

CORRUPTION AND ITS IMPACT ON DEVELOPMENT: A Case Study of Nagaland

**Dr. T. Zarenthung Ezung, Assistant Professor, Department Of Economics,
Nagaland University, Hqrs. Lumami 798627
tzars@rediffmail.com Ph. 09436016413**

Abstract

Corruption, which is defined as the abuse of public power for personal ends, has become a way of life for the Naga society. This paper attempts to highlight the causes, types and trends of corruption and its impact on development in the state. The causes are multi-faceted, but the most important was found to be the attitude of the people. The result of the analysis also revealed that mis-utilization or misappropriation of government funds, bribery and nepotism, abuse of power and corrupt activities of the public in the state was very high and continues unabated. Corruption was also found to be curtailing the developmental fund from the actual amount sanctioned, increasing inequality in society and employing unskilled and inefficient manpower. The paper concludes with suggestions to counter rising corruption in Naga society.

Introduction:

Corruption is a human creation affecting the smooth process of countries' economic development, especially developing ones. It is increasingly considered as one of the most important obstacles to development¹. But how did corruption come into existence in its current form? It began because "human wants are unlimited" as stated by Robinson. The unlimited wants of human beings with limited means to meet their ends, makes them use unfair means to achieve their goals. This is called corruption. In most literature, corruption has been defined as "the abuse of public power for personal ends"². This definition has been widened recently, as attention has turned to corruption within the private sector, to cover "giving or receiving undue advantage in the course of business activities leading to acts in breach of a person's duties"³. Corruption is also defined as an act done with the intent to give some advantage inconsistent with official duty and the rights of others⁴.

Bribery, nepotism, extortion and embezzlement are common in Nagaland. This paper examines the causes, extent and depth of corruption and suggests ways and means to overcome this sickness of society.

Methodology:

Primary data was collected in a survey conducted on 100 Naga intelligentsia (teachers teaching in higher education) in four districts of the state and 14 middle men who act as agents in chasing files in the office; they were interviewed in 2009-2010. The data on misappropriation of funds, illegal appointments, tax at check gates and corrupt activities of the public were collected for the period 2003-2011 from newspapers, viz, 1) Eastern Mirror 2) Nagaland Post 3) Morung Express 4) Naga Realm and 5) Nagalim News, as a secondary source.

Causes of corruption:

The causes of corruption differ from one economy to the other. In many countries, corruption is caused by weak regulatory institutions and enforcement practices⁵. It is also caused by government regulation and authorization, lack of transparency and quality of the bureaucracy⁶... The inequality in the distribution of income is another factor affecting corruption⁷. These factors are summarized below.

It is a universally accepted fact that human wants are unlimited but limited means and the desire to meet their wants induce a person to participate in corrupt activities.

Complacent attitude: The infrastructural development (especially roads) in the state does not last even for a year because there is a nexus of politicians, bureaucrats, contractors and other governments officials. In many cases the development lasted only for a short period, mostly before the arrival of the monsoon because the funds meant

for infrastructural development are distributed among them. However, people never raise their voices against the work done for them. This complacent attitude of the people emboldens the person in-charge of the work to carry on his corrupt activities.

Donation culture: People expect chief guests/speakers at any social, cultural or political function to donate money and this causes corruption. The donor of large sums is highly regarded by the people without any knowledge of the source of the funds. Yet it is clear that an officer who donates huge sums of money, more than his salary, must have some side income (corrupt money).

Expectation for jobs: In Nagaland, educated youths are under pressure from their parents and relatives to secure government jobs⁸. 94% respondents viewed a government job as the most preferred job in the state and 96% respondents preferred the department that provided an opportunity to earn side income, other than teaching jobs. The social status of those working in a department that earns extra cash is high and acknowledged. This attitude of people valuing those employees who earn extra money causes corruption because it inspires people to be more corrupt.

Election system: 90% of respondents are of the view that the system of election in the state is faulty because it is based on money power, coup system, party line, clan line and tribes and not based on the capacity and knowledge of a person. This type of election breeds nepotism into the system of governance. A person who is elected through the use of money will always try to cover up the expenses he/she made during the election and will also try to retain some extra money for the next election. Thus, the developmental money in his/her department goes into his/her pocket first and development last. Moreover, a person elected based on area, village and clans will automatically practise nepotism. It was often found that development funds were being diverted to less feasible areas to appease his/her voters.

Existence of freedom fighters: There are many freedom fighters standing for the good cause of the people. However, there are many black sheep among the freedom fighters and their influence on the electoral process, allocation of contract work and jobs is very significant in the state. They select inefficient candidates who often become their puppets and together they siphon off developmental funds without doing any work. This also leads to the appointment of ineffective persons in particular departments through the backdoor. In many cases, freedom fighters become the scape-goat of corrupt officials and contractors. Moreover, some public, in the guise of freedom fighters, indulge in corrupt activities like collecting taxes and donations from the people and businessmen.

