Chapter 4

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4. Introduction

India is a large country with a population of over a billion people. It is the second most popular country in the world after China. India is one of the fastest growing countries in the world and is attracting huge investments from developed countries. In spite of the healthy growth indices, a vast population still lives in poverty and does not have access to basic sanitation health care and education. The country’s progress is seriously hampered by all pervasive corruption. Corruption also prevent the benefits of development from reaching the deprived sections of society. Hence weeding out corruption today is a major challenge before Indian Society.

The lawmakers of India have always been conscious of this problem. The British enacted The Indian Penal Code in 1860 as the first codified law. Said code deals with offences committed by public servant involving corrupt practices. Later on a special piece of legislation was enacted i.e. The Prevention of Corruption Act, 1947, to deal specifically with the problem of corruption in public life. Amendments under said Act were made from time to time to keep velocity with the changing times. Later on in 1988, it was replaced by a more comprehensive and broad piece of legislation i.e, The Prevention of Corruption Act, 1988.

Apart from this Act, India is a signatory to the United Nation Convention against corruption (UNCAC). It has signed extradition and mutual legal Assistance Treaties in Criminal Matters with a number of countries to ensure mutual co-operation in matters pertaining to investigation of corruption and other criminal cases. Co-operation on is sought from other
countries under these treaties through the instrument of ‘Letters Rogatory’ (LRs).

The corruption not only included the economic offences but also other kind of offences such as food adulteration, misappropriation, evasion of taxes, money laundering etc. are the brief overview of the Indian Laws which are dealing with the problems of Corruption. The main laws and legal provisions i.e. the provisions of The India Constitution, the Indian Penal Code, 1860. The Prevention of Corruption Act, 1988 etc. are exists in India but still these legal provisions are failing to curb the Corruption.

4.1 Constitutional provisions to control Corruption

Statutory and Legal Provisions regarding corruption are also specified under the codified Laws. The Supreme law i.e. The Constitution of India, is also consist the provision of Writ Jurisdiction. To control the offences related to money as well as economy, Office of Comptroller and Auditor General (CAG) is constituted, besides these there are certain authorities at Central level and State level such as CVC (Central Vigilance Commission), CPA (Committee on Parliament Account), CBI (Central Bureau of Investigation), ACBS (Anti-Corruption Bureau of State).

4.1.1 Fundamental provisions to control Corruption under The Constitution of India.

The Supreme Court is the guardian of the Constitution. The Constitution has empowered the Apex Court to safeguard the fundamental rights enshrined in Part III of the Constitution.
Fundamental Rights are the rights against the mighty powers of the State. The State is defined in Art.12 of the Constitution.

Under Art.32 and 226 of Indian Constitution following “Writs” are provided as well as facility of Public Interest Litigation (PIL) available.

i) Writ of Habeas Corpus

ii) Writ of Mandamus

iii) Writ of Prohibition

iv) Writ of Certiorari

v) Writ of Quo-Warranto

All these writs are having their own impact and power in different fields, and actually these are nothing but “Powers in Hands of Judiciary to control the Administrative discretion”

Preamble of the Constitution of India gives guaranty of ‘Justice’ to the citizens of India. Constitution adopted federal government which consist Union Government at Central level and State Government at State level. Crime is in a list of state subject whereas, law and order is in a concurrent list. There are number of provisions made under Constitution for eradication of corruption in the society. Art.311 of the Constitution of India and judicial Reform process are the best friend of corruption through which corruption in the society is controlled.

4.1.2 Investigating agencies constituted for implementing anti-corruption policies.

To eradicate the evil of corruption and for implementing anti-corruption policies and raising awareness on corruption issues, the
Central Government has enacted Anti-Corruption Laws to deal with the prevention of corruption and constituted commissions namely Central Vigilance Commission, Central Bureau of Investigation, Enforcement Directorate and Anti-Corruption Bureau to enforce the Law of Prevention of Corruption Act. No doubt these anti-corruption agencies are doing best to combat corruption through implementing and enforcing anti-corruption policies adopted by government.

At the federal level various bodies are constituted. Out of which key institutions are the Supreme Court (S.C), the Central Vigilance Commission (CVC)\(^1\) the Central Bureau of Investigation (CBI)\(^2\) the office of the Comptroller and Auditor General (CAG)\(^3\) and the Chief Information Commission (CIC), Enforcement Directorate (ED) and at the State level there are the Anti-corruption Bureau (ACB)\(^4\) for each State.

Corruption has its own effect on its societies which undermines democracy, Rule of law and violated human rights and allows organized crime, terrorism and threats to human security. Even national progress is seriously hampered due to corruption.

To eradicate the evil of corruption, the central government has enacted anti-corruption laws to deal with the Prevention of Corruption and constituted commission namely CVC, CBI and ACB to enforce the anti-corruption laws. These Anti-corruption agencies are established at National and State level. Nowadays, these anti-corruption agencies are doing their best to eradicate or combat corruption by implementing
anti-corruption laws even though corruption is rampant in every part of the society.

It is the time and need of society to find out the actual reason behind eradication of corruption in society. For that purpose, IPC was the main tool during pre-independence period. Sec.161 to 165 IPC deals with “offences by public servant” at that time need of special law related with offence of corruption was not required. Corruption has different form in every country.

Above investigating agencies are specialized bodies to form anti-corruption strategies. Its main function is to enforce the anti-corruption legislature and detect the corruption. These agencies have a power to investigate and prosecute corrupt persons who have committed an offence under the provision of anti-corruption laws. In addition to these, anti-corruption agencies are also responsible for awareness campaign, mobilizing and educating citizens about corruption.

Corruption becomes way of life and infecting and spreading in the society like cancer. Corruption is a greatest challenge and common man is losing faith. Youth of our country has already given alarming notice by making their agitation of the movement of corruption free India.

As per recommendation of Santhanam Committee, Government of India vide resolution dt.11/2/84 establish Central Vigilance Commission (CVC), the Central Bureau of Investigation (CBI), the office of the Comptroller and Auditor General (CAG) and Anti-
corruption Bureau (ACB) which are the main nodal investigating agencies for each State.

A. **Supreme Court and High Courts**

Any citizen can file a petition, known as Public Interest Litigation, before the Hon’ble High Courts and Hon’ble the Supreme Court, alleging corruption in the public sector. If the Hon’ble High Courts and the Supreme Court find the allegations credible, they can refer such cases to the Central Bureau of Investigation for further enquiry or investigation. Many big cases of corruption have been successfully investigated by the agency in the past on such references from these courts.

B. **Central Vigilance Commission (CVC)**

Central Vigilance Commission is an apex Indian governmental watchdog body created in 1964 to address governmental corruption constituted under the provision of Central Vigilance Commission Act, 2002. It has the status of an autonomous body i.e. free from executive control. The Central Vigilance Commission set up by the Government of India to advise and guide central government agencies, as well as it also have special power to analysis of complaints of corruption, professional misconduct, misuse of power by administrative bodies.
The Central Vigilance Commission Act provides for constitution of a Central Vigilance Commission, to inquire or cause inquiries to be conducted into offences alleged to have been committed under the Prevention of Corruption Act, 1988 by certain categories of public servants of the Central government, corporation established by or under any Central Act, government companies, societies and Local authorities owned or controlled by the Central Government and for matters connected therewith or incidental thereto.

The Government of India has authorized the Central Vigilance Commission as the “Designated Agency” to receive written complaints for disclosure on any allegation of corruption or misuse of office and recommend appropriate action. It is an apex body set up by Government of India in February 1964, on recommendation of committee on Prevention of Corruption, headed by Shri. K. Santhanam. Mr.Nettoror Srinivasan Rau was selected as 1st Chief Vigilance Commissioner of India.

The Central Vigilance Commission has the status of an autonomous body, free of control from any executive authority, charged with monitoring all vigilance activity under Central Government of India and advising various authorities in Central Government organization in planning, executing, receiving and reforming their vigilance work.

The Central Vigilance Commission is an autonomous high level anti-corruption watchdog body in India which
acquires its legal authority from Central Vigilance Commission Act, 2003. Central Vigilance Commission and Central Bureau of Investigation are responsible for enforcing the laws related with Prevention of Corruption. After the II world war floodgates of corruption are open, at that time, only to deal with cases of bribery and corruption, Special Police Establishment (SPE) in 1941 was enacted. Central Vigilance Commission was the apex anti-corruption body to fight against corruption in Hawala case, the Central Vigilance Commission was given statutory status vide ordinance dt.27/10/1988 and confer power upon Central Vigilance Commission to exercise superintendence over the functioning of DSPE and vide G.R.dt.11/2/1964.5

Functions of Central Vigilance Commission are as under -

1. To investigate or cause an inquiry into any transaction on which government of India has executive control.

2. To Conduct Departmental Enquiry against those public servant who committees a criminal misconduct. For this purpose Central Vigilance Commission exercise the power of civil courts.

3. To inquiry or investigate into any transaction of public organization under the control and supervision of government.
4. To Organize training courses for the CVO and other vigilance functionaries of central organizations.

5. Central Vigilance Commission has also given additional power to supervise over the function of Delhi Special Police Establishment related with investigation of offences committed under the Prevention of Corruption Act, 1988.

**Jurisdiction of Central Vigilance Commission** -

Central Vigilance Commission has an advisory jurisdiction on vigilance cases pertaining to the employees of Central Government officials and other public servant. Undertaking of the central government like LIC, GIC, Bank and other autonomous bodies of Central Government. Central Vigilance Commission has also power to investigate any complaint against any person who has committed an offence under the Prevention of Corruption Act, 1988. Central Vigilance Commission is also empowering to inquiry into any transaction in which public servant are involved.

