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CORRUPTION AND REFORM IN INDIA

Public Services in the Digital Age

Jennifer Bussell

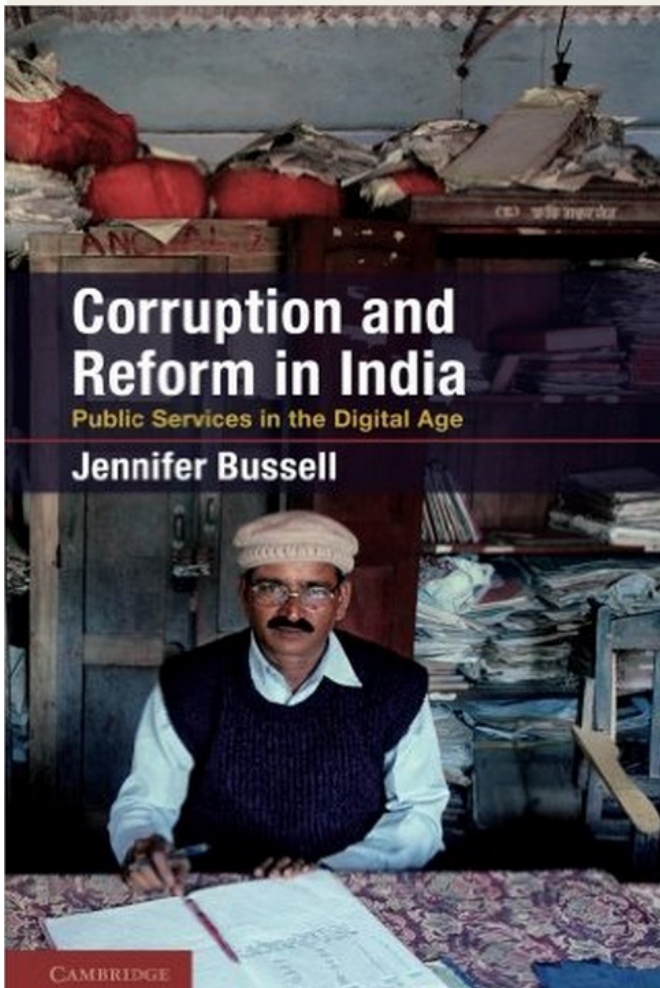
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Over the last few years, the corruption pervading India's government has received remarkable media attention, thanks, in part, to scandals surrounding the Commonwealth Games, 2G telecom licenses, and the Adarsh housing society. This has shaken the complacency of many citizens who heretofore saw bribes and kickbacks as an inevitable part of daily life, and has provided fodder for the anti-corruption movement led by Anna

Hazare.

Yet the attention to high-level scandals has overshadowed the corruption in basic public services faced by citizens across the country on a daily basis. Individuals who hope to receive a ration card, a driver's license, or a modification to their land record are often faced with long delays that can only be shortened with "extra" payments, the "speed money" that greases the wheels of government and lines the pockets of bureaucrats and their political superiors.

Not only is this pernicious everyday corruption a drain on the limited resources of India's average citizen, it can impede efforts to improve the quality of public services in general. There is perhaps no better example



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SUMMARY

THIS BOOK ASKS WHY SOME GOVERNMENTS IMPROVE PUBLIC SERVICES MORE EFFECTIVELY THAN OTHERS. THROUGH THE INVESTIGATION OF A NEW ERA OF ADMINISTRATIVE REFORM, IN WHICH DIGITAL TECHNOLOGIES MAY BE USED TO FACILITATE CITIZENS' ACCESS TO THE STATE, JENNIFER BUSSELL'S ANALYSIS PROVIDES UNANTICIPATED INSIGHTS INTO THIS FUNDAMENTAL QUESTION. IN CONTRAST TO FACTORS SUCH AS ECONOMIC DEVELOPMENT OR ELECTORAL COMPETITION, THIS STUDY HIGHLIGHTS THE IMPORTANCE OF ACCESS TO RENTS, WHICH CAN DRAMATICALLY SHAPE THE OPPORTUNITIES AND THREATS OF REFORM TO POLITICAL ELITES. DRAWING ON A SUB-NATIONAL ANALYSIS OF TWENTY INDIAN STATES, A FIELD EXPERIMENT, STATISTICAL MODELING, CASE STUDIES, INTERVIEWS OF CITIZENS, BUREAUCRATS, AND POLITICIANS, AND COMPARATIVE DATA FROM SOUTH AFRICA AND BRAZIL, BUSSELL SHOWS THAT THE EXTENT TO WHICH POLITICIANS RELY ON INCOME FROM PETTY AND GRAND CORRUPTION IS CLOSELY LINKED TO VARIATION IN THE TIMING, MANAGEMENT, AND COMPREHENSIVENESS OF REFORMS.



