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[Global corruption report 2001] South asia

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South Asia

Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka

By Aqil Shah¹

Introduction

Corruption afflicts South Asia at all levels of state and society. Scarce government resources that ought to be financing basic health, nutrition and education programmes are often allocated to huge arms deals and infrastructure projects that offer officials and politicians prospects of lucrative kickbacks. At the individual level, high levels of corruption impose disproportionate costs on the majority of South Asians, as they are forced to pay bribes in order to gain access to basic social services. Democratic and authoritarian governments alike wax lyrical about the need to combat corruption, but the region's political, bureaucratic and military elites are rarely held accountable.

The largest country, India, has the strongest democratic institutions in the region, but it is as plagued as Bangladesh, Nepal and Pakistan by systemic public and private sector corruption. Sri Lanka, which has the highest Human Development Index ranking, also suffers from this menace.²

Foreign donors have played a significant role in influencing the region's development as a whole over the past decades, pushing in recent years for good governance. But their role in the fight against corruption generates much controversy. Some argue that the direction of foreign aid in the region is still dictated by political and strategic considerations, rather than the economic needs and policy performance of recipients. There is no evidence that less corrupt governments receive more aid.³

Recent opinion polls indicated mounting public awareness that corruption has increased in politics, administration and the judiciary.⁴ Growing democratisation, coupled with the liberalisation of media ownership, has stimulated the emergence of a vocal civil society. People understand that corruption cripples their institutions, undermines the rule of law, hurts the environment and distorts social and economic development. For government officials, corruption has emerged as a key issue around which political battles are fought. Increasingly, South Asian governments stake their own legitimacy on the lack of accountability of political opponents, as events during 2000–01 clearly showed.

The state's standard response to the demand for corruption control is to implement new strategies, laws, regulations and institutional mechanisms. These provide governments with a measure of legitimacy and serve to deflect public pressure, but it is questionable whether fundamental change is thereby achieved.

News review

In India, convictions of high-level politicians in the year 2000 restored a small measure of hope in the rule of law. In October 2000, P.V. Narsimha Rao became the first Indian prime minister to be convicted on charges of corruption. Along with a former home minister, he was sentenced under the Prevention of Corruption Act of 1988 to three years' imprisonment for bribing four minority MPs to alter their vote. In the same month, the leader of the All India Anna Dravida Munnetra Kazhagam (AIADMK) party, Jayaram Jayalalitha, was sentenced to five years' imprisonment in two cases relating to the purchase of state-owned land at undervalued prices while she was chief minister of Tamil Nadu. Despite electoral disqualification, Jayalalitha was again sworn in as chief minister when her party swept the state elections the following May.⁵

At an All India Conference of State Vigilance Commissioners in January 2001, Prime Minister Atal Behari Vajpayee vowed to 'provide a clean, efficient and transparent administration' and to 'adopt a policy of zero tolerance while dealing with corruption'.⁶ His words boomeranged as an arms bribery scandal exposed by the news website Tehelka.com rocked the ruling coalition government of the National Democratic Alliance (NDA). A video-taped sting operation conducted by two journalists posing as arms dealers appeared to show politicians, senior military personnel and Defence Ministry bureaucrats receiving bribes.⁷ Minister for Defence George Fernandes subsequently resigned, although he had not been filmed. Bangaru Laxman, President of the Bharatiya Janata Party (BJP), and Jaya Jaitley, President of the Samata Party and close aide of Fernandes, also stepped down.⁸

The Central Bureau of Investigation (CBI) – the primary law enforcement agency entrusted with investigating corruption – arrested the chief of India's Central Board of Customs and Excise in April 2001 for possessing assets disproportionate to his known sources of income. The CBI later raided other senior officials for alleged involvement in a smuggling racket. Earlier, in October 2000, the CBI charged the three Hinduja brothers for their role in the Bofors scandal that had led to Rajiv Gandhi's defeat in the 1989 elections. Allegedly Bofors paid them millions of dollars in illegal commissions. The Hindujas admitted receiving the payments from the Swedish firm, but denied they were linked to a controversial how-

itzer deal. In January 2001, the Hinduja appeared in a CBI court charged with 'conspiracy to bribe and cheat'.⁹

In December 2000, the Board of Control for Cricket in India imposed a life ban on former captain Mohammad Azharuddin and test-player Ajay Sharma, and suspended two other team members for five years, for fixing matches in exchange for bribes. The decision came in the wake of a CBI report on match fixing which blew the whistle on a global cricket-betting racket.

