

# WHO IS BLOCKING MY WAY OF PROGRESS

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There were many corruption issues in the past in India. Many organizations work to eliminate corruption in public life. It is still thriving with Rs. 21,000 crores bribes and Rs. 11,50,000 crores black money generated in a year. One out of every 5 persons goes to bed without food, one out of every 27 persons lives in slums, each citizen carries Rs.22,500 public debt. India, the land known for its rich Culture, Intellectuals, Saints and Philosophers, is now dominated by corruption. Why is it so & who are responsible; People, Politicians or Bureaucrats?

One fateful morning, I along with my friends was walking on a small road in a beautiful village enjoying the natural greenery, cool air, bird sounds, fresh mist and the just rising sun. Suddenly I was about to fall on the road when my toe hit a small stone lying across the road. I thought for a while and decided to remove that stone as it may hurt others also. As I tried to pluck it with my fingers, I realized that some part of the stone is inside the earth. I took a small tool and started digging the earth. As I was digging, it was going inside and I could not find its end, which is in fact a solid rock. In my determination to somehow remove that rock, I was going on digging and digging and finally I went so deep inside that I trapped. My companions left me realizing that it is a waste of time. Although an attempt was made, I finally thought that I alone can't remove that rock and left it half way. Almost 8 years passed since then. Now, after having realized that leaving in half way is worse than not done, I determined to carry on my mission, which I initiated accidentally, by writing down the experiences and thoughts that came up in my mind during the last 8 years with an intention of bringing it to the notice of the people who concern about that solid rock, the rock of "**Corruption**" that blocks every one's way of progress in our society. Just with a sense of morality and responsibility to wards the society, I wish to contribute to my level best to highlight this problem. No war, no argument, no quarrel, no allegation, no controversy, no trapping, no punishment, and no blackmailing. Just I want to put forward my opinion on the issue and throw some light on the inside story with factual figures.

India's strength is its one billion plus people and the quality of their minds with good English speaking skills. 4500 years ago, the Indus valley was one of the only four places in the world to have fully civilized. It has sophisticated mathematical knowledge for centuries, amazing wealth and its Buddhism became the most influential philosophic and religious tradition in the world. In the present days, after getting freedom from colonial rule, as a result of sacrifices of millions of freedom fighters, India established a genuine democracy, complete with a free press, a real legal system, and extensive personal freedom, reasonably good accounting standards, and an independent judiciary. Given the human and educational resources of India, given its relative political stability, given its well-developed legal system, all fundamental prerequisites to the building of wealth, why does India remain so poor? And why do Indians who immigrate to other countries, perform much better than those who stay in India? How one of the world's richest people is also in India and poorest person is also in India? How the average difference in per capita wealth of America & Europe to that of India has grown from 6 times in 1950 to 12 times in 2005? The answer to all these questions, which are related, is not hard to find. It is "**The Corruption**", India's great weakness, responsible for wide economic disparity and facilitates black money and anti social activities. It eats away vast economic resources that could be otherwise socially employed for nation building.

## INDIA'S ENEMY No. 1

Every one thinks that the national enemy is some where lying at the other side of the boarder of our country and Government spends huge amounts on procuring weapons to defend. But aren't we realized that the real national enemy is within our own country, along with us and moving with us, **THE CORRUPTION**, Nation's invisible enemy no.1. According to dictionary, the word 'corruption' means lack

of integrity or honesty; use of a position of trust for dishonest gain. World Bank describes that abuse of public power for private gains is corruption. But this appears to be too simplistic explanation of corruption. In fact it is a multi-faceted evil, which gradually kills a system. A basic conflict between the ethos and system has weakened the Indian people. The feudal outlook of the ruling class has polluted the people's mindset, which judge the status of an individual on his capability to flout the law to favour them. The constitutional right to govern the state has been taken for granted as a right to corruption. It is so much so that corruption has almost become an accepted reality and a way of life in Indian society and resulted into most of the people involving in corrupt practices in one way or the other, either due to greed or due to some compulsion. The willingness to sacrifice for the sake of not getting involved in corrupt dealings is conspicuous by its absence amongst the most. Today, if one would say that any particular Indian is honest to the core, it could only be a case of exception rather than a rule. Why is it so in a land once famous for its rich culture, moral tradition, unselfish leaders and saints?

Degrading of moral values is viewed by the people as the most endemic and entrenched manifestation of poor governance. Working for the government is no more viewed as a service. Even though some people join government with service motive, they later turn service into money spinning machines. When young people join the government services, they are to some extent possess values, motivation, enthusiasm, honesty, sincerity, discipline and reformation oriented. But soon after joining, within 2 to 5 years, some of them change altogether to a typical BABU. Most of them are forgetting that to become rich, there are plenty of other opportunities for their talents to earn unlimited money legally by entering into business or working for private organisations. Perhaps some old water may be contaminating the new water in the holy river of government service.

## **EVILS ASSOCIATED WITH CORRUPTION**

It is not just the corruption that is worrying this country, but the criminal character and attitude of the people involved in corruption. The evils associated with corruption and the determination of those people to suppress, deface and dilute the issues is more disturbing. There are shocking incidents where the corrupted has resorted to revenge and killing the persons who brought the corruption to the notice of the government. This is more unfortunate developments. There are not one but many corruption cases and many people victimized in the past and brutal murder of young engineer Satyendra Kumar Dubey and IIM graduate Manjunath Shanmugum are the shocking examples, the nation has witnessed recently. Each time, the story begins anew. It not only sustains but flourishes in spite of many organisations and people working against it. In majority of the cases corrupt escapes and the honest always suffers. In spite of well laid out rules, mechanisms and machinery to prevent corruption in public offices, some of the smart people can still find out loopholes and try to exploit for their selfish benefits. The devil of corruption has not even left the Defence organisations, serving for which is viewed as a sign of patriotism, noble, sacrifice and perceived to be the highest form to pay back to our mother land for being born in this country. The most alarming development is more and more people in uniform are getting involved in dirty, shameful and immoral incidents of honey trapping, spying to help the enemy countries, helping the terrorist, fictitious killing, staging fake surrenders, suicides and fragging, who are expected to exude ethics, righteousness, dedication and sacrifice. Practically every nagging issue in our country is related to corruption, be it farmers suicides, young people turning to naxalism, terrorism or crimes, enemies securing place in our army, dowry deaths, children malnutrition, poverty or social unrest. These things corroborate that just making Acts, Laws and Rules are not enough, but we have to see that such acts, laws & rules are implemented in letter and spirit, especially the people occupying the high positions in government. However, no rules will prevent corruption in absence of individual's morality and honesty. Mahatma Gandhi believed in the need for creating a social climate against corruption, which meant creation of an atmosphere in which the corrupt could not thrive.

