



# 1. Causes of Corruption and Anti-Corruption Initiatives in India

**Ms. Ritu Tiwari**

*HOD Economics  
D.A.K.M.V. Nagpur.*

## **ABSTRACT**

*In this paper we try to investigate the causes of corruption have identified several factors which may have an impact on corruption, ranging from structural factors, to institutional, historical, and economic factors. However, there are not many country level studies exploring causes of corruption in specific contexts. In the case of India, corruption in the country is likely to be facilitated by a number of factors, such as large amounts of public resources derived from natural resources, vested interests and politically connected networks, poorly paid civil servants, low regulatory quality, and weak judicial independence. In addition, local officials are given wide discretionary power and resources without proper accountability and enforcement mechanisms. Based on the above, anti-corruption reforms in the country could focus on enhancing institutional capacity and reduce clientelistic practices in order to ensure that the rules are followed and applied equally among all citizens. Moreover, strengthening accountability at the local level is key for the success of decentralization reforms and to prevent corruption at the local level.*

## **KEYWORDS**

*Corruption, causes, economic factors, public resources, India, anti corruption reforms.*

## **Introduction:**

After 68 years of independences and open the economy from 1995, India has undergone a successful transition from colonial rule to become one of the largest democracies in Asia and in the world. Since 1998, the government has introduced a range of economic and political reforms aimed at erasing the legacies of the old regime.

Local governments have been empowered, the judiciary has been granted greater independence, and a national campaign against corruption has been initiated after corruption was acknowledged as a major problem affecting the Indian economy, politics, and foreign investments. Nevertheless, the country continues to face several challenges with a deeply embedded patronage system and widespread corruption at all levels of government.

India's goal to transform itself into a market for foreign companies and attract investment is increasingly being challenged by corruption and red-tape. Transparency International's 2013 **Global Corruption Barometer** stated that almost all key Indian institutions were under the sway of corruption. Seventy-one percent of respondents to a survey believed that corruption had increased from 'a little' to 'a lot'. While 75 percent of people expressed that the police force is corrupt, an astonishing 86% of people believed that political parties and their leaders are corrupt.

### **Extent of Corruption:**

Corruption continues to undermine the economy, distribution of resources, and the public administration in India. All available data and country reports indicate that corruption remains widespread, permeating all levels of society. Recent anti-corruption efforts such as the establishment of a strong anticorruption agency have led to the conviction of several high-ranking public officials, but a lack of institutional capacity and weak rule of law combine with poor regulatory quality still create fertile grounds for corruption. This situation is reflected in the major worldwide governance indicators.

In 2013, the country ranked 94 out of the 176 countries assessed by Transparency International's **Corruption Perceptions Index** (CPI), scoring 3.6 on a scale of 0 (highly corrupt) to 10 (highly clean). This score was 94 in 2012 out of 174 countries, which was 95 in 2011 and 96 in 2008. These findings are consistent with the World Bank 2010 **Worldwide Governance Indicators** that confirm India's poor performance on all the six dimensions of governance assessed. India also does not perform so well on the 2014 **Heritage Foundation's Index of Economic Freedom**. India's economic freedom score is 55.7, making its economy the 120th freest in the 2014 Index. Its score is 0.5 point higher than last year, reflecting modest improvements in six of the 10 economic freedoms including trade freedom and fiscal freedom. India is ranked 25th out of 41 countries in the Asia-Pacific region, and its overall score is below the regional and world averages. In particular, the country performed poorly in terms of freedom from corruption, with a score of 36 on a 0 to 100 scale. Corruption also seems to be pervasive at the local level according to the **India Corruption Perception Index**<sup>1</sup> (Transparency International India, 2013). A majority of cities in the country score below the average of -0.516 (on a 0, meaning more corrupt to 10, clean, scale). The persistence of corruption is also reflected on the views of Indians' citizens on corruption. According to the **Global Corruption Barometer** (Transparency International, 2011), 74% of the households surveyed believe that corruption has increased in the three years preceding the survey. The view on the effectiveness of the government's efforts to fight corruption is divided. 44% assessed it as effective and 33% as ineffective. On a more positive note, efforts of controlling corruption show an improvement of the rank of 36 in 2010.

