



## Corruption in India

**For Prelims:** [Corruption Perception Index](#), [Transparency International](#), [Democracy](#), [Corruption](#)

**For Mains:** Transparency & Accountability in Governance, Common Causes of Corruption and its Prevention in India.

### What is the Context?

The Prime Minister of India, in his [76<sup>th</sup> Independence Day](#) address, targeted **the twin challenges of corruption and nepotism and raised the urgent need to curb them**. Also, **Corruption Perception Index (CPI) 2023** was released by **Transparency International**.

- Overall, the index shows that control of corruption **has stagnated or worsened in most countries** over the last decade. **India Corruption Perceptions Index was 40 index points in 2023.**

### What is Corruption?

Corruption is **dishonest behaviour by those in positions of power**. It starts with the tendency of using public office for some personal benefit.

- Moreover, it is unfortunate that corruption has, for many, become a matter of habit. It is so deeply entrenched that corruption is now considered a social norm. **Hence, corruption implies the failure of ethics.**

### What are the Reasons Behind Corruption in India?

- Lack of Transparency:** A lack of [transparency](#) in government processes, decision-making, and public administration provides fertile ground for corrupt practices. When actions and decisions are shielded from public scrutiny, officials may engage in corrupt activities with reduced fear of exposure.
- Weak Institutions and ineffective legal frameworks:** Many of India's institutions responsible for enforcing laws and regulations are either weak or compromised. This includes law enforcement agencies, the judiciary, and oversight bodies. Weak institutions can fail to hold corrupt individuals accountable and may even facilitate corruption.
  - A perception of impunity due to the inadequate punishment of corrupt individuals can encourage further corruption. When individuals believe they can get away with corrupt practices, they are more likely to engage in them.
- Low Salaries and Incentives:** Public officials, especially those in lower-ranking positions, are sometimes paid low salaries. This can make them more susceptible to bribery and other corrupt practices, as they may see corruption as a means to supplement their income.
- Bureaucratic Red Tape:** Lengthy and convoluted bureaucratic procedures and excessive regulations can drive individuals and businesses to engage in corrupt practices to expedite processes or bypass obstacles.

- India's complex economic environment, which involves various licences, permits, and approvals, can create opportunities for corruption. Businesses may resort to bribery to navigate this environment.
- **Political Interference:** Political interference in administrative matters can compromise the autonomy of government institutions. Political leaders may pressure officials to engage in corrupt activities for personal or party gain.
- **Cultural Factors:** There can be a cultural acceptance of corrupt behaviour in certain contexts, which perpetuates corruption. **The notion that "everyone does it"** can lead individuals to engage in corruption without feeling morally compromised.
- **Lack of Whistleblower Protection:** Inadequate protection for [whistleblowers](#) can deter individuals from reporting corruption. The fear of retaliation can silence potential whistleblowers and allow corruption to thrive.
- **Social Inequality:** Social and economic disparities can contribute to corruption, as individuals with wealth and power may use their influence to secure preferential treatment and engage in corrupt practices without repercussions.

