2 Nature and Scope of Corruption in India

Corruption confiscates the welfare programmes and policies and makes them contagious and constipates the progressive development of the nations. In this regard it is essential to find out the causes of corruption which lead the society to the crude consequences. It is, however more important to have a comprehensive understanding on the nature and scope of corruption which has conceitedly concentrated in the society. From this perspective the causes and consequences besides nature and scope of corruption are discussed in this chapter.

2.1 Evolution of Corruption in India

Corruption is the use of public office for private gain: “It is the effective implementation of the rule of law that confers legitimacy on the State. If the rule of law is compromised by corruption, the State loses its
legitimacy"). Dr. Radhakrishnan used to say that those who are knowledgeable in Sanskrit are called sakshara. If the knowledge is misused, they become the reverse of sakshara, namely, rakshasa. Saksharo, viparitatve rakshaso bhavati dhruvam. Today in India rakshas raj prevails everywhere.

Indian culture accepts the presence of Satva (goodness), Rajas ambition, (greed) and Tamas (darkness, laziness) in each individual at all times. Corruption is a manifestation of evil versions of Rajas and Tamas, which can be controlled but not eliminated. Making offerings is a part of Hindu culture. By contrast, the part of the Bible shared by Christians, Jews and Muslims, in the Book of Exodus, after dictating the commandments, God decrees: “Thou shall not take offerings, which make the clear-eyed blind and the words of the just, corked”. (Ex 23; 1-3, 6-8). Bribery is regarded as evil in ancient Sanskrit literature including Chanakya. It was present in Mogul and Maratha empires.

The core of the Nation would mean the basic pillars of governance in the country. According to the Constitution of India, the legislature makes the law, the judiciary interprets the law and the executive, both the permanent bureaucracy and the political executive, implements law. If these are considered a core of the Nation then corruption is found pervading in all the

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1 Vittal. N, Former Central Vigilance Commissioner, paper presented at the Rotary District Conference, New Delhi, 2002
cores. The recent observations made by the Chief Justice of India shows that
the judiciary is also aware of the problem of corruption and are taking perhaps
its own action.

Corruption also pervades all aspects of the public life. This would mean
especially politics because that affects the public at large and that too in a
country like India, which is one of the largest democratic Nations. It also
indirectly affects every other sector of the economy. Economy also affects
public life. Going beyond this, there are other sectors like education and public
governance, which affect public life. In short when one talks about corruption
in public life, it is referred to practically every sector of life of an Indian.
Corruption means lack of integrity. This could also be lack of financial
integrity, intellectual integrity or moral integrity.

Influenced by the developmental approach of the 1960s, corruption was
associated with the process of modernization. Even modernizing system was
regarded as susceptible to corruption, as it is the case in Western Societies
which evidenced peal levels of corruption experienced socio-political
development. Developing countries, therefore, were assumed to allow
corruption to become a useful and expected part of the National maturation process.  

2.2 Corruption as a social evil

There are several social evils in the society which ruin people, particularly the younger generation. The evils are, terrorism, smoking, drinking, drug addiction, immoral trafficking, cheating, fraudulent activities, obscene and vulgar scenes in cinemas and TV channels, dowry, corruption, bribery, adulteration of foods and life saving medicines, pollution of the atmosphere, air, soil and water by the industrial effluents and poisonous gasses. If it is reflected on this deeply one could come to the conclusion that the fundamental reason for these evils is the pollution of the mind of human beings, which is a consequent result of man’s selfishness and egoism.

It is now commonly agreed that corruption has vitiated India’s public life like a cancer spreading over a human body. All sectors, be they administrative or political or economic, have come under the ever-increasing onslaught of corruption. There are many reasons as to why this has happened.

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Political actors of all shades including Ministers, Legislators, office-bearers of political parties, and other political office-holders are involved in corruption\textsuperscript{3}.

How the Indian system itself is corrupted and policies are designed to encourage and protect corruption would be obvious from the following examples. The Government of India passed Benami Transactions Prohibition Act, 1988. This practice of holding property in someone else's name has been prevalent in India since a longtime. Prior to 1988, benami transaction was given legal recognition. However, not many statutes recognized benami transaction. They were predominantly a creature of judicial law-making. The Indian Trusts Act, 1882 was one of the statutes, which recognized benami transactions, Moreover, Section 5 of the Transfer of Property Act, 1882, which defines "transfer of property" does not prevent the transfer of property in favor of one person being in the name of another person.

The Indian Law Commission in its 130th Report, recommended considering benami transaction an offence. The Law Commission report stated that benami transaction was never entered into. For morally justifiable purpose the motive is always to derive unjust enrichment. Benami Transactions are entered into either to defeat tax laws or socially beneficial legislation. The Law

Commission claimed that benami transaction defeated socially beneficent legislations enacted by the Center or the States for equitable re-distribution of property and for removing inequalities in income, status and opportunity.

It would be surprising to note that even after many years; the Government has failed to prescribe the rules. Ironically the Prime Minister had given a call to the country on 16 October 1999 to practice zero tolerance of corruption. One obvious fact is that if the Benami Transactions Prohibition Act, 1988 has not been implemented in an effective manner, it will amount to zero action to fight corruption. The matter still remains under consideration.

Another example is the Sick Industrial Companies Act, 1985 (SICA). One of the issues that came to the forefront before the Reserve Bank Governor is that, as there are Rs.58000 non-performing assets, it would be a good option to publish the names of individuals found to have defrauded the banking system. But this was seen as impossibility due to the Banking Secrecy Act, which prevents the names from being published. However it was also seen that if the Central Vigilance Commission can publish the names of officers on their website so should the case be with the Reserve Bank and other banks as

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4 Sick Industrial Companies (Special Provisions) Act, 1985, as indicated by its title and preamble, was a special legislation enacted in public interest with the twin objects of securing the timely detection of sick and potentially sick companies and speedy determination and enforcement of remedial measures.
regards to publishing the names of willful defaulters, i.e., those who have cheated the bank and who hold the money and refrain from paying the loan. The option therefore left is to make an amendment to either the Banking Secrecy Act or Chapter 3 of Reserve Bank Manual which pose impediments in the exposure of corrupt persons.

2.3 **Roots of Corruption in India**

Though a relatively new Nation, India’s establishment rests upon a long period of imperial governments. European merchants, attracted by the lure of a burgeoning silk and spice trade, eventually became colonial masters. British encroachment into India began, however, with exclusive trade rights granted to the British East India Company in 1600\(^5\). Thus, the British “entry into politics was gradual, first as allies of country powers, then as their virtual directors, and only finally as masters.” A British proclamation in 1858 transferred all of the East India Company’s rights in the Indian Territory to the British Government. With British rule came early examples of corruptive bureaucratic practices. For instance, Warren Hastings, the first Governor General of the colony, caused so much embarrassment to the British Government that Edmund Burke famously stated at Hastings’s impeachment trial. “I impeach him in the name of the

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people of India, whose laws, rights, and liberties he has subverted whose property he has destroyed, whose country he has laid waste and desolate. I impeach him in the name, and by virtue, of those eternal laws of justice which he has violated.”