### **Forms of Corruption:**

Both bureaucratic and grand corruptions are present in India. Bureaucratic corruption is exacerbated by the country's weak administrative capacity, low salaries, and the lack of oversight (Global Integrity Report, 2011). In this context, **bureaucratic and administrative forms of corruption** are widespread across all public services and agencies.

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Indicator	India	South Asia	All Countries
Bribery incidence (percent of firms experiencing at least one bribe payment request)	...	24.5	17.0
Bribery depth (% of public transactions where a gift or informal payment was requested)	...	20.5	13.0
Percent of firms expected to give gifts in meetings with tax officials	52.3	18.6	12.2
Percent of firms expected to give gifts to secure government contract	23.8	36.5	25.9
Value of gift expected to secure a government contract (% of contract value)	1.0	2.0	1.6
Percent of firms expected to give gifts to get an operating license	52.5	25.3	13.6
Percent of firms expected to give gifts to get an import license	46.0	27.9	12.2
Percent of firms expected to give gifts to get a construction permit	67.0	30.1	21.7
Percent of firms expected to give gifts to get an electrical connection	39.6	31.1	15.5
Percent of firms expected to give gifts to get a water connection	26.6	34.0	15.8
Percent of firms expected to give gifts to public officials "to get things done"	47.5	24.0	19.6
Percent of firms identifying corruption as a major constraint	25.6	35.6	33.9
Percent of firms identifying the courts system as a major constraint	...	15.2	15.9

Source: World Bank and IFC survey 2006

**The Global Competitiveness Report 2012-2013**, prepared by World Economic Forum, has placed India in the 59th position out of 144 countries, down three places from last year. Since reaching its peak at 49th in 2009, India has lost 10 places; consider corruption as the most severe problem affecting the business environment in India. Moreover, according to the World Bank & IFC Enterprise survey 2006, nearly 47.7% of the companies reported being expected to pay bribes to public officials to 'get things done'.

The political legacy of previous regimes in which public resources were used to gain support of patronage networks continues to play a role in the political landscape of the country after liberalization. Various forms of **patronage and clientelism** exist across the political system, as reflected by concessions and procurement processes being often awarded based on personal relations (US Commercial Service, 2011). In addition, the increasing reliance on money for political campaigns has offered opportunities for **political corruption** and state capture, in particular at the local level.

**Sectors/institutions most affected by corruption:**

Let us see where India ranks in Global Competitiveness Report based on certain parameters. Virtually all key institutions and sectors in India, including the private sector, were regarded as being corrupt or extremely corrupt by respondents - at the top of the list were political parties (86 per cent), police (75 per cent) and public officials and civil servants as well as parliament/legislature (65 per cent each). Least corrupt was the military (20%).

If it is any consolation, many countries in the world face similar problems in confronting corruption - in 51 countries political parties were seen as the most corrupt institution and 55 per cent of respondents thought that governments were 'run by a few big entities acting in their own best interests.

<b>Institutions/sectors</b>	<b>Percentage of people who think they are beset by corruption</b>
Political Parties	86
Police	75
Parliament/legislature	65
Public officials/civil servants	65
Education system	61
Medical and health	56
Business/private sector	50
Judiciary	45
Religious Bodies	44
Media	41
NGOs	30
Military	20

*Source: Global Corruption Barometer 2013*

As for various public services and bribes being given to secure them - 62 per cent in India reported that they or someone from their household had paid a bribe to the police, 61 to 'registry and permit services' and 58 per cent to 'land services'.