However IAS, IPS, IFS do not fall within Central Vigilance Commission jurisdiction if they committee any criminal misconduct connected with the affairs of the state government.

**Constitution of Central Vigilance Commission** -

The Central Vigilance Commission consist Chairman and four other Commissioner as its member who are appointed by the President
of India, on the recommendations of committee consisting of PM, Minister of Home Affairs, Leader of the Opposition in LokSabha. Central Vigilance Commission also consist Secretary who is of the rank of Additional Secretary to the Government of India.

1 Secretary
2 Additional Secretary
3 Officer of the rank of Director/Dy.Secretary as Officer on Special Duty
4 Under Secretary
5 Other staff
6 Officer-designated as Commissioner of department for conducting departmental Enquiry.

Chief Technical Examiner’s wing (CTE) is the Technical wing of Central Vigilance Commission having two engineers of the rank of chief engineers for technical audit of construction work. Said technical wing have also power to investigate any complaint relating to construction work.

Central Vigilance Commission has not been provided with an enforcement powers on their orders and it is not mandatory to comply with their orders. The Central Vigilance Commission is a statutory body that supervises corruption cases in government departments. Central Vigilance Commission can take action against anyone who leaks the names of whistleblowers and witnesses and may request police assistance to investigate complaints.
The CVOs are in-house supervisors of government departments who monitor the conduct of personnel and enquire into complaints against them pertaining to corruption. If upon enquiry they conclude that criminal cases under the Prevention Corruption Act appear to have been made out, they refer the case to the Central Bureau of Investigation.

C. **Central Bureau of Investigation (CBI)**

The Central Bureau of Investigation is an investigating agency set up by the Government of India to investigate crime, especially corruption cases in Union Territories, which are directly administered by the Government of India. Over a period of time, it has become the premier corruption investigation agency in the country. It enjoys high credibility amongst the people of India. As a result even the States also refer sensitive and large-scale corruption cases to the Central Bureau of Investigation for investigation. The High Courts of various States and the Supreme Court of the country have powers under the Indian Constitution to entrust investigation of any crime to the Central Bureau of Investigation for investigation.

The State agencies look up to the Central Bureau of Investigation\(^6\) as an expert agency for guidance in matters relating to investigation and prosecution of corruption cases. The co-operation between the two sets of agencies is highly satisfactory.

Central Bureau of Investigation is Principal Premier anti-corruption investigating agency under control of Central Government which is supervised by Prime Minister of India. The carrier prospect
of Central Bureau of Investigation officials depends on the executive body and services are subject to transfer. Thus day-to-day activity of Central Bureau of Investigation is directly or indirectly supervised by executive body as well as by politicians. Hence Prevention of Corruption becomes ineffective against the minister and politician. Considering all these aspect, it is suggested that, Central Bureau of Investigation team be brought under the control of Lokpal or Chief Justice of India instead of office of Prime Minister of India.

For investigation of certain offences during the II World War, Central Government issued ordinance in the year 1943, constitute a special police force and after end of war in the year 1946, the parliament enacted the Delhi Special Police Establishment Act, 1946.\(^7\) On the recommendation of Santhanam Committee\(^8\) appointed on Prevention of Corruption. Central Bureau of Investigation was merge and recognized as successor Police Organization to the DSPE. Now a day role of Central Bureau of Investigation is not restricted with anti-corruption activities but extended up to the investigation of conventional crime and other economic officers and other cyber and high technology crime. Central Bureau of Investigation also gives his support to state police machinery and other law enforcement agencies in their investigation of crime.

**Role and Function of Central Bureau of Investigation**

The Central Bureau of Investigation is the premier investigating police agency in India. Having his jurisdiction with all over India has its six functions ahead, these are as under –
1. **Investigation and Anti-corruption Division** -

   It is the statutory liability of Central Bureau of Investigation to investigate cases related to organizations of Central Government and its officials in which breach or violation of central law like FERA, Passport, cases under the official secret Act, Railway and Post and Telecom Department, where cheating or fraud are committed.

   Central Bureau of Investigation have also power to investigate crime on high seas and airlines and other organized crime which are detrimental or of threatens in nature of the Central Government and State Government/ Union Territory.

2. **Function of Technical Division** -

   Technical Division gives its assistance to investigate cases involving accounts, assessment of Income Tax, Excise duty, other permissible taxes.

3. **Statistical Crime Record Division**-

   To maintain statistical record of all important inter-state crime and to study the modus-operandi of each crime.

4. **Research Division** -

   To study and analyze serious crime, suggest preventive measures, point out defects under the existing law and make suggestion in method of investigation.
5. **Legal Division** -

Provide legal advice in cases of investigation and at the time of prosecution in important case study the judicial decision and provide training to officers of Central Bureau of Investigation. Its main function is to point out lacuna to the investigation division.

6. **Administrative Division** -

Central Bureau of Investigation has following three administrative Divisions:

A) **Anti-Corruption Division** -

Cases of corruption, fraud committed by Public servant of Central Government its public sector undertaking.

B) **Economic Crime Division** -

Cases related to bank, FERA, SEBI, Import and Export, antiques, smuggling, Hawal Tax aviation and other economic offices having its impact of finance on central government.

C) **Special Crime Division** -

Cases related to terrorism, bomb blast and other crime offence punishable under Indian Penal Code.

Considering the above structure -Central Bureau of Investigation, Anti-corruption Bureau is required to strengthen more legally and more powers should be given so that they should work independently and effectively in transparent manner.
D. Comptroller and Auditor General (CAG)

Comptroller and Auditor General is supreme constitutional audit authority of India. Comptroller and Auditor General is the ‘watchdog’ on each and every financial transaction of Central or State department such as railway, telecom, public sector, organizations etc. Every department/organization is subject to internal audit as well as of statutory audit. Comptroller and Auditor General is one of the institutions to prevent the corruption in government department. Art.148 of the Constitution deals with Comptroller and Auditor General. In democratic form every department is accountable to the people. Role of Comptroller and Auditor General in democracy is as prejudiciary. Main function of the Comptroller and Auditor General is to see that, money sanction by parliament must be spent only for that purpose for which it is sanction.

Comptroller and Auditor General is the most important instrument of financial accountability in the country. It has a dual role-

1. To ensure that, the executive complies with the various laws passed by the legislature in letter and spirit.

2. To endure compliance by subordinate authorities with rule and order issued by him.

Good governance is said to exist only when level of corruption is at minimum level.

E. Chief Information Commission (CIC)
Public Accounts Committee (PAC)

The Public Accounts Committee (PAC) is a committee of selected members of Parliament, constituted by the Parliament of India, for the auditing of the expenditure of the India. The Public Accounts Committee is formed every year with a strength of not more than 22 members of which 15 are from Lok Sabha, the lower house of the Parliament and 7 from Rajya Sabha. The term of office of the members is one year. The Chairman is generally member of opposition party and appointed by the Speaker of Lok Sabha. Its chief function is to examine the audit report of Comptroller and Auditor General (CAG).

The Committee on Public Accounts is constituted by Parliament each year for examination of accounts showing the appropriation of sums granted by Parliament for expenditure of Government of India. The Examination of the Appropriation Accounts relating to the Railways, Defence Services, P&T Department and other Civil Ministries of the Government of India and Reports of the Comptroller and Auditor General of India thereon, as also the Reports of the Comptroller and Auditor General on Revenue Receipts mainly form the basis of the deliberation of the Committee. In scrutinizing the Appropriation Accounts and the Reports of the Comptroller and Auditor General thereon, it is the duty of the Committee to satisfy itself.
In 2011, the Public Accounts Committee probed the 2G spectrum, Coalgate scam which brought the committee to public attention.

G. Enforcement Directorate (ED)

The Directorate of Enforcement was established in the year 1956 with its Headquarters at New Delhi. The Directorate General of Economic Enforcement is a law enforcement agency and economic intelligence agency responsible for enforcing economic laws and fighting economic crime in India. It is part of the Department of Revenue Ministry. It comprises officers of the Indian Revenue Service, Indian Police Service and the Indian Administrative Service. It was established on the 1st day of June, 2000 by the Central Govt. of India to investigate provisions of the Foreign Exchange Management Act, 1999.

The prime objective of the Enforcement Directorate is the enforcement of two key Acts of the Government of India namely, the Foreign Exchange Management Act 1999 (FEMA) and the Prevention of Money Laundering Act 2002 (PMLA).

The Directorate of Enforcement, is headed by the Director of Enforcement. There are five Regional offices at Mumbai, Chennai, Chandigarh, Kolkata and Delhi headed by Special Directors of Enforcement. Recently the ED had registered two Enforcement Case Information Reports under the Prevention of Money Laundering Act (PMLA) against Bhujbal, who was Ex-Deputy Chief Minister of
Maharashtra State suspecting illegal transactions to the tune of Rs.900 crore in case of Maharashtra Sadan Scam.

**Functions:**

1. To investigate suspected violations of the provisions of the FEMA, 1999 relating to activities such as “hawala” foreign exchange racketeering, non-realization of export proceeds, non-repatriation of foreign exchange and other forms of violations under FEMA, 1999.

