# CIDS

## CONVERSATIONS IN DEVELOPMENT STUDIES

# BEHIND THE VEIL OF THE STATE:

## Corruption in India

**CONVERSATIONS IN DEVELOPMENT STUDIES (CIDS)**

**Volume 6 Issue 4**

**Behind the veil of the state: Corruption in India**

**About CIDS**

CIDS (Conversations in Development Studies) is a peer-reviewed, quarterly research journal publication produced by the research team of the Centre for New Economics Studies, Jindal School of Liberal Arts and Humanities, O.P. Jindal Global University. This student-led editorial journal features solicited research commentaries (between 2500-3000 words) from scholars currently working on the cross-sectional aspects of development studies. Each published CIDS Issue comprehensively analyses a specific theme identified within development scholarship.

The editorial team's vision is to let CIDS organically evolve as a space for cultivating creative ideas for research scholars (within and outside the University) to broaden the development discourse through conceptual engagement and methodological experimentation on contemporary issues. Any research commentary submission features: a) a brief review of the literature on a research problem, b) the argument made by the author with details on the method used, c) documenting the findings and relevance of in the larger scope of the literature, and (in

some instances) d) present a brief policy action plan for agencies of the state (to address the issue highlighted in the commentary). There are no pre-identified limitations or restrictions to methodological frameworks used by solicited scholars (i.e., those writing the commentary). However, the research method incorporated in any accepted submission must be explained along with its relevance in context to the study undertaken.

**About the Issue**

Corruption in India is no longer an exception—it is the rule, embedded into the very operations of the state and normalized across sectors and classes. It spans from routine administrative delays to elaborate scams involving powerful corporate and political alliances. This issue of *Conversations in Development Studies* aims not only to trace the multiple forms corruption takes, but to critically explore how it evolves, adapts, and endures despite waves of reform and activism.

This issue situates corruption as both a developmental and democratic crisis shaped by institutional fragility, political financing, bureaucratic discretion, and legal ambiguity. The interviews that follow offer interdisciplinary insight, drawing from law, economics, and political science, to make sense of "a low-risk, high-reward" system of wrongdoing.

I. Institutional Fragility: The Soft State's Dilemma

India's anti-corruption architecture presents a paradox—there is no shortage of laws, commissions, or policy prescriptions, yet enforcement outcomes remain deeply unsatisfactory. From the Prevention of Corruption Act (1988) to the Lokpal and Lokayuktas Act (2013), India's legislative framework suggests a state committed to probity. However, this apparent legal rigor masks a deeper institutional weakness. The likelihood of conviction for public officials accused of corruption remains abysmally low.[1] Between First Information Reports (FIRs), delayed charge-sheeting, procedural adjournments, and appeals, the probability of a corrupt official facing consequences is virtually negligible.

This legal lethargy is not merely a function of administrative inefficiency; it is a structural design flaw. Institutions tasked with enforcement—the CBI, ED, vigilance commissions, and departmental inquiries are susceptible to political interference and executive pressure. This condition can be described as the "colonization" of institutions by ruling elites and corporate interests, which transforms these bodies into selective enforcers of accountability.[2] Instead of being neutral upholders of rule of law, enforcement agencies often function as instruments of coercive control, punishing dissent while ignoring systemic abuse.[2] The result is a perception that anti-corruption is not a rule-based process but a discretionary tool wielded by those in power.

The conceptual fragility of India's "soft state" lies in this duality—normative overload and operational deficit. Citizens encounter the language of transparency in policy, but its absence in everyday outcomes. The erosion of public faith in institutional mechanisms is not just a democratic risk; it becomes a breeding ground for normalized illegality.

## II. Political Financing: The Corruption–Election Feedback Loop

At the heart of India's corruption ecosystem lies a deeper and more intractable challenge: the financing of electoral politics. Contesting elections in India, especially at the parliamentary level is an extraordinarily expensive affair. Official expenditure ceilings are routinely bypassed, and large proportions of campaign finance remain undeclared.[1] This leads to a parallel political economy, an informal system of shadow funding that is deeply embedded in the broader architecture of corruption.

Elections require capital, and capital providers often expect returns. In this context, a symbiotic relationship emerges between political aspirants and private actors—businesses, contractors, real estate developers who finance campaigns in exchange for favourable regulatory or procurement outcomes.[1] Politicians, once elected, are incentivized to extract rents to recover campaign investments, creating what the authors term a "structured incentive for big-ticket corruption." [1]

Moreover, India's turn toward electoral bonds, while framed as a transparency-enhancing mechanism, has ironically deepened opacity. The anonymity offered to donors weakens democratic accountability, allowing vested interests to fund political parties without public scrutiny. This further entrenches elite capture of the political process.

The self-financing politician has become the norm rather than the exception.[2] Candidates with personal wealth or criminal antecedents dominate electoral contests not because they inspire public trust, but because they can mobilize the finances necessary to compete.[2] This trend accelerates the criminalization of politics, turning public office into an investment opportunity rather than a platform for service.

## III. Discretion and Delays: The Bureaucratic Cradle of Corruption

Beyond elections, the day-to-day experience of corruption is shaped by interactions with the state bureaucracy. Whether securing a driver's license, land-use change approval, or basic utilities, citizens often encounter opaque, discretionary, and delayed decision-making.

Bureaucratic corruption is not a mere side effect, rather it is a mode of governance.[2] Everyday negotiations with officials are governed not by clear rules but by an ambiguous matrix of discretion, personal networks, and tacit understandings.[2] Corruption, in this context, functions as an unofficial but often necessary form of access to public services.

Land regulation and real estate transactions are especially vulnerable to such corruption. The high economic value of urban land, combined with poorly digitised records, overlapping jurisdictions, and vaguely defined approval protocols, create a rent-rich environment.[2] Bureaucrats and local officials become gatekeepers of permissions, whose favour can be purchased but not claimed as a right.

Discretionary power when combined with low accountability creates perverse incentives.[1] Bureaucrats can delay files, misinterpret laws, or manufacture complexity to demand bribes.[1] The lack of outcome-based evaluation mechanisms further entrenches this culture, where performance is not measured by citizen satisfaction but by procedural adherence.

## IV. Legal Silences and the Specter of Selective Reforms

A critical weakness in India's anti-corruption architecture lies in what legal scholars call "constitutional silences"—areas where the law is deliberately vague or where institutional autonomy is not clearly enshrined. The Lokpal, hailed as the outcome of a massive civil society movement in 2011, is a case in point.

Despite its promise, the Lokpal remains largely ineffective today. It is hamstrung by limited investigative powers, inadequate staff, and an absence of operational autonomy. Sukhtankar and Vaishnav argue that India's enforcement institutions remain dependent on the executive for appointments and funding, making them vulnerable to manipulation.[1] Unlike countries where anti-corruption commissions report to independent bodies or parliament, in India, these institutions lack constitutional protection and are rarely insulated from political influence.

The broader implication is grim: selective reform becomes the norm. Institutions are strengthened or weakened depending on who they investigate. This transforms anti-corruption from a public good into a political weapon, undermining both its legitimacy and efficacy.

V. The Role of Technology: Solution or Smokescreen?

Digitisation has become the new frontier in India's battle against corruption. Aadhaar-enabled Direct Benefit Transfers (DBTs), online grievance redressal platforms, real-time procurement portals—these innovations are projected as breakthroughs in governance. Sukhtankar and Vaishnav acknowledge the positive impact of digitisation in schemes like MGNREGA, where leakages have reduced and beneficiary identification has improved.[1]

However, both they and Gupta caution against techno-solutionism, the idea that technological fixes can resolve deep-rooted institutional and political problems.[2] While technology can improve transparency, it can also introduce new forms of exclusion and opacity. Algorithms that determine welfare eligibility, for instance, can encode biases or rely on documentation that the poor often lack.[2]

Moreover, digitisation without accountability can simply shift the location of corruption from cash bribes at the point of delivery to data manipulation at the point of entry.[2] In the absence of grievance redressal, digital tools can disempower more than they empower, especially among marginalized populations with limited literacy or connectivity.

VI. Regional Variation and the Role of Civil Society

Corruption in India is not monolithic. States vary significantly in both the extent and the structure of corruption. Sukhtankar and Vaishnav use a state-wise corruption index to highlight that between 2006–2010, states like Gujarat and Bihar showed notable improvements in reducing perceived corruption.[1] These improvements were attributed to local administrative reforms and leadership commitments, suggesting that state-level variation is not merely structural but also political.

