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Local Processes of National Corruption: Elite Linkages and Their Effects on Poor People in India

Sony Pellissery

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This paper provides a bottom—up view of national corruption in India and presents a framework of corruption involving three actors: bureaucrat, politician and legitimate claimant. The paper then focuses on the public service provision of social security in an Indian village and the role of elites in perpetuating the corrupt practices to access this public provision. This study is based on an extensive fieldwork and uses network data. First, I show that the political elite bridges the 'structural hole' between the institutions of state and society, have the advantage of information, referrals and are the main beneficiary of local corrupt practices. Second, factional politics is carried out through the use of corruption and it results in exclusion of the poor persons from the welfare rights to which they are entitled. The paper also explores how the local processes of corruption interact with state-level processes and shows how protest against corruption is silenced.

Keywords corruption; public services; networks of bribe; India; political elite; bureaucrats

While bridging the structural hole between the state and society, political actors have important role in providing access to welfare benefits. The politicians divided into factional competition feed on to corruption in the network-model of public resource allocation.

Introduction

India is a land of cricket, films, religions, and recently of tremendous economic growth. But, a conspicuous aspect of the celebrities that dominate these realms is that they are thriving because of a huge black economy led by, often, corrupt

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linkages of cricketer—bookie, film star—mafia, religious—charity works, and business person—politician. But, apart from the corrupt stories of the celebrities, India's black economy has a story where the shoe of the poor person pinches. In 2006 Transparency International's (TI) Global Corruption Survey rated India to be 70th out of 133 countries and poor people are the victims. TI's study shows that indeed there is strong correlation between poverty and corruption worldwide. Almost three-quarters of the countries with the integrity score below five were low-income countries. More particularly in India, a survey on the access to 11 essential public services revealed that Indians pay £2.7 billion (approximately one per cent of the GDP of the country) as bribe every year.[1] What exactly is the process behind each transaction of these aggregated figures? How are the linkages between the people involved in corruption built? Who gets excluded and included in these linkages? What new insights can be gained to fight corruption by disaggregating the processes and examining the relationship patterns of the individuals involved in corruption? In an attempt to answer these questions, by examining the corrupt practices in a public service sector, this paper provides a bottom—up view of national corruption in India. The paper draws two related conclusions: First, using the tool of network analysis, it argues that the political elite, who bridge the 'structural hole' between the institutions of state and society have the advantage of information, referrals and support to benefit the most from corruption. Second, factional elite politics at local level is exercised through the use of corruption in order to assert the supremacy of one faction, and it results in exclusion of poor people from the legitimate welfare rights.

The paper is organised in three sections. The first section provides the reasons for the critical importance of network approach to understand corruption related to public services. The methodology used in this study is also explained in this section. The second section presents the evidence showing the leading role of elites in the corruption. Here, using a detailed case study of an Indian village on access to public service of social security, we will examine the patterns of corruption. In section three, we explore the effects of corrupt networks on poor people, and how the actions of the elites are supported by other institutions beyond the local geography through their networks. This section will examine in particular how the local patterns of corruption fits into the jigsaw of the macro picture of national corruption.

Section I

Networks to Access the Public Service of Social Protection

In this paper the public-office-centred definition of corruption is adopted, particularly as the case study in this paper deals with the issue of how political

1. TI (2005) *India Corruption Study-2005*, Transparency International and Centre for Media Studies, New Delhi.

elites make personal gains by influencing the bureaucrats through bribes and personal influences.[2] An alternative approach is the market-centred definition of corruption, where the public office is seen as a 'maximising' opportunity by the office holder (see Wade[3] and Jeffery[4] for this approach in Indian context). A third approach is public-interest-centred where corruption is viewed as an 'improper or selfish exercise of power and influence attached to a public office'[5] contrary to the public interest (see comparison of these different approaches in Heidenheimer).[6]

Despite of the differences in their emphasis, these approaches converge on the significance of the roles of 'agency relationships'[7] in the process of corruption. This is because more than one agency (either two individuals or the same individual in two different roles) is involved in the process of corruption.[8] These different agents need to build a 'workable relationship' to influence or gain access for the purpose of personal profit from a public office. In the context of public service, corruption takes the form of gaining undue access by an ineligible client through the use of a political intermediary. The politician can gain limited public resources according to the amount of power and influence he has. Thus, the explanatory variable in order to understand who gains access is the quantum of power a politician has. This can be assessed from how a politician is strategically placed in the network. This process of the politicians claiming the benefits impacts on a substantial number of persons (eligible for a public services) who have no contact with the politicians excluded from the benefits. Why then is the role of a broker in the network for public service provisioning essential? We will answer this question by examining the case of one key public service of social security.

Non-contributory social security benefit (Rs.250 US$5.75 per person per month)[9] is the only source of state-supplied income for the elderly and disabled from lower socio—economic backgrounds. The financing arrangement of non-contributory social security is in such a way that only 50 per cent of the eligible population receives public funds.[10] It is envisaged that half of

2. Das, S. K. (2001) *Public Office, Private Interest: Bureaucracy and Corruption in India*, Oxford University Press, Delhi.

3. Wade, R. (1985) 'The Market for Public Office: Why the Indian State is not Better at Development', *World Development*, vol. 13, no. 467—497.

4. Jeffrey, C. (2003) 'Soft States, Hard Bargains: Rich Farmers, Class Reproduction and the Local State in Rural North India', In *Social and Political Change in Uttar Pradesh: European Perspective*, eds R. Jeffery & J. Lerche, Manohar Publications, New Delhi, pp. 35—44.

5. Myrdal, G. (1968) *Asian Drama: An Inquiry into the Poverty of Nations*, p. 937, The Penguin Press, London.

6. Heidenheimer, J. A. Johnston, M. & LeVine, T. V. (eds) (1999) *Political Corruption: A Handbook*, pp. 3—14, Transaction Publishers, New Brunswick.

7. Mishra, A. (2005) 'Corruption: An Overview', In A. Mishra (ed.) *The Economics of Corruption*, Oxford University Press, New Delhi.

8. Varese, F. (2000) 'Pervasive Corruption', In *Economic Crime in Russia*, eds A. Ledeneva & M. Kurkchiyan, Kluwer Law International, London, pp. 99—111.

9. This amount is inadequate for a person, as government's estimate of required amount for minimum calorie take, in rural areas of India is Rs.345/-.

