

CHAPTER-2

LITERATURE REVIEW

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The word “Corruption” has come under special care and treatment, especially when performance of entire nations is to be considered. It had particularly made its impact on developing countries. Transparency International (TI) does publish a report in terms of corruption level by compilation of data known as “**Corruption Perception Index (CPI)**” since 1995. The main objective of these reports highlighting the causes of corruption, its impact on growth economically and the other factors those are responsible for its impact at the national at different levels from the overview of existing theoretical and observational literature on corruption.

Corruption has taken variety of forms and has made its existence at every corner of department. The definitions of corruption used in the literatures differ widely. The efforts are made to know what exercises are to be considered as being corrupt or to be corrupt. Generally Corruption is has made its base on its three basic relationships forms. The forms are political elites, then the administrative elites and finally the judicial elites.

Each form of relationship are observed at each level of departments. Firstly, the political corruption defines the act of political leaders and deed by which they utilize their elective powers to make national policies serve their own interests. However it is not easy to identify and measure political corruption because at least some of the society gains from the policies made by the political leaders. Lobbying activities clearly defines such type of deeds.

Secondly, the corrupt acts of the majorly their superiors or with the public are the bureaucratic corruption. In most of the cases, to receive the service they are entitled and required to bribe the bureaucrats to speed up a bureaucratic procedure. In some cases, to get unavailable services bribe is being given. Third, legislative corruption found thriving in electoral democracies. Legislative corruption refers to the different ways of voting behaviour of legislators. In this type of corruption, legislators are bribe by the means of interest to enact legislation that can or change the economic

rents associated with assets. The present literature does states corruption as grand corruption and petty corruption. Grand corruption defines corrupt acts done at the highest levels of society such as Political corruption. On the contrary, petty corruption refers to the corruption that take place in day to day lives of ordinary people such as bribes paid for licenses or traffic violations. Bureaucratic or administrative corruption is another form of petty corruption. Petty corruption is far extended in developing countries as compared with developed ones.

In centralized corruption, the government acts like a monopolist to maximize the entire value of amount paid as bribe. On the other side, in decentralized corruption, individual corrupt officials act to maximize their revenue, and ignore the negative externality they inflict to each other. Thus, decentralized corruption has bigger bribe per unit, but overall revenue from bribes is smaller. Under managed corruption, bribes have a lucid idea to whom and how much to bribe to obtain a favour. In contrast, under chaotic corruption, people are not aware of the amount to pay and to whom it should be paid and that leads to uncertainty which involves delivery of service and paying of further bribes.

The different forms of existence of corruption leads to the lack of a universal definition, while the conclusion and consequences of corruption also differ. For example, bureaucratic corruption is not the mirror images of the political corruption consequences. Economic policies are exploited by corrupt politicians by their powers. As elected officials, politicians are supposed to make decision of resource allocation solely based upon the interest of their principal. Instead, corrupt political entity can change the national policies to serve their own interest by their existence and maximize their pocket wealth at certain cost. On the other hand, corrupt bureaucrats exploit their power to extract bribes while carrying out tasks assigned to them by their superiors-the political elite. Officials in India, it appears, cannot always speed up bureaucratic processes, but can promise to slow down the approval process of rival companies.

The root cause explanation lies in the fact that public officials are entitled to act in the interest of the public; while a varied set of expectations are assigned to members of the private sector. In general, the primary motive behind a private agent's activities is to maximize profit for self pocket enrichment and there is no social cause

involved with the activities of private agents. Occasionally, as seen historically the process of making profit, the private sector's work activities may go against the public interest; while the public sector is supposed to restrain the activities of the private sector to protect the public interest.

The various goals of the private sector from the public sector do make it look as mirage use the word corruption to represent its illegal activity. However, the existing literature considers private sector corruption as the supply side of bribes. Private agents normally always require public goods for the fulfillment of their economic activity, and, if they do not obtain them through the normal process, the private agents offer bribes to public officials, and corruption emerges. At times private sector organizations to pay bribes so as to get away with bad behaviour such as ignoring health and safety regulations or having business rivals stopped. Thus, some illegal behaviour can be encouraged because it increases profits, and the behaviour is tolerated because it is often too costly to be eliminated.