Legal innovations, such as the Public Services Guarantee Acts in Madhya Pradesh and Rajasthan, represent attempts to align citizen entitlements with legal enforcement. Time-bound

service delivery where delays can be penalized introduces a much-needed accountability mechanism into routine administration.[1]

Civil society movements have also played a catalytic role. The Right to Information (RTI) Act, participatory audits, citizen report cards, and digital platforms like "I Paid a Bribe" illustrate how bottom-up pressure can institutionalize transparency. However, Gupta warns that these movements often face backlash or are co-opted by political interests unless protected by law and adequately resourced.[2]

## VII. A Cultural and Normative Crisis

Beneath the administrative and legal dimensions of corruption lies a normative challenge—the erosion of ethical expectations.Corruption in India is not just practiced; it is normalized, joked about, and rationalized.[2] The idea of a transactional state where services, rights, and benefits are negotiated rather than claimed is widely accepted across classes.

This cultural acceptance transforms corruption from an aberration into an institution. Citizens factor bribes into everyday life whether getting a ration card, a water connection, or a school admission.[2] Over time, this corrodes the moral foundations of citizenship, reducing the public sphere to a space of exchange rather than accountability. Building civic education, empowering grievance mechanisms, insulating institutions from political capture, and linking integrity with public service delivery are essential steps in this direction.

**Contributors**

This issue brings together perspectives from three experts who have approached corruption from distinct but overlapping lenses.

**Mr. Sandip Sukhtankar** is a Professor in the Department of Economics at the University of Virginia. He specializes in political economy and public economics, focusing extensively on corruption and governance in India. His field experiments have influenced welfare design and policy evaluation, and he serves on J-PAL's Social Protection Initiative.

**Mr. Sandeep Suresh,** Associate Professor at Jindal Global Law School, teaches and writes on Constitutional Law, Political Rights, and Election Reforms. His work explores the institutional logic of accountability, and he has been a leading voice on the need for constitutional clarity on anti-corruption enforcement.

**Mr. Niranjan Sahoo**, Senior Fellow at the Observer Research Foundation, leads research on governance, democracy, and inclusion. A member of the Carnegie Rising Democracies Network, his work examines federalism, human rights, and electoral transparency in the Global South. A former Asia Fellow and Sir Ratan Tata Fellow, his insights connect local accountability to global democratic trends.

India's corruption crisis is not just a governance failure—it is a test of its democratic imagination. Reform cannot be episodic or symbolic. It must be structural, intersectional, and above all, sustained. The essays in this issue do not offer easy answers—but they do offer frameworks for thinking, diagnosing, and demanding more.

As India stands at a juncture of rapid growth and democratic strain, understanding corruption not merely as criminal misconduct but as a structural and institutional phenomenon is essential. Through this issue, CIDS invites its readers to think beyond scandal to explore how we might collectively reconstruct the foundations of accountable, transparent, and just governance.

*Cited Sources :*

[1] Sandip Sukhtankar and Milan Vaishnav, 'Corruption in India: Bridging Research Evidence and Policy Options' (2015) 11 *India Policy Forum* 193

[2] Akhil Gupta, 'Changing Forms of Corruption in India' (2017) 51(6) *Modern Asian Studies* 1862

***

**The views expressed by the interviewees are personal and do not reflect the views of the organisations they are affiliated with or of the Centre for New Economics Studies, O.P. Jindal Global University.**

***

## Editorial Note

Corruption, a crippling phenomenon for any governance framework, is often seen as an offspring of the greediness and crookedness of an individual. Although, the germ of this insidious practice often lies in structural issues which cultivates a culture of bribery in the society. Despite the existence of anti-corruption efforts and legal reforms, the results of which remain uneven and ineffective, this practice gains ground. This edition throws light on the causes for the prevalence of corruption in India – both institutional and societal while discussing the economic and social consequences of this cancer.

Corruption is not simply a deviation from good governance—it is often the hidden architecture that shapes it. The very bodies created to hold power accountable have become instruments of executive control or have faded into irrelevance. In a country like India which is making great strides in economic progress and development, corruption stays rife in spite of legal reforms. This journal casts a critical light on the inefficacy of these reforms, attributing their failures not just to intent, but to the chronic lack of enforcement mechanisms and the deep entanglement of political interests that continue to undermine their implementation. In this journal we find out that corruption persists not for lack of laws but due to the failure of political will and institutional autonomy. Fighting it demands not just new rules, but a new public ethic.

India which ranks high on the corruption index, and a country where more than half of the population has experienced first-hand bribery or taking favours from government officials to avail a service. At the same time, India has achieved significant GDP growth, emerging as a major destination for foreign investment and a vast consumer market. This has positioned the country as a hub for diverse economic activities and large-scale transactions. It is not only the severity of the issue that demands attention, but also the urgency of the moment making this a critical juncture for meaningful intervention. Thus, it is not the issue which is pressing it is the time which is compelling.

# Behind the veil of the state: Corruption in India

## Understanding Systemic Corruption: A Political Economy Perspective

*As corruption continues to pose a significant challenge to democratic governance, it becomes essential to examine the institutional, economic, and social dimensions that sustain it. While anti-corruption efforts in India have taken varied forms, from legal reforms to technological intervention, their outcomes remain uneven. Understanding the political incentives and structural constraints that shape the landscape of corruption is crucial for meaningful reform. While civil society mobilizations, welfare delivery reforms, and performance-based mechanisms are often touted as solutions, their implementation is far more complicated and arduous, often followed by complex trade-offs. Drawing from both empirical research and grounded policy insights, this conversation aims to unpack the systemic nature of corruption and the feasibility of reform.*

*In light of this, we spoke with **Professor Sandip Sukhtankar**, Associate Professor of Economics at the University of Virginia, to gain insights into the complexities and structural realities of corruption. Professor Sukhtankar specialises in Development Economics, Political Economy, and Applied Microeconomics, with a notable focus on corruption and public service delivery.*

***Q1) How do institutional weaknesses- such as poor enforcement capacity and complex regulatory frameworks sustain systemic corruption in India, and what structural reforms are necessary to enhance accountability and state capacity?***

**Mr. Sukhtankar:** The biggest issue is the fact that the legal system doesn't function very well. Everyone knows about the huge backlogs - cases take a very long time. Add to that the fact that enforcement capacity is limited. For example, the police–population ratios are low, and there are lots of vacancies. Public prosecutors are overburdened. All of these things mean that it's perhaps easier for offenders to get away with things or get cases stuck in the legal system forever. That is a huge constraint on our capacity to address endemic corruption. And it's not

just about delays - it's about the kind of cases that make it to court at all, and whether the system has the capacity to enforce accountability in a credible time frame.

On top of that, the powers we do have seem to be a little bit abused. For example, it's a well-known fact how the Enforcement Directorate's powers get abused. You have corruption cases against your opponents, and those are then lost or withdrawn as soon as they come over to your side, stop being important, or once you've stymied them. So that means people don't even have trust in the powers that currently exist to address corruption. If enforcement powers are selectively applied or politicized, the public begins to see anti-corruption measures as partisan tools rather than rule-of-law instruments. Those are the two sets of issues that are really problematic.

In terms of the complex regulatory framework - that is a bit of an issue. People can clearly abuse that to, for example, make companies pay. Some of the regulations are needed and necessary, but it seems like a bit of a chicken-and-egg problem. On the one hand, the regulations are abused, but they may be put in place simply so they can be abused. So I think it's hard to know what the initial causing factor is behind any of this. Regulatory density can be weaponized both by rent-seeking bureaucrats and by businesses seeking special treatment.

There's research that shows what's called, in economics, "endogenous red tape." People create red tape and enter regulation once they know they can use that to extract rents. It's not merely that regulation is inefficient - rather, in many cases, it's endogenous to the logic of corruption itself. Designing smarter, simpler, and more transparent regulations and building digital footprints to track implementation can help. But without institutional willingness to enforce reforms across agencies and states, such frameworks often remain on paper.

***Q2) To what extent do electoral incentives and political cycles shape corruption patterns within public sector enterprises and welfare programs, and how do these dynamics undermine long-term governance and public trust?***

**Mr. Sukhtankar:** It's a very important issue, and it's well studied as well. Electoral incentives can go in many directions. For example, we have research from Brazil that suggests electoral incentives can dampen corruption. Brazil conducts audits of municipalities, and when these audits are conducted before elections and are well publicized, they affect electoral outcomes. If you're a corrupt mayor and the audit exposes your corruption, the public is going to kick you

out. Meanwhile, people who are shown to be clean are actually much more likely to get reelected. So obviously, people care about corruption, and these electoral incentives can matter.