## What are the Reasons for the Prevalence of Corruption in Civil Services?

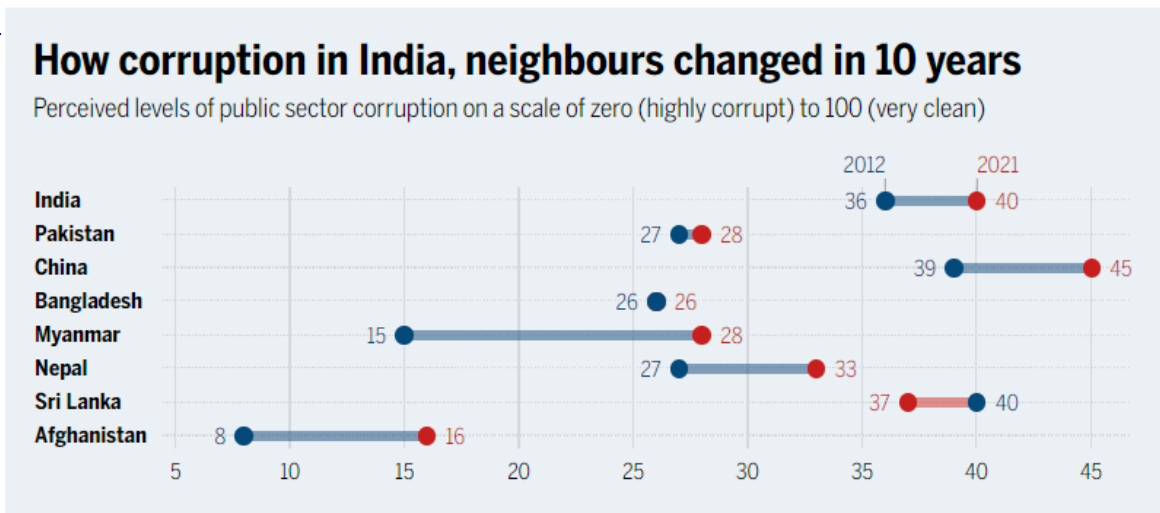
- **Politicisation of Civil Services:** When civil service positions are **used as rewards for political support or swapped for bribes**, the opportunities for high levels of corruption increase significantly.
- **Lower Wages:** Lowering wages for civil servants compared to those in the private sector. Certain employees may resort to taking bribes in order to compensate for the difference in wages.
- **Administrative Delays:** Delays in the clearance of files are the root cause of corruption as common citizens are coerced to grease the palm of erring officials and authorities for expedited clearance of the files.
- **Colonial Legacy of Unchallenged Authority:** In a society which worships power, it is **easy for public officials to deviate from ethical conduct**.
- **Weak Enforcement of Law:** Various laws have been made to curb the evil of corruption but their **weak enforcement has acted as a hindrance in curbing corruption**.

## What can be the Impact of Corruption?

- **On People and Public Life:**
  - **Lack of Quality in Services:** In a system with corruption, **there is no quality of service**.
    - To demand quality, one might need to pay for it. This is seen in many areas like municipality, electricity, distribution of relief funds, etc.
  - **Lack of Proper Justice:** Corruption in the judiciary **leads to improper justice** and the victims have to bear the brunt of it ultimately.
    - A crime **may be proved as a benefit of the doubt** due to a lack of evidence or even the evidence erased.
  - **Poor Health and Hygiene:** In countries with more corruption, **one can notice more health problems** among people. There will be no fresh drinking water, proper roads, quality food grains supply, milk adulteration, etc.
    - These low-quality services are all done to save money by the contractors and the officials who are involved.
  - **Failure of Genuine Research:** Research by individuals needs government funding and some of the funding agencies have corrupt officers.
    - These people sanction the funds for research to those investigators who are ready to bribe them.
- **On Society:**
  - **Disregard for Officials:** People start disregarding the officials involved in corruption and also the administrative set up which creates distrust in the system.
  - **Lack of Respect for Government:** Top brass leaders of the nation like the President or Prime Ministers lose respect among the public. Respect is the main criteria in social life.
  - **Lack of Faith and Trust in Governments:** People vote for a leader based on their faith in him/ her, but if leaders are found to be involved in corruption, people lose faith in them and may not vote next time.

- **Aversion for Joining the Posts Linked to Corruption:** Sincere, honest, and hardworking people develop an aversion for the particular posts deemed corrupt.
- **On Economy:**
  - **A Decrease in Foreign Investment:** Corruption in government bodies has led to many foreign investments going back from developing countries.
  - **Delay in Growth:** An official who needs to pass clearances for projects or industries delays the process in order to make money and other unlawful benefits.
    - This leads to delays in investments, the starting of industries, and also growth.
  - **Lack of Development:** Funds allocated for infrastructure projects often get syphoned off due to bureaucratic lethargy and administrative inefficiency, which acts as a deterrent for the investors such that the profit to investment ratio is minimised significantly.
    - Due to lack of proper roads, water, and electricity, the companies do not wish to start up there, which hinders the economic progress of that region.