2. To adjudicate cases of violations of the erstwhile FERA, 1973 and FEMA, 1999.

3. To realize penalties imposed on conclusion of adjudication proceedings.

4. To handle adjudication, appeals and prosecution cases under the FERA, 1973

5. To process and recommend cases for preventive detention under the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act (COFEPOSA)

6. To undertake survey, search, seizure, arrest, prosecution action etc. against offender of PMLA offence.

The Enforcement Directorate (ED) has attached 1,280 acres of land in the US in connection with one of the biggest bank loan frauds in these country. ED officials said this was one of the biggest bank loan frauds in the country.
H. Anti-Corruption Bureau (ACB)

These police agencies of the States are meant mainly for investigating corruption cases within the States under the Corruption Act. They are responsible for the prevention, detection and investigation of corruption crime only and are not engaged in conducting other police duties such as handling conventional crimes and law and order. After investigating a crime, they file the investigation reports in a court of law to launch prosecution.

Our constitution adopted Federal Government which consists Union Government at Central level and state Government at Territorial jurisdiction of state level. Crime is in a list of state subject. So to maintain Law and order and to investigate all crimes including corruption is the basic object of these state agencies.

For detection, investigation and prevention crime of corruption, ACB for each state was established w.e.f. 2/1/1961 and function directly under the control and supervision of administrative department of each state govt. The Director General of the rank DGP who is also the Head of the Bureau. Director of the rank of IGP and Additional Director of the rank of DIG and Joint director of the rank of SP assist him. State Anti-Corruption Bureau is divided district wise and headed by Dy.Supintendent of Police along with subordinate inspector and staff. Each bureau has technical officer and legal officer to tender advice on legal matter. To promote the honest and transparent conduct on the part of government and through effective enforcement of anti-corruption laws.
To register and investigates complaint of corruption against public servant. Anti-Corruption Bureau is specialized agency relating to corruption in various department of government against public servant and also private person who abets the offences under the Prevention of Corruption Act, 1988.

Some of the Suggestions for smooth functioning of Anti-Corruption Bureau are as under -


2. Make aware and give confidence and drop out fear and revenge in the mind of people who are victim of corrupt to filed complaint before Anti-Corruption Bureau.

3. Give wide publicity to the provisions of Act, easily make available the office of Anti-Corruption Bureau.

4. Report to survey of various NGO pointed out that, police and revenue are the most highly corrupt department.

Anti-Corruption Bureau is part of State police machinery, basically Police machinery is most corrupt department. Offences of bribery are no longer investigated or prosecuted by them since they are itself corrupt.

Some of the reasons for failure of Anti-Corruption Bureau are as under -

1. Weak political will
2. Lack of resources
3. Political Interference
4. Fear of consequences
5. Lack of strategy
6. Inadequate laws
7. Lack of co-ordination
8. Lack of Transparency
9. Insufficient accountability
10. Confidentiality not preserves
11. Selectivity in investigation
12. Loss of moral
13. Agency itself becomes corrupt
14. Defects and lacuna under the Prevention of corruption Act, 1988

It is also observed that nowadays, Anti-corruption agencies feel to curb corruption but there administrative mechanism is ineffective, there is no accountability in offices of anti-corruption agencies, they have insufficient staff. They have certain limitation due to political pressure in investigation on the corruption matter. They are not autonomous, independent and are responsible with particular ideology to minister who are basically politician.

I Transparency International (TI)

Transparency International has been a leading global civil society organization in the fight against corruption since its founding in
1993. Said institution offers several tools to facilitate the fight against corruption, of which three indices are used - 

a. The Corruption Perception Index (CPI)  
b. The Global Corruption Barometer (GCB)  
c. The Bribe Payers Index (BPI).  

An independent judicial commission on the line of the Election Commission and taking steps to attack the backlog of cases will instill confidence in the legal system. It will discourage corruption and money laundering.  

Transparency International i.e. (TI) is a global civil society organization leading the fight against corruption. Transparency International was formed in May, 1993 and its main focus is on corruption, international business, transaction, it international secretariat in Berlin, Germany. 🗑️

J Financial Intelligence Unit

Financial Intelligence Unit was set by the Government of India on 18th November 2004. The Financial Intelligence Unit is central national agency responsible for receiving, processing, analyzing and disseminating information relating to suspect financial transactions. Financial Intelligence Unit is also responsible for coordinating and strengthening efforts of national and international intelligence, investigation and enforcement agencies in pursuing the global efforts against money laundering and related crimes. Financial Intelligence
Unit is an independent body reporting directly to the Economic Intelligence Council (EIC) headed by the Finance Minister of India.

4.1.3. Authorities under Administrative Law to control corruption

Provisions under Administrative Law are very self-explanatory.

Ombudsman’ means ‘a delegate agent, officer or commissioner’. Ombudsman, known as ‘Lokayuktas’. Many Indian states have set up the office of Ombudsman, known as Lokayuktas, mainly to probe complaints against ministers and public servants pertaining to corruption.

According to Garner “Ombudsman” is an officer of parliament, having as his primary function, the duty of acting as an agent for parliament, for the purpose of safeguarding citizens against abuse or misuse of administrative power by the executive. In India some states have Lokayukta.

‘Ombudsman’ is not a super-administrator to whom an individual can appeal when he is dissatisfied with the discretionary decision of a public official in the hope that he may obtain a more favorable decision. His primary functions are to investigate allegations of maladministration.

The Ombudsman inquires and investigates into complaints made by citizen against abuse of discretionary power, maladministration or administrative inefficiency and takes appropriate actions. For that purpose, very wide powers are conferred on him. He has access to departmental files. The complainant is not required to
lead any evidence before the Ombudsman to prove his case. It is the function and duty of the Ombudsman to satisfy him whether or not the complaint was justified. He can even act suo-motu. He can grant relief to the aggrieved person as unlike the powers of a civil court, his powers are not limited.

Generally, the Ombudsman is a judge or a lawyer or a high officer and his character, reputation and integrity are above board. He is appointed by parliament and thus he is not an officer in the administrative hierarchy. He is above party political and is in a position to think and decide objectively. There is no interference even by parliament in the discharge of his duties. He makes a report to parliament and sets out reactions of citizens against the administration. He also makes his own recommendations to eliminate the cause of complaints. Very wide publicity is given to those reports. All his reports also published in the national newspaper. Thus, in short, Ombudsman is the ‘Watch Dog’ or ‘Public Safety Valve’ against maladministration, and the ‘protector of the little man’.

4.2 Legal provisions and/or Laws to control corruption-

Public servants or politicians who are indulges or committed any offence related to money or economy of India can be penalized for corruption under the following acts.
4.2.1 The Indian Penal Code, 1860.

For smooth and proper functioning of criminal justice system, Lord Macula and British government pass the Indian Penal Code in the year 1860. In the pre-independence period, the Indian Penal Code was the main primary instrument or tool to combat or control corruption in public life. Offences by public servants sec.161 to 165A provides the legal frame work to prosecute corrupt public servants.

The Indian Penal Code, 1860 is the primary instrument for controlling crime and administering criminal justice. Which contain codification of general anti-corruption laws in its earlier sec.161-165 A. These provisions under Indian Penal Code are not adequate to control the floodgates of corruption in society.

The Indian Penal Code provides, punishment for “corrupt public servant’ who disobey relevant laws, procedures, improper documents, abuse their position or discretion. For corruption public servant in India can be penalized under the Indian Penal Code, 1860.

The Criminal Law (Amendment) Act, 1972 brought some changes in the law relating to corruption. The punishment specified u/s 165 IPC was enhanced from two years to three years. IPC was amended in the year 1952 a new section 165 A related to abetting of offence was inserted. Said amendment also stipulated that, all corruption related offences should be tried only by special judges.
Provisions under Indian Penal Code:

The laws to prevent Corruption in India were first enacted in the Indian Penal Code (Sec. 161 - 171) in 1860 by the British Government of India. These provisions prohibits a public servant from taking anything (in cash or kind) other than his /her legal remuneration for doing any act which he / she is under an obligation to do or not to do. Later, the Indian Parliament also enacted the Prevention of Corruption Acts. Firstly in 1947 and again in 1988, to strengthen the law of prevention of corruption by making it a little more particular and stringent. In the new Act, the minimum mandatory punishment has been prescribed and also the punishment (imprisonment) has been enhanced from 3 years to 5 years. But inspite of a very strict legal regime the corruption in India is increasing day by day and there is no sign of it getting under control by the new rule and the machineries created under them. When the provisions of Indian Penal Code were the only rules to prevent corruption, it was better controlled than today when we have a specific and comparatively and stricter law.

If we think about the reason for the rapid growth of corruption the provisions of the Indian Penal Code were enough to control the corruption till they were allowed to control it. When the corrupt officials and government servants were under an impression that if they will engage in corrupt practices the law will deal with them strictly and there will be no defense for them the corruption was under Control.
In 1952, Section 165-A was added in Indian Penal Code that made the abetting of corruption a specific offence and it gave an instrument in the hands of corrupt officials to frame the complaint of a corrupt practice with the abetment of it and got him punished by misusing the government machinery. Now even the person who is compelled to pay the bribe to an official for getting his work done will not dare to make a complaint in fear of getting himself charged with the abetment of the crime. The English Government was better concerned with the prevention of corruption but our own government, in the name of preventing the misuse of anti-corruption from making a complaint against a public official due to the fear of getting himself charged with the offence of abetment of corruption. This has emboldened the already corrupt government officials to get involved in the crime without much fear and has contributed in the growth of rampant corruption in the country.