In Pakistan, the military regime of General Pervez Musharraf that ousted a democratically elected government in 1999 pursued a vigorous 'accountability' campaign, ostensibly aimed at recovering defaulted loans worth Rs211 billion (US \$4 billion) from the country's politicians and industrialists. The military's anti-corruption arm, the National Accountability Bureau (NAB), secured its first major conviction in July 2000 when a court sentenced ousted prime minister Nawaz Sharif to 14 years' imprisonment. Though several other corruption charges were pending against Sharif and his close family members, he was pardoned and exiled to Saudi Arabia in December 2000. In June 2001, General Musharraf consolidated his authority further when he declared himself President.

In August 2000, allegations of kickbacks in arms deals, which implicated two army chiefs, one naval chief and two air force chiefs, hit the Pakistani headlines.¹⁰ The arms deals reportedly amounted to US \$2.7 billion worth of submarines, jets and tanks from French and Ukrainian companies. In April 2001, at the request of the Pakistani government, the US authorities arrested former naval chief Admiral Mansur ul-Haq, who opted for voluntary extradition. A corruption charge against him is pending before a Pakistani accountability court.

In 2000, the Auditor General of Pakistan reported misappropriation of Rs12 billion (US \$240 million) in the World Bank Social Action Programme, prompting the Bank to dispatch a team to investigate the embezzlement.¹¹

In March 2001, the Supreme Court set aside the conviction of former prime minister Benazir Bhutto and her husband on corruption charges and ordered a retrial in the wake of an exposé of intelligence tapes revealing the manipulation of her trial by the Sharif government.¹² Meanwhile, the Court also instructed the government to amend the NAB ordinance and reduce the remand period of suspects in corruption cases from 90 days to 15 days, and the disqualification period for public office from 21 years to 10 years.¹³ The Court ruled that from 2002, accountability courts should be under the discipline of high courts, and not the government.¹⁴

In Sri Lanka, allegations of major irregularities in defence deals surfaced in June 2000 as bidding procedures were reportedly set aside to put the government's US \$800 million arms procurement drive on a fast track.¹⁵ In March 2001, the chief

of the navy cancelled a US \$20 million gunboat deal with a state-owned Chinese firm amid allegations of kickbacks pocketed by defence officials and middlemen.¹⁶

Allegations of corruption led to resignations of the President of the Ceylon Electricity Board and the Chairman of the Board of Investment in 2001. Meanwhile, a multi-billion rupee expressway project was in disarray as President Chandrika Kumaratunga, in her capacity as Finance Minister, sought cabinet approval to award the tender to a South Korean joint venture, Daewoo-Keangnam, despite its disqualification in the initial bidding process.¹⁷

Mass rigging, electoral malpractice and violence in many districts that, according to the Centre for Monitoring Election Violence, had a major distorting impact on the outcome of the polls, marred parliamentary elections held in Sri Lanka in October 2000.¹⁸ Mylvaganam Nimalrajan, a Jaffna-based journalist investigating the electoral malpractice, was shot dead at his residence by unidentified attackers during a curfew.

The Swiss newspaper *Le Courier* made startling disclosures of the heroin smuggling, money laundering, extortion and human trafficking networks that greased the war machine of the Liberation Tigers of the Tamil Ealam (LTTE), who are fighting the Sri Lankan government in the north of the country.¹⁹

The Central Bureau of Investigation report on match fixing also accused two star Sri Lankan cricketers, Arjuna Ranatunga and Aravinda De Silva. In November 2000, the Board of Cricket Control in Sri Lanka (BCCSL) appointed an inquiry committee to look into the allegations. A few months later, the BCCSL was itself dissolved amidst allegations of financial irregularities.

In Nepal, the government of Prime Minister Girija Prasad Koirala, which came to power on an anti-corruption platform in 1999, announced plans to combat corruption through three proposed anti-corruption measures: a Prevention of Corruption Bill, an amendment to the Commission for Investigation of Abuse of Authority (CIAA) Act, and provisions for a special Anti-Corruption Court. Ironically, parliament remained deadlocked in early 2001, with opposition parties calling for Koirala's resignation for his alleged involvement in a controversial Boeing lease fraud.²⁰ After months of investigation, the CIAA filed corruption charges against officials accused in the case, including the civil aviation minister at the time. Stopping short of prosecuting the Prime Minister, the CIAA strongly rebuked him for his role in approving foreign exchange for the deal.