Corruption was rampant at such high levels in the colonial government, “it was only to be expected that the East India Company’s petty officials came to India with almost the sole objective of swiftly amassing a fortune, which axiomatically meant taking recourse to financial irregularities.” Some have argued that since colonial Governments were labeled as illegitimate, any corruptive act against that Government was acceptable. Thus, corruptive practices became common fixtures in the early Indian landscape. By the end of World War II, formerly imperialistic countries had begun to dismantle previous colonies. Shortly thereafter, on August 15, 1947, India gained its independence.

7. Chandan Mitra, the corrupt society: The Criminalization of India from Independence to the 1990s 10–11 (1998) (“The business of a servant of the company was simply to wring out of the natives a hundred or two hundred pounds as speedily as possible, so that he may return home before his constitution has suffered from the heat . . . .” (quoting lord macaulay)). Colonial officers also promoted corruption in their practice of exchanging favors to natives in return for expensive gifts, money, and other valuables. Jain, supra note 11, at 224.
After achieving statehood, the new Nation quickly recognized that the creation of a constitution was an urgent requirement if India was to survive. India’s constitution came into force on January 26, 1950. Instead of completely breaking with British tradition, India adopted a federal system within the Westminster Parliamentary model. A number of provisions in the new constitution also “derived directly from the Government of India Act, 1935 almost verbatim.” While there were some objections to the inclusions of the Act’s provisions, Ambedkar, the Chairman of the Drafting Committee, insisted “on the necessity which justifies their inclusion.” India’s federal constitution also includes several basic principles: popular sovereignty, secularism, fundamental rights, and directive principles of state policy, judicial independence, federalism, and cabinet government and the “Fundamental Rights in the Indian Constitution.”

The Indian independence movement may have ultimately usurped authority from the British Government and brought the promise of fundamental rights, such as equality and freedom, to all Indian citizens, but it also inherited the colonial institution of corruption. Corruptive practices that occurred at all levels of Government in British India continued into modern India. India’s first

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10. India Constitution Article 13, Clause. 2 (“the state shall not make any law which takes away or abridges the 2008] India versus the United Nations 819 rights conferred by this part and any law made in contravention of this clause shall, to the extent of the contravention, be void.”).
prime minister, Jawaharlal Nehru, was more honest than the British colonial government, but unfortunately he overlooked corruptive activity in his administration and thus “legitimized it in politics.” Indira Gandhi, the third Prime Minister of India, used corrupt practices to undermine those political figures and movements that opposed her and to ensure her electoral victory.\textsuperscript{11}

In 1960s corruption remained at the level of folklore, in 1980 and 1990s it moved into the heart of national provincial political institutions. The sequence of events which culminated in the present situation began before the national general elections in April and May 1996. Following the revelations of the Hawala Scandal of widespread payments for favors to leading politician’s bureaucrats by a businessman, the incumbent Prime Minister Shri. P.V. Narasimha Rao, dismissed some leading members of his own cabinet who are under investigation.\textsuperscript{12}

Indira, unlike Nehru, reveled in deceitful acts, and suddenly “graft, patronage, spoils, violence, booth capturing, defections, manipulation of vote banks, double talk and false promises had become the main props for gaining...
and retaining power.” Thus, the institutionalization of corruption found in India today is the product of decades of formation.

Since India’s independence, corruption scandals have engulfed Chief Ministers, Central ministers, Supreme Court Justices, and even Prime Ministers. In fact, even today, there is still a pending investigation by the CBI regarding a claim against the former Prime Minister, Rajiv Gandhi, alleging that he and his associates received a bribe of 65 million rupees in exchange for awarding a Government contract worth billions of rupees. Political corruption in India extends past traditional boundaries and into the electoral process. As in many countries, costs of electoral campaigns are escalating in India, and not surprisingly, once in power, officials intend to keep their positions. As the amount of funding for campaigns increases, so does the risk of corruption.

Since 1969, Indian corporations have been prohibited from giving money to campaigns. Consequently, illegal and corruptive backing has become the major source of such funds. Even worse, argues one scholar, “while politicians do raise funds to further their personal fortunes, the bulk of the amounts garnered illicitly by them is undoubtedly taken by the party for election purposes. In a sense, this is worse than the corruption of an individual
legislator.” India’s institutionalized corruption requires comprehensive changes at all levels of Government.

The following discussion is on whether corruption is deep rooted in the society and the role played by certain factors in feeding the vice of corruption. The social values cherished by a society depend on the conditions prevailing in a society at a given point of time. If corruption flourishes in a society today it is because in a system of governance where for majority of the public, corruption is the only way by which they could make a meaningful living in the country. This can be taken care of by tackling the issue of changes in the system. The Indian sub-continent has a strong population of over a billion people with wide differences in terms of social and economic development of different parts of the country. From a sociological point of view, the family is the basis of our society. The joint family and caste are only the extended versions of the family. The joint family might have been eroded in recent times especially in the urban area but the kinship in the form of caste still prevails. Casteism gets a continuous boost because this seems to have become the basis of our entire politics. Leaders like Jawaharlal Nehru dreamed of building India into a casteless classless society. Caste has become an overarching feature of the society governing a great part of the election process.
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. This concept of standing by one’s caste or family is also reflected in the sense of tribalism of the corrupt. In addition to the social bond provided by caste and family ties, the common financial interest is another cementing factor. India largely an illiterate society with at least 40% of our people being illiterate. Hence, emotions dictate politics. Politics is the route for power in a democracy. So when the politics is based on caste and the decisions are taken by the voter at the emotional level, corruption probably becomes more tolerable.

The moral claims of the rulers to rule, the quality of political leadership, and the viability of political values or style constitute the broad contextual factors of corruption. Machiavelli\(^\text{13}\) stated that “even the best of individual can be bribed by a little ambition and avarice and he is viewed corruption as the decay of the capacity of the citizens and officials of the state to sub-ordinate the pursuit of private interests to the demands of the common good or public interest.

(i) Aristotle argues that “Men are always wanting something more and more and never contended until they get to infinity”.

(ii) Thucydides points that due to corruption “there will be endemic conflict in a state, where poverty breeds the courage of necessity and riches breed ambition, insolence, and pride”.

(iii) And also stated that “the weakness of human nature combined with the temptation to abuse official authority necessitate some more substantial limits upon political power”.

Corruption as specific actions by specific individuals, and defining corruption has become a process of classifying behavior. As Friendrich\textsuperscript{14} notes “The pattern of corruption can be said to exist whenever a power holder, who is charged with doing certain things, i.e., who is responsible functionary or office holder, is by monetary or other rewards not legally provided for, indeed to take action which favour whoever provides the rewards and thereby does damage to the public and its interests”.

