

Legal Frameworks and Enforcement Mechanisms Combatting Corruption in Chhattisgarh, India

Ku. Sushma Tiwari¹, Dr. Vijay Yadav²

Abstract

This research paper explores how Chhattisgarh exemplifies the "resource curse," where its immense mineral wealth has fueled systemic governance challenges and syndicated corruption. Although the state is equipped with a robust legal framework anchored by the central Prevention of Corruption Act and the asset-recovery-focused Chhattisgarh Special Courts Act of 2015 actual enforcement is severely compromised. By evaluating state anti-corruption agencies through the lens of major scandals like the Coal Levy, DMF irregularities, and the Mahadev betting case, the study highlights how administrative bottlenecks, crony capitalism, and jurisdictional clashes with central agencies like the Enforcement Directorate ultimately undermine the state's fight against entrenched illicit wealth.

Keywords: Chhattisgarh Special Courts Act, Prevention of Corruption Act, District Mineral Foundation, Resource Curse, Crony Capitalism.

Introduction

Corruption in Chhattisgarh is deeply entrenched in the political economy of its natural resources. Since its separation from Madhya Pradesh in 2000, the state has struggled to manage its mineral revenues transparently, creating an environment ripe for what scholars term the "resource curse." This phenomenon is characterized by the diversion of public funds intended for development into private hands through a nexus of politicians, bureaucrats, and contractors. In his analysis of India's energy sector, Lahiri-Dutt (2014) in *The Coal Nation* argues that the coal sector specifically has created unique "criminal economies" in states like Chhattisgarh and Jharkhand, where the control of resource extraction becomes a primary driver of political funding and local power dynamics. The legal response to this challenge has been a mix of adopting central mandates and crafting local laws to address specific regional exigencies, such as the Chhattisgarh Special Courts Act, 2015 and the Chhattisgarh Lok Aayog Adhiniyam, 2002. However, the implementation of these laws faces hurdles ranging from procedural delays in the judiciary to the politicization of enforcement agencies like the Anti-Corruption Bureau (ACB).

The Central Legislative Framework: The Prevention of Corruption Act, 1988

The Prevention of Corruption Act, 1988 (PCA) serves as the primary weapon against public malfeasance in Chhattisgarh. The Act criminalizes the acceptance of "undue advantage" by public servants and

¹ The Co-Author of the research paper is Ku. Sushma Tiwari, Ph.D. Research Scholar at Dr. C.V. Raman University, Kargi Road, Kota, Bilaspur (C.G.)

² The author of the research paper is Dr. Vijay Yadav, Research Guide and Assistant Professor at Dr. C.V. Raman University, Kargi Road, Kota, Bilaspur (C.G.)

penalizes "criminal misconduct" under Section 13. In Chhattisgarh, Section 13(1)(e) (prior to the 2018 amendment reorganization) has been extensively used to prosecute Disproportionate Assets (DA) cases, where the onus is on the accused to account for pecuniary resources that exceed their known sources of income. Academic studies on administrative reform in India, such as Bussell's *Corruption and Reform in India*, suggest that while such legal frameworks exist, the "grand corruption" often seen in mineral-rich states is resilient because political elites can manipulate the timing and nature of enforcement to protect rent-seeking networks.

The Controversy of Section 17A

A significant development in the state's legal landscape is the judicial interpretation of Section 17A, introduced by the 2018 amendment to the PCA. This section mandates that no police officer shall conduct any enquiry or investigation into an offense alleged to have been committed by a public servant relating to any recommendation made or decision taken in the discharge of official functions without prior approval from the competent authority. This provision was designed to protect honest officers from harassment but has often been invoked by accused officials to stall investigations.

Recent jurisprudence in Chhattisgarh and at the Supreme Court level has narrowed the scope of this protection. In *Anil Daima v. State of Rajasthan* (2026), which holds precedential value for Chhattisgarh, the Supreme Court clarified that Section 17A cannot be extended to cases involving the demand for illegal gratification, as accepting a bribe cannot be construed as a "decision taken in the discharge of official functions." Similarly, the Chhattisgarh High Court has had to adjudicate on whether preliminary inquiries by the EOW require such sanctions, often holding that the protection is not absolute in cases of overt criminal acts.

Sanctions for Prosecution (Section 19)

Section 19 of the PCA, which requires a previous sanction from the competent authority before a court can take cognizance of an offense, remains a procedural bottleneck. In *State of Karnataka v. S. Subb Gowda* (2023), the Supreme Court emphasized that the validity of a sanction can be challenged at any stage of the trial. This ruling is critical for ongoing trials in Chhattisgarh, where defense counsels frequently challenge the technicalities of sanction orders to seek discharge. The Chhattisgarh High Court has maintained that the competent authority must apply its mind to the facts and not act mechanically, ensuring that the sanction process acts as a filter for frivolous cases rather than a shield for the corrupt.

State-Specific Legislation: The Chhattisgarh Special Courts Act, 2015

To address the accumulation of illicit wealth, the state enacted the Chhattisgarh Special Courts Act, 2015. This legislation allows the state government to constitute Special Courts for the speedy trial of corruption cases and, crucially, provides for the confiscation of property even before conviction.

Confiscation Proceedings

The Act's most aggressive feature is its asset forfeiture mechanism. Under Section 13, an investigating officer can seize or attach property if there is reason to believe it might be concealed or transferred. Section 14 declares any transfer of property null and void if executed after the issuance of a notice, effectively freezing the assets of the accused.