4.2.2 Criminal Procedure Code:-

The Second World War created shortage of money. Due to this Corruption on large scale in public life was committed and continued even after the war. To fight the situation The Prevention of Corruption, Act 1947 was enacted.

Criminal Procedure Code 1973 together with Mutual Legal Assistance Treaties (MLAT) in Criminal Matters and Extradition Treaties provides for the empowerment of the investigation agencies as under:-
Section 166A and 166B of the Criminal Procedure Code empower the crime investigation agencies of India to make requests to other countries as well as to entertain requests from other countries to render assistance in the investigation of crime registered in the respective countries. Such letters of request are popularly known as letters Rotatory. Such letters Rotatory are executed on the basis of Mutual Legal Assistance Treaties and Extradition Treaties, India has signed with other countries. To date India has mutual legal assistance treaties in criminal matter with 20 countries and extradition treaties with 25 countries. The mutual legal assistance treaties invariably has a chapter on assets recovery and sharing the same with other countries, International co-operation is sought on the basis of guaranty of reciprocity.

4.2.3 The Prevention of Corruption Act, 1947.


2. Anti-corruption (amendment) Act, 1964

Which was based on the recommendation of the Santhanam committee report. Object of the Prevention of Corruption Act is to make the provisions of prevention of bribery and corruption more effective.\(^\text{10}\)

The Santhanam Committee describes Corruption as “Improper or selfish exercise of power and influence attached to public office or to the special position one occupies in the public life”
This committee has identified certain procedural causes of corruption

1. Red tape and administrative delay.
2. Unnecessary regulations.
3. Scope of personal discretion.
4. Lack of transparency.

Weeding out corruption today is a major challenge before Indian society. The Second World War created shortage of money due to this, Corruption on large scale in public life was committed and continued even after the war. To fight then situation The Prevention of Corruption, Act 1947 was enacted.

The Prevention of Corruption, Act 1947 adopted definition of Public Servant as in the Indian Penal Code and “criminal misconduct in discharge of official duty by public servant” is defined as new offence with minimum one year and maximum seven years as punishment. In certain cases this act provides that shifting of the burden of proof on accused.

Under this Act, whenever it was proved that, public servant has accepted any gratification; it shall be presumed that, the public servant accepted such gratification as a motive or reward u/s 161, 164 and 165 without the permission of the authority competent to remove the charge.

The Prevention of Corruption Act is a special statute and enacted to consolidate and amend the law relating to the prevention of corruption for matters connected there with. In view of law settled by Hon’ble Apex court in a landmark judgment.\textsuperscript{11}
The Indian Penal Code, 1860. It had a chapter dealing with offences committed by public servants involving corruption and corrupt practices. Provisions in Chapter IX of the Indian Penal Code, 1860 relating to corruption by the public servants are modified with enhancing penalties provided under the law.

Later, a special piece of legislation was enacted i.e. The Prevention of Corruption Act, 1947 to deal specifically with the problem of corruption in public life. Amendments were made from time to time to keep pace with the changing times. Later on in 1988 it was replaced by a more comprehensive and broad piece of legislation i.e. present enactment of The Prevention of Corruption Act, 1988.


“If we cannot make India Corruption - free then the vision of making the nation develop by 2020 would remain as dream”

The Prevention of Corruption Act, 1988 is the primary source of anti-corruption law to check corruption and corrupt public servants. But this is not ultimate law it fails to tackle corruption effectively. Further there is no any law to check corruption in private sector and private individual. So corruption in private sector is more than public offices.

The Prevention of Corruption Act, 1988 is the existing principal legislation against corruption. This law was enacted by the parliament in 39th year of the republic of India with an object to
eradicate the corruption in public sector. This act contains five chapters and divided into thirty-one section. This act came into effect from 9\textsuperscript{th} September, 1988 and published in the gazette of India on 12\textsuperscript{th} September, 1988 and applicable to whole of India except the state of Jammu & Kashmir.\textsuperscript{12} The Prevention of Corruption Act, 1988 to eradicate the corruption in the society.\textsuperscript{13}

Main object of this Act to prohibit public servants from accepting or soliciting illegal gratification in the discharge of their official functions. We always observe that unethical activities of individual firm, cooperative societies, trust, and financial associations undertakes any financial activity and corrupt criminal misconduct but our present enactment is silent on it. Even the private or corporate sector is ready to pay any amount to get work done in their favour. Currently in India there is no comprehensive legislation to control corruption in private sector.

The Prevention of Corruption Act, 1988 was enacted to consolidate different anti-corruption provisions from various pieces of legislation under one umbrella and to make them more effective, Public servant enhanced penalties provided for offences in earlier laws. The present enactment, incorporated the provisions of freezing of suspected property during trial etc. The Corruption Act is the main law for dealing with offences pertaining to corruption in India, however many avenues of corruption cannot be dealt with under The Prevention of Corruption Act, 1988. This act consolidates the
provisions of the Prevention of Corruption Act, 1947, the criminal law amendment act, 1952 and sec.161 to 165 A of Indian Penal Code 1860.

The Prevention of Corruption Act, 1988 was the central Act and has special provision which prevails general provision. Therefore the provisions of this act will have an overriding effect over the general provisions of Cr.P.C. The Prevention of Corruption Act, 1988 was enacted to consolidate different anti-corruption provisions from various pieces of legislation to make them more effective. The Prevention of Corruption Act, 1988 inter alia, widened the scope of the definition of a “public servant” enhanced penalties provided for offences in earlier laws and incorporated the provisions of freezing of suspected property during trial. Said Act mandated trial on a day-to-day basis, prohibited the grant of stay on trial etc.

4.2.4 (a) Central government enacted, The Prevention of Corruption Act, 1988 to eradicate corruption in the society. It is the main law for dealing with offences pertaining to corruption in India; its salient features are discussed below.

1. New concept of “Public duty” introduces u/s 2(a) of the said act.

2. Scope of definition of “Public Servant” has given wider scope as compared or contemplated or existed in the IPC.

3. Offences relating to corruption in the IPC have been deleted and brought in chapter III of the said act.
4. All cases as per sec.3 of the said act are to be tried only by appoint special judges.

5. Proceedings of the court have to be held on a day to day basis.

6. Penalty provides for various offences in earlier laws are enacted.

7. To provide for expeditious trial, sec.22 provide certain modification u/s 243,309, 317 and 397 Cr.P.C in analogous to sec.7 of The Prevention of Corruption Act, 1988.

8. It has been stipulated under this act that, no court shall stay the proceedings under the act on the ground of any error or irregularity in the sanction granted unless in the opinion of the court it has led to failure of justice.

9. Other existing provision regarding presumption immunity to bribe given, investigation by an officer of the rank of Deputy Superintendent of Police access to record have been retained.

4.2.4. (b) **Sec.3-** Definition, meaning and scope of “Public Servant” which covers 12 categories of persons whether appointed by the government or not. In Habibullah Khan case\(^\text{14}\) High Court held that, an MLA, M.P is not a public servant as contemplated u/s 2(e) (VIII) of the Prevention of Corruption Act, 1988. Since he performs duties and such duty
were in the nature of public duties and hold an office. Said
judgement is confirmed by Hon’ble Apex Court. In
P.V.Narasimha Rao case\textsuperscript{15} held that, sanction is not necessary
for the court to take the cognizance of offence and prosecuting
agency shall file a chargesheet against M.P. for offence
punishable u/s 7,10,11,13 and 15 of the act and obtain the
permission of the chairman of the Rajyasabha or Speaker of the
Loksabha as the case may be.

Supreme Court held that Minister, Prime Minister,
Chief Minister are public servants and fall within the preview
of The Prevention of Corruption Act, 1988\textsuperscript{16} Whereas, Hon’ble
Supreme Court held that, the Chairman of the Co-operative
Society is a public servant.\textsuperscript{17}

Hon’ble Supreme Court held that, retirement,
resignation, dismissal or superannuation of public servant
would not wide out the offence therefore person ceased to be
public servant can also be prosecuted for an offence of criminal
misconduct specified under Sec.5 of The Prevention of
Corruption Act, 1988.\textsuperscript{18}

In order to ensure speedy trial of corruption cases the
Prevention of Corruption Act, 1988 made following special
provision -

\begin{itemize}
  \item[a)] All cases under the act are to be tried by Special Judge
  and even to appoint Special judge for a particular area
  or for a particular case.\textsuperscript{19}
\end{itemize}
held that appointment of special judge is absolute power of government.

b) The proceeding of the court should be held day-to-day

c) To avoid delay and speed up the trial Prevention of Corruption Act, 1988 provides to appoint special judge dealing with only for corruption cases.

4.2.4 (c) Taking gratification, for exercise of personal influence with public servant. (Section 5)

According to Section 5 of the Prevention of the Corruption Act the provision of Special judges to take cognizance which says -

1) A special judge may take cognizance of offences without the accused being committed to him for trial and in trying the accused person, shall follow the procedure prescribed by the code of criminal procedure, 1973, for trial of warrant cases by Magistrate.

2) A special judge may, with a view to obtaining the evidence of any person supposed to have been directly or indirectly concerned in, or privy to an offence, tender a pardon to such person on condition of his making a full and true disclosure of the whole circumstances within his knowledge relating to the offence and to every other person concerned, whether as principal or abettor, in the commission thereof and any pardon so
tendered shall, for the purpose of Sub-Section (1) to (5) of the Sec.308 of the Criminal Procedure Code, 1973, be deemed to have been tendered u/s. 307 of that Code.