Existence of many non-governmental organizations (NGOs):- In Nagaland there are a thousand and one NGOs from village to state level. They are well known for collecting donations from members. This encourages corruption because a person cannot donate generously unless they have some side income (corrupt money).

Unprincipled non-governmental organization leaders: Another factor causing corruption in the state is that the leaders of many NGOs who are fighting against injustice in society become susceptible to money. Frequently, organizations fighting against corruption keep their mouths shut before they cleansing the system because their leaders are being bribed and hot issues usually die a natural death. The acts of these unprincipled leaders embolden corrupt people to carry on their corrupt activities because they have those once-feared leaders now under their control.

Lack of patience: Nagas believe that Rome was built in a day. They expect quick results because they have no patience. This results in bribing the person in-charge of the files or work so that their files are moved faster or the work is done more quickly. This type of bribery has now become a work culture in all offices and nothing moves in the office without bribe to the person in-charge. This attitude encourages corruption.

Existence of "ism": "Is" in Naga society is so entrenched that people become blind to the difference between good and bad. When corrupt officials are caught in any corruption scandal, the community or clan to which he/she belong comes out openly in defense of that person. The practice of sanctifying corrupt officials instead of fighting against corruption simply because the officials belong to their community or clan also causes corruption in the state.

Types and Trends of Corruption in the State:

A) Misappropriation of funds:

The looting of government coffers by politicians, bureaucrats and sometimes in connivance with freedom fighters goes unabated. From 1998 to 2010, Rs. 442.56 crores (approximately 56 million British pounds) was withdrawn from various government offices using fake documents. The greatest fraud took place in the Border Affairs department with Rs. 164.74 crores during 2005-10 followed by rural development which looted Rs. 141.91 crores from 2008 to 10. Education, Horticulture, Police, Commerce and Industries, PWD and PHED followed up with Rs. 46.599 crores during 2003-10, Rs. 23.04 crores during 2006-08, Rs.18.17 crores during 2006-09, Rs. 14.005 crores during 2004-07, Rs. 12.98 crores during 1998-09 and Rs. 11.56 crores during 2004-09 respectively. The least misappropriation of funds was in the Electricity department with Rs. 2 lakhs in 2008 followed by Veterinary with Rs. 49.5 lakhs during 2011, Agriculture with Rs. 2.61 crores during 2004-07 and the Treasury with Rs. 6.45 crores.

With so much corruption in the state, the Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) which was meant to employ rural people was not implemented according to objectives laid down. In Nagaland, projects initiated under MNREGA usually employ capital rather than labor to generate employment. A simple example is the creation of an agricultural link road using machines rather than employing villagers. Moreover, the midday meal programme

which was meant to be provided daily to school children was done once in a week or month and photos published in the newspapers.

B) Corruption in appointment and promotion:

From creation of contract/adhoc system in employment to out-of-turn promotion, the state has been witnessing a series of scandal after scandal which is not always made public. There was nepotism, manipulation and bribery in the Nagaland Public Service Commission (NPSC) examination system which is the highest recruiting body in the state, as well as in various departmental examinations. In 2004, question papers of NPSC 2004 were typed by a clerk at Alder College, Kohima without sanction from the Commission. On 14th February 2005 a bribery attempt was made on the Controller of Examinations (CoE) NPSC by a candidate. In the same year, one candidate who was declared passed as extra assistant commissioner (EAC) (Reservation-Backward Tribe) was later denied a seat because of a complaint from another candidate. In the same year, an over aged candidate was allowed to sit viva-voce. During the 2006 NPSC examination, a candidate who was declared as deputy superintendent of police (DSP) was adjusted to UDA. Moreover, the Combined Technical Examination (CTE) 2007-08 for various posts in government departments conducted by the NPSC in 2008 was boycotted by candidates for sudden changes in the pattern of examination. The NPSC in May 2004, had selected seventy-one candidates for the posts of lecturers but the selection of twenty-four candidates were later kept in abeyance and cleared only in 2006.

Corruption in appointment and promotion happens not only in the highest recruiting body of the state but in almost all departments. In 2006, the Public Work Department (PWD), Mechanical Wing appointed and regularized 263 employees against the total vacancy of 63 in Grade-III & IV posts by flouting existing rules and norms. In 2007, 1181 illegal appointments were made from the State Health and Family Welfare department without any advertisement. In the department of

education, 2140 employees were illegally appointed in 2004 against the actual number of employees of 719, thus making an excess appointment of 1421. In 2010, the Special Investigating Team (SIT) detected a huge number of bogus appointments in this department. Altogether 2125 persons were given fake teacher appointments in various primary and middle schools of the state. In the department of police, two junior officers were given "out-of-turn" promotion by the PHQ in 2007 without following the guidelines of an earlier office memorandum. In 2009, one person was given out-of-turn promotion to the post of Superintendent of Police overtaking many of his seniors.