JENNIFER BUSSELL is the Gruber Assistant Professor in the Department of Political Science and the Goldman School of Public Policy at the University of California, Berkeley. She is a political scientist with an interest in comparative politics and the political economy of development and governance, principally in South Asia and Africa. Her research considers the effects of formal and informal institutions—such as corruption, coalition politics, and federalism—on policy outcomes.

Her current research uses elite and citizen surveys, interviews, and experiments to further explore the dynamics of corruption and citizen-state relations as they relate to public service delivery in democratic states. She also studies the politics of disaster management policies in developing countries. Her work has been published in *Comparative Political Studies*, *International Studies Quarterly*, and *Economic and Political Weekly*. Prior to joining the Goldman School, she taught in the LBJ School of Public Affairs at the University of Texas, Austin.

Dr. Busell received her Ph.D. in political science from the University of California, Berkeley.

of this than the efforts over the past decade to use information technology to reform the Indian government.

The emergence of India's nascent information technology and services sector in the 1990s brought with it attempts to incorporate technology into government procedures for serving citizens. Starting in 1999, state governments began to introduce a comprehensive model of IT-enabled service delivery in the form of one-stop computerized service centers. In theory, these centers would allow

individuals to acquire services traditionally housed across government departments, from income and birth certificates to passports and building permits. This model, first appearing at the state level in Andhra Pradesh's eSeva centers – initially called "TWINS" after the twin cities of Hyderabad and Secunderabad where the initiative was launched – promised to improve citizens' service delivery experience by simplifying applications, reducing officials' discretion, and minimizing the time to receive services. If implemented well, these centers could dramatically improve the quality of services received by citizens throughout the country.



Nemmadi Centre, rural Karnataka, India

and the quality of implementation. While the wave of reform in service delivery is striking in terms of the speed and breadth of initiatives across the country, I found evidence of mixed and limited benefits to citizens. Despite the central government's enthusiasm to open 100,000 Common Service Centres as a part of the 2006 National eGovernment Plan, the experience of state programs in the period prior to the NeGP provides a cautionary tale.

My analysis shows that the quality and comprehensiveness of state service center programs has varied dramatically. The number of government services made available to citizens ranged from fewer than ten in Delhi and Orissa to more than 30 in Chhattisgarh and Andhra Pradesh by