As per a survey conducted by an International agency, it revealed Finland as the least-corrupt country in the world while India ranked 83rd among 133 countries they surveyed. India was ranked at number one position in exporting corruption to other countries. It not only affects our economy, but projects bad impression with other world economies which is unaffordable in this global society. What answer will we give to 25 million overseas Indians sending \$ 20 billion annually and another \$ 20 billion coming every year as FDI? According to officials with the Asian Development Bank, as much as one-third of public investment in India has been lost to corruption. It is not just enough if we sign the UN convention against corruption, they need action which turns into results. A UN report estimated that eliminating corruption

would boost India's economic growth by 1.5 percentage points a year. World Bank has gone to the extent of suspending \$800 million worth of loans to India's health sector after detecting corruption in procurement. In spite of knowing all these things, what are we doing? Why our efforts to eliminate corruption are being failed? Whom should we blame for this?

## THE BIG BLAME GAME

Whenever there is a discussion on the issue of corruption, the bureaucrats blame the public using the words like, awareness, involvement, report, complain, insist, demand etc. The public blame the politicians using the words, scandals, frauds, nexus, criminals etc. The politicians blame the bureaucrats for their dishonesty, insincerity, immorality etc. Really people are also confused as for whom to blame for the sad state of affairs in our country. When it comes to **the public**, it is the "*yadhaa raaja, tadhaa praja*" attitude. How the rulers live, the same way people live. If the rulers are good, people live in good. They do not have any thing of their own and so flexible that they just imitate the rulers. So the rulers set the precedence, hence we can not blame the people for the state of affairs. Next are the **politicians**, who change government once in every 5 years and sometimes, even early. These people's representatives spend their first year after winning elections, for the celebration of victory, lobbying for the choice post in government etc. The next year is spent on studying & understanding the problems, situation, status, areas, approach, strategy, actions needed for the development, administration, mechanism, system etc. In the third year they are busy for making proposals, getting funds, meetings and negotiations. In the 4th years, some time is devoted for development, initiate the work etc. Then comes the 5th year, now is the time to prepare for the battle once again to win in the next elections. In between there are a number of slips and misses. In coalition government, no politician is sure of what he gets, where he gets, how long he gets, when he gets. In many issues, he can not work in the public interest but to please the coalition partners. All put together they become so busy with every thing else but not for the administration and development work. It is so acute that, not even 50% of the total MPs attend the parliament regularly, not even 25% of the members participate regularly in the parliament committee meetings to express their views and opinions. So politicians are to some extent responsible, not by indulging in to corruption directly, but by not devoting enough time for the public affairs. Finally, the **bureaucrats**, once appointed, work for almost 30 to 35 years in government, in some cases even more. No politics, no scandals, no issue under the sky can make them loose job, with assured income, secure life and on top of that extra income depending up on their smartness. They have much more control on the affairs, administration and development of the state. They are the connectors between the government and people and act as advisors to the politicians. That is the reason, I feel that **bureaucrats are mainly responsible** for the present state of affairs in our country, for good or bad. British introduced bureaucracy to India and Indians perfected with professional corruption. It is to be noted here that the population has grown from 55 crores in 1971 to 110 crores in 2006. The number of central government employees also increased from 27 lakhs to 39 lakhs during the same period. But, the number of MPs in parliament has increased marginally from 489 in 1951 to 543 in 2006, which makes one MP for every 20 lakh people. Even United States of America with its 30 crore population has 435 members, which makes 1 member for every 7 lakhs people. The phenomenal rise in government employees and inadequate public representatives in India has also contributed its bit for the rise in corruption due to lack of effective checks and balances and control on the administration.

## HOW DO THEY RESPONSIBLE

By **breaching the trust & faith** of the people, some of our bureaucrats are responsible for the present state of affairs in our country. As long back as 1955, Government of India, Ministry of Home Affairs vide OM No. 41/2/55(II)-Estt. (A), dated 23rd April, 1955, has issued instructions emphasizing the need for Government servants, especially those holding positions of trust and responsibility, remaining not only honest and impartial in the discharge of their duties but also having the reputation of being so. As per the recent study conducted internationally, our young people are the most happiest in the world. This is because, they have no worry of their future, because our youth are constantly assured, guided and helped by the elders in our society and the youth in turn keep faith on them. That is why we give lot of respect and keep faith on priests in temple. People fall on their feet for blessings even if the priest is much younger than the devotee. If the same priest rapes a girl who comes for blessings in the same place where the god's idol is installed, is it not a breach of trust & faith? Similarly, we have lot of respect and

faith on police, because they protect the law of our land and help us to live honestly, fearlessly, peacefully and morally. We believe them and take their every word as sacred. If the same people kill a person who comes to seek protection, how shocking is to you. In the same way, we too have lot of respect and faith on constitutionally selected senior government officers and think that they are the real heroes in our country. But if some of them take advantage of some loopholes in the system and cheat the public as well as government in the form of corruption, doesn't it amount to breach of trust & faith of the people? It is not any general statement. Many of the corruption cases in the past make anyone to think that the game of **corruption in government is not an accidental or an isolated case**, but very planned & skilled. In majority cases, the top person gets the idea to exploit some loophole, as he doesn't want to involve directly, he uses one of his subordinates with full support. The subordinate then implements the boss idea. If any person complaint against this, obviously it goes to the top boss first and he simply shows sympathy to the person who complains, praises him in front of every one. Later, the boss uses all his contacts to torture the complainant from behind. Outside it looks that he is doing favor to the complainant and inside he fully supports the culprit. This is called smartness. If necessary, he calls one of his police friends and requests him to come to the rescue of his subordinate officer to teach a lesson to the complainant. If he still persists, they silently start building cases against him and mentally torture. The whole issue is smoked, twisted, colored and confused and finally the complainant gives up or become mental or suicides. Now these smart people continue their game and take up another corrupt project cheerfully. The whole issue sets as example to the other innocent & honest people. Never touch the devil of corruption. Do not put head in the crocodile mouth.

