CHAPTER 2

CORRUPTION: CONCEPTUAL CONTOURS
Corruption is a complex and multifaceted phenomenon with multiple causes and effects, as it takes on various forms and functions in different contexts. The phenomenon of corruption ranges from the single act of a payment contradicted by law to an endemic malfunction of a political and economic system. The definition of corruption consequently ranges from the broad terms of ‘misuse of public power’ and ‘moral decay’ to strict legal definitions of corruption as an act of bribery involving a public servant and a transfer of tangible resources.

The study of corruption has become ‘multi-disciplinary’ and dispersed, ranging from theoretical modeling of very general situations to detailed descriptions of the single corruption scandal. It has been studied as a problem of political, economic, cultural or moral underdevelopment. The fact that corruption often occurs in complex situations at the same time as it is based on the simplest kind of motives, a banal drive for private enrichment, has made most observers agree that it pervades many societies and that there are no quick-fix solutions to it.

2.1 MEANING OF THE WORD ‘CORRUPTION’

Corruption is derived from the Latin terms *rumpere* (to injure, to destroy) and *corrumpere* (to spoil, to mislead), which implies that some thing is broken or numbed in a society, like the morals, the social code of conduct or the legislation.¹

According to Guhan and Paul, corruption is mostly connected with ‘misuse of public power for private gain’.²

---

³ Ibid.
The German political scientist Ulrich Albrecht also includes the elements public in his definition, but he shows in addition, the limitations of the term. He mentions that corruption assumes a very complex social structure and that it has to be distinguished from burglary, begging, lobbying or the attempt to use public pressure for gaining certain decisions.³

There is no universal definition of what constitutes a corrupt behaviour. The definition of corruption and corrupt practices varies from country to country. The World Bank and other multilateral institutions refer to it as “the abuse of public office for private gain.”⁴ It involves the seeking or extracting of promise or receipt of a gift or any other advantage by a public servant in consideration of the performance or omission of an act, in violation of the duties required of the office. Mark Philip, a political scientist, identified three broad definitions of corruption, viz., public office centered, public interest centered and market centered.⁵

i) The public office centered corruption is defined as a behaviour that digresses from the formal public duties of an official for reasons of private benefit. J.S.Nye provides an example of a public office-centered definition:

Corruption is behaviour, which deviates from the formal duties of a public role because of private regarding (personal, close family, private clique) pecuniary status gains; or violates rules against the exercise of certain types of private regarding influence. This includes such behavior as bribery (use of reward to pervert the judgment of a person of in a position of trust); nepotism (bestowal of patronage by reason of ascriptive relationship rather than merit); and misappropriation (illegal appropriation of public resources for private-regarding uses).⁶

³ Ulrich Albrecht, Korruption in Albrecht and Volger (Ed.) Lexikon der Internationalen Politik, Munich/Vienna, 1997, p-283.
⁴ Published by Transparency International World Bank in Financial Times September 16, 1997.
ii) The public office interest centered corruption focuses on behaviour which has a negative impact on the welfare of the public. Such a behaviour, in the words of Carl Friedrich, is said to exist "whenever a power holder, who is charged with doing certain things is by monetary or other rewards not legally provided for, induced to take actions which favour whoever provides for the rewards and thereby does damage to the public and its interest."  

iii) The market centered corruption points towards utilizing an economic methodology by individuals or groups to gain influence over the actions of the bureaucracy. Accordingly, for a civil servant who regards his office as a business, the office becomes the maximizing unit.

These three types of definitions have been used as a basis for analyzing political corruption in Heidenheimer’s Political Corruption (1970). But the most functional definition adopted by various international organizations such as Transparency International and Asian Development Bank is the "misuse of public office for private profit or political gain" because, by and large, it covers all types of corruption/corrupt practices and abuses of public office. To combat corruption, the World Bank has identified specific abuses of public office for private gains, which are as follows:

*Public office is abused for private gain when an official accepts, solicits or extorts a bribe. It is also abused when private agents actively offer bribes to circumvent public policies and processes for competitive advantage and profit. Public office can also be abused for personal benefit even if no bribery occurs, through patronage and nepotism, the theft of state assets or the diversion of state revenues.*

---

7. Id. at p-10.
Syed Hussein Alatas has, while defining the term corruption “as the abuse of trust in the interest of private gain”, identified transactive and extortive corruption, the former being an agreement between a donor and recipient pursued by them for mutual benefit and the latter entailing some form of coercion to avoid the infliction of harm on the donor. He also identified other kinds of corruption, e.g., investive corruption involving the offer of benefit without an immediate link but in anticipation of a future gain in which favour may be required; nepotic corruption concerning favour to friends and relatives in appointment to public office; autogenic corruption taking place when a single individual earns profit from inside knowledge of a policy outcome; and supportive corruption referring to the protection or strengthening of existing corruption often through the use of intrigue or violence.10

The definitions, enumerations and discussions of various types/forms of corruption focus essentially on behaviour of officials in the public sector who unlawfully or improperly enrich themselves by the misuse of public power entrusted to them.

Black law Dictionary says “corruption” is an act done with intent to give some advantage inconsistent with official duty and the rights of others. But this definition seems too insufficient because if a public servant is doing an act in accordance with the law for which he is taking a bribe that is also an act of corruption. The same dictionary further says that corruption can be “the act of an official or fiduciary person who unlawfully and wrongfully uses his station or office to procure some benefit for himself or for any other person, contrary to duty and the rights of others.” Even this definition is not exhaustive enough to encompass the ever stretching tentacles of the octopus of corruption.

It is not very easy to define corruption because it does not always involve monetary considerations. It may be taken as an illicit form of influence to get or prevent certain decisions or actions which are otherwise impossible under the existing laws, rules and practices.

The French scholar, Y. Meny John Girling,\textsuperscript{11} has given four characteristics of corruption, namely:

(i) The violation of rules and norms associated with what is perceived to be the general interest (or public ethics) in a political society at a given time;

(ii) In the course of a secret exchange among political, social and economic markets;

(iii) While the (anticipated) consequence of providing individuals or groups with resources of access and influence in the process of political and administrative decision making that are superior to those available in the (normal) course of open dealings;

(iv) Eventually resulting in tangible benefits, material or otherwise, for the party or parties involved in the transaction.

In view of these four characteristics, a proper definition of corruption should be taken into account considering the relationship between wealth, power and the consideration of legitimacy.\textsuperscript{12}

One finds corruption at all levels and in various degrees. One sees lowly government or private sector employees – demanding bakhashees, when some work is accomplished or some favourable decision is made and conveyed is encountered. One quite often comes across postmen, telephone linesmen or sweepers of municipal bodies visiting the people of localities, they have been serving, on some specific occasions for gratification.

A postman delivering a passport or a telegraph employee bringing greeting cards on the occasion of marriage or birth of a son or excellent performance at examination or election may ask for some monetary tips or sweets. They are seen as “grass-eaters” as against the highly-placed officers and politicians, who have a say in the decision-making process and work towards getting kickbacks and are regarded as “meat eaters”.


\textsuperscript{12} Girish Mishra and Braj Kumar Pandey, White Collar Crimes, Gyan Publishing House, New Delhi, p-161.
A traffic constable may extort some money to let you off rather than booking you for not displaying the number plate of your vehicle or not having proper lighting system. Or you may bribe a policeman to allow you to disregard some traffic rules in order to take a very sick man to a hospital without delay. Such types of corruption do not cause much harm nor are they severally condemnable. To cite a well-known instance given by Susan Rose\textsuperscript{13}

*One does not condemn a Jew for bribing his way out of a concentration camp.*

Corruption at higher levels generally involves matters where stakes are much greater and quite often, national or regional interests are involved. Decisions influenced by considerations other than those of established rules, regulations, procedures and norms are bound to be harmful and may result in a heavy loss to the exchequer and damage social interests.

Corruption is not a static phenomenon. It feeds on itself and, like cancer, it keeps spreading and eating into the vitals of the system. It is this one word, which Edward Gibbon attributes to the cause of the fall of Roman Empire. In the words of Edward Gibbon, ‘Yes, Corruption, amorality and lust for power ……. destroyed the Roman Empire which ruled almost the entire known world for more than 300 years……\textsuperscript{14}

Scholars of corruption have traditionally tended to deal with the definitional issue at best as an unavoidable irritant. They construct handy, universalistic definitions and then armed with such preconceived definitions; they delve into the task of unfolding the causes, consequences and so on.

Van Klaveren’s definition of corruption\textsuperscript{15} on the other hand, in spite of the presence of elements of a public office orientation, represents, primarily, a market centered view that is concerned with concepts of demand, supply, and exchange from economic theory. He conceives corruption in terms of ---

---


a civil servant who regards his public office as a business, the income of which he will in the extreme case seek to maximize. The office then becomes a 'maximizing unit'. The size of his income then ........ [depends] upon the market situation and his talents for finding the point of maximal gain on the public's demand curve.

Friedrich\textsuperscript{16} views 'a pattern of corruption' as existing wherever a power holder who is charged with doing certain things, i.e., who is a responsible functionary or office holder, is by monetary or other rewards not legally provided for, induced to take actions which favour whoever provides the rewards and thereby does damage to the public and its interests.

In the 1980s, there were attempts by scholars to revive the concept of public interest with reference to corruption so as to delegitimate financing of political activity by large business enterprises.\textsuperscript{17}

While each of the above definitional models have some heuristic value (particularly the concepts of 'public office' and 'public interest'), they avoid some concerns as to the norms which would distinguish corrupt from non-corract acts. Also many social scientists seem to avoid this concern by adopting legal norms as the yardstick. James Bryce\textsuperscript{18} contends that behaviour can be judged corrupt according to criteria set by legislators and judges.

Senturia\textsuperscript{19} urges that the normative judgments of the elites be used.

### 2.2 CONCEPT OF CORRUPTION IN INDIAN LAW

Corruption is not an objective and everlasting entity that elicits subjective responses from various sections of a society. It is not only ambiguous in nature but also its concept is fixed neither in time nor in space; rather it

\textsuperscript{18} Supra note 15.
evolves. The term corruption is used rather loosely. There is no accepted definition.

There is no drawing the line. Each person has his own definition. The line one draws will be little higher when it is someone else. As time is going by, the meaning of corruption is also changing. Corruption is basically deviation from a code of conduct laid down in any walk of life.

The definitions of corruption can be grouped into two general types:

The narrow/legalistic and the broad/moralistic definitions. Both these general types of definition take recourse to notions of public office or public interest or a combination of both. The narrow/legalistic definition lists a limited number of acts under the category of corruption and approximates the definition of corruption given in the law. This definition may sometimes be a simple reflection of the legal provisions, but more commonly it is an expression of only the sentiments and ideas, i.e. the spirit (as against specific provisions) of the law and is therefore legalistic, in a technical sense.20

A better understanding can be had of what this kind of definition entails by examining the actual laws concerning corruption. Historically21, all societies are engaged to some extent in what Duster22 calls ‘the legislation of morality’, and India is no exception.23

23. Supra note 21 at p-61,77; The author observes in his notes -- There is no need to enter into a debate here about whether laws reflect existing moral concerns in the community or moral orientations of a society are shaped and given a new direction (as in the case of civil rights legislation in the United States) by laws. There is at least one recent example from contemporary India that supports the former position. Political defections (party-switching) had been a constituent part of Indian politics since independence. But it was only after the practice was widely characterized as ‘immoral politics’ and after expression of much public displeasure that it was made unlawful in 1985 by the Rajiv Gandhi government (of course, it can also be argued that the aisle – crossing became ‘immoral’ only after it started threatening established interests of Rajiv Gandhi’s Congress (I) party.) In contrast, we have the example of untouchability in India which was prohibited by law soon after Independence, thereby exercising a moral influence on people’s attitudes and beliefs about lower – caste individuals.
Legal codes contribute a generalized authority over all other sub universes of morality and behaviour in a society. In the words of Rock, their significance lies in the fact that they are buttressed by state agencies which employ a 'monopoly of the legitimate use of physical force'. The edicts of a legal system are intended to cover the whole network of minor moral worlds irrespective of their acquiescence. There is no accommodation to situational morality. There is instead a categorical code which overrides every other.

In India the most significant law concerning corruption, one that legally draws the boundaries between corrupt and non-corrupt acts, is The Prevention of Corruption Act (PCA), 1988. The law seems to apply specifically to actions involving 'public servants' in the pursuance of 'public duty'. 'Public duty' is defined as 'a duty in the discharge of which the "state", the public or the community at large has an interest'. It is clear from this that the legal view of corruption encompasses a combination of the notions of 'public office' and 'public interest'. Corruption, thus is defined primarily as an action involving a public servant taking gratification other than legal remuneration in respect of an official act. The law includes acts committed by a public servant both in 'favor or disfavor' of and 'service or disservice' to any person in exchange for a 'gratification' beyond legal remuneration. By expanding the concept of corruption to include 'taking gratification, in order, by corrupt or illegal means to influence public servant [this also includes some notion of influence – peddling – ‘taking gratification, for exercise of personal influence with public servant'] the Act also attempts to deal with the phenomenon of the ubiquitous 'middle man' who is said to play a critical role in many transactions.

Turning now to a more specific typology, the law makes a distinction between 'deception' and 'cheating' on the one hand and corruption on the other. It points out, for instance, that a person who obtains a gratification, by making other falsely believe that he or she is about to be in office and that he or she will then serve their interests, is indulging in cheating but is not guilty of corruption. The law also makes it abundantly clear that the word 'gratification'

---

25. S.2 (b) of the PCA 1988.
is not limited to monetary exchanges or to transactions, ‘estimable in money’. This would mean, for instance, that a public official who does an out of turn favour to a high school principal in exchange for his son’s admission into that prestigious school is, according to the law, indulging in corruption. Although the word ‘gift’ is not mentioned in the Act, it does consider acceptance of any ‘valuable thing’ by a public servant from a person who has or is likely to have some business in the office of such public servant as corruption. However, the law does not say gifts of what value amount to corruption. Other types of behavior punishable as corruption under the law include, misappropriation of public resources and possession of financial assets disproportionate to a person’s ‘known source of income’.28 Bribery, misuse of office and misappropriation of public resources, kickbacks and commissions, and embezzlement are more frequently cited as examples of corruption.

2.3 FORMS OF CORRUPTION

A recent study has characterized some main forms or manifestations of corruption, according to a number of basic characteristics.29 The main forms considered are bribery, embezzlement, fraud and extortion. Even when these concepts are partly overlapping and at times interchangeable with other concepts, they may identify some basic varieties of corruption.

‘Bribery’ is the payment (in money or kind) that is given or taken in a corrupt relationship. To pay or receive a bribe is corruption per se, and should be understood as the essence of corruption. A bribe is a fixed sum, a certain percentage of a contract, or any other favour in money of kind, usually paid to a state official who can make contracts on behalf of the state or otherwise distribute benefits to companies or individuals, businessmen and clients.

There are many equivalent terms to bribery, like kickbacks, gratuities, “commercial arrangements”, baksheesh, sweeteners, pay-offs, speed- or grease money, which are all notions of corruption in terms of the money or

\[\text{References:}\]

http://www.cmi.no.
favours paid to employees in private enterprises, public officials, and politicians. These are payments or returns needed or demanded to make things pass swifter, smoother or more favourably through the private, state or government bureaucracies. By "greasing palms" corporations and business interests can for instance buy political favours and escape the full burden of taxation and environmental regulations, they can buy protected markets and monopolies, import/export licences and quotas, and get access to large state contracts on capital goods, ongoing supplies, major civil engineering projects, construction works, and so on.

‘Embezzlement’ is theft of resources by people who are put to administer it; it is when disloyal employees steal from their employers. This is a serious offence when public officials are misappropriating public resources, when state official steals from the public institution in which he or she is employed and from resources he is supposed to administer on behalf of the public.