In March 2001, the CIAA sought the Prime Minister's permission to proceed against Govindaraj Joshi, the Minister for Local Development, for his allegedly dubious intentions in amending selection guidelines for teachers when he was education minister in 1997. Joshi filed a petition in the Supreme Court challenging the CIAA's action. The CIAA is also fighting another battle in the Supreme

Court against the Attorney General, who filed a writ petition challenging the CIAA's authority to question his decision to drop proceedings in a currency smuggling case.²¹

In Bangladesh, official anti-corruption efforts continued to target political opponents of the ruling Awami League government. In August 2000, Hussein Mohammed Ershad, head of his own faction of the opposition Jatiya Party, was sentenced to five years' imprisonment, banned from contesting elections for five years and fined Tk50 million (US \$1 million) for misuse of office and corruption during his presidency. A month later, Khalida Zia, a former prime minister and now leader of the main opposition Bangladesh National Party, along with two former ministers and seven officials, was charged with receiving kickbacks of Tk1.7 billion (US \$32 million), allegedly paid during the purchase of two French airbus passenger jets for state-run Biman Airlines during the party's 1991–95 rule. Ershad was released on bail in April 2001.

The year 2000–01 was one of the worst for freedom of the press in Bangladesh as several journalists were killed, harassed, assaulted or received death threats for reporting on corruption and other criminal activities.²²

Partisan anti-corruption drives

The thin line between accountability for corruption and political victimisation often appears blurred in South Asia. In India, the decline of the opposition Congress Party and the rise of new regional and sectarian parties has intensified political competition. Indian politicians now find it expedient to use anti-corruption accusations as a strategy against political opponents.²³ Similarly, increased political instability and electoral competition in Pakistan and Bangladesh have spurred insecure governments to settle political scores using official anti-corruption drives. 'For maximum political mileage,' argued Pakistani political analyst Mohammad Waseem, 'special emphasis is placed on high-profile convictions of opposition leaders.'²⁴

In India, the government in power often uses the Central Bureau of Investigation (CBI) to promote its partisan objectives. The filing of the charge sheet in the Bofors arms case in October 2000 was seen in political and media circles as an attempt to malign Sonia Gandhi, President of the Congress Party. This was also the case with the disproportionate assets case filed against her personal secretary. The misfortune of the former Tamil Nadu chief minister Jayalalitha after falling out with the BJP was captured by *The Hindu* newspaper: 'As long as

The thin line between accountability for corruption and political victimisation often appears blurred.

the AIADMK leader Ms Jayalalitha was part of the Vajpayee political entourage, questions about her corruption were conveniently put on the back burner. The moment she parted company with the BJP, she was again discovered to be corrupt.²⁵ When it was the government's turn to clean up its act in the wake of the Tehelka allegations, the focus of its inquiry was superficial to the point of cynicism: corruption was not the issue, but rather the fact that allegations of corruption had been made and published at all.

In Pakistan, five successive elected governments have been dismissed on charges of corruption and mismanagement since 1988. Most recently, the Sharif government's alleged manipulation of the trial judge in the Bhutto case, and Sharif's exile to Saudi Arabia in the 'national interest', left little doubt as to the political motives of official anti-corruption drives.

Political observers and human rights activists in Pakistan questioned the legality of the National Accountability Bureau (NAB) ordinance that until recently allowed detention of suspects for 90 days without a trial, but which explicitly excluded from its purview serving military personnel and judges. While politicians useful to the military's political machinations were also excluded from investigation, those belonging to Sharif's faction of the Pakistan Muslim League (PML) were prime targets as the regime tried to use the stick of accountability to effect defections to the pro-military faction of the PML. 'The cases brought by the NAB look politically motivated, and none has seriously touched the army, source of much of the graft,' said *The Economist*.²⁶ The only high-level case, brought against former navy chief Admiral Mansur ul-Haq, also seemed to be driven by political motives.²⁷

