

Decentralized Corruption or Corrupt Decentralization? Community Monitoring of Poverty-Alleviation Schemes in Eastern India

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Summary. — Democratic decentralization and community participation often stand at the center of an agenda of “good governance” that aims to reduce corruption and increase the state’s accountability to its citizens. However, this paper suggests based on empirical studies on the Employment Assurance Scheme in rural West Bengal that the strength of upward accountability (especially to political parties) is as crucial as downward accountability to communities. When these vertical accountabilities are weak, horizontal accountability structures between local civil society and officials can mutate into networks of corruption in which “community” actors become accomplices or primary agents.

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1. INTRODUCTION

Development theory has recently paid increased attention to issues of accountability and transparency. Corrupt practices and systems are said to undermine growth and access to public services, in addition to being morally repugnant.¹ The question of corruption, however, is dealt with very differently by competing intellectual and policy-making traditions. Drawing on Anne Krueger’s early work on rent-seeking, many neoliberal economists have sought to connect landscapes of corruption to the dominance of predatory states or bureaucratic populism. They have recommended the “rolling back” of the state—of the license and permit *raj* in the case of India—as the primary

means of dealing with corruption and rent-seeking behavior. The structural adjustment programs that were implemented by the World Bank and the IMF in the 1980s and early 1990s thus remained relatively silent on accountability structures in non-market institutions. They

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trusted that the expansion of free markets and competition would remove the scope for generalized rent seeking.

After two decades of deregulation and economic liberalization, however, levels of political and bureaucratic corruption seem not to have dissipated in most countries, and perhaps least of all in the transitional economies of the former Soviet bloc (see Humphrey, 2002). Whereas many hard-liners might insist that corruption persists only where liberalization has been incomplete, or where states have been left with too many regulatory powers, many donor agencies are promoting an agenda of “good governance” that seeks to address issues of accountability and transparency on a broader front. In doing so, they follow political scientists who increasingly regard corruption as a sign of “bad governance.” Dharieswar and colleagues have argued that “corruption ought to be seen as a symptom of the state’s *fundamental weaknesses*, not some basic or single determinant of society’s ills” (Dharieswar *et al.*, 2000, p. 136; *emphasis added*), and that appropriate designing of political and economic institutions would therefore be capable of defeating widespread rent-seeking (see also Rose-Ackerman, 1999).² Multi-pronged strategies for strengthening good governance—including public-sector and judicial reforms, economic policy measures and financial controls, the strengthening of civil liberties, and of structures of participation of civil society—are thus proposed as a way of dealing with bad governance. Proposals for decentralization have also cut into initiatives for the promotion of “good governance” and have been proposed as a conduit for institutional public reform that can enhance levels of political accountability, participation and voice (see World Bank, 2000a, 2001). Decentralization now stands at the heart of a bundle of measures that is meant to enhance state capabilities (see World Bank, 2000b).

This comprehensive view of anti-corruption strategies is an important step forward, and particularly so when compared to the more simplistic perspectives linking reduced corruption to a “rolling back” of the state. But the framework of “good governance” continues to see state actors as the prime agents of corrupt practices—a view that is reflected in the classic and commonly used definition of corruption as “the abuse of public office for private [economic and political] gain” (Dharieswar *et al.*, 2000, p. 137; see also Bardhan, 1997). It is true that the agenda for “good gov-

ernance” looks beyond the state sector and stresses the importance of public participation, but civil society makes an appearance mainly as a safeguard against corrupt officials (see World Bank, 2000a). Yet recent critical studies on participatory development also reveal the “fundamental weaknesses” of many local community institutions that are divided along the lines of class, gender or ethnicity (see Leach, Mearns, & Scoones, 1997). This paper thus takes a critical look at the practices of civil society, and at the complex relations—as well as “blurred boundaries” (Gupta, 1995)—between the state and civil society. Such a perspective takes inspiration from the works of Harriss-White and White (1996), amongst others. Based on country case studies, Harriss-White and White found that in many cases rent-seeking had increased under economic liberalization and had changed its character: corruption was now more likely to be initiated and controlled by actors in civil society, including businesspersons, than it was by state actors. Formal democratization had created opportunities, incentives and pressures for politicians and elected officials “to compensate for political uncertainty by building up a capital stake through corruption” (Harriss-White & White, 1996, p. 3). Corbridge and Kumar (2002) made a similar point in their study of the tree trade in Jharkhand. While their paper argues for a reduction of state controls in some parts of the timber trade, they show how local elites and political brokers have joined with some forest officials in resisting the deregulation of trade in the jack(fruit) tree. Robbins (2000) has further shown that the rural poor in Rajasthan are driven to participate in the corruption of forms of common property management from which they might be expected to benefit.

This paper aims to go beyond recent critiques of participatory development that focus on the perils of assuming strong and homogenous communities to suggest, in addition, that key members of “village communities” can be accomplices to, or prime agents of, local networks of corruption. Collusion can of course transcend the boundaries of a community, as Mosse (2001) has shown in his studies of the Western India Rainfed Farming Project. In this case it was mostly better-off and male villagers, and “outsiders” from the project staff, who joined together in homogenizing and representing local knowledge and local needs. In other cases, a collision of interests can form “corruption

networks”—a term we borrow from Jean Cartier-Bresson, who found that in France and Italy “the organization of corruption by social networks [. . .] prevails and enables a real institutionalization of procedures” that “turns into a political, economic and social exchange” (1997, p. 466). Rent-seeking then consists of rather more than distortions to simple market exchanges or bargains between individuals. In certain circumstances, it can lead to the building of social institutions that rely on and reinforce trust among their major participants.

These ideas provide useful conceptual starting points for a paper that seeks to illuminate the complex relationships between decentralization, civil society, and corruption in eastern India. The objective of our paper is to investigate how formal structures of decentralization and participation influence the prevalence, character and spaces of corruption in different social and political settings. We focus on interactions between the “community,” elected officials and civil servants that have constrained and enabled the leaking of government funds from India’s Employment Assurance Scheme (EAS) in two localities in rural West Bengal. We chose to analyze the EAS because of its distinctive community-based system of funds monitoring that allows us to draw conclusions on the interrelation between participatory decentralization and corruption. However, we do not claim to provide a representative and comprehensive study of the level and organization of corruption in West Bengal or India.³ Neither do we believe that leakage from the EAS is particularly rampant.⁴

In Section 2 we discuss contrasting hypotheses regarding the effects of decentralization on rent-seeking. These focus on the elite capture of participatory programs and their distortion by higher level officials. We also explain how we tried to deal with the challenge of studying corruption empirically. In Section 3 we describe the Employment Assurance Scheme (EAS) and a monitoring system that can be interpreted as a mesh of horizontal and vertical accountability structures designed to break the nexus of power relations that can hold between government officers, politicians and private contractors. In the next three sections we turn our attention to Old Malda block (Malda district) and Debra block (Midnapore district). Section 4 introduces the social, political and economic settings of the field sites, and compares the levels, forms

and perceptions of corruption that are common there. Despite having identical formal institutions of local governance and community monitoring, leakage of EAS funds was much higher in Old Malda than in Debra. In Section 5 we take a closer look at corruption networks in Old Malda block, networks in which local councilors, beneficiary-committee members and ordinary villagers were all participating. The “deep” decentralization of government programs was accompanied here by the decentralization of corruption to local councilors who were virtually unaccountable to the community, political parties or the development administration. Councilors generally did not belong to the traditional elite. They formed a newly emerging class of political entrepreneurs that had captured the decentralized state for purposes of private gain and which inhibited the effective functioning of community-based monitoring schemes. In Section 6 we show that these same formal community monitoring institutions were much more effective in curbing corruption in Debra block. If community institutions were distorted here, it was mainly because they were subject to the extended arm of the ruling party, the Communist Party of India-Marxist (CPI-M). Indeed, upward accountability in the form of effective party-political control over local councilors, executing agents and beneficiary committees, was probably more important for limiting corruption in Debra than was community participation. The CPI-M effectively controlled leakage of EAS funds, but not without diverting some development money into party coffers. Ironically, some of these funds from central government were used to strengthen local government. In Section 7 we conclude that participatory decentralization is no panacea for reducing corruption, as some factions within communities are ready to build a nexus with bureaucrats and politicians. Under such circumstances, the strengthening of horizontal accountability structures through decentralization is ineffective in curbing corruption. In the absence of effective vertical structures of political and administrative accountability and control, as well as perceptible judicial involvement,⁵ horizontal accountability structures between local civil society and officials can mutate into networks of corruption in which “community” actors become either primary agents or accomplices, particularly when communities are divided.