Under the British Raj, Indian Civil Service (ICS) bureaucrats were initially brought from United Kingdom (UK) with very high salaries and selected in competitive exams. They wielded enormous power, and were an extension of British monarchy. Though bureaucrats viewed themselves as

\textsuperscript{14} Friedrich, C.J. “Political Pathology”, The Political Quarterly, Vol. 37, 1966, p. 74
servants of the monarchy not of the people, a certain meritocracy prevailed. After Indianization of civil services, especially after independence, civil servants came under political control and some meritocracy was lost. Under India’s five-year plans and socialistic pattern of society numerous regulations were promulgated. The public has far greater faith in ICS bureaucrats than in businessmen. The licenses and permits were more important than market forces. The bureaucrats began to accept and demand bribes. Colonial Rule may have sown the seeds of corruption, but the tree was watered by elected politicians and home-grown civil servants. The bribes were paid by different businessmen as:

(1) Insurance against unfavorable decision
(2) Payments for favorable decisions, and
(3) Fees for speedy processing of paperwork.

At first, corruption was on small scale and was not as harmful. However, since the 1980s corruption has become intolerable\textsuperscript{15}.

Following the 1989 General Election in which Rajiv Gandhi’s Congress Party lost its dominant position in the Lok Sabha, India has had 7 Prime Ministers- V.P. Singh, Chandrashekhar, P.V. Narasimha Rao, H.D.

\textsuperscript{15} Reddy’s, Anti-“Corruption Laws and Departmental Enquiries” Orient publishing company, New Delhi 2008, p.87.
Devegowda, I.K. Gujral, A.B. Vajpayee and the present incumbent Manmohan Singh. All of them have been dependent upon coalition partners and/or outside supporters for survival. Four of these Prime Ministers could not complete even one year in office because of the fickleness of coalition partners and supporters outside the Government. In relation to the menacing problem of corruption none of them played a significant role because of the brevity of their tenure in office. V.P. Singh tried to get to the bottom of the bofors payments scandal without any significant success. Gujral was also troubled by pervasive corruption and he referred to this problem in anguished tones in his Independence Day address\textsuperscript{16}. Subsequently corruption scandals involving cabinet Ministers, Chief Ministers and ultimately even P.V. Narsimha Rao began to emerge during his term in office with saddening frequency. Among these were the Harshad Mehta scam involving shares and securities, perpetrated in connivance with bank officials, causing horrendous losses to ordinary shareholders, the sugar scam, the urea scam, the fodder scam, the health department scam, etc. A Central Government Minister was found in possession of more than 3 crores in cash in his residences. This was another example of the most brazen and completely uninhibited corruption. And so this sordid story goes on and the catalogue of scams increases all the time.

The most disquieting aspect of the widespread corruption in India is the fact that it is not anymore confined to politicians or the Government machinery alone. It is prevalent amongst almost every section of the society at every level, as the practice of corruption is a dishonest act, one has to think that most of the Indians are dishonest, which could be different only in degree between the individuals. As the reason for the dishonesty is greediness and the desire to get things done at any cost one can think that most of the country men are greedy and do not think anymore that the means should justify the ends. This is not a flattering statement and one would desire that it would not be so and such statement could have been avoided. But, the fact is that most of the Indians are involved in corrupt practices in one way or the other, either due to greed or due to so called compulsion. In any case, the willingness to sacrifice for the sake of not getting involved in corrupt dealings is conspicuous by its absence amongst the most.

Today, if one would say that any particular Indian is honest to the core, it could only be a case of exception rather than a rule. The study of world phenomenon on corruption has repeatedly branded India as one of the corrupt countries in the world. Unfortunately, this view has not disturbed most of the Indians at all and they do not seem to care as to what others think of them; so
long as the existing systems and practices would allow them to make money and get things done in one way or the other.

The irony is that India is still considered to be a very religious country and it is still widely believed that the religion is the basis of Indian life, thoughts and actions. This is obviously true, considering the fact that there are hundreds of temples, churches and mosques spread all over the country and they are all densely visited day in and day out by the feverishly praying Indians. The unfortunate situation in India is that those who call themselves most religious are often found to have indulged themselves in dishonest practices on many occasions. Several of the religious centers, of all religions, are suspected to be steeped in nepotism; as such incidents have been repeatedly published in the press.

It can be only frustration, chaos, unrest and even bloodshed in the not too distant future. This kind of corruption in the national polity and public and private life cannot go on for ever, without disturbing the overall peace in the society. It is sad that those who are in charge of the Nation today do not appear to realise this and still are merrily going ahead with their dealings unconcerned about the harm that it would inevitably do to the larger national cause.
Even as the vicious cycle of corruption would continue with one swindling the other, there could be a number of persons who would be left out of this cycle due to inefficiency or commitment to the cause of truth and such persons would be driven down to despair. The incidents of history indicate that some of such persons who are out of the corruption loop could take up the war against corruption at one time or the other. But, they would find that in a corruption entrenched system, they would not be able to improve the conditions and therefore, a few of them may finally take to physical attack on corrupt and dishonest persons, leading to violence and bloodshed.

### 2.4 Definitions and meaning of Corruption

Attempts to develop a comprehensive definition of corruption a definition invariably encounter legal, criminological and, in many countries, political problems\(^\text{17}\). When the negotiations of the United Nations Convention Against Corruption began in early 2002, one option under consideration was not to define corruption at all but to list specific types or acts of corruption. Moreover, proposals to require countries to criminalize corruption mainly covered specific offences or groups of offences that depended on what type of conduct was involved, whether those implicated were public officials, whether

cross-border conduct or foreign officials were involved, and if the cases related
to unlawful or improper enrichment\textsuperscript{18}.

The Oxford Universal Dictionary defines corruption as “perversion or
destruction of integrity in discharge of public duties by bribery or favour”.

The Merriam Webster’s Collegiate Dictionary defines it as
“inducement to wrong by improper or unlawful means as bribery”.

The succinct definition utilized by the World Bank is “the abuse of
public office for private gain”. This definition is similar to that employed by
Transparency International (TI), the leading Non Government Organization
(NGO) in the global anti-corruption effort. “Corruption involves behavior on
the part of officials in the public sector, whether politicians or civil servants in
whom they improperly and unlawfully enrich themselves or those close to
them, by misuse of the public power entrusted to them\textsuperscript{19}”.

Asian Development Bank (ADB) too defines corruption in a similar
ways as “The abuse of public or private office for personal gain”. More

\textsuperscript{18} Initial proposals for the UN Convention against Corruption were gathered at an informal
preparatory meeting held in Buenos Aires from 4-7 December 2001 and compiled in documents
A/AC/261/3, Parts IV. Proposals to define "corruption" are in Part I, and proposals to criminalize
acts of corruption are found in Part II

Pope. Berlin: TI, P.1 World Bank definition includes the activities of private agents who subvert
public policies and processes for competitive advantage.

