

Fighting Corruption with the Zero Rupee Note

by Loren Gatch

Corruption takes many forms and occurs in many circumstances, but it's useful to think about it according to two basic types: retail and wholesale. Retail corruption involves small transactions between individuals. These could be monetary payments to make something happen more quickly (or, alternatively, not to happen at all). These could be non-monetary quid *pro quos* (like hiring the relative of a bureaucrat in return for more favorable regulatory treatment). In contrast, wholesale corruption involves shifts in the entire terrain of economic and political life. It takes place when post-Soviet managers in the right place and at the right time take over entire companies, as they did in the 1990s. It takes place when Chinese municipal governments dispossess thousands of farmers of their land, in order to sell it for the revenue stream, as they do right now.

When it comes to corruption, India is an extremely interesting place. It's the world's largest democracy, albeit a messy one. Its economy has grown rapidly in the last twenty years, albeit not as fast as China's. Given the size and poverty of India's population, it ought to be able to do better. Corruption, both of the retail and wholesale variety, represents a major stumbling block to the country's development prospects. According to Transparency International (TI), an international non-governmental organization that has developed an influential ranking of countries according to their degree of corruption, India regularly ranks well down in the lower half of all countries surveyed, though higher than most of sub-Saharan Africa and perennial failed states like Somalia, North Korea, and Afghanistan (all of which tied for last in the latest report).

India's Corruption Ranking, 2007-2013

Transparency International

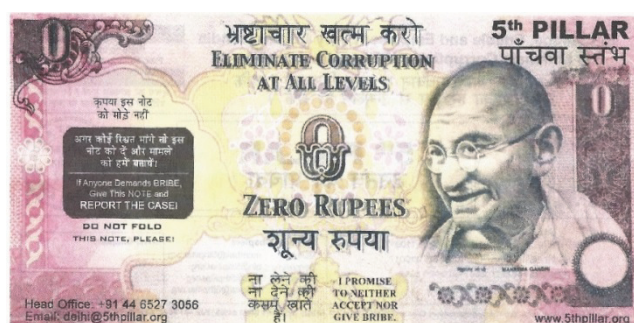
Year	Ranking among countries*	CPI**
2013	94	36
2012	94	36
2011	95	31
2010	87	33
2009	84	34
2008	85	34
2007	72	35

*higher number means more corrupt; denominator varies

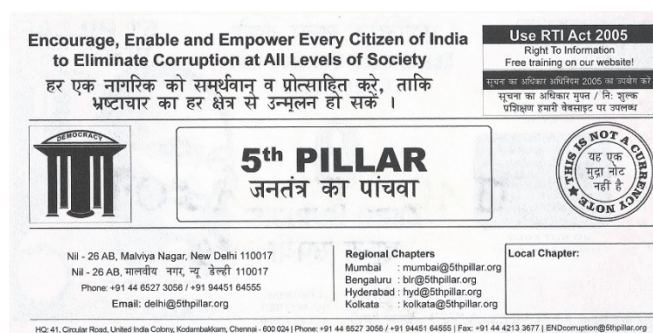
**Corruption Perception Index; 100 = least corrupt

(Source: www.transparency.org)

In India, the popular imagination is captured not so much by wholesale corruption (whose volumes of “black money” can be numbing), but by the incessant shakedowns that ordinary citizens experience in their contact with low-level public officials. There is even a marvelous website, “I Paid a Bribe” (ipaidabribe.com), whose plaintive mission is to record, in real time, testimonials of the daily importuning and humiliations that ordinary Indians experience. A 2013 survey by Transparency International India, the national chapter of TI, reports that 71% of Indians consider the problem of corruption to have worsened in recent years, while fully 86% find political parties to be “corrupt or extremely corrupt.” Dealing with corruption entails not just challenging specific examples of it, but in raising public consciousness that corruption isn’t just a fact of life, but a condition that can be remedied. It is for these reasons that the Zero Rupee Note was invented.