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**Image: Changes in Levels of Corruption In India and Other Countries as per the Corruption Perceptions Index over the past decade.**

## What are the Legal and Regulatory Frameworks for Fighting Corruption in India?

- **Legal Framework:**
  - [Prevention of Corruption Act, 1988](#) provides for penalties in relation to corruption by public servants and also for those who are involved in the abetment of an act of corruption.
    - [Amendment of 2018](#) criminalised both bribe-taking by public servants as well as bribe-giving by any person.
  - [Prevention of Money Laundering Act, 2002](#) aims to prevent instances of money laundering and prohibits use of the 'proceeds of crime' in India.
  - [The Companies Act, 2013](#) provides for corporate governance and prevention of corruption and fraud in the corporate sector. The **term 'fraud'** has been given a broad definition and is a criminal offence under the Companies Act.
  - [The Indian Penal Code, 1860](#) sets out provisions which can be interpreted to cover bribery and fraud matters, including offences relating to criminal breach of trust and cheating.
  - The [Benami Transactions \(Prohibition\) Act, 1988](#) the Act precludes the person who acquired the property in the name of another person from claiming it as his own.
- **Regulatory Framework:**
  - [Lokpal and Lokayuktas Act, 2013](#): It provides for an establishment of a Lokpal (centre) and Lokayuktas (state).
    - They perform the function of an "ombudsman" and inquire into allegations of corruption against certain public functionaries and for related matters.
  - [Central Vigilance Commission](#): Its mandate is to oversee the vigilance administration and to advise and assist the executive in matters relating to corruption.

- **Criminal Law (Amendment) Act, 1952:** The punishment specified under Section 165 of IPC was enhanced to three years instead of the existing two years.
  - **Amendments in 1964:** The definition of 'Public Servant' under the IPC was expanded. The definition of 'criminal misconduct' was expanded and possession of assets disproportionate to the known sources of income of a public servant was made an offence.

## What is the Importance of Ethics in Preventing Corruption?

- **Establishing Moral Boundaries:** Ethical principles provide a framework for defining what is right and wrong. In the context of corruption, ethics set clear boundaries that distinguish acceptable behaviour from unethical or corrupt conduct.
- **Promoting Accountability:** Ethics demand that individuals take responsibility for their actions and decisions. When people are guided by ethical principles, they are more likely to be transparent and accountable for their actions, reducing the likelihood of engaging in corrupt behaviour that could harm others.
- **Fostering Transparency:** [Transparency](#) is a core ethical principle. Ethical organisations and individuals are more likely to operate openly and honestly, making it difficult for corruption to thrive in an environment where actions and decisions are subject to scrutiny.
- **Building Trust:** Trust is a cornerstone of ethical behaviour. When individuals and institutions are perceived as trustworthy, they are less likely to engage in or tolerate corruption. A high level of trust in society reduces the temptation for corruption.
- **Encouraging Civic Virtue:** Ethical values promote civic virtue, which encourages individuals to act in the best interest of society rather than pursuing personal gain at the expense of others. Civic virtue is a powerful deterrent to corruption.
- **Supporting Rule of Law:** Ethical behaviour upholds the [rule of law](#) and respect for legal and regulatory frameworks. Corrupt practices often involve circumventing or violating the law, and adherence to ethics reinforces respect for legal norms.
- **Whistleblower Protection:** Ethical organisations and governments prioritise protecting whistleblowers who report corruption. Ethical values encourage reporting unethical behaviour, which is vital for uncovering and addressing corruption.
- **Global Reputation:** On an international scale, ethical behaviour is essential for a nation's reputation. Countries known for ethical governance and low corruption levels are more attractive to foreign investment and collaboration.
- **Long-Term Sustainability:** Corrupt practices often provide short-term gains but can lead to long-term harm. Ethical behaviour is essential for the sustainable development and prosperity of societies.

