



## Moral Behavioural Downfall Behind Economic Crisis

\*Dr. Sarada Prasanna Patra \*\* Dr. Manjusmita Dash

\* Manager Stores, Jindal Steel and Power Ltd, Jindal Open Cast Coal Mines, Post- Dhaurabhata VIA Tamnar, Raigarh – 496107, C.G.

\*\* Lecturer, Business Administration, Utkal University, VaniVihar, Bhubaneswar(Odisha)

### ABSTRACT

*Crisis can be of multidimensional and of multi magnitude. As per Dr. Karan Singh, the prince, politician and scholar, crisis can be of Political, Economic, Social, Environmental and Individual.*

*The main factors of Economic crisis in India are Corruption, Black Money, Inflation and improper uses of resources.*

*we conscientiously agree that it is not merely the economic crisis that is destroying the basic fiber of India, but it is duly supported by the practices that directly or indirectly people of India are providing, which has been proved as favorable platform to breed the crisis. Corrupt practices. Making wasteful expenditures or improper utilization or under utilization of resources, inefficiency, negligence of duties, biased attitude, favoritism (decision taken on face value of individual rather than on merit), delaying tactics, over or under utilization of powers, resources or authorities, no or poor accountability, outdated governance tools, lack of transparency, improper or mis-utilization of human resource, misinterpretation of rules and regulations can be quoted as few factors leading to that crisis*

**Keywords : Economic Crisis, Corruption, Black Money, Inflation, Moral Crisis**

### Introduction

Crisis can be defined as any event in any tangible or intangible form that is, or is expected to lead to, an unstable and dangerous situation affecting an individual, group, community, or whole society.

Crisis is the situation of a complex system (family, economy, society) resulting the system to cease to perform in ideal way, i.e., the way it should. It creates uncertainty in accomplishing the goals and it jeopardizes the whole system like an epidemic.

Defining Crisis philosophically, since it is related to the mind-set of people within and near the periphery of system, we can quote Swami Vivekananda who told 'Crisis that is tormenting man does not come from without but within. Human soul has rebelled against its own state.' Western philosopher Raymond Williams states 'The human crisis is always a crisis of understanding: what we genuinely understand we can do.'

Crisis can be of multidimensional and of multi magnitude. As per Dr. Karan Singh, the prince, politician and scholar, crisis can be of Political, Economic, Social, Environmental and Individual. (The Heritage, August 1987).

In the present discussion we can discuss the form of Economic crisis and its relation with moral behaviour of people.

### Economic Crisis

Since independence, India has been marching on road to 'planned economic development'. Eleven of her five-year plans have been completed and twelfth five year plan is running from 2012 to 17. Still India suffers from an economic crisis of the first magnitude. There are shortages of nearly all the essential consumer goods. The price tends to rise, and value of rupee has been depreciated to lowest level. As per World Bank report: Poverty in India is widespread, with the

nation estimated to have a third of the world's poor. In 2010, the World Bank reported that 32.7% of the total Indian people fall below the international poverty line of US\$ 1.25 per day (PPP) while 68.7% live on less than US\$ 2 per day.

According to 2010 data from the United Nations Development Programme, an estimated 29.8% of Indians live below the country's national poverty line. A 2010 report by the Oxford Poverty and Human Development Initiative (OPHI) states that 8 Indian states have more poor people than 26 poorest African nations combined which totals to more than 410 million poor in the poorest African countries. A 2013 UN report stated that a third of the world's poorest people live in India.

The 2011 Global Hunger Index (GHI) Report places India amongst the three countries where the GHI between 1996 and 2011 went up from 22.9 to 23.7, while 78 out of the 81 developing countries studied, including Pakistan, Nepal, Bangladesh, Vietnam, Kenya, Nigeria, Myanmar, Uganda, Zimbabwe and Malawi, succeeded in improving hunger conditions.

This economic crisis is attributed to several causes. Generally, we blame the government for it. Some points out that the planning is defective in various ways, and the machinery for implementing the plans is slow and inefficient. There are other opinions that the population explosion for the crisis in Indian economy. People breed more rapidly than they produce, with the result that the gap between demand and supply keep on widening. It is this ever increasing gap, it is said, which results in shortages and rocketing prices. But more common voice that raise to point out this crisis is more alarming and thought provoking, they are more harmful than bacteria, virus. They are Corruption and Black Money.

### Corruption in India

Corruption in India is a major issue and adversely affects its economy. A 2005 study conducted by Transparency Inter-

national in India found that more than 62% of Indians had firsthand experience of paying bribes or influence peddling to get jobs done in public offices successfully. In its 2008 study, Transparency International reports about 40% of Indians had firsthand experience of paying bribes or using a contact to get a job done in public office. In 2012 India has ranked 94th out of 176 countries in Transparency International's Corruption Perceptions Index, tied with Benin, Colombia, Djibouti, Greece, Moldova, Mongolia, and Senegal.