2. STUDYING CORRUPTION

Strong advocacy of administrative and democratic decentralization as part of a “good governance” agenda is based on a number of assumptions. Ostrom, Schroeder, and Wynne (1993) suggest that decentralization can promote cost-effectiveness, improved accountability and reduced corruption. Decentralization is said to bring the state closer to its citizens (see also Azfar, Kähkönen, & Meagher, 2001). Local politicians and elected councilors are assumed to be more effective and interested in monitoring the activities of local government officers than distant civil servants and auditors because they are open to de-selection (see Bardhan & Mookherjee, 2001). In other words, local elected officials would become accountable “downwards” to the local community. Decentralization can also provide spaces for enhanced rates of participation in civil society. Participatory decentralization is assumed to increase local vigilance, particularly when accompanied by fiscal devolution or the collection of user fees (see Azfar *et al.*, 2001). Proponents of decentralization believe that “horizontal” accountability structures between local officials and civil society will reduce the scope for rent seeking. From this viewpoint, any failure of decentralization to curb corruption is the result of incomplete or distorted decentralization—or referring to the title of this paper “corrupt decentralization”—where too much authority is retained at the central level.

Empirical studies from India and elsewhere concur that resistance within the bureaucracy can hinder and distort effective democratic decentralization (see Jha, 1999; Mukarji, 1999). But effective decentralization also depends on the strength of the communities affected and on underlying informal social, economic and political structures (see Alsop, Krishna, & Sjoblom, 2001; Nambiar, 2001). Furthermore, political support “from above”, and in the form of a strong pro-poor government in power at the center, is crucial in reducing the risk of elite capture of decentralized state institutions (see Crook & Sverrisson, 2001; Kohli, 1987). Although research on decentralization has been expanding rapidly, only a few studies have empirically tested the proposition that decentralization leads to a reduction in the levels of corruption. The majority of decentralization-corruption studies have been either logical-deductive models or

regression analyses based on public perceptions (e.g., Azfar *et al.*, 2001).

As an example of theoretical modeling, Bardhan and Mookherjee’s analysis of decentralized versus centralized delivery systems in the context of infrastructure services provides a useful point of entry. They conclude that decentralization provides welfare gains and lower levels of corruption only if services are financed with user fees. Where decentralization is financed with local taxes or central grants, the effect on rent seeking is indeterminate (Bardhan & Mookherjee, 2001). This obviously applies to anti-poverty programs, including India’s Employment Assurance Scheme, where local governments have authority over implementation using central grants, but where other forms of financial devolution, including the collection of “user fees” from the beneficiaries, would make little sense in view of stated equity goals. Elsewhere, the same authors analyzed anti-poverty programs more specifically. They deduced that better cost-effectiveness and reduced bureaucratic corruption would occur under a decentralized system of administration despite increased coordination problems, lack of economies of scale and lower capacity at the local government level (Bardhan & Mookherjee, 2000). Making use of a principal-agent framework, they argued that decentralization can mitigate the problem of high information costs that exist in bureaucratic top-down systems, where bottlenecks in communication and difficulties in obtaining information constrain the effective monitoring of local officers (agents) by the central authority (principal).⁶ However, the benefits from reduced information costs can easily be outweighed if the capture of local government and anti-poverty schemes by local elites is greater than the extent of elite capture of national government. Elite capture of the state at different spatial scales depends on “traditions of political participation, voter awareness and literacy, allocation of social and economic power within communities, lobbying and campaign contributions by wealthier groups, fairness and regularity of elections, transparency in local decision-making processes and government accounts, media attention and so on” (Bardhan & Mookherjee, 2001, p. 3; see also Bardhan & Mookherjee, 2000). These authors thus predict less effective and less well targeted implementation of decentralized programs in regions of high poverty incidence.⁷

To sum up, decentralization does not necessarily reduce corruption, but it can sometimes open the door to the abuse of public funds and the *decentralization of corruption* (see also Crook & Manor, 1998; Schleifer & Vishny, 1993).

Bardhan and Mookherjee's theoretical models usefully point to the crucial importance of elite capture, underlying political institutions, and informal social structures including power relations, awareness and literacy. They are perhaps less successful in grasping the dynamic nature and mutual influence of political institutions, social structures and corruption. The state and major political and social structures are presented as given and unchanging, providing a fixed stage on which bureaucrats and politicians perform like narrowly rational, economic, or political actors. Such theoretical models rely on sometimes crude assumptions about individual behavior and objectives: for example, that bureaucrats "maximize their net incomes, that is, bribes less the cost of deliv-

ery", and that local governments aim "to maximize a weighted sum of welfares of two classes of local users: elites and non-elites" (Bardhan & Mookherjee, 2001, p. 4). Whether these assumptions are empirically correct or not, taking individual behavior in a "market for corruption" as the sole starting point runs the danger of not recognizing corruption networks embedded in structures of social exchange (Cartier-Bresson, 1997). Individuals may find it difficult either to stay out of these corruption networks, or to enter into them. In the case of the routinized implementation of poverty-alleviation schemes in rural India, for example, local-level corruption is well organized and fairly institutionalized, such that even honest officers come under social pressures or even threats from their peers to become part of the system of corruption.⁸

Yet individual agency is responsible for the dynamic nature of corruption networks, including the tensions and fissures that make them more visible (and researchable) to outsiders.



Figure 1. Location of the districts surveyed.

We studied corruption in rural West Bengal as one part of a collaborative research project that investigated the state's activities and roles in relation to rural poverty and empowerment in five localities in eastern India (see Figure 1). The spheres of activities of the state were divided into developmental, empowering, protective, and disciplinary functions, which were studied with reference to the EAS, primary education, tenure- and labor-law enforcement, and policing, respectively. In order to capture both horizontal and vertical accountability structures, and corruption networks that transcend different spatial scales, we moved constantly between the village, block, and district levels. The team worked intensively in one fairly typical village community in each of the selected districts. Local field assistants and the authors lived with the communities for most of 1999 and spring 2000. In addition to using a wide range of ethnographic methods, we conducted an extensive questionnaire survey with a stratified random sample of 100 households, including 80 that were identified as "poor" on the basis of data on assets, employment, household composition and food security from an earlier village census (see also Corbridge, Williams, Srivastava, & Véron, 2005). The questionnaire included a few questions on perceptions of corruption of officials, and on the fairness of the courts and the police. Information was also gained from informal conversations with individual or groups of villagers. This research gave us insights into local perceptions and understandings of corruption,⁹ and pointed to incidents that could be studied further. However, these data are limited because many villagers did not have a clear picture of the corruption networks at work. In some cases, informants also feared retribution and avoided the topic or underplayed its significance.

More informative data came from more than 40 interviews with local government officers, elected councilors, contractors, and so on in each locality. It was helpful that our research topic was a broad one, since before raising the issue of corruption with the interviewees we were in many cases able to build trust from repeated household and office visits. We also must admit that we sometimes needed luck to be in the right place at the right time.¹⁰ Although there was certainly concealment as well as exaggeration, some interviewees—particularly those who stood at, or were pushed to, the margins of the corruption networks—opened up and gave us valuable information.