10. Rajan, I. S. (2001) 'Social Assistance for Poor Elderly: How Effective?', *Economic and Political Weekly*, vol. 36, no. 8, pp. 613—617.

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the population can meet their social security needs through personal income or informal sources such as care by their children. Therefore, a competition to obtain these benefits (public resource) is a natural outcome. This competition is managed through strict means-testing to determine the eligible beneficiaries. Eligibility of the applicants is decided based on the income, age, and disability/disease. A claimant has to obtain certificates from village level officials (e.g. revenue officer for income[11,12,13], a medical doctor for age and disability etc). The certifications along with completed application form are to be submitted to block offices (an office that co-ordinates activities in 60—100 villages). The block level bureaucrats (they may consult village level officials and politician for this) examine the application forms to determine whether they meet the eligibility criteria. The applications that meet the eligibility criteria are then given to a committee constituted of local political leaders from the block area, which meet once every three months to make decisions on the applications. This committee chooses 30—50 applications from around 200 applications received on a quarterly basis for granting social security benefits. Therefore, the discretion of the committee members in the decision making process becomes very crucial, and needs assessments (required to be undertaken as part of means-testing) are politicised. The village level politicians, having good contact with the politicians and bureaucrats at block level, are therefore in a favourable position to obtain benefits for the claimants whom they prefer.

This system has various bottlenecks where the network can be useful enough to tackle them. First, the process to obtain eligibility certification from the local level officials, who demand large bribe sums, is very difficult (see Pellissery[14] for details. We will see the extent of bribe payment in section III). Therefore, the poorest people approach intermediaries of village politicians to complete the application processes (see line no. 1 in Figure 1). The politician is interested in helping the claimants primarily because the local level claimants (and their family and caste members) are the vote bank for politicians (line no. 2).[15,16] Politicians are dependent on

11. In the informal economy like India, determining the income of a household is very contentious and often a political activity (Hirway, 2003; Pritchett, 2005).
12. Hirway, I. (2003) 'Identification of BPL Households for Poverty Alleviation Programmes', *Economic and Political Weekly*, vol. 38, no. 45.
13. Pritchett, L. (2005) 'The Political Economy of Targetted Safety Nets', *Social Protection Discussion Paper World Bank No. 0501*.
14. Pellissery, S. (2005) *Process Deficits or Political Constraints? Bottom—up Evaluation of Non-contributory Social Protection Policy for Rural Labourers in India*, Chronic Poverty Research Centre, Manchester Working Paper Series No. 54.
15. There is also a monitory advantage for the politician. Most of the politicians are either landlords or require informal labour force for domestic purposes. The agricultural labourers and domestic workers are provided with the state pension, avoiding to pay the traditional informal pension from their pockets. This prebendary practice has been explained in Pellissery (2006).
16. Pellissery, S. (2006) *Politics of Social Protection in Rural India*, Unpublished DPhil. Thesis, Oxford University, Oxford.

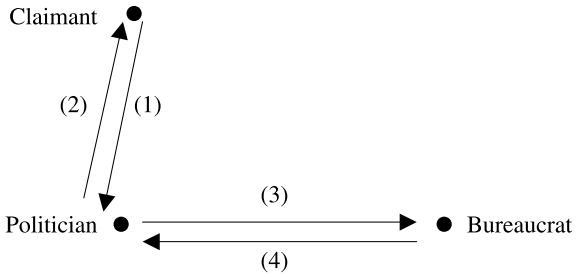

Figure 1 Politician as a broker in the network for public service provisions.

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bureaucrats for legitimizing their preferred clients and to complete administrative procedures (line no.3). The officials, with little information, being appointed from different villages, are largely dependent on village politicians/elites as agents in carrying out their day-to-day responsibilities, seeking correct information about the claimants for means-testing and other eligibility criteria (line no. 4).[17] This is an unbalanced triad with intransitive relationships among nodes since the direct link between bureaucrat and claimant is absent.[18,19] Thus, the intense exchange between the dyadic ties of claimant—politician and bureaucrat—politician produce the existence of 'forbidden triads'[20] providing a brokerage role for the politicians.

The politician acting as a facilitator to gain welfare rights of the claimant is not acting corruptly. His action will corrupt when the politician uses his influence to affect the decisions of the bureaucrats. It can be more serious when the politician pressurises the official to verify untrue statements about the claimants, thus altering eligibility. In the context of means-tested social security, forging of evidence has been widely reported.[21,22] Corruption can also take place in the form of a politician preventing an eligible claimant form gaining their welfare rights by influencing the bureaucrat. The network of

17. Officials are dependent on politicians for personal reasons such as transfer, promotion, etc.[3]
18. The in accessibility of bureaucrat to the common people is one of the key topics in the text books public administration in India (see Jain, 1992 among others). The reasons for which is beyond the scope of this paper.
19. Jain, R. B. (1992) 'Bureaucracy, Public Policy and Socio—economic Development: A Conceptual Perspective', In *Bureaucracy and Developmental Policies*, eds H. K. Asmeron & R. B. Jain, VU University Press, Amsterdam, pp. 15—34.
20. Granovetter, M. (1973) 'The Strength of Weak Ties', *American Journal of Sociology*, vol. 81, pp. 1287—1303.
21. Sankaran, T. S. (1998) 'Social Assistance: Evidence and Policy Issue', In *Social security for all Indians*, ed W. van Ginneken, Oxford University Press, New Delhi, pp. 57—76.
22. Subrahmanya, R. K. A. & Jhabvala, R. (2000) 'Meeting Basic Needs: The Unorganised Sector and Social Security', In *The Unorganised Sector: Work Security and Social Protection*, eds R. Jhabvala & R. K. A. Subrahmanya, Sage publications, New Delhi, pp. 17—29.

corruption becomes complex when we realise that there is more than one politician from each village, who may have conflicting interests, and thus competing to gain patronage relationships with the claimants. It could also be the case that one politician may prevent another politician from establishing a patronage relationship with the claimant. This could be possible because one politician has contacts with bureaucrats (because, say, he belongs to ruling party) while the other does not. Therefore, community power structure, not merely the power of the individual politician, has to be considered when explaining corruption. Furthermore, the relationship between politician and bureaucrat could also be under the scrutiny of higher levels of administration or civil society actors. Both of them need wider networks if their corrupt activities are to be defended.