<b>Public service</b>	<b>Percentage of those who had paid a bribe</b>
Police	62
Registry and permit services	61
Land services	58
Utilities	48
Education	48

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<b>Public service</b>	<b>Percentage of those who had paid a bribe</b>
Tax revenue and/or Customs	41
Judiciary	36
Medical and health	34

*Source: Global Corruption Barometer 2013*

Among the common reasons for paying a bribe, 36 per cent in India said it was the only way to get a service and 35 per cent, to 'speed up things'.

About 47 per cent in India viewed corruption as a very serious problem in the public sector, placing it fifth in terms of severity on a 1-5 ranking scale. And 33 per cent placed it in the fourth position on the scale. Most people in India also felt that personal contacts were important to get things done in their dealings with the public sector - 31 per cent felt it was 'very important' and 35 per cent 'important'. (For the purposes of the survey, 'public sector' meant public sector institutions and services that are owned and/or run by the government.)

And not surprisingly, the majority in India did not think the government was effectively fighting corruption - 26 per cent felt it was least effective and 42 per cent ineffective. The percentage of those who 'strongly agreed' or 'agreed' that ordinary people could make a difference in the fight against corruption was 55. The survey covered 1,14,000 people in 107 countries. Globally, 27 per cent of respondents reported having paid a bribe when accessing public services and institutions during the last 12 months.

The report has come out with these recommendations to globally combat corruption: make integrity and trust the founding principles of public institutions and services; bring back the rule of law; hold the corrupt to account; clean-up democratic processes and give people the tools and protection to fight against corruption.

The **judiciary** is also regarded as one of the most corrupt sectors and it is still perceived as highly influenced by government officials and local elites. Similarly to the police, 36% of Indians surveyed in the Global Corruption Barometer perceive the judiciary as corrupt. Actual experience of corruption accounts for 14% of those who have had contact with the institution in the year preceding the survey.

**Causes of Corruption in India:**

In the case of India, a more in-depth analysis of the main causes of corruption might be required to understand why corruption remains such a large problem in spite of several reforms (e.g. decentralization, establishment of an anti-corruption agency, etc) and recent efforts to curb it. Several factors, ranging from structural factors, such as income levels, and inequality, to a weak judiciary seem to have a strong correlation with corruption. Nevertheless, correlation does not necessarily prove causality and a closer examination of the country's history, institutions, and political actors is necessary to understand what drives corruption.

This answer analyses how some of the factors identified in the literature as causes of corruption are likely to play a role in the Indian context.

- **Structural factors:**

Cross-country studies which have attempted to identify common causes of corruption have focused on **structural factors** which often relate to lower levels of perceived corruption such as income levels, income inequality, openness to trade, and long exposure to democracy (Treisman, 2000).

Within this framework, it is expected that countries with high income levels (e.g. high GDP) will have lower levels of perceived corruption, or that, for example, countries which have been exposed to democracy for longer periods of time are also perceived as less corrupt. India, for instance, is a low middle level income country (GDP per capita US\$ 1499, 2013), with medium levels of income inequality (GINI coefficient 33.9 in 2010) and with approximately 32.7% of the population living below poverty line (World Bank, 2010). These structural factors play a role in identifying the main determinants of corruption in the country. But those alone cannot be considered as single causes of corruption.

- **Regional Differences in Corruption and the Regulatory Environment:**

India exhibits great regional variations in the level and impact of corruption. Each of the local governments holds wide legislative powers, including in areas such as public procurement. Important regulatory issues, such as land-use and environmental regulations, may vary from one state to another. Doing Business in India 2013 studies the business environment across different major Indian cities.

Key findings include: Starting a company takes the longest in Kochi (41 days) and in Bengaluru (40 days), whereas the same procedure in Mumbai and Noida is considerably less time-consuming (30 days). Trading across borders in India is characterized by a cumbersome bureaucracy, but regional differences are substantial. Importing and exporting operations run most smoothly from Bhubaneswar's port (16 days to import, 17 days to export), closely followed by Ahmedabad (18 days to import, 17 days to export). Again, Indian cities perform differently in the area of contract enforcement, with the shortest durations found in Guwahati (600 days) and Kochi (705 days) and the longest in Ahmedabad (1,295 days) and Mumbai (1,420 days).