In Bangladesh, the anti-corruption drive of the Awami League (AL) government fares no better. In 1999, as many as 70 cases were pending against opposition MPs and activists, ranging from corruption to murder.²⁸ Political observers claim that the Bureau of Anti-Corruption (BAC), which investigates cases after approval from the Prime Minister's office, is engaged in political witch-hunts. This behaviour is not limited to the current government. The opposition Bangladesh National Party (BNP) also used the Bureau to settle its political scores when it was in power. The case against former president Ershad is an example of these pendulum politics. Jailed for corruption in 1990 by the BNP, Ershad was released on bail in 1997 after he decided to support the AL's 'government by consensus'. Soon after he parted ways with the AL and joined the opposition BNP in August 2000, Ershad was again convicted of corruption.²⁹ After he was released on bail in April 2001, Ershad bade farewell to the four-party opposition alliance, lending credence to allegations that he had struck a deal with the AL government. The *Daily Star* said in an editorial: 'Such alternating political expediency on the part of major

The costs of corruption in Bangladesh

Bangladesh laid the foundations of its democracy in 1991 when its long-standing military regime was ousted through mass protest, but good governance, transparency and accountability have yet to be fully established. Corruption in public agencies and authorities remains extensive, imposing a considerable burden on the economy.

It is estimated that Bangladesh received 50 per cent less foreign direct investment during 1999 because of corruption.¹ Corruption at the country's port, according to the American Chamber of Commerce, costs the economy US \$1.1 billion every year.² The electricity system suffers significant losses because of unauthorised power supply – approximately US \$1 billion worth of industrial output is lost as a result.³ Telephone lines cannot be installed without payment of bribes. Citizens trust neither the law enforcement agencies nor the judiciary. The public health and education sectors fail to meet demands. Most painfully, in a country with extreme levels of poverty, petty corruption imposes high costs at the grassroots level.

The absence of transparency and accountability in public life can in large part be attributed to a lack of political will, a result in turn of the confrontational nature of politics in Bangladesh. Since its resurrection in 1991, parliament has not functioned to its full potential. Sessions are often abandoned because of opposition boycotts. *Mastaans* (thugs) are commonly deployed by politicians to realise their goals. Meanwhile, political party funding procedures are far from scrupulous, and corrupt networks between politics and local businesses are entrenched.

Concerned members of civil society are actively engaged in tackling these problems. NGOs strongly advocate a change in political priorities to curb corruption. At present, civil society groups are preparing to monitor trans-

parency in the elections due in October 2001. Politicians, meanwhile, are beginning to show concern for the fight against corruption, with parties accepting the creation of a 'caretaker government' system to monitor elections.⁴

Curbing corruption demands administrative reform. To this end, a Public Administration Reform Commission was set up in 1997. A report by the Commission advocated breaking the state monopoly in the telecom and power generation sectors, among other measures. These processes have subsequently begun, though at a slow pace.

The media plays an important role in pushing for change in Bangladesh's political life. All print media are privately owned and, in addition to the one state-controlled television channel, two private stations were recently launched following liberalisation of the sector. Provision for establishing an independent broadcasting commission to govern the state-owned TV channel has also been sanctioned. It is hoped that as a result of these developments, government influence over programming may soon be curbed.

Though several journalists have been killed, harassed and assaulted during the year for reporting on corruption and criminal activities, the independent media continues to encourage investigative journalism. An active civil society combined with a free media represents a slow but sure means of challenging corruption in Bangladesh.

TI-Bangladesh

- 1 UNCTAD, *World Investment Report 2001* (New York: UN Publications, 2000).
- 2 AmCham, 'Chittagong Port: Concerns and Solutions,' press release, 31 January 2001.
- 3 *The Independent* (Bangladesh), 2 October 2000.
- 4 Bangladesh's caretaker government system was created by constitutional amendment in 1996, in order to ensure that the 1996 and subsequent general elections were conducted fairly. Caretaker governments – unique to Bangladesh – rule for the three months leading up to an election, and are made up of a former chief justice and members of civil society.

political parties in the country, centring around a single person with a reputation for changing loyalties, hurts people's political sensibilities and diminishes their faith in democracy.³⁰

However, the independent Commission for Investigation of Abuse of Authority (CIAA) in Nepal may be making more progress. The anti-corruption agency filed corruption cases against high-profile officials and an ex-minister and rebuked the Prime Minister for approving the Lauda Air deal. It is too early to assess the long-term impact of these developments on official corruption levels, and they clearly represent only a beginning. Nevertheless, in 2000–01, CIAA initiatives demonstrated to South Asia that autonomous public anti-corruption agencies backed by constitutional provisions can make a difference, and avoid falling under the sway of partisan objectives.