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Method of study

This paper is based on data collected through a fieldwork of eight months (2003–2004) in a village (which will be referred as Bajgaon[23] henceforth) in the western Indian state of Maharashtra.[24] This particular village was selected as a significant amount of the population lives below the poverty line, a criterion required for obtaining the non-contributory social security benefit.

23. This is fictitious name to protect the identity of the elites from the village. All the individuals referred in the paper are anonymous.
24. The doctoral dissertation, from which this paper emerges, studied two villages. Though the processes of corruption to gain access to public services are identical in both villages, this paper is mostly using the data from one village to document and explain the 'local processes' in detail. However, the selected village was representative as identical issues in public resource allocation were found in 14 other villages visited during the fieldwork (also see section three where the state wide differential allocation is reported).
25. For the purpose of identifying elites, 29 key informants (this is much larger number to reach reliable list of elites than normal circumstances (Powers, 2004)) were selected from village officials, informed persons and beneficiaries of social protection. Care was taken to include these key informants from all social groups following snowballing approach. Each of the key informants was asked two questions: (A) 'List the influential persons of the village from the point view of whom people approach at the time of help required for them'. (B) 'Rank the persons in the list you provided from highest influential person to lowest influential person'. The nominated persons above a cut off score were considered as elite. This is an improvised method of Hunter (1953). See also Singh (1988) and Mitra (1992) for its application in Indian context.
26. Powers, R. C. (2004) *Identifying the community power structure* (Vol. Extension Publication No. 19), North Central Rural Sociological Committee, Michigan State University.
27. Hunter, F. (1953) *Community Power Structure: A Study of Decision Makers*, University of North Carolina Press, Chapel Hill.
28. Singh, R. (1988) *Land, Power and People: Rural Elite in Transition*, Sage Publications, New Delhi, pp. 1801–1970.
29. Mitra, S. K. (1992) *Power, Protest and Participation: Local Elites and the Politics of Development in India*, Routledge, London.

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The key methodological issue in studying corruption associated with public office is the difficulty to understand the collusive relationship between agents (including the standard difficulty to distinguish the thin line between 'gift' and 'bribe'), and to elicit this information from respondents. Survey techniques, being far from adequate to deal with such complex issues, may conceal the real processes between respondents. To deal with this problem, an ethnographic approach was adopted.

Four phases of the study, which were conducted in the following order with some amount of overlap, can be distinguished in each village community: (i) familiarising with the community i.e., meeting people, introducing ourselves, making strategic friends and identifying key informants, (ii) identifying the elites of the community through a mixture of decision making and reputation techniques,[25,26,27,28,29] (iii) mapping the network of elites and patterns of corruption, and (iv) formal surveying of the claimants and beneficiaries of social security programmes. Network data collected during the fieldwork is therefore used in conjunction with qualitative ethnographic data and survey data. In particular, a detailed look at how network data is collected is important for this paper.

Reputation technique in the second phase of the study generated the names of 20 elite persons in Bajgaon. These people were interviewed at two different sessions on various aspects of local politics and social security allocation. Their networking patterns were sought through questions of who (name generators) supported their work and who were their main contacts. An examination of this data revealed a major problem. The upper caste elites did not acknowledge that they had contacts with elite persons from lower caste, though direct observation showed that some of their important contacts were with lower caste elites. In a similar way political elites did not acknowledge their relationship with moneylenders. Moneylenders almost denied they were into money lending and did not acknowledge any contacts within their profession. This patterned missing information (a usual phenomenon in social surveys) was spotted since the researcher had lived in the village for some time and had observed community dynamics. Therefore, a focussed group discussion (FGD) of selected key informants was further conducted to 'clean' the data.

Each pair of the elites was asked in the FGD to rank the relationship of the pair between $0-3$. $0 =$ antagonistic to each other, $1 =$ greets each other, $2 =$ exchanges information and resources, and $3 =$ closest contact/vouches for each other. This procedure meant that all data collected was undirected relations (not possible to know who contacts whom, rather we know whether they maintain a contact). But, good qualitative data were also generated as a result of these group discussions, revealing the local dynamics. This method of FGD was an efficient method since the relationships of third person/s was visible in the context of close-knit community living. The complexity of the data was also revealed in this exercise. Often, the FGD participants could not reach consensus on the rank of relationship between many of the pairs. A chief problem identified can be

summarised as one of the FGD participants commented: 'Now, both of them are in good terms. But, they themselves know that they are going to fight again after a few months'. This resulted in difficulties fixing the time and in collecting the data.

The densities of lower ranks of relationships were very high, and for the analysis of this paper, only the highest level of relationships (3 = closest contact) are considered in binary form. This network is presented in Figure 2, and its properties are explained in the next section.

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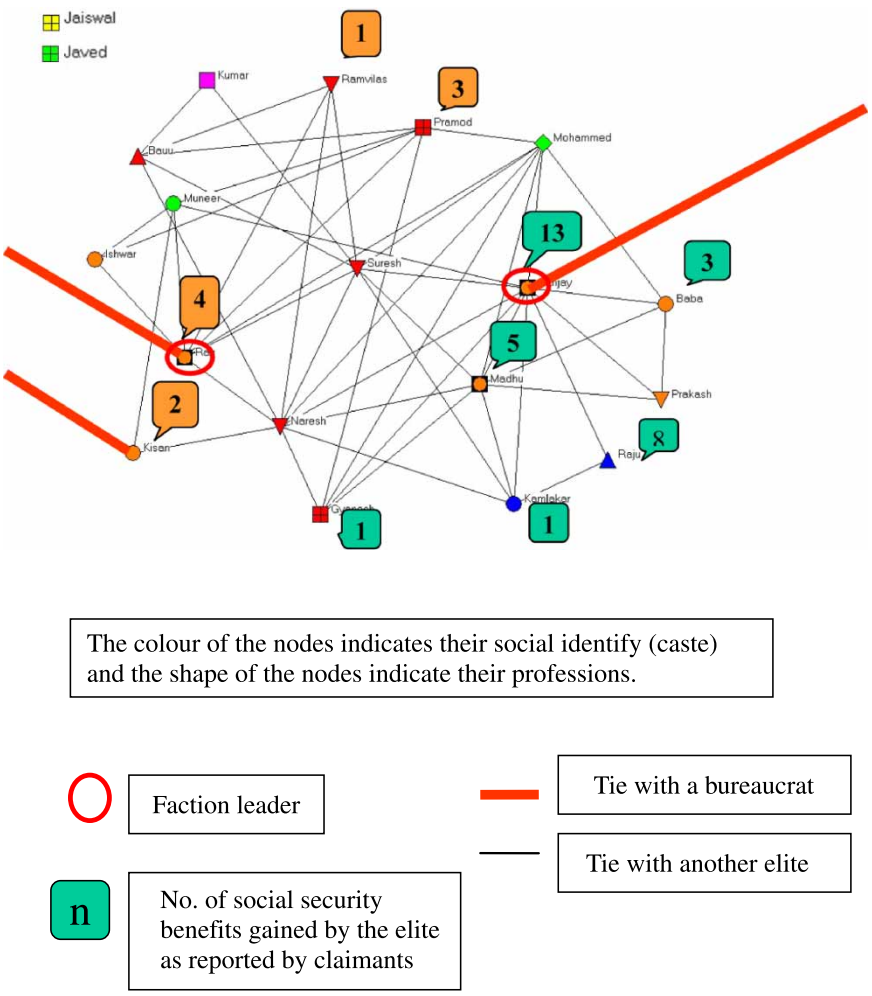

