alleged that the officers of various public sector banks and financial institutions received bribes from the private company Money Matters, which acted as a mediator for corporate loans and other facilities from company. The bank officials sanctioned large-scale corporate loans to realty developers, overriding mandatory conditions for such approvals along with other irregularities.

The Central Bureau of Investigation arrested number of high level officers in connection of housing scam. It was very shocking because many top officers of the public sectors banks and other financial institutions including LIC, Bank of India, Central Bank of India and Punjab National Bank were involved in the scam. Since the matter was inter connected to the misuse of funds from the LIC Housing and Finance Limited so it was named as the LIC Housing and Finance Scandal also. The top officers of the several banks including the secretary of LIC investment, general managers, directors and deputy manages of banks were involved in taking out the funds from LIC through inappropriate and unethical means. These officials were acting as the middleman for providing fund to main
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parties and in return they were taking hefty amount of fund from the real investors, insurers and other consumers. It distorted the system of corporate governance. The business ethics were neglected and corrupt business activities were sustained in the functioning of public sector banks. The officials were charged for exploiting fund, looting public money, manipulating corporate loan process and overriding with the regulations of the LIC Housing and Finance Limited. Economic Offences Wing of CBI raided offices of the public sector banks and LIC Housing and Finance Limited in six cities viz; Mumbai, Delhi, Chennai, Jaipur, Kolkata and Jalandhar and recovered incriminating documents. Most, firms, including BGR Energy and Oberoi Realty denied any role in the scam. The investors were rattled as news of the arrests broke in Mumbai. The share of the LIC Housing and Finance Ltd., Central Bank of India, Punjab National Bank, Bank of India and Money Matters Financial Services Ltd. as well as other banking and financial institutions and real estate stocks were declined.

The Union Finance Ministry initially claimed it as a bribery incident. The CBI officials had indicated that the size of the scandal must be worth over Rs. 1,000 crore. After receiving primary reports from CBI, the income-tax department decided to investigate the books of those officials who were involved in the scam. However, many political analysts was of the view that innocent bankers were implicated in this falsely created scam to diverse the attention of common man from the more larger and serious scams like Commonwealth game scam, Adarsh Housing society scam etc which was done by the ruling Government of India.

**Indian premier league scam, 2010**

The Board of Control for Cricket in India (BCCI) has found itself in the middle of many conflicts with various cricket boards around the world as a result of the Indian Premier League (IPL). The main point of contention was that signed players should always be available to their country for international tours, even if it overlaps with the IPL season. To address this, the BCCI officially requested that
the International Cricket Council (ICC) to institute a time period in the International Future Tours Programme, solely for the IPL season. This request was not granted at a subsequent meeting held by the ICC.

**Commonwealth games scam, 2010**

A number of disputes and controversies were surfaced before the 2010 Commonwealth Games in New Delhi. The Commonwealth Games were criticized by several prominent Indian political leaders and social activists because billions of dollars have been spent on the sporting event despite the fact that India has largest concentration of poor people. Several other problems related to the Commonwealth Games have also been highlighted by the investigative agencies and media such as serious act of corruption by officials of the Games Organizing Committee, delays in the construction of main games venues, poor quality of infrastructure, possibility of the terrorist attack and low sale of tickets before the event.

**Vigilance-related irregularities and over-invoicing**

On 28 July, 2010 the Central Vigilance Commission released a report showing irregularities caused in 14 CWG projects. In detailed preliminary enquiry of CVC, it was found that the contracts were awarded to ineligible agencies at higher prices and the quality of management was very poor. There were many allegations of corruption in organizing Commonwealth games. Due to adverse report of the three-member panel, which was probing the financial irregularities related to the Queen’s Baton Relay, a joint director and a deputy director were suspended by Games Organizing Committee. Treasurer of Organizing Committee was resigned from his post in the wake of allegations that his son’s firm had secured a contract for laying synthetic courts at the tennis stadium. The Global Post news agency reported that scandal came to light by shadowy off-shore firms, forged e-mails, expensive payments to bogus companies and inflated bills for
every purchase from toilet paper to treadmills. Among the alleged corruption and defrauding of the games budget, toilet paper rolls valued at $2 were casted at $8, $2 soap dispensers at $60, $98 mirrors at $220, $11,830 altitude training simulators at $250,190.