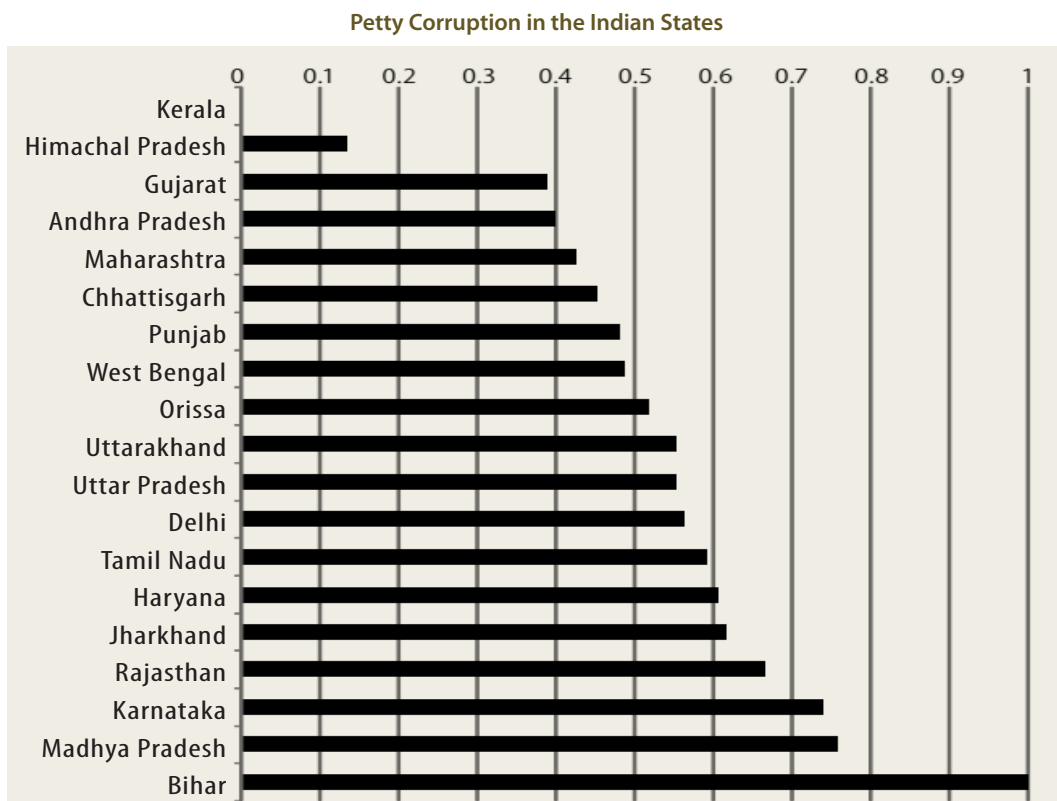
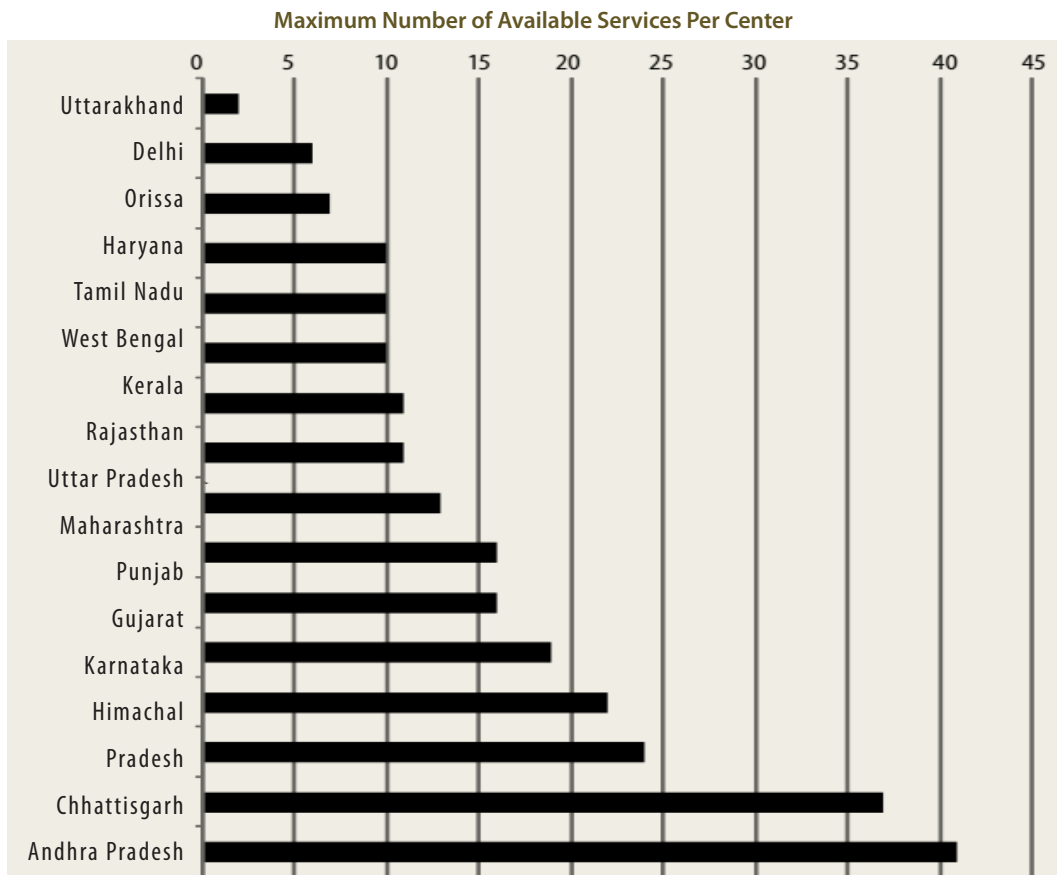


Bangalore One Centre, Bangalore, Karnataka, India

In an analysis of service center programs launched in sixteen of India's twenty major states, I evaluated the details of these policies



