Chapter 11

Outsourcing of Corruption: India’s Counterdevelopment

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Corruption has long been widely pervasive in many developing countries, and even developed countries have not been entirely immune to it. It continues to grow like a cancer—rapidly and in all directions: horizontal, transverse, and vertical. Corruption erodes the very foundation upon which developing countries aspire to develop. The widespread spread of corruption is, in many ways, a reflection of the political paradigm a country is governed by. This chapter discusses corruption, which seems to be getting ingrained in the social and political fabric of developing countries, with particular reference to Uttar Pradesh, India. It illustrates the spread of corruption by discussing several real-world examples and raises questions as to what should be done to curb or mitigate it.

Introduction

The concept of outsourcing has been practiced since the birth of the Industrial Revolution. It was primarily applied to technologies, its areal occurrence was confined to localities and regions, and it seldom extended beyond national boundaries. For example, General Motors (GM)—the American automobile giant—outsourced and continues to outsource the manufacturing of many auto parts, such as batteries, tires, wires, cables, and so forth, to smaller companies. Similarly, Boeing—the aerospace giant—outsources to smaller companies the manufacturing of
many parts of its aircraft design and manufacturing, including batteries, computer parts, software, cables, and so forth. Civil construction companies outsource many of their construction activities to smaller construction companies. Dam construction companies outsource works like cement manufacturing, sand and earth moving, construction of pipes, turbines, and so forth. Highway construction companies outsource pavement material, tar, and so forth. The list goes on.

However, the concept of outsourcing took on a different dimension with the birth of information technology (IT) and the advent of personal computers. It dismantled national boundaries, and outsourcing became global almost overnight. In the era prior to IT, outsourcing was principally in the materials area, but with the advent of IT, manufacturing technology became borderless, as knowledge knows no boundaries. Hence began an explosion in outsourcing. Developed countries started to outsource many of their knowledge-based operations to developing countries. The result was that many developing countries became hubs of manufacturing. Two most notable examples are India and China. India became a hub of computer software engineering, and China a hub of manufacturing. Other professions got into the fray. For example, medical diagnostics, auditing, accounting and bookkeeping, income tax preparation, airline reservations, lost-and-found baggage handling service, communications through call centers, travel services, digital marketing, telephone surveys, and promotion of goods—all started to get outsourced. These days it is hard to imagine any area that is insulated from outsourcing. Many colleges and universities are outsourcing a variety of services, such as cleaning, garbage collection, preparation of parking tags, maintenance of lawns and premises, and so forth. Embassies have started outsourcing such services as visa application procession, passport preparation, and so forth. Government departments have been outsourcing a variety of services in the hope of saving money and increasing efficiency.

In developing countries, there is, unfortunately, another form of outsourcing—that is, of nefarious activities—which has started to take root and eat away the very foundation on which these countries aspire to develop themselves. The objective of this chapter is to discuss the outsourcing of this kind occurring in developing countries, especially in India. This type of outsourcing constitutes an alien subject in developed countries, and in developing countries it seems to be associated with their sociopolitical systems.

Beginning with this introduction, social systems and their objectives are briefly discussed in the next section. Then, outsourcing is addressed in the following section, with illustrative examples from