\textsuperscript{20} In the movement to harmonize ADB procurement standards with those of the World Bank on the
topic of corruption, these definitions may also be adopted by ADB.
comprehensively it can be defined as “Corruption involves behavior on the part of officials in the public and private sectors, in which they improperly or unlawfully enrich themselves and or those close to them, or induce others to do so, by misusing the position in which they are placed.”

‘Corruption’ is a very broad term. It covers Fraud (theft through misrepresentation), embezzlement (misappropriation of corporate or public funds) and bribery (payments made in order to gain an advantage or to avoid a disadvantage).

According to Joseph Nye, “Corruption is behavior which deviates from the formal duties of a public role because of private-regarding (close family, personal, private clique), pecuniary or status gains or violates rules against the exercise of certain types of private regarding influences”.

Klitgard, suggested that the level of corruption (C) could be expressed as C=M+D – A.(i.e., Corruption=monopoly power+ Discretionary power – Accountability), the more concentrated the supply of a good service, the higher the discretionary power of those that control the supply; lower their accountability to the authorities, the higher the corruption level will be.


Moreover corruption will also be directly proportional to the degree of discretion accorded to those in charge of making decision.

Despite the proper warning that the search for the true definition of corruption is like the pursuit of the Holy Grail, endless, exhausting and ultimately futile\(^{23}\), it is still necessary to devote more space to the pursuit of a serviceable one.

In the purview of the above stated definitions it is however felt impartment to study certain issues in terms of ‘ground of corruption’ and ‘types of corruption’ as well as the causes and consequences of corruption and as the historical overview of corruption in India, has its due importance in this study, it is also discussed is this chapter.

### 2.5 Types of corruption

According to Anwar Shah\(^{24}\) Corruption is defined as the exercise of official powers against public interest or the abuse of public office for private gains. Corruption which is manifested in different forms is a symptom of failed governance. It is typically takes at least four broad forms, which are mentioned below.

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2.5.1. Petty, Administrative, or Bureaucratic Corruption:

This form of corruption is practiced by public servants who are basically decent and honest individuals but are grossly underpaid and depend on small bribes from the public to feed and educate their families. These corrupt acts are isolated transactions by those individual public officials who abuse their office by demanding bribes or kickbacks, diverting public funds, or awarding favors in return for personal considerations. Such acts are often referred to as petty corruption, even though, in the aggregate, a substantial amount of public resources may be involved.

2.5.2. Grand Corruption

The theft or misuse of vast amount of public resources by State Officials usually members of, or people associated with, the political or administrative elite-constitutes grand corruption. This corruption is motivated by personal greed. High-level public officials and politicians make decisions regarding large public contracts or projects financed by external donors. The money or assets from such corruption usually is transferred to individuals or political party offers.
2.5.3. State or Regulatory Capture and Influence Peddling

State capture is the conclusion by private actors with public officials or politicians for their mutual, private benefit. In this form of corruption, the private sector “captures” the state legislative, executive, and judicial apparatus for its own purposes. State capture coexists with the conventional (and opposite) view of corruption, in which public officials extort or otherwise exploit the private sector for private ends. Tailoring the fight against corruption to Country circumstances.

2.5.4. Patronage, Paternalism, Clientele, and being a ‘Team Player’

Corruption occurs when officials use their official position to provide assistance to clients or colleagues with the same geographic, ethnic, or cultural origin so that they receive preferential treatment in their dealings with the public sector, including public sector employment.

2.5.5. Systematic Corruption

Channels of malfeasance extend upwards from the bribe collection points, and systems depend on corruption for their survival. A distinction can be made between benefits that are paid unwillingly (bribery) and payments that are extracted from unwilling clients (extortion). Another way to categorize is to
differentiate between bribes paid for what a client has a legal right to receive and bribes paid to receive belonging to others.

2.6 Causes of Corruption

Corruption is a phenomenon that takes place due to the presence of a number of factors. An understanding of such factors require, among other things, a kind of general frame work for a clearer understanding of the causes of corruption, especially from a broader perspective. Genesis of corruption can be explained by looking at three levels-International, National and Individual institutional levels. It is often a temptation to discuss corruption as a fact of life rooted in flaws of human nature and to analyse acts of corruption as isolated individual’s acts.

Responding to the development challenges posed by corruption requires an understanding of its causes. From an institutional perspective, corruption arises where public officials have wide authority, little accountability, and perverse incentive. This means the more activities public officials control or regulate; the more opportunities exist for corruption. Furthermore, the lower

25. Mohammad Mohabbat Khan, “Political and Administrative Corruption: Concepts, Comparative Experiences and Bangladesh case”. The paper was commissioned by Transparency International, Bangladesh (TIB) and written in 1997 and is published here without any revision.
the probability of detection and punishment, the greater the risk that corruption will take place. In addition, the lower the salaries, the rewards for performance, the security of employment, and the professionalism in public service, the greater the incentives for public officials to pursue self-serving rather than public-serving ends.\(^28\)

Corruption poses a serious development challenge. In the political realm, it undermines democracy and good governance by subverting formal processes. Corruption in elections and in legislative bodies reduces accountability and representation in policymaking; corruption in judiciary suspends the rule of law; and corruption in public administration results in unequal provision of service. More generally corruption erodes the institutional capacity of government as procedures are disregarded, resources are siphoned off, and officials are hired or promoted without regard to performance. At the same time, corruption undermines the legitimacy of government and such democratic values as trust and tolerance.

Corruption also undermines economic development by generating considerable distortions and inefficiency. In the private sector, corruption increases the cost of business through the price of illicit payments themselves, the management cost of negotiating with officials, and the risk of breached

agreements or detection. Although some claim corruption reduces costs by cutting red tape, an emerging consensus holds that the availability of bribes induces officials to contrive new rules and delays.

It is tended to regard ‘over-regulation’ as the major factor in the growth of corruption. The World Bank is typical of this approach. “Any policy that creates an artificial gap between demand and supply creates a profitable opportunity for opportunistic middlemen”. They have a particular kind of rules in their minds, trade restriction, which include, price controls, multiple exchange rates, foreign exchange allocation schemes, tightly-controlled Government provision of credit. Under the shield of rules and regulations the public officials try to apply them rigidly to create delays so that they can seek bribes to bend their own rules.

The other most important cause of corruption is the problem with ‘economic liberalization’. This is permanently (essentially) a long-term strategy based on market forces, which will not render corrupt public officials honest and accountable overnight. It is more likely simply to displace and or refine corruption. Structural adjustment programmes with their severe impact afford to alter comparative prices dramatically. Further they provide new opportunities and incentives for corruption. Many people will get attracted,

tempted and have lost through these programmes. Consequently they are more likely to engage in corruption. The high esteemed push for privatization which got under way in the 1980s has opened up a whole new field and paved a concrete path to the bureaucrats who can exploit regulations tendering processes for personal gain\textsuperscript{30}.