In the **organized corruption**, one clever and corrupt officer makes ground for corruption, silently drags all the people around him and swiftly infects this disease to as many people as possible. He pulls, traps, and entangles more and more innocent people into the ring and creates a wall around him with these innocent people. When a peon or a clerk takes 100 rupees as bribe, he is said to be corrupted. But when a manager or officer swindles some 100 crores, he is rarely caught because he never does it on record; and he enjoys the high social status. This white collar corruption is easiest to commit and hardest to prove. Over **Rs.26,000 crores of bribes** are received by the government servants in India and **Rs.11,50,000 crore black money** is generated **every year**. The net result of this corruption is that we have gone almost 25 years back in progress since independence, thus making us to live in 1980 instead of 2006. Otherwise we would be enjoying the development right now that would be seen in 2030.

## HOW BIG IS OUR BUEROCRACY

Government of India, the highest body responsible for the present position of our Great nation, comprises 81 Ministers heading the 48 ministries, 14 independent departments, **39 lakh central government employees** and custodian of Rs.12 lakh crores public property with more than 5000 office establishments spread across 593 districts in 28 states and 7 Union Territories. It is indeed the biggest government machinery in any democratic country. As per the report published by Directorate General of Employment & Training, Government of India in 2003, out of the total 39 lakh central government employees, 95% are lower level staff comprising peons, clerks, assistants etc and 5% belonging to the middle and top level. Among this 5%, only 0.5% of the total central government employees are decision making authorities including 5000 IAS & 4000 IPS officers. This top 0.5%, that is to say, roughly 20,000 employees take the decisions and 38 lakh 80 thousand employees follow them and 1 billion plus people are affected directly and indirectly. Government is spending away Rs.55, 000 crores annually (10% of total budget of Rs. 5.6 lakh crores.) towards the salaries and another Rs.75, 000 crores for the maintenance of central government employees & establishments. (This excludes the employees of state government, Public Sector Undertakings and State Organs like President, Vice President, Parliament, Ministers, Justice, Elections and Audit services.) Add to this 10% increase every year and hike in salaries by pay commissions once in every 10 years.

It can be derived from the above figures that there is one central government employee per every 280 people living in India. Each central government employee is getting on an average Rs.1,40,000 per annum, working for 200 days a year for 8 hours a day and 5 days a week. This comes out to Rs.700 per day assured average income per every employee, plus other various social benefits like free medical for family, leave travel allowance, bonus, life long pension, tour allowance, etc. All these things are, anyway, justified keeping in mind the raising cost of living, general pay levels prevailing in the private sector, vast population and wide geographic area.

## PUBLIC TABLE

Public servants		Total number	Citizen Index
1	Central Government Employees as on today	39 lakhs	One for every 282
2	All State Government employees in 28 states & 7 UTs.	200 lakhs	One for every 55
3	Central public sector employees	3.54 lakhs	One for every 3100
4	All government employees put together in our country	242.54 lakhs	One for every 45
Public poverty		Total number	Citizen Index
5	No. of people in slums	400 lakhs	One in every 27 people is in slum
6	Number of people undernourished in India	2210 lakhs	One in every 5 persons undernourished
Public Money		Total amount (Rs)	Citizen Index (Rs.)
7	Annual Central Budget	5,60,000 crores	5,000 available for every one person
8	Assets Created by Central Government till date	11,89,340 crores	10,800 share for every one person
9	Public debt as on today	24,73,262 crores	22,500 on every person's shoulders
10	Annual Interest on public debt	1,40,000 crores	1,300 paid by every one person
11	Annual Salaries of Central Government Servants	55,000 crores	500 paid by every one person
12	Annual Expenditure for Running Government Offices & officers	75,000 crores	700 paid by every one person
13	Annual Salaries of all government Servants in India (central+all states+PSU)	3,30,000 crores	3,000 paid by every one person
14	Bribes received by Govt. employees per year (visible corruption)	21,000 crores	190 contributed by every person
15	Black Money generated every year (invisible corruption)	11,50,000 crores	10,500 contributed by every person

## HOW MUCH WE LOOSE ON CORRUPTION

There is one out of every 27 persons living in slums and one out of every 5 persons going to bed without food and each person living in India carries Rs. 22,500 public debt on his/her head; Rs.1300 is paid towards the interest alone every year by every citizen including the infant child. Each citizen is paying Rs. 500 towards the salary and Rs.700 for the maintenance of central government employees and establishments annually. (If we take into account 20 million state government employees and 3.24 lakh employees of 300 central autonomous bodies it works out to one babu for every 45 people and Rs.3,000 per every citizen for salaries). As if it is not enough, a study conducted by an international agency reveals that the government servants receive a bribe of Rs 21,000 crores while delivering important & basic public services. This is related to the familiar bribes of Rs.100 or Rs.1000 taken by a peon or clerk or inspector or supervisor for moving a file or dispatching a letter or issuing some certificate etc. This is a known and visible corruption, which is insignificant when compared to Rs 11.5 lakh crores black money generated every year, which is double the amount of our country's annual budget and accounts for 40% of GDP (Gross Domestic Product, the market value of all the goods & services produced within our country in one year). This is organized, white collar corruption; the corruption on the terms of mutual understanding, which is caused by very insignificant number of top people in power.