C) Extortion at the check gates:

In Nagaland, the hunger for side income (corrupt money) is so deep rooted that departments that are not authorized to collect taxes at the check gate indulge in this activity. Municipal and town councils that are supposed to run their offices in their respective jurisdiction and not at the check gates were also found to be actively participating in this area. Even the undergrounds that take a yearly tax from all commercial vehicles in the state and should not be taxing those vehicles everyday were taking extra tax. Moreover, a non-governmental organization like the Naga Council which should be spearheading the drive against any illegal collection was involved in this kind of activity. The security forces of the state who were being paid to safeguard the people and not to collect taxes have been found collecting money at various police check gates. Indeed, the unarmed branch (UB) police constables bribe their seniors to get posted at the check gates.

The findings reveal that during 2008, a truck going from Dimapur to Kohima had to pay a total of Rs. 10350 to various departments and organizations, Rs. 550 to the police manning the various check gates, Rs.3000 to the veterinary department, Rs.300 to Dimapur Municipal Council, Rs. 5000 to the Dimapur-based undergrounds and Rs. 500 to Chumukidema Town Council and undergrounds, Rs. 1000 to Naga council and Rs. 2100 to reach Dimapur during the same

period, Rs. 1900 to the police manning the various check gates and traffic points and Rs. 200 to the excise department. In September 2010, three policemen were caught by the public extorting money from truckers⁹. The findings of Law students VIth semester 2010 show that the collection by various non-governmental organizations still continues at various check gates of National Highway No. 39¹⁰.

D) Corrupt activities of the public:

It is sad to observe that the majority of Naga people have been infected by the easy money virus and wealth has become a religion for many. In their aspiration to become overnight millionaires many people enter into an improper business. Corrupt activities practised by the public can be in the form of non-payment of bills, cheating, fake currency business, fake certificate business and other illegal business. Moreover, NGOs which were not supposed to impose any tax started taxing businessmen and the public. For example in 2010, Naga council which is an NGO started the Naga commission tax from selling vegetable to timber.

Apart from illegal taxation by NGOs, the findings reveal that in 2007, the people owe BSNL over Rs 365 crores for landline phone bills and another Rs 142 crores for postpaid mobile phones. In 2004, two people were arrested for collecting several lakhs of rupees from the Jain community and various individuals on the pretext of depositing the money in various postal schemes and fixed deposits, by showing forged government documents, seals and pass books. However, they fraudulently withdrew Rs. 25 lakhs from the post office without the knowledge of their clients. In 2006, one person was arrested for fraudulent collection of money amounting to more than Rs. 17, 00,157 from the public in the form of processing fees and an initial deposit for advancing a loan by the National Finance Company, Dimapur. In 2004, two people were caught selling fake question papers of class VIII and IX board examinations for Rs. 100 per copy to students in Dimapur. In 2005, seven people were arrested in connection with the fake Nagaland Board of

School Education (NBSE) certificate racket. In 2009, one person was arrested for forging and selling fake certificates and documents of various government offices, police, schools, colleges, universities etc., of different states of the Northeast. Even government employees enter into improper businesses in order to earn extra income. In 2006, 3 persons including a government servant were caught for trafficking 500gms of heroin valued at around Rs. 50 lakhs in the international market. In 2007, 6 people were arrested for fake currency business.

The negative population growth rate of - 0.47% during the decade 2001 to 2011 was another clear example of the corrupt activities of the people. The reason is that there were no epidemic diseases in the state during this period and the death rate was never high. Another corrupt practice of the public is the non-repayment of loans. It has been found that people who are availing themselves of the Chief Minister Corpus Fund (CMCF) usually take it as a subsidy and never repay the amount.

E) Abuse of powers:

Abuse of public office and power forms an important part of corruption. In Nagaland most public leaders and bureaucrats abuse their office for personal profit. In 2006, two seats were allotted to candidates to a medical college even though they did not pass the joint entrance exam. In 2010, the books that were actually meant for free distribution for certain districts were sold in another state. There are many ways powers are being abused. In Nagaland, most officers use government vehicles for dropping off and picking up their school children. Even officials' vehicles are driven by unauthorized drivers as if they were private vehicles. Not only do they use them for school duties, but in some cases, the larger vehicles of their department are used for transporting their private materials. In some departments, the officers not only use available materials for private work but also employ lower grade staff as their maids for their personal work. The grabbing of government land and buildings by bigwigs (politicians and bureaucrats) without inviting any tender is yet another clear case of abuse of power. In

many departments a certain percentage of money is deducted from the arrears of the increase in half yearly dearness allowance (DA) by the officer in-charge. The creation of a contract system in employment instead of recruiting people through open exams is yet another instance of abuse of power by higher officials.