Yet this information had to be evaluated in the broader political and social context in order to exclude, as far as possible, false or exaggerated allegations of corruption that were made with the objective of damaging a person's or a political party's reputation. Although obtaining access to official files and records was difficult, if not impossible, the triangulation of information obtained from different interviewees and observations allowed us to "crack" the corruption networks, and to draw a fairly clear qualitative picture of corruption and its organization in Old Malda and Debra. We are aware that generalizations about levels and organization of corruption from these two case studies must be treated with caution. But we trust that the qualitative empirical research points to the general problems of decentralization and corruption.¹¹

3. MONITORING THE EMPLOYMENT ASSURANCE SCHEME

The Government of India was aware that corruption networks emerged around the implementation of poverty-alleviation schemes when it introduced the Employment Assurance Scheme (EAS) in 1993. Within the EAS and other recent poverty-alleviation schemes, the government particularly attempted to break the nexus between bureaucrats, politicians and private builders (contractors) by including local communities in scheme implementation and monitoring.¹² At the time of our fieldwork, the EAS was the largest employment provision program in India. The central government (with 20% matching funds from state governments) aimed to respond to local employment shortages during agricultural slack seasons, and provide up to 100 days of local employment to a maximum of two adults per household. Like other wage-employment or "food for work" programs, the EAS directly addressed one of the most pressing needs of the rural poor, that is, seasonal unemployment. The government encouraged the uptake of labor-intensive projects from which the poor would benefit the most. In each block the labor component of expenditure had to average at least 60% (and the material component maximum 40%), with schemes that were focused on water and soil conservation measures (40%), minor irrigation works (20%), roads (20%) and school buildings (20%). The program was unlikely to be of much interest to

the better-off villagers, as the principal benefit was short-term unskilled manual labor that was to be paid at the government minimum wage. It could therefore be expected that self-targeting would be effective, and that uptake by non-poor beneficiaries would be much lower than in, say, subsidized credit schemes such as the Integrated Rural Development Program (since 1999 known as SGSY, *Swaranjayanti Gram Swarozgar Yojana*).

But the central and state governments also introduced direct measures to curb leakage of EAS funds. They designed a monitoring system that combines a set of accountabilities, including downward accountability to the community, horizontal accountability between actors at the same spatial scale, and upward accountability to higher levels of the bureaucracy. First of all, the Government of India banned contractors (private professional builders) from the execution of EAS projects, which were supposed to be fairly small. Policymakers believed that these small schemes would not require the organizational and technical expertise of private professionals. The exclusion of contractors was expected to reduce leakage, as it would stifle the rent-seeking opportunities for government officers created by the tender system. Instead of private contractors, government officers such as the Sub-Assistant Engineers at the block level and the Job Assistants at the *gram panchayat* level were to organize and supervise the works. Furthermore, the guidelines provided for the appointment of a "job worker" from the community to act as an executing agent on behalf of the government officers. The job worker was to be elected by the villagers or to be appointed by the local councils. This local person was believed to be more accountable to the community than outside contractors or government officers and, as a joint beneficiary of newly created village assets, would have a personal interest in keeping leakage low. Therefore, it was expected that job workers would abstain from common corrupt practices, such as over-reporting labor in the muster rolls, underpaying local workers, inflating the figures in the measurement sheets and using inferior-quality materials.

The Government of West Bengal attempted to further increase local accountability of the EAS and other anti-poverty programs. The state government ordered that for each project, a "beneficiary committee" would have to be formed with the responsibilities of monitoring project implementation and supervising the

job worker and the involved government officer. The beneficiary committee was to be elected in a special village meeting prior to the start of the works, where villagers were also informed about the assets to be created and days of employment provided with the particular project. As the name suggests, the members of the committee would consist of beneficiaries of the project and thus be involved in the manual work. Community control of the EAS in West Bengal was further strengthened with a "social audit," namely, the public presentation of project expenditures in the statutory biannual *gram sansad* or village meeting for all (ca. 500–1,000) voters of the electoral ward.¹³

Democratic accountability was ensured by making the *panchayats* (elected local councils), specifically the *panchayat samiti* (block council, intermediate tier between village council [*gram panchayat*] and district council [*zilla parishad*]) the implementing agency of the EAS. This was possible in West Bengal unlike in most other states because the *panchayats* had been well established at the time when the EAS was introduced in 1993–94. On the recommendation of West Bengal's Department of Panchayats and Rural Development, district and block councils could devolve the implementation of EAS projects to the *gram panchayats*—again strengthening local accountability. The bureaucracy facilitated the implementation with their organizational and technical expertise and procedures. The Block Development Officer (BDO), the senior-most officer at the block level, acted as the official executive agent and was supported by the Block Cashier, Sub-Assistant Engineers, *etc.* and the *gram panchayat*-level Secretary and Job Assistant.

Table 1 summarizes the responsibilities of various actors in the local monitoring of the EAS, reflecting the high degree of community involvement. The executing agent, or job worker, comes from the community itself, and the beneficiary committee and elected local councilors check the job worker's activities. While the Sub-Assistant Engineer, and for smaller works the Job Assistant, take the measurements of completed works, their technical documentation has to be accompanied by a completion letter from the beneficiary committee. Only then can the BDO and block council prepare and submit the utilization certificate necessary to draw further EAS funds from the central government.

This complex multi-actor monitoring system includes a triangle of local horizontal account-

Table 1. *Local monitoring of the EAS: main actors and responsibilities*

	Employment records (Muster Rolls)	Material supply forms	Measurement of completed work	Completion letter	Utilization certificate
Job worker ("foreman")	P	P			
Beneficiary committee	S	S		P + S	
Elected councilors	S	S			
Block council chairperson					S
Job assistant/sub-assistant engineer		P	P + S		
Block Development Officer					P + S

P = Prepare; S = Sign.

ability structures formed by the beneficiary committee, local councilors and local government officers (see Figure 2). Having these three actors check on each other is likely to reduce the risk of collusion between any one of them and the executing agent, who may well become the "site" of leakage (without necessarily being the main instigator) due to the hands-on responsibilities of preparing employment records (muster rolls), paying laborers and arranging the supply of materials. Figure 2 also indicates that the actors involved in the local monitoring of the EAS are embedded in vertical (downward and upward) accountability

structures. Local government officers are monitored by their seniors, and EAS documents are checked at higher levels of the bureaucracy. But the local monitoring of the EAS complements the conventional bureaucratic checks with community accountability and with political accountability, which are also given prominence in the decentralization literature. Community accountability is expected to be ensured through the beneficiary committee that is directly accountable downward to the community, as its members are elected or feel moral pressure "from below." Political accountability of the councilors to the voters is assumed to be

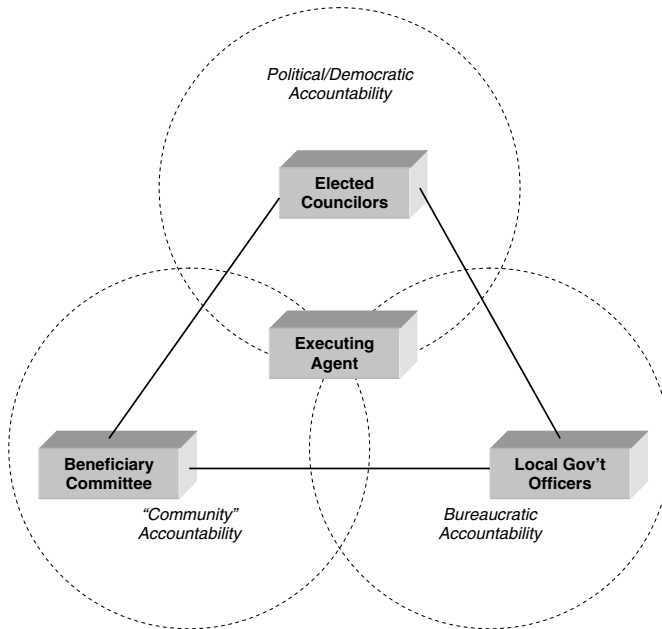


Figure 2. *Monitoring of the Employment Assurance Scheme in West Bengal.*

effective due to the *panchayat* elections held regularly every five years.