3) In Sub-Section (1) or Sub-Section (2) of Sec.308 of Code of Criminal Procedure, 1973, shall so far as they are not inconsistent with this Act, apply to the proceedings before a Special Judge and for the purpose of the said provisions, the court of the Special Judge shall be deemed to be a court of Sessions and the person conducting a prosecution before a Special Judge shall be deemed to be a public prosecutor.

4) In a particular and without prejudice to the generality of the provisions contained in Sub-Section (3) of the provisions of Sections 326 and 475 of the Criminal Procedure Code, 1973, apply to the proceedings before a special judge and for the purpose of the said provisions, a special judge shall be deemed to be a Magistrate.

5) A special judge may pass upon any person convicted by him any sentence authorized by law for the punishment of the offence of which such person is convicted.

6) A special Judge, while trying all offence punishable under this Act, shall exercise all the powers and functions exercise by a District Judge under the Criminal law Amendment Ordnance, 1944.
4.2.4. (d) **Public servant taking gratification other than legal remuneration in respect of an official act (under sec. 7 of Prevention of Corruption Act).**

Whoever, being, or expecting to be a public servant, accepts or obtains or agrees to accept or attempts to obtain from any person, for himself or for any other person, any gratification whatever, other than legal remuneration, as a motive or reward forbearing to show, in the exercise of his official functions, favor or disfavor to any person or for rendering or attempting to render any service of disservice to any person, with the central government or any state government or parliament or the legislature of any state or with any local authority. Corporations or government companies referred to in Clause (c) of sec. 2 or with any public servant. Whether named or otherwise, shall be punishable with imprisonment which shall be not less than six months but which may extend to five years and shall also be liable to fine.

Various acts of omissions and commissions defined as offences under the Prevention of Corruption Act can be broadly divided into the following categories:

(i) Bribery of Public Servants: punishable by secs. 7, 10, 11 & 12 of the Corruption Act. Sec. 7 punishes a public servant or a person expecting to be a public servant, who accepts or obtains or agrees to accept or attempts to obtain from any person, for himself or for
any other person, any gratification, other than legal remuneration, as a motive or reward for doing or forbearing to do any official act. The important point to note is that even the sheer demand of a bribe or agreeing to accept a bribe is an offence under this law. Actual exchange of a bribe is not an essential requirement to be prosecuted under this law.

4.2.4. (e) **Taking gratification, in order, by corrupt or illegal means, to influence public servant (Sec.9).**

Personal influence (sec. 9), any public servant, to do or forbear to do any official act. These offences are punishable with a minimum imprisonment of six months, extendable up to five years, and also with a fine.

Whoever accepts or obtains, or agrees to accept, or attempts to obtain, from any person, for himself or for any other person, any gratification whatever as a motive or reward for inducing, by corruption or illegal mean, any public servant, whether named or otherwise to do or to forbear to do any official act, or in the exercise of the official functions of such public servant to show favor or disfavor to any person to any person with the central government or any state government or parliament or the legislature of any state or with any local authority corporation or government company referred to in clause (c) of Section 2, or with any public servant, whether
named or otherwise shall be not less than six months but which may extend to five years and shall also be liable to fine.

4.2.4. (f) Punishment for abatement by public servant of offences defined in Sections 8 or 9.

Sec. 8 and 9 punish middlemen or touts who accept or obtain or agree to accept or attempt to obtain gratification as a motive or reward for inducing by corrupt or illegal means, (sec. 8) or by exercise of

Whoever, being a public servant, in respect of whom, either of the offences defined in sections 8 or 9 is committed, abets the offence, whether or not that offence is committed in consequence of that abatement shall be punishable with imprisonment for a term which shall be not less than six months but which may extend to five years and shall also be liable to fine.

4.2.4. (g) Public servant obtaining valuable thing without consideration from person concerned in proceeding or business transacted by such public servant.

Section 11 provides that: -

Whoever, being a public servant, accepts or obtains or agrees to accept or attempts to obtain for himself, or for any other person, any valuable thing without consideration, or for a consideration which he knows to be in-adequate from any
person whom he knows to have been or to be, or to be likely to be concerned in any proceeding or business transacted or about to be transacted by such public servant, or having any connection with the official functions of himself or of any public servant to whom he is subordinate, or from any person whom he knows to be interested in or related to the person so concerned, shall be punishable with imprisonment for a term which shall be not less than six months but which may extend to five years and shall also be liable to fine.

4.2.4. (h) **Punishment for abatement, of offence Defined in Sections 7 or 11:**

Whoever abets any offence punishable under Sec.7 or Sec.11 whether or not that offence is committed in consequences of that abatement, shall be punishable with imprisonment for a term which shall be not less than six months but which may extend to five years and shall also be liable to fine.

4.2.4. (i) **Section 12**

A willing bribe giver is also punishable under sec.12 of the Corruption Act. Further, those public servants who do not take a bribe directly, but through middlemen or touts, and those who take valuable things from a person with whom they have or are likely to have official dealings, are also punishable as per
sec.10 and 11 respectively. It is obvious that, there is zero tolerance for corruption by public servants in the law.

4.2.4. (j) **Criminal misconduct by a public servant Sec.13**

Sec. 13 of the act provides that: public servants who dishonestly or fraudulently misappropriate or convert to their own use any property entrusted to them as a public servant. This offence is punishable with a minimum imprisonment of one year, extendable up to seven years, and also with a fine.

A public servant is said to commit the offence of criminal misconduct.

a) If he habitually accepts or obtains or agrees to accept or attempts to obtain from any person for himself or for any other person any gratification other than legal remuneration as a motive or reward such as is mentioned in Sec.7;

or

b) If he habitually accepts or obtains or agrees to accept or attempts to obtain for himself or for any other person, any valuable thing without consideration or for a consideration which he knows to be inadequate from any person whom he knows to have been, or to be or to be likely to be concerned in any proceeding or business transacted or about to be transacted by him, or having any connection with the official functions of himself or
of any public servant to whom he is subordinate, or from any person whom he knows to be interested in or related to the person so concerned;

or

c) If he dishonestly misappropriates or otherwise converts for his own use any property entrusted to him or under his control as a public servant or allows any other person so to do;

or

d) If he,

i) By corrupt or illegal means for himself or for any other person any valuable thing or pecuniary advantage;

or

ii) By abusing his position as a public servant obtains for himself or for any other person any valuable thing or pecuniary advantage;

or

iii) While holding office as a public servant, obtains for any person any valuable thing or pecuniary advantage without any public interest;

or

e) If he or any person on his behalf is in possession or has at any time dwelling the period of his office, been in possession for which the public servant cannot
satisfactorily account of pecuniary resources or property disproportionate to his known sources of income.

2) Any public servant who commits criminal misconduct shall be punishable with imprisonment for a term which shall be not less than one year but which may extend to seven years and shall also be liable to fine.

Abuse of Functions by Public Servants: punishable by sec. 13 (1) (d) of the Corruption Act.\(^\text{21}\)

Sec.13 (1) (d) punishes public servants who abuse their official position to obtain for themselves or any other person, any valuable thing or pecuniary advantage. This offence is also punishable with a minimum imprisonment of one year, extendable up to seven years, and also with a fine.

4.2.4. (k) Habitual committing of offence discussed under Section 8, 9 and 12 of the Act

According to Section 14 Whoever, habitually commits

a) An offence punishable under Section 8 or 9; or

b) An offence punishable under section 12

shall be punishable with imprisonment for a term which shall be not less than two years but which may extend to seven years and shall also be liable to fine.
Persons who habitually act as middlemen or touts, or who pay bribes, are punishable with a minimum imprisonment of two years, extendable up to seven years and also with a fine, as per sec.14.

4.2.4. (l) **Punishment for attempt:**

Section 15 of the Act deals with the punishment for attempt which says-

Whoever, attempts to commit an offence referred to in clause (c) or clause (d) of Sub-Section (1) of Section 13 shall be punishable with imprisonment for a term, which may extend to three years and with fine.

Attempt at Certain Offences by Public Servants punishable by sec. 15 of the Corruption Act an attempt at committing offences pertaining to criminal misappropriation of property or abuse of official position by a public servant is punishable with imprisonment for up to three years and also with a fine.

4.2.4. (m) **Matters to be taken into consideration for fixing fine described in Section 16:**

Determination of Quantum of Fine - sec.16 of The Prevention of Corruption Act, 1988 mandates that, while fixing the amount of a fine as part of penalty for committing an offence under this Act, the court will take into consideration the
value of the properties which are proceeds of crime, and in case of disproportionate assets, pecuniary resources or property for which the accused is unable to account satisfactorily.

Where a sentence of fine is imposed under sub sec. (2) of sec.13 or sec.14, the court in fixing the amount of the fine shall take into consideration the amount or the value of the property, if any, which the accused person has obtained by committing the offence of where the conviction is for an offence referred to in clause (e) of sub-section (1) of Section 13, the pecuniary resources or property referred to in that clause for which the accused person is unable to account to account satisfactorily.

Prevention of Corruption Act is special provision which prevails general provision. Therefore the provisions of this act will have an overriding effect over the general provision contained in Criminal Procedure Code.

4.2.5. Other laws and enactments to control Corruption

A. The Import and Export Control Act, 1947

In India, there are several Acts and policies enacted to have a uniform practice in export & import trade practices. Among those Acts, Imports and Exports (Control) Act, 1947, Foreign Trade (Development and Regulation) Act, 1992 and Import-Export (EXIM) Policy 1997-2002 are few significant Acts and policies. The Imports and Exports (Control) Act, 1947
has been replaced by Foreign Trade (Development and Regulation) Act, 1992 to empower the central government to have more control on exports and imports activities.