Globalization has made easy to create and establish a new criminal world and to globalize their criminal activities which dangerously damages the communal harmony of the world citizens and devastatingly diminishes the authority of the Governments with its adverse impact. Consequently corruption penetrates precariously.

The nature of political framework governs the kind of corruption in society. Since the political framework is grounded by the flexibilities, the enforcement of law could not control the corruption. Generally, an authoritarian, unaccountable regime more likely to be corrupt because of external checks, but democracy brings no in-built deterrent to corrupt behavior. Political liberalization may simply decentralize the corruption or direct the Government from reform as it seeks to win an election. Lack of capacity and efficiency in Government rather than the lack of democracy, is probably more significant in fostering corruption.

Mingling politics and business is a sure recipe for corruption. The popular perception of the political system is that the Government helps big business which in turn, acts as a cheque-writing machine during political campaigns.

Ethnicity does have its adverse impact. To mingle politics and ethnicity is another sure recipe. A correlation can be observed between ethnicity and extended family ties on the one hand and the pattern of corruption on the other. For example, the corrupt official may have been educated at the expense of the extended family, who then expects favours in return for their investment. A variation of the ethnic network is a hierarchy of patronage links. In India, for example, corrupt civil servants may give their allegiance to high-ranking politicians and, in return, enjoy their protection from prosecution. Denies of access to information, which is a problem in most of the developed as well as developing Nations, removes a powerful disincentive to corrupt practice. The motivation for bribe-seeking is highly intensive where pangs of poverty are widely precarious combined with limited risk-spreading. The bribery may be large-scale and highly organized.

Equally important also is another psychological factor. Power is never demonstrated in a society unless it is misused. In certain communities it may
be found being as much corrupt as possible and amassing wealth is seen as a much demonstration of his “competence”. If this is the attitude, those sectors of society which did not have an opportunity to share the power cake in the past may also rationalize that they must be also able to emulate those who had earlier enjoyed and misused their power and amassed wealth by rampant corruption. Thus a vicious cycle of corruption is launched where a society tolerates amassing of wealth and does not question how that wealth is accumulated. This brings us to another important social root for corruption which probably is getting more accentuated in recent times. This is the spreading cult of consumerism. The electronic media have had a tremendous impact in creating a desire in the mind of everyone to have the best of the consumer goods even at the beginning of life. Newspaper reports regularly make out how domestic servants have been the agents of crime in many cases. Perhaps it is this upstairs downstairs syndrome or the ostentatious consumption of the well to do and the sense of jealousy created as a result among the deprived which leads to crimes. Consumerism and desire for an ostentatious life style tempts many to make money by any means, corruption is the result.

Evil social practices also promote corruption. One major social cause that promotes corruption is the dowry system. Every public servant wants to see that his daughter is married off well and there is continuous pressure for
having a minimum level of dowry. This may be one of the reasons why one comes across cases where even public servants who have had a clean life towards the end of their career become vulnerable to corruption. Dowry system is definitely one of the social roots of corruption in our country.

Equally important is the social pressure in a competitive society for ensuring that the children get the best possible education. Right from the kindergarten to every educational institution, there is pressure of competition and education has become commerce. This has been further accentuated by the government policies about affirmative action resulting in a great incentive for self financing colleges who charge a lot of donation fee and most of it is collected in black.

2.6.1 Political Patronage\textsuperscript{31}.

The biggest cause of corruption in today’s life India is undoubtedly the political leadership at the helm of affairs in the country. From this fountainhead of corruption flow various streams of corrupt practices which 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

\textsuperscript{31} Sunil Sondhi, “Combating Corruption in India”. Prepared for the XVIII World Congress of International Political Sciences Association at Canada, August 1-5. 2000.
transformed the nature of politics and administration. Amoral politics, self-aggrandizement, disregard of the constitutional norms in the pursuit of power, political survival at any cost is their rules of the game. They interfere with the administration of justice and have bent bureaucracy to do their bidding.

2.6.2 Administrative Labyrinth

Cumbersome and dilatory administrative procedures and practices are other major causes of corruption in India. India’s legal and administrative system was designed in the middle of the nineteenth century to serve the interests of colonial administration. The Indian Penal Code, the main instrument for controlling crime and administering criminal justice, was enacted in 1860. The organization and functions of the police are governed by the India Police Act of 1861. The Indian Evidence Act came into force in 1872. Fundamental Rules and Supplementary Rules, the financial Bibles for all government financial transactions, were framed in the twenties when the government’s financial transactions and commitments were simple. The focal point of colonial justice was the individual and the protection of individual property rights whereas the emphasis of a welfare state is on the right of the society and social justice.
2.6.3 Lack of Punishment

A contributory factor to the growth of corruption in India is that the cases relating to corruption are often handled in a casual and clumsy manner. Those in hierarchy vested with disciplinary powers shirk duty and so unwillingness to use their powers against corrupt practices. This may be due to different reasons like political or trade union pressure, vested interests or sheer ineptitude in handling criminal investigation. The result is that the corrupt are rarely caught and even if caught are let off with minor or no politics. The Government officials entrusted with the responsibility of dealing with corruption does it in a most inefficient and lethargic manner and this suits the political leadership which patroness corruption.

2.7 Consequences of Corruption

Corruption is as much a moral as the issue of development. It can distort entire decision-making processes on investment projects and other commercial transaction and the very social and political fabric of societies. There are many reasons for these sobering facts. One is the significant distributional implications that wide spread corruption has on growth, equality and poverty. Consequently social disintegration prevails and distorts economic systems. It implies discrimination, injustice and disrespect for human dignity; it endangers
the stability of democratic constitutions, discriminates in the delivery of governmental services and thus violates the rights of the people, and poor in particular where corruption reigns, basic human rights and liberties come under threat and social and economic contracts become unpredictable. The Supreme Court of India in its recent judgment stated that “Corruption in a civilized society is like cancer, which is not detected in time is sure to maligns the polity of the country leading to disastrous consequences. Corruption is opposed to democracy and social order, being not only anti-people but also aimed and targeted at them. It destroys the cultural heritage. Unless nipped in the bud at the earliest it is likely to cause turbulence shaking of the socio-economic political system an otherwise healthy, wealthy, effective and vibrating society. The consequences of corruption are very obvious. It is anti-national, anti-economic development and anti-poor.