‘Straddling’, the process by which some power holders systematically use their political office to enter into, secure and expand their private business interests, should be regarded as another form of embezzlement. In some countries the political elite has nationalised foreign businesses, property and monopoly rights, and redistributed these to the members of the ruling families.

‘Fraud’ is an economic crime that involves some kind of trickery, swindle or deceit. Fraud involves a manipulation or distortion of information, facts and expertise, by public officials positioned between politicians and citizens, who seeks to draw a private profit. Fraud is when a public official (agent), who is responsible for carrying out the orders or tasks assigned by his superiors (principal), manipulates the flow of information to his private profit; hence the widely used principal-agent or incentive theory employed by economists to study this phenomenon. Fraud is also a broader legal and popular term that covers more than bribery and embezzlement. It is fraud, for instance, when state agencies and state representatives are engaged in illegal trade networks, counterfeit and racketing, and when forgery, smuggling and other

organised economic crime are propped up by “official” sanction and/or involvement. It is fraud when politicians and state agents take a share for closing their eyes on economic crimes, and it is serious fraud when they have an active role in it.

‘Extortion’ is money and other resources extracted by the use of coercion, violence or the threats to use force. Blackmailing and extortion are corrupt transactions where money is violently extracted by those who have the power to do it, but where very little is returned to the “clients” (perhaps only some vague promises of exception from further harassment).

‘Protection’ or ‘security’ money can be extorted in the classical, well-known mafia style, where organised criminals use insecurity, harassment and intimidation to extort money from individual citizens, private businesses and public officials. Corruption in the form of extortion is usually understood as a form of extraction from below, by mafias and criminals.

Furthermore, various state officials may extract “under the table” fees and “gifts” from individual citizens as they approach the state as clients, customers, patients, school children etc. These practices may be interpreted as “informal” forms of taxation.

‘Favouritism’ is a mechanism of power abuse implying ‘privatisation’ and a highly biased distribution of state resources, no matter how these resources have been accumulated in the first place. Favouritism is the natural human proclivity to favour friends, family and anybody close and trusted. Favouritism is closely related to corruption insofar as it implies a corrupted (undemocratic, ‘privatised’) distribution of resources. In other words, this is the other side of the coin where corruption is the accumulation of resources.

Favouritism is the penchant of state officials and politicians who have access to state resources and the power to decide upon the distribution of these, to give preferential treatment to certain people. Clientelist favouritism is the rather everyday proclivity of most people to favour his own kin (family, clan, tribe, ethnic, religious or regional group). Favouritism or cronyism is for instance to grant an office to a friend or a relative, regardless of merit. Favouritism is a basic political mechanism in many authoritarian and semi
democratic countries. In most non-democratic systems, the president has for instance the constitutional right to appoint all high-ranking positions, a legal or customary right that exceedingly extends the possibilities for favouritism. It easily adds up to several hundred positions within the ministries, the military and security apparatus, in the parastatal and public companies, in the diplomatic corps and in the ruling party.

**Nepotism** is a special form of favouritism in which an office holder (ruler) prefers his proper kinfolk and family members (wife, brothers and sisters, children, nephews, cousins, in-laws etc.).

Corruption which generally takes place between two parties - one giver, the other taker – can appear in different forms and at different levels of politics and bureaucracy. Samuel Paul\(^{31}\) differentiates between two types of corruption: grand corruption and retail corruption. He speaks of grand corruption when government officials and industrial houses are involved in corrupt interaction. The Enron case is an example.\(^ {32}\)

In plain language, Enron bribed the decision makers to get the deal done. But this type of corruption is also seen at a lower level when for example, private contractors are entrusted to work in the framework of state development policy. Retail or petty corruption takes place at a social level, where it directly influences the daily routine of the people, for example, through involuntary or compulsory payment of bribes to avail of certain public facilities.

Paul undertakes a further differentiation in the aforementioned categories and enumerates collusive corruption, extortionary corruption as well as anticipatory corruption. Collusive or secret corruption is a form of corruption where both the giver and the receiver are well aware and go about it in a

---

32. Enron scandal: In 1997, Rebecca Mark, Chairperson and Chief Executive officer of the US energy multinational Enron, declared that her company had finalized a deal worth 2.5 billion US dollars to build a liquefied – natural gas power plant in the Indian state of Maharashtra. The agreement with the state government was concluded after years of controversy and despite huge resistance from government as well as various parts of the society. Asked how Enron had managed the deal, Rebecca Mark answered ‘Think of the massive bureaucracy that has done things one way its entire collective life? You have to be pushy and aggressive (You have to be pushy and aggressive, Manjeet Kripalani, Interview with Rebecca Mark, in Business Week, 15.6.97).
planned manner and keep their illegal transaction a mutual secret. Nepotism and patronage, as well as favors to family members or member’s of one’s own caste or religion fall under this category. Extortionary or compulsory corruption appears mostly in the public sector of developing countries like India, when citizens can avail of facilities only by paying bribes. We have a similar situation in the case of anticipatory corruption, but here extra payments are made keeping in view one’s own advantage and not according to a socio-cultural tradition, which suggests the abhorrence of this practice. In this case corruption has become a way of life.

From the highest echelons of central government to the lowest village functionaries, the general belief is that the public exchange is being looted and the money that is earmarked for rural development is going into the pockets of the rich and powerful.\(^{33}\)

Corruption may be considered the most important problem because among other things, it destroys civilized life, threatens democratic institutions and our very way of life, and undermines the value system.\(^{34}\) Corruption is increasing rapidly in all walks of life and has become the most serious problem. It would not be wise to underestimate corruption which will have an adverse effect on democracies. The entire moral fabric of our country is run to fields because of corruption, our values have eroded to a great extent.

One can find that here is a great under-current of opinion throughout the country that corruption is bad and should be checked but discussions about corruption may be seen as, many a time, resembling discussions like what Mark Terrain said about the weather: *Everybody talks about it, but nobody seems to be able to do anything about it.*

In fact, corruption has become so much a common part of life that Kaka Hathrasi made a complete list of the different versions of corruption:

\[
\text{Dhanya tu rishwat rani, anginat tere naam} \\
\text{Haq pani, baksheesh, bhent, rishwat, ghoos,} \\
\text{Inam, nazar, nazrana, pagdi,} \\
\text{Tere karan khaun mal ki income tagdi} \!
\]

\(^{34}\) Supra note 21.
2.4 CORRUPTION: CAUSES AND COMPULSIONS

What are the causes...of this curse of corruption? Why do these immoral dealings go on...while everyone pays lip sympathy to the affected but no one takes the bull by its horn? Undoubtedly, the basic reason is that moral and ethical values of 'service before self' has been given a go-by and the 'ends justifies the means' has taken over

Nanjundaiya

As manifold as its definitions and forms, are the causes of corruption. Here one must differentiate between western industrial nations and developing countries.

For instance in the Federal Republic of Germany, party funds which were paid by private enterprises to their political parties flouting the lawful limits, led to major scandals involving the former Chancellor Helmut Kohl and other senior politicians of the conservative Christian Democratic Union (CDU). In western democracies, the interface of politics (i.e. the occupation of public offices through election and other political processes) and private economic competition (i.e. capitalism) forms the basis of corruption.

Bribing has almost become a way of life. It has given rise to a kind of auto compensation principle. A bribes B and B bribes C and C bribes A and like this it goes on. Loose ends of the system apart, political waywardness has mainly contributed to black money generation. Political funding is the single most important generator of black money. The rest is taken over by real estate developers, underworld filmy links, smugglers, speculators, neo – industrialists and adventurers. The phenomenon is also observed in
developing countries like India. But apart from this, corruption here is an endemic problem.\textsuperscript{35}

There are many causes of corruption at both institutional and individual levels. Experts of different specialties have highlighted various factors, e.g., decline in religious beliefs or in public morality, uncertainty in the standards of appropriate behaviour, divergence between the formal and informal rules governing behaviours in the public sector, value conflicts in the post colonial settings where the standards and practices embedded within traditional relationship differ from the institutions left behind by the departing colonial power. Robert Klitgaard, a political scientist, has conceptualized the opportunity for corruption within an institution in the following formula:

$$\text{Corruption} = (\text{Monopoly}) + (\text{Discretion}) - \text{Accountability}.$$  

According to him:

\textit{The opportunity for corruption is a function of the size of the rents under a public official's control (M), the discretion that official has in allocating those rents (D), and the accountability that these official faces for his or her decisions.}\textsuperscript{36}

The empirical research done by Daniel Kaufmann and Jeffrey Sachs suggests that there is a complex set of the determinants of corruption, e.g., poor institutions (including the rule of law and safeguards for the rights of property), civil liberties, governance (including the level of professionalization of the administrative service) and economic policies as also characteristics like the size of the country which seem to play an enabling role for corruption.\textsuperscript{37} Along these lines, the World Bank points out both institutional and economic policy factors which generate a nourishing environment for corruption. In its report of 1997, it states that corruption thrives where distortions in the policy and regulatory regime provide scope for it and where institutions of restraint are weak. The problem of corruption lies at the intersection of the public and the

\textsuperscript{35} Uwe Skoda and Klaus Julian Vall, Right to Information: An Appropriate Tool Against Corruption Critical Studies in International Development, Mosaic Books New Delhi, Free University Berlin Stefan Mentschel.

\textsuperscript{36} Robert Klitgaard,\textit{ Controlling Corruption Berkeley}; University of California Press, 1988, p-75.

\textsuperscript{37} Amanda L. Morgan, Consultant Asia Foundation, Asia Foundation Working Paper series on Corruption.
private sectors. It is a two-way street. Private interests, domestic and external, wield their influence through illegal means to take advantage of opportunities for corruption and rent seeking, and public institutions succumb to these and other sources of corruption in the absence of credible restraint. Thus opportunities for corrupt behaviour develop –

(i) whenever public functionaries have large discretion in exercising the powers and little accountability for their actions taken therefore;

(ii) whenever government policies leave some gap, then these gaps create opportunities for middlemen or the actors of corruption;

(iii) such opportunities also develop because of prevalence of administrative secrecy which encourages corruption and lobbying and insularity from democratic control.

Hence such root causes of corruption and also other causes which give rise to corruption have to be properly understood.

Cheryl W. Gray and Daniel Kaufmann put forth an argument that the attraction to earn money is accentuated by poverty, meager salary in the public services and missing social security structures. Not only is the motivation great, but also there are innumerable opportunities to engage in corruption, as the institutions of legal security and control mechanisms are weak. Moreover, the political process is not so transparent. It increases the power of many officials.\(^\text{38}\)

Upendra Thakur\(^\text{39}\) believes that like crime, corruption is related to real life and is the product of the interplay of different human emotions. Those emotions seek an outlet and manifest themselves in human behaviour. Human behaviour is so complex and takes such diverse forms that it is not possible to predict it or formulate a series of exact propositions about it. The wise saying of Confucius (not to do a thing to others which you will not allow others to do to you) is easy for all the human beings to follow, but that of the Bhagavad gita ("let not the fruit of action be your object, nor let your attachment be to

---


\(^{39}\) Upendra Thakur, *Corruption in Ancient India*; 1st published 1979, p-2.
inaction”) is difficult for men of ordinary caliber to practice. But in any event, if one ignores it, one is bound to infringe on other men’s existence sooner or later, leading indirectly to corruption.40

Though it is true that acceptance of illegal money attracts the attention of both who receive it and those who give it, but there are many other forms of corruption which do not attract our attention and they are really more dangerous as they remain completely hidden and inflect untold miseries on the people.41 In other words, corruption may be due to constitutional, institutional, psychological and many other such factors as are never exposed to public view.42

Corruption is an outcome – a reflection of a country’s legal, economic, cultural and political institutions. Corruption can be a response to either beneficial or harmful rules. For example, corruption appears in response to benevolent rules when individual pay bribes to avoid penalties for harmful conduct or when monitoring of rules is incomplete – as in the case of theft. Conversely, corruption can also arrive because bad policies or inefficient institutions are put in place to collect bribes from individuals seeking to get around them.43

The World Bank defines corruption as the abuse of public office for private gain. While this definition does not include wholly private sector corruption it does include the interface between private and public sectors without which much private sector corruption could not occur. Some of the examples are: bribery in purchasing government contracts, benefits, licences, judicial decisions, evading custom duties, taxes and other regulations, theft or misappropriating budgetary funds and public assets, patronage, nepotism and cronyism; influence peddling like election or party financing in exchange for influence.

The World Bank’s approach therefore focuses on economic analyses of the conditions conducive to corruption based on rents, discretion and accountability. Corruption is a function of all three. Corruption has the

40. Ibid.
41. Id. at p-4.
42. A. D. Prasad, Corruption and Administration, Patna, 1968 p-27.
potential to flourish where rents are high; discretions extensive and reporting and monitoring are poor.44

According to N. Vittal, there are two broad elements which determine the extent of corruption or the lack of probity in public life: (i) The social roots of corruption, and (ii) the system of governance.45

2.4.1 Amongst the social roots fall the following

2.4.1.1 Family and Caste

*India is like a snake whose head is in the 21st of century and whose tail is in the 17th Century. We have today a highly atomized society where caste defines the basis of politics. From casting our votes, in the first election in 1952, we have come to a stage of ‘voting a caste’ these days. This organization of our society based on caste and kinship and the differences in the state of development between the states provides a very strong rationale for corruption. Caste and nepotism become the basis for distribution of patronage.*46

2.4.1.2 The concept of tolerance preached by Hinduism

Hinduism preaches the concept of tolerance. While tracing the social roots of corruption in our country, one can identify that this eternal message of tolerance, the sense of forgiveness, the hope held for sinners to come to the right path, probably have also led to the tolerance of a sin like corruption.

2.4.1.3 Family attachments

Nepotism becomes natural in situations of extreme attachment of people to their families. Family attachment probably is the basic motive behind the enormous accumulation of wealth by the corrupt in our country today.

2.4.1.4 Power in office

Power is never demonstrated in a society unless it is misused. In certain communities being as corrupt as possible and amassing wealth is seen as a

45. Id. at p-18.
macho demonstration of one’s ‘competence’. Thus with such an attitude, such
sectors of society which did not get any opportunity to share the power cake
in the past, may also rationalize that they must be able to emulate those who
had earlier enjoyed and misused their power and amassed wealth by rampant
corruption. Thus launches a vicious cycle of corruption.

2.4.1.5 Consumerism

The lifestyle of our people is undergoing a massive change. People are
hankering for commodities which we considered luxuries until recently.
Modern life society is flooded with consumer goods, status symbols and the
possession of these products determines a person’s position in the
stratification system. The social pressure to acquire these goods forces
people to live beyond their legitimate means. Consumerism and desire for an
ostentatious life style tempts many to make money by hook or crook – thus
resulting in corruption.

This gives birth to corruption mainly because of the aspirations of certain
people to acquire things. Consumerism thus is the primary culprit. It plays a
major role in promoting corruption. It is thus an important social root of
corruption.

Thus the general social acceptance of corruption combined with a rising wave
of consumerism in urban India has tended to promote an atmosphere for
widespread corruption. The middle classes aspects are seen as being
compelled to become corrupt by a certain degree of anticipatory socialization
about their professional roles as well as by a social pressure to emulate the
consumption patterns of one’s peers.

2.4.1.6 Low risk, high profit

With 6 per cent as the conviction rate in our criminal courts, corruption is a
low risk, high profit business for those who can afford to be corrupt. At the
same time, with the enormous clout of the bureaucracy, people outside the
system, be they NGOs or businessmen, find that if they want to take on the
system, the risks in terms of loss of profit is much more than the gain, which
may be mostly in terms of psychological satisfaction.
2.4.2 Amongst the system of governance falls the following

Basically the five causes for corruption in our system are the following: 47

- scarcity of goods and services;
- bureaucracy leading to delay and red tape;
- Lack of transparency;
- judicial cushions of safety we have created for the corrupt;
- Tribalism among the corrupt who protect each other.