B. **The Essential Commodities Act, 1955**

The Essential Commodities Act is an act of Parliament of India which was established to ensure the delivery of certain commodities or products, the supply of which if obstructed owing to hoarding or black-marketing would affect the normal life of the people. This includes foodstuff, drugs, fuel (petroleum products) etc.

C. **The Companies Act, 1956**

The Companies Act 1956 is an Act of the Parliament of India, enacted in 1956, which enabled companies to be formed by registration, and set out the responsibilities of companies, their directors and secretaries. The Companies Act 1956 is administered by the Government of India through the Ministry of Corporate Affairs and the Offices of Registrar of Companies, Official Liquidators, Public Trustee, Company Law Board, Director of Inspection, etc. The Registrar of Companies (ROC) handles incorporation of new companies and the administration of running companies.

Since its commencement, it has been amended many times, in which amendment of 1988, 1990, 1996, 2000 and 2011 are notable.

Direct Tax legislation are one of the significant modes which enables the State to release the objectives of both social and economic justice as also defraying the cost of rendering public services on the part of the state, economic order as enunciated in part IV (i.e. of Directive principles of State policy) of the Constitution of India. The emphasis is shifting progressively to voluntary compliance of tax laws; but it will be an exercise in futility, in cases it is not backed by strong deterrence it against tax evaders so that they do not go with impunity.

There are three models built in the fiscal legislation for encouraging tax compliance:

a) Charge of interest
b) Imposition of Penalty
c) Launching of prosecution against tax delinquents

While charging of interest is compensatory on character, the imposition of penalty and institution of prosecution proceedings act as strong deterrence against potential tax delinquents.

Chapter XVII and XXI of Income Tax Act, 1961 contain various provisions empowering an income tax authority to levy penalty in case of certain defaults.
Penalties and Prosecutions

i) Section 140 A (3) of the Act deals with Failure to pay whole or any part of income-tax and / or interest in accordance with the provisions of Section 140A (1)

ii) Section 221 (1) of the Act deals with Default in making payment of tax within prescribed time.

iii) Section 271(1)(b) of the Act deals with Failure to comply with a notice under Section 142(1) or 143(2) or with a direction issued under Section 142(2A), if there is failure fine Rs.10,000/- for each failure.

iv) Section 271(A) of the Act deals with Failure to keep or maintain books of account, documents etc. as required under section 44AA fine Rs.25,000/-.

v) Section 271 AAA of the Act deals with undisclosed income in the case of search, fine 10% of undisclosed income of specified previous year.

vi) Section 271 B of the Act deals with Failure to get accounts audited under section 44AB or furnish such report as a required under Section 44AB. Fine ½ % of the total sales turnover, or gross-receipts.

vii) Section 271 BA of the Act deals with Failure to submit report under section 92E, Fine Rs.1,00,000/-.
viii) Section 2 HF of the Act deals with Failure to furnish return of income as required by Section 139(1) before the end of relevant assessment year fine Rs.5,000/-. 

ix) Section 271 FA of the Act deals with Failure to furnish annual information return within prescribed time under Section 285 BA (1) Fine Rs.100/- for every day during the failure continues.

x) Section 271 FB of the Act deals with Failure to furnish return of Fringe benefits fine, Rs.100/- per day during which the failure continues.

xi) Section 271 G of the Act deals with Failure to furnish information or documents under Section 92D, Fine 2% of value of the international transaction for each failure.

xii) Section 271 (1) (A) of the Act deals with Failure to answer any question put to the person (who is legally bound to state the truth of any matter touching the subject to his assessment) by an income-Tax authority. Fine Rs.10,000/- for each fault.

xiii) Section 272 1(b) of the Act deals with Failure to sign any statement made by a person in course of income-tax proceeding fine Rs.10,000/- each default.

xiv) Section 272 A(1)(C) of the Act deals with Failure to comply with summons issued under section 131(1) to attend office to give evidence and produce books of
account or other documents for Rs.10,000/- for each default.

xv) Section 272A (2) of the Act deals with Failure to comply with a notice issued section 94, to give notice of discontinuance of business/ profession under Section 176(3); to furnish returns/ statement mentioned in Section 133, 206, 206 C or Section 134 (or of any entry in such register or to allow copies of such register to be taken); to furnish return of income under Section 139(4A) or 139(4C) or to deliver in due time a declaration mentioned in section 197A or 206 C(1A); to furnish a certificate and required in section 203 or 206C; to deduct any pay tax under section 226, to furnish statement as required by section 192 (2c); to deliver a copy of quarterly statement or TDS / TCS Section 200(3) / 206 C (3); to deliver quarterly return under Section 206A. Fine Rs. 100 for every day during which default continues.

Offences and Prosecution:

Section – 272 A of the Act deals with

Dealing with seized assets in contravention of the order made by the officer conducting search punishment rigorous imprisonment of 2 years fine.

Section – 275 B of the Act deals with
* Failure to comply with the provisions of Section 132(1) (ii b) punishment imprisonment up to 2 years and fine.

* Removal, concealment, transfer or delivery of property to thwart tax recovery, punishment up to 2 years and fine.

Section – 276 A of the Act deals with

* Failure to comply with the provisions of Section 178(1)(3) by liquidator of a company punishment up to 2 years and fine.

Section – 276 B of the Act deals with

* Failure to pay tax to the Government’s treasury of failure to pay the Government tax payable by him as required by Section 115-o (2) or Second proviso to Section 194 B. Punishment minimum 3 month imprisonment and fine and maximum 7 years and fine.

Section – 276 BB of the Act deals with

* Failure to pay to the credit of central government tax collected under Section 206C punishment, minimum imprisonment of 3 months and maximum 7 years and fine.

Section – 276C (1) of the Act deals with

Willful attempt to evade tax, penalty or interest imposable under the Act, minimum punishment
Rs.1, 00, 000/- and 6 months imprisonment and maximum.

*Section – 276 C (2)* of the Act deals with

Willful attempt to evade the payment of any tax, penalty or interest minimum punishment 3 month imprisonment and fine maximum 3 years and fine.

*Section – 276 CC* of the Act deals with

Willful failure to file return of income in time under section 139(1) or Section 148 of Section 153A or willful failure to file in time return of fringe benefit under Section 115W D (1) or in response to notice under Section 115 WH (2) Minimum punishment imprisonment 3 months and fine maximum 7 years and fine.

*Section – 276 D* of the Act deals with

Willful failure to produce books of account and documents or willful failure to comply with a direction to get the accounts audited punishment up to 1 year and fine up to 10 Rs. daily.

*Section – 277* of the Act deals with

Making a false statement in verification or delivering a false account or statement punishment minimum 3 month and maximum 7 years imprisonment and fine up to Rs.100, 000/-. 
Section – 277A of the Act deals with

Falsification of books of account or documents etc. Minimum punishment imprisonment 3 months and fine maximum imprisonment 3 years and fine.

Section – 278 of the Act deals with

Abatement to make a false statement or declaration punishment imprisonment 3 months and fine Rs. 1, 00, 000/- and maximum 7 years and fine Rs.1, 00,000/-. 

Section – 278 A of the Act deals with

Punishment for second and subsequent offences under Section 276B, 276C (1), 276CC, 277 or 278. Minimum punishment 6 months maximum 7 years imprisonment for every of the offence.

Section – 278 BC of the Act deals with

Offences committed by companies/ firms/ HUMs and criminal liability of managing director, managing partner, Karta or any such officer, who willfully committed the offence for the company firm or HUF, punishment same in the case of company/ firm/ HUF.

Section – 280(1) of the Act deals with -

Disclosure by public servant in contravention of Section 138(2) [may be prosecuted with
previous sanction of central Government]
punishment imprisonment upto 6 months and
fine.

Offence and punishment under IT, Act 2000.

i) **Section 43** of the Act deals with

Damages to computer, computer system, etc. with
intention to commit fraud punishment compensation to
the tune of Rs.1 crores to the affected person.

ii) **Section 44(a)** of the Act deals with

For failing to furnish any document returns on report to
the controller or the certifying authority. Penalty not
exceeding one lacks and fifty thousand rupees for each
such failure.

iii) **Section 44(b)** of the Act deals with

For failing to file any return or furnish any information
or other document within the prescribed time. Penalty
not exceeding five thousand rupees for every day during
which such failure continues.

iv) **Section 44(c)** of the Act deals with

For not maintaining books of account or records,
penalty not exceeding the thousand rupees for every day
during which the failure continues.

v) **Section 65** of the Act deals with
Tampering with computer source document
imprisonment up to three years, or with fine which may
extend up to two lack rupees, or with both.

vi) **Section 66** of the Act deals with

vii) **Section 67** of the Act deals with

Publication of obscene material in any electronic form,
punishment imprisonment up to 5 years and with fine
which may extend to one lack rupees on first conviction
and its double punishment for second and subsequent
conviction.

vii) **Section 68** of the Act deals with

For failing to comply with the directions of the
controller-punishment imprisonment up to 3 years and
fine up to two lacks or both.

vii) **Section 70** of the Act deals with

Securing or attempting to secure access to a protected
system. Punishment imprisonment which may extend to
10 years and fine.

viii) **Section 71** of the Act deals with

For misrepresenting or suppression of any material fact
from the controller or the certifying Authority.
Punishment imprisonment up to 2 years or fine up to
rupees one lack or with both.

ix) **Section 72** of the Act deals with
For break of confidentiality and privacy. Punishment imprisonment up to 2 years or fine up to rupees one lack or with both.

x) **Section 73** of the Act deals with

For punishing digital signature certificate false in certain particulars, punishment imprisonment up to two years or with fine which may extend to one lack rupees or with both.

xi) **Section 74** of the Act deals with

Publication of Digital signature certificate for any fraudulent or unlawful purpose. Punishment imprisonment up to two years or fine up to rupees one lacks.

dii) **Section 76** of the Act deals with

Any computer, computer system, floppies, compact disk, tape drives or any other accessories related thereto used for contravention of this Act, rules, orders or regulations made under, punishment liable to confiscation.