Figure 2 Network of elites among themselves and with bureaucrats.

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Section II

Networks, Factions and Corruption: Some Evidence

In Bajgaon, of the 142 claimants surveyed 91 (64%) persons were eligible but excluded from social security benefits and 51 received benefits. Fifty-six per cent of the persons who were eligible but excluded from social security benefits had applied for the benefit and their application was turned down. Through observation method and survey method the role of intermediaries (local politician) in obtaining social security was evident (only two claimants reported they had directly applied to the bureaucrat though their applications were not successful). Forty individuals (78.4 per cent of those receiving benefits) were ready to acknowledge the name of one local politician who was responsible for making their application successful. Only 11 persons from the 51 persons, who were currently receiving social security benefits, met the eligibility criteria indicating huge loss of public recourses to ineligible persons through rampant corruption. We need to understand the village and its elites to understand the reasons for the extent of exclusion. In other words, understanding the nature of the nodes is an essential aspect to understanding the networks, and corrupt linkages.

Bajgaon and its elites

Bajgaon had a population of 7335 with 1211 households. About 235 households (20%) were below poverty line. Despite the village having around 1500 hectares of land in its jurisdiction, the residential pattern of the village was located on only 35 of the available hectares. At the centre of the village were shops of all kinds (from grocery shops to photography centres). However, about 90 per cent of the village relied on agriculture for its livelihood as the village is surrounded by agricultural land. Living in such close proximity, 'face to face relationships' was possible.

The village was connected with public transport and private rickshaws with the nearest town 6 km away. Communication facilities including a post office, a telephone, newspapers and TVs were available in the village itself. Major institutions in the village included one government school (up to 10th grade, for children up to the age of 15), one government primary health centre, one government veterinary hospital, eight government women and child care centres, three temples, two mosques, one agricultural co-operative society and eight private doctors' clinics.

30. Jaffrelot, C (2003) *India's Silent Revolution: The Rise of the Low Castes in North Indian Politics*, Permanent Black, Delhi.
31. Scott, J. (1991) *Social Network Analysis: A Handbook*, Sage publications, London, p. 70.
32. Bonacich., P. (1972) 'Factoring and Weighting Approaches to Status Scores and Clique Identification', *Journal of Mathematical Sociology*, vol. 2, pp. 113—120.
33. Bonacich, P. (1987) 'Power and Centrality: A Family of Measures', *American Journal of Sociology*, vol. 92, pp. 1170—1182.
34. Borgatti, S.P., Everett, M.G. & Freeman, L.C. (2002) *Ucinet 6 for Windows*, Analytic Technologies, Harvard.

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Major social groups on religious grounds were Hindu (59%) and Muslims (28%). There were few Buddhists and nomadic/aboriginal populations. However, social identity was more caste based than religious. *Maratha* (43%) was the dominant caste. Most of the landlords in the village are from *Maratha* community and traditionally they are known as 'warriors and agriculturalists'. They also dominate the political institutions in the region. Traditionally belonging to second in the caste hierarchy system (*Kshatriya*), they had successfully subdued the *Brahmins* (dominant caste in rest of India) through political power and sometimes through violence (especially in 1940s and 1950s). In Bajgaon there were only two *Brahmin* households. Though the *Marwari* community was only five per cent of the population, they were economically affluent and controlled most of the businesses and shops in the village. Apart from these three communities, other communities were economically and socially marginalised. The *Mahars* (22%) were a politically aware lower caste community. Traditionally they were landless and served in the land of *Marathas*. Though most of the members of this caste are still landless, education is widespread among them today. *Khatic* and *Tamboli*, lower caste and backward caste respectively in the Muslim community and they constituted 13 per cent of the population. *Dhangar* were nomadic tribal group and represent seven per cent of the population. There are various small castes, which supported *Maratha* politically. However, party politics in India has considerably changed since the 1980s due to intense politicisation of lower castes[30]. Besides, it is the middle class, which takes the lead in Indian politics, effects of which we will see in the next section.

Though close-knit communities, the description of various social groups in the community points to the various possible cleavages and emergences of elites according to social groups. The caste wise description of the elites identified through reputation technique is as follows: Maratha (7), Maratha (6), Mahar (2), upper caste Muslim (2), Tamboli Muslim (1), Kosti (1) and Brahmin (1). They also were engaged in variety of professions such as landlord (9), political leaders (8), shopkeepers (4), moneylenders (4) and religious healer (1). All these elites were male, and their age varied between 34 and 68. The young elites were either from lower caste or part of new political factions. Except for four elites, all of them had ascriptive backgrounds (their parents being elites). High level of education (mostly graduates) was another important characteristic of these rural elites. Variation in influence and respect received from villagers varied significantly.

35. Sharma, S. (1998) 'Image of Moneylender: Exploiter or Servant of The Poor? Case for Review', *Journal of Rural Development*, vol. 17, no. 4, pp. 567–618.
36. Sharma, S. & Chamala, S. (2003) 'Moneylender's Positive Image: Paradigms and Rural Development', *Economic and Political Weekly*, pp. 1713–1720.
37. White, H. C. (1992) *Identity and Control: A Structural Theory of Social Action*, Princeton University Press, Princeton.
38. Lewis, O. (1954) *Group Dynamics in a North Indian village*, Planning Commission, Government of India, New Delhi.