4. SCOPE AND LEVELS OF CORRUPTION IN OLD MALDA AND DEBRA

It can not, of course, be expected that the apparently well-designed EAS monitoring system would be capable of totally eliminating leakage on the ground, or that the formal monitoring system would work equally in different social, economic and political contexts. Therefore, it is necessary to illuminate the regional context of the case studies and to locate EAS leakage in the wider context of corruption in the studied areas.

Old Malda has a diverse population, including general caste Hindus, "Scheduled Castes" (formerly untouchable castes), "Scheduled Tribes" (various *adivasi* groups), Muslims and recent clandestine immigrants from nearby Bangladesh. Serious tensions arise regularly between these community groups—in our study village tensions were mainly between the better-off, general-caste Hindu immigrants from Bangladesh on the one hand, and the generally poor *Santals* (Scheduled Tribe) and *Malpahariya* (who are variably regarded as Scheduled Tribe or Caste). But elsewhere in the block Hindu–Muslim conflicts are also considerable. Only 48% of the adult population is literate; only 39% of women and less than a quarter of the *adivasi* population have at least basic writing and reading skills. The education system is malfunctioning, and levels of general awareness and political consciousness are very low. According to our own household classification based on assets, employment and household composition, 69% of the households are poor, out of which 32% face seasonal food insecurity.¹⁴ Rain-fed agriculture provides only limited and seasonal employment, and many poor households rely on non-agricultural day labor in Malda town. Seasonal out-migration is high from September to November when large tracts of land are inundated. The Communist Party of India-Marxist (CPI-M) formed the block council but shared power with the Indian National Congress (INC) in the *gram panchayat*. Politics is based around personalized networks of patronage and violence, and not on strong party organizations. The political leadership lacked deep roots in the locality (see Véron, Corbridge, Williams, & Srivastava, 2003).

Debra's population is more stable. Substantial *adivasi* immigration into a predominantly general-caste Hindu population occurred about 50 years ago. Social tensions between the main community groups rarely came to the surface in the study village.¹⁵ The population is better educated and politically more conscious than the one in Old Malda. 68% of the people in the study village are literate, and further efforts in child and adult education have been fairly successful. Irrigated agriculture provides almost year-round employment, and the land reforms in the late 1970s have reduced the vulnerability of sharecroppers. But the poverty rate is still 45% with 11% of the households facing seasonal food insecurity. The CPI-M has been a dominant presence in the study village, also forming the block council and the *gram panchayat*. The party has a strong local organization with offices in every *gram panchayat* and committees in every village. Tribal peasants, in particular, formed a strong support base for the CPI-M. By the late 1990s, however, the party faced increasing political competition from the Trinamool Congress (TC), which enjoyed growing support among sections of the rural middle class.

A glance at the figures in Table 2 on the incidence of corruption as perceived by the villagers appears to support Bardhan and Mookherjee's hypothesis that levels of corruption are higher in areas of high poverty and illiteracy. Table 2 suggests that the levels of corruption were higher in Old Malda than in Debra: 36% and 10%, respectively, of the villagers reported that officials would be corrupt, and most of these allegations were backed up with concrete incidents (these figures probably under-report perceived corruption to some degree due to respondents' fear of retribution). Confirming our assumption that rent seeking behavior of government officers is not the sole

Table 2. *Villagers' perception of corruption*

	Old Malda (%)	Debra (%)
Yes, they do	36	10
No, they do not	47	86
Refused to comment	6	0
Do not know	11	4
Total	100	100

Answers to the question whether government officers, local councilor or politician would sometimes misuse their position for personal gain.

Source: Village surveys.

mover of corruption, villagers in Old Malda mentioned as the bribe-taker elected *panchayat* members twice as often as civil servants. In many cases, *panchayat* members and officers were both mentioned, indicating some awareness of the political-bureaucratic nexus. Reported incidents of corruption in Debra were primarily related to political party workers. Interestingly, 20% of those who mentioned any corruption case in either locality did not see themselves as simple victims of corrupt practices. They were content because the payment of a bribe (*ghush*) allowed them to access a government service or benefit to which they were formally not entitled. Others were upset when the payment of a bribe did not result in prompt delivery of the demanded service. At a more general level, however, villagers regarded (the system of) corruption as despicable (see also endnote 7). The practice of bribery (even the collection of small *bakshish* or the payment of “speed money” [*upori ai*]) was seen as morally wrong. Arguments (on which we prompted) that low salaries or honorariums of civil servants and *panchayat* members, or the perquisite of holding public office, would justify bribery fell on deaf ears among the very poor in rural West Bengal.

In both studied localities, the payment of bribes, including “speed money,” between Rs. 50 and 500 (US\$ 1.10 and 11) for the (faster) provision of government services (e.g., delivery of birth certificates, ration cards and land deeds) seemed fairly common (see Table 3). However, it was only in Old Malda that a significant number of villagers experienced or observed that kick-backs amounting to a few thousand rupees had to be paid to receive subsidized loans (through schemes such as the Integrated Rural Development Programme or the

Indira Awas housing scheme); that funds from wage-employment programs (e.g., the EAS) were diverted; and that nepotism and political favoritism were endemic. Ordinary villagers rarely found these forms of corruption culturally acceptable (see also endnote 8).

In the case of the EAS, on which our research focused, the findings suggest that skimming-off government funds was much more prevalent than the rural poor perhaps realized. Table 4 shows that less than one-third of the (relatively few) EAS beneficiaries in Old Malda—but all in Debra—were paid the minimum wage, which the Government of West Bengal had set at Rs. 48 (US\$ 1.10) per day. Laborers in Old Malda, most of whom were not aware of the statutory minimum wage, were underpaid by 20–65%, with female workers found at the lower end of the wage scale. Through this practice alone, circa 15% of the EAS funds were siphoned off.

Yet underpaying the intended beneficiaries is not the only, and rarely the most important, method of diverting money from the EAS. Indeed, a number of candid and well-informed officials and contractors estimated that in Old Malda depending on the project anywhere between 40% and 80% of the EAS monies from the central government would be “absorbed” somewhere between the district headquarters and the village. The higher number was sadly confirmed when we were able to compare direct observations of works being carried out with official records that had entered the wage paid to each laborer under two distinct projects. In another instance, we could confirm that a small road scheme listed in the official records had not been built at all. Local informants in Debra estimated EAS fund leakage to be much lower; that is around 10%. The regional difference in leakage also produced a visible impact in the case of roads built with EAS monies: the

Table 3. *Reported incidents and types of corruption reported by the villagers*

	Old Malda	Debra
Bribe for service	9	7
Kick-back for receiving government loan/benefit	5	0
Diversion of government funds	4	1
Nepotism	12	0
Unspecified/other	5	2
Total	35	10

Source: Village surveys.