**Economic Freedom of the States of India 2013** compares the size of the state government, legal structure and security of property rights, and regulations of business and labour. The report's findings include the following:

- Regarding legal structure and security of property rights, Punjab, Tamil Nadu and Rajasthan rank the highest, while Kerala, Maharashtra and Bihar are ranked as the bottom three states.
- Regarding business and labour regulation, Kerala, Uttar Pradesh, and Tamil Nadu are ranked as the top three states, while Jharkhand, Uttarranchal and Bihar are ranked as the bottom three.

- **Judiciary:**

According to **Freedom in the World 2013**, the judiciary, particularly at the lower levels, is reportedly rife with corruption, and most citizens have great difficulty securing fair case resolution through the courts. Similarly, the **Human Rights Report 2013** states that judicial corruption is widespread. Citizens report that court procedures are very slow and complicated, and the court system fuels the use of bribes and other kinds of influence peddling. People give bribes to obtain a favorable judgment, but bribes are also used to influence public prosecutors. Almost half of the respondents in the **Global Corruption Barometer 2013** felt that the judiciary was corrupt or extremely corrupt. According to the **Human Rights Report 2012**, bribes are sometimes paid to move a case more rapidly through the system.

According to **The World Bank & IFC: Doing Business 2014**:- On average, enforcing a commercial contract through Indian courts requires a company to go through 46 administrative procedures, taking 1,420 days and costing 39.6% of the claim. Data from **Transparency International: Global Corruption Barometer 2013**: revealed that- 45% of surveyed households consider the judiciary to be 'corrupt' or 'extremely corrupt'. The World Economic Forum: **The Global Competitiveness Report 2013-2014**:-

Business executives give the independence of the judiciary from influences of members of government, citizens or companies a score of 4.7 on a 7-point scale (1 being 'heavily influenced' and 7 'entirely independent'). Business executives give the efficiency of the legal system for private companies to settle disputes and to challenge the legality of government actions and/or regulations a score of 3.8 and 3.8, respectively, on a 7-point scale (1 being 'extremely inefficient' and 7 'highly efficient').

- **Political Corruption:**

Corruption in infrastructure and construction projects, often involving high-level officials, remains a major problem in India. The Transformation Index 2014 reports that a more committed fight against political corruption would lead to improvements in the implementation of infrastructure projects.

BBC News reports in February 2013 that India's Central Bureau of Investigation has fired a key prosecutor of a telecom corruption scandal involving the mis-selling of telecom licenses. **The World Bank & IFC: Doing Business 2014**: On average, dealing with construction permits in India requires a company to go through 35 administrative steps, taking 168 days and costing 2,640% of income per capita. On average, starting a company requires an entrepreneur to go through 12 procedures, taking 27 days and costing 47% of income per capita. **World Economic Forum**:

**The Global Competitiveness Report 2013-2014**: Business executives give government administrative requirements (permits, regulations and reporting) in India a score of 3.1 on a 7-point scale (1 being 'extremely burdensome' and 7 'not burdensome at all'). **KPMG: India Fraud Survey 2012**: 10% of the surveyed business respondents perceive the telecommunications sector as most vulnerable to fraud in India.