**Infrastructural compromise**

On 21 September 2010 a footbridge under construction for the games near the Jawaharlal Nehru Stadium was collapsed and at least 23 people, mainly workers were injured. Commenting on the incident, then Chief Minister of Delhi Sheila Dikshit controversially remarked that the footbridge was only meant for spectators and not for athletes. Following the collapse, Fennell expressed concern that conditions at the Games Village, which had “shocked the majority”, would seriously compromise the entire. The company, P&R Infraproject which was made the foot bridge, was subsequently blacklisted by the Delhi Government and was not allowed to get government contracts. The progress of construction work was very slow. Four or five accommodation towers built by Emaar at the games village were found unfinished. There were no facilities of wireless, internet, fitted toilets and plumbing etc. In addition, rubble, unused masonry and discarded bricks littered the unfinished gardens. Sport historian Boria Majumdar had commented that India may have to pull a miracle. A builder in Australia, Grahame McCulloch and the father of Australian track cyclist Karle McCulloch visited his daughter at the game village criticized the structural soundness of the villages and he commented that those buildings are the dodgiest thins I have never seen so substandard. He told his daughter not to use the balcony, fearing that it was collapsible. Amid allegations of blatant corruption, poor quality construction work at the games venues and security concerns for participating athletes, the 2010 Commonwealth Games has faced numerous boycott calls from individuals in India and abroad. Bishan Singh Bedi, Chetan Bhagat and others celebrities of India called for boycott. Bedi said that, CWG organizers have taken the country for a ride and urged international athletes to boycott the embarrassing Delhi games.
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Chetan Bhagat called the Commonwealth games as the biggest and most blatant exercise in mass corruption since the country won independence six decades ago. Chetan Bhagat, who has sold more than 4 million his books in India, also urged his readers to boycott the games event and not to watch them on TV thereby using the golden chance to put the corrupt and insensitive government to shame.

While concluding the games, the Government of India announced that a probe committee led by VK Shunglool, former Comptroller and Auditor General of India will be set up to probe the allegations of corruption and mismanagement against the Organizing Committee. Then Prime Minister of India, Dr. Manmohan Singh promised that corrupt officials will be given severe and exemplary punishment after the games. The committee has been given three months time to submit its report.

**Adarsh housing society scam, 2010**

The Adarsh Housing Society is a cooperative society in the city of Mumbai. It was reserved for the war widows and veterans of the Kargil war. The Indian media brought to public the alleged violations of rules at various phases of construction in Adarsh society. Questions were raised on the manner in which apartments in the building were allocated to bureaucrats, politicians and army personnel who had nothing to do with Kargil war and the way in which clearances were obtained for the construction of the building of the Adarsh Society. The Adarsh society was constructed in the Colba locality of Mumbai, which is considered a sensitive coastal area by the Defense Establishment of India.

**Hassan Ali Khan scam, 2011**

Syed Mohammed Hassan Ali Khan popularly known as Hasan Ali Khan was born in 1953 and brought up in Hyderabad. He is son of late Gayasuddin Ali Khan. He is notorious for money laundering activities in India. It was alleged that he had 8 to 9 billion dollars in the UBS and other banks of Switzerland and was
responsible for money laundering of Rs. 35,000 crore or USD 7 billion which is known as hawala transaction also, through Swiss banks. It was also alleged that he was connected to underworld don Dawood Ibrahim and channeled very large amount from unknown sources into stock market. First time, he opened an account with UGS Singapore in 1982 with just 1.5 million dollar. After some time he received 300 million dollar in this account from Chase Manhattan Bank of New York. Why this bank-transfer was made is unknown and how Khan got the initial amount of $1.5 million in the year 1982 is also unknown. In the year 1982, he was only about 28 years old and he was financially struggling as a small tuition teacher. There was no any idea how he got so much money. In other words, how Hasan made his first million is still unknown, especially considering the fact that he was a small tuitions teacher at that time. Till the late 90s, Hasan Ali was living along with his wife Mehbooba Khan and two sons in Banjara Hills, a most expensive area of Hyderabad. Here, he was charged for six cheating cases that earned him the title of ‘chor’ Hassan. He divorced his wife Mehbooba Khan and sifled to Pune. Here, mostly in racing circles he was famous as Hyderabad ka Ghodawala, a middle rung horse breeder. He got re married with Raheema, sister of horse-trainers, Faisal Abbas. His second wife Raheema belongs to the famous ‘Poonaval’ family. He came in touch with Mr. S.A. Alam, Manager, Charminar Branch of State Bank of India, Hyderabad and with the help of his joint accomplices P.R. Khan and Azad Khan; cheated the bank out of millions of rupees. Mr. Alam lost his job.