2.7.1 Impact on Democracy:

Democracy requires political parties. Our political parties collect funds and these are collected in the form of cash or black money. Black money is generated through corruption. In a way corruption is the oxygen for black money; black money is oxygen for corruption. Most flak is faced due to the fact that political parties are dependent on black money and corruption for their

32. AIR, 2000, SC 870
very survival and yet they are the ones to initiate policies to fight corruption. At the same time, there are other democracies in the world like United States or Britain where the corruption levels are much less than India. The corruption perception index of USA is 19 and UK is 17 while that of India is 85 in the list.

United States of America has come up as a strong and a stable democracy, in the entire world. In their system ‘truth’ has been given the first and foremost place.

There is the example of United States and Britain where there is more transparent fund collection; the systems are much more transparent than in India. The Indian scenario though purports to be transparent are at most times unappeasable able to the common mind. It is only in recent times that the judiciary has decided that judges too owe a duty to disclose their assets and do not gain precedence due to the position they hold. However it took India a long time to come up with this one. It only goes to show that corruption subsists at every level and one needs to be on guard at all times.

Democratic institutions surely provide a broad basis for popular government and give people the noble notion and pride that the country belongs to them. Whenever they grow weary of their government, they can exercise their right to change it. Yet democratization is not a necessary
condition for economic development. The most startling economic progress, over the past two decades, has been in China which labors under an authoritarian regime. And many new democracies, from Azerbaijan to Kazakhstan, show little ability to progress economically. Even established democracies stagnate economically, with millions of workers condemned to unemployment and declining standards of living when guided by economic ideologies hostile to economic productivity. Government by the people may be as injurious to economic well-being as any other form of government.

Similarly, national independence and self-government are no guarantee of economic progress. The world's poorest countries, such as the Democratic Republic of the Congo, Burundi, and Ethiopia, are as independent as the wealthiest countries, but are poorly governed. In fact, the world's poorest countries may even be poorer today than they were in ages past when they labored under foreign rule. In contrast, many countries that until the twentieth century lacked complete independence and self-government, such as Australia (1901) and New Zealand (1947), expanded rapidly as colonies of the British Empire. They enjoyed the ideological and legal preconditions of economic development that is, safety of private property, entrepreneurial freedom, and

the spirit of enterprise.\footnote{Ibid.} The poverty of many countries, which moves wealthy countries to pity and foreign aid without end, obviously lacks these preconditions; the suffering of the people is likely to continue as long as the sovereignty of their disfunctioning governments remain unchallenged.

Getting down to the basics it is clear that in spite of the valiant effort made by the formidable Mr. Seshan, former Chief Election Commissioner, it is still a piece of common knowledge that a lot more money is spent in elections than that which is officially declared as per the provisions of the Representation of the People’s Act and Rules. The basic cause for corruption in the society at the level of political parties is because the parties are dependent on black money as a source for funds. If one wants to eradicate corruption, one will have to start at the level of the political parties and the funding of such political parties. In fact, no political party can function without funds even for conducting normal meetings or publicizing through notices and other media about meetings being held. Hence, any attempt at linking cleanliness in the political parties by focusing on electoral funding is a step in the wrong direction.

One of the popular ideas floated about is public funding of elections. But a country like India requires concentrating funding towards the basic
amenities for human living and politics falls to the bottom of the list. After all, even in Germany when political funding was provided, one had cases like that of Mr. Kohl who United Germany besides having also collected funds for political purposes. Hence state funding of elections in Indian situation should be firstly opposed because it does not have resources and secondly there is no guarantee that it will bring transparency and cleanliness in the political system.

The black money can be tackled only if the crises of its eradication are handled in an efficient manner with a sense of strong commitment. At the same time, it is interesting that even the politicians who are most accused of corruption are the first to declare their willingness and keenness to fight against corruption. The reality in the Indian situation today is that every political party wants to fight corruption for other parties. In the 1989 elections, Shri V.P. Singh was able to exploit the corruption issue of the Bofors scandal.35

A new theory was being floated unique to Indian democracy saying that in India the highest court is not the Supreme Court but the court of the people. So there arises a strange notion that if a corrupt politician is elected the people’s representative, he is deemed to have been acquitted in the court of the people. Fortunately, the Supreme Court has put an end to this dubious claim by pointing out that democracy represents the will of the people and the will of the

people is expressed in the Constitution. Therefore in India at least today the highest court is still the Supreme Court. If anybody is held to be corrupt under Indian Judicial system then this has to be respected. After all, law breakers cannot become law makers. Unfortunately, it has increasingly seen the presence of law breakers in the legislature. This probably is a sad reflection to what extent our public life has been corroded so far values are concerned.

To fulfill its rightful destiny in the new millennium, the country will have to find ways to move towards an honest and ethics-based polity, an efficient, and compassionate and corruption free administration and bureaucracy and a responsible and value based society. Other democratic countries have come out of a virtually intractable state of corruption by adopting and implementing, with courage and determination, a carefully conceived programme involving fundamental changes in the electoral system as well as in governmental administration, especially in the public services. For example the United Kingdom whose public notoriously corrupt in the 18th century made a transition across barely 50 years to a regime of extraordinary public property.

This was achieved primarily because of the visionary leadership of the liberal party under W E Gladstone who first in his capacity of Chancellor of
the Exchequer in 1850s and later as Prime Minister, four times during the period 1868 to 1894 initiated a string of reform measures. The purpose of these measures was to abolish practices with payment of commissions in the army, to define and outlaw corrupt practices by state officials, to introduce competitive examination for admission to a non partisan civil service, to replace fees by salaries in public offices, and to set up systems of financial scrutiny by Parliament.

### 2.7.2 Corruption impedes economic growth

The relationship between corruption and economic growth is complex. Economic theory supports the notion that corruption hinders economic growth in the following ways:\(^{36}\):

i. Corruption discourages foreign and domestic investment: rent taking increases costs and creates uncertainty, reducing incentives to both foreign and domestic investors.

ii. Corruption taxes entrepreneurship: entrepreneurs and innovators require licenses and permits and paying bribes for these goods cuts into profit margins.

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\(^{36}\) Mauro 1999. For further discussion of the theoretical reasoning, Heidenheimer and Johnston (2002), specifically Chapter.
iii. Corruption lowers the quality of public infrastructure: public resources are diverted to private uses, standards are waived; funds for operations and maintenance are diverted in favor of more rent seeking activity.

iv. Corruption decreases tax revenue: firms and activities are driven into the informal or gray sector by excessive rent taking and taxes are reduced in exchange for payoffs to tax officials. Capacity to increased corruption, reduced economic governance, increased poverty growth and increased income inequality.

v. Corruption diverts talent into rent seeking: officials who otherwise would be engaged in productive activity become pre-occupied with rent taking, in which increasing returns encourage more rent taking.

vi. Corruption distorts the composition of public expenditure: rent seekers will pursue those projects for which rent seeking is easiest and best disguised, diverting funding from other sectors such as education and health. These theoretical propositions are supported by a number of empirical studies. They demonstrate that high levels of corruption are associated with low levels of investment and low levels of aggregate economic growth.

vii. Corruption discourages domestic investment. In Bulgaria, about one in four businesses in the entrepreneur sample had planned to expand
(mostly through acquiring new equipment) but failed to do so, and corruption was an important factor in their change of plans. The Latvia study surveyed enterprises that had dropped planned investments. It found that the high cost of complying with regulations and the uncertainty surrounding them, including uncertainty regarding unofficial payments, were important factors for 28 per cent of businesses foregoing new investments.

viii. Corruption hurts entrepreneurship especially among small businesses. Several studies reported that small businesses tend to pay the most bribes as a percentage of total revenue (especially in Bosnia, Ghana, and Slovakia). In Poland, businesses have to deal with a large number of economic activities that are licensed, making them more prone to extortion.