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Identifying the powerful elites

As explained earlier, power is the key explanatory variable for corruption. The measures of 'degree' and 'betweenness' are the most useful measures for this when network data is available. Degree is the number of direct relationships an actor has. In other words it is a 'numerical measure of the size of its neighbourhood'.[31] But one should not only look at the number of contacts an actor has, but also at the positioning of the actors in the network. Bonacich,[32,33] the proponent of this argument, maintained that a distinction between 'actors who are connected to each other already' and 'actors who function as connections of unconnected actors' is important. Thus, 'betweeness', which is defined as the number of times a node (actor) occurs on the shortest path between two other nodes (actors) enables us to identify strategic actors who are able to function as a broker and gatekeeper.[31,34] In addition we will use the nomination and reputation rank for identifying the key powerful elites in Bajgaon.

Visual examination of the network data of the elites of Bajgaon in Figure 2, and Table 1 indicates three people in the community to be prominent. By assessing the measures of degree and betweenness, we see Sanjay, Naresh and Suresh to be important people in the community. Sanjay is a Maratha political leader and landlord. He has wider connections at district level (his uncle being one of the ex-Member of Legislative Assembly). Naresh and Suresh were moneylenders in the village. Their outside contacts were with business persons, but kept a close contact with Sanjay at village level (see the tie between them). Money lending is a tricky affair. Charging usurious rates of interests, and often trapping poor people into indebtedness, one cannot continue the profession without many contacts.[35,36] Therefore, the type of relations, or 'stories of the ties'[37] were different between political leader and moneylenders. This has important implications in deciding whether Naresh and Suresh are as powerful as Sanjay is in the community though they had high betweenness and degree.

We could examine the other properties of influence (from non-network data) for this purpose.

39. Pocock, D. F. (1957) 'The Bases of Factions in Gujarat', *British Journal of Sociology*, vol. 8, no. 4, pp. 295–307.
40. Nicholas, R. (1965) 'Factions: A Comparative Analysis', In *Political systems and the distribution of power*, ed M. Banton, Frederick A, Paraeger, New York, pp. 21–62.
41. Beals, A. R. (1961) 'Cleavage and Internal Conflict: An Example from India', *Journal of conflict resolution*, vol. 5, no. 1, pp. 27–34.
42. Berreman, G. D. (1963) *Hindus of Himalayas*, University of California Press, Berkeley.
43. Fukunaga, M. (1993) *Society, Caste and Factional Politics: Conflict and Continuity in Rural India*, Manohar, New Delhi.
44. Singh, B. (1961) *Next Step in Village India*, Asia Publishing House, Bombay.
45. Foster, G. M. (1961) 'Interpersonal Relations in Peasant Societies', *Human organization*, vol. 19, no. 4, pp. 174–178 & 179–184.
46. Jhunjhunwala, V. D. & Bharadwaj, A. (2002) *Marwaris: Business, Culture, and Tradition*, Kalpaz Publications, Delhi.
47. Timberg, T. A. (1978) *The Marwaris, from Traders to Industrialists*, Vikas Publications, New Delhi.

Table 1 Comparative table of influence indicators of elites in Bajgaon

	Degree	Betweenness	Nomination rank	Reputation rank
Sanjay Patilkar (M)	10	28.82	1	1
Bauu Oswal (I)	5	4.92	2	2
Madhu Patil (M)	8	8.70	3	3
Kamlakar Shinde (L)	5	3.67	4	4
Rau Patil (M)	7	9.73	5	5
Mohammed Kareem (U)	8	9.90	6	8
Muneer Ali (U)	5	9.21	7	10
Gyanesh Oswal (I)	5	2.17	8	—
Kisan Patil (M)	2	0.33	8	7
Kumar Pandith (B)	2	0	9	—
Pramod Oswal (I)	6	7.56	10	9
Raju Shinde (L)	2	0	11	11
Ishwar Rai (M)	3	0	11	10
Naresh Kathat (I)	10	23.36	11	—
Suresh Kathat (I)	9	20.77	12	—
Jaiswal Lal (K)	0	0	12	—
Baba Patilkar (M)	4	0.63	13	6
Ramvilas Oswal (I)	4	0.25	13	—
Javed Nasir (T)	0	0	14	—
Prakash Patilkar (M)	3	0	15	—

Note: Capital letters in brackets indicate the caste of each elite. M, Maratha; I, Marwari; L, Hindu Lower caste (Mahar); U, Muslim high caste (Pattan); T, Muslim lower caste (Tamboli); B, Brahmin; K, Kosti (backward caste).
The correlation between 'betweenness' and the survey data of nomination rank and reputation rank are not significant. But the correlation between degree, both nomination rank (−0.498), and reputation rank (−0.590) are significant at 0.05 level.

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Both Suresh and Naresh are at lower ranks in both nomination rank and reputation rank. It is also striking that none of the moneylenders were given reputation rank by community members. This observation may lead one to think that network data is less effective for community power structure studies. But, take the second most reputed case of Bauu. Though he has high reputation and nomination, on the measures of degree and betweenness, he is at lower levels. Bauu is a religious healer. Large numbers of people from nearby villages visit him to get a sort of 'indigenous treatment' he had developed. Therefore, 'the politics of reputation' around him is apart from the power he has to control the matters of the community. This inability to distinguish between popularity and power is the downfall of reputation technique. Therefore, mixture of methods is always beneficial to reach reliable conclusions.

48. This conclusion can be reached from network data as well. Let us take the two subgraphs of the partition of factions and consider the influence scores. In faction 1, Madhu has same degree (8) and betweenness (4.67) as Sanjay. In faction 2, Rau and Muneer had same degree (4) and betweeness (4). However, by taking the betweeness scores of these persons in the whole network we could solve this problem, since Sanjay and Rau has significantly higher degree and betweenness there.

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As explained in the social description of the Bajgaon, community is not cohesive as a unit and there are various factions. Community power structure can be understood only when these factions are identified.

Identifying the factions

Sociologists have taken interest in the study of political factions in rural areas of India since the publication of Oscar Lewis'[38] *Group dynamics in a North Indian village*. The studies since then have shed sufficient light on the phenomenon of factions. Chief elements of factions that emerge from this literature can be summarised as follows: factions are temporary groupings, and they change as different issues crop up;[39,40] membership in factions is largely a matter of how a wealthy man in the village draws support. Villages with dominant caste may have divisions within, and where there is no dominance of one caste, factions may be formed on inter-caste basis. Caste or even household may be further divided into members of opposing factions. Support of smaller castes is gained by the leaders of factions in negotiation with the leaders of smaller castes.[38,41,42] Factions have key political roles, and they are beyond class cleavages since the dominant caste and economically independent households take lead in the factionalism.[43] There has also been good debate on whether factions have always existed in rural areas of India or whether it is a new phenomenon. However, there is no solution to this question (see opposing views in Beals[41] and Singh[44]) due to lack of appropriate historical data.