On 16 February 2011, UBS AG denied the reports published in the Indian media alleging that UBS AG maintained a business relationship with Hasan Ali Khan and assisted him in money laundering activities. On the basis of an investigation, the Swiss Department of Justice and Swiss Federal Banking Commission were fully satisfied that there was no basis for the allegations and documents purported for corroborating the allegations were found forged. Thus, the UBS has not acknowledged any of the alleged transactions referred in media
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reports. UBS insisted that continuous publication of such allegations by Indian media are misleading to the Indian public and it will take the appropriate steps to ensure that reputation of USB is no longer damaged by these inaccurate reports. Some sources claimed that he might be the fourth richest person in India and amongst the world’s dollar billionaires. However, he was not officially recognized as billionaires by any publication because most of his money was in the form of unaccounted wealth or black money. Hasan Ali Khan’s name has not figured in any UBS accounts because in Swiss bank accounts, the account holder is not required to give his or her name and therefore the name of account holder does not appear in any official documents of bank. According to the data provided by the Swiss Banking Association Report (2006), India has more black money than the rest of the world combined. Indian Swiss bank account assets are worth 13 times more of the country’s national debt.

The Enforcement Directorate, Income tax Department, Economic offences Wings of Maharashtra and CBI probed illegal investments and charges of money laundering against Khan. No any serious efforts have been made to trace his sources of black money. The Supreme Court questioned the inertia of Central Government and commented that what the hell is going on in this country? There are instances when minor offenders are shot down for violating section 144 of Cr.P.C. but you do not take any action against these people. We are very sorry. All these people are now free. What is the way of taking actions against Hassan? Despite this, the Central Government could not prosecute to Hassan Ali Khan under India’s money laundering law because it had not gone into effect at the time the alleged crimes were committed.

On 04 August, 2009 disclosing the list of defaulters in the Rajya Sabha, the Minister of State of Finance S Palanimanickam said in a written reply that Hassan Ali Khan tops the list of tax defaulters in India with an outstanding tax arrears of more than Rs. 50,000 crore or USD 10 billion. When it was asked that Hassan Ali Khan is likely to be arrested? India Today editor Prabhu Chawala replied that he
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does not have much hope citing that getting Swiss banks to disclose details is not easy as India has not signed a treaty with the Swiss government and also due to Indian government’s attitudes. In January, 2011 it was reported that Swiss Banks was holding information on a technical ground that the offence allegedly committed in India in the case of not filing tax returns is not an offence under Swiss Law. Folco Galli, Information Chief of the Swiss Department of Justice and Police claimed that the Indian government had submitted forged documents to seek assistance in the Hasan Ali Khan case. Finance Minister Pranab Mookherjee said that investigators had information of three Swiss bank accounts being allegedly held by Hasan Khan, but no money was left in them. Telugu Desam Party President N. Chandrababu Naidu tried to vie himself a clean chit on his nexus with Hasan Ali Khan by pointing out the even congress president Sonia Gandhi and her political secretary Ahmed Patel had dealings with Ali. An investigative scoop by Tehelka magazine of about 10,000 documents indicated that Hassan Ali basically exaggerated his wealth to con other business partners even though he never had that sort of money. This also explained the reasons why his wealth was not showed up in any UBS accounts and that the UBS account papers were forged by Hassan Ali to con other business partners. His involvement with Adnan Khashoggi is also believed to be a con to impress other business partners of his links with influential people.