Among the total 20,000 decision makers, there may not be more than 10% of them, who are responsible for generating black. That means about **2000 people** from the total 39 lakh central government employees are directly and indirectly **responsible** for generating such huge black money. If any one such top officer gives chance for corruption that will have its implications on about 2000 other government employees and 5,50,000 citizens and robs away Rs.575 crores from the economy and takes back 2 hour of nation's progress in terms of GDP. That means the entire 2000 people are looting 4000 hours of country's progress in one year. That is almost going back 5 months every year from the current progress. In 60 years of independence, we have gone almost 25 years back in terms of our supposed progress. We are not actually living in 2006 but in 1980. Had the black money not been there in our economy, we would be 25 years ahead of what we see today, perhaps that is comparable to US economy, which may be hypothetical, but not far from truth.

## TOP 20,000 -THE ROLE MODELS

These top 20,000 officers among the 39 lakh central government employees are the role models to young generation and they have more responsibility towards the society than an ordinary man on streets. Such people, if practices corruption and deceive the nation, there is no place for faith, honest and humanity. The minds of these top 20,000 people can take India to the top in the globe or can ruin down the country. They can make or break the law/rules as they are the controlling authority to decide the fate of their junior officers in the name of confidential reports, work allocations, transfers etc. If a lower level officer acts tough on corruption, it is the senior who ultimately decides the case. If any lower level

officer was found to be corrupted, it is the top officers who can either protect him or punish him. Even the external agencies also need to obtain prior permission from the top officer to prosecute the lower level officer in government. The people at the top are responsible for every act of their lower level officers as per the Rule 3 (2) (i) of the Central Civil Services (Conduct) Rules, 1964 which states that "every Government servant holding a supervisory post shall take all possible steps to ensure the integrity and devotion to duty of all Government servants for the time being under his control and authority" and (iii) The direction of the official superior shall ordinarily be in writing and oral direction to subordinates shall be avoided, as far as possible. Hence, the corruption at the lower level has no much effect on our economy which affects only that individual officer and the person who gives the bribe. But the corruption at the higher level has very wide ramifications because it will involve huge money and large network and especially their attitude towards corruption influences lakhs of people's mindset. The person on top can easily escape because he is more educated, knows the rules, loopholes and psychology of the people and everything is done indirectly and is well networked with a sense of mutual understanding among the flock. As Abraham Lincoln said "Nearly all men can stand adversity, but if you want to test a man's character give him power", by resorting to corruption these top people are degrading themselves in terms of their character. The people in power need to showcase their sincerity, honesty and responsibility for eradicating corruption which lies more on the higher ups than anyone else. The role of government servants came into existence because of the Constitution under Article 309. But by widening the gap between the rich & poor as a direct result of corruption, some of them are seriously disrespecting the constitution. Under these circumstances, what needs to be done, if India wants to see the corruption as the thing of the past not as the present and future?

## WHERE IS THE SOLUTION

We are 2nd in population with 110 crores, 4th in economy with \$3.633 trillion GDP (1 Trillion=1000 Billions=1,00,000 crores), but 1st in the number of people undernourished with 221 million, 1st in the number of poor population earning less than \$1 a day with 300 million poor living in India (equal to America's total population) and 122nd in per capita income in a world of 200 countries. These widely contrasting figures make every one of us feel guilty that we, as ordinary people, are not caring enough for our country. In this modern world dominated by computers and human rights, with 20,000 news papers publications, 21,500 television channels, 44,000 radio stations, 4000 internet radio stations, 920 internet TV channels, and 1080 million internet users, there should not be any problem to counter this great social evil "Corruption". What is needed is a four letter word '**WILL**'. The will of the people can crush the mountains, can take us to sky and can make friendship with snakes. Eliminating corruption is a small thing in front of these things.

Indian minds and their talents if used properly, within no time, we can takeover rest of the world and can bring back our lost glory. The population is our gift and there is no better time than this to strike the bell with ½ the population young and booming economic activities. Corruption need to be taken more seriously than ever before especially at the top level in the Government. People need to focus on this national enemy No.1. The general perception of the people that corruption is ubiquitous needs to be changed to exceptional corruption. Corruption should not be looked only as a legal issue, but also a **social issue** with far reaching implications on the society. The methods to eradicate the same should involve both legal and social. It is the mindset of the people which requires urgent attention. As long as people give fancy outlook to corruption and do not give up the feeling that earning by any means is alright without being caught, corruption can not be prevented. If any one is indulging into corruption, we can first take this matter to his family members, tell them that the food they are eating, cloths they wear are the tears of poor people, and then tell to his friends, colleagues and relatives that he is such a selfish person that he enjoys on the labour of some one and finally, take this issue to the public, press, government and law protectors.

If corruption is proved, the **family members** also need to be debarred from the government services for few years as they also enjoyed that corrupt money. There is no use of wrapping leaves after burning hands and prevention is always better than cure. We should wake up and act before the rock of corruption becomes a mountain. People from each state can start identifying at least 20 top corrupt people or at least 2 from each district among those India's 2000 notoriously corrupt persons. Once it is ascertained that, the person identified is really indulging into corruption, there is no need to take any legal action, just boycott him and his family members from social interaction. Propagate that news to as