Table 4. *Payment of statutory minimum wage under the EAS*

	Old Malda (%)	Debra (%)
Minimum wage paid	26	75
Below minimum wage	63	0
Paid by piece rate	5	0
Cannot remember	5	25
Total	99%	100%
	(N = 19)	(N = 59)

Source: Village surveys.

semi-permanent roads in Debra lasted through the monsoon while people in Old Malda were even in the dry season forced to trample their own paths beside unusable roads.¹⁶

The decentralized EAS monitoring system clearly allowed for very different levels of fund leakage within West Bengal, and decentralization probably has further accentuated the differences between Debra and Old Malda. Democratic decentralization seems to have reduced corruption in Debra. Professional builders informed us that their “profits”¹⁷ declined after the introduction of decentralized and participatory implementation and monitoring of poverty-alleviation schemes from 50% to 10% on average, and that profits made from schemes implemented by line departments (e.g., irrigation) as opposed to the *panchayats* were still around 30–40%. Both government officers and contractors in Debra told us that it was particularly “tough” to carry out EAS projects because of the many political and community controls.

By contrast, decentralization seems to have been ineffective, if not counterproductive, to curb corruption in Old Malda. Clearly, the decentralized EAS and community-based monitoring met more favorable, social, economic and political preconditions in Debra than in Old Malda. But it would not suffice to regard these preconditions as the only factors that determine the impact of decentralization on corruption. Rather, local agency reworks formal monitoring institutions, creates corruption networks and thus also produces and reproduces social and political structures.

5. “DEEP” DECENTRALIZATION IN OLD MALDA

In Old Malda local councilors played an active role in reworking the formal EAS monitoring system and felt little resistance from ordinary villagers who were kept unaware of the EAS and its participatory ideals (see also Véron *et al.*, 2003). Local councilors conducted elections to beneficiary committees in the *gram sansads* after the *panchayat* elections in 1998. But the biannual *gram sansads* in Old Malda were in practice not publicized and thus were unrepresentative forums.¹⁸ For our research village, four better-off people from different hamlets were mentioned in the *gram panchayat* records as the members of the beneficiary committee, but we found that they were rarely

involved in the direct monitoring of EAS works. Furthermore, rather than appointing a job worker from among the EAS beneficiaries, elected members of the *panchayat* themselves acted as the executing agent in their respective constituency. They generally had a high level of control over small EAS projects. Government development funds that reached the *gram panchayat* were equally divided between the individual councilors for schemes in their respective constituency. The local councilors enjoyed almost full autonomy when spending their allotment for projects, and decentralization in Old Malda went “deeper” than planned for by the government. As *de facto* executive and executing agents, the local councilors very often brought in contractors and their groups of young healthy male workers from outside the locality, who were able to complete projects faster and cheaper than the intended local EAS beneficiaries. This practice benefited councilors from different political parties and, in the absence of developmental politics,¹⁹ was quite successful in paying off the political opposition. As a result the decentralized monitoring was “corrupted” at a fairly “local” level (rather than by a distant bureaucracy), and community accountability was not given much of a chance to become effective.

However, the example of a small pond-digging project also shows that individuals from the community can become part of corruption networks. The fairly well-off and respected NCM who worked for the Congress Party during elections became a member of the beneficiary committee on the suggestion of AB, the local councilor (from the CPI-M). NCM explained candidly: “I have good connections with, and control over, the villagers here. If I opposed a project, I would be able to stop it with the help of my local followers. Fearing this, [AB] wanted to include me in some way.”²⁰ And things got better when AB decided to use “his” allotment from government wage-employment schemes to repair and deepen a village pond bordering NCM’s house, where the latter also held a lease with fishing privileges. For this EAS project, NCM played an active role as a beneficiary-committee member for the first time. As the main beneficiary of the asset to be created, he had a strong self-interest in the quick and technically proper completion of the scheme, and he supervised the works vigilantly as one would expect. He was clearly less concerned about his poor and underemployed neighbors.

Rather, NCM and AB brought in contracted workers from elsewhere and paid them at a piece rate to do the job quickly and cheaply. AB and NCM then forged the muster roll with bogus names and thumbprints, and pocketed the difference between the contractor's bill and the reported wages. In this way, no local employment has been created but corruption has become decentralized down to the village level.

The decentralization of corruption sometimes goes even further, and involves seemingly petty amounts at the lowest spatial scales. While NCM is not poor and could liberally be regarded as belonging to the local elite, BS comes from a very poor *Santal* (*adivasi*) household in which people would go hungry part of the year. BS knew that the employment of outside labor for the above-mentioned scheme was illegal, and he personally approached AB. The youngster, rather than sharing this knowledge with his fellow villagers (including those from the *Santal* community), was satisfied when he was paid off with Rs. 112 (US\$ 2.50)—supposedly for two days of supervising the works—to keep silent, and so made it easy for the councilor to avoid a public uproar. The generally ill-informed and divided community in Old Malda certainly weakened downward accountabilities, but the few better-informed villagers did little to rectify this and hold councilors or beneficiary-committee members accountable. Apathetic or dishonest beneficiary-committee members were voted out of office only in exceptional cases and only when their ousting was backed or initiated by political agents.

These forms of collusion between local political society and parts of local civil society seem to be a common feature of poverty-alleviation schemes in Old Malda. The fact that those few people who knew of the formal existence of beneficiary committees (for which the English term rather than the Bengali term was used) nicknamed these bodies “benefit committee” or “benefit company” is further proof that civil society was at least an accomplice of corruption. A contractor with ample experience of executing works for poverty-alleviation schemes in the block gave details on the locally practiced system of “cuts”: the “profit” from a project would be distributed to the beneficiary committee (5%); the “party fund” (i.e., the local party committee of the CPI-M in Old Malda) (5%); the Sub-Assistant Engineer (from where it is probably further divided up within the bureaucracy) (40%); and the involved contrac-

tor (50%). The system of fixed “cuts” indicates that these corruption networks, including the involvement of the beneficiary committee, were fairly institutionalized and stable.

However, fissures in corruption networks would at times become visible either due to internal conflict or because an external agency tries to intervene in local practices. The networks can be disturbed, or need to be readjusted, when a new BDO is appointed to the block office to head the lower level government officers who have been working there. BDOs are from the West Bengal Civil Service—the second tier of India's bureaucracy after the prestigious Indian Administrative Service—and rotate posts every 2–4 years. In some block offices in Malda district, young and honest BDOs have made attempts to disturb corruption networks. For example, when AM took up her new post in Old Malda, a Sub-Assistant Engineer continued the practice adopted under the previous BDO of sitting together with his four contractor-friends and single-handedly giving out contracts for all types of poverty-alleviation schemes. AM, who first mistook the contractors for her staff, faced a violent *gherao* (blockading of the block office) when she tried to implement the government schemes by the book. Even though she was able to have the said engineer transferred and a more transparent public tender system introduced, she knows that corruption continues in her office. Visibly frustrated after one year as BDO of Old Malda, AM remarked: “I don't [can't] do anything for the poor here.”²¹

It is true that West Bengal's effective land reform and the reservation of seats in the *panchayats* for women, Scheduled Castes and Scheduled Tribes made it easier for people not belonging to traditional local elites to play an active part in local councils and local politics more generally (see Lieten, 1996). Yet it is also common knowledge that a new class of opportunistic, ideologically less committed CPI-M councilors and party workers have emerged in the years after the Left Front Government came to power in the state. Individual benefit, particularly chances of getting better access to salaried government employment, has become an important motive for working for the CPI-M and other parties. If anyone, it is this new political elite that is capturing the local state in West Bengal.²² Yet the opportunistic behavior of the new political entrepreneurs took a peculiar shape in Malda district, where the CPI-M and its allies (or any other political

party or coalition) were unable to dominate the political landscape continually. In this situation of political oscillation, local councilors and local political brokers could not hope that their party would be able to secure them any longer term benefit, and so maximizing their short-term profits by siphoning off government funds provided a welcome alternative. Their actions were barely constrained by political parties that were weakly instituted and embedded in the villages: parties cannot keep local councilors on a short leash because they depend on these local strongmen to mobilize votes (see Véron *et al.*, 2003). Local councilors in Old Malda seemed less interested in political power; very few of them ever sought reelection.²³ Rather, political entrepreneurs weighed monetary costs against medium-term returns when they took a decision to run for public office. The words of a *gram panchayat* member talking to a BDO may be illustrative of this attitude: "Sir, now I must make money from these projects to pay for my election expenditures of Rs. 50,000–60,000 [US\$ 1,150–1,350]. Later, I'll see that I can make some profit too."