### 1.2.1 Causes of Corruption

In a 2011 report on Corruption in India, one of the world's largest audit and compliance firms KPMG notes several causes that encourage corruption in India. The report suggests **high taxes and excessive regulation bureaucracy** as a major cause. The correlation between high real estate taxes and corruption, claims the KPMG report, is high in India as well as other countries including the developed economies; this correlation has been true in modern times as well as for centuries of human history in numerous cultures.

In addition to tax rates and regulatory burden, the KPMG report claims corruption results from opaque process and paperwork on the part of the government. Lack of transparency allows room for maneuver for both the demanders and suppliers of corruption.

### 1.2.2 A Behavioural Analysis of Corruption

Since situations are not self occurring, the individual's involvement creates this situation and its negativity and positiveness is also a factor of human being's state of mind. In other words we can say that corruption can not occur without moral downfall of individuals. Some famous thinkers have commented in favour of this.

Brooks, R.C. 1974 (Corruption in American politics and life. N. York: Arno Press) defined corruption as "the intentional misperformance or neglect of a recognized duty, or the unwarranted exercise of power, with the motive of gaining some advantage more or less directly personal" (p.46).

Senturia, J.J. 1931. (Political Corruption. Encyclopedia of the Social Sciences Vols 3-4). New York: Macmillan.) opines that corruption is "as the misuse of public power for private gains.

Alatas, H.S. 1990. (Corruption: its nature, causes and functions. Kuala Lumpur: S. Abdul Majeed & Co.) characterizes corruption as the abuse of trust for the sake of private benefits.

### Black Money

Some reports claim a total exceeding US\$1.4 trillion are stashed in Switzerland by Indians. Other reports, including those reported by Swiss Bankers Association and the Government of Switzerland, claim that these reports are false and fabricated, and the total amount held in all Swiss banks by citizens of India is about US\$2 billion.

In February 2012, the director of the Central Bureau of Investigation said that Indians have \$500 billion of illegal funds in foreign tax havens, more than any other country. In March 2012, the Government of India clarified in its parliament that the CBI Director's statement on \$500 billion of illegal money was an estimate based on a statement made to India's Supreme Court in July 2011:

Hindustan Times New Delhi, December 17, 2012 excerpts on this issue:

"India is among the top 10 developing countries in the world with a black money outflow of \$1.6 billion (Rs. 8,720 crore) in 2010, a report by Global Financial Integrity (GFI) said. The report, to be released on Tuesday, said the total outflow of black money from India since independence until 2010 was \$232 billion, generally in the form of corruption, bribery and kickbacks. The cumulative value of illicit assets held by In-

dians during the same period is estimated to be \$487 billion. In the post-reform period of 1991-2008, deregulation and liberalisation accelerated the outflow of illicit money from the Indian economy, the report by Washington-based GFI, Illicit Financial Flows from Developing Countries, said. "Almost three-quarters of the illicit assets comprising India's underground economy — which has been estimated to account for 50% of India's GDP (around \$640 billion in 2008) — ends up outside of the country,"

### 1.3.1 Causes of Black money

In a White Paper (2012) on Black Money by Ministry Of Finance, Department of Revenue Central Board of Direct Taxes, New Delhi, Factors Leading to Generation of Black Money states that :

'Black money arising from illegal activities such as crime and corruption has an underlying antisocial element.----- All these activities are illegal per se and a result of human greed combined with declining societal values and inability of the state to prevent them. Factors leading to their generation are both social and administrative.'

### 1.3.2 Is Economic Slowdown related to Moral behavioral break down?

As per Toni Meyer, Director of Research, NJ Family Policy Council, USA "The economy is of paramount importance, but pollsters and politicians are urged not to declare values issues of minor concern in this election, because our financial deficit is a reflection of our moral values deficit. Basic Judeo-Christian moral principles, "Do not steal", "Do not covet", and "Love your neighbor as yourself," were and are being violated, bringing us to our current financial mess.

James Madison, known as the "Chief Architect of the Constitution" of USA and original author and promoter of the Bill of Rights said, "We have staked the whole future of American civilization, not on the power of government...[but] upon the capacity of each and every one of us to govern ourselves according to the Ten Commandments of God." Will we remember that lesson when we vote in November?

Also Dr.S.Ambikarajan, Ex professor of Economics at I.I.T., Chennai states in topic

"Black Money: Whence it came, where is it going" that 'In the ultimate analysis, Black Economy is a moral problem and hence its solution can only be found when all citizens acquire a set of moral values to live by and a sense of duty to the society so that every one of them consciously decide to be apart of a harmonious whole.' (The Heritage, 1986, December published by Chandamama Publication, Chennai).

### Inflation

In economics, inflation is a rise in the general level of prices of goods and services in an economy over a period of time. When the general price level rises, each unit of currency buys fewer goods and services. Consequently, inflation reflects a reduction in the purchasing power per unit of money — a loss of real value in the medium of exchange and unit of account within the economy. A chief measure of price inflation is the inflation rate, the annualized percentage change in a general price index (normally the consumer price index) over time.