many people as people first in the close social circles and then in the outer circles and finally to the press, people and the government. Let us utilize the vast knowledge & expertise available with retired government officials in helping us to identify the most corrupted persons in service, so that their energies & talents can be channelised for noble cause rather than allowing them to live idle, or work for MNCs or for other foreign companies. Every time we encounter with any corruption and/or situation, let us remind those 1 out of 5 persons, who do not get as basic as one time food a day in their lives, who have not done any sin except taking birth in this part of the land. Let every one of us make them feel proud for being born in this country. Let us remind that India is running on huge debt, not on assets like USA/UK who have accumulated enough wealth for their next generations. For the same reason, India needs to work hard & honestly for at least 6 days a week instead of present 5 days system and reduce the number of public holidays. **The 2000 people responsible for large scale corruption make the whole 39 lakh employees undignified.** There should be some classic examples where corrupt people have been punished seriously at the national level to boost the Integrity, unity and morality among the common people. A mass awareness on the evils of corruption and counter mechanisms should be created with people's participations and network. The areas/services/department where the possibility of corruption is high should be listed out and awareness need to be created on top most corrupt departments with advertisements and devising mechanisms to make corrupt free operations in a phased manner. If necessary salaries of the government employees can be increased to keep them fully happy, but strict action should be initiated against the corrupt. Every year government may bring some appraisal of corruption level, ministry wise, department wise and institute an award system for the least corrupt department with handsome reward as prize money to be shared among the employees of the Ministry or Department like a bonus. The people who report corruption should be heartily encouraged with suitable incentives, may be part of the amount involved in corruption. Under no circumstances, the complainant should not be victimized in the corruption game and every possible step should be taken to protect the complainant, as this is the area, government has not done much about. Coming out with centralized **e-portal** where corruption complaints can be lodged on line through internet and at the same time it reaches to at least 10 to 15 different people simultaneously like CBI, CVC, CID, Commissioner of Police, CM, Home Ministers of state and center, Prime minister, President of India, top national newspapers, TV channels etc. This will make difficult to the corrupt person for destruction of evidences, manipulation of the issue at one level, maliciously harassing the victim and will offer an open invitation to every concerned public to look into the matter in the interest of the nation. Modern courses on **fraud Examiner** and Forensic accounting to study and detect a wide variety of account related white collar crimes and frauds should be introduced as a career.

As Leo Tolstoy said *"Every one thinks of changing the world, but no one thinks of changing himself"*, I changed with a pledge not to take part in corruption since long back and then started writing this report. Likewise every citizen consciously should make efforts in this direction and try to reduce his/her part of contribution to corruption by insisting bills for purchases, paying by cheques etc. The amount of Rs. 10,500 towards black money and Rs. 291 towards bribes contributed in every year by every citizen of this country should be brought down gradually and if it is done by 2010, I believe, there is no need for looking at the International agencies for loans and no single person will look at the government for providing job or for any social help. People should realize that in order to become rich, we need not be corrupt or illegal and Infosys **Narayana Murthy, Azim Premji** of Wipro proved this to the world. Look at those people who brought drastic change in the way we think, live and act. **TN Seshan** made known what Election Commission is, to every person even in villages, **Kiran Bedi**, a lady dynamite police officer, shown the righteous policing in uniform, **SK Dubey**, the young government engineer exemplified what is honesty, **Jyoti Basu, Dr. APJ Abdul Kalam, Dr. Manmohan Singh** the contemporary political role models and there are many more such heroes. Can there be any best inspiration? Do we need more reasons to live honestly? Is it not the right time to move away the rock of corruption? Let every one think.

# A SMALL HOPE FOR MILLIONS

## 1 out of 48 – MINISTRY OF SMALL SCALE INDUSTRIES

When this is the situation, only awareness and public vigilance can bring down the corruption to some extent. There are hundreds of government departments and thousands of offices about which people knew very little. Very few people knew about the role of all the 48 ministries and 14 departments run by Government of India. Even if they knew still very few people make use of the services & facilities offered by them. It is my effort to focus on one such department, i.e. SIDO under Ministry of SSI, the organization where I served for more than 10 years. To those in the readers who are part of that department, I extend my apologies in advance for anything unpleasant they may read below as it is not aimed against any individual.

### **Small Industries Development Organisation (SIDO), Ministry of Small Scale Industry, Government of India**

Entrepreneurship or self-employment is the dream career for many young people aspiring to give shape to their burgeoning business talents and enterprising spirit. Setting up Small Scale Industry (SSI) is an excellent path to fulfill their aspirations and a cost effective solution for rapidly rising unemployment problem in our country, as SSI unit provides more employment with less investment. Many people wonder that small scale industry might be perhaps the size of an ant or a mosquito or this might be the type of activity taking place in houses or small rooms with limited commercial environment. It need not be so always. In India SSI means, any industry where the investment made on machinery is less than Rs.5 crores, which is reasonably a good amount in Indian standards and more than 1 crore such small scale companies are manufacturing more than 7500 different products in our country. The products in SSI sector range from as basic as tube light, fan, soap, shampoo, medicine, pressure cooker, LPG stove, cycle, shirt, ice-cream, gems, jewelry, mirror, pickle, milk packet that you are using in your daily life to the most sophisticated equipments like computers, parachute cloth, switch gears, critical components used in airplane, railways, telecommunications, automobiles & Defence and the type of services in SSI sector range from as basic as laundry, internet center, cable service provider, business consultancy, training, DTP, offset printing to the sophisticated call center, software development, BPO/KPO/LPO. Many young folk are unaware that there are a number of organizations set up by central government as well as state governments to help those people who want to start their own Small Scale Industries and that one can start business with as little as 5% margin money while the rest can be obtained loans without even a guarantee. The Ministry of Small Scale Industries in the central government is responsible for designing and implementing various schemes and policies for the promotion and growth of small scale enterprises in India and the following lines are intended to throw some light on this.