Times of India had reported that he allegedly was a trickster, bank scamster, hawala operator and international money laundering racketeer. But the Hyderabad city police, reportedly due to his highly placed connections, have never been tough on him. His wife Raheema and her brother Faisal Abbas have allegedly helped him hide since 2007. On 17 August, 2008, Hassan Ali Khan’s lawyer Majid Memon claimed that his client was not in touch with him. The government was told the Bombay High Court that the Hassan Ali Khans are virtually absconding and if he is allowed to leave India the investigations must be collapse. Hassan Ali Khan’s Counsel Milind Sathe told that his client regularly
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appeared before the Enforcement Directorate. When it was inquired that where Khan was his main Lawyer Mugdha Jadhav replied, cannot tell you sorry.

On 03 March, 2011 Supreme Court of India had questioned the tactic of the Government of India and sought to know that why custodial interrogation of Hasan Ali and other alleged black money launderers has not taken place yet. What is in the way of taking action against Hassan Ali Khan? How many years will investigations continue against Ali? The apex court also ordered for reinstatement of three key ED officials allegedly transferred midway from the probe against Hasan Ali Khan. While obeying Special Court directives, Hassan Ali Khan presented himself before the Enforcement Directorate for questioning. However, officers claimed that Khan has not cooperated and refused to answer their questions properly. He merely comes and spends most of the time silently on the sofa outside our office. The interrogations that were supposed to be undertaken secretly have become public due to the act of a police officer who leaked the record.

ISRO-Devas S. band scam, 2011

Antrix Corporation Limited is a public sector undertaking and a commercial arm of Department of Space, Government of India and Devas Multimedia Private Limited is a private company having few ex-ISRO officers as its employees. After a long negotiation, they entered into an agreement on January, 2005. As per this agreement, Antrix leases 90 per cent capacity of S band spectrum for 12 years. For this purpose ISRO had to launch two satellites GSAT-6 and GSAT-6A. The amount payable by Devas was $300 million over a period of 12 years. In case of late delivery of satellite or performance failures or service interruptions the penalty charges were to be paid by Antrix. According to agreement, Devas provides an upfront capacity reservation fee of US$20 million per satellite and annual lease charges starting at US$9 million per satellite and going up to US$11.25 million. The amount payable by Devas is US$300 million over a period
of 12 years. Devas so far, made a payment of Rs. 58.37 crore as upfront reservation fee for the two satellites. It was alleged that if this deal is implemented, it will lead a loss of Rs. 2 lakh crore to the Indian government. However, the Comptroller and Auditor General of India has clarified that, it can by no stretch of imagination, be concluded that information as given in the media reports are findings of this department.

**BN Suresh committee**

On receipt of complaints, in December 2009, ISRO set up a committee chaired by Dr. B.N. Suresh to review and examine the legal, commercial, procedural and technical aspects of agreement. The exact recommendations of this committee have not been made public. On 2 July, 2010 the Space Commission directed Antrix Corporation to annul this agreement citing the need of S band for strategic requirements, including societal ones which have come up very recently and which were not contemplated at the time of signing the agreement. On 17 Feb, 2011 citing strategic requirements, the cabinet committee on security headed by Dr. Manmohan Singh, then Prime Minister of India, annulled this agreement.

**High power review committee**

In parallel to the decision to annul the agreement, the Government of India constituted HPRC to review technical, commercial, procedural and financial aspects of this agreement consisting of Shri, B.K. Chaturvedi, Member of Planning Commission and former Cabinet Secretary and Prof. Roddam Narshimha, member Space Commission.

**2G spectrum scam, 2011**

The 2G spectrum scam involved the issue of 122 licenses which was granted to 85 Telecom Companies and many of them having little or no experience in the telecom sector. It was alleged that the under pricing of the 2G
spectrum by the Department of Telecommunications resulted in a heavy loss to the exchequer and the illegal manipulation of the spectrum allocation process benefited to selected companies. The issue came to light after the auction of airwaves for 3G services which amounted to 67,719 crore to the exchequer. While in a report submitted by the Comptroller and Auditor General, the money collection from 3G licenses spectrum was estimated 176,379 crore.