Corruption is the symptom of a disease that has as its progenitors over centralization of power, non-transparency in all government functions and lack of accountability. 48

2.4.3 Lack of transparency

When there is no transparency in an organization, i.e. where tasks and functions are conducted in secret and are not open to examination by other government officers or the public, the opportunity for corruption increases. Transparency is a pre-requisite for democracy in which sovereignty is vested in the people and the conduct of public officials must be open to examination. A transparent system deters corruption as the conduct of civil servants is under constant scrutiny.

2.4.4 The absence of accountability

In a democracy, public officials must be accountable to the people they serve. Accountability means that public leaders and officers must provide logical and acceptable explanations for their actions and decisions to the people they serve. Public officials in responsible positions must at all times adhere to the principles of transparency and be accountable to the people they serve. However, accountability is dependent on the enforcement of rules, regulations and policies. If there is a lack of effective institutional mechanisms, public servants cannot be held accountable and corrupt practices can flourish.

47. Ibid.
48. Corruption-You can say no to it!, Swati Sharma.
   http://www.lifepositive.com/Mind/ethics_and_values/ethics/corruption.asp
2.4.5 Range of discretion

No system can exist unless one person or authority is used, to some extent, to make decisions. Such a person is said to have the power to exercise discretion—the freedom to act within certain limits. Corruption takes place in institutions where public officials:

- have great authority;
- can exercise discretion with respect to interpretation and application of regulations;
- are not required to be accountable to anyone; and
- are driven by greed.

Therefore, an environment with a higher range of discretion without accountability is more conducive to corruption. In conjunction, political office is one of the primary means of gaining access to wealth in less developed countries. If corruption occurs on the top level and the political leadership of the country does not set a good example with respect to honesty, credibility, transparency, integrity and the prosecution of offenders, citizens become disillusioned and offenders are not deterred from entering into corrupt practices.

2.4.6 Corrupt politicians

Good harvest, bad harvest, the politicians are the cause. If an ambitious project for public welfare fails, what can one expect with such politicians in charge? If money for a project disappears, it is because they have lined their pockets with the money. If the flyovers are not coming up at an appropriate pace, politicians are to be blamed. If they are coming up too fast and there are too many, suspect the politicians.

Politically, the lack of leadership and discipline shown by politicians49, the relative importance and expanding role of government as a source of goods,

---

services and employment and a highly centralized governmental structure and too little or too much institutionalization have all been cited as causes of corruption.

Some scholars attempt to explain corruption by pointing to a conflict of values between the traditional practices of gift-giving and the norms of a modern bureaucracy.

Three broad political factors may be said to be responsible for corruption:

- the relationship between politicians and bureaucrats,
- an electoral system that involves high expenditures during election campaigns,
- deterioration in the quality of political leadership.

2.4.6.1 Relationship between politicians and bureaucrats

In India, the relationship between the civil service bureaucracy and politicians has often been a stormy one and the nature of those relationships has been much debated. As Mangat Rai puts it...

'From the first day of independence the administration was indeed in politics; politics influenced the administration and administration learnt to be sensitive to politics.' The bureaucracy's collusive ties with other actors in the social structure, particularly the politicians, are seen by many as a significant cause for corruption. This becomes evident if one examines Wade's detailed analysis of the so-called 'transfer model' in which politicians are seen as compelling the bureaucracy to acquiesce in their nefarious activities by controlling a system of rewards (appointments to 'cushy jobs') and

---

52. G. Ben-Dor, Corruption, Institutionalization, and Political Development: The Revisionist Thesis Revisited, Comparative Political Studies, April 7, 1974, pp. 63-63.
punishments (the proverbial transfer to ‘the provinces’). With such a system in operation, politicians are said, for instance, to make use of the bureaucracy to help meet the high costs of electoral competition, and the bureaucrats, in turn, try to meet the challenge through corrupt means. Thus, the dominant image in the literature, as well as, perhaps, in popular perception is of a patron-client type of linkage between the politicians and the bureaucrats, which is responsible for large-scale, systematic corruption in India.56

The nexus between corrupt politicians and corrupt bureaucrats has been clearly proved in recent years by scams like the animal husbandry (fodder) scam in Bihar (in which the former Chief Minister, some of his ministers, legislators of the ruling and opposition parties and several senior bureaucrats were charge sheeted by the CBI); coal scam in Tamil Nadu (involving the then CM Ms Jayalalitha), urea scam (involving the son and a relative of the former Prime Minister Narasimha Rao), telecom scam (involving the Union Telecom Minister Sukh Ram) etc. Since corruption flows down from the top, it is not easy to stop it or limit it, and it has a devastating effect on the administration and the society in general.

Earlier, in his writing in 1976 Mangat Rai, who had entered the civil service prior to independence, in an incisive analysis of administrative development in India, wrote of how the District Collector has to contend with the demands of ‘the Member of Parliament (MP), the Member of the Legislative Assembly (MLA) and other local political bosses, all of whom are avidly interested in securing the interests of their constituents.57 In his later writing in 1995, Alexander pointed to the emergence of a new politico-administrative culture in which bureaucrats are expected to carry out illegal tasks according to the wishes of their political masters. In his study, Vinod Pavarala58 observed that politicians obtain the compliance of bureaucrats with a constant threat of transfers and suspensions, which have the effect not only of appointing bright and honest officials to inconsequential positions (often referred to as ‘punishment jobs’) but also of severely disrupting their family lives. He has

56. Supra note 21 at p-92.
57. Supra note 55 at p-125.
58. Supra note 21 at p-93.
ample evidence during the course of his study to suggest the prevalence of such politically-motivated transfers. He cites an instance\textsuperscript{59} of a high profile, joint secretary in the Prime Minister’s Office in Delhi who was handling the notorious Bofors defence scandal and other sensitive corruption cases, was suddenly transferred by the Chandra Shekhar government to a relatively insignificant position in the Department of Expenditure. In the State of Karnataka, early in 1991, Chief Minister Bangarappa raised a storm of controversy by suspending, on charges of disobedience, the highest bureaucrat of the State, the Chief Secretary, who had been conducting a vigorous drive against corruption in the administration.

2.4.6.2 The Indian electoral system

One of the factors that is responsible for the emergence of ‘apparently unscrupulous’ elected politicians is the electoral system which requires the candidates to spend exorbitant amounts of money during campaigns. According to the rules of the autonomous Election Commission of India which conducts all national and state elections, a candidate for a Parliament seat is permitted to spend no more than Rs. 4.5 lakh in a big State, while a candidate in a smaller state is required to spend no more than Rs. 60,000. Similarly, the ceilings for Assembly elections are Rs.1.5 lakh in bigger states and Rs 10,000 in smaller States. But these ceilings are so ridiculously low that they are frequently violated, with more successful candidates spending, according to some estimates, nearly ten times more\textsuperscript{60}.

There’s a vulgar display of money during elections campaigns. Today it is the money that wins elections. There is generally a wide consensus amongst all about the role of money power in the Indian electoral system and how it engenders corruption in government.

2.4.6.3 Political patronage

Another political factor responsible for corruption is the nature and character of political leadership thrown up by such an electoral system. From this fountainhead of corruption flows various streams of corrupt practices which

\textsuperscript{59} Ibid.

\textsuperscript{60} Financing the Politician, India Today, March 31, 1996.
plague the political, economic and social activities in the country. The post independence political leadership has risen from the grassroots level in the form of regional, caste, linguistic and other protest movements. They have transformed the nature of politics and administration. Amoral politics, self-aggrandizement, disregard of the constitutional norms in the pursuit of power, political survivals at any cost are their rules of the game. They interfere with the administration of justice and have bent bureaucracy to do their bidding. The increasing politicization of the bureaucracy, the surreptitious raising of campaign funds and the consequent decline in the character of contemporary political leaders can be cited as causes of corruption.

2.4.7 Economic factors

One of the main debates in the economic arena has been over the question of whether ‘too little capitalism, i.e. extensive government controls over private sector investment and productivity, is responsible for corruption in the developing countries. Tilman in a classic essay on the subject, blamed insufficient development of capitalism in the developing countries as a cause for corruption, albeit in the following rather circumlocutory fashion:

.... given the predominance of governmental activity in the new states, and the corresponding low level of activity in the private sectors, clients with demands unsatisfied by the mandatory pricing system of the government bureaucracy are likely to have fewer non-official alternatives open to them than would be the case in the more developed states.

In contrast, Rudra (a prominent Indian economist) calls for a re-examination of the thesis that deregulation and delicensing would reduce corruption. He asserts that billion-dollar corruption scandals in the industrialized countries indicate that free market economics are not free from the malady.

62. Id. at p-441.
The issue has gained prominence again with the current, worldwide attack on the State’s role in the economy and the highly visible movement towards privatization. A survey amongst politicians has brought forth two views on this aspect. Some prefer a laissez faire model of government – the greater the involvement of the government in economic activities, the greater will be the corruption.’ Others defend the rules governing the activities of private business enterprises on the ground that they are necessary to control illegality. Thus those in favour of liberalization seem wary of doing away with all the State controls on the economy. It is generally expressed that the plethora of controls which presently exist, breed corruption and dampen enterprises and thus only such of these restrictions must be maintained which are necessary for social justice. The trend is towards the liberalization of the economy by giving private enterprises the necessary boost. At present the private enterprises are forced to go through a maze of restrictions and regulations for everything. They are left with no choice most of the time but to bribe the officials concerned. For a freer economic and financial atmosphere those regulations and restrictions need to be relaxed.

In addition to too little capitalism, a high degree of public sector activity, poverty, unemployment, and subsistence living, poor economic management and low salaries incommensurate with rising living standards are other economic factors.

Some economic theorists have contended that corruption is part of a rational calculus and an integral method by which reasonable men and women act in their self-interest. Some argue that conditions for corrupt behaviour exist when government intervention prevents the normal operation of a competitive market, and where such intervention means the exercise of discretionary power.

2.4.8 Cultural factors

Finally the literature on corruption is replete with cultural explanations of the phenomenon – scholars who identify with this school of thought view

---

traditional bonds of kinship and other parochial loyalties in the developing
countries as one of the primary factors responsible for corrupt behaviour. Le
Vine\textsuperscript{65} writing explicitly of a ‘culture of corruption’, outlines a hierarchy of
identification and trust among Ghanaians by which he seeks to show the
relative importance of nuclear or extended family, close friends, clients or
supporters over that of the country, the government and its institutions.

Thus these concepts show the growing social acceptance of corruption. This
‘debasement of the value system’\textsuperscript{66} can be seen in the fact that not only is
there no ostracism of those proven corrupt, but also those who are not corrupt
are seen as incompetent and impotent. Incorruptibility is seen as a sign of
weakness and an incorruptible person as a nuisance, an inconvenience.
Palmier had noted\textsuperscript{67} the ‘general, public attitude towards corruption, which
when asserted, is hardly one of disapproval. An honest officer, he claimed, is
often scoffed at as an inept person.

One can clearly see that in a society where money is respected ‘without’ any
question as to the means of acquisition, corruption is bared to be pervasive.
There is a general bemoaning the ‘lack of indignation at corruption’

In a demand-and-supply logic, one can observe the lack of a free market
mechanism creates scarcity conditions which in turn causes corruption\textsuperscript{68}
‘Basic economics tells you that when demand outstrips supply and you don’t
allow a free market price to settle …. there is going to be an excess demand
situation. So the person in charge of these controls tries to use whatever little
power he has to make money. It’s basically a question of scarcity conditions.
When cement was controlled, it led to wholesale corruption……when you
decontrol cement, the price will go up and probably the cement industry will
produce much more cement so that there’s a lot to go around and there is no
cause for corruption.’

\textsuperscript{66} Supra note 1
\textsuperscript{67} Palmier Leslie \textit{The Control of bureaucratic corruption, case studies in Asia}, New
\textsuperscript{68} Supra note 21 at p-108.
Favouring the reduction of the state’s role in the economy, Vanaik, amongst the ‘ideologists outside government, also believes that – in a socialistic pattern of society in which the state confers all those things, such as jobs, and when those things are few and the seekers are many, corruption becomes rampant.

One cannot divorce economics from corruption. The two are like two sides of a coin. Inequality of wealth and situations where salaries and wages are very low compared to the prevailing standard of living, are some of the economic causes of corruption. Many scholars of corruption have suggested that the willingness of government employees to engage in corruption is frequently stimulated by low salaries. In a bid to supplement their meager salaries, so they argue, employees are tempted to indulge in corrupt dealings. But at the same time can we say that it therefore is acceptable to use low salaries as an excuse to be corrupt. The answer is a big NO. Justifying corruption on these grounds will be like licensing the poor to plunder the land. There is also an argument that an economic situation characterized by scarce basic commodities and in which supply cannot be regulated is a fertile ground for corruption. But does this then justify greed and hoarding? More generally, it is said that conditions of poverty and inflation in the developing countries fuel a larger quantum of corruption.

Palmier in a comparative study of corruption in some Asian societies, including India, makes a clear connection between low salaries and corruption ….. ‘Poor pay is a powerful pressure towards corrupt gains, if only to make ends meet ….. public servants not paid enough to fulfil main usual obligations are only too likely to take advantage of whatever opportunities may arise for unauthorized gains.

---


73. Supra note 68 at p-271.
There is one line of thought (modernist) that seems to search for cultural essences of developing societies to explain the existence of corruption. Tilman\(^{74}\) attributes the tolerance of corruption in developing countries, in part, to a cultural environment where there is little or no social stigma attached to bribery and nepotism. Wilson\(^{75}\) suggests that certain 'moral orientations' might be responsible for political pathology. In explaining corruption in Nigeria, Wilson writes: *Pathology occurs when the traditional content take precedence over the content that is appropriate for newer, larger, and often more diverse social entities. This means that in many new states, no moral primacy is granted to statewide regulations or to the dictates of the state leaders but rather to local leaders and traditional norms.*

Another line of thought (nationalist) contests this perspective and in fact defends indigenous values, blaming instead the western cultural influences, such as consumer culture. Thus it is seen that where on one hand, certain set of people who tend to offer a modernization view by suggesting that indigenous cultural values and beliefs promote certain attitudes that favour corruption; on the other are those who assume a largely nationalist posture by defending Indian cultural values and blaming alien influence for corruption.

### 2.5 CORRUPTION: ITS EFFECTS AND IMPLICATIONS

*Among a people generally corrupt liberty cannot long exist*

Edmund Burke

#### 2.5.1 Impact of corruption on economic growth

There is a lack of agreement among scholars who have made a special study of the phenomenon of corruption as regards its impact on or consequences for development. Some have suggested that corruption may be functional in certain circumstances when it may make the system work. It may push up the

\(^{74}\) Supra note 62 at pp.437-444.

rate of economic growth through two types of mechanisms. First, corrupt practices such as “speed money” may enable individuals to cut short bureaucratic tangles and delays. Thus, they can reduce the cost overruns and other difficulties. Second, government employees who extort bribes generally try to work harder, especially where bribes act as price rates.

While the first mechanism may increase the chances of corruption being beneficial to economic growth only in countries where bureaucratic regulations are cumbersome, the second one may operate irrespective of the level of red tape. It has been seen that tips to waiters or peons inerasably impose the services to lead to saving of valuable time of tips givers. It is needless to add that for many people time is money.\textsuperscript{76}

There are, however, economists, who regret this viewpoint. They assert that corruption tends to lower economic growth. Thus, hush money acts as a lubricant to the giant and complex administrative machinery in order to promote economic growth and induce bureaucrats to work hard only to a limited extent. In fact, it increases the costs of production for an investor who wants speedy clearance of his project and proposal and the higher costs of production are realized from people at large who have to buy commodities at a higher price.