### **Dawn of a Small Era**

The history of government initiation for the promotion of small scale industries dates back to 1950s. Beginning with the Industrial Policy Resolution of 1948, a formal recognition was given to the small and cottage sector. A series of measures followed in the 1950s such as the establishment of the Small Industries Development Organisation (SIDO), the National Small Industries Corporation (NSIC) etc. A book "The Ford Foundation Programs in India 1952-1992" written by Eugene S. Staples states the Ford Foundation, America's richest private, non-profit, philanthropic organization played leading role in creating a formal setup of government support to small scale industries in India. In 1953, at the invitation of Prime Minister Jawaharlal Nehru, who wanted to provide enough employment to take care of millions idle hands of traditional artisans and workers who could not be absorbed in the organized sector, the Ford Foundation brought an international team of specialists to India, headed by a Swedish expert. This team consulted widely throughout India and eventually made a presentation to the planning commission. Their recommendations in 1954 led to the establishment of 4 regional SISIs, NSIC and a number of specialized training centers in the manufacture of footwear, leather goods, metallurgy, chemicals and clock making. In 1961 the foundation also made grants to help set up a semi-autonomous Small Industry Extension Training Institute at Hyderabad, which today serves as the central government-sponsored research and training center for the sector. Institutions with different names were later brought under one administrative control and named as SIDO and attached with Ministry of Industry. SIDO from its modest beginning with 4 SISIs has grown into a large organisation with over 60 SISI offices, 4 Regional Testing Centers and 18 autonomous bodies under its management. In the past SIDO was led by eminent bureaucrats like Dr.P.C. Alexander, Dr.Nanajappa and Prabhat Kumar who have become Governors and Cabinet secretaries later in their careers.



## Enlarging the Empire

With the growing responsibility of Government towards the small scale industries in the changed global scenario, a separate ministry was created as Ministry of Small Scale Industries & Agro Rural Industries (SSI & ARI) in 1999 and in 2001 this ministry was further separated into 2 ministries, one as Ministry of SSI and another as Ministry of ARI. SIDO is now brought under Ministry of SSI. Apart from SIDO, Ministry of SSI also controls National Small Industries Corporation (NSIC), a Public Sector Enterprise, which supplies machinery on hire-purchase to SSI units, 3 National level Entrepreneurship Development Institutes, viz., the National Institute of Small Industry Extension Training (NISIET) at Hyderabad, the National Institute of Entrepreneurship and Small Business Development (NIESBUD) at Noida and the Indian Institute of Entrepreneurship (IIE) at Guwahati, as autonomous societies along with Coir Board and a recently constituted National Commission for Enterprises in the Unorganized sector.

SIDO now comprises 30 Small Industries Service Institutes (SISIs), 28 Branch SISIs, 4 Regional Testing Centres (RTCs), 7 Field Testing Stations (FTSs), 2 Small Entrepreneur Promotion and Training Institutes (SEPTIs) and 1 Hand Tool Design Development and Training Centre. In Addition, SIDO also has 18 autonomous bodies registered under societies act which include Central Institute of Tools Design, Hyderabad, Central Tool Room and Training Centers at Bhubaneswar and Kolkata, Central Tool Room at Ludhiana, Central Institute of Hand Tools, Jalandhar, Indo Danish Tool Room at Indore, Aurangabad, Ahmadabad and Jamshedpur, all provide training and tooling facilities to the SSI sector. Institute for Design of Electrical Measuring Instruments (IDEMI), Mumbai, Electronic Service and Training Centre, Ramnagar (U.P.), Central Footwear Training Institutes at Agra & Chennai, PPDCs at Agra and Meerut; Fragrances & Flavour Development Centre, Kannauj and Centre for Development of Glass Industry, Firozabad, also work under SIDO and provide training and technical services in respective specified fields.

## Carrying forward the legacy

SIDO provides a wide spectrum of services to the small industries sector. These include facilities and schemes for testing, tool making, training for entrepreneurship development, preparation of project reports, technical, commercial and managerial consultancy, assistance for exports, pollution and energy audits, quality upgradation & modernisation etc. Some of the notable services and schemes are listed.

- From time to time the definition of small scale industry is keeping on changing which now stands at Rs.1 crore. This is the maximum investment one can make on plant & machinery (excluding cost of land, building and working capital) in order to be eligible for SSI status, the status of which, one can claim various benefits, concessions, subsidy, facilities and support services given to SSI units by central and state government. Again, under Small Scale regime, there are 2 sub sectors called Tiny Sector with investment limit upto Rs. 25 lakhs and the Small Scale Service and Business (Industry Related) Enterprises (SSSBEs) sector with investment upto Rs. 10 lakhs, both of which are eligible for all the support and benefits that are available to Small Scale Units.
- Government has a policy of exclusive reservation of certain products for SSI sector, by which government has reserved 835 different products and these 835 products should be manufactured only by SSI units and no large scale companies can enter into manufacture such items. However, this is being discontinued gradually, as this policy is limiting the growth of SSI sector, and therefore government has brought down the number of items reserved from its earlier 835 products to now 326 products.
- To facilitate technology upgradation and enhance competitiveness, the investment limit has been raised from Rs.1 crore to Rs.5 crore in respect of 69 products out of 326 items reserved for exclusive manufacture in the small scale sector and for all the items in the drugs and pharmaceuticals sector.
- With a view to integrate small and medium enterprises, facilitating their growth, taking away the license raj and enhancing their competitiveness, the 'Micro, Small and Medium Enterprises Development Act 2006' has been brought into force recently. Under this act, a new sector called "Medium Scale Industry" is introduced and the terminology of small scale industry is slightly changed. Now the Tiny Industry becomes Micro Enterprise with the same Rs. 25 lakhs investment limit, a Small Scale Industry becomes Small Enterprise with same investment range between Rs.25 lakhs and Rs.5 crores and a new sector called Medium Enterprise is introduced with investment range between Rs.5 crores and Rs.10 crores. In case of the enterprises engaged in providing or rendering services, the investment limit for a micro enterprise is Rs.10 lakhs and for a small enterprise is between Rs.10 lakhs and Rs.2 crores and for a medium enterprise is between Rs.2 crores and Rs.5 crores.
- Credit to the SSI is part of the priority sector lending by banks along with agriculture. For the public and private sector banks, 40% of the net bank credit (NBC) is earmarked for the priority sector. For the foreign banks, 32% of the NBC is earmarked for the priority sector, of which 10% is earmarked for the SSI sector. Any shortfall in such lending by the foreign banks has to be deposited with the Small Industries Development Bank of India (SIDBI).
- Loans upto Rs.25 lakhs can be obtained without any guarantee for setting up SSI units under CGTSI scheme (Credit Guarantee Fund Scheme for Small Industries) and Government of India has raised the Corpus of Credit Guarantee Fund from Rs.1,132 crore to Rs.2,500 crore and the guarantee fee has been reduced from 2.5% per cent to 1.5%