### **Public Anti-Corruption Initiatives:**

- **Legislation:** At the time of writing (May 2014), there are a number of corruption-related bills in India's parliamentary system; the bills include the Judicial Standards and Accountability Bill 2010, the Whistle Blowers Protection Bill 2011, the Prevention of Bribery of Foreign Public Officials and Officials of Public International Organisations Bill 2011, and the Public Procurement Bill 2012, as stated in a February 2014 *Indian Express* article. The Prevention of Corruption Act 1988 (2008 amendment) is a specialised law aimed at curbing corruption in India. It criminalises corruption in the form of attempted corruption, active and passive bribery, extortion, abuse of office and money laundering. Public servant involvement in private sector activities is also restricted by law. According to a May 2012 *Economic Times* article, the government considers placing income tax offences under the Prevention of Money Laundering Act, making way for easier prosecution and more severe punishment and placing the responsibility on the accused to prove they are not guilty. The changes are in line with the Financial Action Task Force, which places tax crimes and corruption as part of its new standards. Companies operating in India should familiarise themselves with relevant federal level laws but should bear in mind that laws in key areas may differ from state to state. Consult the homepages of the state governments to obtain information on specific state laws. According to the Global Integrity Report 2011, there are regulations governing gifts and hospitality offered to civil servants. The regulations require each civil servant to report to the government of every receipt of gifts. However, the regulation is poorly enforced, and there is no monitoring system. Bribery of foreign officials is not criminalised under domestic law. The Right to Information Act (RTI Act) has played a central role in the fight against corruption in India. The RTI Act stipulates that citizens have the right to access government documents within 30 days from the filing of the request. Thereby, a mechanism of control of public spending has been granted to ordinary citizens. Read more about the RTI Act and different views about its implementation in the Transparency Reviews regularly published by the Centre for Media Studies. India has signed and ratified the UN Convention against Corruption. Access the Lexadin World Law Guide for a collection of legislation in India.
- **Government Strategies:** In September 2010, the Central Vigilance Commission (CVC) unveiled the long-awaited long-term governmental anti-corruption initiative, the Draft National Anti-Corruption Strategy. However, according to the written report from a steering group meeting of ADB/OECD Anti-Corruption Initiative for Asia and the Pacific, the implementation of National Anti-Corruption Strategy has been weak. Independence of civil servants is sought by various initiatives, such as the rotation of senior officials in sensitive positions every two to three years and the prohibition for civil servants to accept gifts/lavish hospitality by companies with which they have official dealings unless the government has given its approval.
- **Anti-Corruption Agencies:** India has a number of institutions at the federal and state levels with the authority to deal with allegations of corruption. Each state is responsible for setting up local anti-corruption agencies with powers to investigate cases of corruption involving state officials. Links to the local anti-corruption bureaus can be found at state government websites. The most important federal anti-corruption institutions are discussed below.