### Behavioural view of inflation

Let us look at the view of two Indian experts on this point:

Dr.S.Ambikarajan, Ex professor of Economics at I.I.T., Chennai in 'Inflation, What is it' :

'Inflation is not an economic problem at all. It is a social and moral problem. Everyone wants the prices of the commodities he sells- be the finished goods or services or simply his labours- to rise, and we go all out to achieve that while at the same time resolutely expecting others vending products and services to hold their prices, or urging the government

to make them do so. Unless everyone realizes that his own behaviour has much to do with accelerating inflationary conditions and acts with wisdom and restraint, inflation can not be totally eradicated.'(The Heritage 1987, June).

#### **In topic 'What Corrodes Our Economy' Justice H.R.Khanna has told:**

'Our conscience in this respect has got coarsened and lost its sensitivity. There is no difficulty to know the amassing of black wealth by individuals as the same is revealed by their ostentatious and gaudy style of living and lavish spending. This is dangerous state of affairs for a few islands of richness and luxury in a vast sea of poverty, a few oases of lavishness and abundance in a vast desert of penury and privations cause social tensions and irritants which are not good for the smooth and orderly march forward of society. These tensions and irritants, if allowed to stay and not rectified well in time, are likely to gather momentum with all the grave potentialities of erupting like a volcano. '(Issues Before The Nation, by Justice H.R.Khanna, B.R.Publishing Corporation, New Delhi)

#### **1.5 Not mere possession but judicious utilization is important**

'India is a rich country inhabited by poor people'- the widely commonly spoken statement inhibits deep rooted meaning. The total cultivable area in India is 1,269,219 km<sup>2</sup> (56.78% of total land area. India has a total water surface area of 360,400 km<sup>2</sup> and receives an average annual rainfall of 1,100 mm. Irrigation accounts for 92% of the water utilisation, and comprised 380 km<sup>2</sup> in 1974, and is expected to rise to 1,050 km<sup>2</sup> by 2025, with the balance accounted for by industrial and domestic consumers. India's inland water resources comprising rivers, canals, ponds and lakes and marine resources comprising the east and west coasts of the Indian ocean and other gulfs and bays provide employment to nearly 6 million people in the fisheries sector. In 2008, India had the world's third largest fishing industry.

India produces 4 Fuel minerals, 11 metallic, 52 Non-metallic and 22 minor minerals, totally 89 minerals India's major mineral resources include Coal (fourth-largest reserves in the world), Iron ore, Manganese, Mica, Bauxite, Titanium ore, Chromite, Natural gas, Diamonds, Petroleum, Limestone and Thorium (world's largest along Tamil Nadu's shores). India's

oil reserves, found in Bombay High off the coast of Maharashtra, Gujarat, Rajasthan and in eastern Assam meet 25% of the country's demand.

In spite of this facts and figures, why India is poor? The answer lies in the fact of improper utilization. Mere possession can not solve the problem, a sagacious method of utilization of the possessed resources are ultimate route to remove poverty. Proper utilization demands for effective planning, judicious implementation and consistent monitoring of whole process. And a 'good' human being can do this. 'Good' refers to efficient, impartial, honest, disciplined, broad minded and so on, which are factors of moral values.

#### **1.6 Conclusions**

In conclusion we conscientiously agree that it is not merely the economic crisis that is destroying the basic fiber of India, but it is duly supported by the practices that directly or indirectly people of India are providing, which has been proved as favorable platform to breed the crisis. Corrupt practices. Making wasteful expenditures or improper utilization or under utilization of resources, inefficiency, negligence of duties, biased attitude, favoritism (decision taken on face value of individual rather than on merit), delaying tactics, over or under utilization of powers, resources or authorities, no or poor accountability, outdated governance tools, lack of transparency, improper or mis-utilization of human resource, misinterpretation of rules and regulations can be quoted as few factors leading to that crisis.

Hence in midst of this turmoil of crisis, we have to boost of our moral consciousness. Conversely we will find our self as the slave of black monster of economic slumber. We have choice in front of us to decide whether we will collaborate for this Moral Enlightenment or we will leave ourself in the hand of Satan ruining our Life Force in destructive way. A harmony between our self, our neighbours and our system can be the right answer for this crisis. Indian's Economic Crisis is a multidimensional malady with a distinct shape and size; we can collectively defeat it by our wise decision, collaborative consensus and above all our invincible moral consciousness.

#### **REFERENCES**

The Heritage-Chandamama Publication | Issues Before The Nation, by Justice H.R.Khanna, B.R.Publishing Corporation, New Delhi | White Paper (2012) on Black Money by Ministry Of Finance, Department of Revenue Central Board of Direct Taxes, New Delhi | Hindustan Times New Delhi, December 17, 2012 |