When it comes to defining of corruption, it is as much difficult to measure quantifying corruption. However, there exist some kind of measurement or standard is required when comparison of corruption is done across countries because, it is not possible to make perfect judgments through those comparison, often it is state that developing countries are more corrupt than developed countries. Consequently simple question arises as to how to measure corruption so that inter-country comparisons are meaningful.

In many developing countries the occurrence of petty corruption transpires in day to day life. For example, in India, police officers do collect money in terms of traffic from passing vehicles. If all these amounts are collected in a particular year, than it would substantially exceed the value of buying an fighter aircraft. As seen in developed countries such corrupt transaction does not take place much as compared to developing countries. There it results the ratio of developing countries to be large in corrupt means than as of developed countries is smaller as compared. As seen in country it seems as a good measure of corruption. In this measure of corruption it is not necessary to follow down the exact amount of money collected from each corrupt methods or the transaction particular based on mediums as in exchange as bribe. One

can predict whether the country is more corrupt or not by seeing the scenario about a country's corrupt dealings.

The difficulty in defining and measuring the levels of corruption in different countries has made situation a major issue for the across-country empirical research on corruption. However, researchers have begun to develop corruption indices, based on surveys; most of these are perceived corruption indices. Various agencies do determine country risk by such assessments. The term perception indices make no absolute measures to contribute at cross-country assessments. Based on the subjective evaluations of experts perceived indices is widespread in particular countries.

Until recently, the detrimental effect of growth is on general agreement of corruption. However, theories regarding the strong bad effect of corruption on productiveness have sometimes been mutually conflicting. In addition, the current literature on the influence of corruption also indicates that the effects of corruption tend to exhibit throughout an economy rather than be interned to specific corruption based transactions. The level of investment, on entrepreneurial incentives and resource allocation, as well as the income distribution within a country are under influential effect of Corruption. Thus, it turns out to be essential for understanding exactly how corruption affects these malleable perspectives.

In the existing literature, the effect of corruption on efficiency is based on two opposing strands. The quality of views for unfavorable conditions do increases the bad effect of corruption. The opposing strange views which are labeled as efficiency reducing factors are damaging impact on the efficiency of rusty wheels of corruption where they are being put first in place to clear down all means of work through bribe.

The chapters are arranged, that each chapter provides its brief survey of the concept of corruption and with a view to eliminate corruption in bureaucracy the central and state governments have created a number of Organizations, both at Central and State levels with the sole purpose of identifying corruption-prone Departments in the Administration and weed out corrupt elements. At the Centre, Central Bureau of Investigation has been made Nodal Agency to tackle corruption in Bureaucracy and the branches of this organization have been set up in the state capitals for the same purpose. At the State level, identical organizations named Anti-Corruption Bureau,

Vigilance Commissions, Directorate of Vigilance and Anti-Corruption etc. have been set up for the same purpose.¹

With effect to control the persisting issues of corruption at Central level, Government formed Special Police Establishment in 1943 which was replaced by Delhi Special Police Establishment in 1946. At Present, it is working under Central Bureau of Investigation.²

Central Bureau of Investigation (CBI) came into existence in 1963 by a resolution enforced by Ministry of Home Affairs whereas it is under the Ministry of Personnel and entertained the status of combined working atmosphere. The offences related to economic standards and serious conventional crimes like murders, kidnapping, terrorist crimes, etc., on particular basis are being assign to CBI for investigation since 1965. As elaborating more to it SPE initially had two Wings. Firstly, General Offences Wing (GOW) and Secondly, Economic Offences Wing (EOW). The GOW is assign with the task of cases for bribery and corruption which is related to those of employees of Central Government and Public Sector Undertakings.

The EOW is assign with the task of cases for violation of different economic laws. Under these circumstances, the GOW is held upon to hold at least one Branch in each State, followed by the EOW in the four Metropolitan cities i.e., Delhi, Madras, Bombay and Calcutta. These EOW Branches are entitled to take actions for the offences reported from each branch working under govern area over several states.³

CBI is specialized investigating agency which takes up cases of corruption by the high ranking officers of Central Government and Central Public Sector Undertakings. Cases which have inter-state and international ramifications are also taken up for investigation when referred to by the State Governments or entrusted by Constitutional Courts. Conviction rate in cases prosecuted by CBI has been between 65 to 70 percent which is comparable to the best investigation agencies of the world.

