

## GS Mains Daily Answer Writing

Week 4 - Day 5

Model Structures

### Case Study 1:

“The experience of the past six decades in our country and elsewhere offers us valuable lessons in curbing corruption. It is generally recognised that monopoly and secretion increase the propensity to corruption while competition and transparency reduce corruption. This has been dramatically witnessed in India in the wake of economic liberalisation. As competition came in and choice expanded, corruption plummeted. Telephones, steel, cement, sugar and even two-wheelers are among the many sectors, which have enhanced supply and choice, reducing or even eliminating corruption. Similarly, wherever technology and transparency have been introduced, corruption has been significantly reduced. Competition and access to services have made many services from railway reservation to issuing of driving licenses increasingly free from corruption”. (Second Administrative Reforms Commission)

- a. How far do you agree with the above observation that e-Governance and LPG reforms have reduced corruption in India? Discuss with suitable examples. (250 words) 20

### Model Structure

#### Introduction

- Since government is the beginning and end of corruption, the form of government, the principles it follows and its policies have larger implications of corruption.
- Ethical Issues
  - Corruption - misappropriation of government resources
  - Transparency and accountability
  - Privatisation vs Socialism - shift from mixed economy to capitalism.

#### Main Body

##### LPG REFORMS AND CORRUPTION:

- Corruption has higher linkages with economic policies of the government, since business is the largest stakeholder in a corrupt ecosystem.

- In the era of state-controlled economy in India, power was highly concentrated in the hands of the State. The monopoly of government means the government being the only service provider and seekers of government service can be forced to pay bribes—eg. Government was the only electricity producer and companies were forced to pay bribes for it.
- Not only monopoly, state control also meant higher surveillance, monitoring and inspection powers. This was called inspector or license raj. It gave bureaucrats higher chances to force companies to pay bribes even if they comply with rules and laws. For Instance, Infosys founder Narayana Murthy said he travelled to Delhi above 100 times to get a license to import less than 10 computers. This is the menace created by license raj.
- The LPG reforms have essentially reduced the control of government on market and reduced the opportunities of government employees to demand bribes or companies to woo bureaucrats with bribes.
- So, liberalisation is bound to reduce corruption. While there is no quantitative study as to how corruption has reduced, it is largely believed that the probability of corruption is low now, but not zero. Because, even now many conditions auguring corruption exists:
  - Monopoly of State on natural resources—Coal block scam
  - Cronyism—government favouring industrialists.
  - Private corruption—bribery to secure seats in private colleges have increased after LPG reforms
  - Corporate scandals
  - Adulteration by private companies, etc.

## Conclusion

- However, it is a recognised fact that the ease of doing business has increased after LPG reforms which among others include less corruption. Nevertheless, worrisome conditions continue, recently a Japanese business giant said “Japan is a country willing to invest crores in India but amongst others corruption is a deterrent”.

## Case Study 2:

Today data is the keystone of everything and it is as widespread as air. Corporates have unhindered access to it. They are usually profit minded and from the days of industrial revolution they have been in conflict with labour justice and environmental security. Now, for commercial interests, rights of all of us are affected by various data-related irregularities done by corporations. They decide what we do, even what we will think, huge manipulation of our choices happens, there are multiple ways of misusing our data. In general, corporate governance standards work to ensure the interests of customers also. Discuss the role of corporate governance standards in ensuring data rights are not violated. (250 words) 20

## Model Structure

### Introduction

- In modern times, corporations have become a big superpower Leviathan, and they can determine the lives of people. The problem is not that private entities are powerful, but they are neither internally motivated to be loyal to customers nor compliant to the law of the land mostly. Since corporations can affect the interests of almost all the stakeholders at even fatal levels (Harshad Mehta Scam), they need to adhere to certain values which regulate them. It was a self-policing mechanism but soon due to their disobedience and scandals, it was legalised with SEBI, Companies Act (Amendment), etc.

### Main Body

- Stakeholders
  - Big corporations collecting data
  - Customers whose data is being collected
  - States
  - International Communities
- The corporate governance standards therefore ensure the corporations are made to behave in line with interests of all the stakeholders. In this, the main stakeholders are the customers.
- Customer satisfaction, loyalty to customers are the primary of these standards. They need to be followed by corporations through internal rules, checks and balances.

- In light of data security, there have been data manipulation, data mining and data scraping issues like the Facebook controversy of allowing data to be used for election campaigning.
- Facebook, Twitter, Google handle extraordinary data, they need to use corporate governance standards in streamlining their activities with digital ethics. Apple for instance had a 'do not track' option which allows customers to choose whether a website can track them or not, this shows loyalty to customers as a standard being followed by the companies.
- But many data scandals show violation of **digital ethics** like trusteeship (as a trustee they hold our data). Thus, now the role of corporate governance is to take the legal form.
- To enforce trusteeship legal measures should be taken to give teeth to the CG standards. IT Rules 2021 of India is a case in point. There are also frameworks being built by nations to regulate data corporations.
- GDPR of the EU is the most striking example for enforcing corporate governance among such companies. RBI has asked for data localisation.

## Conclusion

- Thus, in legal form corporate governance guarantees our privacy and data integrity. Thus, CG gain's extraordinary role. The Paris Call for Trust and Security in Cyberspace agreed to by corporates shows the inevitable role of CG standards in ensuring data security for us