Even so, the prevailing climate of political competition mobilised around corruption issues remains a threat to the fight against corruption, in Nepal as elsewhere. A further problem is the absence in the region of functioning judicial systems. While all South Asian countries have rigorous anti-corruption laws, conviction rates are low and sentences rarely carried out. The judicial process is open to manipulation and cases drag on for years.³¹

In the name of national security: corruption in defence procurement

The intensification of the India-Pakistan conflict in the aftermath of the May 1998 nuclear tests, the Kargil conflict in 1999, and the raging civil war in Sri Lanka, continue to fuel strategic priorities and the demand for military hardware in the region.

The heavy secrecy that shrouds arms deals in South Asia makes it difficult to corroborate the allegations of widespread corruption relating to them. Many defence analysts and former officials agree that defence purchases offer the widest scope for corruption as governments invoke national security considerations to avoid scrutiny. 'If corruption is pervasive in civilian procurement despite extensive checks and balances,' argued a defence analyst, 'one can imagine the extent of corruption in secret arms deals involving billions of dollars.'³²

Military spending in South Asia is higher than in any region other than the Middle East.³³ In 1999 alone, the region spent a whopping US \$20 billion on military expenditures, with Pakistan, India and Sri Lanka allocating 5.7 per cent, 3.4 per cent and 5.1 per cent of their respective GDPs to defence.³⁴ This contrasts sharply with the GDP allocated for health, which hovers around 1 per cent across the region.

In India, the evidence of high-level arms bribery revealed by the Tehelka tapes was a crude reminder of the rot that plagues defence procurement. The editor-in-chief of Tehelka.com wrote that: 'Of course all Delhi knows that an entire sub-culture of staggering influence ... survives on defence kickbacks.'³⁵ While an interim report by the Central Vigilance Commissioner (CVC) on irregularities in defence deals gathers dust in the Defence Ministry, the Tehelka tapes provided stunning disclosures of the nexus of middlemen, politicians, military officers and their civilian counterparts 'who make hundreds of *crores* cranking the machinery of Indian defence'.³⁶

In Pakistan too, defence procurement deals are notoriously corrupt. 'The military in Pakistan, which takes away most of the budget, is accountable to no one,' according to a Pakistani defence analyst.³⁷ 'There is no procurement system, little accountability and the interaction of buyers and sellers is dangerously close,' argued another.³⁸ The former chief of the defunct Accountability Bureau claimed in an interview in September 2000 that US \$1 billion was paid to senior military officers in kickbacks in eight defence deals. The amount, he alleged, was more than the combined misappropriations in all the civilian projects his team had investigated.³⁹

In Sri Lanka, arms deals 'spawn billionaires' overnight.⁴⁰ According to independent observers, politicians and officials don't want the civil war to end, since defence deals promise the most lucrative payoffs. 'There is no transparency or oversight,' according to defence journalist Iqbal Athas. 'Deals are shrouded in secrecy and bidding procedures are usually set aside for crisis purchases.'⁴¹ Basic consumer items are subject to a 6.5 per cent defence tax and prices are frequently increased to raise extra money for arms procurement. 'Sri Lankans are compelled to pay for the sins of those who make millions and get away with it,' Athas pointed out.

In Bangladesh too, corruption in arms deals is endemic. Opposition leader Khaleda Zia claimed in April 2000 that the Awami League government had misappropriated Tk4 billion (US \$75 million) during the purchase of MIG 29 fighter jets from Russia.⁴² The Parliamentary Standing Committee on Defence is investigating allegations of kickbacks in another deal involving the purchase of frigates worth Tk5 billion (US \$90 million) from South Korea.

No discussion of corrupt arms deals in South Asia would be complete without mentioning the ubiquitous role of the foreign arms manufacturers, who factor in commissions to deals. Journalists and officials often accuse armament firms of handing out millions to win contracts. In the late 1980s, the Swedish firm

Defence purchases offer the widest scope for corruption as governments invoke national security considerations to avoid scrutiny.

Bofors paid vast kickbacks to President Rajiv Gandhi and middlemen in what became the worst corruption scandal in Indian history.⁴³ The government of Pakistan collected evidence against three French firms who allegedly paid US \$8.3 million in kickbacks to former navy chief Admiral Mansur ul-Haq, in connection with the purchase of submarines and related equipment.⁴⁴ Defence and political observers in the region welcome the OECD Anti-Bribery Convention, but say that it remains to be seen whether OECD governments will enforce its standards, at the risk of alienating a powerful industry that provides extensive revenue and employment to their domestic economies.