Corruption influences the distribution of wealth, power and privileges both at the primary as well as the secondary levels. It not only perpetuates but widens the disparities. It leads to chunks of money being withdrawn from the legal economy into the illegal or underground one. To that extent, monetary and financial regulators become ineffective. In addition, the scope for indulging in corrupt practices in order to make money in certain bureaucratic and political positions enhances their values and induces people to grab them by hook or by crook. It is because of this in many countries “transfers” and “postings” become a money minting activity for ministers and highly placed officials.

In the words of Michael Johnston,\textsuperscript{77} corruption has far reaching influence on almost all aspects of the society – economic, political, cultural and moral.

\textsuperscript{76} Supra note 12 at p-162.

Susan Rose Ackerman who has earned great fame for her study of the phenomenon of corruption writes:\footnote{\textit{Corruption: A study in political, economy, Academic Press, New York, 1978, p-8.}}:

Corruption is never more than a second best solution. It illegally produces inefficiencies, time resources are mastered in keeping transactions secret and in enforcing arbitrary status. Moreover, a corrupt system of government services has the distributional advantage of benefiting unscrupulous people at the expense of law-abiding citizens who would be willing to purchase the services legally.

Corruption may also be impossible to be limited to “desirable” situations. A system which overlooks corruption in areas where it is economically justifiable may find in time that corruption has spread to all aspects of the government structure. If trust, honesty and altruism are valuable traits in some areas of life, they may be impossible to preserve if dishonesty is openly tolerated elsewhere. Corruption accentuates and widens existing inequalities. At this stage of secondary distribution of national income, a substantial part goes into the pockets of most who do not participate in the process of production in any useful way. In open words, corruption strengthens a stratum of parasites and blood suckers, since ill-begotten incomes and wealth cannot legally be invested in the names of persons who possess them and the members of their families. Consequently, they are invited either in benami or in illegal activities like smuggling, hoarding of essential items of consumption or goods for which the demand exceeds supply, black marketing, manufacture and peddling of necessities and so on. Most people with huge amounts of black incomes and wealth indulge in expunging and vulgar display. Real estates are acquired by paying large sums under the table, cheating the state exchequer of stamp duties and other dues. Since ill-gotten incomes and wealth are not shown in income and wealth tax returns, the government loses income and wealth tax revenues.

Peter Engen, Chairman, Transparency International regards corruption as a powerful barrier to investment because it reduces the profitability and

economic growth. Some time back, he told Beta Gomez of the US Information Agency that corruption has a direct cost in terms of siphoning-off resources and it can be considerable. The payments required to get a large contract used to be about two to five per cent of the total; practitioners tell us that it is now in the order of 10, 15, even 20 per cent. If you look at the public sector investment programme of a poor country, which might build a few power dams, a few roads, a port and a few hospitals, an additional 10 per cent or so for bribes is a direct cost to that economy and to the people whom these projects are supported to serve.\(^79\)

Unfortunately, the impact of corruption is all so pervasive that perhaps the nation has become benumbed to the adverse impact of corruption. Corruption is anti-national, anti-economic development and anti-poor.\(^80\)

Economists are increasingly becoming interested in the issue of integrity and how corruption comes in the way of economic development. Corruption undercuts efficiency, equity and the macroeconomic and institutional functions of government. The four types of costs imposed by corruption – can be summarized in the words of Vittal\(^81\):

\[
\text{These are lost revenues from tax, custom duty and privatization, and excessively high expenditure due to corruption.}
\]

There is reduction in productive investment and growth through abuse of regulatory powers, misprocurements and other costs imposed by corruption. International evidence indicates that countries with higher incidence of corruption systematically have lower investment and growth rates and that public safety can be compromised by unsafe infrastructure.

There are costs to the public and to the poor in particular via higher taxes than necessary, bribe extraction in delivery of services and poor quality of and access to services. Bribes are frequently a higher proportion of income of the poor.

---

79. *Supra* note at p-164.
81. *Id.* at p-29.
There is loss of confidence in public institutions: corruption undermines the rule of law, tax compliance, respect for contracts, civil order and safety, and ultimately the legitimacy of the State itself.

Economic development is not for the rich only. With 26 per cent of our people living below the poverty line any effort to economic development of India should also take into account the issue of tackling the problem of poverty. The impact of corruption on the poor is highlighted by the fact that 31 per cent of sugar in the Public Distribution System (PDS) goes into the black market. What is more significant and pathetic is that corruption literally snatches food away from the mouth of the poor.

The pervasive impact of corruption as a negative factor that comes in the way of economic development of our country is well illustrated by Vittal’s observations. According to him, corruption is estimated to cause a loss @ Rs 480 crores per year to the street vendors of Delhi. The amount of bribe paid by the rickshaw puller was estimated at Rs.40 crore per month to the municipal and police officials. A Confederation of Indian Industry (CII) development quotes a study of 160 industries in Bangalore, Mumbai and Ahmedabad. The document points out that a unit with an annual Rs.3 crore turnover may have to pay upto Rs.50,000–Rs.60,000 a month to keep income tax, excise and sales tax inspectors happy.

A study made by Raghuraman, of ASSOCHAM, pointed out that 40 per cent of the price of electricity in our country was due to corruption.

A study made by the EXIM Bank showed that the so-called ‘transaction costs’ add upto 25 per cent to the cost of products exported from India.82

While moralists maintain that corruption is definitely detrimental, the reformists agree that corruption provides some benefits to developing nations, which in some cases may exceed the costs. Reformists agree that corruption helps attain allocative efficiency through competitive bribery procedure. Since the corrupt official determines the winner by the amount of bribe, also since the lowest cost firm can afford the largest bribe, it is the very firm that will be

82. Id. at pp. 45-46.
ultimately awarded. This is, however, refuted by Lien83 and many others. Under many situations the above may not be correct. For instance, firstly, a firm efficient in manipulating the quality of the goods/services would manage to bribe more while the others may not be able to achieve their goals. The cost of kickbacks will invariably be recouped by charging higher prices or by delivering an inferior product. For instance, Nigerian building contractors during the Shagari era put up numerous public buildings, many of which rapidly collapsed altogether.84 Secondly, in real world, the corrupt official determines the winner, not only by the amount of bribe, but by some other condulations, such as friendship or caste relations. Thus, the possibility of inefficient allocations vary as the degree of discrimination increases.85 When inefficient projects are accepted, the rate of return and hence the growth rate would the lower. Large spending on inefficient projects would reduce the resources available for other development aspects. The corrupt officials would be more interested in taking up larger and new projects. So, small projects, however important, will not attract due attention and the existing projects which are inefficiently executed may require more maintenance works but, would not be properly maintained in order to generate chance for newer projects and new chance for bribe seeking. This will spoil the tax payers confidence and they may also hide the income sources, leading to generation of black money. Using cross-country data and regression analysis, the IMF Survey, 1997 at p. 37686 finds that higher corruption is associated with: (a) higher public investments, (b) lower government revenues, (c) lower operation and maintenance expenditure, and (d) reduced productivity of public investment.

Under this situation, higher public investment need not always result in higher growth rate (IMF, 1997). Corruption impedes economic growth as capital generated corruptly is channeled into unproductive activities to name a few of them, such as the purchase of imported cars and the building of mansions.

85. Supra note 84.  
Obtaining necessary licences and permit without bribes seems difficult in a county like ours. Corruption generated this way, in turn discourages entrepreneurialism. Investment decisions are said to be distorted by corrupt transactions and precious natural resources diverted into private coffers.

The most significant consequences of corruption are said to be for the economic development of poorer countries. Academic scholarships, the popular press, and popular perceptions at home and abroad often focus attention on the damaging effects of corruption on the economy. The tentacles of corruption are choking India’s growth. In a special survey of India’s economy in 1991, the influential British magazine, the Economist, devoted the entire section to corruption in India’s ‘body politic’ and suggested that corruption is responsible to a substantial extent for the country’s economic problems. Justice A Seetharam Reddy asserting that corruption introduces an element of uncertainty and irrationality into the planning process, stated the following in a speech addressed to the officers of the Anti-Corruption Bureau:

There may be others who believe that though corruption is morally wrong, [it] is irrelevant to the question of social and economic development of a country. [But], I for one, believe that any doctrine which justifies corruption on whatever ground is pernicious and detrimental to the fabric of the society and impedes and retards economic growth of a developing country like India. My opposition to corruption is based not merely on the ground of sanctimonious moralism, but on the firm conviction that corruption is a weighty factor distorting and dissipating all efforts of economic development and public welfare.

A glaring effect of corruption can be witnessed when plan [Five Year Plan] objectives are not realized. The Five Year Plans have failed to increase the standard of living of our people commensurate with the amount of money spent on these plans.

---

In the various development projects, bribery and nepotism is common in the awarding of contracts which in turn lowers the quality of work (because of the use of substandard materials and deficient skills). Eventually this has the consequence of escalating the original costs of mere development projects. Using data for a vast cross-section of countries, IMF scholars find that a one unit hike in corruption lowers GDP growth by 1.4 per cent. A one unit hike in corruption, similarly, lowers public spending on education by 0.2 per cent and raises child mortality by 2.7 deaths per 1000 live births. From a pure economics point of view, studies show that a unit hike in corruption reduces the flow of foreign direct investment by a whopping 11 per cent, and lowers the tax to GDP ratio by as much as 2.7 per cent.  

2.5.1.1 Effects on investments in firms, foreign investment and GDP

A recent World Bank study on the impact of corruption in developing countries, including India, depicts the following picture:

- Macroeconomic stability is undermined due to the loss of government revenue, excessive spending and leakages. The costs of this instability are mostly borne by the poor.
- Foreign direct investment is severely constrained, sometimes even stopping totally.
- Since corruption increases the costs of doing business and small firms bear a disproportionately large share of these costs, small entrepreneurs are badly affected.
- Since corruption compromises on pollution norms, the environment is endangered.
- The poor suffer the most since they are denied access or suffer low quality public goods and services and have no “exit” option such as private schooling and healthcare.


• There is negative correlation between the level of corruption and the level of investment in the economy. This severely constrains economic growth and employment generation.

Corruption in fact lowers the returns very significantly for small and medium enterprises. According to an analysis by Vito Tanzi for Argentina (and this should hold good for most countries), corruption reduces the return on investments in firms by 1 to 2.5 per cent for large firms, and by between 3 to 6 per cent for small firms. What is interesting is that giving bribes to officials doesn't necessarily lead to higher profits for bribes – very often, firms give bribes just to be allowed to do their work, for instance, to clear their imports from the Customs on time. So firms have to spend more to give bribes, and yet find their returns are not increasing – so, the return on capital tends to fall. And if returns are lowered, this keeps people (including foreign investors) from investing (that's how both foreign direct investment and the GDP get affected by corruption). Since we know that real growth in any economy comes from the small and medium segments, this clearly shows that corruption lowers investment levels.91

It is worthwhile mentioning at this point that a country which borrows money to finance projects that do not satisfy its real needs, and which may indeed be considered economically futile or absurd, will see its debt burden increase - and not simply by the 10% to 20% that is used to fund 'backhanders'. The loss will ultimately be 100% if one views it in terms of the cost of the unproductive investment to the national economy. Discussions about the debts of developing countries rarely focus on the mechanisms which have produced these debts. Yet in most cases, they have become unserviceable on account of the ineffective use of overseas aid - the sort of bad management to which corruption contributes considerably.

2.5.1.2 The black economy problem

The generation and maintenance of a formidable parallel, black economy is clearly said to one of the more alarming economic consequences of corruption. This refers to the hidden or informal economy spreading alongside

91. Supra note 90.
or underneath the visible, formal economy. The size and scale of this economy cannot be ascertained factually, but there are various estimates. According to a study sponsored by the National Institute of Public Finance and Policy in 1985, the amount of black money in India would be between 18 per cent and 21 per cent of the national income. In a statement during an interview with an Economist D R Pendse, an estimate of black money was drawn that on a national income of over Rs.500000 crore, the black money generated will be approximately Rs.100,000 crore. In answer to the question as to what extent corruption contributes to generation of black money, the government study cited above observed, in a summary of its report.

Our qualitative judgment is that the making of black incomes has become very integral, even ‘routine’ dimension of Indian society, encompassing pervasive tax evasion on legal source economic activities and widespread corruption and abuse of all forms of discretionary authority.

A M Khusro, an economist and a former member of the national Planning Commission, provides a rough idea when he explains that corruption is one of the four sources of black money, the others being (a) illegal income earned from sale of commodities at prices beyond the government controlled prices, (b) gains made from sale of goods in a volume that exceeds government quotes or regulations on those goods and (c) tax-evasion.

It is commonly advocated that the existence of black money is nothing but an external manifestation of corruption. Or in other words they are part and parcel of the same problem.

Another practice which can be seem as a form of corruption is the way corruption results in scarcity of essential commodities. Some government-run ration shops are often heard selling essentials such as rice, sugar at higher prices in the black market. Sometimes even the rationing inspectors are bribed to overlook these malpractices.

2.5.2 Impact of corruption on political system

Nobel laureate Gunnar Myrdal, in his famous treatise, has candidly brought out the political and economic dangers of corruption. According to him, on the political side, "the significance of corruption in Asia is highlighted by the fact that wherever a political regime has crumbled — in Pakistan, Burma, China for instance — a major and often decisive cause has been the prevalence of corruption and misconduct among politicians and administrators and the resulting spread of unlawful practices among businessmen and the general public. The problem is of vital concern to the governments of South Asia, because the habitual practice of bribery and dishonesty paves the way for an authoritarian regime, which justifies itself by the disclosures of corruption and the punitive action it takes against the offenders. Elimination of corruption has regularly been advanced as the main justification for military takeovers".

Pranab Bardhan observes when public resources meant for building productivity enhancing infrastructure are diverted for politicians' private conspicuous consumption (it is hardly possible to see that the amount is invested on productive ventures by the corrupt bureaucrats/politicians' growth rates obviously will be affected adversely). Yet another implication of corruption can be seen in seemingly inverse relationships between the level of corruption and respect for human rights. Theobald observes: Extensive opportunities for self-enrichment through control of the state apparatus places a fantastic premium on actually being in power. Hence, those with vested interests would join together to get themselves into power: once in power, the victors do everything they can do to stay there. They will do ballot-rigging, imprison political opponents or cause mortal harm to the political rivals. If they lose in the elections, they will carpet-cross to the government, side, resort to unconstitutional means, economic sabotage, conspiracy, fomenting communal tension, riot and even armed rebellion. The corrupt politicians

---

would not have mass patronage but maintain maximum clientele with minimum pay-off – a meal or a temporary job.

It will not be out of place to mention the statement of the then (1991) Prime Minister in reaction to the acceptance of commission by late Prime Minister Rajiv Gandhi in the famous Bofors deals. Cited in the Economic Times, April 11, 1991, states that the PM of India, Chandra Shekhar, states: What great sin has been committed if he (Rajiv Gandhi) accepted Rs 60 crore as commission? Is it such a catastrophe which will make or mar the country’s future? Since the days of Jawaharlal Nehru, commissions are being regularly accepted.

This was not within the following reactions reported in the Indian Express, April 12, 1961, under the Editorial: ‘No, Prime Minister’. It ran like this .... This is an astoundingly cynical attitude in a public figure and Prime Minister of any country. Apart from the moral dimensions of clandestine private enrichment by persons in positions of trust, there is the question of robbing the public treasury. This will contribute to a climate of permissiveness in which corruption by politicians will cease to carry a stigma ..... the result will be collapse of the system ..... and laws and norms will cease to have any meaning in any walk of life.

A peep into the effects of corruption on individuals, institutions and society will provide a light to the problem of corruption and on this basis solution to control it may be offered. According to Bayley, the negative effects of corruption in developing countries, include a rise in the price of administration, a decline in morale, loss of respect for authority and faith in govt., and costly administrative delays. Myrdal believes that corruption creates inertia and inefficiency in administration and results in political instability. Caiden and Caiden believe that systemic corruption in a society is said to perpetuate closed politics, widen class and social divisions, prevent policy change and administrative reform, and inhibit social change.