Nemmadi Centre, peri-urban Bangalore, Karnataka, India



IN EARLY 2009, I WATCHED A YOUNG WOMAN ENTER A SMALL STORE IN A SHOPPING MALL IN RAIPUR—THE CAPITAL OF ONE OF INDIA'S POOREST STATES, CHHATTISGARH—TO COLLECT A BIRTH CERTIFICATE. SHE HAD SUBMITTED A REQUEST FOR THE CERTIFICATE A FEW DAYS EARLIER, USING THE STORE'S ONLINE APPLICATION SYSTEM. WHEN SHE RETURNED, THE WOMAN PAID A SMALL FEE AND THE STOREOWNER PRINTED THE OFFICIAL DOCUMENT. AT THAT SAME LOCATION, SHE COULD HAVE OBTAINED MANY OTHER ESSENTIAL DOCUMENTS AND SERVICES AS WELL, FROM A CASTE CERTIFICATE OR DRIVING LICENSE TO A LAND OWNERSHIP RECORD OR WELFARE BENEFIT. ONLY A FEW YEARS EARLIER IN CHHATTISGARH, THIS SAME WOMAN WOULD LIKELY HAVE FACED A MUCH DIFFERENT ENVIRONMENT WHEN ATTEMPTING TO ACCESS A SIMILAR PUBLIC SERVICE. SHE ALMOST CERTAINLY WOULD HAVE NEEDED TO VISIT MULTIPLE GOVERNMENT OFFICES TO COLLECT THE RELEVANT DOCUMENTATION, AND WHEN SHE WAS FINALLY ABLE TO APPLY FOR THE CERTIFICATE, SHE MIGHT HAVE BEEN ASKED FOR AN ADDITIONAL "FEE" IN ORDER TO SPEED UP THE PROCESS. EVEN IF SHE PAID THIS BRIBE, IT WOULD HAVE TAKEN PERHAPS A MONTH FOR HER TO RECEIVE THE OFFICIAL DOCUMENT.

PRAISE FOR THE BOOK

"Throughout the developing world, administrative reforms, such as the introduction of electronic public service delivery systems, have been hailed as necessary to improve democratic accountability and responsiveness. By increasing access to public services and reducing politicians' control over this access, such progressive policies promise to improve the lot for poor citizens in countries like India, Brazil, and South Africa. Yet politicians' incentives are different. Jennifer Bussell shows that when such policies threaten politicians' ability to garner "rents" from petty corruption, they block reform. Fascinatingly, however, some of these reforms are implemented in other states by equally corrupt politicians who are less dependent on petty theft and specialize in 'grand' corruption. This compelling - if disturbing - analysis of the difficulties facing grassroots reform in the Third World uses case studies, field experiments, interviews, and statistical data to make its case. It is academic detective work at its very best."

— Irfan Nooruddin, *The Ohio State University*

"Corruption and Reform in India is an insightful and politically sensitive work that demonstrates how corruption operates in practice and when political actors support reform. Bussell's work will push reformers to take the political environment seriously and to recognize the deep difference between petty and grand corruption. The book will be of interest to scholars of comparative politics, public administration, and corruption as well as to experts on India."

— Susan Rose-Ackerman, *Yale University*

the late 2000s. The services made available were often the easiest to acquire, and least corrupt, in the pre-existing, non-computerized system, or were targeted to a specific group, thereby excluding large segments of citizens. Computerization often did not extend beyond basic data entry, as in Haryana, thereby limiting overall efficiency gains. In some cases, such as Uttarakhand and West

