Despite being the fastest growing large economy in the world, India remains woefully poor. One out of five Indians is poor, while at the same time, we lag behind in several other important human development indicators. At the heart of this problem lies the issue that Indian governance ecosystem is besotted by corruption and crony capitalism. A throwback to the recent headlines surrounding the 2G scam verdict and Lalu Yadav’s fodder scam conviction underlines the imminent need to curb corruption to ensure government policies have the desired positive impact.

Corruption is nothing but a reflection of distribution of power within society. While the liberalization of 1990s has ensured that we have moved ahead from the ’Licence Raj’ phase, the enormous discretionary power still bestowed upon a select group of public officials has ensured that we are yet to overcome the perils of a ‘deal economy’. This concentration of power within the hands of a few individuals lends credence to criminal-turned-politicians, who are often the public’s only hope of getting things done in an otherwise unresponsive system. It is imperative to understand that any framework for poverty alleviation needs to have a foundation in transparent and accountable governance.

Against this backdrop, a rules-based governance ecosystem offers a scheme to decentralize these discretionary powers. Such a system, by advocating transparency in the allocation of resources, promotes innovation, competition and efficiency – all critical to ensuring the poor receive the benefits of government schemes. Also, the inherent transparency also abolishes the cycle of quid pro quo amongst politicians and capitalists, ensuring that political connections are no longer a pre-requisite to start a business and earn livelihood. The Government’s recent endeavors to plug the leakages in welfare schemes such as PDS and MNREGA by introducing Aadhar and widening the tax base by introducing GST are a welcome step in this direction. Moreover, such a rules-based governance system needs to be ring-fenced by a swift judicial process if we are to eradicate corruption since massive delay times incentivize corrupt officials to act without any fear of retribution. To solve the puzzle of poverty alleviation, it is imperative we tackle the root cause of corruption by ensuring swift, transparent and accountable governance, lest we end up being caught in a cycle of treating the disease based on its symptoms and not its cause.