99. Supra note 96.

70
Nye,\(^{101}\) considers the relative importance of all of these potential costs of corruption, but also of its potential benefits. On the one hand, he concedes, that corruption may result in wastage of resources (capital outflow, distortions in investments, military takeovers) and a reduction in governmental capacity.\(^{102}\) On the other hand, Nye claims that corruption can contribute to economic development (through capital formation, cutting red tape, promotion of entrepreneurship), national integration (by cementing elites together and by integration of non-elites through provision of a smooth transition from ‘traditional’ life to the ‘modern’) and toward increasing governmental capacity (governmental capacity to be achieved by way of nepotism, bribery, and distribution of spoils that provide the informal means of rendering an otherwise distance and inflexible administration more responsive to the need of various groups in society).

Recipients of black incomes and wealth distort the pattern of demand and, thus the pattern of investment and production by their spending. They also influence political process by bringing politicians and the formations to which they belong under their way. Politicians and political parties depend on these people for resources to support their election campaigns and day-to-day political activities. In India, this mutual dependence of politicians and the people, who operate and sustain the dirty or underground economy has been rising more and more. Practically every day, some scams or other and blatant cases of corruption are hitting the headlines.

The Supreme Court of India in a recent judgment gave its comments on the far-reaching effects of corruption, and these comments deserve to be mentioned in some detail. The apex court observed: \textit{Corruption in a civilized society is like cancer, which, if not detected in time, is sure to malignise the polity of the country leading to disastrous consequences. It is termed as a plague which is not only contagious but if not controlled spreads like a fire in a jungle. Its virus is compared with HIV leading to AIDS, being incurable. It has}


\(^{102}\) Reduction in Governmental capacity can be attributed to the reason lying in a struggle for illegitimate sources of income among govt. employees who devote all their energies to strategies for accumulation and survival – this reducing the administrative capacity of the Government.
also been termed as royal thievery. The socio-political system exposed to such a dreaded communicable disease is likely to crumble under its own weight. Corruption is opposed to democracy and social order, being not only anti-people, but also aimed and targeted at them. It affects the economy and destroys the cultural heritage. Unless nipped in the bud at the earliest, it is likely to cause turbulent shaking of the socio-economic political system in an otherwise healthy, wealthy, effective and vibrant society.\textsuperscript{103}

Speaking at the Organization of American States (OAS), Ashcroft said corruption in government undermines the goals of peace-loving and democratic nations, jeopardizes free markets and sustainable development, provides sanctuary to the forces of terror, and supports the illicit activities of international and domestic terrorists.

In short, corruption "saps the legitimacy of democratic governments and can, in its extreme forms, threaten democracy itself," Ashcroft said at the OAS.\textsuperscript{104}

Politically, corruption increases injustice and disregard for rule of law.

Basic human rights and freedoms come under threat, as key judicial decisions are based on the extent of corrupt bribes given to court officials rather than on the innocence or guilt of the parties concerned. Police investigations and arrests may be based on political victimisation or personal vendettas rather than on solid legal grounds.

As per the United Nation’s Commission on Human Rights, the key attributes of good governance include transparency, responsibility, accountability, participation and responsiveness to the needs of the people. Good governance is thus linked to an enabling environment conducive to the enjoyment of Human Rights and promoting growth and sustainable human development. The world community endorses ‘rights-based approach’ to development and tests the track record of each Member State on its anvil. The expectation of every civil society of its Government thus is that it would fulfill its commitments and provide an equitable atmosphere conducive for

\textsuperscript{104} Organization of American States meeting of the Ministers of Justice and Attorneys General of the America.
individual's growth. A Government is expected to be fully accountable to its people and transparent in the use of public resources. It enforces the Human Rights including economic, social and cultural rights and has no place for corruption of any kind since corruption is a blight that invariably proves to be retrograde for development. No wonder the World Bank views good governance and anti-corruption measures as central to its poverty alleviation mission.

India incorporated a number of basic human rights as guaranteed fundamental rights, elaborated in every possible manner, in Part III of the Constitution. These fundamental rights went much beyond the American Bill of Rights. They did draw upon the Universal Declaration of Human Rights issued by the United Nations in 1948 but went ahead of them by incorporating alongside, in Part IV of the Constitution, certain 'Directive Principles of State Policy' that, as per Article 37, are principles that would be fundamental for good governance of this country.

The Directive Principles of State Policy canonized in the Constitution have been used as fundamental principles of governance tempered by the Fundamental Rights. On the other hand, adjustments have been made in the Fundamental Rights, from time to time, through legislative measures, executive action or judicial pronouncements so as to further the object sought to be achieved by the Directive Principles. After all, the purpose of the Fundamental Rights on the one hand and the Directive Principles on the other is common, and that is to provide for an environment that can ensure dignified growth and development of each individual as a useful human being.

The question, however, is as to whether we have accomplished the task of ensuring to each individual all of his basic human rights in their full bloom. Is every citizen provided healthcare, education, adequate housing, sufficient food and clothing? Can we claim that there is no injustice prevalent at social, economic or political level? Is every Indian in a position to live life of dignity, free from prejudices or discrimination of any kind? If the answer to any of these posers is in the negative, we cannot yet proclaim that we are providing good governance in this country.
Legislature, Judiciary and Executive are the three pillars that sustain the goal of national development. A corrupt political system denies true participation of people in the democratic process. A corrupt judicial system works not only to deny Constitutional safeguards against the basic human rights but also discriminates in the implementation of laws. A corrupt executive can cripple the implementation of all welfare measures aimed at achieving the target of Welfare State. Ad-hoc repairs of one organ alone would not do since it is the preservation of the overall strength of the structure that controls its future.

2.5.3 Impact of corruption on bureaucratic/administrative system

Bayley 105 also outlines positive consequences that may result from corruption. Corruption may increase the allocation of resources away from consumption and into investment, it may render the rational – legal bureaucratic system more humane in traditional societies, and may improve the quality of public servants.

In a tendency to amplify the significance of corruption as a social problem in India, it is suggested that corruption has the most adverse effect on the functioning of the bureaucratic, administrative machinery.

Corruption supplies administrative work. This starts right from the day people get into government service through corruption. Rates are fixed for some posts. There is also a price tag on transfers. The administrative machinery in India is known for its tortoise-pace. The government employees just hold out on files for no reason other than that they haven’t been bribed by the public. Administration reaches its heights because of red-tape and corruption. Thus corruption leads to administrative paralysis which, in turn, affects public services.

Also, corrupt bureaucrats would opt for imports of complex technology or goods in preference to more standardized and more appropriate technology or goods.

When stupendous fortunes can be made out of corrupt government office, it would be a major disincentive to embarking on a career in legitimate business.

activity. The impact of corruption on the quality of public infrastructure is all too clearly visible in the towns and cities of India. The Public Works Department (PWD) and the State Electricity Boards which are largely responsible for the maintenance of roads and management of power distribution respectively, are among the most corrupt government departments in India. In the capital city of Delhi itself the transmission and distribution losses in the power sector are estimated to be over 50% out of which almost 30% is attributed to theft which is done with the connivance of the electricity board employees. A former Chairman of the Delhi Electricity Board (DEB) was very recently suspended and charged with amassing assets worth over Rs 14 crore, which is almost a hundred times more than his known sources of income. Such massive corruption is certainly one of the main reasons for perennial power shortages and frequent breakdowns in the capital.

India’s Chief Vigilance Commissioner recently observed: India’s economy today is a standing monument to the corruption and inefficiency of four specific departments, namely, Customs, Central Excise, Income Tax (IT) and Enforcement Directorate (ED). It is the evasion of taxes and the failure of these departments to check illegal activities that has crystallised into the large percentage of black money in the economy. The quantum of black money has been estimated from Rs.40,000 crores to Rs.100,000 crores. Industries today depend on black money. The film industry, a substantial part of the construction industry and a large number of small industries are run on the basis of black money.”

In Rajasthan, minimum wages, which were part of a drought relief programme organised by the state, were hardly ever paid due to mismanagement, corruption and the deliberate obstruction of access to information held by local officials responsible for the programme’s administration. As a result, workers demanding payment of their minimum wages were repeatedly told that no evidence of their work existed, and that as a consequence they would not be eligible for payment. The money went instead into the pockets of bureaucrats

---

107. N. Vittal, *Combating Corruption India a Symposium1999*.
who had been copying names from electoral rolls, including those of dead people, or receiving payment for material never supplied.108

One of the most damaging impact of corruption in the bureaucracy is the politicization of bureaucracy. We had a professional bureaucracy in form and spirit and not a political one. But now our bureaucracy has become a bureaucracy which is professional in structure but political in spirit.

According to the Hon'ble Supreme Court of India:

It is sad but a bitter reality that corruption is corroding, like cancerous lymph nodes, the vital veins of the body polity, social fabric of efficiency in the public service and demoralizing the honest officers. The efficiency in public service would improve only when the public servant devotes his sincere attention and does the duty diligently, truthfully, honestly and devotes himself assiduously to the performance of the duties of his post. The reputation of corrupt would gather thick and unchaseable clouds around the conduct of the officer and gain notoriety much faster than the smoke.109

2.5.4 Social and cultural consequences

Corruption has not only far-reaching negative consequences on society and culture, but it is at the root of many other problems facing the country. Corruption has deleterious effects. Nanjundaiya writes110:

"Our society today ... is being plagued by [corruption] ... the cancerous growth of corruption all round is eating into the very vitals of our society. Corruption has seeped into our social and economic life like cancer almost from 'wormb to tomb' as the saying goes, and if not checked will engulf our very social existence as a civilized society."

Wraith and Simpkins, deplored the ‘bush and reeds’ of corruption for ‘taking the goodness from the soil and suffocating the growth of plants which have been carefully and expensively bred and fended’.

To understand the horrible consequences of corruption it may be mentioned here, with a touch of exaggerated poignancy, the fact of degeneration of morals/ values of society as the ultimate effect of corruption. Society is degenerating to such an extent that the honest man’s daughters are forced into prostitution and his family lives off the fruits of their illegal actions. Corruption not only demoralizes the people but also robs the poor. First, corruption reduces the availability and increases the cost of basic social services. Access to core social services can be easily restricted with the intention to make corrupt gains. For instance, a government doctor may deliberately store away free medicines until he is bribed, a police inspector may deny an FIR to a victim until he is paid a kickback, and a principal may refuse to admit a child in a school until he is paid under-the counter.

Since obtaining access to basic public services normally requires an illegal cash payment, corruption also raises the price of these services. Second, in addition to a decrease in total government expenditure due to tax evasion, corruption also shifts government expenditure from priority social sector spending to areas where the opportunities for rent-seeking are greater and the possibilities for detection are lower. Allocating government funds to a few large defense contracts or mega-projects may seem more attractive to corrupt bureaucrats and politicians than spending the same money to build numerous rural health clinics.

A major social consequence of corruption is the increasing social acceptance of corruption in India. Widespread prevalence of corruption in society results in a decline in morality and people begin to evaluate their actions only by instrumental rationality and not by any moral considerations. An unconscious decline in cultural values is reflected in the generation of enormous cynicism among people most of whom now believe that a reasonable degree of

---

success cannot be attained without corruption. The loss of faith in merit particularly among the youth may cause suicides, terrorism and other socio-psychological crisis and crimes.

Deterioration in community life, loss of mutual trust, loss of civil sense among people are other among the social consequences of corruption. Distortions in class/status hierarchy brought about by corruption is another common consequence of corruption. This is evident when one witnesses how society confers status rewards only on those who have acquired wealth through corruption or other illegitimate means and relegates honest people to a lower level in the stratification system.

2.6 MAGNITUDE OF CORRUPTION

Corruption is not a new phenomenon and in varying forms it exists to a greater or lesser degree in most societies. What is new and worrying is the magnitude and the size of corruption. It enriches the rich and disproportionately affects the poor, unprotected and underprivileged and deepens their deprivation. Corruption in public life is lamentable and a very sorry state of affairs in our democratic country.113

To have an idea of the magnitude of any problem, one needs to study the statistics pertaining to the concerned problem. But statistics are not always a real index of any problem. That is so also in cases of corruption. Firstly, this is an offence which is concluded in absolute secrecy and confidence. Accordingly, exact information of corruption cases can never be known. Secondly, corruption is one such offence which benefits both – the person giving the bribe and the person accepting the bribe. Accordingly, it is very rare that corruption cases come on the surface. It is only in rare situations where the demand for money is too high or highly disadvantageous to the person who is to give money, that a case is reported to the police. With the corruption becoming a way of life, it has further become difficult to find out cases of

---

corruption. The data reflected in the tables (A to D) in the following pages of this chapter is just the tip of an iceberg. The real magnitude of the problem can only be felt by actually coming closer to the working of different departments of the government. There is no system of measurement of this feeling which is commonly experienced by the public in general. The whole system has become synonymous with foolishness and corruption with wisdom. The high level of social and political respectability which corrupt people command has made them more bold and fearless.

A report \(^{114}\) published in India Today, July 7, 2003, highlights the magnitude of corruption in our bureaucracy. It brings forth the facts of involvement of these ‘corrupt babus’ in the acceptance of bribes and their aftermath status. It shows how these babus have mastered the system to beat the tap and continue in plum posts, turning venality into a flourishing business. The following facts were stated in the report – 7,054 public servants were named in complaints received by the PMO’s anti-corruption unit; 2,256 cases were registered by the CBI under the PCA in 1998-2001; and 2% of GDP growth is the cost of corruption that has become very deep-rooted in the country. It also stated that 4,500 corruption cases were pending in India. Major facts highlighted in the report as regards corruption amongst the bureaucrats were as follows:

1. Subash Sharma, former Vice-Chairman, DDA, arrested on March 26 by the CBI for undue favours to builders DLF Universal in exchange for Rs.1.1 crore. Sharma’s share was Rs.50 lakh

2. Virender Singh, Adviser to Administrator, Chandigarh. A CBI raid in May 2000 unearthed Rs 30 lakh in cash, fixed deposits worth Rs 46 lakh, gold jewellery worth Rs 13.72 lakh, three vehicles and a one acre plot in west Delhi with a Maruti workshop. It also recovered a 700 sq yard plot, a 20-room building on a 300 sq yard plot, a DDA flat, the ground floor of a house, a commercial flat, a seven acre farm, a computer institute, a built-up farm house, two shops, a house on 274 sq yard plot and yet another house –all of them spread over south and

central Delhi. A petrol pump and a 5.5 hectare farm (both in Moradabad, Uttar Pradesh) plus documents of eight other immovable properties were also discovered. Purchase price (not market rates) of property and land as established from recovered documents: Rs.3 crore.

3. S Mishra, former Chief Excise Commissioner, Delhi, arrested in 2001 for taking Rs 10 lakh bribe from Flex industries. CBI found Rs.8 lakh in cash and bank deposits, two flats in Ghaziabad and a plot in Haryana, and 10 bank accounts.

4. L. Gangte, IAS, Manipur, colluded with transport contractors to short supply rice from Food Corporation of India warehouses to drought affected areas. Found guilty of allowing a contractor to short supply as much as 574 tones of rice worth Rs 20 lakh. CBI investigated him, the CVC sanctioned prosecution in November 2002.

5. Ravinder Pal Singh Sidhu, Former Chairman. Punjab Public Service Commission was caught red-handed while taking a bribe of Rs.5 lakh to promote excise inspector to the Punjab Civil Services. State Vigilance Bureau unearthed ill-gotten wealth of Rs. 28 crore from him.