News media and civil society target corruption

Investigative capacities are low, employment conditions poor and ownership-related political influence and other forms of censorship constrain reporting. However, with the onset of democratisation and overall liberalisation of information media, a vibrant press, with a healthy tradition of exposing corruption in high places, is emerging. Corruption exposés are turning the heat on governments and providing an impetus for reform.

The Tehelka revelations, which spurred the Indian government to speed up defence procurement reforms, are a spectacular instance of this dynamic. In the aftermath of the devastating Gujarat earthquake, media exposure of collusion between cabinet ministers, senior officials and construction firms to allow lax building codes provided further evidence of the investigative tradition in the Indian media coming into its own. In a region where the electronic media is still largely state-controlled, satellite news channels are now breaking news ‘as it happens’, making it doubly difficult for governments to hide their misdeeds (as Zee TV’s airing of the Tehelka.com tapes as the scandal erupted showed).

In Pakistan, the media has clawed back some of the ground lost during decades of authoritarian censorship. The power of the press was evident in the way the Sharif administration was pressured to abandon its intimidation campaign against the Jang Group, the country’s largest newspaper company. The regular exposure of corruption reinforces a strong public appetite for ‘frying the big fish’ – and for pushing governments to institutionalise accountability. Exposure of corruption in the military has tainted the army’s ‘sacred cow’ status in popular perceptions, spurring a lively debate in the media on the need to regulate arms procurement in particular, and military budgets in general.

In Nepal, the media adopted corruption as its main theme in 2000–01. ‘Brazen corruption prevalent five years ago,’ said the editor of *Himal* magazine, ‘is impossible now as the media will take anyone to town.’⁴⁵ While news pro-

grammes on the radio can only be broadcast on government stations, private FM stations sidestep regulations by hosting lively discussions with intellectuals and officials on corruption and other issues of popular concern.

In Sri Lanka, the tradition of investigative journalism is kept alive by the private media which regularly exposes official corruption despite draconian censorship regulations. The press is lobbying parliament for comprehensive media reform, including the enactment of a freedom of information act and an independent press complaints commission.

Democratisation, though incomplete and reversible in some cases, has created an opportunity in South Asia for public debate on corruption, including the hitherto taboo subject of corrupt practice in defence procurement. In the last five years, the perception that corruption hurts the economy, undermines institutions and impedes human development has led to vigorous debate among the informed public on the need for reform. It is clear that without adequate public pressure, governments are unlikely to enforce probity in public office. But groups such as the Centre for Media Studies in India, Transparency International in Bangladesh, and Media Services International in Nepal are articulating public perceptions through opinion surveys, making it harder for governments simply to dismiss corruption allegations out of hand. The Public Interest Litigation Centre, Common Cause in India and other NGOs and individuals are effectively employing public interest litigation to redress public grievances.

At the local level, grassroots movements have demonstrated the crucial role collective citizen action has to play. The Mazdoor Kisan Shakti Sangathan (MKSS), or Association for the Empowerment of Farmers and Workers, in Rajasthan, India, is campaigning for the right of ordinary citizens to access official information and organising public hearings where government records are cross-checked against the evidence provided by service users. While authorities are reluctant to supply information and few officials have been punished for corruption, the movement has been instrumental in ‘mobilising rural people to prioritise the seemingly abstract right to information as a key element in their struggle to achieve accountability from local authorities and enhance their livelihood prospects’.⁴⁶

The Nepalese government introduced its key anti-corruption measures under sustained pressure from the media, the public and NGOs. In Sri Lanka, the government moved to institute a parliamentary select committee to investigate allegations of corruption in arms deals amid demands for accountability from the opposition and media. Freedom of information bills, the distinguishing mark of

Corruption exposés are turning the heat on governments and providing an impetus for reform.

democracy around the world, are on the legislative table in India, Nepal and Pakistan. The region's judiciaries, parliamentary committees, auditor generals and independent election commissions are also turning the screw on corruption.