This paper focuses on the scarcity of resources as the root cause of factionalism[44,45] and the competition induced to gain these resources. This focus is adopted here, because it explains not only the roots of factionalism, but also the effects of factions on allocation processes.

First looking at the network data reveals a highly dense (0.257) network of elites among themselves. However, it was interesting to observe two isolates. One was a lower caste Muslim who runs a shop in the poor area of the village. He was 'elite' among the poor people for whom he provided credit as kind. His business thrived without much support from other elite members of Bajgaon. The second isolate was a shopkeeper of illicit liquor seller. The people approached him for help since he provided cash credits. Though he provided cash credits of huge amounts to the village elites, there was no 'closest' relationship with any of the elites.

The cohesiveness differs substantially between groups in Bajgaon. When a subgraph of the partition of the Marwari elites is considered, their network density is 0.60. It indicates Marwaris as a very close-knit community. This confirms the other findings of this prosperous business community.[46,47] Lower cohesiveness

49. Burt, R. S. (1992) *Structural Holes: The Social Structure of Competition*, Harvard University Press, Cambridge.
50. Ward, P. M. (1989) 'Local Leadership and the Distributional Benefits Wrought by Illegality in Third World Community Development', In *Corruption, Development and Inequality: Soft Touch or Hard Graft?*, ed P. M. Ward, Routledge, London, pp. 143—155.

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Table 2 Group adjacency matrix of block models of factions

	Suresh	Gyanesh	Madhu	Sanjay	Prakash	Baba	Kamlakar	Naresh	Mohammed	Kisan	Ramvilas	Rau	Muneer	Pramod	Ishwar	Bauu	Kumar	Jaiswal	Javed	Raju
Suresh	X		X	X			X	X	X		X	X				X	X			
Gyanesh		X	X	X				X	X					X						
Madhu	X	X	X	X	X	X	X	X	X											
Sanjay	X	X	X	X	X	X	X	X	X				X							X
Prakash			X	X	X	X														
Baba			X	X	X	X			X											
Kamlakar	X		X	X			X	X												X
Naresh	X	X	X	X			X	X	X	X	X	X				X				
Mohammed	X	X	X	X		X		X	X			X		X						
Kisan								X		X			X							
Ramvilas	X							X			X	X				X				
Rau	X							X	X		X	X	X	X	X					
Muneer				X						X		X	X	X	X					
Pramod		X							X			X	X	X	X	X				
Ishwar												X	X	X	X					
Bauu	X							X			X			X		X	X			
Kumar	X															X	X			
Jaiswal																		X		
Javed																			X	
Raju				X			X													X

Error: 88 out of (20*20)

Density Table

	1	2	3
1	**0.67**	0.17	0.11
2	0.17	**0.53**	0.07
3	0.11	0.07	**0.10**

among the Maratha subgraph (0.33) is an indication of factional politics existing in the village (since Maratha elites are mostly in the position of political elites) and that the community is divided into various groups. Most interesting of the pattern of relationship was that of Muslim community. None of the Muslim elites had 'closest relationships' between them, they kept close ties with both Marwaris and Marathas.

However, as the description above shows, the factions were not on caste lines. We need to look for factions beyond the caste description. Blockmodelling of the network data was carried out for this purpose. The results are presented in Table 2. The results point to two competing factions in the community. (Though there is a third faction, it cannot be termed a faction in itself since the density of this faction is very low as 0.10.) Often, through ethnographic investigation in rural areas, one can identify the faction leaders. But membership of factions is difficult since factions have fluid voluntary membership, as explained earlier. This is the chief advantage of network data for community power structure studies.

Both factions have political leaders from Hindu and Muslim communities, landlords, moneylenders and shopkeepers. In the first faction, besides the Marathas, Marwaris and Muslims there was also a lower caste person (Kamlakar). The other lower caste person is in the third faction, however, he has a tie with the leader of the first faction. The second faction has no lower caste persons.

Ethnographic data shows that Sanjay is the leader of first faction and Rau is the leader of second faction.[48] Their support also comes from two different political parties. While Sanjay was a member of the Congress party and held positions in the party at the block level, Rau was leader of Bharatiya Janata Party (BJP) at the block level. Both of them were Maratha landlords. Prior to 1990, the villagers claim, the village was a cohesive unit under the leadership of uncle of Sanjay. Later, Rau mobilised the disgruntled forces of the village and has been leading a faction since 1999, when Rau took membership in BJP. Since 1998 the village government has been under the control of Sanjay's faction.

51. Shocking was the case of the blind people in Saralgaon, all of whom received benefit at some point and whose benefits have now stopped. The common cause is their inability to cast votes confidentially. They depend on someone to cast their vote and a third person reports the political leniency to the elected representative. On a few occasions personal rivalry was settled by stopping the benefit altogether. In all these cases, factional politics of the village was the key determinant. See similar findings reported from the state of Uttar Pradesh in India.[52]

52. Soneja, S. (2003) *Non-Contributory Pensions in India: a Case Study of Uttarpradesh*, Helpage International, Helpage India.

53. Blau, P. M. (1964) *Exchange and Power in Social Life*, J. Wiley, New York, p. 15.

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Differential Allocation

Having analysed the properties of the explanatory variable of corruption, i.e. power and factions, we can now examine how this is an instrument for differential allocation of social security and corruption. As explained in Section I, the most important tie required for corruption is that of politician—bureaucrat. From Figure 2 we can see that only three elite persons of Bajgaon possess such ties. It is these three elites who make social security applications from Bajgaon successful or unsuccessful by bargaining with the bureaucrats. During the survey 78.4% of the claimants, who received social security benefits, were ready to acknowledge the name of the elite who was responsible for making their application successful. These names included more than three key persons who had ties with bureaucrats (these numbers are plotted against the names of elites in Figure 2). Furthermore, examination of the dyadic ties in the network (Figure 2) indicate that the elites, who are acknowledged as responsible for gaining social security, have ties with the elites who have ties with bureaucrats. This has two implications: First, that the elites who have ties with the bureaucrats are those who bridge the 'structural hole' of the village and public offices. Such strategic players accumulate higher rates of return.[49] In this case, the return is in the form of political influence on the village community. Second, there is a purposive network among the elites for public resource allocation. Ethnographic evidence confirmed this. For example, the elites from Marwari community, who had no direct political power had networks with Maratha politicians. Marwari elites recommended their housemaids, though they had not met eligibility criteria, for social security benefits. In a similar way Maratha landlords recommended labourers in their farms for security though these claimants had not met eligibility criteria. In the beginning of this section we identified how such preferences create larger patterns of wastage of public resources.