Political entrepreneurs in Old Malda generally are not drawn from the poorest households. Investments in election campaigns (in the form of hand-outs, such as chicken and liquor, to the rural poor, but possibly also in the form of kickbacks for party officials and payments to thugs) can be substantial, though are perhaps not always as high as in the above-quoted case. Yet the political entrepreneurs do not belong to traditional elites either. Local councilor AB, for example, came from a SC household with nine members and an economically modest background with no landholdings. Recent "profits" stemming from public office now allowed him to extend his family house. Similarly, DD was in a position to acquire a scooter only *after* his wife became *pradhan* (village council president). Neighbors resent this new private wealth of their official democratic representatives, but they are incapable of hindering its dishonest creation recognizing that "the villagers are not united and organized" and feeling that they cannot turn to anyone because "all from the lower levels work together."²⁴ Clientelism also made it difficult for ordinary villagers to take open action against their patrons, including political brokers and councilors, who are needed to provide access to crucial public goods such as disaster relief and police protection (see Véron *et al.*, 2003).

6. CONTROLLED CORRUPTION IN DEBRA

Leakage of EAS funds was significantly lower in Debra than in Old Malda. Officers in the district headquarter of Midnapore spoke enthusiastically about the community monitoring of decentralized poverty-alleviation schemes that were seen to be working particularly effectively in this district because of high levels of consciousness, awareness and understanding among the local people of development in general, and poverty-alleviation programs in particular. Adult literacy programs were fairly successful in Midnapore, and the population in our study village was fairly well educated. Ethnic and class divisions were not politicized and rarely led to social tensions. However, such an explanation that centers on attributes of local communities or civil society is incomplete despite the apparent positive correlation between literacy, awareness and communal harmony on the one hand, and reduced corruption in decentralized schemes on the other hand. Before giving full credit to the apparently "strong" and harmonious community in Debra, it is necessary to study the actual role this community played (or was allowed to play) in the monitoring of the EAS.

It may come as a surprise that the community-based monitoring system was in some aspects more profoundly distorted in Debra than in Old Malda. In particular, the job worker and the beneficiary committee were not selected democratically—not even in a formalistic sense. In our study village, the CPI-M appointed NS, their most influential local party supporter, as the job worker for all small government projects with the exception of a few road schemes. The party also handpicked the beneficiary committee. For nearly all projects, the beneficiary committee consisted of the same four or five people known to be loyal to, and working for, the party. Job worker and beneficiary-committee members therefore were not directly accountable downward to the community. Their position was not debated or challenged in public village meetings, in part because of their fairly good track record and in part because of the apparent futility of openly opposing the CPI-M's command, given the party's strong hold over the village and the existing political majorities. But once appointed both job worker and beneficiary committee were involved in scheme monitoring as prescribed by the guidelines.

The CPI-M's strong hand in selecting loyal supporters for the formalized community institutions of implementing and monitoring poverty-alleviation schemes in Debra should be seen in the wider context of the party's strategy of *controlling corruption* and its decentralization—in the sense of both managing or organizing corruption and constraining or limiting it. Even after more than 20 years in power at the state and local levels, the local CPI-M seemed fearful that the formal community-based institutions would be captured by traditional elites, who have largely maintained their economic power as employers and moneylenders but lost their political significance (see Williams, Véron, Corbridge, & Srivastava, 2003). The vanguard party showed little trust in local civil society and uncontrolled democratic processes, and tried to keep control over the new local elites, including councilors and party workers, through their strong and hierarchical party organization.²⁵ At the same time, the CPI-M measured its success in terms of “development” and felt pressure from voters to deliver services efficiently due to increasing political competition. Therefore, individual local councilors were not allowed to pick and execute their own private schemes as their counterparts in Old Malda did, but the CPI-M-dominated village and block councils short-listed and integrated project proposals emerging from the *gram sansad*. Also, the party did not tolerate personal corruption of their “lowers,” and in the past had not hesitated to remove corrupt councilors from public office. The story of a former chairperson of the block council (*sabhapati*), who was dismissed from public office by the CPI-M in 1993 and subsequently lost all his political connections and capital, was still in everybody's mind, and sent a warning signal to active party supporters and councilors. They often invest considerable time and effort in party work and, although their motives may not always be opportunistic, could lose much when shunned by the party. On the other hand, the CPI-M sometimes rewards honest and effective councilors. For example, the party was able to arrange salaried government employment for the hardworking *pradhan* in our study village.

The party's control of decentralization was effective in curbing corruption at lower levels and among community-based organizations. Job workers and beneficiary committees were by and large honest, and may only occasionally have taken a little advantage of their position,

such as using bits of public road-building material on their private house path. The lack of formal direct accountability “downwards” to the community was compensated—and perhaps more than compensated—with the job worker's and beneficiary committee's political accountability “upwards” to the CPI-M. This does not mean, however, that downward accountabilities were irrelevant. The job worker was constantly monitored informally by laborers on the scheme and people passing by. Because public information meetings were held before the start of each scheme, people knew about project goals in terms of employment and asset creation. Furthermore, the local council facilitated a social audit by distributing leaflets on expenditure for each completed project. Finally, the CPI-M was accountable to the voters, and corruption was made a major election issue by the main opposition, the Trinamool Congress (TC).

Yet the ruling party faced a dilemma. On the one hand, curbing corruption is important for electoral success. On the other hand, political corruption is an effective way of enhancing party loyalties and motivation to work for the party when people are rewarded with better access to government benefits or jobs. Also, voluntary contributions would not suffice to finance the party machinery given the CPI-M's electoral base among the rural poor. In order to balance these conflicting political imperatives, the party needed to manage corruption by narrowing the spaces of private and bureaucratic bribery while diverting some government funds into the party coffers. The common use of the term “party donation” (besides “profit”) as the short-hand for corruption indicates that the CPI-M was partly successful in implementing this strategy.²⁶

The mid-level cadres of the CPI-M thus distorted the community-based EAS monitoring not only because of the fear of elite capture but in part also in order to facilitate the diversion of central and state government funds into the party coffers.²⁷ One of the reasons for the party to appoint loyal party supporters as job workers and beneficiary-committee members seemed to be to cover up corrupt practices that could financially benefit the party. It was not always necessary that all beneficiary-committee members were involved in this practice. In the studied village, only one member had sufficient literacy and numeracy skills to effectively check muster rolls and measurement sheets. The job worker NS admitted that the others “were not

able to sign without my help.”²⁸ With the increasing strength of the political opposition and more open challenges to CPI-M domination in some parts of Debra, however, politically mixed beneficiary committees had become more common and constituted about half of the committees in the block. The BDO received an increasing number of allegations of irregularities mostly from such mixed beneficiary committees. Although many of these allegations were based on scant evidence and were perhaps quite strategically employed to gain political mileage, they indicate that cover-ups had become more difficult than in entirely CPI-M controlled beneficiary committees. In some cases, complaints were substantiated, and this encouraged accused councilors, contractors and government officers to put the works right before an official inquiry was launched.