In another study, the same authors show that term limits also have an important effect. Suppose you can only get elected twice- mayors in Brazil can serve two terms. In the first term, mayors are much less likely to be corrupt because they know that if they are caught, they're unlikely to be reelected. But in the second term, since there's no reelection incentive, they tend to be more corrupt. So, on one hand, electoral incentives can actually serve as a damper on corruption.

On the other hand, the big issue is twofold. There are political cycles, and politicians have incentives to direct support just before elections. That can come through many, many channels. Then, the biggest issue - especially in India and many other places is that it's very costly to run in elections. Not from the Election Commission's side, but from the perspective of the candidate. Even really well-meaning, high-quality candidates are often swamped by the fact that it takes a lot of effort and money to get your name out there.

In his book, "*Last Among Equals: Power, Caste & Politics in Bihar's Villages*" M.R. Sharan talks about a friend and an activist who fought against officials in Bihar who were stealing from NREGA funds. He was well supported. Many workers thought he could win. They believed they had real ground support. But when the actual election happened, they lost their deposit. They were badly off, not even close. The main parties, with huge funding and visibility, completely dominated.

So that's a big issue. If you need money and you're not getting it from widespread donations- like in some richer countries- you have to raise it another way. That might be through corporations or by involving different parts of government to extract money from the population and feed it into the party system. In that sense, elections almost force politicians to raise money through questionable means. And obviously, if candidates aren't rich themselves, they have to figure out how to get that money. Even if they *are* rich, spending so much money on elections may make them expect a return. So, after winning, they might be more likely to engage in corruption. Although this is fairly well understood, it's very difficult to combat.

*Q3) Would you say there are any structural reforms that the state can implement to reduce these levels of corruption? Is there any way we can push back against this?*

**Mr. Sukhtankar** Implementing structural reforms hasn't just got to do with the Election Commission imposing strict spending limits, because those limits are mostly ignored. Even if they tried to police that more strictly, one would need huge amounts of human resources to enforce it. And even then, it would still be very hard to properly regulate. That's part of the problem: enforcement is not just about having good laws - it's about having the capacity and neutrality to enforce them consistently. Without institutional bandwidth and political will, even the best-designed reforms will remain aspirational.

This is not an issue unique to India. In the U.S., for example, there are also limits and enforcement mechanisms, but they get circumvented through things like political action committees (PACs). These PACs are powerful, and when efforts are made to shut them down, legal challenges often follow on the grounds of violating free speech. This shows that electoral reform is a structural challenge in most democracies. It is not simply a technical fix; it intersects with foundational debates about free speech, political competition, and institutional trust.

Perhaps it's something we have to accept as part of the cost of being a democracy. However, over time, as people become more educated and wealthier, donations might start coming from more accountable sources. Middle-class donor cultures, institutionalized party funding, and tax transparency could gradually shift the incentive structures. Transparency laws might help, at least to some extent. Though difficult to enforce, things like requiring candidates to disclose their own and their families' assets can have a marginal impact. Asset declarations may not stop corruption outright, but they raise reputational risks and can be used by civil society or the press to demand accountability.

We could also consider reforms like electoral bonds, but with full transparency making it public who is donating to whom. That could help with accountability, at least when questionable decisions are made later. Right now, the opacity surrounding political donations through instruments like electoral bonds undermines public trust and fuels perceptions of state capture. Reintroducing public access to donor data, along with real-time reporting, could restore some credibility to the system.

There are some possibilities, and they might help at the margins. But there may not be any short-term or complete solution to eliminate political corruption altogether. The nature of the challenge is not just institutional - it is deeply embedded in the political economy of electoral

competition, lobbying, patronage networks, and campaign finance. Reforms must therefore be gradual, layered, and tailored to balance democratic openness with integrity.

*Q4) In what ways does political patronage distort the allocation of public resources and weaken the independence and effectiveness of anti-corruption institutions in India?*

**Mr Sukhtankar:** It is worth considering whether researchers are beginning to observe a decline in certain forms of quid pro quo patronage- such as direct benefits targeted at specific vote banks—with the rise of more universal welfare programs. For instance, the expansion of cash transfer schemes may be gradually displacing some of these targeted patronage practices. This shift from clientelist handouts to broader welfare entitlements could represent an important structural change in the relationship between citizens and the state. It suggests that when benefits are universal, politicians have less scope to manipulate distribution for narrow political ends.

But, it's hard to clearly define what patronage is. Politicians are elected to represent their constituencies' interests. So if farmers vote for someone who they know will allocate resources to them, in some ways, that's exactly what democratic representation is supposed to look like. This brings us to a conceptual tension: where does representation end and patronage begin? The line between legitimate political responsiveness and corrupt allocation is often blurry, especially in a federal system like India's, where subnational actors have varying degrees of autonomy.

However, we also know that some of these allocations can be extremely disproportionate. One major distortion that everyone is aware of but no one seems able to address is free electricity to farmers. Almost every state has some version of this policy. We know this is one of the main reasons rural industries hasn't developed in India. The benefits largely go to the biggest landowners, so it's actually a regressive policy. Yet no government wants to scale it back. The political cost of rollback is too high. It's become a classic example of the "populist-fiscal trap": even when a policy is known to be economically inefficient and socially regressive, it remains politically untouchable.

So these are tricky issues. Some forms of direct patronage, like transferring money to a very small, specific group, might decline over time. But it's unclear to what extent that's actually happening. While the rhetoric of governance is moving toward transparency and universality, the underlying incentive structures linked to political loyalty, electoral arithmetic, and financial

opacity- remain largely intact. Until institutions like finance commissions, anti-corruption watchdogs, or regulatory bodies are empowered to evaluate and correct resource distortions, the grip of political patronage on public finance will persist.

Moreover, political patronage doesn't just affect spending it undermines institutional integrity. When appointments to anti-corruption agencies, regulatory authorities, or public enterprises are driven by loyalty rather than merit, the very institutions designed to resist capture become captured themselves. This is the deeper structural damage that patronage politics can inflict not just distorted spending, but disabled oversight.

*Q5) How do financial incentives such as efficiency wages, performance pay, or delayed rents affect the behaviours of public officials, and what conditions are necessary for these mechanisms to function as credible anti-corruption tools?*

**Mr Sukhtankar**: We have evidence now that financial incentives can really matter. Even in countries like China, where you don't expect things to happen in a very transparent or rules-based way, you can still observe incentives at play. For example, mayors or governors often compete based on outcomes on how well their cities or provinces are doing, not just on inputs or processes. And then they get rewarded up the system. That kind of incentive structure is harder to implement in India. China's model is technocratically authoritarian: it may lack democracy, but it still rewards performance. In India, however, even in administrative hierarchies, there is little clarity about what constitutes success, and promotions are often driven by tenure, not achievement.

The biggest issue across all government jobs is that it's nearly impossible to implement anything close to performance-based pay. There's little scope for differentiating between high-performing and low-performing officials. The system is designed around uniformity and seniority, which discourages initiative and suppresses motivation. There's also institutional resistance. Public sector unions are powerful and often wary of evaluation systems that could affect job security or benefits.

That said, we do have evidence from India. My co-author Karthik has done a lot of work on teacher performance pay, showing how it can significantly improve outcomes. In his work, a very good book, *Accelerating India's Development: A state-led roadmap for effective governance,* he discusses many issues around public hiring and performance. One major issue he points out is that we tend to emphasize process and intermediate inputs, rather than

evaluating government workers on actual outputs or outcomes. This reliance on inputs-like attendance or paperwork -misses the more meaningful metric: whether services actually improved for citizens.

While shifting toward outcome-based evaluation is crucial, it's also extremely difficult, especially given the power of public sector unions. Also, there's the challenge of attribution: in complex policy environments, it's often hard to isolate who is responsible for success or failure. That said, there are some domains where metrics are more easily tracked such as improvements in test scores, construction timelines, or timely disbursement of subsidies. These could be pilot grounds for experimentation.

Thus, we have evidence that these kinds of incentives can improve outcomes across various contexts. There's no doubt they could also work as anti-corruption tools. By rewarding honest work and effort, and tying career progression to performance rather than patronage or seniority, financial incentives can shift the cost-benefit calculation for public officials. But they're difficult to implement in practice. Without systemic reforms to HR systems, data infrastructure, and monitoring capacity, the idea of performance pay will remain limited to a few controlled experiments.

Still, if applied carefully, with strong safeguards, clear metrics, and buy-in from key stakeholders, financial incentives could gradually form part of a broader anti-corruption strategy. They won't fix everything, but they might just help change the institutional culture.