## What are Nolan Committee Recommendations on Standards in Public Life and Prevention of Corruption?

**Nolan Committee in 1995 in United Kingdom** outlined **Seven Ethical and Moral values** to be incorporated by the Public functionaries, Officials, Civil Servants, Bureaucrats, Civil Society and Citizens in order to weed out corruption:

- **Selflessness:** Holders of public office should take decisions solely in terms of public interest.
- **Integrity:** Holders of public office should not place themselves under any financial or other obligation to outside individuals or organizations that might influence them in the performance of their official duties.
- **Objectivity:** In carrying out public business, including making public appointments, awarding contracts or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
- **Accountability:** Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
- **Openness:** Holders of public office should be as open as possible about all the decisions and actions they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.
- **Honesty:** Holders of public office have a duty to declare any private interests relating to their



public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

- **Leadership:** Holders of public office should promote and support these principles by leadership and example.

## What are the Recommendations of the Second ARC to Tackle Corruption?

The [Second Administrative Reforms Commission \(2nd ARC\)](#), an advisory body in India, made several comprehensive recommendations to address the issue of corruption and improve the integrity and efficiency of the public administration. These recommendations aim to prevent corruption and enhance transparency and accountability in government operations. **Here are some of the key recommendations made by the 2nd ARC:**

- **Strengthening Anti-Corruption Measures:**
  - [Whistleblower Protection Act, 2014:](#) The 2nd ARC recommended amendments to the Whistleblowers Protection Act to enhance protection and incentives for whistleblowers. This includes safeguarding them from harassment and providing financial rewards.
  - [Central Vigilance Commission \(CVC\):](#) The **2<sup>nd</sup> ARC** recommended strengthening the CVC's role in preventing and combating corruption by giving it more independence, resources, and authority.
  - [Central Bureau of Investigation \(CBI\):](#) The commission suggested measures to ensure the CBI's autonomy and effectiveness in handling corruption cases.
- **Reducing Discretion:**
  - **Standard Operating Procedures (SOPs):** The 2<sup>nd</sup> ARC recommended the development of clear SOPs for government processes and services to minimise the discretionary powers of officials. This reduces the scope for corruption and arbitrary decision-making.
  - **Use of Technology:** Leveraging technology and e-governance can reduce human interface and discretion in government transactions. The commission encouraged the adoption of electronic methods to reduce corruption opportunities.
- **Police Reforms:**
  - **Police Accountability:** The commission highlighted the need for comprehensive police reforms to enhance the integrity and effectiveness of law enforcement agencies. This includes measures to increase transparency, accountability, and professionalism in the police force.
  - **Community Policing:** Promoting community policing can build trust between the police and the public, reducing opportunities for corruption and abuse of power.
- **Promoting Ethical Governance:**
  - [Code of Ethics:](#) The commission recommended the development of a code of ethics for public officials and employees to promote ethical behaviour.
  - [Citizen Charters:](#) Encouraging government departments to adopt citizen charters can enhance accountability and improve public service delivery.
- **Public Awareness Campaigns:**
  - **Media and Education:** The commission suggested using media and educational institutions to create awareness about the detrimental effects of corruption and the importance of ethical conduct.
- **Strengthening Parliamentary Oversight:**
  - **Parliamentary Committees:** Strengthening the role of parliamentary committees in scrutinising government operations and expenditure can help detect and prevent corruption.
- **E-Governance and Digitalization:**
  - **Digital Transformation:** The **2<sup>nd</sup> ARC** recommended a comprehensive digital transformation of government processes to reduce human intervention and opportunities for corruption.

**UPSC Civil Services Examination, Previous Year Questions (PYQs)**

**Q1. With reference to the 'Prohibition of Benami Property Transactions Act, 1988 (PBPT Act)', consider the following statements: (2017)**

1. A property transaction is not treated as a benami transaction if the owner of the property is not aware of the transaction.
2. Properties held benami are liable for confiscation by the Government.
3. The Act provides for three authorities for investigations but does not provide for any appellate mechanism.

**Which of the statements given above is/are correct?**

- (a) 1 only
- (b) 2 only
- (c) 1 and 3 only
- (d) 2 and 3 only

**Ans: (b)**

**Q.2** Discuss how emerging technologies and globalisation contribute to money laundering. Elaborate measures to tackle the problem of money laundering both at national and international levels. **(2021)**

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