The organization of corruption in Debra included an element of spatial management that also made the diversion of government funds more “orderly” than in Old Malda. The block administration and council set up two ways of implementing schemes: non-road schemes were implemented by the *gram panchayat* and executed by local job workers; road schemes were implemented by the block council with the help of contractors. *Gram panchayat*-level employees and councilors were made to believe that this practice adhered to the official guidelines. It is true that bigger and technically more demanding projects needed to be implemented by the block because of their superior technical capacities and expertise. The use of professional builders as opposed to local job workers—though formally prohibited—can be justified on technical grounds as well, but private builders also received publicly tendered contracts for small and technically less demanding road schemes. In these block schemes the contractors acted as the conduit for leakage,²⁹ and it is suspected that profits were shared with the Sub-Assistant Engineer and the CPI-M representatives. But the political and bureaucratic actors embedded in separate vertical accountability systems also checked on each other, and so kept the diversion of development funds within “reasonable” limits. Recently, the relationship between contractor, political party and civil servant had been increasingly disturbed more profoundly by the less partisan beneficiary committees. Diversion of development funds through local job workers and under the supervision of local

councilors appeared to be more difficult, and leakage from *gram panchayat* schemes seemed much lower. For example, *gram panchayat* records showed cases in which a few hundred rupees left over from one project were immediately spent on additional micro-projects rather than diverted.

Apart from direct project-related payments, professional builders were expected to make “party donations” at particular times. For example, they were asked to donate Rs. 5,000 to finance a party-organized “cultural” event during *Hul*, an *adivasi* festival in May, which was used to represent the CPI-M as the benefactor of the local *Santal* and *Bhumij* communities and less subtly as a platform for political speeches.

The development funds diverted into party coffers were spent to finance election campaigns and the party machinery more generally. Interestingly, the CPI-M also used these funds to support their *pradhans* and top up their low honorariums provided by the state government. This additional remuneration made it possible for many *pradhans* to focus on their work in public office and without searching for additional income from private economic activities. It is ironic that the institutionalized and controlled diversion of decentralized funds from the central government in some ways helped to strengthen local governance and effective political decentralization. Corruption in this particular case (which is admittedly not the norm) was perhaps not a form of “bad governance” altogether.

7. CONCLUSIONS

Democratic decentralization is no panacea for reducing corruption even when local communities are formally included in implementing and monitoring policies, programs and schemes. As economic and political interests vary within communities, some factions are ready to build a nexus with bureaucrats and politicians and become willing participants in corruption networks. The impact of participatory decentralization on the levels of corruption is therefore ambiguous.

The underlying social structures can also inhibit participation of the poor and marginalized, and thus render democratic decentralization and community-based monitoring less effective. These findings are in line with Bardhan and Mookherjee’s deductive model

which predicts that under unequal or clientelist conditions, existing local elites are able to capture the local state so that decentralization relocates corruption to the locally powerful and leads to the “decentralized corruption” of our title. In contrast to that model, however, our empirical study indicates that social structures should not be regarded as given: decentralization itself may produce and reproduce them. In Old Malda, for example, the introduction of the *panchayat* system and the decentralized implementation of poverty-alleviation schemes created the conditions for a new class of political entrepreneurs to emerge that eventually captured substantial parts of state benefits. These political entrepreneurs do not necessarily belong to the traditional elites and include political brokers and local councilors who have strong roots in local communities. The boundaries between local political society and local communities are blurred, and it is unhelpful to locate rent-seeking neatly and clearly outside the realm of “communities.”

Elite capture also took place in Debra, but the net effects on corruption were fairly positive. Mid-level cadres of the CPI-M largely controlled the implementation of the EAS and effectively checked on formal community institutions, local councilors and bureaucrats. The capture of decentralized poverty-alleviation schemes by elites who are committed to pro-poor development obviously generates more positive effects than the capture by political entrepreneurs who are largely unconstrained in privately looting government development funds.

In parallel, “corrupt decentralization”—or the distortion of community-based monitoring systems—occurred in Old Malda and Debra, in both cases caused not by a resisting bureaucracy or “higher” levels of government but by councilors and local political cadres. In Old Malda, this distortion took the form of withholding information from villagers and not employing local job workers and beneficiary committees. This made the diversion of development funds easier. In Debra, the bending of rules, particularly the appointment of politically biased job workers and beneficiary committees, also allowed more leakage. However, the diverted funds mostly ended in party coffers and were in part used to strengthen local government. The term “corrupt decentralization” ironically gets an additional meaning here; that is, decentralization made stronger through corruption. Corruption is therefore not always “bad governance” or a “symptom of the state’s fundamental weakness.”

The findings from the two case studies suggest that the strength of upward accountability (especially to political parties) is at least as influential as downward accountability to communities. When these vertical accountabilities are weak, horizontal accountability structures designed into community-based monitoring systems can degenerate into corruption networks between community representatives, local elected officials and local government officers. This, in turn, reinforces the argument that effective decentralization paradoxically depends on strong centralized government institutions or a strong centralized political party.

NOTES

1. Pranab Bardhan provides a good review of the debate on the effects of corruption on economic efficiency. He challenges the notion that corruption would be the “much-needed grease for the squeaking of wheels of a rigid administration” (1997, p. 1322), because corruption does not necessarily mitigate market distortions. Schleifer and Vishny (1993) distinguish between centralized bribery (to one independent monopolist) and decentralized bribery (to more than one monopolist) and show that the former involves more predictability and certainty for the bribe-giver and thus entails less adverse economic effects. Khan (1996) introduces a more precise typology of corruption that is based on the political settlement between the patron (state actors taking bribes) and the bribe-paying clients. In the patrimonial settlement, state actors are the

dominant partners in corrupt exchange while in the clientelist settlement, well-organized social groups are capable of challenging the (property) rights that are weakly defined and enforced by the state. Corrupt transactions under the more prevalent clientelist settlement normally lead to inefficient outcomes. Because of the interests of the existing powerful clients, rights will not be reallocated even if this had socially desirable outcomes and if it helped the officials to maximize their bribes (Khan, 1996; see also Khan & Jomo, 2000). For a comprehensive collection of key articles on corruption, see also Heidenheimer, Johnston, and LeVine (1989).

2. Olivier de Sardan (1999) provides an interesting critique of the political-economy approach to corruption and anti-corruption. Without falling into the traps of

cultural essentialism or modernization theory, he sees corruption in the African contexts as “socially embedded in [post-colonial cultural] ‘logics’ of negotiation, gift-giving, solidarity, predatory authority, and redistributive accumulation” (Olivier de Sardan, 1999, p. 25).

3. See Myrdal (1968), Noorani (1973), Sahai (1995), Mitra (1998), Visvanathan and Sethi (1998), and Gill (1998) for more general assessments of administrative and political corruption in India. While Myrdal acknowledged the “legacy from traditional society” (1968, p. 950) of strong loyalties to caste and kin that would facilitate nepotism, he was concerned that corrupt practices would start entering higher levels of bureaucracy and polity. Adding to Myrdal’s analysis, Noorani (1973) was able to trace back modern India’s roots of high-level corruption to the fact that Nehru seemed to tolerate the corrupt practices of some of his ministers. Expanding on these views, recent observers state that ever-increasing corruption now has penetrated all levels of society and has become all-pervasive. Indeed, corruption and bribery are a constant in India’s current public and media discourses. Parry (2000), however, cautions us that the popular impression of ever-increasing corruption may be less based on actual experience than on an increased commitment to the values of an impersonal state, including the demarcation of public and private (see also Gupta, 1995).

4. In our research sites, levels of everyday corruption in education, for example, through teachers’ failure to give classes and consequent need for private tuition, were higher than the amounts diverted in the more occasional EAS projects and other poverty-alleviation schemes. This observation corresponds with a survey from Transparency International that suggests that Indians pay an annual total of Rs. 267 billion (c. US\$ 6 billion, or US\$ 6 per person) in the form of bribes while the health, education and power sectors account for the most of this (Times of India, December 17, 2002). Unfortunately, the study only assesses bribery in line departments so that a comparison of programs implemented by local governments cannot be made. But studies on developmental and poverty-alleviation programs show that West Bengal’s *panchayats* were able to direct a significant portion of government benefits to the poor (see Bardhan & Mookherjee, 2003).