- Under National Equity Fund Scheme (NEF), an entrepreneur can obtain loans upto Rs. 50 lakhs with 10% margin money and 25% given as soft loan at a service charge of 5 per cent per annum.
- Under the 'Credit Linked Capital subsidy Scheme' (CLCSS) for technology upgradation, the ceiling on loans has been raised from Rs.40 lakh to Rs.1 crore and the rate of subsidy from 12 per cent to 15 per cent.
- The turnover eligibility limit under the General SSI Excise Exemption Scheme is raised from Rs.3 cr to Rs.4 cr.
- Incentive Scheme of Reimbursement of expenses for acquiring Quality Management System (QMS), ISO 9000 certification, Environment Management System (EMS), ISO 14001 certification to the extent of 75% or Rs.75,000 is available for SSI units.
- SSI entrepreneurs can participate in International Fairs as government provides full subsidy on space rent and shipment of exhibits for their products.
- Foreign travel made easy and affordable for SSI entrepreneurs with MDA (Market Development Assistance) scheme which offers funding upto 90% in respect of to and fro air fare for participation in overseas fairs/trade delegations. Not just that, this scheme also provide for funding for producing publicity material (upto 25% of costs) Sector specific studies (upto Rs. 2 lakhs) and for contesting anti-dumping cases (50% upto Rs. 1 lakh).
- Purchase and Price Preference is given to Small Scale Products through Single Point Registration Scheme of NSIC. Under this, 358 items are reserved for exclusive purchase from SSI by Central Government. Other facilities include tender documents free of cost, exemption from earnest money and security deposit and 15% price preference in Central Government purchases
- Under Prime Minister's Rozgar Yojana (PMRY) scheme loans are provided upto Rs. 1 lakh for business and Rs.2.00 lakhs for manufacturing activities with subsidy and margin money upto 20% of project and balance as loan. Subsidy for North East states is twice that of rest of India.
- Small Industry Cluster Development Programme is introduced for promoting technology upgradation in clusters for a group of SSI units of one industry.
- Under Integrated Infrastructure Development (IID Scheme), assistance upto 40% or Rs.2.00 crores, whichever is less for setting up industrial estates for SSI units is provided. For North East States, the assistance is upto 80% or Rs.4.00 crores.
- Assistance upto 90% or Rs.9.00 crores, whichever is less is provided for setting up new Mini Tool Rooms and for upgradation of existing Tool Rooms, the assistance of which is 75% or Rs.7.5 crores.
- For establishing testing centers, an assistance upto a 50% or Rs.50 lakhs, whichever is less is provided for industry associations.
- For setting up Sub-Contracting Exchanges, a one time grant for procurement of hardware and thereafter matching grant on tapering basis at 50%, 30% and 10% of running expenses, not exceeding Rs. 1.25 lakhs, Rs. 0.75 lakhs and Rs. 0.25 lakhs respectively during the initial three years, subject to a ceiling of Rs. 1.57 lakhs per exchange, is provided.
- Assistance is provided to Entrepreneurship Development Institutes for strengthening their training infrastructure upto 50% or Rs. 50 lakhs whichever is less.
- Ten schemes drawn up under a five-year National Manufacturing Competitiveness Programme, including promotion of ICT, mini tool rooms, design clinics and marketing support for SMEs.

There are a number of schemes and programmes with government. If all the above facilities, services and schemes are utilized by the people properly, there will not be any hue and cry for jobs. How many people knew or heard the existence of such a department and such schemes? We all have seen huge advertisements on petty courses like tailoring or computer courses, but is there a single advertisement to make known the above schemes and the procedure to avail the same to general public? Perhaps lack of thought or will by the authorities? In spite of that, the contribution made by SIDO towards the national economy is unquestionable. The performance is visible in terms of 118 lakh SSI units, producing Rs.4,18,263 crores worth of goods, employing 282.91 lakh people as in 2004-05. However there is a need for SIDO to devise a strategy with specific plans to boost its effectiveness as employment creator as unemployment rate is continuously growing particularly during the last decade, which is at present 9% in rural areas and 8.1% in urban areas.

## A drop in the ocean

Synonymous with name, it is one of the small departments in Government of India in terms of manpower and the money it spends every year. It has about Rs.524 crores expenditure out of which Rs.58 crores is spent on salaries

and consumption for their 2000 plus employees while the rest is spent on development activities for 2006-07. SIDO is based in Nirman Bhavan, New Delhi, headed by a senior level IAS officer designated as Additional Secretary & Development Commissioner (SSI) supported by 100 other senior officers who include among them IAS, Industrial Advisors and Directors and they are further assisted by 100 subordinate staff. He reports to the Secretary (SSI), who in turn report to the Minister for Small Scale Industry, Government of India and both of them are based in Udyog Bhavan, New Delhi.