Zero Rupee Note Front



Zero Rupee Note Back

The story of the Zero Rupee Note, which is told in a variety of places, begins with Satindar Mohan Bhagat, a NRI (i.e. Non-Resident Indian), who was a physics professor (now emeritus) at the University of Maryland. On a trip back to India, Bhagat was struck by the ubiquity of the bribery culture that had beset his native country, and he hit upon the idea of the Zero Rupee Note as a means for ordinary citizens to register their dissatisfaction with the incessant demands by petty officials for *baksheesh* as a condition for any public service. When asked for a bribe, the citizen instead hands over a Zero Rupee Note as an act of protest. In 2006, another NRI working in the United States, Vijay Anand, returned to India to co-found 5th Pillar, a private group whose mission is to “encourage, enable, and empower every citizen of India to eliminate corruption at all levels of society.” Since 2007, when 25,000 Zero Rupee Notes were disbursed in Chennai, millions more have been distributed around the country by volunteers at specific locations—railway stations, bus stops, outdoor markets—where extortion might be practiced by local officials. As recent national elections illustrate, corruption suffuses the basic exercise of the franchise, where large-scale vote buying, both with cash and intoxicants, is a notorious practice. In late April 2014, members of the Aam Aadmi, a small protest party that is an outgrowth of the Indian anti-corruption movement, even handed out Zero Rupee notes in Kurnool, Andhra Pradesh to register their protest over the vote buying indulged in by other political parties.

The note itself is a simple facsimile of a 50-Rupee bill, with the same portrait of Gandhi but with the denomination changed to “Zero Rupees.” The note exhorts its holder to “promise to neither accept nor give bribe”, and “if anyone demands bribe,” to “give this NOTE and REPORT THE CASE!” The reverse of the note provides contact information about 5th Pillar, but is

otherwise blank white. They are printed in five of India's official languages: Tamil, Malayalam, Telugu, Kannada, and Hindi (the language of the note pictured here).

The notion of fighting bribery by handing over a worthless note seems almost touching in its naïveté, and indeed there is something Gandhian about the strategy of fighting corruption by engaging in, as it were, non-violent resistance to bribery demands. There is also the quibble that, given the systemic presence of corruption in the Indian economy and public life, going after minor examples of it seems to be attacking the problem from the wrong end. The response, at least from "I Paid a Bribe," is that "the small guy is the weakest link in the chain." If corruption can be successfully fought at the retail level, then the large-scale defalcations for which India is notorious—the coal allocation scam of 2012, or the 2G spectrum auction scam of 2010—may become less politically tolerable. In this sense, over the long run the notes serve as much to educate ordinary citizens about the unacceptability of bribes as they do to dissuade public officials from demanding them. Indeed, a more potent legal weapon in the hands of groups like 5th Pillar is the Right to Information Act of 2005, a law passed by the Indian Parliament which empowers ordinary citizens to demand timely access to information possessed by the government.

In addition to handing out Zero Rupee Notes, 5th Pillar has engaged in a range of public outreach efforts and other educational programs. As a non-governmental organization, it even enjoys special consultative status with the United Nations Economic and Social Council. The use of such protest currency in the global fight against bribery may be an idea with legs, if interest from countries like Malaysia and Yemen is any indication (in the latter country they are called "Honest Riyals", according to activist Mariam Adnan). What makes the use of Zero Rupee Notes in India particularly promising is that, for all of its incompetent and corrupt governance, India is a genuine democracy with a genuine commitment to the rule of law. Although there are certainly examples of more authoritarian countries with cleaner governance (Singapore comes to mind), there is in the long run no check upon the avarice of political elites if there isn't some mechanism that holds them accountable to the people.

With the election of Narendra Modi as India's new Prime Minister (he last ran Gujarat, one of India's least corrupt states), the fight against corruption may finally gain official support at the highest levels of government.

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