CBI conducts professional investigation and uses the entire latest available scientific tool in gathering evidence. The same is evaluated by the supervisory officers and legal inputs taken whenever considered necessary. This does take time

¹ D. Venkatachalam, "Bureaucracy-An Evolution And a Scheme of Accountability", (1998), p.67.

² Vinay K. Dubey, "Corruption in Public Life", Pratiyogita Darpan, November 2007.

³ Ibid.

but all efforts are made to complete investigation within period of one year or earlier. In complicated cases which need extensive investigation and even outside the country, the effort is to complete the exercise within a period of two years. If required a team of officers is entrusted with the task of investigation. CBI makes all efforts to complete investigation at the earliest.⁴

As the CBI, after decades, set up a firm belief with common repute for caring out the allotted cases impartially and competency, had made a rise in demands to take furthermore investigation of popular crimes such as murder, kidnapping etc. Apart from this, more responsibilities are held on to CBI to investigate on petitions filed on through aggrieved parties by Supreme courts and High Courts. The fact of several cases those falling under the category taken up for investigation by the CBI turn out to be more important to give those cases to the local jurisdiction. It results the establishment of two investigation division in 1987 under the CBI namely, Anti Corruption Division and Special Crimes Division, came into existence for taking action against popular case and offence.

Central Vigilance Commission (CVC) was established in 1964 on the recommendations of the **Santhanam Committee**. In August 1998, this body was given statutory status. The CVC has broad relegated powers to supervise the act of Investigating Agencies like the CBI and Enforcement Directorate. Its ongoing jurisdiction is limited to the Gazette Offences of equivalent status only. It has no power to probe into the cases of political corruption.

The Administrative Reform Commission (ARC) submitted a special interim report on '**Problem of Redressal of Citizens Grievances**' in 1966. In this report ARC recommended the setting up to two special authorities designated as 'Lokpal' and 'Lokayukta' for the redressal of citizens grievances. The Lokpal would deal with complaints against ministers and secretaries at Central and State levels and the Lokayukta would deal with complaints against other specified higher officials. The Government of India accepted the recommendations of ARC in this regard. Bills in this regard were introduced in 1968, 1971, 1977, 1985, 1989, 1996, 1998 and 2001.

⁴ Prof. Kailash Rai, "The Constitutional Law of India", (2008), p. 321.

The Media has a very substantial role in exposing corruption. The Media has a definite role to play in changing society's attitudes. With the advent of PIL, some NGO's are agitating the matters of corruption over the judicial forum and creating some new trends in establishing new legal principles.

The youth can play an important role in combating corruption. Youth constitute about 34% of total population in India. The responsibility for change and progress of the country lies on their shoulders. The young people should unite against corruption, seek to understand it and guard the people against it. Youth is part of solution of the problem because change in the system requires change from the major part and at present youth represents the major part of the population in India.

Human, the Individual human, is the origin of every ethical behavior whether right or wrong. Corruption begins first in the devils heart, first as thoughts and then these thoughts are transformed into concrete actions. At this self control level, one can protect himself from corruption by the formation of good scruple, a scruple that warns you ahead of time, and condemns or criticize the person to protect himself from the corrupt environment. Also he or she is bound to obey the laws of the land and be satisfied to its livelihood and should look more aspects to improve on it. Despite of maintaining high standards of living and refusing to compromise its standards, with no pressure over it, the individual attempt should turn to be safe from being corrupt.

The religious ethics and narratives could contribute to curbing corruption if religion is barely interpreted in terms of ritual practices, but its values lived out and translated into righteous behaviour. The religion based conceptions and narratives could contribute creating an environment in which honesty, integrity and hard work are rewarded and celebrated. It is believed that spiritual routine and values must be insinuated from childhood.

The main implementation for prevention of corruption would be by educating people of all ages and backgrounds would be the key element. With the help of education citizens can learnt their rights and awareness about their government systems, work and would learn how corruption is a problem which is living under the lower standards of lives and how it can be resisted. It depends on the government to enable people with education and informed decisions which help them to believe that their voices do counts. The important role of education is it teaches citizens to truly

part taken in governance representation in civil society. Additionally anticorruption education improves access to information, services attainment, and transparency and civic and will often increase pride in the nation.