6. A N Purwar, IRS, was caught accepting bribe of Rs 50,000 as Commissioner (Appeals) IT, Mumbai. Assets worth Rs 2.1 crore recovered, inducing flats in Delhi, Ahmedabad, Indore, plot in Agra, 22 expensive watches. Operated 13 bank accounts, traveled 16 times with family to places like the US, UK, Canada, UAE, Hong Kong, Thailand, Malaysia, and Singapore.

7. B P Verma, former Chairman, Central Board for Excise and Customs. Arrested in April 2001 by CBI for accepting Rs.2 lakh bribe through his son and for amassing ill-gotten wealth. Helped a Chennai-based trader avail Rs.75 lakh duty drawback.

8. L S Pawar, IRS, CBI, found FDRs worth Rs.1.05 crore, a house in south Delhi, six flats in Mumbai (in Bandra, Juhu Tara Road, Rizvi Heights), two offices in Mumbai (Mittal Chambers), a house in Mohali, three farms and several shops in Maharashtra
9. M. Kaaiivanan, Commissioner Chennai Corporation, Tamil Nadu. As Deputy Chairman of Chennai Port Trust, he amassed wealth to the tune of Rs.66 lakh. Based on investigations by the state vigilance department, the CVC advised a major penalty against him in November 2002.

10. S. Malaiichamy, IAS. Charged with having wealth disproportionate to known sources of income of Rs.2 crore. A CBI raid in April 2002 revealed he had 24 properties spread all over Delhi, Ghaziabad, Noida, Greater Nodia, Loni, Vellore and Banglore. Cash, bank deposits and gold worth Rs.20 lakh discovered.

11. Bikramjit Singh, Head, State School-College tribunal, Punjab. CBI inquiry revealed he had amassed assets worth Rs.1.35 crore by misusing his position as principal secretary to then Chief Minister P.S. Badal

12. S.D. Karnik, former Chairman of MPSC, Maharashtra. Karnik manipulated a Maharashtra Public Service Commission recruitment drive so that candidates who had paid Rs.3 lakh got cleared in the examination.

13. Virender Singh Banthia, IRS. CBI raided him in January 2002 and found he had amassed Rs.2 crore, six houses and six shops.

14. R Perumalswamy, PA to former Union Minister G Ramachandran arrested, on May 22, while accepting Rs.4 lakh bribe from an IRS officer who wanted a transfer. The CBI recovered Rs.69 lakh in cash and Rs 85 lakh in cheques from the conduit, a Chennai-based chartered accountant.

Statistics are not always a real index of any problem, that is so in cases of corruption. Firstly, this is an offence which is concluded in absolute secrecy and confidence. Accordingly exact information of corruption cases can never be known. Secondly, corruption is one such offence which benefits both – the person giving the bribe and the person accepting the bribe. Accordingly, it is very rare that corruption cases comes on the surface. It is only in rare situations where the demand for money is too high or highly disadvantageous
to the person who is to give money, that a case is reported to the police. With the corruption becoming way of life, it has further become difficult to find out cases of corruption. The data reflected in the tables below is just a tip of an iceberg. The real magnitude of the problem can only be felt by actually coming closer to the working of different departments of the government. There is no system of measurement of this feeling which commonly experienced by the public in general. The whole system has become synonymous with foolishness and corruption with wisdom. The high level of social and political respectability which corrupt people command has made more bold and fearless.

The information collected from the Central Bureau of Investigation and State Vigilance Bureaus for the period covering the years 2001 to 2005 has been mentioned in the form of tables (A to D) drawn in this chapter.

Looking into the tables in the forthcoming pages (A to D), a mixed trend was observed in the cases registered under the Prevention of Corruption Act by the Central Bureau of Investigation and State Vigilance Bureau (Table No.1). Cases registered by the Central Bureau of investigation declined during 2001 to 2003 from 858 to 707 which again rose to 827 in 2005. Cases registered by State Vigilance/Anti-Corruption Bureau also declined from 2001 to 2004 continuously (from 2999 in 2001 to 2585 in 2004) but it increased to 3008 in 2005. On an average basis, for the above mentioned period, the CBI registered 781.2 cases in comparison to the registration of 3034.6 cases by the Vigilance Departments of the States and UTs.

The percentage of cases in which charge-sheet was submitted out of the total number of cases investigated by the Vigilance Bureau is ranging between 29.1% to 35.2% for the years 2001 to 2005. The performance of CBI is far better than the performance of the Vigilance Bureaus. The percentage of cases in which the CBI submitted charge-sheets is ranging from 26.3% to 62%. Barring 2005, the year in which charge-sheets were submitted only in about 26.3% cases, on the whole, the CBI has a good rate in this account. This reveals that the Vigilance Bureau of the States and the UTs required a great homework to be done in this regard. Similar is the story about the success of the cases investigated by the CBI and the State Vigilance Bureau/
Anti-Corruption Departments. The figures reveal that the conviction rate of corruption cases investigated by the CBI is more than 60% for the period/years 2001 to 2005 whereas the State Anti-Corruption Departments had a far lower conviction rate, of around 32%. The percentage of persons convicted to trials completed by CBI reveals a sharp decline from 50% in the year 2001 to 31% in the year 2003. However, the CBI again improved its record in the year 2004 and 2005 by achieving a conviction percentage of the corrupt persons to 63%. The result of the Vigilance Departments on this account is also very poor as the percentage of persons convicted in cases investigated by them is only about 28% on an average for the years 2001 to 2005.

The amount/value of the property seized by the CBI during the years 2001-2004 is Rs.87,670,391. The amount/value of the property seized by the CBI during the year 2005 is not available and the amount/property seized for the years 2001 to 2005 in connection with the corruption charges by the State/UT Vigilance Bureau amount to Rs 534477.8

In the cases investigated by the CBI, from the year 2001 to 2005, there is a downward trend in initiating regular departmental action. In the year 2001, against 1039 persons, regular departmental action was taken in the cases investigated by the CBI whereas in the year 2003, the figure reduced to 476. However, in 2004 there was an upward trend in taking regular departmental action, but in the year 2005, the departmental action was taken against only 237 persons. Cases investigated by the Vigilance Departments of the State and UTs show a mixed trend.

A look in the profile of the public servants involved in States/UTs reveal that 374 gazetted officers, 2407 NGOs and 634 privately employed were involved in such cases. There were 57 dismissals, 6 removals, 33 major and 62 minor punishments awarded to the public servants in the States/UTs during the year 2005.115

---

115. The data of the CBI is not available on under this heading as the CBI is not maintaining/supplying Regular Departmental Act (RDA) data since 2004.
### TABLE A

All India Vigilance And CBI Statement Of Cognizable Crimes Registered And Their Disposal In All India By Vigilance Departments Of The States And UTs And By The CBI Under The Prevention of Corruption Act And Related Sections of IPC During The Years 2001-2005

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total (all India data) by VDs of States and UT's and CBI in the year</td>
<td>Pending Investigation from previous year</td>
<td>Cases registered during the year</td>
<td>Total Cases for Investigation</td>
<td>Cases Investigated</td>
<td>Cases not Investigated or investigation Dropped</td>
<td>Cases Transferred to local police</td>
<td>Cases Declared false etc. during the year</td>
<td>Cases Charge sheeted</td>
<td>Cases Pending for dept. sanction for prosecution</td>
</tr>
<tr>
<td>1</td>
<td>5140</td>
<td>2990</td>
<td>8130</td>
<td>7009</td>
<td>73</td>
<td>28</td>
<td>81</td>
<td>2041</td>
<td>1364</td>
<td>337</td>
</tr>
<tr>
<td></td>
<td>1399</td>
<td>858</td>
<td>2257</td>
<td>949</td>
<td>N.A.</td>
<td>0</td>
<td>N.A.</td>
<td>284</td>
<td>55</td>
<td>226</td>
</tr>
<tr>
<td>2</td>
<td>5019</td>
<td>3432</td>
<td>8451</td>
<td>6844</td>
<td>55</td>
<td>11</td>
<td>69</td>
<td>2406</td>
<td>1328</td>
<td>543</td>
</tr>
<tr>
<td></td>
<td>1308</td>
<td>756</td>
<td>2064</td>
<td>713</td>
<td>N.A.</td>
<td>0</td>
<td>N.A.</td>
<td>323</td>
<td>114</td>
<td>244</td>
</tr>
<tr>
<td>3</td>
<td>5255</td>
<td>3158</td>
<td>8413</td>
<td>6865</td>
<td>63</td>
<td>9</td>
<td>57</td>
<td>255</td>
<td>1324</td>
<td>399</td>
</tr>
<tr>
<td></td>
<td>1351</td>
<td>707</td>
<td>2058</td>
<td>752</td>
<td>N.A.</td>
<td>1</td>
<td>N.A.</td>
<td>343</td>
<td>118</td>
<td>188</td>
</tr>
<tr>
<td>4</td>
<td>5538</td>
<td>2585</td>
<td>8123</td>
<td>6629</td>
<td>68</td>
<td>3</td>
<td>68</td>
<td>2268</td>
<td>1310</td>
<td>439</td>
</tr>
<tr>
<td></td>
<td>1306</td>
<td>758</td>
<td>2064</td>
<td>816</td>
<td>N.A.</td>
<td>1</td>
<td>N.A.</td>
<td>384</td>
<td>130</td>
<td>224</td>
</tr>
<tr>
<td>5</td>
<td>5990</td>
<td>3008</td>
<td>8098</td>
<td>6756</td>
<td>113</td>
<td>7</td>
<td>43</td>
<td>2162</td>
<td>1135</td>
<td>551</td>
</tr>
<tr>
<td></td>
<td>963</td>
<td>827</td>
<td>1790</td>
<td>804</td>
<td>N.A.</td>
<td>0</td>
<td>N.A.</td>
<td>374</td>
<td>81</td>
<td>267</td>
</tr>
</tbody>
</table>

Source: National Crime Record Bureau Publication 'Crime in India'
<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Total (all India data) by VDs of States and UT's and of CBI in the year</th>
<th>Cases pending investigation of the end year</th>
<th>Cases resulted in recovery or seizure</th>
<th>Value of property recovered/Seized (in Rs. 000)</th>
<th>Percentage of cases charge-sheeted to total cases investigated</th>
<th>Cases pending trail from previous year</th>
<th>Cases sent-up for trial during the year</th>
<th>Total cases for trial</th>
<th>Cases with draws/removed or otherwise disposed of</th>
<th>Trials completed during the year</th>
<th>Cases convicted</th>
<th>Cases acquitted or discharged</th>
<th>Pending trial at the end of the year</th>
<th>Percentag e of cases convicted to trials completed</th>
<th>Total amount of fine imposed during the year (in Rs. 000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2001 by VD's</td>
<td>4910</td>
<td>1351</td>
<td>83909.6</td>
<td>29.1</td>
<td>11208</td>
<td>2041</td>
<td>13249</td>
<td>109</td>
<td>1324</td>
<td>386</td>
<td>938</td>
<td>11186</td>
<td>29.2</td>
<td>11697.4</td>
</tr>
<tr>
<td></td>
<td>2001 by CBI</td>
<td>1308</td>
<td>222</td>
<td>41,712,231</td>
<td>47</td>
<td>4243</td>
<td>446</td>
<td>4689</td>
<td>25</td>
<td>368</td>
<td>232</td>
<td>111</td>
<td>421</td>
<td>63</td>
<td>72.5</td>
</tr>
<tr>
<td>2</td>
<td>2002 by VD's</td>
<td>5265</td>
<td>1142</td>
<td>71337.7</td>
<td>35.2</td>
<td>11965</td>
<td>2424</td>
<td>13333</td>
<td>64</td>
<td>1507</td>
<td>521</td>
<td>980</td>
<td>11843</td>
<td>34.6</td>
<td>5754.3</td>
</tr>
<tr>
<td></td>
<td>2002 by CBI</td>
<td>335</td>
<td>911</td>
<td>135,999,288</td>
<td>60%</td>
<td>4321</td>
<td>430</td>
<td>4751</td>
<td>30</td>
<td>495</td>
<td>304</td>
<td>161</td>
<td>4256</td>
<td>61</td>
<td>1244.9</td>
</tr>
<tr>
<td>3</td>
<td>2003 by VD's</td>
<td>4847</td>
<td>1227</td>
<td>131316.4</td>
<td>32.8</td>
<td>11098</td>
<td>4050</td>
<td>13691</td>
<td>74</td>
<td>1595</td>
<td>506</td>
<td>1083</td>
<td>12103</td>
<td>31.7</td>
<td>3402.4</td>
</tr>
<tr>
<td></td>
<td>2003 by CBI</td>
<td>1306</td>
<td>293</td>
<td>139,808,769</td>
<td>52</td>
<td>4256</td>
<td>455</td>
<td>4711</td>
<td>19</td>
<td>440</td>
<td>266</td>
<td>155</td>
<td>4271</td>
<td>63</td>
<td>7034.5</td>
</tr>
<tr>
<td>4</td>
<td>2004 by VD's</td>
<td>5169</td>
<td>1038</td>
<td>163833.7</td>
<td>34.2</td>
<td>12787</td>
<td>2325</td>
<td>14982</td>
<td>82</td>
<td>2035</td>
<td>662</td>
<td>1368</td>
<td>13310</td>
<td>32.5</td>
<td>7289.2</td>
</tr>
<tr>
<td></td>
<td>2004 by CBI</td>
<td>1248</td>
<td>N.A.</td>
<td>183,773,562</td>
<td>62</td>
<td>4271</td>
<td>505</td>
<td>4776</td>
<td>37</td>
<td>412</td>
<td>249</td>
<td>126</td>
<td>4364</td>
<td>66</td>
<td>252.0</td>
</tr>
<tr>
<td>5</td>
<td>2005 by VD's</td>
<td>5034</td>
<td>1390</td>
<td>84080.4</td>
<td>32.0</td>
<td>12658</td>
<td>2172</td>
<td>14830</td>
<td>79</td>
<td>2048</td>
<td>651</td>
<td>1397</td>
<td>12073</td>
<td>31.8</td>
<td>8220.8</td>
</tr>
<tr>
<td></td>
<td>2005 by CBI</td>
<td>1006</td>
<td>N.A.</td>
<td>N.A.</td>
<td>26.3</td>
<td>4130</td>
<td>471</td>
<td>4601</td>
<td>32</td>
<td>265</td>
<td>164</td>
<td>69</td>
<td>4286</td>
<td>62</td>
<td>8207.3</td>
</tr>
</tbody>
</table>

Source: National Crime Record Bureau Publication 'Crime in India'
### TABLE B
Statement Of Persons Arrested In Cognizable Crime Cases Under The Prevention of Corruption Act And Related Sections Of IPC
By The States And UTs Vigilance Bureaus And By The CBI During The Years 2001-2005