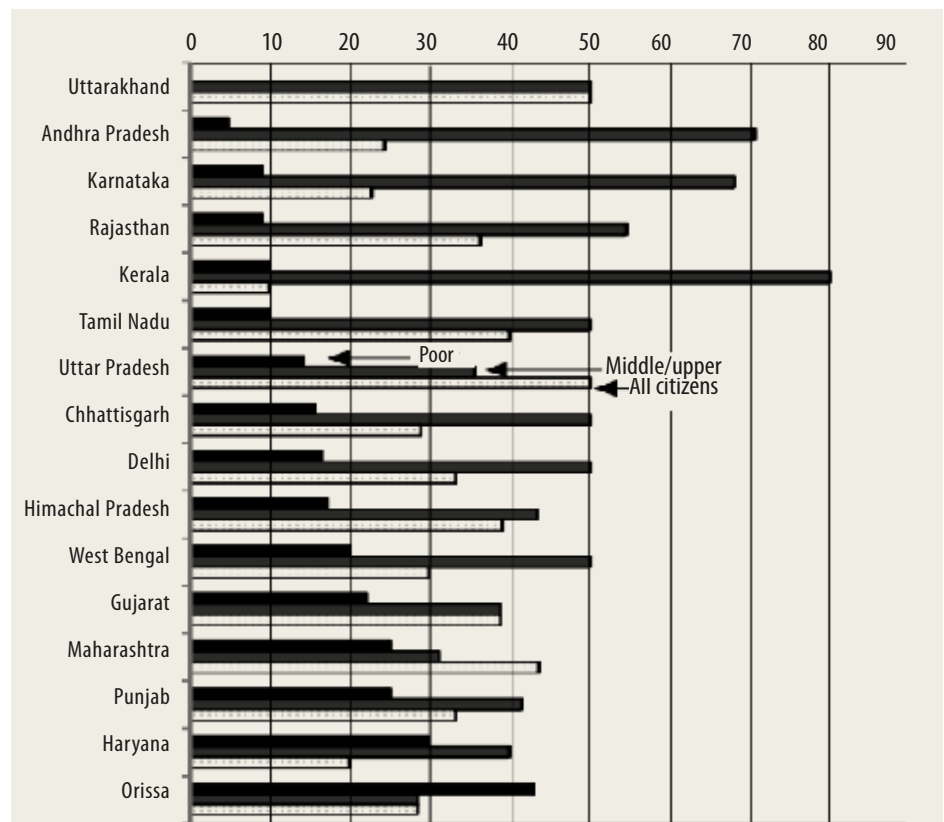


Sugam Centre (outside), Shimla, Himachal Pradesh, India

Bengal, programs barely got off the ground or became entangled in legal disputes between operators and the state, resulting in the closure of most, if not all, centers.

What explains this diverse set of outcomes across the states? I posit that the promise of these initiatives was also often their downfall: the expectation of improved, and less corrupt, services posed a threat to government actors who depend on bribes acquired during service delivery. Bureaucrats who collect "speed money" or other types of bribes from citizens, and politicians who demand a cut of these proceeds are both at risk of

Percentage of Services in Centers Targeted to Different Socio-Economic Groups in the Indian States



CORRUPTION PLAYS A PRIMARY ROLE IN SHAPING REFORM, BECAUSE THE DEGREE OF CORRUPTION IS LINKED TO INCUMBENT POLITICIANS' DEPENDENCE ON BRIBES AND OTHER ILLICIT INCOME FOR CAMPAIGN FINANCE. AS NEW TECHNOLOGIES STREAMLINE THE PROCESS BY WHICH CITIZENS ACCESS GOVERNMENT SERVICES, THEY CAN ALSO LIMIT THE ABILITY OF POLITICIANS TO GENERATE AND APPROPRIATE "RENTS" FROM INEFFICIENCIES IN SERVICE DELIVERY.

losing access to this source of income with the introduction of computerized, one-stop service delivery.

Where politicians depend on this "petty" or "retail" corruption for supporting their reelection campaigns, the expectation that more transparent service delivery could limit future inflows of cash can imply constraints on incumbents' ability to retain their seats. This anticipated negative effect of technology-enabled reforms thus has the potential to overwhelm any positive effects on their chances for reelection that may result from improved service delivery. In contrast, politicians in regions with lower pre-existing levels of petty corruption should anticipate that reforms will only minimally affect their access to income, as the availability of bribes is

low from the outset. Thus, incumbents in areas with high petty corruption are less likely than their peers in lower corruption regions to support this type of reform.

While all Indian states display some petty corruption, levels of corruption differ quite dramatically. A 2005 survey conducted by Transparency International India and the Centre for Media Studies found substantial variation in petty corruption across the Indian states: bureaucrats typically demanded bribes from fewer than 20 percent of citizens in states such as Kerala and Gujarat, versus more than 50 percent



Sugam Centre (inside), Shimla, Himachal Pradesh, India



Nemmadi Centre, peri-urban Bangalore, Karnataka, India

of individuals in Uttar Pradesh or Rajasthan. As a result, if the level of petty corruption is linked to choices about computerization of public services, this may help to explain the variation in these policies in India's states.