5. In our field-level research, we did not come across any cases of corruption that had been dealt with in the courts. If the judiciary is underrepresented in our study, it is a result of our research focus on poor people’s interactions with the state and low-level corruption.

6. Robert Wade’s comparative study on irrigation system in South Korea and India supports this hypoth-

esis. In South Korea local part-time farmers, who could be monitored easily by the village community, were appointed for the maintenance of irrigation canals. This, as well as better communication and supervision systems within the bureaucracy, made the governmental service delivery more effective than in India where local irrigation officials were accountable to their seniors in the bureaucracy rather than to the end users (Wade, 1997).

7. In a recent empirical study of poverty-alleviation programs in 89 villages in West Bengal, Bardhan and Mookherjee found supportive evidence for their theoretical conclusions: low leakage and proper targeting to the poor was best in villages with equal land distribution, higher literacy rates among the poor and contested local elections. They explain these results with limited accountability of *gram panchayats* in situations of high socioeconomic and political inequality at the local level (Bardhan & Mookherjee, 2003).

8. A crude typology of individuals in relation to corruption networks could distinguish between the primary agents or instigators, willing participants, reluctant participants and non-participants.

9. Contra a cultural relativist viewpoint, we found that the villagers had similar conceptions of corruption and of what constitutes a corrupt practice to our own. The Bengali *brasthachar* and the more colloquially used *durniti* are more or less synonymous with the English word corruption. *Niti* means the “social conduct to make a humane society” or, put more simply, “policy.” *Niti* can go wrong or bad and then becomes *durniti*. This vernacular interpretation of corruption is surprisingly close to the current “Western” views found in the “good governance” literature. We therefore share Jonathan Parry’s belief that ordinary Indians have “to some extent internalised the universalistic and impersonal values associated with modern bureaucracy” (2000, p. 29).

10. For example, we were able to engage our local landlord in Old Malda, who was a major player in the contractor business, in a conversation on corruption at a time when he was planning to move out of this business. He was therefore willing to explain to us the corruption network with its institutionalized “cuts” (percentages), and vented his frustration with political leaders and bureaucrats. (He later revised his plans to change profession and stopped being so candid about the corruption networks in place.)

11. Collecting sufficient *quantitative* data on local corruption for detailed statistical comparisons is notoriously difficult (and potentially misleading, if the indicators used are decontextualized or subject to local variation). The approach we describe here—using a

combination of qualitative materials, carefully triangulated—provides insights into the underlying processes and relationships of corruption, but leaves out questions about the degree to which these findings are more broadly representative. Our confidence that they *are* stems in part from the detailed discussion of our analysis of the operation of EAS in a series of workshops held in West Bengal in December 2000 and January 2001 (for details see Véron, Williams, Sarkar, Srivastava, & Corbridge, 2001; Williams, Srivastava, Corbridge, & Véron, 2003). In these workshops, a range of politicians, civil servants and academics were able to comment on our methods and findings: although our methods were treated with some skepticism by social scientists schooled in a strong quantitative tradition, our analysis was broadly viewed to highlight issues of accountability important across the state, and not just within the specific field areas of our study. Generally, there are only a very few ethnographic studies that focus on corruption at the local level in India. The more sensational high-level corruption involving larger amounts of money is more often the subject of academic and journalistic writings. Exceptions are Parry (2000), Gupta (1995) and Wade (1982).

12. A more radical interpretation—following Ferguson (1990) and Scott (1998)—could view the inclusion of local communities in implementing and monitoring poverty-alleviation schemes as an attempt of the state to extend its control over them by instilling the government's criteria of successful development projects and making communities accomplices in the state's modernist project.

13. After the 73rd and 74th Constitutional Amendments that required the creation of local elected governments (*panchayats*, and their municipal counterparts) across the whole of India, various states have attempted to use *gram sabhas* or equivalent meetings as mechanisms for achieving public accountability. For reviews of how these meetings have worked in practice, see Alsop *et al.* (2001), Deshpande and Murthy (2002), Nambiar (2001). A more radical form of social audit is the public hearings in Rajasthan led by the NGO Mazdoor Kisan Shakti Sangathan (MKSS) (see Bhatia & Drèze, 1998).

14. We defined a poverty line around a household that depends solely on unskilled labor, but has full employment and a favorable ratio of income earners to dependants. Equivalents for ownership of land and animals, access to income from skilled jobs and under-employment were set in order to categorize the households of the studied villages as either poor or non-poor. Given the low wages for unskilled labor, this poverty line is comparatively strict, and tends to fall below India's official consumption-based poverty line. This

narrow definition of a poverty line was used in the study to categorize a population from which a sample could be drawn for more in-depth research. We acknowledge, of course, that income and assets are not the only important dimensions of poverty.

15. The situation was less harmonious in neighboring Keshpur block where conflicts between the CPI-M and the Trinamool Congress caused hundreds of people to be temporarily displaced in 2000. The violence caused 43 deaths between January and October.

16. Part of the difference in visible quality of roads built under the EAS also has to be explained with geological and climatic factors. In the alluvial delta of Old Malda, roads are more likely to be washed away than on the lateritic soils in Debra.

17. "Profit" (rather than the Bengali *labh*) was used to describe the extent of diversion of government funds into private pockets.

18. Only one fifth of the voters in Old Malda have ever attended a *gram sansad* meeting. In Debra, more than half of the people remembered to have attended such a meeting in the past.

19. We elaborated elsewhere (Véron *et al.*, 2003) on the politics in Malda district that is conducted with little sustained reference to "development."

20. Interview, October 29, 1999.

21. Interview, November 23, 1999.

22. At "higher" levels of governance in Malda, traditional social and economic elites were more prevalent, particularly in the Indian National Congress, which is strong here compared with other areas in West Bengal. The longstanding Member of (the national) Parliament from Malda, Abi Ghan Choudhuri from the Congress party, is the son of the biggest landowning, and former *zamindar*, family of the area. A descendant from a minor *zamindar* family was the Member of (the state) Legislative Assembly from the urban area of Malda. The partial decline of the Congress at the expense of the BJP and TC, whose leaders come from a new and growing economic elite of businesspeople and professionals, is a further indication that traditional elites are losing political power. There are a few surviving leaders of the anti-colonial struggle in the communist parties of the district. However, their role in the district leadership has become representational at best. One well respected "veteran" and member of the CPI(M), for example, is shown around during visits of party uppers from Kolkata, but he spends his everyday life working in a garage.

23. When politics occasionally was put before individual rent-seeking, it could take violent, even criminal forms. During the severe floods of 1998, for example, a dam badly needed repair to protect a huge settlement. But politicians forced the appointed contractor to further damage the dam with the objective of harming the nearby village, which is an INC stronghold. In this way, the CPM leaders hoped to demonstrate the powerlessness of the political opposition.
24. Group interviews, November 11, 1999.
25. We have described the CPI-M's methods to ensure flow of information from below in a hierarchical party organization elsewhere (Williams, Véron, *et al.*, 2003).
26. Such "party donations" by contractors are not the only source of income for political parties in India that is needed to pay the high election expenses. Parties raise money in a "market for public office" in which bureaucrats, for example, pay bribes to politicians for transfers into (or avoidance of) particular posts (see also Wade, 1982).
27. It was beyond the scope of the research to study the party-political or administrative diversion of development funds at the state and national levels.
28. Interview, September 1, 1999.
29. We were not able to determine whether "profits" were systemically built in to project estimates by inflating material and labor costs.

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