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- **Office of the Ombudsman:** The Lokpal and Lokayuktas Act 2014 will, among other things, allow the creation of a corruption ombudsman with the power to prosecute all civil servants and politicians, according to a January 2014 *ABC News* article. According to Global Integrity 2011, the Central Vigilance Commission (CVC, see below) is the ombudsman body for the central government.
- **Central Vigilance Commission (CVC):** The CVC is an independent watchdog agency with a mandate to undertake inquiries or investigations of transactions involving certain categories of public servants and has supervisory powers over the Central Bureau of Investigation (see below). The CVC does not have direct powers to investigate. The CVC Act 2003 gives the CVC powers to inquire into alleged offences committed by officials under the Prevention of Corruption Act 1988. The CVC is mandated to deal strictly with public sector corruption at the federal level, as opposed to state level.
- **Central Bureau of Investigation (CBI):** The CBI functions under the Ministry of Personnel, Pension & Public Grievances. The CBI consists of three divisions: the Anti-Corruption Division, the Special Crimes Division, and the Economic Offences Division. These units have the power to investigate cases of alleged corruption in all branches of the central government, ministries, public sector entities and Union Territories. The CBI does not have the power to investigate cases in the states without the permission of the respective state governments. However, the Supreme and High Courts can instruct the CBI to conduct investigations. The CBI has a whistleblower/complaint mechanism on its website, where corruption can be reported. The Human Rights Report 2013 notes that the CBI registered 583 cases of corruption in 2012. However, CBI's independency has been questioned, and according to Commonwealth Human Rights Initiative 2011, the CBI's record is not very impressive, especially in cases related to ruling party politicians or powerful individuals who can influence the ruling party's fortunes.
- **Office of the Comptroller & Auditor General (CAG):** The CAG of India is the supreme audit authority in the country. The office of CAG is located in New Delhi, but Accountant Generals (AGs) offices can be found in all state headquarters (AGs are independent of state governments and are accountable only to the CAG). Public expenses management reportedly suffers from poor monitoring, poor targeting, and corrupt practices. According to the UNODC 2013 report, the Public Procurement Bill 2012 gives CAG power to audit the accounts of public-private partnership (PPP) projects, which is seen as the government's effort to improve compliance between the UNCAC (United Nations Convention against Corruption) and domestic laws in India. According to Global Integrity 2011, the CAG does not have power to initiate investigations; however, there have been discussions about amending the CAG Act of 1971 to give more power of enforcement to the CAG.
- **Supreme Court:** The Transformation Index 2014 reports that the Supreme Court enjoys a high degree of recognition in India. The Transformation Index 2012 notes that judges have displayed unprecedented activism in response to public interest litigation over official corruption, environmental issues and other matters. This expanded role has received considerable public support. The Supreme Court has been taking corruption seriously in recent years, both in general and political domains.
- **Central Information Commission (CIC):** The CIC delivers decisions instructing the government, courts, universities, police, development NGOs and ministries on how to share information of public interest. State information commissions have also been opened, thus giving practical shape to the Right to Information Act 2005 (RTI Act), though they have not been immune from criticism. According to the Human Rights

Report 2013, there are concerns that public authorities remain unable to adequately implement the RTI Act.

- **E-Governance:** A wide range of public services have been digitised, considerably increasing the speed of government services and removing some of the direct contact points with public officials. The National Portal of India lists all these services and thus serves as an ideal entry point for companies wishing to do business in India. The United Nations' E-Government Survey 2012 states that e-government development in India is at the formative stage due to India's large size and population. The same report also praises the development of India Development Gateway, which seeks to share knowledge with rural communities. The customs service is increasingly integrated into the e-governance project of the Government of India. Under the e-governance project, many of the possibilities for extraction of bribes related to trade across borders have been removed. See the homepage of the Central Board of Excise and Customs for more information on e-payment, which also contains information on how to complain about corrupt officials. Access e-governance in India.
- **Public Procurement:** Note that the Public Procurement Bill 2012 is yet to pass through India's Parliament. According to the US Commercial Service 2013, there is no central procurement law in India, despite the procurement sector forming a total of around 15 to 20 percent of the economy. A large variety of laws and regulations are implemented by several agencies, and there is often a lack of transparency and standardisation in government procurement practices and procedures.

Nevertheless, several measures have been taken to make the Indian procurement system more transparent and efficient, such as the newly revised Defence Procurement Procedure 2013.

However, companies should be aware that states have their own specific procurement laws and regulations and that bias in government procurements still exists, such as when local suppliers receive a price preference over foreign suppliers.

In addition, the government in October 2011 announced the National Manufacturing Policy, which encourages government procurement practices that would discriminate against foreign companies, according to the US Commercial Service 2013.

- **Whistle blowing:** Following massive protests from the public and international organizations, the courts made it clear that the Central Vigilance Commission (CVC) is authorized to protect whistleblowers and to act on their complaints. The CVC can now take action against anyone who leaks names of whistleblowers, and witnesses and can request police assistance to investigate complaints. See the CVC's brief introduction to the Public Interest Disclosures and Protection of Informer Resolution (PIDR) whistleblower legislation. See also the Central Bureau of Investigation's online whistleblower/complaints mechanism, which guarantees the protection of whistleblowers when they report corruption. The Right to Information Act 2005 has reportedly improved bureaucratic transparency by giving citizens better access to records. Nevertheless, according to an October 2011 article by *Bloomberg*, at least 12 whistleblowers were killed since January 2010, while at least 40 people were assaulted after seeking information under the law.