This is precisely what I found in the analysis of one-stop service centers. Those states with high levels of petty corruption were less likely to introduce computerized centers, implemented fewer and less bribe-prone services within the centers,

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PRAISE FOR THE BOOK *contd.*

"Jennifer Bussell has written a fascinating study on an important topic: technology-enabled public service reform across Indian states. This study will be pathbreaking and resonant for its linkages between political incentives, the nature of corruption, and possibilities of reform within India and beyond. It offers a nuanced portrayal of India in which digital reform and innovative techniques for public service delivery coexist with newer kinds of rent seeking, rather than one to the exclusion of the other. Her research design is unique in analyzing a large set of states across India and will be an important methodological contribution to the literature."

– Aseema Sinha, Claremont McKenna College

"Corruption and Reform in India provides a new opportunity to understand the politics behind the setup and implementation of computerized service centers. Bringing together a comparative, subnational analysis of centers across 25 states between 2005 and 2009, this book is a bold attempt to identify the reasons for the difference in the quality of centers across states.."

– Nafis Hasan, Governance

"Corruption and Reform in India is valuable not only for its novel findings but also for the questions that it raises. It should be widely read by scholars of comparative politics and public administration."

– John Echeverri-Gent, *Perspectives on Politics*

and were less likely to fully computerize the service delivery process. Perhaps most striking was that the level of petty corruption was the best predictor of state policy; outcomes were largely unrelated to the wealth or development of a state, with poorer and less developed states with lower levels of corruption implementing some of the most impressive improvements to the quality of public services through these centers.

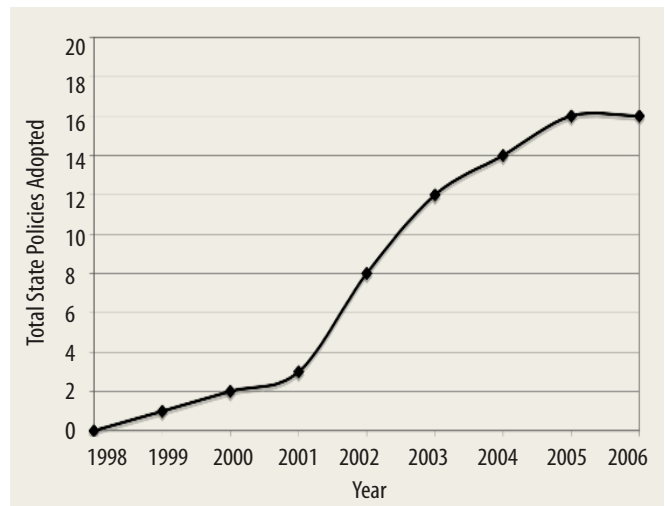
In addition, I found that in states ruled by coalition governments, such as Kerala, departments under the control of powerful coalition partners were less likely to have services under their purview included in computerized service centers.



Nai Disha Centre, rural Haryana, India

basic services from the state that directly affects their day-to-day lives. Technology has the potential to drastically improve the quality of public service provision. However, realization of this promise requires strategies to change the incentives for those making and implementing policy, as it is these individuals who determine the ways in which technology is used by the state and thus the actual benefits for citizens.

Cumulative Number Of States Adopting These Policies



These findings provide an important complement to the recent attention focused on corruption in India's highest levels of government. While inappropriate behavior in areas such as 2G spectrum licensing is likely to have important downstream consequences for citizens due to lower state income, it is the corruption that citizens face in attempting to access



Bangalore One Centre, Bangalore, Karnataka, India

BOOK REVIEW

BY

IRFAN NOORUDDIN

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Walking through the Bangalore Municipal Corporation (Bruhat Bengaluru Mahanagara Palike) offices some years ago, I marveled at offices overrun by mountains of files stacked ceiling-high, their secrets guarded by a sullen bureaucrat, whose cooperation would be needed to unearth anything at all in that pile. Amidst this erstwhile forest, one might easily conclude that for all the technological progress India's private sector made, including many companies located not far from these offices on M.G. Road, India's government offices have remained untouched and unimproved by the digital revolution. But such a reckoning would be wrong, as Jennifer Bussell demonstrates in this impressive debut book. While the Indian administrative state might appear undisturbed, beneath its musty cobwebs, a stiff breeze, in the form of technology-enabled administrative reform, promises to clear the desks of bureaucrats nationwide.

The agent of this change is the eGovernment service centre that is mushrooming across India. At their most expansive, these centres permit one to accomplish some 45 distinct tasks, all of which once required standing in interminable queues, filling forms in triplicate (one copy of which was destined to rot in a file cabinet in some nondescript government office), engaging middlemen and, too often, paying a bribe to grease the path of one's application for the state's services. Against this backdrop, it is not hyperbolic to suggest that the reforms that implemented these technology-enabled service centres are revolutionizing how Indians deal with their government, though it would be so to suggest the revolution is near complete.