*Q6) How effective are technological interventions, such as biometric authentication and direct benefit transfers, in combating corruption in large-scale welfare programs like MGNREGA and PDS, and what trade-offs do they present in terms of accessibility and exclusion?*

**Mr. Sukhtankar:** This is an area where we've done a huge amount of work. I have a number of papers with my co-authors Paul Niehaus and Karthik Muralidharan, where we studied the introduction of biometric authentication in both MGNREGA and the PDS. Our broad takeaway is that, certainly, technology can help, and it can make a big difference. But the protocols around its use are really important to ensure that it doesn't lead to high exclusion errors.

We have two illustrative cases. In Andhra Pradesh, we studied the Smartcards program and found that it reduced corruption and leakage. Beneficiaries received more money and had better

access. That was especially interesting because more people were working under the program, and there was less rationing. We believe that a big reason for this was the design of the protocols, for example, allowing payments to still go through for beneficiaries who didn't yet have smartcards. So while corruption wasn't eliminated entirely, access was preserved, and people were not excluded on a large scale. In our study in Jharkhand on the PDS, we also found that introducing biometric authentication reduced corruption sometimes significantly. But it came at the cost of exclusion. In one case, a small but highly marginalized part of the population was excluded. When the system got stricter, it ended up excluding a much larger group, not a majority, but still a significant number enough that it really began to hurt people.

So, this technology has to be carefully deployed. It should be seen as a tool to improve the end-user experience ensuring that money reaches people directly, on time, and with proper mechanisms to resolve issues for those who can't access their benefits. If that's done thoughtfully, you can achieve both goals: reducing corruption and avoiding increased exclusion. The Andhra Pradesh smartcard case is a great example, and the question of exclusion is a very important one to keep in mind.

***Q7) What role do civil society movements and public mobilization play in shaping anti-corruption reforms in India, and why do these movements often struggle to translate popular support into sustained institutional transformation?***

**Mr. Sukhtankar:** Civil society movements can play a really important role. We've seen how some of them have captured public imagination and channelled the everyday frustrations that people experience into broader movements. They can be effective in bringing issues to public attention and in pushing for change around the margins.

But, there are deep structural reasons why it's hard to convert popular support into lasting institutional transformation. The legal system is slow and overburdened. There are entrenched issues with hiring and performance evaluation in the public sector. Running for elections still requires large amounts of money. These are incredibly difficult problems to tackle, and even a mass movement with widespread support can struggle to make a dent in them. For example, as mentioned above, M.R. Sharan's friend in Bihar, who had strong grassroots support after fighting corruption in welfare schemes but still lost badly in the election. That illustrates how hard it is to challenge the structural realities of power and funding.

However, some of the energy behind these movements has led to change at least at the margins. You hear from many people now that things like getting a passport or a driver's license, which used to be painful and riddled with petty bribery, have become easier. In my own experience, renewing my passport in India was surprisingly smooth - no one asked for a bribe, and the system worked well.

Of course, corruption still exists in many parts of the system, but at least in some routine services, the citizen experience seems to have improved. For example, my cousin is a pilot, and he used to face harassment and bribe demands while renewing certifications. Apparently, now the whole process is online and seamless, with no corruption. So while it's hard to directly attribute such changes to civil society movements, it's possible that their pressure helped create the momentum for reforms. These movements may not always lead to sweeping institutional overhaul, but they might contribute to gradual improvements, especially at the lower levels of governance.

***

## Corruption by Design: Rethinking Legal and Institutional Accountability

*Corruption in India is not merely a matter of individual misconduct but a symptom of deeper structural and institutional failures. Legal frameworks, judicial interpretations, and administrative design play a crucial role in either enabling or curbing systemic abuse. While contemporary discourses often spotlight electoral bonds, institutional appointments, and the role of constitutional silences in fostering opacity, the structural dimensions of corruption remain underexplored. A legal-judicial perspective is thus imperative in unpacking this complexity. Such a lens enables us to move beyond surface-level scandals to examine how legal reasoning, institutional design, and judicial restraint shape the persistence or disruption of corrupt practices.*

*Against this backdrop, we sought the insights of Professor Sandeep Suresh, Associate Professor at Jindal Global Law School, to delve deeper into the legal-judicial dimensions of corruption. He specialises in constitutional law, equality, standards of judicial review, electoral laws and politics, criminal procedure, civic duties, and legal remedies.*

*Q1) India's Constitution is often silent or ambiguous on institutional design for anti-corruption bodies. In your view, does this silence represent a deliberate choice to preserve parliamentary discretion, or a structural oversight that necessitates constitutional amendment?*

**Mr. Suresh:** The question of constitutional silence is important, especially when we compare it with other constitutional frameworks. I often refer to the German constitutional system to better understand some of the ambiguities in India's Constitution, particularly regarding political parties.

For instance, Article 21(1) of the German Basic Law states:

*"Political parties shall participate in the formation of the political will of the people. They may be freely established. Their internal organization shall conform to democratic principles. They shall publicly account for the sources of their funds and for their assets."*

The key phrase here is *"publicly account."* The provision doesn't go into the specifics, there's no prescribed format for declaring expenditures or naming donors. But what it offers is a loud constitutional principle—an unambiguous normative standard about transparency in political funding. That's what I mean when I talk about constitutional "silence" in India. It's not about the absence of regulatory details; it's about the absence of overarching normative principles that can guide regulation.

What the Indian Constitution lacks is this kind of standardizing principle that can govern variables like coalition politics or political funding within a coherent constitutional framework. That's why we observe recurring issues. Take, for instance, the recent debate around electoral bonds–it exposed how opaque the political funding system was, until the Supreme Court stepped in and mandated some degree of transparency, revealing donor identities.

But if you look at the history of political funding in India, you'll notice that every regime, whether a strong majority like the BJP or a coalition government, has found ways to manipulate the funding system to its advantage. During Indira Gandhi's tenure, for example, legal donations were completely banned, which led to the rise of "briefcase politics"—literal bags of cash being passed around, something that became a cultural trope in that era. Later, during Rajiv Gandhi's tenure and under the Janata government, the focus shifted. Instead of banning donations, they incentivized them with income tax exemptions. But they failed to build in any accountability mechanisms. So, briefcase politics continued—but with added benefits that didn't exist in the earlier era.

This is what constitutional silence enables: it leaves space for ad hoc, self-serving systems to be created, especially during election years. When such systems are challenged in court or debated in the public domain, the lack of a constitutional standard makes it difficult for courts, or even the public, to assess them objectively. People are left without a clear benchmark.

So, evidently, constitutional silence is at the root of many inconsistencies we see in India's anti-corruption and political funding frameworks. And not merely financial corruption, but also the systemic manipulation of institutions. The Constitution, in some ways, provides a "pillow" some support but no real "foundation" beneath it. That is the challenge: a foundational silence that enables structural distortions in political morality and governance.

***Q2) Do you see this as a key oversight by the Constituent Assembly, or was the omission a deliberate one—perhaps stemming from the fact that the Assembly was largely composed of politicians, primarily from the Congress Party, who may have chosen to leave such a blind spot?***

**Mr. Suresh:** Yes, that's actually an important point and relatively easy to identify for anyone who has studied the debates, not just of the Constituent Assembly but also the lesser-known pre-Constituent Assembly discussions. While Constituent Assembly debates are relatively well known even among non-lawyers, what is often missed are the deliberations that occurred at earlier stages: within the Constitutional Adviser's office, the various committees and subcommittees, and through correspondence among key leaders outside the Assembly. The extent of off-record influence was so great that some members of the Assembly themselves commented that the Constitution was not made in the Central Hall of Parliament, but rather in the offices of the Indian National Congress. What we see as the "debates" were often curated or staged, while the real negotiations were happening elsewhere.

So it's reasonable to bring up the influence of the Indian National Congress. Especially after the split with Pakistan and the withdrawal of the Muslim League, the Congress came to dominate the Assembly, both numerically and ideologically. But even beyond numbers, the influence of key Congress leaders like Nehru, Patel, and others was considerable. In many cases, that influence would have been enough to sway decisions regardless of formal voting strength.

However, it's overly simplistic to conclude that just because the Congress dominated, the process was unchallenged. There were Assembly members, some within the Congress, some outside it, who voiced dissent. For example, Professor Shibbon Lal Saxena and Pandit H.N. Kunzru raised important objections. Others like K.T. Shah of the Socialist Party also spoke out against certain provisions. These are names we don't often hear when we talk about Constitution-making, but they consistently flagged key foundational issues.