A seminal study by Mauro\textsuperscript{37} has carried a study on corruption in 106 countries and has found that high levels of corruption are associated with lower levels of investment as a share of Gross Domestic Product (GDP) and with lower GDP growth per capita. Extrapolation of these results by the researcher

\textsuperscript{37} Mauro (2002) used a composite of two corruption indices and multiple regression analyses with a sample of 106 countries to show that high levels of corruption are associated with lower levels of investment as a share of Gross Domestic Product (GDP) and with lower GDP growth per capita. Extrapolation of these results by the researcher suggested that if a country were to improve its corruption index from a score of six to eight on a ten-point scale, it would increase the investment rate more than 4% and annual per capita GDP growth would increase by nearly one-half percent
suggested that if a country were to improve its corruption index from a score of six to eight on a ten-point scale, it would increase the investment rate more than 4 per cent and annual per capita GDP growth would increase by nearly one-half percent.

2.7.3 Corruption and development

Corruption delays, disturbs and diverts growth and development. Its impact is difficult to measure directly because corruption normally occurs within institutions, which have other inadequacies and weaknesses. It is therefore difficult to separate out corruption as an independent variable especially because corruption appears to be both a cause and effect of inefficient and unaccountable institutions.

Corruption is believed to have a significant impact on lowering investment, both foreign and domestic. It does so because potential investors perceive it as an unwarranted and pernicious tax. It raises the cost of investing without providing any guarantee of producing the required results. Corruption therefore increases as the uncertainty and risk attached to investment as well as reducing the incentive for entrepreneurs. According to IMF research, lowering
investment accounts for at least one third of corruption’s overall negative effects.\footnote{Reddi’s, “Anti-Corruption Laws and Departmental Enquiries”, New Delhi, Orient Publishing Company, 2008, pp.18-19.}

To implement sustained development programmes, Governments need secure, reliable and expanding revenue sources, but where corruption occurs in the form of tax evasion, there is a corresponding shortage of funds for productive investment.

The negative impact of corruption on development is no longer questioned. Corruption hinders economic development, reduces social services, and diverts investments in infrastructure, institutions and social services.\footnote{United National Development Project, Anti-corruption practice note, February, 2004.} The World Bank distinguishes between two main forms of corruption: State capture and administrative corruption. State capture refers to the actions of individuals, groups or firms, both in the public and private sectors, who influence the formation of laws, regulations, decrees and other government policies to their advantage as a result of the illicit and non-transparent provisions of private benefits to public officials. Administrative corruption refers to the intentional imposition of distortions in the prescribed implementation of existing laws, rules and regulations to provide advantages to either government or non-government actors as a result of the illicit and non-transparent provision of
private gains to public officials. Investors will be reluctant to invest in development efforts in a country where there is state capture and administrative corruption. In addition, international donors would not lend to a country with high corruption affecting the human rights and right to development of poor people in that country\textsuperscript{40}.

Corruption can also be classified as petty (need based) and grand (greed based) corruption. Petty corruption is found where public servants who may be grossly underpaid depend on small kickbacks from the public to feed their families and pay school fees. Grand corruption involves high officials who make decisions on large public contracts. Here too, there is a negative impact on the poor as they cannot afford to provide any gains to public officials, or if they do, it constitutes a great part of their earnings which they could have otherwise used for their own subsistence or development.

2.7.4. Impact on human rights

The Seoul findings declared that large scale corruption should be designated a crime against humanity, as for many around the world it falls into the same category as torture, genocide and other crimes against humanity that rob humans of human dignity. The findings condemned corruption as immoral, unjust and repugnant to the ideals of humanity enshrined in the Universal

\textsuperscript{40} The World Bank, Anticorruption in Transition: A contribution to the policy debate, 2000.
Declaration of Human Rights, and confirmed the conviction that all human beings have a basic human right to live in a corruption-free society\textsuperscript{41}. A corrupt State creates a vicious circle in which the State quickly loses its authority and ability to govern for the common good. Corruption makes it possible for critics to be silenced, for justice to be subverted and for human rights abuses to go unpunished. When corruption reigns, basic human rights and liberties come under threat and social and economic contracts become unpredictable\textsuperscript{42}.

Therefore, corruption affects both civil and political rights\textsuperscript{43}, as well as economic, social, and cultural rights\textsuperscript{44}. The concept that rights include all rights has now received judicial acceptance in the South African courts, where it has been held that Section 7(2) of the Constitution of South Africa ‘requires the State to respect, protect, promote and fulfill the rights in the Bill of Rights. In this regard, given that socio-economic rights are expressly included in the Bill, the question is not whether they are justifiable, but how to enforce them in a given case\textsuperscript{45}. As aptly described by C.Raj Kumar\textsuperscript{46}, an Indian writer, ‘First,

\textsuperscript{41} The Seoul Findings: 11th International Anti-corruption Conference, Seoul, May 2003
\textsuperscript{42} United National Development Project Practice Note: Anti-corruption, February 2004
\textsuperscript{43} International Covenant on Civil and Political Rights, entry into force 23 March 1976, in accordance with Article 29, UNCAC.
\textsuperscript{44} International Covenant on Economic, Social and Cultural Rights, entry into force 3 January 1976, in accordance with Article 27, UNCAC.
corruption dilutes human rights in a significant way, although it is rarely observed and understood from this perspective.

Second, an institutionalized form of corruption creates mass victimization resulting in a threat to rule of law, democratic governance and the social fabric in Indian society. Third, human rights discourse is a powerful resistance to violation of various rights and the problem of corruption can be addressed by framing it from the standpoint of it being a human rights violation. Fourth, the benefit of developing corruption as a human rights issue will be enhanced due to development of international human rights law, along with national developments in constitutional rights, legal rights and judicially recognized rights.

Fifth, the corruption problem, when framed as a human rights issue, can empower the judiciary to enforce certain rights for the citizenry and to demand a transparent, accountable and corruption free system of Governance in India and also help monitor the processes.