In fact, as Bussell shows through painstaking original data collection, the extent, design and scope of such service centres varies significantly across India's states. While some, like Andhra Pradesh, offer citizens a wide variety of services that can be accomplished through a service centre, others, like Uttarakhand, permit but a couple (p. 43). But if such administrative reform is more efficient, and presumably popular with citizens, why wouldn't all states utilize them equally? The answer, foreshadowed by the book's title, is corruption. Any reform that reduces opportunities to receive bribes in exchange for providing services threatens politicians' access to income used to finance re-election campaigns, and threatens the welfare of bureaucrats whose ability to deliver such rents secures their own livelihood.

Where dependence on such bribes—what Bussell labels 'petty' corruption—is highest, incentives to reform for politicians and bureaucrats alike are lowest. Given the cynicism that characterizes any discussion of India's politicians, this conclusion appears a double-edged indictment: yes, corruption hinders reform, but the mere fact that some states have embraced such reform implies that at least they are less corrupt.

Not necessarily, argues Bussell. In the most innovative and provocative part of her book, Bussell identifies a second, equally if not more pernicious though less visible, form of corruption, which she labels 'grand'. Here politicians might be willing to crack down on their underlings extorting petty bribes from petitioners, but only because they obtain their revenues through crony capitalism in which they reward private sector partners with lucrative contracts in exchange for kickbacks. A case in point is Gujarat, often lauded for its reforms, yet simultaneously at the top end of Bussell's measure of grand corruption (p. 188).

Bussell's framework is fertile, yielding distinct hypotheses about the timing, scope and nature of the implementation and design of such administrative reform, with each aspect forming the focus of a separate chapter. Her empirical strategy is equally nuanced and multifaceted and highly recommended to any young scholar wanting to see what state-of-the-art research design looks like. Bussell leverages elite interviews drawn from fieldwork in 15(!) states, an original survey and field experiment in Karnataka, an original data set on reform trajectories at the state level and cross-national data to demonstrate the argument's generalizability. The analysis uses sophisticated statistical techniques to demonstrate support for her hypotheses, while the experiment and qualitative data allow her to examine the plausibility of her theorized causal mechanisms. It is an empirical tour de force.

Bussell's book raises important questions even as it answers many others. First, at its core, this is a book about how a policy innovation spreads across India's states, yet Bussell stops short of directly modelling the diffusion dynamics. Second, for a strategic theory of policy adoption by forward-looking politicians, there is too little discussion of how India's well-documented electoral volatility and anti-incumbency bias factor into politicians' calculations. They might seek to maximize political advantage, but surely they recognize that the reforms they enact today might well serve another master after the next polls. Third, and building on the last point, it would be interesting to consider the unintended consequences of reform. Bussell suggests that the initial wave of reforms are designed to target particular constituents, but how these service centres evolve over a few electoral cycles is worthy of investigation too.

The Indian state occupies an outsized role in its citizens' lives. Any reform that alters how citizens engage the state on a daily basis is therefore a crucial topic for political scientists to consider. In *Corruption and Reform in India*, Jennifer Bussell has made a lasting contribution to our understanding of public administration and citizen–state relations in India. Future scholars would do well to engage her argument and deepen our understanding of how to make the administrative apparatus of the world's largest democracy worthy of that role.

The Institute for South Asia Studies (ISAS) at the University of California, Berkeley, one of the world's foremost institutes for research and programs on South Asia, works with faculty members, graduate students, community members, private institutions, and non-profit organizations to both deepen understanding of the region and create new generations of scholars of South Asia. South Asia Research Notes (SARN) is published by ISAS to promote dialogue and exchange between scholars who work in interdisciplinary fields related to South Asia, as well as to convey to the wider public the variety of exciting projects going on at Berkeley. It is published annually every Spring. Its e-version is available at southasia.berkeley.edu/publications.

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PREVIEW CHAPTER 1

<http://tinyurl.com/Bussell-Chapter-1>

DATA & SUPPLEMENTARY MATERIAL

<http://tinyurl.com/Bussell-Supplemental-Material>

ECONOMIC & POLITICAL WEEKLY REVIEW

<http://tinyurl.com/Bussell-EPW-Review>

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