Take the example of the Election Commission of India. A lot of public debate now revolves around the method of appointments, whether to the Election Commission or the Supreme Court. These are often treated as elite, technical issues. But even back then, some members recognized their critical importance. At the time, Dr. Ambedkar, K.M. Munshi, and others believed the Election Commission wouldn't require a permanent staff. They assumed its workload would be minimal, confined to the act of conducting elections. But others, including Professor Saxena and Kunzru, strongly disagreed. They emphasized that electoral administration is not just about the act of voting—it also involves preparing and maintaining accurate electoral rolls. In a country as large and diverse as India, with poor documentation and varying state capacities, this is a cumbersome task. These members argued that the Election Commission needed a dedicated, professional staff to carry out these functions effectively. But their advice was overruled. Consequently, what we see today is a stopgap system: during elections, school teachers and clerks are pulled in from government departments on deputation. They manage the process temporarily and then return to their regular jobs. There is no permanent, expert administrative backbone to the institution.

So, the omissions in the Constitution weren't accidental. They were shaped by the political context of the time, including Partition and the urgency to hold the new nation together. That urgency is understandable in hindsight, but it also led to certain strategic omissions. More importantly, there was an underlying ideological resistance to strengthening counter-majoritarian institutions like the Election Commission. That resistance, whether intentional or otherwise, has had long-term consequences. It's one of the root causes of why institutions today struggle with independence and why corruption persists at systemic levels.

*Q3) Given the systemic role of illicit financing and vote-capture in Indian elections, how should the constitutional doctrine of "free and fair elections" evolve to address not just procedural defects, but structural distortions that impair electoral equality?*

**Mr. Suresh:** In the absence of a constitutional rule mandating the public accounting of funds, it becomes difficult to place the doctrine of free and fair elections in proper perspective. From a rights-based viewpoint, the dominant discourse on questions like structural corruption or vote capture tends to get reduced to procedural analysis. Take, for instance, the debate surrounding electoral bonds. The Supreme Court struck down the scheme on several grounds. One of the central arguments by the petitioners, which the Court endorsed, was that citizens have the right to know who is funding whom—that the public use of funds should be transparent. Following

this, the Court directed the State Bank of India and other entities to release the data. However, when this data was eventually made public, a simple question popped up: How many of us, even before this judgment, had ever visited the Election Commission's website to look at the contribution reports of political parties before voting?

Despite the judgment, the mere existence of records or data may be ineffective without a deeper shift in public culture. What is needed is a cultural transformation in how voters approach these issues and structural rules that define how such data should be presented and used meaningfully by citizens.

Consider what emerged from the electoral bonds data—media reports highlighted that the pharmaceutical industry alone donated ₹950 crores to political parties between 2019 and 2023, with the largest share going to the BJP. This trend, however, could have been anticipated even before the electoral bonds were introduced. The earlier electoral trust model, created during UPA II, was opaque, yet still offered public access to data. A study of electoral trust records would've shown similar patterns, pharmaceutical giants like Sun Pharma and others were making substantial donations, especially in constituencies where their operations were located. The dots can be connected.

For example, In 2023, the government passed the Jan Vishwas Act, which aimed at decriminalising certain laws in the name of fostering trust. The stated objective was not to penalise people harshly, but to take them into confidence, much like an amnesty scheme in tax law. This Act amended several laws, including the Drugs and Cosmetics Act, 1940—a law that governs the quality and safety of medicines. This legislation includes offences such as manufacturing adulterated drugs, or producing what are called non-standard quality (NSQ) drugs. To simplify, consider antibiotic drugs. For these to be effective, they must contain a minimum concentration of the active pharmaceutical ingredient (API). If the label says it contains 30%, but the drug has only 5%, it becomes an NSQ drug—not illegal per se, but one that under-delivers on its promise. Earlier, this offence would carry a penalty of up to two years of imprisonment. The Jan Vishwas Act decriminalised this offence. It removed the imprisonment clause and made the offence compoundable—meaning it can be settled between the complainant (a government drug inspector) and the accused (a pharmaceutical manufacturer). Now, such cases can be resolved with a fine of just ₹20,000.

One can link this back to the ₹950 crores in donations from the pharmaceutical sector. These are not just coincidences, they suggest a form of quid pro quo. And this is precisely the kind of structural pattern we must be attuned to, not through isolated doctrines, but as informed citizens. No doctrine can teach this. It has to be embedded in how we think—as citizens and as voters. Our citizenry, unfortunately, is not equipped for this level of structural scrutiny, alluding to the need for a deeper civic awakening.

*Q4) The Indian judiciary has often opted for institutional restraint in cases involving high-level corruption. Is this consistent with the Court's role as the guardian of constitutional morality, or does it signal an abdication of its public accountability function?*

**Mr. Suresh:** There are several instances where the Supreme Court has abdicated its responsibility in matters involving high-level corruption. That said, there are also moments where the Court has made attempts to intervene. This tendency toward judicial minimalism, particularly in cases tied to systemic corruption can, in part, be explained by the constitutional silences that leave the Court in a sort of "no man's land." In such situations, the Court often finds itself unequipped to articulate clear legal principles or doctrines.

If the Court has built strong jurisprudence anywhere, it has largely been in the domain of substantive rights, rather than in relation to structural or institutional principles. When it comes to corruption that cuts across institutional frameworks, the Court has often responded with highly technical adjudication, followed by deferrals: it passes the matter to Parliament, to the executive, or to other agencies like the Comptroller and Auditor General (CAG) or the Election Commission.

One example where the Court made a meaningful attempt to engage with systemic corruption was in the matter of Electronic Voting Machines (EVMs), a longstanding issue of public concern. Allegations regarding mismatches between EVM results and VVPAT (Voter Verifiable Paper Audit Trail) slips have circulated for years. The legal question was whether 50% of EVMs across constituencies should be cross-verified with VVPAT slips. The Court ultimately declined to issue such a sweeping directive, noting that it lacked a clear constitutional or legal principle to mandate that threshold. It couldn't invoke the basic structure doctrine in this context, since no constitutional amendment was under challenge.

However, in 2024, a Division Bench of the Supreme Court, led by Justice Sanjiv Khanna and Justice Dipankar Datta, did lay down a more targeted mechanism. They ruled that in any constituency where the losing candidate challenges the result, a request can be filed within seven days of the result. Upon that request, the EVM's microcontroller may be examined by technicians from the manufacturer, in the presence of representatives from the losing candidate's party. For the first time, this created a practical, request-based mechanism for checking potential tampering. Until then, there was no such option. Even when election petitions were filed, by the time they reached the courts, the EVM memory might have been erased, or the machines destroyed. This judgment made post-election analysis feasible in principle.

However, the implementation gap remains. For example, after this judgment, during the Haryana state elections, the Congress Party alleged EVM tampering following its defeat. Yet, none of its losing candidates invoked the Court's new mechanism to seek verification. Thus, having a judgment or doctrine is one thing, but if the parties involved fail to use it, or if the implementing authorities ignore it, the impact is greatly diminished. In that sense, the Supreme Court's intervention on EVMs has reset the framework to some extent. But that's about as far as the Court can go.

***Q5) The disqualification of electoral candidates on corruption charges remains tightly circumscribed by due process protections. How can constitutional jurisprudence reconcile this tension between safeguarding democratic choice and preventing normative erosion of representative legitimacy?***

**Mr. Suresh:** This is a domain where the Supreme Court has fared quite poorly. To give a recent example: in Tamil Nadu politics, the current DMK-led government includes Mr. K. Ponmudy, who, along with his wife, was convicted in a corruption case. He was found guilty of amassing disproportionate assets during his previous tenure as Minister for Mines and Minerals. The state Vigilance and Anti-Corruption Bureau conducted the investigation and trial, and he was sentenced to three years in prison. Despite this, he continued to serve not only as an MLA but also as a minister. But that could happen because the Supreme Court created a doctrine, without any basis in the Constitution or in statutory law, that allowed this outcome.

To explain further, one needs to understand how criminal procedure and electoral law intersect. When someone is convicted, they have the right to appeal. But appealing from prison presents

challenges: how does one consult a lawyer, gather resources, and draft the appeal? To address this, Section 389 of the Criminal Procedure Code (CrPC) allows for suspension of sentence during the pendency of an appeal. This is a humanitarian provision: it allows a convicted person temporary release, but the time spent out of jail does not count toward their sentence. This is entirely legitimate and important, especially in a country like India, where prison populations are disproportionately poor and under-resourced.