F) Movement of files in Government offices:

In Nagaland, it is well known that some files move slower than snails whereas others move faster than cheetahs. As per government rules, a person who retires should be given what is due to him without any hurdles since that person has worked for the welfare of the people. But that is not the case in Nagaland and a person has to go after his own files. To come to a conclusion about the corruption in the movement of files in government offices, 14 middlemen who deal in this area were interviewed. From the interview it was found that files are not moved for years unless someone working there is bribed. Here is the modus-operandi of how files move faster in the offices. The case is chasing pension files. When a person retires, he contacts the middleman in this field and hands over his file with some money or with a promise to give a certain sum/percentage once the work is done. Then he takes the file number and goes to the office of the retired person. Firstly, he bribes the peon and acquires from him all the necessary information about the process of doing it. Then he approaches the clerk who looks after the file and leaves the office with the clerk's phone number after leaving an envelope containing money and his file number on his table. Once the work is done, he is informed by the clerk. Then the file moves up to the next level where he has to bribe the person in charge. Finally, when the work is completed, it goes to the office of the Accountant General (AG) and the person then follows the same technique. From AG, the file moves to the Treasury office where again the person follows the same technique and finally all the pension benefit is allotted to the retired person. Thus, he has to part with 25% to 30% of his pension benefit as expenditure to the middlemen when he finally gets his work

done. Thus corruption in government offices is rife from top to bottom and vice versa.

Effect on Development:

The effect of corruption on development is always negative because it makes someone better off while making others worse off. The effects are summarized below.

Trade off between corruption and development:

The higher the rate of corruption, the lower will be the rate of funds available for development leading to less development. The low availability of developmental funds will adversely affect the longevity of the assets created and the master plan of a project. But as the rate of corruption declines in society, more developmental funds will be available for the development of physical and social infrastructure and the desired end will be met. Thus, there is a trade off between corruption and development.

Concentration of wealth: Corruption breeds monopoly and concentration of wealth in the hands of a few people, widening the gap between rich and poor. In other words, corruption causes inequality in the distribution of wealth and income.

Inefficient manpower: It is an open secret that in any open examination a post or two is always reserved for the politician and if not, the politician forcefully grabs it, followed by the bureaucrats who take their share, the big shots of the state who are ready to pay bribes for their sons and daughters and the remaining is left open to all. This type of selection of candidates based on nepotism and money leaves out efficient and skilled candidates. Thus, the supply of inefficient and unskilled employee at work breeds inefficiency in the system of work and governance.

Corruption itself is a cause of corruption: For instance, a person getting employed in government offices through improper means such as bribery will always try to make up the money he/she has spent for getting the job. Thus, in the process of filling his/her bank account, he/she will care less about

the welfare of others and will indulge in corruption.

Effect on prices: Lastly, the corrupt activities of public and government servants engaged in collecting unauthorized taxes at the gates and in the shops causes hyper inflation in the state. The simple reason is that all businessmen's main objective is profit but when they are taxed, the burden is always shifted to the consumers by inflating prices.

Conclusion and Suggestions:

It is disheartening to see that corruption has become a way of life for Naga people and corrupt activities are still rampant. The adverse effect on development is shown by the improper construction of infrastructure and improper implementation of any projects. Unless corruption is curtailed by anti-corruption laws, the development in the state will go from bad to worse. Here are some suggestions for the government and people to take up to tackle the menace of corruption in the state.

- Proper education about the consequences and the effects of corruption should be imparted to the people. Once people realize the adverse effect of corruption on public goods, this should act as a restraining factor.
- Unnecessary collection by organizations should be totally banned.
- Taxation at various police check gates should also be banned.
- A person caught in misutilisation of government funds should be made to recover the amount in addition to the existing system of suspension and sentenced to prison.
- A maximum ceiling for donations by any government servant who attends any social function as the chief guest should be fixed by the government.
- Regarding the movement of files in offices, the government should amend the law in such a way that no files can be kept pending at one table for more than 48 hours or a

week (holidays not counted). The date of receipt and dispatch of files should be kept so that there is transparency.

- In the absence of the person in-charge, the officer of the department should make sure that somebody is entrusted to look after the file. This will destroy the delay tactics being played by that person in-charge of the work.
- The marks of any written recruitment exams should be declared before an interview. This will act as a check to manipulation by board members because interview marks are always lower than written marks.
- People should be able to come out from the cocoon of tribalism and clanism and should openly fight against corruption.
- Elections should be based on the ability and capability of a person and not on money and muscle power.

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