Growing anti-corruption sentiment is reflected in the aggressive postures of influential public figures. The Central Vigilance Commission in India posted lists of corrupt officials on its website. Sri Lankan Justice Minister Batty Weerakoon openly attacked politicians and bureaucrats for their collusion with arms dealers and plans to bring amendments to the Bribery Act, including provision for forfeiture of assets acquired through illegal means. In Nepal, the Speaker of the House of Representatives Tara Nath Ranbhat castigated the Prime Minister and the cabinet for corruption; and the Public Accounts Committee chairman earned the public's respect for his committee's active role in probing corruption in ministries.

Conclusion

Official accountability drives in South Asia have capitalised on the need to weaken and undermine political opposition as insecure leaders seek to legitimise their hold on power. Governments claim the moral high ground by pursuing one-sided accountability investigations in the belief that, as long as the public's attention is focused on the corrupt deeds of previous regimes, their own will be overlooked. The seesaw politics of official anti-corruption drives has served to politicise administrations and the judiciary, increasingly calling on them to take sides in political battles.

Grand corruption in arms deals imposes huge economic costs on one of the world's poorest regions, as its resources are diverted from social development priority areas. Corrupt arms deals also undermine genuine national security needs, as procedure is bypassed in favour of pay-offs. The need for greater transparency in military expenditures and arms deals calls for urgent attention. Regulating the role of middlemen, reducing discretion and secrecy, ensuring the participation of all civilian and military actors in the decision-making process, and parliamentary oversight are some options for making arms deals more transparent. There is a belief in the region that the OECD Anti-Bribery Convention fails to make parent companies act with sufficient responsibility for the corruption of their subsidiaries or local agents. Defence analysts recommend that firms involved in bribery in South Asia should be blacklisted. Analysts also draw attention to the menacing role of the global arms trade in fuelling a nuclear arms race in the region that has grave consequences for international security.

While the anti-corruption movement still has a long way to go, the proactive stance of the news media, civil society groups and key public figures pushed cor-

ruption to the top of the public policy reform agenda in 2000–01. Growing public anger against petty and grand corruption is due in no small measure to the media, which routinely points out corruption at the highest levels of state. The deterrent effects of the threat of public exposure remain a potent check on malfeasance in public office. However there is a danger that frequent allegations of corruption may create widespread public disillusionment with leaderships of all persuasions. Ironically, the electoral fortunes of politicians so far remain largely unaffected by corruption investigations, as shown by the continued popularity of many leaders accused of corruption.⁴⁷

As South Asian countries grapple with critical social, political and economic transformation, corruption is unlikely to decrease in the short run. Political instability, underpaid civil servants and unresponsive state institutions are compounded by rising poverty and unemployment. Political violence, increasing military expenditures spawned by intra-state and inter-state conflict, and massive debt burdens are also major problems. All these factors limit the capacity of states to institute the meaningful institutional reforms necessary for economic development and reducing corruption. Media and public pressure, collective citizen action and the consolidation of democratic institutions could, however, turn the tide in the medium term.

- 1 The author would like to thank Paul Oquist, Mohammad Waseem, Hannah Bloch and Gurharpal Singh for their assistance. Thanks are also due to Manzoor Hassan of TI-Bangladesh and Ashish Thapa of TI-Nepal.
- 2 The Human Development Index (HDI) is a composite index of GDP per capita, life expectancy and education. Sri Lanka's HDI ranking at 81 is the highest in the region, followed by India at 115, Pakistan at 127, Nepal at 129 and Bangladesh at 132. See UNDP, *Human Development Report 2001* (New York: Oxford University Press, 2001).
- 3 Alberto Alesina and Beatrice Weder, 'Do Corrupt Governments Receive Less Foreign Aid?' National Bureau of Economic Research, Working Paper No. W7108, May 1999.
- 4 Media Services International, 'Survey on Corruption,' 2001; Citizen's Survey, *Human Development in South Asia 1999: Crisis of Governance* (Karachi: Oxford University Press, 1999).
- 5 India Abroad News Service, 14 May 2001.
- 6 *The Hindu* (India), 23 January 2001.
- 7 Aniruddha Bahal and Mathew Samuel, 'Operation Westend: How the Suitcase People are Compromising Indian Defence,' 2 April 2001: <<http://www.tehelka.com/operation1.htm>>.
- 8 The army was quick to form a court of inquiry which found *prima facie* evidence of corruption against the six officials implicated in the tapes. *Indian Express* (India), 17 May 2001.
- 9 *Asian Age* (India), 13 December 2000.
- 10 *The News* (Pakistan), 29 August 2000; *Newsline* (Pakistan), July 2000; *The Guardian* (UK), 2 September 2000.
- 11 *The News* (Pakistan), 30 April 2000.
- 12 *The Sunday Times* (UK), 4 February 2001.
- 13 The Supreme Court issued these instructions while disposing of several constitutional petitions challenging the validity of the National Accountability Bureau (NAB) ordinance. Under the ordinance, the NAB enjoys sweeping powers of detection, investigation and prosecution in corruption cases.
- 14 *Dawn* (Pakistan), 25 April 2001.
- 15 *The Sunday Times* (Sri Lanka), 25 June 2000.