However, in several cases, notably that of Navjot Singh Sidhu, the Supreme Court went a step further. Instead of just suspending the sentence, it began suspending the conviction itself. That is a very different and far more problematic move. Conviction, in criminal law, can only be overturned on appeal. There is no legal provision in the CrPC or otherwise, that allows for a conviction to be suspended. But the Court developed this doctrine, and as a result, politicians like Ponmudy, Sidhu, and even Rahul Gandhi have benefitted. In Rahul Gandhi's case, he was convicted in a defamation case, but remained an MP because of this very doctrine of suspension of conviction.

This is problematic because the Representation of the People Act clearly states that if a person is convicted of a crime involving a sentence of more than two years, they are disqualified from holding elected office. By creating a legal workaround, the Court has undermined this statutory requirement. And this is not minimalism, but rather an active doctrinal invention, with the effect of shielding convicted politicians from the consequences of their actions.

The Court has justified such interventions on the grounds that the disqualification rules are too harsh, especially when they disproportionately affect poorer candidates. But in reality, these doctrines have largely benefitted well-connected political elites, not the disadvantaged. Justice V. Ramasubramanian, for example, has been celebrated in many quarters, but he was one of the strongest proponents of the suspension-of-conviction doctrine during his tenure. He was on several benches that suspended convictions of politicians, enabling them to remain in office. This jurisprudence really took root with Navjot Sidhu's case and has since grown into a highly problematic area of election law.

Now, in an attempt to "fix" this issue, we've seen reforms that simply add more crimes to the list of disqualifying offences under electoral law. But that's pointless unless the underlying procedural loopholes, especially in criminal law, are addressed. Until those gaps are plugged,

particularly in the realm of criminal procedure, disqualification provisions will continue to be bypassed.

*Q6) In corruption-related litigation, courts rarely prescribe structural remedies beyond case-specific relief. Should Indian constitutional courts adopt a more structural approach to institutional corruption, and if so, what doctrines or precedents could support such a shift?*

**Mr. Suresh:** One of the key limitations of Indian constitutional courts over the years has been their narrow scope of intervention. Much of the discourse around constitutional law is dominated by a rights-oriented framework. Inarguably, rights are crucial and must be discussed, but the issue arises when this rights-based orientation becomes excessive and gives rise to an uncritical romanticisation. Consider, for instance, Articles 14, 19, and 21—important as they are, they don't offer much in terms of addressing structural problems in Indian constitutional politics or the broader legal system.

Courts must begin rethinking their approach beyond this narrow framework. A good example is the case around electoral bonds. In India, the decision to strike them down relied on Article 19. Compare this with a similar case in the U.S.: *Buckley v. Valeo* (1976), where the court drew on broader doctrines such as anti-corruption, public trust, and democratic principles to assess campaign finance laws. These broader frameworks enabled the U.S. court to engage with systemic issues more comprehensively. To move in this direction, Indian courts need to shift away from a relatively narrow, outcome-focused perspective. This is where the "political process theory", first developed by legal scholar John Hart Ely in his book *Democracy and Distrust* (1980) offers valuable insights. Ely argued that constitutional review should not only focus on the content or outcome of legislation but also on the process by which laws are made. This approach, which has evolved through scholars like Stephen Gardbaum, emphasizes that courts should examine whether political processes are inclusive, transparent, and representative, rather than merely assessing the legal outputs. Unfortunately, Indian jurisprudence tends to be overly focused on either striking down or upholding laws, rarely imagining possibilities beyond that binary. We need more frameworks and doctrines that empower courts to engage with institutional design and structural flaws.

Nevertheless, one limitation of applying political process theory in India is that it presupposes the existence of foundational constitutional principles, such as a mandate that political parties must publicly account for their funding. In the absence of such principles, courts are

constrained. Unless we have a landmark precedent, perhaps something like the *Kesavananda Bharati* judgment, that anchors and develops these structural doctrines, it will be difficult to institutionalize such an approach. But that is the direction I believe we need to pursue.

\*\*\*

## Politics, Power, and the Public Good: Reimagining Governance in India

*The CIDS team interviewed Dr. Niranjan Sahoo, Senior Fellow at the Observer Research Foundation and a distinguished scholar in governance and public policy. With a career spanning over two decades in India's leading policy think tanks and abroad, Dr. Sahoo brings critical insights into the intersections of democracy, institutional reform, and political accountability. His academic and professional journey- rooted in a PhD from the University of Hyderabad—has centered on dissecting the structures of governance and understanding how power is negotiated, distributed, and institutionalized in democratic contexts. In our conversation, Dr. Sahoo reflected on the persistent challenges of corruption, institutional fragility, and policy capture, underscoring the urgent need to reimagine governance frameworks that are both inclusive and accountable. His perspectives highlighted how entrenched political practices and weak institutions continue to obstruct democratic deepening and equitable service delivery in India. Governance, as he emphasized, is not merely about statecraft-it is about the lived realities of citizens and the capacity of institutions to respond to them.*

***Q1) Your article highlights how entrenched political interests systematically erode the autonomy of anti-corruption institutions. In systems where self-regulation is unlikely, how can India establish credible commitment mechanisms through either constitutional design or administrative safeguards that realign political incentives toward institutional independence?***

**Mr. Sahoo:** The challenge of entrenched political interests undermining the autonomy of anti-corruption institutions is a longstanding issue in India, and any attempt to engineer credible commitment mechanisms must begin by acknowledging the structural paradoxes that have been created over last few decades. While India undertook significant economic liberalisation in the 1990s, which effectively dismantled the licence-permit-quota regime and reduced discretionary control in many sectors, these reforms were not matched by parallel politico-administrative reforms. As a result, while the economic sphere became more transparent and competitive, the political and administrative architecture continue to retain vast discretionary powers, particularly in areas like environmental clearances, land allocation,

and public procurement. This asymmetry has allowed rent-seeking behaviour and quid pro quo arrangements between politicians and businesses to persist and, in many ways, deepen.

Despite significant legislative interventions like the Right to Information Act (2005) and the Prevention of Money Laundering Act (2002), and even public mobilisations such as the 2011-12 anti-corruption movement led by noted social activist Anna Hazare, meaningful institutional transformation has remained elusive. The Jan Lokpal Bill, enacted in 2013, was meant to serve as a robust oversight mechanism against big tickets corruption but its implementation has been lacklustre. The Lokpal itself has remained structurally weak, underfunded, and politically constrained, rendering it largely symbolic.

To move toward credible institutional independence, reforms must address both the design and the incentives that shape political behaviour. The constitutional entrenchment of anti-corruption bodies, similar to the status of the Election Commission or the Comptroller and Auditor General, could offer a legal safeguard against the executive overreach. However, legal autonomy alone is insufficient. What is also required is a transformation of political financing. As long as electoral politics remains dependent on unregulated and opaque funding, politicians will have little incentive to empower institutions that could scrutinise the sources of that funding. Without strict regulation, transparency in campaign finance and stringent crackdown on the political-business nexus, institutional reforms are unlikely to take root.

Further, appointments to oversight institutions must be removed from executive discretion. A genuinely independent, bipartisan, or even judicially monitored process for appointing the heads of bodies like the CBI, ED, and Lokpal would go a long way in signalling political commitment to autonomy. Importantly, institutional independence must also be supported by administrative safeguards such as fixed tenures, protection from arbitrary transfers, and adequate resources. Judicial review mechanisms and performance audits could provide external checks on the functioning of these bodies.

In essence, India's failure to implement second- and third-generation political and administrative reforms have left anti-corruption institutions exposed to the very interests they are meant to regulate. Engineering credible commitment mechanisms will require both constitutional redesign and a realignment of political incentives - not just through laws, but

through a broader shift in political norms and public expectations. Until that alignment is achieved, institutional independence will remain more a matter of principle than practice.

*Q2) You critique the opacity and concentration inherent in India's political finance system, particularly under the Electoral Bonds framework. In your view, what would a normatively grounded and context-sensitive model of political finance look like in India one that balances democratic competitiveness with public transparency?*

**Mr. Sahoo:** In India, while we have made visible progress in campaign finance regime by refining electoral laws and introducing legal measures to curb quid pro quo arrangements and black money, many of the problems remain still remain unaddressed. We have the Representation of the People Act, 1951, and significant reforms like the 2002 Elections and Other Related Law which introduced disclosure norms requiring candidates and parties to submit criminal antecedents, income, and asset details. These were meant to promote transparency and voter awareness so that citizens could make informed electoral choices.