Dominance of a faction is judged by the villagers based on the ability that a faction leader has for bringing the public resources to the village.[50] The village politician bargains with the bureaucrat for public resources on the ground that he is the legitimate person to make decisions on behalf of the community. Thus, when

54. Opler, M. E. (1959) 'Factors of Tradition and Change in Local Election in Rural India', In *Leadership and political institutions in India*, eds R. Park & I. Tinker, Princeton University Press, Princeton.
55. Sawyer, M. C. (1985) *The Economics of Michal Kalecki*, MacMillan, London, p. 223.
56. Kalecki, M. (1976) *Essays on Developing Economies*, The Harvester Press, New Jersey.
57. Harriss-White, B. (2003) *India Working: Essays on Society and Economy*, Cambridge University Press, Cambridge.
58. Harriss-White, B. (2004) 'Socially Inclusive Social Security: Social Assistance in the Villages', In *Rural India Facing the 21st Century*, B. Harriss-White & S. Janakarajan, Anthem Press, London, pp. 429—466.
59. Panda, P. K. (1998) 'The Elderly in Rural Orissa: Alone in Distress', *Economic and Political Weekly*, 20 June, pp. 1545—1549.
60. Nayak, R., Saxena, N. C. & Farrington, J. (2002) *Reaching the Poor: The Influence of Policy and Administrative Processes on the Implementation of Government Poverty Schemes in India*, ODI Working Paper 175, London.

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the public resource is gained for a social security claimant this legitimacy is reiterated. This was further marked during the interviews where many of the elites stated that they were more concerned whether the claimant approaching them was satisfied than whether the claimant actually met the eligibility criteria. During the interview with Kisan, he hit right at the nub of the issue: 'If I decline to help an ineligible person, the claimant's next question will be "who will be able to do this job?". Therefore, rather than letting the claimant go to a different politician, it is better I do the job, and keep a friend'. The importance given here for the relations is because of the fact that competition for resources is a matter of relations.[49]

What explains the variations in the number of social security benefits they were able to successfully bargain with the bureaucrats? In other words why was one faction leader (Sanjay) successful in gaining 13 social security benefits while Rau was successful in only gaining four? As explained in the earlier section on the social description of Bajgaon, the faction of Sanjay has dominated the village government since 1998. The dates when Rau gained the benefits showed that he was successful in bargaining with the bureaucrats only until 1998, when he came into conflict with Sanjay. Later, through collusive relationships with the bureaucrats, Sanjay was able to stop some of the benefits gained by Rau.[51,52] This takes us to the question of loyalty to the factions and rewards for loyalty. In the context of purposive interactions of elites for public resource allocations, which we have seen above, the faction leader's tactic of rewarding other elites is an important consideration.

Though similar persons come together to form factions, 'individuals associate with one another because they all profit from their association'.[53] Therefore, if the faction has to be maintained, each member should be rewarded appropriately. It is here that the role of faction leader becomes significant. While faction leaders benefit due to large numbers of members demonstrating their political power, the members have specific other interests to join a particular faction. In this process of social exchange, inability to reciprocate by the faction leader would be a discouragement to the members.[53] However, faction leaders may be rewarding selectively to the loyal members.

Loyalty to factions can have two interpretations: (1) strict interpretation of loyalty would be that members of one faction have no ties with members of other faction; and (2) flexible interpretation of loyalty would be that members of one faction have ties with members of another faction, but no ties with the leader of the other faction. Here I am testing the flexible interpretation, and thus considering the ego-networks of faction leaders because the Marwari community, which is very cohesive in itself, has ties despite being in opposing factions (creating error for

61. Mooij, J. (1999) *Food Policy and the Indian state: the Public Distribution System in South India*, Oxford University Press, Delhi.
62. Khan, M. H. (2000). 'Rent-seeking as Process', In *Rents, Rent-seeking and Economic Development*, eds M. H. Khan & K. S. Jomo, Cambridge University Press, Cambridge, pp. 70–144.
63. Page, E. C. (1992) *Political Authority and Bureaucratic Power*, 2nd edn, London, New York.
64. Gupta, A. (2005) 'Narratives of Corruption', *Ethnography*, vol. 6, no. 1, pp. 5–34.
65. Paul, S., Balakrishnan, S., Gopakumar, K., Sekar, S. & Vivekananda, M. (2004) 'State of India's Public Services: Benchmark for the States', *Economic and Political Weekly*, pp. 920–933.

Table 3 Grouping of elites according to the ties with faction leaders

Ties with Sanjay	Ties with Rau	Ties with both Sanjay and Rau	No ties with Sanjay and Rau
Sanjay (13)	Rau (4)	Naresh	Bauu
Gyanesh (1)	Ramvilas (1)	Suresh	Kumar
Madhu (5)	Pramod (3)	Mohammed	Javed
Prakash	Ishwar	Muneer	Jaiswal
Baba (3)			Kisan (2)
Kamlakar (1)			
Raju (8)			

Note: The numbers in bracket indicate those social security benefits gained by elites for villagers as acknowledged by the claimants.

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block modelling). However, flexible interpretation is also not easy to be applied. It is possible that a person could be in a faction without a closest tie with the leader of the faction. This is the case with Kisan in faction 2, who has his own political ambitions and not fully identified with any factions because there is no support from many others in Bajgaon. Applying flexible interpretation the Table 3 is created.