E. **The Customs Act, 1962**

The Central Board of Direct Taxes and the Central Board of Excise and Customs are its revenue eyes governments require resources to discharge their multifarious obligations. The problem of arresting
evasion and avoidance of Taxes as well as growth of black money is as old as the rocks. The problem has assumed gigantic proportions and sophistication.

The quoted advice of Kausalya that, taxes should be collected as painlessly as the bee sucks the honey from the flower. The Kachhit Sarga of Valmiki’s Ramayana contains a similar advice. The ideal of the state should be to so conduct its affairs, without causing hassles or harassment in enforcing the law. The Constitution ordains likewise.

Perfection is a never ending quest. If through the process of restructuring the central Board of Excise and Customs, additional resources could be raised, concurrently arresting evasion and avoidance, it is certainly a wholesome goal.

**Different provisions in Customs Act for penalties:**

i) Section 113 of the Act, deals with the Confiscation of goods attempted to be improperly exported etc.

ii) Section 114 of the Act, deals with Penalty for attempt to export goods improperly, etc.

iii) Section 114 A of the Act, deals with Penalty for short-levy or non-levy of duty in certain cases.

iv) Section 115 of the Act, deals with Confiscation of conveyances
v) Section 116 of the Act, deals with Penalty for not accounting for goods.

vi) Section 117 of the Act, deals with Penalties for contravention etc. not expressly mentioned.

vii) Section 118 of the Act, deals with Confiscation of packages and their contents.

viii) Section 119 of the Act, deals with Confiscation of goods used for concealing smuggled goods.

ix) Section 120 of the Act, deals with Confiscation of smuggled goods notwithstanding any change in form etc.

x) Section 121 of the Act, deals with Confiscation of sale-proceeds of smuggled goods.

xi) Section 122 of the Act, deals with Adjudication of confiscations and penalties.

Offences and Prosecutions:

Sec.132 of the Act, deals with false declaration, false documents etc.

Whoever makes, signs or uses, or causes to be made, signed or used, any declaration, statement or document in the transaction of any business relating to the customs, knowing or having reason to believe that such declaration statement or document is false in any material particular, shall be punishable
with imprisonment for a term which may extend to six months, or with both.

_Sec.133_ of the Act deals with obstruction of officer of customs:
If any person intentionally obstructs any officer of customs in the exercise of any power conferred under this Act. Such person shall be punishable with imprisonment for a term which may extend to six months, or with fine, or with both.  

_Sec.134_ of the Act deals with Refusal to be X-rayed – If any person:

a) Resist or refuses to allow a radiologist to screen or to take x-ray picture of his body in accordance with an order made by the Magistrate under section 103 or

b) Resist or refuses to allow suitable action being taken on the advice and under the supervision of a registered medical practitioner for bringing out goods liable to confiscation secreted inside his body, as provided in Section 103 he shall be punishable with imprisonment for a term which may extend to six months or with fine, or with both.

F. _The Gold Control Act, 1968_

The Gold (Control) Act, 1968 is a repealed Act of the Parliament of India which was enacted to control sale and holding of gold in personal possession. However excessive
demand for gold in India with negligible indigenous production is met with gold imports leading to drastic devaluation of Indian rupee and depletion of foreign exchange reserves to alarming levels. Devaluation of Indian rupee is also leading to steep rise in food commodity prices due to costlier petroleum products imports. In these circumstances, the gold import policy of India aims at curbing the gold imports to manageable level time to time by imposing taxes and legal restrictions.

G. **The Foreign Exchange Regulation Act, 1973 (FERA)**

The Foreign Exchange Regulation Act (FERA) was legislation passed by the Indian Parliament in 1973 by the government of Indira Gandhi and came into force with effect from January 1, 1974. FERA imposed strict regulations on certain kinds of payments, the dealings in foreign exchange and securities and the transactions which had an indirect impact on the foreign exchange and the import and export of currency. The bill was formulated with the aim of regulating payments and foreign exchange.

H. **The Sick Industrial Companies Act, 1985 (SEBI)**

I. **The Benami Transaction (Prohibition) Act, 1988.**

Benami Transactions (Prohibition) Act, 1988 is an Act of Parliament of India that prohibits Benami transactions and
the right to recover property held Benami. It came into force on 5 September 1988. The Benami transaction is any transaction in which property is transferred to one person for a consideration paid by another person.

Most of the wealth in India which is accumulated through corrupt means gets invested in Benami immovable property, gold and jewellery, high value consumer goods and other conspicuous consumption.


Middlemen or touts, who take huge commissions for brokering deals pertaining to purchases from foreign suppliers, often transfer such money in foreign currencies, claiming it to be the proceeds of some business abroad. This Act empowers the Directorate of Enforcement, India to investigate and prosecute such persons under the said act.


“Money laundering” is a process where dishonest or illegally obtained money is transferred so that it appears to have original from a legitimate source. Money laundering is a source of corruption in the country.

“Money Laundering” is very interesting word. It means “any property derived or obtains as a result of criminal activity such property is always “Black Money or Dirty Money”. Black
money is that, money which is not legitimate property of the owner. By way of this illegal activity that Black Money is put into transaction or washed out so that it is converted into clean Money.

Money laundering is a process where dishonest or illegally obtained money is transferred so that it appears to have original from a legitimate source. White collar crimes can be considered the main used of Money laundering. Now a day Money laundering become a source of corruption in the every country.

In India, The Prevention of Anti-Money Laundering PMLA is a criminal law which came into force from 1st July 2005. Under the scheme of the Act, money laundering linked to the predicate scheduled offences is liable for punishment. There are 156 offences in 28 different statutes which are Scheduled Offences under PMLA.

Section 3 of PMLA defines the offence of money laundering. This act empowers the Directorate of Enforcement and Financial Intelligence Unit both are agencies of the government of India to investigate and prosecute such person under the act.

Many public servants are able to hold their ill-gotten wealth in foreign countries, which they subsequently transfer to
their homeland through money laundering, disguising them as funds, apparently from a legal source. This Act empowers the Directorate of Enforcement, India, and Financial Intelligence Unit, India, both agencies of the Government of India, to investigate and prosecute such persons under the said Act.

To eradicate or combat the corruption the prevention of The Money Laundering Act, 2002 was enacted empowering the Directorate of Enforcement India and Financial Intelligence Unit to investigate and prosecute such public servant who held wealth in foreign countries and transfer to his homeland through money laundering.

L. **The Right to Information Act, 2005**

The Right to Information Act, 2005 gave some teeth to anti-corruption activists and empowered the public to probe the activities of government officials and expose corruption.

The Right to Information Act, 2005 is a very powerful piece of legislation to fight against corruption. Right to Information mere enacting anti-corruption laws is not enough. There must be a strong agency to implement those acts effectively and prevent the corruption in public life for effective implementation of anti-corruption law and agencies are established. The Right to Information Act, 2005 was enacted with object to ensuring efficiency, transparency and
accountability in public life. Enacting the Right to Information Act, 2005 is a revolutionary step towards the eradication of corruption from public life.

Generally laws are made to control citizens to prevent them from doing crimes etc. But Right to Information Act has been made to empower citizens to make government and government officials responsible, make transparency in government administrative work and to reduce corruption. The concept of information as contemplated under The Right to Information Act, 2005 comes from fundamental rights under the Constitution of India. This Act came into force from 12.10.2005 and is applicable to all India excluding state of Jammu and Kashmir.

An Indian citizen can get any information held by government, certified copies of Government document and record. Beside he can personally inspect government records and take copies thereof. It is a well-known fact that too much secrecy in public administration breeds corruption. The Right to Information Act aims at ensuring efficiency, transparency and accountability in public life. This Act requires all public authorities, except the ones that handle work relating to national security, to publish all information about their functioning at regular intervals through various means of communication, including the Internet. Now any person can seek any information from the concerned public authority just
by filing an application at almost at no cost. The public authority has to reply to the application compulsorily within 30 days. If the information sought is denied, the applicant has a right to agitate further before the appellate authorities under this Act. This can indeed be described as a revolutionary step towards the eradication of corruption from public life.

M. The Lokpal and Lokayuktas Act, 2013

The Lokpal and Lokayuktas Act, 2013 which came into force from 16th January, 2014. Lokpal is the observer on the functioning of Minister and Members of Parliament. Lokpal is like an ombudsman as an independent body to enquire into cases of corruption against public bodies. The origin of the Lokpal (anti-corruption ombudsman) will have police powers. It will be able to register FIRs, proceed with criminal investigations and launch prosecution.

Lokayuktas have no power to punish anyone, they can only recommend punishments, and their recommendations are rarely acted upon. Constitutional safeguard be given to such agencies which are expected to be watchdog against wrong doings by high public authorities.