The procedure for confiscation, detailed in Chapter III, allows an "Authorized Officer" (typically a

Sessions Judge) to issue a show-cause notice to the person affected. If the accused fails to provide a satisfactory explanation for the source of the assets, the property is confiscated and vests in the State Government. This civil forfeiture model runs parallel to the criminal trial, ensuring that the accused cannot enjoy the fruits of the crime even if the criminal trial is prolonged. Section 21 provides a safeguard, stating that if a confiscation order is reversed, the value of the property must be refunded with interest.

Institutional Mechanisms: Lok Aayog and Vigilance

The Chhattisgarh Lok Aayog Adhiniyam, 2002 established an Ombudsman (Lok Aayog) to inquire into allegations against high-ranking public servants, including Ministers and MLAs. While intended to be an independent watchdog, the Lok Aayog's powers are largely recommendatory. It can inquire into misconduct and submit reports to the Governor, but it relies on the state's investigative agencies for field work, which can compromise its autonomy.

The State Vigilance Commission (SVC) also plays a role in internal vigilance. However, reports suggest that its effectiveness is limited by the politicization of the bureaucracy. As noted in Patronage as Politics in South Asia, such institutions often become arenas for political contestation rather than neutral enforcement, where control over the investigative machinery is used to target opposition while shielding incumbents.

Enforcement Agencies and High-Profile Scandals

The Anti-Corruption Bureau (ACB) and the Economic Offences Wing (EOW) are the primary enforcement arms of the state. They are tasked with investigating disproportionate assets, trap cases, and complex financial frauds.

The Coal Levy Scam

One of the most significant cases investigated by the ACB/EOW is the Coal Levy Scam, where an organized syndicate allegedly extorted Rs 25 per ton of coal transported in the state. The syndicate, involving bureaucrats and politicians, manipulated the online permit system into a manual one to facilitate the levy collection. In his book *A Feast of Vultures*, Josy Joseph (2016) describes how such intermediaries or "fixers" have become indispensable to the Indian state, facilitating a flow of illicit funds that sustains political parties and compromises governance. The Chhattisgarh High Court, in *Nikhil Chandrakar v. ACB/EOW* (2025), denied bail to key accused, terming economic offenses as a "class apart" committed with "cool calculation," echoing the systemic nature of corruption described in socio-political literature.

The Mahadev Online Book Scandal

A recent addition to the state's portfolio of scandals is the Mahadev Online Book case. This involved an illegal online betting platform that generated proceeds of crime estimated at Rs 450 crores per month. The investigation revealed a nexus between the app promoters and police/bureaucratic officials, who were allegedly bribed to allow the operation to run smoothly. In *Sunil Dammani v. State of Chhattisgarh*, the High Court dealt with allegations of hawala operations and money laundering linked to this scam, highlighting the cross-border nature of modern financial crimes in the state.

The District Mineral Foundation (DMF) Scam

The EOW has also cracked down on irregularities in the District Mineral Foundation (DMF) funds, which

are meant for the welfare of mining-affected communities. Raids conducted in late 2025 revealed a network of fake billing and commission payments to officials in districts like Korba and Raigarh. Research published in World Development has highlighted how welfare schemes in states like Chhattisgarh are frequently captured by local elites, undermining their poverty-alleviation goals. The investigation registered under the PCA and IPC alleges that contracts were awarded to ineligible firms in exchange for kickbacks, diverting funds meant for tribal development.

Bharatmala Project Land Scam

In another major crackdown, the ACB/EOW arrested revenue officials, including SDMs and Tehsildars, for a land acquisition scam related to the Bharatmala road project. The officials allegedly conspired with land mafias to backdate land records and inflate compensation values, causing a loss of crores to the exchequer. This case underscores the vulnerability of land administration to corrupt practices, a theme explored in James Crabtree's *The Billionaire Raj*, which discusses how land and natural resources remain the primary sources of crony capitalism in India's new gilded age.

Procedural Integrity and Judicial Oversight

While enforcement actions have intensified, the integrity of the investigative process has faced severe judicial scrutiny.

Fabricated Evidence Allegations

A major controversy erupted regarding allegations that EOW/ACB officers fabricated evidence by submitting forged statements under Section 164 of the CrPC. Defense counsels in the Coal Levy case alleged that witness statements were pre-typed and not voluntarily recorded before a Magistrate, citing forensic discrepancies in fonts. Such practices, if proven, threaten to vitiate trials and violate the fundamental rights of the accused. The High Court and the Supreme Court have had to intervene to ensure that the "zero tolerance" policy against corruption does not devolve into procedural abuse.

Bail Jurisprudence

The judiciary in Chhattisgarh has adopted a strict approach to bail in economic offenses. Citing Supreme Court precedents like *Y.S. Jagan Mohan Reddy v. CBI*, the High Court has frequently denied bail in PCA cases, arguing that corruption by public servants erodes public trust and impairs the state's development. However, the courts also balance this with the need to prevent indefinite incarceration without trial, as seen in recent arguments under Article 21.

Conclusion

The fight against corruption in Chhattisgarh is waged through a complex interplay of central and state laws. The Chhattisgarh Special Courts Act, 2015 stands out as a progressive legislative attempt to strip corrupt officials of their illicit gains. However, the effectiveness of these laws is heavily dependent on the independence of the ACB and EOW, which are often subject to political pressures. Academic literature reinforces the view that without addressing the structural "resource curse" and the "criminal economies" of sectors like coal, legal remedies alone may be insufficient. The emergence of syndicated scams like the Coal Levy and Mahadev App cases reveals the adaptability of corrupt networks. Furthermore, procedural lapses and allegations of evidence fabrication highlight the urgent need for reforms in investigative

standards. Ultimately, while the legal framework is stringent, genuine success in curbing corruption in Chhattisgarh requires not just new laws, but the impartial and transparent enforcement of existing ones, overseen by a vigilant judiciary.

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