However, these reforms have made little impact on arresting corrupt practices. In practice, candidates often use the system for personal gain. Many enter politics to expand their businesses or wealth. In fact, data shows that in 2004, only 20-25% of candidates had criminal records; today, that figure has ballooned to over 95%. If you track candidates' assets disclosures records from the Election Commission website, many show a massive jump in wealth between elections- clear evidence of how politics has become a tool for enrichment and business expansion. Politicians today run coaching centres, engineering colleges, mining businesses, infrastructure companies, and run mining and real estate empires. Politics and business have massively converged, undermining the purpose of anti-corruption laws.

For example, take the case of Right to Information (RTI) Act. Born of grassroots struggles like those led by the Mazdoor Kisan Shakti Sangathan (MKSS) in Rajasthan, RTI became law in 2005 and empowered citizens to access official information. It helped expose major scams and fuelled movements like the 2011 anti-corruption protests. Political leaders like Arvind Kejriwal emerged from this movement, using RTI to uncover scams like the CWG scam. But in the last 8-9 years, the RTI regime has been progressively weakened through amendments that diluted the powers of Information Commissioners, linked disclosures to vague "national security" concerns, and removed penalties for non-compliance. So, while RTI still exists, its institutional backbone has been considerably ruptured.

This reflects a broader reversal. The political finance reforms of the previous decade like disclosure norms, RTI, and the PMLA (2002) showed promise. But these gains have been undermined by regressive steps post-2014. Consider the Electoral Bonds scheme. Introduced via the 2017 Finance Bill to reform the political finance regime by infusing more transparency. Yet, it was introduced by simultaneously scrapping the 7.5% cap on corporate donations under the Companies Act. This was then followed by amending FCRA regulation which allowed any company including foreign entities with Indian subsidiaries to donate political parties. This undermined both domestic transparency and national security, as even Chinese-linked companies could now influence Indian elections.

The Supreme Court ultimately struck down electoral bonds in 2024 on the grounds that anonymous donations defeated the purpose of disclosure. Post-judgment data confirmed that the ruling party received over 75-80% of all bond donations. Worse, several instances showed companies donating soon after ED or CBI raids- clear cases of quid pro quo. The result is a thickening nexus between political power and business interests, undermining fair competition and clean governance.

Further, anonymous donations under Rs.20,000 remain legal (despite limiting cash donation to INR 2000 in 2017), creating massive loopholes. Political parties can receive unlimited small-cash contributions without revealing donor identities. In the age of digital payments and UPI, why should such opacity persist? More than 70% of donations to political parties today are from unknown sources, largely due to this clause. All governments-past and present, have maintained it, claiming that anonymity protects donors from political retribution. But in reality, it fosters untraceable funding and black money.

The solution therefore is that we must reduce parties' and candidates' dependence on private or interested money. Running a political campaign in India is expensive. Leaders must travel, run offices, hire staff, and reach large constituencies. This can't be sustained without robust political finance. One option is creation of public or state funding mechanism that can support parties and candidates to fight elections and beyond. This is a dominant trend across many democracies, both new and established. Eligibility for receiving state/public subsidises can be based on vote share, past performance, or other objective criteria. Having such an option can reduce the dependency on  private or interested money and can help politicians to focus more on governance and law making efforts than constantly seeking funds to run political activities and fight elections.

However, having state funding  is not enough. We also need a robust institutional mechanism to monitor political finance. The Election Commission, burdened with conducting elections and maintaining rolls, cannot do this alone. A dedicated, independent body should be created- one tasked solely with tracking political donations, enforcing violations, and maintaining transparency in political funding. Without this, discussions on electoral reforms will remain superficial.

Until we structurally reduce the role of big money in politics, corruption will continue to flourish- eroding both democratic competitiveness and public trust.

*Q3) The article underscores how agencies like the CBI and Lokpal suffer from dual crises of executive control and public trust. What institutional design principles such as independent appointments, legislative oversight, or fiscal autonomy are most critical to constructing a genuinely impartial anti-corruption architecture in a federal democracy like India?*

**Mr. Sahoo:** That is an extremely important and timely question. The answer lies in understanding that institutional design is not a mere bureaucratic formality- it's fundamental to ensuring that anti-corruption frameworks function with credibility, and independently. Unfortunately, what we're seeing in India today is a collapse of both institutional autonomy and public trust, which together form the core of any effective anti-corruption architecture.

Let me start with the most foundational problem: there is no real deterrent against corruption. People whether government officials, private intermediaries, or even those from civil society are able to engage in corrupt practices with minimal fear of being held accountable. Why? Because the criminal justice system in India is lethargic, cumbersome, and prohibitively expensive. Corruption cases can take decades to resolve. By the time they reach higher courts, the accused may have retired or even passed away. This allows corruption to persist unchecked.

Now consider policing. The police force is the entry point for investigating corruption—through FIRs, initial evidence collection, and forensic work. Yet it remains among the most compromised institutions. According to Transparency International, the police is routinely perceived as the most corrupt government department in India. Apart from systemic corruption, there's also a severe lack of capacity: widespread vacancies (as high as 30-40%), poor forensic training, outdated investigation tools, and very little accountability. In short, we

expect the police to act as the gatekeepers of anti-corruption, but we've neither equipped them nor insulated them to do the job.

The judiciary particularly the lower ones, is overburdened and under-resourced. We're currently dealing with a backlog of over 33 million pending cases, with more than 90% in the lower courts. A McKinsey report recently estimated that it could take more than 320 years to clear the current backlog. If people don't believe the courts will deliver timely justice, how can you expect them to trust anti-corruption efforts?

But even beyond these systemic flaws, let's talk about the institutions created specifically to fight corruption: the Lokpal, the CBI, the Central Vigilance Commission (CVC), and the Enforcement Directorate (ED). These bodies were meant to operate autonomously. Yet in practice, they have been rendered toothless or, worse, turned into political instruments.

Take the Lokpal. The bill was passed with great fanfare in 2013, with support from both ruling and opposition parties. Yet the institution wasn't even operationalized until 2019 - five years later, at the tail end of the Modi government's first term. Since then, it has shown no real appetite for tackling high-level corruption. That delay itself was telling: it signalled a lack of political will.

Or consider the CBI. While there have been some reforms in the appointment process (2013 legislative reform), including the addition of the opposition leader  and Chief Justice of India in the selection committee, the government continues to dominate the appointment process. The Supreme Court had rightly observed that the CBI had become a "caged parrot," and unfortunately, that hasn't changed. Appointments are often politically motivated, and the agency increasingly appears to be used to protect the government and target its critics. This perception is widespread and deeply damaging.

The same goes for the CVC. It was converted into a statutory body in 1998 and was initially seen as a credible supervisory institution for anti-corruption investigations. But today, it is largely invisible. In the past, names like N. Vittal were synonymous with anti-corruption. Now, most people can't even name the current CVC. It has faded into bureaucratic obscurity.

The Enforcement Directorate (ED), whose job is to combat financial crimes and money laundering, has become perhaps the most politicized of all. Look at the numbers—about 95% of its recent cases are against opposition leaders. The pattern is hard to ignore. The ED is no

longer seen as a neutral institution but rather as a weaponized arm of the ruling party, deployed selectively to silence dissent.

This politicization and brazen misuse  of these key state institutionshave  led to a drastic erosion of public trust. When the CBI or ED shows up at someone's door, the public's default assumption is no longer that a crime has been committed- but that the government is sending a message. That's a very dangerous place for a democracy to be.

So, what needs to be done?

First, we must overhaul the criminal justice system - strengthen the police, fill vacancies, provide forensic training, and modernize investigation methods. Technology like AI and digitization can help streamline processes, but without human capacity and autonomy, those tools will be underutilized.

Second, and equally importantly, we must structurally fortify our apex anti-corruption bodies. This includes transparent appointment mechanisms, fiscal independence, statutory protections against executive interference, and genuine legislative oversight. These agencies must serve the Constitution not the ruling party of the day.

Ultimately, anti-corruption in India has suffered not just from inefficiency but from politicization. We have weakened our enforcement mechanisms and turned them into tools of vendetta. Until we reverse that trend by redesigning institutions and rebuilding trust anti-corruption will remain a slogan, not a reality.

*Q4) You note the wide variation in corruption across Indian states, shaped by differing political cultures and institutional capacities. What methodological tools or indicators can be used to rigorously evaluate state-level innovations in anti-corruption, and how might these lessons be transferred across contexts without flattening local complexity?*

**Mr. Sahoo:** The central government wields significant legislative and financial power, the bulk of real governance-particularly in economic administration, welfare delivery, investment facilitation, and licensing happens at the state level. This decentralised architecture makes it essential to understand state-level variation in both corruption and the institutional innovations devised to combat it.