### **Private Anti-Corruption Initiatives:**

- **Media:** According to the Human Rights Report 2013, the Constitution protects freedom of speech and expression but does not explicitly mention press freedom. Freedom of the Press 2013 describes India's press as 'by far the freest in South Asia', but as 'partly free' on a global scale. The Indian media has in fact been a key player in putting anti-corruption initiatives on the national agenda. However, the report states that journalists remain subject to intimidation and that newspaper offices continue to be attacked. The Official Secrets Act has been used by the Government of India to censor security-related articles or to prosecute members of the press in recent years, but there are reports that the use of this Act in this manner is less common than before. Freedom of the Press 2013 reports of several activists who tried to reveal official corruption have been killed in recent years. On the positive side, the proactive role of the media was highlighted during the recent anti-corruption crusade, which received heavy news coverage and support. Reporters Without Borders 2013 ranks India 140th out of 179 countries, while Freedom of the Press 2013 ranks the country 79th out of 197 countries and describes India's media environment as 'partly free'.
- **Civil Society:** India's civil society is vibrant, and NGOs generally operate freely. The Transformation Index 2014 reports that civil society is increasingly assertive. Civil society has a growing influence on the political agenda and often has a positive influence on intra- and inter-ethnic harmony. According to the Human Rights Report 2013, the Indian government generally respects the rights of freedom of assembly and association. On the other hand, Freedom of the Press 2013 reports that the Criminal Procedure Code (Section 144 - available here) has given more authority to state-level authorities to impose curfews and lessen the rights to free assembly, and there are occasional reports of authorities using this power to prevent demonstrations. There have been cases where civil society activists working on corruption issues have been imprisoned or killed. Global Integrity 2011 evaluates civil society organisations in India as 'very weak'.
- **I Paid a Bribe:** [ipaidabribe.com](http://ipaidabribe.com) is a unique initiative to uncover the nature of bribery in India. The initiative is a website where citizens can report bribes demanded by public officials and read about experiences to see where bribery occurs. The website urges citizens to report on the nature, number, pattern, types, location, frequency and values of actual corrupt acts. Citizens' reports will be used to argue for improving governance systems and procedures, tightening law enforcement and regulation and thereby reducing the scope for corruption in obtaining services from the government.
- **Corruption Free India** was developed by Aditya Palnitka, a 14 year old boy in India. The concept of the website is similar to that of I Paid a Bribe (see above), where citizens can report corruption incidents such as bribery, cheating, overcharging, forcible donations, extortion, scams and harassment by government offices, via SMS, email or Twitter.
- **Transparency International India (TI India):** TI India is the Indian chapter of Transparency International. It works at national, regional and local levels and has a network of state chapters and regional centres that operate throughout India. The organisation has advocated for introducing Integrity Pacts into contracts given out by government departments and public sector units, and it has also pushed for the adoption of Citizens' Charters in all public sector institutions. TI India conducts research into corruption and related offences and publishes a quarterly newsletter of its own work

and on corruption in India. A sign of the successful advocacy carried out by TI India is the recent signing of a memorandum of understanding and the Integrity Pact between TI India and the Oil and Natural Gas Corporation (ONGC) to make ONGC's procurement processes more transparent. According to a January 2012 Report on the Integrity Pact released by TI India, 95% of the participating state-owned companies agreed that the Pacts have 'helped making procurement processes transparent'. Click here to access TI's annual reports.

- **Centre for Media Studies (CMS):** CMS is a non-profit, multi-disciplinary development research agency. It has a transparency studies unit, which publishes a quarterly magazine, *Transparency Review*, with research on selected issues relevant for public accountability and transparency. CMS periodically produces reports, such as *India Corruption Study 2012* and *Face of Corruption in News Media 2010*.
- **5th Pillar of India:** This Chennai-based social welfare group has developed anti-corruption initiatives, such as launching the 'zero currency note', as a tool to help achieve the goal of zero corruption. 5th Pillar of India strives to prevent corruption in both the public and private sectors, while providing information concerning the Right to Information Act and how to use it, as well as building general awareness about corruption among the population.