Objective - To promote Small Scale Industries in India		
S.no	Key indicators	Total number
1	Minister	1
2	IAS	10
3	Senior Officers upto the level of Director	100
4	All other employees	2000
5	No. of Office establishments	60
6	No. of Societies & Autonomous organisations	21 (18 SIDO & 3 MOSSI)
7	Total Budget Sanction per year	Rs. 524 crores
8	Amount towards Salaries & office expenditure	Rs.58 crores

Secretariat Economic Services	4.5
DC(SSI) including library	16
Development of SSI through NSIC	30
Promotion of SSI schemes	267
Investment in NSIC	14
Other schemes	9
Credit Guarantee Scheme	106
National commission on the unorganized sector	30
North East states	48

## Small Industries Service Institute (SISI) – The Master of All

SISI is the most popular among SIDO family due to its vast network and great contribution in its mission. It is an excellent organization with its presence in every state & important cities, good infrastructure and intelligent talent with large pool of technical personnel. They are the interfaces between government and public and implement government policies and programmes at the bottom level and at the same time give feedback to the government. There are 30 SISIs with 28 branches, most of them existing since 1954 with about 2000 employees on its role at present. Each SISI is headed by a Director and assisted by a team of Deputy Directors, Assistant Directors and other staff. Unlike specialized institutions which have clear areas to work, SISI is multi role, multi faceted, multi dimensional institution which is basically a group of technical, economic and management people working with tandem in every aspect of SSI promotion. Since last 50 years it has made significant contribution to the nation building. It is one of the organisations with great values and integrity where the staff graciously offers tea to the visitors who come for their assistance. There is a general impression that government offices are not maintained properly which are in shabby condition and the people heard commenting by the government employees that there are no funds for purchasing things like dust bin, window curtain etc. But looking at any SISI, one will change this impression. They have latest computers, vehicles, expensive reference books, interior decoration, foreign trips and trainings. Nothing is a constraint in this department. There is absolute freedom to decide their own action plans, activities, programmes, field visits by the officers. Perhaps that is the secret of success behind SISIs. The staff works very harmoniously, friendly and peacefully coexisting different classes, castes, regions, languages for decades together. The forbidden fruit of corruption was not bitten by the people working in SIDO and still maintain their sanctity. There is something to learn from this rare GEM. The main objectives of SISI are to

- Promote entrepreneurship
- Encourage educated unemployed people for setting up SSI units
- Help SSI units to run efficiently, profitably and competitively
- Disseminate information, government policies & act as interface between government & people.

In order to meet the above objectives, SISI performs various day to day activities like organizing seminars, workshops, vendor development programs, Management Development Programmes, Entrepreneurship Development Programmes, Workshops, trainings, awareness programs, etc. The programmes range from one day seminars to 6 months trainings in as diverse fields as tailoring to Enterprise Resource Planning. There is no area where SISI can not help the entrepreneurs including marketing and finance. Any enthusiastic student/professional willing to set up his/her own business or facing problems in running existing SSI unit must visit at least once & explore the facilities and services offered by SISIs. Any organization will survive only when it keeps abreast of the latest trends and catches them with the same speed. It is to be appreciated here that SISIs are in the forefront in this direction. It has modernized its offices across the country with state of the art computers, air conditioned halls, latest workshop machinery and well trained staff. They are so user friendly that any one can walk in to the office, use its infrastructure, facilities & services at very nominal charges and get the desired assistance from friendly staff without any bureaucratic ado usually expected in any government setup. There is so much of stress on computers that almost 20 crores is spent every year on integrated computerization aimed to exchange resources, provide information through internet by connecting all SISIs and HQs. There is also a reason to pride as many SISIs have shown their presence in the Internet with best websites dynamically maintained with useful information. Indeed a great effort.

There was a plan to reorganize the activities of SISI during the late 90s, conceived mainly to take up computer and other vocational education and training. A trial attempt was made by SISI, Chennai to discard it later with partial success due to lack of consensus, focus, clear cut objectives, direction and transparency. I feel that the reasons for failure may be more due to the absence of an objective and transparency, which are prerequisites for success of any programme in a democratic country like India, especially when there is some drastic change in the way an organisation and its people work. In this regard, let me reproduce the planning commission's remarks;

"Planning in a democratic State is a social process in which, in some part, every citizen should have the opportunity to participate. To set the patterns of future development is a task of such magnitude and significance that it should embody the impact of public opinion and the needs of the community. We have, therefore, felt it necessary, before presenting our proposals in complete detail, to offer a Draft Outline of the Plan. The Draft is intended to be a document for the widest possible public discussion. We hope to have further consultations with the Central Ministries, State Governments and our own Advisory Board and Panels, and also to obtain the views of Members of Parliament before we finalize the Plan."

Every work that government carries should have public interest involved in that and public mandatory in the form of a committee or house of peoples representatives should be taken when some major policy decisions are implemented in any government organisation. Through consensus, one shall arrive to a decision as to why, how, when, where, by whom and to whom this change is required. There need to be wide publicity and invite public opinion before implementing such policy decisions. There need to be accountability on the part of the decision makers who act on behalf of the government. Government is neither an individual to sell its name and powers to any private person nor running a showroom nor industry purely on the basis of profit alone and to issue advertisements as per their will and to lease out public places to private people. As there is a proverb "*raaja bane vyaapaari, prajaa bane bhikhaari*", government motive is to play a catalyst role in the society, not to make money out of the public through business. As an open door may tempt even a saint, the loopholes, if any in law should be closed and effectively see that they are not misused by the very same people who make provision for the loopholes or who use them. Under these circumstances, making the maximum use of ICT with a transparent policy environment may ease out the problems associated with decision making by involving all the stake holders.

## Future lies in transparent system

SIDO is needed for India. But it needs to maintain transparency with clear cut goals coupled with wide publicity. SISI is strong in its decades of expertise, network & infrastructure in promoting SSI. No other organisation can really compete. The task now in front of SIDO is to give direction and focus with clear cut goals, objectives and responsibilities at each level in the organisation with transparent system placed behind. In the changed promotion role of government, the focus needs to be shifted towards rural areas and economically & socially backward regions and sections, strengthening the traditional industry clusters, widen the manufacturing base, guiding youth in service sector opportunities, providing industry intelligence reports, entrepreneur handholding services with specific target at each level, marketing support, cross country technology transfers, centralized database. What ever activity SIDO takes up, it is to be seen that the interests of SSI sector is involved in that, without which the existence of SIDO itself will become a question mark. With the introduction of Micro, Small and Medium Enterprises Development Act, 2006, SIDO is moving in a right direction by widening the Small arena into SME Empire with pragmatic approach for promotional activities including computer and other vocational trainings in the interest of the SSI sector. Nevertheless, SIDO is a great hope to millions of young entrepreneurs in our country.



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