What is of interest here is the column three who are in the ego-networks of both faction leaders. Naresh and Suresh, as described earlier are the leading moneylenders of the village. Mohammed and Muneer are leaders from Muslim community. As described above, the Muslim community has internal divisions and they are forced to align with both factions. In other words they benefit from their relationship with both leaders of the community. There are two opposing interpretations to such people who are in ego-networks of opposing factions. Opler[54] has called them as 'neutral compromisers' trying to make pacts between two contestants. This could be for the benefit of smaller community, which neutral compromisers represent, for reaching peaceful solutions and to avoid deadlocks on issues. The opposing interpretation to that of Opler is by Michael Kalecki, who termed such persons as 'proverbial clever calves that suck two cows'.[55] Kalecki's[56] theory of 'intermediate classes' in developing countries has been empirically interpreted by Harriss-White[57] in Indian situations that local capitalists fund both political parties and support both parties equally to keep their economic prospects better. In the context of Bajgaon, the case of Muslim leaders is what Opler terms as 'neutral compromisers', and the case of moneylenders is what Kalecki terms as 'proverbial clever calves'.

What is of interest to us in the context of corruption and differential allocation is the role of elites. The elites, having ties with both factions leaders are unable to gain social security benefits for their clients (notice lack of numerical numbers

66. Refer reports in *Indian Express* 19 September 2002; *Times of India*, 22 September 2002.
67. *Indian Express* 1 December 2003; 19 September 2002; *Times of India*, 22 September 2002.
68. Guhan, S. (1997) 'Introduction', In S. Guhan & S. Paul (eds), *Corruption in India*, Vision Books,New Delhi, pp. 9—24.

against their names in Table 3). They are treated as disloyal members who keep legs in two camps at the same times. Obtaining social security benefit is a political activity associated with corruption (forging documents) and prebend (personally benefiting from public fund), as explained earlier. This is not just only about resource accumulation. Therefore, the social reward with political content expects to reciprocate with a group closure. Inability to comply with group closure indicates less likelihood of obtaining benefits. The faction leaders are trying to deepen the structural holes by encouraging group closure, because faction leaders would be the ultimate gainers of structural holes.

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Section III

Elite Networks Beyond the Village and its Effects

Various studies on non-contributory social security programmes have revealed exclusion of a large number of eligible claimants from the welfare rights.[58,59,60] These studies are large-scale surveys with the purpose of understanding the extent of exclusion and inclusion, and do not focus on the processes of exclusion or inclusion. In this section, I will show how the local processes explained in the previous section fits into the national scenario of corruption.

The Indian state has been depicted as a rent-seeking state by various researchers.[61] We identified in our case study that, in the gatekeeper's role, politicians are in a key position to collect rents. The survey of the claimants showed that the average cost of making an application was about one month's social security benefit, most of which was paid as rent to the politician or to their appointed brokers. More ineligible a case the higher the rent. Thus, some respondents reported paying up to a total of one year's social security as rent. One of the important studies on rent-seeking[62] has indicated the pattern of rent-seeking in India as a triadic relation of bureaucrat—politician—business man. From the public service perspective we can see that businessmen (agricultural landlords or shopkeepers in the rural areas) illegally gain social security benefits for the clients who offer their labour (housemaids or agricultural labourers). On the one hand, this patronage relationship ensures a steady-cheap labour for the business persons. On the other hand, this intensifies and embeds competition for resources in to personal relationships, since undue favour is given to an eligible person who is close to an elite member.

The legitimate authority to challenge such patronage practices of corruption is bureaucratic administration.[63] But, in fact, the role of the administration to challenge the discretionary behaviour or malpractices of elites was marginal. Even when they performed this role of countervailing force, they were 'taught lessons' by the political elite. Significant is the example of one officer who narrated his experience of challenging a member of the local political elite early in his career. This officer had filed a court case against a village elite, who kept on receiving the old age pension in the name of a dead villager. Though the officer won the court case and was able to stop the benefit, the village elite organised collective strikes against the officer alleging corruption on other fronts, and was

successful in getting him transferred to a different district. On this moral defeat the officer commented: 'Neither the administration nor my colleagues supported me. My defeat was complete when the corrupt village elite was successful in the next village election'. This incident, combined with various other confirmations, (see Gupta[64] for instance) reveals how fragile administration is in checking the corruption by politicians.

Corruption is often not challenged by other political parties in the context of less informed electorate.[65] But, corruption is exposed when the dispute over rent sharing takes place or 'agency relationship' of corrupt partners are disturbed. This was exactly what happened in the state of Maharashtra in 2001, when a scam of differential allocation of social security benefits was brought into the court of law. The state of Maharashtra was ruled by a coalition government of Congress Party and National Congress Party (NCP) at that time. Members of Congress party of the one of the social security committees (Nandurbar district) felt their recommendations on claimants were repeatedly being turned down by the committee chairman who belonged to NCP. Thus, committee members of the Congress Party along with an officer filed a case (172/2001/Aurangabad) against the SSC chairman on account that he distributed funds to claimants who had produced forged certificates of eligibility criteria (this matter was taken up to the chief minister by NCP workers after the arrest of the committee chairman).[66]

The court directed inquiry found that there were 747 ineligible beneficiaries. This case was a whistle blower, and the High Court ordered an inquiry throughout the state of Maharashtra. In the state-wide inquiry it was found that about 30 per cent of total beneficiaries had forged the certificates and were illegally receiving social security benefits. (Newspaper reports during the controversy suggest that state officials in collusive relation with politicians were able to remove 0.25 million other beneficiaries from the list when the inquiry was about to be ordered by the court.)[67] This legal battle indicates the importance attached to the rent that a politician used to collect from the claimants and prebendary practices by politicians. The ruling parties in coalition felt they had equal right to public funds, and while one party was differentially benefiting, the other party (not the opposition party) was able to challenge it in the court of law. The intent of the litigation was not to challenge differential allocation *per se*, which would go against prebendary practices, but rather the intent was to make sure the prebendary benefits were equally divided between the coalition parties.

Conclusion

A top—down approach to corruption often projects a vertical integration of the machinery of public offices: 'lower levels operate as agents of the higher levels passing up to them shares in the bribes received at the operating level'.[68] This study, by presenting a bottom—up view, has shown that the political competition at a local level generates a state-level scenario of corruption. On the one hand, the faction leaders use the public resources to reward loyal supporters and to

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deeper the patronage relationships. On the other hand, dominance of the faction is demonstrated at the local level by its ability to bridge the structural hole between village and bureaucracy. Amidst this factional competition to gain the public provision, the objective of reaching the poorest people is downplayed and they are excluded from welfare rights since they have little networks with powerful elites. Only the competing faction (not the administration) can challenge this pattern of allocation. Such network-based public resource allocation reproduces a spiralling social structure which is unable to protest against corruption.

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