### **Conclusion:**

Corruption which is described as the deviation from the law or ethical values for personal interests is a fact that has many effects on the economic life in the scope of cause-result relationship. The first negative thing that we can face with during the evaluation in the context of economic costs of corruption is the decrease in investments by creating a negative effect on the investors and the retardation in economic growth and development as a natural result of this. Consequently, it is necessary to apply effective and successful policies and methods in order to remove the destruction that corruption, which is described as "*the cancer of countries*" by former chief of World Bank, Wolfenson, made in societies (World Bank, 2000: 2). Therefore, in order to prevent and combat corruption accountability and transparency should be enhanced (Rinaldi, 2007). Particularly at the local level, it is instrumental that local communities and other stakeholders such as media and civil society organisations are involved in policy formulation, decision making, as well as in monitoring how public money is being spent. Similarly important, it is to reform the political system as to strengthen the country's democracy, ensuring, for instance, that the role money has been playing in politics does not distort the political process and/or provide incentives for politicians and members of the government to abuse state resources.

### **Resources:**

The websites listed below provide useful facts on India as well as contacts and tools for companies operating in the country:

1. ABC News: 'Indian President Signs Historic Anti-Corruption Law', 2 January 2014.
2. ADB/OECD Anti-Corruption Initiative for Asia and the Pacific: *Compilation of Written Reports by Steering Group Members on Recent Developments and Activities 2012*.
3. BBC News: 'Anna Hazare: Indian MPs back anti-corruption demands', 27 August 2011.

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4. BBC News: 'India: Activist Anna Hazare rejects anti-graft law', 29 July 2011.
5. BBC News: 'Is India serious about fighting corruption?', 11 April 2011.
6. Bloomberg: 'Whistleblowers Murdered in India Show Fatal Hazard of Exposing Corruption', 19 October 2011.
7. Central Vigilance Commission: Annual Report 2011.
8. CIA World Fact book: India Country Profile.
9. Commonwealth Human Rights Initiative: The Central Vigilance Commission and the Central Bureau of Investigation: a brief history of some developments 2011.
10. Freedom House: Freedom in the World - India 2013.
11. Freedom House: Freedom of the Press - India 2013.
12. Freedom House: Freedom in the World - India 2013.
13. Global Integrity: India Country Report 2011.
14. Global Integrity: India Country Report 2011.
15. Hindustan Times: 'Private sector bribes to be criminalised', 10 October 2011.
16. Hindustan Times: 'Govt rejects CBI, CVC opposition to new foreign bribery bill', 2 April 2012.
17. KPMG: India Fraud Survey 2012.
18. Legal Perspectives: 'Law-in-Perspective: Draft National Anti-Corruption Strategy unveiled', 6 September 2010.
19. Sources for further reading:
20. The Bertelsmann Foundation: Transformation Index - India 2012.
21. The Bertelsmann Foundation: Transformation Index - India 2012.
22. The Bertelsmann Foundation: Transformation Index 2014.
23. The Economic Times: 'Central Vigilance Commission received over 36,000 corruption complaints last year', 6 February 2014.
24. The Economic Times: 'Government mulling private sector corruption law', 27 May 2012.
25. The Economic Times: 'Money-laundering law: Rigorous jail, hefty fines await tax offenders', 14 May 2012.
26. The Hindu: 'A law for those who speak up', 22 May 2012.
27. The Hindu: 'Adarsh: CBI arrests its own counsel, politician for bribery', 7 March 2012.
28. The Hindu: 'India Ratifies the UN Convention against Corruption', 12 May 2011.
29. The Indian Express: 'Six Bills, Twelve Days', 5 February 2014.
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