Corruption violates human rights because it discriminates against the poor by denying them access to public services and preventing them from exercising their political rights.
2.8 Political appointments and corruption

To observe over the last five decades, especially in customs, excise and income tax is a whole culture built on the pressures, pulls and counter-pulls of vested interests seeking exemptions and special treatment. Once this culture of evasion of taxes is overcome, people would have entered a much better era. The second reason seen to be the cause for corruption to flourish in public life is because the criminals are today permitted to contest elections. The Delhi High Court has recently said that at least the candidates in elections should declare their criminal record. This has been however been appealed against by the Government of India.

The nexus between corrupt politicians and corrupt bureaucrats results in sensitive posts being operated by corrupt bureaucrats. This nexus must be broken. The best course to achieve this objective is to adopt the practice which is now prevailing for filling the post of Director, CBI to all sensitive posts. In the Judgment of the Supreme Court in the Vineet Narain’s\(^47\) case, the Director, CBI today is appointed based on a panel of three names recommended by the CBI Selection Committee headed by Central Vigilance Commission with Home Secretary and Personnel Secretary as members. The Government can appoint only one of these three persons recommended in the panel and once the

\(^{47}\) AIR, 1998 SC, 889.
person is appointed Director, he gets a minimum period of two years. He cannot be shifted before the period. If there is a Public Interest Litigation in the Supreme Court filed by NGOs and the Court is requested to direct the Government that in order to bring cleanliness in the system and check corruption, all sensitive posts must be identified by the Government and a system similar to that of filling the CBI Director’s post today should be introduced, it will break at one stroke the current nexus between the corrupt politicians and the corrupt bureaucrats. It cannot be expected that the government to take initiative in this matter.

These measures of checking black money, breaking the access between the corrupt politician and the bureaucrat and preventing criminalization of politics will go a long way in reducing the element of corruption in our system.

Corruption in our system of public life is not merely confined to but to politics. The vicious cycle which involves the corrupt bureaucrat, businessmen, NGOs and the criminal. The causes of bureaucratic corruption can be traced to certain factors. These are:

i. Scarcity of goods and services
ii. Lack of transparency
iii. Red tape
iv. Cushions of safety we have created in our legal system whereby everybody is innocent till proved guilty. A corrupt person therefore, if he has made sufficient money, can engage the best lawyers and escape the clutches of law, and

v. Tribalism or brotherhood among the brooked and the corrupt. In English novel we say, if two people are very close, they are thick as thieves not thick as honest men.

The CVC has therefore come up with the citizens’ guide to fighting corruption which points out that the following four agencies can be used by the citizens to fight against corruption:

i. Judiciary

ii. Agencies like CVC, CBI, ACB

iii. Media, both electronic and print, and

iv. Direct action.

2.9 India’s position in Corruption Perception Index Report

New Zealand remains the least-corrupt country in the world, according to the latest 2009 annual index compiled by Transparency International, a Berlin-based organization. The index, which measures perceived levels of corruption, focuses on the misuse of public office for private gain. The United
States ranks as the 19th least-corrupt country, only a little less so than Chile. Botswana is reckoned to be less corrupt than Italy.

In the Indian neighbourhood, there are no clean countries. On a scale where 10 is the cleanest, India gets a score of 3.4 (with a standard deviation of 0.4, a fairly low standard deviation.) Compared to that, China scores marginally higher at 3.5 but has a greater standard deviation of 1.0 and therefore the estimated error is larger. The Islamic Republic of Pakistan and the Islamic Republic of Bangladesh both score surprise-lower than India. Pakistan gets a 2.5 with a large 0.9 standard deviation, and Bangladesh has the dubious distinction of being the least corrupt country of the 133 surveyed by Transparency International and has a score of 1.3 (std deviation 0.7).

2.9.1 Corruption Perception Index (CPI):

The Corruption Perception Index CPI is league table of international corruption with least corrupt countries at the top and the most corrupt at the bottom. It has been published annually by the NGO Transparency International since 1995. The league table measures perceived level of corruption among public officials and politicians rather than corruption as such. Countries are assigned scores of between 10-0 (with 10 being low) which are derived from

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polls and surveys of corruption in each country and in effect, the CPI is a pool or polls.

The present State of India as a corrupt country is really pathetic. According to Transparency International, Corruption Perception Index (CPI) corrupts, India ranks 84 out of 180 countries in the world as per the 2009 rankings49 (Appendix-I).

The Corruption Perception Index (CPI) published by Transparency International measures the perceived levels of public-sector corruption in a given country. It is a composite index drawing on different expert and business surveys. The scale is from zero (highly corrupt) to ten (highly clean).

i. The Corruption Perceptions Index table shows a country's ranking and score, the number of surveys used to determine the score, and the confidence range of the scoring.

ii. The rank shows how one country compares to others included in the index. The CPI score indicates the perceived level of public-sector corruption in a country/territory.

iii. The CPI is based on 13 independent surveys. However, not all surveys include all countries. The surveys used column indicates how many surveys were relied upon to determine the score for that country.

iv. The confidence range indicates the reliability of the CPI scores and tells us that allowing for a margin of error; it can be 90% confident that the true score for this country lies within this range.

2.10 Summary of the Chapter

To sum up, as India is rewarded rank 84 by Transparency International, Corruption Perception Index (CPI) 2009, it is clearly understood how corruption confiscates the welfare of the people and society as well as constipates the progressive development and prosperity of the Nation. The major contaminating cause for increase of corruption in India is its roots during the colonialism under British rule. Our national leaders after the independence had recognized the devastating consequences of corruption felt the creation of constitution as an urgent requirement for India to survive.

India culture accepts the presence of Satva (goodness, Rajas ambition greed) and Tamas (darkness, laziness) in each individual at all times. Corruption is a manifestation of evil versions of Rajas and Tamas, which can be controlled but not to be eliminated, since it is conceived by ‘greed’. Further, corruption prevails due to several factors. It is often a temptation to discuss corruption as a fact of life rooted in flaws of human nature and to analyse not acts of corruption as isolated acts of individual.
Corruption undermines economic development by generating considerable distortions and inefficiency. It is tended to regard over-regulation as the major factor in the growth of corruption. The other most important cause of corruption is the problem with ‘economic liberation’ Globalization, the combination of politics and business and also ethnicity.

Though Indian Constitution provides laws against corruption, political patronage, administrative labyrinth, lack of punishment have been the serious obstacles in the way of effective implementation of the laws. Though several agencies have been created as per constitutional norms the above cited obstacles are crippling the effectiveness of other laws. Ultimately this precarious prevalence of contagious corruption shows its adverse impact on the democratic system of the Nation consequently victimizing the public.

Hence, it is the duty of the Government, policy-makers, law-makers in particular and of all the Indian citizens to check the situation and render their contribution to prevent corruption since this is the high time.

In this connection, various Acts which are amended from time to time to be implemented for providing clean governance to the citizens, are discussed the next chapter III.