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Total (all India data) by VD's of States and UT's and CBI in the year</th>
<th>No. of persons in custody or on bail during the stage of investigation At the beginning of the year</th>
<th>No. of persons released by police or courts before trial during the year</th>
<th>No. of persons in custody or on bail during the stage of investigation At the end of the year</th>
<th>No. of persons in whose cases charge-sheets were laid in the year</th>
<th>No. of persons under trial at the beginning of the year</th>
<th>No. of persons under trial in the year</th>
<th>No. of persons whose cases were withdrawn or otherwise disposed off</th>
<th>No. of persons in custody or on bail during the stage of trial at the end of the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2001 by VD's</td>
<td>5261</td>
<td>3223</td>
<td>435</td>
<td>4022</td>
<td>4027</td>
<td>18927</td>
<td>22954</td>
<td>149</td>
</tr>
<tr>
<td></td>
<td>2001 by CBI</td>
<td>N.A.</td>
<td>197</td>
<td>N.A.</td>
<td>N.A.</td>
<td>1601</td>
<td>13041</td>
<td>14642</td>
<td>66</td>
</tr>
<tr>
<td>2</td>
<td>2002 by VD's</td>
<td>4750</td>
<td>3215</td>
<td>745</td>
<td>4051</td>
<td>3498</td>
<td>21578</td>
<td>23207</td>
<td>179</td>
</tr>
<tr>
<td></td>
<td>2002 by CBI</td>
<td>N.A.</td>
<td>334</td>
<td>N.A.</td>
<td>N.A.</td>
<td>1438</td>
<td>13847</td>
<td>15566</td>
<td>28</td>
</tr>
<tr>
<td>3</td>
<td>2003 by VD's</td>
<td>4790</td>
<td>3320</td>
<td>300</td>
<td>4603</td>
<td>3477</td>
<td>23870</td>
<td>25514</td>
<td>687</td>
</tr>
<tr>
<td></td>
<td>2003 by CBI</td>
<td>N.A.</td>
<td>409</td>
<td>N.A.</td>
<td>N.A.</td>
<td>1672</td>
<td>14610</td>
<td>16282</td>
<td>51</td>
</tr>
<tr>
<td>4</td>
<td>2004 by VD's</td>
<td>5536</td>
<td>3209</td>
<td>399</td>
<td>4820</td>
<td>3918</td>
<td>23805</td>
<td>27717</td>
<td>288</td>
</tr>
<tr>
<td></td>
<td>2004 by CBI</td>
<td>N.A.</td>
<td>292</td>
<td>N.A.</td>
<td>N.A.</td>
<td>1869</td>
<td>13551</td>
<td>15420</td>
<td>138</td>
</tr>
<tr>
<td>5</td>
<td>2005 by VD's</td>
<td>5065</td>
<td>3510</td>
<td>273</td>
<td>5311</td>
<td>2998</td>
<td>21918</td>
<td>24856</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>2005 by CBI</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
<td>1575</td>
<td>14866</td>
<td>15654</td>
<td>13</td>
</tr>
</tbody>
</table>

Source: National Crime Record Bureau Publication 'Crime in India'
### TABLE C

Statement of persons Arrested In Cognizable Crime Cases Under The Prevention of Corruption Act And Related Sections Of IPC.
By The Vigilance Bureaus of The States And UTs And By The CBI During The Years 2001-2005

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Total (all India data) by VDs of States and UT's and CBI in the year</th>
<th>No. of persons in whose cases Trial completed</th>
<th>No. of persons convicted during the year</th>
<th>No. of persons acquitted during the year</th>
<th>Percentage of persons convicted to trial completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2001 by VD's</td>
<td>1851</td>
<td>479</td>
<td>1372</td>
<td>25.9</td>
</tr>
<tr>
<td></td>
<td>2001 by CBI</td>
<td>795</td>
<td>396</td>
<td>250</td>
<td>50</td>
</tr>
<tr>
<td>2</td>
<td>2002 by VD's</td>
<td>2166</td>
<td>662</td>
<td>1585</td>
<td>30.6</td>
</tr>
<tr>
<td></td>
<td>2002 by CBI</td>
<td>956</td>
<td>299</td>
<td>163</td>
<td>31</td>
</tr>
<tr>
<td>3</td>
<td>2003 by VD's</td>
<td>2204</td>
<td>679</td>
<td>1616</td>
<td>30.8</td>
</tr>
<tr>
<td></td>
<td>2003 by CBI</td>
<td>731</td>
<td>225</td>
<td>144</td>
<td>31</td>
</tr>
<tr>
<td>4</td>
<td>2004 by VD's</td>
<td>2977</td>
<td>873</td>
<td>2104</td>
<td>29.3</td>
</tr>
<tr>
<td></td>
<td>2004 by CBI</td>
<td>898</td>
<td>427</td>
<td>246</td>
<td>56</td>
</tr>
<tr>
<td>5</td>
<td>2005 by VD's</td>
<td>3013</td>
<td>858</td>
<td>2143</td>
<td>28.5</td>
</tr>
<tr>
<td></td>
<td>2005 by CBI</td>
<td>664</td>
<td>417</td>
<td>176</td>
<td>63</td>
</tr>
</tbody>
</table>

Source: National Crime Record Bureau Publication 'Crime in India'
**TABLE D**

Details of Public Servants Involved In Corruption Cases Investigated By The States/UT Vigilance Bureaus And The CBI During The Years -2001-2005

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Total (all India data) by VD’s of States and UT’s and CBI in the year</th>
<th>Persons reported for regular Deptt. action</th>
<th>Persons reported for suitable Deptt. action</th>
<th>Dismissal</th>
<th>Departmental Punishment</th>
<th>Major Penalty</th>
<th>Minor Penalty</th>
<th>Categories of public servants involved in regular Deptt. Action</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2001 by VD’s</td>
<td>675</td>
<td>163</td>
<td>4</td>
<td>4</td>
<td>68</td>
<td>84</td>
<td>1205</td>
</tr>
<tr>
<td></td>
<td>2001 by CBI</td>
<td>1039</td>
<td>204</td>
<td>37</td>
<td>15</td>
<td>255</td>
<td>287</td>
<td>490</td>
</tr>
<tr>
<td></td>
<td>2002 by VD’s</td>
<td>611</td>
<td>183</td>
<td>17</td>
<td>109</td>
<td>65</td>
<td>141</td>
<td>1028</td>
</tr>
<tr>
<td></td>
<td>2002 by CBI</td>
<td>774</td>
<td>123</td>
<td>27</td>
<td>11</td>
<td>96</td>
<td>107</td>
<td>444</td>
</tr>
<tr>
<td></td>
<td>2003 by VD’s</td>
<td>672</td>
<td>286</td>
<td>22</td>
<td>86</td>
<td>102</td>
<td>84</td>
<td>1379</td>
</tr>
<tr>
<td></td>
<td>2003 by CBI</td>
<td>476</td>
<td>139</td>
<td>12</td>
<td>4</td>
<td>37</td>
<td>39</td>
<td>291</td>
</tr>
<tr>
<td></td>
<td>2004 by VD’s</td>
<td>769</td>
<td>147</td>
<td>45</td>
<td>22</td>
<td>43</td>
<td>177</td>
<td>383</td>
</tr>
<tr>
<td></td>
<td>2004 by CBI</td>
<td>707</td>
<td>205</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td></td>
<td>2005 by VD’s</td>
<td>414</td>
<td>178</td>
<td>57</td>
<td>6</td>
<td>33</td>
<td>62</td>
<td>374</td>
</tr>
<tr>
<td></td>
<td>2005 by CBI</td>
<td>237</td>
<td>8</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
</tbody>
</table>

Source: National Crime Record Bureau Publication 'Crime in India'
2.6.1 The Central Bureau of Investigation Report 2006

The latest CBI report\textsuperscript{116} highlights the pendency of over 8,200 cases, still awaiting punishment, for want of completion of their trial. More than 2,276 cases have been pending trial, in various courts, all over the country, for more than 10 years now. 244 cases are pending trial for over 20 years. This figure also includes cases which are more than 25 years old. In 2006, a total of 8,297 CBI cases were awaiting trial, after completion of the investigations. The figure of pending trial cases was 6,898 in 2005.

In a country like ours which has over 1.90 crore public servants of the Central and State Governments, a few thousands cases do not make even a small dent in the massive problem of corruption.

Upon investigation, charge sheet was filed in 438 cases but no charges have been framed by the designated courts, for over ten years. CBI, incidentally is one wing of the criminal justice system, the others being, prosecution and judiciary. Wide an high-level of corruption can be gauged from fact that in 2006, the CBI booked 1,917 cases against the public servants from different government agencies.

Out of total number, half of the public servants (941) charged were gazetted officers, of whom, 25 were of the level of joint secretary and above.

Out of the 1,156 cases registered in 2006, the highest was reported from the customs and central excise department (68) followed by the department of posts (57), railways (54), MCD (37). Also, on the one hand the Governments have been talking of zero tolerance of corruption but on the other it is seen 113 cases were pending trial at the end of 2006 for want of sanction for prosecution of corrupt public servants from different government departments.

The high level of corruption in all departments has introduced a system of \textit{Halt, Pay andProceed}. This has been developed into a fine art by professional criminals, who facilitate the corrupt. They are expert in working their way through the system. They are specialists in institutionalizing corruption as well as in arranging the escape of the accused.

\textsuperscript{116} http://www.cbi.gov.in/annualreport/annualreport.php

89
Local self governments in the form of Municipal Corporations are no better. The Municipal Corporation of Delhi (MCD) takes the cake in being the most infamous of the lot. Even its Deputy Chairman of the powerful standing committee was arrested by the CBI, for accepting a bribe of Rs.1 lakh from one of its employees. It would not be wrong to say that corruption has become a way of life for most officials dealing with the government revenues or purchases. Overtly complex regulations, of which we have plenty, are especially problematic. Instead of protecting consumers, citizens and businesses, they lead to a higher corruption, a diversion of energy, and lower productivity.

2.6.2 Punjab State Vigilance Commission Report 2006

THE PUNJAB State Vigilance Commission in its first ever report dated 14th March 2007 submitted to the State Government has come out with scathing criticism of the functioning of the State Vigilance Bureau, of which the Chief Secretary of the state has generally been the administrative secretary. The Chief Vigilance Commission has expressed grave concern over the bureau’s functioning and recommended a series of measures to deal with corrupt officials.

The manner in which the provisions of the PCA,1988 are being implemented presently in Punjab appears to be more protective of the delinquent officials, rather than proving a deterrent to their indulging in corrupt practices, says the commission’s analysis of the State of Vigilance Bureau affairs.

The commission, in its report to the Governor, has found that on account of flimsy procedural grounds, a large number of convicted employees have also continued to be in service, whereas the law provides that they ought to be summarily dismissed from service. After the commission called for data on pendency of trials, it found that a particular case initiated by the VB is pending in court for the past 23 years, while at least 12 trials have been pending in different courts for nearly 17 years. As many as 817 trials initiated between

1984 and 2003 are still pending before the various special judges in Punjab, the report reveals.

Taking serious view of investigating delays, Justice Dutt who headed the Commission said that scant respect is shown by vigilance Bureau to try and complete investigations within the stipulated period of 90 days. After the expiry of said period the accused if then is not already on bail, is granted and thereafter he loses all interest in the expeditious disposal of the cases and concentrates his energy instead on delaying the investigative process, which he is now free to interfere with.”

The Commission has found that 280 cases are pending with the VB in which the investigations have been pending for more than 2 years.

As regards the delay in prosecution sanctions the report says, in 181 cases the request for sanction had not been decided by 32 Administrative Departments. It is only after the commission took up the matter with them that 20 cases of sanctions were decided while the departments area yet to decide 169 cases of sanction till date. “While out of 180 cases, 54 had been pending for more than two years, the oldest case pending for grant of sanction pertained to 2002”, it adds.

Interestingly, the VB has sought sanctions in two cases from the Punjab Land Reclamation and Development Corporation, a body that was wound up several years ago. “Neither the Vigilance Department nor the Vigilance Bureau was aware of this development”, the report points out.

“The delays can be largely attributed to the fact that even after the restoration of normalcy in Punjab, the Courts have not been able to revert to salutary practice of day to day trials envisaged under Section 309 of CrPC” feels the Commission.

In the panel’s opinion, Justice Dutt says, the time is ripe for the Government to request the High Court to consider the feasibility of enforcing the provisions of Section 309 of CrPC and issue directions to the prosecuting agencies to ensure the presence of all witnesses on trial dates.

“Many Government officials who were convicted by the Courts are still continuing the services due on account of ignorance of controlling authority
about the true state of affairs. This state of affairs even made them bolder in
their misdemeanors and does not in any way help to increase their honest
colleagues”, the report says.

For example, the Commission found that two rent controllers working in the
Hoshiarpur Wakf Board were still in service despite their having been
convicted of offences under the Prevention of Corruption Act.

"Shockingly, even the Vigilance Bureau was not maintaining any records.
With great effort, limited information regarding cases decided between
2003-2005 was made available by the bureau to the commission,” rues
Justice Dutt. Informal statistics gathered by the commission indicate that
around 800 appeals are pending in the High court.

A list of 332 cases in which appeals have been filed post 2002 and in
which compete response from the administrative departments have not
been received, which, along with other 500 cases the details of which are
still awaited, are required to be processed, the report adds.

Moreover the report says that within a few weeks of their being arrested,
accused persons are able to secure bail. The only prejudice that they
suffer is a slight decrease in their legitimate monthly income, which is
restricted to 50 per cent of their salary as subsistence allowance for the
first three months of their suspension, which is increased to 75 per cent
after six months and eventually fully reinstated within a year. In most
corruption cases pending in the VB the completion of trial takes seven to
eight years, during which the accused is usually able to return to his
original, if not more, lucrative posting. Eventually, he retires after serving
his full term without having suffered any loss, points out Justice Dutt.

"The manner in which he manages to be treated by his employer fails to
act as a deterrent to other errant officials. Nor does it provide any
incentive for persons who choose to deviate from the ways adopted by
him, by being honest,” adds the report.
The following graph shows the trend of corruption in India as per survey carried out by Political and Economic Risk Consultancy, Ltd.\textsuperscript{118}

\begin{center}
\textbf{The Trend of Corruption in India}
\end{center}

\begin{figure}
\centering
\includegraphics[width=0.5\textwidth]{corruption_graph.png}
\caption{Grades range from zero to 10, with zero being the best grade possible and 10 the worst.}
\end{figure}

2.6.3 Indian Corruption Study 2005\textsuperscript{119}:

Common citizens of the country pay a bribe of Rs.21,068 crores while availing one or more of the eleven public services in a year. As high as 62 per cent of citizens think that the corruption is not a hearsay, but they in fact had the first hand experience of paying bribe or “using a contact” to get a job done in a public office.

India Corruption Study – 2005 brings out that the problem of corruption in public services affecting day to day needs of citizens is far more serious than it is being realized and calls for all out initiatives on the part of Government as well as civil society. Putting together corruption in all public services involving individual common citizens, will work out significantly high. Until now, this has never been reliably estimated as specific to public service.

The India Corruption Study 2005 brings out the magnitude of the problem, the contours of petty corruption involving common citizen and the efforts required to address the issues in the case of each service.

\textsuperscript{118} 20/F, Central Tower 28 Queen's Road, Central, Hong Kong Mailing address: G.P.O. Box 1342, Hong Kong http://www.asiarisk.com/lib10.html
\textsuperscript{119} www.cmsindia.org/cms/events/publications.htm-22k
Users of various public services across the country in this study have named seven key factors that stand out as responsible for widespread corruption in the system. These include:

- Lack of transparency and accountability in the system,
- Lack of an effective corruption reporting mechanisms,
- Lack of honesty in officials in the Government,
- Acceptance of bribe as a way of life, custom and culture,
- Ineffective judiciary,
- Poor economic policies,
- Inadequate training and orientation of Government officials.

Among the 11 public services covered in the survey, the Police is the most corrupt. An overwhelming 80 per cent of those who had interacted with the department had paid bribe. Further, three fourths of those who had interacted with Police department in the last one year are not happy with the services. No wonder then that 88 per cent perceive the department to be corrupt.
## Corruption Index and Ranking of Services

<table>
<thead>
<tr>
<th>Nature of Interface</th>
<th>Composite Index</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Need-based</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RFI* (Farmers)</td>
<td>22</td>
<td>1</td>
</tr>
<tr>
<td>Income Tax (Individual Assesses)</td>
<td>35</td>
<td>2</td>
</tr>
<tr>
<td>Municipal Services</td>
<td>47</td>
<td>3</td>
</tr>
<tr>
<td>Judiciary</td>
<td>59</td>
<td>4</td>
</tr>
<tr>
<td>Land Administration</td>
<td>59</td>
<td>5</td>
</tr>
<tr>
<td>Police (Crime/Traffic)</td>
<td>77</td>
<td>6</td>
</tr>
<tr>
<td><strong>Basic</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schools (Up to 12th)</td>
<td>26</td>
<td>1</td>
</tr>
<tr>
<td>Water Supply</td>
<td>29</td>
<td>2</td>
</tr>
<tr>
<td>PDS (Ration card/supplies)</td>
<td>37</td>
<td>3</td>
</tr>
<tr>
<td>Electricity (Consumers)</td>
<td>39</td>
<td>4</td>
</tr>
<tr>
<td>Govt. Hospitals</td>
<td>42</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Indian Corruption Study 2005

Judiciary (lower courts) and land Administration are the next most corrupt public services. In Judiciary, of those who paid bribe, 41% had paid to influence judgment, 31% to speed up or delay judgment, 28 per cent to get routine jobs like listing of case or to get copy of documents.