- 16 *The Sunday Times* (Sri Lanka), 4 March 2001.
- 17 *The Sunday Times* (Sri Lanka), 23 July 2000.
- 18 *The Sunday Times* (Sri Lanka), 15 October 2000.
- 19 *Le Courrier* (Switzerland), 17 August 2000.
- 20 *The Telegraph* (Nepal), 14 March 2001.
- 21 Article 110 (2) of the Constitution of Nepal gives the Attorney General final authority for initiating proceedings on behalf of the government. Under Article 98 (1) of the Constitution, the CIAA has the authority to investigate public office-holders.
- 22 *Daily Star* (Bangladesh), 17 March 2001.
- 23 Gurharpal Singh, 'Understanding Political Corruption in Contemporary Indian Politics,' in Paul Heywood (ed.), *Political Corruption* (Oxford: Blackwell, 1997).
- 24 *Dawn* (Pakistan), 1 October 2000.
- 25 *The Hindu* (India), 5 March 2000.
- 26 *The Economist* (UK), 14–20 October 2000.
- 27 *The Friday Times* (Pakistan), 27 April–3 May 2001.
- 28 US Department of State, 'Country Reports on Human Rights Practices 2000,' <<http://www.state.gov/g/drl/rls/hrrpt/2000/>>.
- 29 In February 2001, the Supreme Court ruled that Ershad could be released on bail after payment of a fine. Before the decision could take effect, however, the government moved to detain him under the Special Powers Act.
- 30 *Daily Star* (Bangladesh), 27 August 2000.
- 31 It took five years to convict Ershad; Rao's case took seven. Commenting on the tortuous course of court cases in India, a former CBI official wrote in his memoirs: 'The accused have succeeded in stalling the JMM bribery case by forcing adjournments on grounds of interpretation. Like many similar cases, this trial too will drag on: witnesses will forget, some turn hostile, some may expire and eventually nothing may come of the case.' N. K. Singh, quoted in *The Statesman* (India), 11 February 1999.
- 32 Interview with author.
- 33 After the end of the Cold War, military expenditures steadily rose in South Asia though they declined in most other regions. According to the Stockholm International Peace Research Institute (SIPRI), military expenditures in the region rose by 27 per cent between 1988–98. SIPRI, *SIPRI Yearbook 1999* (London: Oxford University Press, 1999).
- 34 International Institute of Strategic Studies, *The Military Balance 2000–01* (Oxford: Oxford University Press, 2000).
- 35 Tehelka.com, March 2000.
- 36 *Ibid.* A *crore* is ten million rupees (US \$215,000).
- 37 Interview with author.
- 38 Ayesha S. Agha, *Pakistan's Arms Procurement and Military Build-up, 1979–99: In Search of a Policy* (London: St Martin's Press, 2001); interview with author.
- 39 *The Nation* (Pakistan), 26 September 2000.
- 40 A senior defence official quoted in *The Sunday Times* (Sri Lanka), 4 March 2001.
- 41 Interview with author.
- 42 *Daily Star* (Bangladesh), 24 April 2000.
- 43 Swedish radio alleged in April 1987 that Bofors planned to pay a total of US \$16 million in kickbacks to Indian politicians and key defence figures, of which US \$5 million was paid in the last two months of 1986. *Indian Express* (India), 17 April 1987.
- 44 *The Herald* (Pakistan), October 2000.
- 45 Interview with author.
- 46 Rob Jenkins and Anne Marie Goetz, 'Accounts and Accountability: Theoretical Implications of the Right to Information Movement in India,' *Third World Quarterly*, Vol. 20, No. 3, June 1999.
- 47 The resilient comebacks of Jayaram Jayalalitha in India, and Benazir Bhutto and Nawaz Sharif in Pakistan are cases in point.