India's states differ greatly in political culture, bureaucratic competence, and governance priorities. Many are governed by regional parties with distinct political compulsions. These

parties, facing high electoral costs and limited public funding, often depend on opaque means of financing -especially through large-scale projects and infrastructure deals. This creates significant incentives for rent-seeking behaviour and systemic corruption.

Yet, over the past two decades, particularly following the Right to Information (RTI) movement in the mid-2000s, several states have embarked on innovative and context-sensitive anti-corruption measures. These experiments provide valuable insights but also raise methodological questions: How do we assess what works? And how can such successes be replicated without erasing the nuances of local political economy?

To begin with, innovations like social audits pioneered in states like Andhra Pradesh and Rajasthan- offer a grassroots mechanism for accountability. In Rajasthan, the *Jansunwai* model brought panchayat-level communities together in public hearings where citizens could question engineers and officials on project allocations, expenditures, and implementation. This practice allowed for real-time scrutiny and direct community involvement, creating both fear and deterrence among corrupt officials. Social audits not only improved transparency but also enhanced the quality of service delivery, as the typical layers of rent extraction (engineers, officials, politicians) were exposed and challenged.

To evaluate such innovations, one needs a multidimensional methodological framework. This would combine process-tracing, to capture causal mechanisms; performance metrics, such as grievance redressal rates, leakage reductions, and quality of service indicators; and qualitative fieldwork, including ethnographic observation and interviews with local actors. Importantly, one must assess not just outcomes, but also the political incentives that drive these reforms such as when anti-corruption becomes electorally beneficial for regional parties seeking public legitimacy.

Another example is the Aam Aadmi Party's early approach to political funding transparency, where it adopted a crowdfunding model and published real-time data on donors. This generated ripple effects across party systems and disrupted the anonymity of large political donations - anonymity that still accounts for over 75 percent of funding in most mainstream parties. However, these efforts encountered pushback; donors were subject to income tax scrutiny, and the party eventually rolled back the public listing to protect supporter privacy. This case shows how innovations can be institutionally fragile, especially when they threaten entrenched interests at the national level.

Karnataka offers another instructive model. During a previous decade, its Lokayukta gained substantial credibility by independently investigating corruption, even against high-level officials. In an unprecedented move, it pursued a case against then Chief Minister Yeddyurappa for accepting bribes, resulting in his resignation and imprisonment. This case illustrates the potential of autonomous state-level accountability institutions - provided they are shielded from political interference and have investigative teeth.

In addition to institutional reforms, many states have advanced technological interventions. The use of digital public service delivery, especially in the wake of Aadhaar and the JAM (Jan Dhan -Aadhaar-Mobile) trinity, has significantly reduced petty corruption. Direct Benefit Transfers (DBTs), for instance, have removed intermediaries in welfare delivery, curbing leakage in schemes like PDS, pensions, and subsidies. While Aadhaar was originally initiated under the UPA, the Modi government scaled it significantly, allowing real-time tracking and authentication of beneficiaries.

Several states also adopted Service Guarantee Acts- initially piloted in Madhya Pradesh in 2013. These laws mandate time-bound delivery of essential public services, from income certificates to caste validation, thereby reducing opportunities for rent-seeking. Coupled with digitisation, these acts have been rolled out in over 20 states and offer measurable improvements in efficiency and accountability.

Further, the emergence of Citizens' Charters, often mandated post-RTI, has institutionalised information disclosure. Every government department now outlines its functions, timelines, and responsible officers. This visibility, in turn, allows for benchmarking and comparative assessment across states- especially if paired with indicators such as the Transparency International India State Corruption Rankings or data from public grievance redress platforms like CPGRAMS.

The critical challenge, however, lies in translating these lessons across states without erasing local specificity. Anti-corruption measures must be tailored to state capacity, political will, and civil society vibrancy. While Rajasthan's *Jansunwai* might not work in a state with weak grassroots mobilisation, digitisation may yield better returns where bureaucracies are tech-enabled but lack transparency.

Therefore, policy transfer must occur via modular adaptation, not wholesale replication. This means identifying which components of a reform- be it public disclosure, community participation, or funding transparency- can travel and which require contextual calibration. For instance, while crowdfunding political campaigns may not scale uniformly, mandating disclosure of top donors could be a translatable norm.

In conclusion, the evaluation of state-level anti-corruption innovations demands a mixed-methods approach that recognises variation, respects complexity, and embraces experimentation. Federalism offers not just challenges but also opportunities-states can act as laboratories for democratic deepening. But for these lessons to matter nationally, we need institutional ecosystems that allow innovation to thrive, protect whistleblowers, and ensure that political decentralisation does not become a licence for unaccountable governance.

*Q5) While digital platforms and e-governance have been promoted as anti-corruption tools, your article warns against over-reliance on technocratic solutions. How should digital innovations be situated within a broader political economy framework that centers citizen empowerment, especially in light of India's growing digital public sphere?*

**Mr. Sahoo**: What I've argued is that while digital tools have helped reduce corruption particularly *petty corruption* at the service delivery level-there are serious limits to how far they can go. Take Aadhaar-enabled systems or online portals for birth certificates, pensions, or ration distribution. Earlier, citizens often had to pay "speed money" to intermediaries or clerks to access entitlements that were legally theirs. Technology has helped disintermediate these processes. It has improved service delivery, made transactions traceable, and empowered some citizens - especially in urban or semi-urban areas.

But-and this is critical-technology hasn't been able to tackle big ticket *corruption*. Large-scale, high-level corruption involving ministers, senior bureaucrats, or corporate interests-those deals are struck outside digital systems, through informal networks, lobbying, or quid pro quo arrangements. No software will prevent a minister from clearing a shady infrastructure deal unless there's institutional oversight.

That's why we need much stronger institutional autonomy- agencies like the CVC, CBI, and Lokpal must be independent, professionally staffed, and free from political interference. Unfortunately, that's not always the case. As I said before, without genuine political will,

these bodies become pliant. They can be used selectively against opposition parties or dissidents, depending on who's in power.

Another challenge is that digital systems can sometimes create exclusion, not empowerment. We've seen this in schemes like MGNREGA or PDS, where Aadhaar mismatches, fingerprint failures, or server errors have excluded millions from benefits. Studies by researchers at institutions like the Indian School of Business and the Accountability Initiative confirm these exclusion risks.

So while digitisation can be transformative, it must be embedded in a rights-based framework- where citizen grievances are addressed, feedback is built in, and the poor are not digitally disenfranchised. It can't just be tech for tech's sake.

Now, the other big issue is social tolerance of corruption. Why do voters keep electing leaders with serious corruption charges? Because our political culture is deeply shaped by patronage politics- based on caste, region, or religion. A politician may be corrupt, but if people believe he will "take care of his own," they'll vote him in again. That's a moral economy of politics that normalises corruption.

This brings us to weak enforcement and low deterrence. People know that even if they're caught, criminal trials take decades, and they can hire top lawyers to delay everything. Anti-corruption laws are weak in sentencing and conviction rates. For instance, under the Prevention of Corruption Act, punishments are often lenient and rarely enforced. Even the PMLA (Prevention of Money Laundering Act), though more stringent and now used more frequently, has been criticised for selective application and low conviction rates.

Finally, a lot of this ties back to state capacity which remains significantly weak in many parts of India. Police forces are understaffed and lack adequate professional training. Judicial vacancies are high and courts infrastructure at district and sub-divisional level are a matter of grave concern. Digital systems and access are often poorly maintained in rural areas. If your enforcement mechanisms- policing, judiciary, regulatory bodies are underfunded or politicised, then no amount of digitisation will fix the underlying governance deficit.

So yes, use digital tools but don't mistake them for a cure-all. They must be part of a broader political economy approach that strengthens institutions, empowers citizens, and tackles the structural drivers of corruption- like patronage, electoral finance opacity, and impunity.

\*\*\*

# CIDS EDITORIAL BOARD

**Geetaali Malhotra**
Team Lead

**Pakhi Dhokariya**
Research Analyst

**Tanish Srivastava**
Research Analyst

**Saksham Raj**
Research Analyst

# FACULTY EDITOR

**Professor Deepanshu Mohan**
Centre for New Economics Studies
O.P Jindal Global University

**O.P. JINDAL GLOBAL UNIVERSITY**

Sonipat Narela Road, Sonipat, Haryana-131001 (NCR of Delhi), India
www.jsia.edu.in; www.jgu.edu.in

For any comments or inputs on the research submissions, please write to us at
cids@jgu.edu.in