Loss to exchequer

The Controller and Auditor General of India used three different methods to assess the presumptive loss to the exchequer resulting from not auctioning 2G spectrum. The first method was based on the fact that S Tel, one of the licensees, explicitly offered to pay significantly higher license fees for the spectrum. Based on the fees offered by S Tel, the CAG estimated the loss to the exchequer at 67,364 crore. The second method was based on the price discovered by the 3G auction in 2010. The CAG reasoned that since 2G is really 2.75G (EDGE), its price should be comparable to that of 3G licenses. Based on this method, the CAG estimated the loss to the exchequer to be 176,000 crore. The third method was based on the fact that some of the licensees received FDI in the form of equity, shortly after the spectrum allocation. The CAG reasoned that it can be construed as resale of the spectrum by the licensee, and hence was a valid basis for assessing loss to the exchequer. Based on this method, the CAG estimated the loss of exchequer between 57,666 to 69,626 crore. Then Congress-party led government publicly defended itself and Kapil Sibal who replaced A. Raja as the Communication Minister refuted the CAG reasoning. He justified his government’s decision not to auction 2G spectrum as being in line with the policy guidelines laid down by the 10th Five-year plan.

Then Telecom Minister A Raja resigned from government. The Comptroller Vinod Rai issued show-cause notices to Unitech, S. Tel Loop Mobile, Datacom and Etisalat to respond to his assertion that all of the 85 licenses granted
to these companies did not have the up-front capital required at the time of the application and were in other ways illegal. Some media sources have speculated that these companies will receive large fines but not have their licenses revoked, as they are currently providing services to consumers. Mr. Sibal contended that the notional losses quoted are a result of erroneous calculations and insists that the actual losses are nil. The CBI conducted raids on Raja and four other telecom officials viz; Siddharth Behura, R K Chandolia, K Sridhar and A K Srivastava. Considering the magnitude of the crime, Kanimozhi, MDK MP and Karunanidhi’s daughter, was arrested and sent to Tihar Jail because there was a possibility to influence the witnesses.

Arrests and charge sheet

First time, on February 2, 2011, the Central Bureau of Investigation arrested former Telecommunications Union Minister Andimuthu Raja, Raja’s personal aide R.K. Chandolia, and former Telecom Secretary Siddhartha Behura. They were heard in conversation with Nira Radia tape. After that Shahid Usman Balwa was arrested. Shahid Usman Balwa was very close to Raja and it was considered that he was instrumental in channeling the kickbacks allegedly received by then telecom minister A Raja. Asif Balwa, brother of Shahid Usman Balwa and Rajeeve Agarwal was also arrested for their involvement in money transfer to Kalaingnar TV Channel. DMK Member of Parliament Kanimozhi and Kalaingar TV Managing Director Sharad Kumar were also arrested by CBI on order of Special Judge. After investigation, CBI filed an 80,000 pages charge sheet before Special Court in Delhi.

Public accounts committees

A 21 member’s Public Accounts Committee, was set up to make proper inquiry of the case. The committee has taken a decision to call for questioning top officials of the PMO, Cabinet Secretary, Attorney General, and CBI Director. The
committee submitted its report on 2G scam to Lok Sabha Speaker and insisted that it be tabled in the Parliament. UPA member’s termed it unconstitutional but then chairman of the committee, Murli Mnohar Joshi pointed out that such a possibility does not exist till the report is read by members and discussed para by para in Parliament. Defending the decision of calling witness from various fields, M M Joshi said that it was the duty of PAC to trace and examine the way the money of the common is spent. He alleged that during last meeting of the committee, ministers passed a chit and called up PAC members to speak and behave in a particular manner. It was commented by a minister that the PAC report should be thrown in dustbin.

**Concluding remarks**

Over the period of time, especially after 1990, the corruption has become more dangerous in India. The most significant factor for promoting corruption is discerning erosion of morals and ethical values in public life. In wake of westernization, industrialization and urbanization the materialism and consumerism has grown at the highest level in India. Obviously, the forces of morality including the Gandhian principles of ethical life have become more superficial. These principles are not able to penetrate into the psyche of Indian and influence their conduct in personal and occupational life. Lust for wealth and power has become instrumental in corrupting public life.