Before a years, Shri.Anna Hazare, Social Activist has also observed fast up to death to introduce the ‘Jan Lokpal Bill’ which have the same concept of ombudsman, even the Jan Lokpal will have great power and freedom to act against
corruption. In this the Lokpal will be called ‘Jan Lokpal’ means representative of the people. Due to social pressure of Anna Hazare and work of the drafting committee on Jan Lokpal Bill will be started. This Jan Lokpal Bill is of based on proposal which was made in the year 1967 by Administrative Reform Commission.

Three major features of the Jan Lokpal Bill are-

1. Jan Lokpal will be an independent body, similar to the Election Commission. Appointments will be made by judges, prominent civil society personalities, and constitutional authorities and by politicians, through a completely transparent and participatory process. So, the government cannot influence its activities.

2. The anti-corruption wing of the CBI will be under it and not under government control. In fact, the CVC and departmental vigilance is also proposed to be under Lokpal so that there is just one body to deal with all corruption complaints. So, politicians, MPs and ministers will not be able to influence the investigation or protect the guilty. Lokpal will have complete powers and machinery to independently investigate and prosecute any officer, judge or politician.

3. Time bound investigation and trial. Investigation in any case will have to be completed within six months and
the trial is in within another year. So, the corrupt office holder or politician will be in jail within a year.

N. The Whistle Blower Protection Act, 2014

The Whistle Blowers Protection Act, 2011 came w.e.f. 9th May, 2014. Whistle-blowers play a crucial and powerful role in keeping corruption free atmosphere in administration. Whistle blowing, within the government organisation or institution is effective tool for prevention of illegal or corrupt activities within that organisation. The whistle-blower provides information about corrupt activities of the institution and contributes towards the prevention of corruption process. Therefore, there is a need of protection and proper care to the whistle blowers in reporting the corruption cases or misuse of the power by the government.

One of the measure adopted in several western countries to fight corruption is the enactment of a the “Whistle Blower Act” the object of such enactment is to improved accountability in the government and public sector organization by encouraging people not to neglect malpractices in these organization but to report the same to a competent authority for taking necessary legal action against them. Offence of corruption or a scam / scandals are always committed in collusion with other person. That person may be known or outsider whenever corruption or corrupt practices take place, someone or other person in the same organization is bound to
know about it. In the public interest such person of the said organization to be promoted to open such information before the specified or competent authority so whistleblower is that person who raises a voice about the wrongdoing occurring in an organization or body of people.

The basic object of the Whistle Blower Protection Act, 2014 is to provide protection from dismissal or victimization of these persons. To prevent open corrupt practices in the interest of society, these persons are known as ‘Whistle blower’. Protection for the whistle blowers is also a very important matter that needs the attention of government policy. Recently Whistle Blower Protection Act, 2014 is enacted to protect these whistle blowers considering the serious threat of their lives received. But said act is also not sufficient and required to amend.

China has established a 24 hour whistle blowing hotline number at which people can register their complaints against officials indulged in corruption.

O. **The Electricity Supply Act, 2003**

The act covers major issues involving generation, distribution, transmission and trading in power. While some of the sections have already been enacted and are yielding benefits, there are a few other sections that are yet to be fully enforced till date.
Before Electricity Act, 2003, the Indian electricity sector was guided by The Indian Electricity Act, 1910 and The Electricity (Supply) Act, 1948. The generation, distribution and transmission were carried out mainly by the State Electricity Boards in various States. Due to politico-economic situation, the cross-subsidies reached at an unsustainable level. For the purpose of distancing state governments from tariff determination, The Electricity Regulatory Commissions Act was enacted in 1998. So as to reform electricity sector further by participation of private sector and to bring in competition, Electricity Act was enacted in 2003.

With effect from 2 June 2003 India has adopted a new legislation called the Electricity Act 2003, to replace some age-old existing legislation operating in the country. The new act consolidates the position for existing laws and aims to provide for measures conducive to the development of electricity industry in the country. The act has attempted to address certain issues that have slowed down the reform process in the country and consequently has generated new hopes for the electricity industry.

An act to consolidate the laws relating to generation, transmission, distribution, trading and use of electricity for taking measures conducive to development of electricity industry, promoting competition therein, protecting interest of
consumers and supply of electricity to all areas, rationalization of electricity tariff, ensuring transparent policies regarding subsidies, promotion of efficient and environmentally benign policies, constitution of Central Electricity Authority Regulatory Commissions and establishments of Appellate Tribunal for matters therewith or incident thereto.

In number of landmark judgments Apex Court pointed out that, due to vagueness under the Electricity Law sources of corruption automatically generated.

**P. The Food Safety Act, 1990**

The Food Safety Act 1990 is an Act of the Parliament of the United Kingdom. It is the statutory obligation on the part of owner to treat food intended for human consumption must be in a controlled and managed way. The key requirements of the Act are that food must comply with food safety requirements, must be "of the nature, substance and quality demanded", and must be correctly described with labeled.

This Act contains information of unclear or questionable importance or relevance to the article's subject matter which clarifies or removes superfluous information. Advertisement includes any notice, circular, label, wrapping, invoice or other document or presentation, and any broadcast or
The Ministry of Health and Family Welfare is responsible for ensuring safe to the consumers, keeping this in view, a legislation called 'Prevention of Food Adulteration Act, 1954' was enacted. The objective envisaged in this legislation was to ensure pure and wholesome food to the consumers also to prevent fraud or deception. The Act has been amended thrice in 1964, 1976 and in 1986 with the objective of plugging the loopholes and making the punishments more stringent and empowering consumers and voluntary organization to play a more effective role in its implementation.

The subject of the prevention of Food Adulteration is in the concurrent list of constitution. However, in general, the enforcement of the Act is done by the State Government. The Central Government primarily plays an advisory role in its implementation besides carrying out various statutory functions/ duties assigned to it under the various provisions of the Act.

The laws regulating the quality of food have been in force in the country since 1899. Until 1954, several States formulated their own food laws. But there was a considerable variance in the rules and specifications of the food, which
interfered with inter-provincial trade. The Central Advisory Board appointed by the Government of India in and the food Adulteration committee appointed in 1943, reviewed the subject of Food Adulteration and recommended for Central Legislation. The Government for making such legislation as the subjects of food and Drugs Adulteration are included in the concurrent list. The government of India, therefore, enacted a Central Legislation called prevention of food Adulteration (PFA) in the year 1954 which came into effect from 15 June, 1955. The Act repealed all laws, existing at that time in the State concerning food adulteration.

In India a three tier system is in vogue for ensuring food quality and food safety. They are

* Government of India
* State Government
* Local Bodies

The prevention of Food Adulteration Act is Central Legislation. Rules and Standards framed under the Act are uniformly applicable throughout the country. Besides framing of rules and standards. The case of Magi Noddels is the best example under this Act.

**R. Information Technology Act, 2000 (Amended 2009)**

The electronic mode of administration is recognised tool of administration and good governance nowadays.
This mode was universally accepted at global level also.

Information and communication technologies has brought about drastic change in the way of people communicate, and social interaction.

The Information & Communication Technologies (ICT) and E-governance to provide service delivery on-line. The IT Act 2000 brings transparency in the functioning of governmental affairs. By giving statutory status to the E-records, Digital signatures, and Electronic Gazette the present Act made significant attempt in prevention of corruption.

S Citizen Charters.

The concept of Citizen Charters has been introduced to improve the quality of public services. It ensures accountability, transparency and quality of services provided by various government organizations. It enables citizens to avail of services with minimum hassle, in reasonable time, and at a minimum cost. Effective implementation of Citizens Charters will go a long way in controlling corruption. The Government of India has launched an ambitious programmer for formulation and implementation of Citizens Charters in all government departments.
For the smooth and efficient administration, the Central and State Governments have adopted several methods out of which Citizen Charter is most effective method. This tool or technique make sound functioning and increase efficiency and control the corruption and delay in the administrative process. Every public authority or government department has to publish a citizen's charter listing all services rendered by that department along with a grievance redressal mechanism for non-compliance with the Citizen's Charter.

To improve the quality of public services the concept of citizen charters has been introduced to ensure accountability, transparency and quality of services provided by various government organizations. In enables to citizens to avail services with minimum cast and in reasonable time. Effective implementation of citizen charters will control the corruption.
List of references:


2. CBI manual, 182, Para. 1.6 (“in fact, with the establishment of CBI on 1st April, 1963, the Delhi Special Police Establishment was made one of its divisions, viz. ‘investigation and Anti-Corruption division.”).


5. The original Resolution of the Government wide MHA’s No.24/7/64-AVD dated 11th February 1964.


8. Santhanam Committee Report 9.11-9.15

9. Transparency International (TI) is an international anti-corruption body operating in 60 countries with headquarters in Berlin. TI extensively researches global corruption and amongst its publications runs a daily email service, which lists out all reported (in media) corruption and allegations of corruption worldwide.

10. R.S.Nayak v/s A.R.Antulay) AIR 1984 SC 684


15. In P.V. Narasimha Rao v/s State CBU 1988 (Cr.L.J. 2930)

16. In M. Karunanidhi v/s Union of India (1979 Cr.L.J. 773 AIR 1979 SC 898) and Jharkhand Mufti Morcha case


18. State of West Bengal v/s Manmal (1977)


20. Article 15 of the UNCAC

21. Art.19 of the UNCAC

22. Article 27 of the UNCAC

23. Art.19(1) of The Constitution of India