In land administration, of those who paid bribe, nearly half had paid for property transaction-related issues (valuation of property, payment to
registrars etc), 36 per cent paid to get property documents or for mutation and 12 per cent for clearing or settling tax dues.

**In Municipal Services**, nearly three fourths paid bribe for approval of building plan or modifications (53%) and tax related issues (22%).

Nearly two thirds of people surveyed perceived the **Income Tax department** to be corrupt. In spite of this, the department is low in the Corruption Index score. This is because the survey was limited to individual assesses who had apparently not encountered much corruption.

Among basic services, the **Government Hospitals** are the most corrupt public services. The corruption in the department is mostly to do with non-availability of medicines, getting admission into hospitals, consultation with doctors and availing of diagnostic services.

**Electricity service** is the second most corrupt among basic public services. Nearly 65 per cent of the corruption involves issues of billing and grant of new connection.

**PDS** figures lower in the corruption index score because the problems of common man dealing with service are more to do with leakages in the system rather direct monetary corruption. The corruption affecting common man is limited to getting ration card and overcharging for ration supplies. However, there are larger issues like diversion of supplies, irregular supplies, poor quality, under weighing etc.

**Water supply services** have low corruption score. This could be because water tariff in the most states is not consumption based or it is nominal as well. Therefore, there is limited scope for corruption. However, the corruption in the service is limited to certain areas like release of new connections, availing the service of water tankers and ensuring more supply of water.

**RANKING OF STATES**

As per the composite ranking of states on petty corruption, involving common citizen and in the context of eleven public services, Kerala stands out as the least corrupt state in India. Bihar, on the other hand, is the most corrupt state. In fact, on all parameters and in the context of all the eleven services, Bihar
stands out as the most corrupt State. Himachal Pradesh is less corrupt – even compared to States like Tamil Nadu, Maharashtra or Gujarat. Madhya Pradesh, Karnataka, Rajasthan and Assam are afflicted with the problem and score high on the index.

**Petty Corruption: Ranking of States**

<table>
<thead>
<tr>
<th>State</th>
<th>Composite Index</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kerala</td>
<td>240</td>
<td>1</td>
</tr>
<tr>
<td>Himachal Pradesh</td>
<td>301</td>
<td>2</td>
</tr>
<tr>
<td>Gujarat</td>
<td>417</td>
<td>3</td>
</tr>
<tr>
<td>Andhra Pradesh</td>
<td>421</td>
<td>4</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>433</td>
<td>5</td>
</tr>
<tr>
<td>Chattisgarh</td>
<td>445</td>
<td>6</td>
</tr>
<tr>
<td>Punjab</td>
<td>459</td>
<td>7</td>
</tr>
<tr>
<td>West Bengal</td>
<td>461</td>
<td>8</td>
</tr>
<tr>
<td>Orissa</td>
<td>475</td>
<td>9</td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>491</td>
<td>10</td>
</tr>
<tr>
<td>Delhi</td>
<td>496</td>
<td>11</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>509</td>
<td>12</td>
</tr>
<tr>
<td>Haryana</td>
<td>516</td>
<td>13</td>
</tr>
<tr>
<td>Jharkhand</td>
<td>520</td>
<td>14</td>
</tr>
<tr>
<td>Assam</td>
<td>542</td>
<td>15</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>543</td>
<td>16</td>
</tr>
<tr>
<td>Karnataka</td>
<td>576</td>
<td>17</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>584</td>
<td>18</td>
</tr>
<tr>
<td>Jammu and Kashmir</td>
<td>655</td>
<td>19</td>
</tr>
<tr>
<td>Bihar</td>
<td>695</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: Indian Corruption Study 2005

**MONETARY VALUE OF PETTY CORRUPTION**

Total monetary value of petty corruption nationally in 11 services is estimated at **Rs.21,068 crores**. There are difference between the ranking of services based on composite corruption index presented earlier in the report and the standing of the departments purely based on monetary value of petty
corruption given below. This is because certain services like schools (upto 12th) which have large citizen interface are likely to have higher monetary value of corruption just because more people are interacting with the department.

### Estimates of Petty Corruption (Rs. In Crores)

<table>
<thead>
<tr>
<th>Services</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schools (Up to 12th)</td>
<td>4137</td>
</tr>
<tr>
<td>Police (Crime/Traffic)</td>
<td>3899</td>
</tr>
<tr>
<td>Land Administration</td>
<td>3126</td>
</tr>
<tr>
<td>Judiciary</td>
<td>2630</td>
</tr>
<tr>
<td>Electricity (Consumers)</td>
<td>2169</td>
</tr>
<tr>
<td>Govt. Hospitals</td>
<td>2017</td>
</tr>
<tr>
<td>RFI (Farmers)</td>
<td>1543</td>
</tr>
<tr>
<td>Municipal Services</td>
<td>550</td>
</tr>
<tr>
<td>Income Tax (Individual Assesses)</td>
<td>496</td>
</tr>
<tr>
<td>PDS (Ration card/supplies)</td>
<td>358</td>
</tr>
<tr>
<td>Water Supply</td>
<td>143</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>21068</strong></td>
</tr>
</tbody>
</table>

Source: Indian Corruption Study 2005

The data shows that in majority of services more than 5 percentage of total households in the country had paid bribes except in case of few services like Income Tax, Municipal, Water Supply and RFI. The incidence of paying bribe was higher in case of basic services as there is greater interaction of common people with these services when compared to need-based services.
<table>
<thead>
<tr>
<th>Services</th>
<th>No. of households (Fig. In crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Govt. Hospitals</td>
<td>3.0</td>
</tr>
<tr>
<td>Police (Crime/Traffic)</td>
<td>2.5</td>
</tr>
<tr>
<td>Electricity (Consumers)</td>
<td>2.1</td>
</tr>
<tr>
<td>Schools (Up to 12th)</td>
<td>1.5</td>
</tr>
<tr>
<td>PDS (ration card/supplies)</td>
<td>1.5</td>
</tr>
<tr>
<td>Judiciary</td>
<td>1.3</td>
</tr>
<tr>
<td>Land Administration</td>
<td>1.2</td>
</tr>
<tr>
<td>RFI (Farmers)</td>
<td>0.78</td>
</tr>
<tr>
<td>Income Tax (Individual Assesses)</td>
<td>0.24</td>
</tr>
<tr>
<td>Municipal Services</td>
<td>0.22</td>
</tr>
<tr>
<td>Water Supply</td>
<td>0.20</td>
</tr>
</tbody>
</table>

Source: Indian Corruption Study 2005
### 2.6.4 Rank of India as per Transparency International

The following table shows the rank of India in the list declared by Transparency International in the last ten years.

<table>
<thead>
<tr>
<th>Sr.No.</th>
<th>Year</th>
<th>Number of Countries</th>
<th>CPI</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1995</td>
<td>41</td>
<td>2.78</td>
<td>35th</td>
</tr>
<tr>
<td>2</td>
<td>1996</td>
<td>54</td>
<td>2.63</td>
<td>46th</td>
</tr>
<tr>
<td>3</td>
<td>1997</td>
<td>52</td>
<td>2.75</td>
<td>45th</td>
</tr>
<tr>
<td>4</td>
<td>1998</td>
<td>85</td>
<td>2.9</td>
<td>66th</td>
</tr>
<tr>
<td>5</td>
<td>1999</td>
<td>99</td>
<td>2.9</td>
<td>72nd</td>
</tr>
<tr>
<td>6</td>
<td>2000</td>
<td>90</td>
<td>2.8</td>
<td>69th</td>
</tr>
<tr>
<td>7</td>
<td>2001</td>
<td>91</td>
<td>2.7</td>
<td>71st</td>
</tr>
<tr>
<td>8</td>
<td>2002</td>
<td>102</td>
<td>2.7</td>
<td>71st</td>
</tr>
<tr>
<td>9</td>
<td>2003</td>
<td>133</td>
<td>2.8</td>
<td>83rd</td>
</tr>
<tr>
<td>10</td>
<td>2004</td>
<td>146</td>
<td>2.8</td>
<td>88th</td>
</tr>
<tr>
<td>11</td>
<td>2005</td>
<td>159</td>
<td>2.9</td>
<td>92nd</td>
</tr>
<tr>
<td>12</td>
<td>2006</td>
<td>163</td>
<td>3.3</td>
<td>74th</td>
</tr>
</tbody>
</table>

Source: Website of Transparency International

2.6.5 Corruption in World

On 9\textsuperscript{th} December, 2004, the World celebrated the First ever United Nations International Anti-Corruption Day. At the same time, corruption in the Oil for Food Programme was storming the UN! This event illustrates that there is a gap between rhetoric and reality. World Corruption is increasing. According to a global leader\textsuperscript{121}, world corruption accounts for about $700 billion. This figure is twofold the entire African GDP (316 billion). It is a massive phenomenon and a real cancer destroying the benefits of globalization in many poor countries.

\begin{figure}
\centering
\includegraphics[width=\textwidth]{corruption_perceptions_index_2005_world_map.png}
\caption{Corruption Perceptions Index 2005 world map}
\end{figure}

\textsuperscript{121.} http://www.freeworldacademy.com/globalleader/leader.htm
## Most Corrupt Countries, 2006

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Haiti</td>
</tr>
<tr>
<td>2.</td>
<td>Myanmar</td>
</tr>
<tr>
<td></td>
<td>Iraq</td>
</tr>
<tr>
<td></td>
<td>Guinea</td>
</tr>
<tr>
<td>5.</td>
<td>Sudan</td>
</tr>
<tr>
<td></td>
<td>Congo, Democratic Republic</td>
</tr>
<tr>
<td></td>
<td>Chad</td>
</tr>
<tr>
<td></td>
<td>Bangladesh</td>
</tr>
<tr>
<td>9.</td>
<td>Uzbekistan</td>
</tr>
<tr>
<td></td>
<td>Equatorial Guinea</td>
</tr>
<tr>
<td></td>
<td>Côte d’Ivoire</td>
</tr>
<tr>
<td></td>
<td>Cambodia</td>
</tr>
<tr>
<td></td>
<td>Belarus</td>
</tr>
</tbody>
</table>
2.6.6 Corruption in Asia

A glance at the graphs and figures on the following pages reveals that among the Asian countries, Singapore is the least corrupt nation whereas Indonesia tops the list of the most corrupt. The data further reveals that overall corruption in the past decade is following a mixed trend.\textsuperscript{122}

Elimination of corruption seems to be an impossibility. Also, the trend in corruption is not very encouraging.

Grades range from zero to 10, with zero being the best grade possible and 10 the worst.

\textsuperscript{122} Supra note 117.
2.6.7 The Trend of Corruption in Asia over the Past Decade

The following table reveals the trend of Corruption in Asia over the last ten years

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>8.06</td>
<td>6.97</td>
<td>9.00</td>
<td>9.11</td>
<td>7.88</td>
<td>7.00</td>
<td>8.33</td>
<td>7.48</td>
<td>7.68</td>
<td>7.58</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>3.03</td>
<td>2.74</td>
<td>4.06</td>
<td>2.49</td>
<td>3.77</td>
<td>3.33</td>
<td>3.61</td>
<td>3.60</td>
<td>3.50</td>
<td>3.13</td>
</tr>
<tr>
<td>Japan</td>
<td>4.60</td>
<td>5.00</td>
<td>4.25</td>
<td>3.90</td>
<td>2.50</td>
<td>3.25</td>
<td>4.50</td>
<td>3.00</td>
<td>3.46</td>
<td>3.01</td>
</tr>
<tr>
<td>Macao</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>4.78</td>
</tr>
<tr>
<td>Malaysia</td>
<td>5.80</td>
<td>5.38</td>
<td>7.50</td>
<td>5.50</td>
<td>6.00</td>
<td>5.71</td>
<td>6.00</td>
<td>7.33</td>
<td>6.80</td>
<td>6.13</td>
</tr>
<tr>
<td>Philippines</td>
<td>6.50</td>
<td>7.17</td>
<td>6.71</td>
<td>8.67</td>
<td>9.00</td>
<td>8.00</td>
<td>7.67</td>
<td>8.33</td>
<td>8.80</td>
<td>7.80</td>
</tr>
<tr>
<td>Singapore</td>
<td>1.05</td>
<td>1.43</td>
<td>1.55</td>
<td>0.71</td>
<td>0.83</td>
<td>0.90</td>
<td>0.38</td>
<td>0.50</td>
<td>0.65</td>
<td>1.30</td>
</tr>
<tr>
<td>South Korea</td>
<td>7.71</td>
<td>7.12</td>
<td>8.20</td>
<td>8.33</td>
<td>7.00</td>
<td>5.75</td>
<td>5.50</td>
<td>6.67</td>
<td>6.50</td>
<td>5.44</td>
</tr>
<tr>
<td>Taiwan</td>
<td>5.96</td>
<td>5.20</td>
<td>6.92</td>
<td>6.89</td>
<td>6.00</td>
<td>5.83</td>
<td>6.33</td>
<td>6.10</td>
<td>6.15</td>
<td>5.91</td>
</tr>
<tr>
<td>Thailand</td>
<td>7.49</td>
<td>8.29</td>
<td>7.57</td>
<td>8.20</td>
<td>8.55</td>
<td>8.89</td>
<td>8.75</td>
<td>7.80</td>
<td>7.20</td>
<td>7.64</td>
</tr>
<tr>
<td>Vietnam</td>
<td>8.00</td>
<td>8.25</td>
<td>8.50</td>
<td>9.20</td>
<td>9.75</td>
<td>8.25</td>
<td>8.83</td>
<td>8.71</td>
<td>8.65</td>
<td>7.91</td>
</tr>
</tbody>
</table>

Grades range from zero to 10, with zero being the best grade possible and 10 the worst.
CHINA

The Trend of Corruption in China

Grades range from zero to 10, with zero being the best grade possible and 10 the worst.

HONG KONG

The Trend of Corruption in Hong Kong

Grades range from zero to 10, with zero being the best grade possible and 10 the worst.
INDONESIA

The Trend of Corruption in Indonesia

Grades range from 0 to 10, with 0 being the best grade possible and 10 the worst.

JAPAN

The Trend of Corruption in Japan

Grades range from 0 to 10, with 0 being the best grade possible and 10 the worst.
MACAO

The Trend of Corruption in Macao

Percentage of respondents

MALAYSIA

The Trend of Corruption in Malaysia

Grades range from zero to 10, with zero being the best grade possible and 10 the worst.
The Trend of Corruption in the Philippines

Grades range from zero to 10, with zero being the best grade possible and 10 the worst.

The Trend of Corruption in Singapore

Grades range from zero to 10, with zero being the best grade possible and 10 the worst.

The Trend of Corruption in South Korea

Grades range from zero to 10, with zero being the best grade possible and 10 the worst.
The Trend of Corruption in Taiwan

Grades range from zero to 10, with zero being the best grade possible and 10 the worst.

The Trend of Corruption in Thailand

Grades range from zero to 10, with zero being the best grade possible and 10 the worst.

The Trend of Corruption in Vietnam

Grades range from zero to 10, with zero being the best grade possible and 10 the worst.