Social Order and the Culture of Corruption in India

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SOCIAL ORDER AND THE CULTURE OF CORRUPTION IN INDIA

by

ARUNODHAYA JEBAMANI

A master’s thesis submitted to the Graduate Faculty in Liberal Studies in partial fulfillment of the requirements for the degree of Master of Arts, The City University of New York

2017
Social Order and the Culture of Corruption in India

By

Arunodhaya Jebamani

This manuscript has been read and accepted for the Graduate Faculty in Liberal Studies in satisfaction of the thesis requirement for the degree of Master of Arts.

__________________________________________  __________________________________________
Date                                      David Halle
                                          Thesis Advisor

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Date                                      Elizabeth Macaulay-Lewis
                                          Acting Executive Officer
Corruption is rampant in India and is prevalent in every sector of the Indian society. The purpose of this paper is to discuss selected cases to understand the widespread corruption that occurs in various sectors of the society such as academia, business, banking, law enforcement and other everyday services. This paper will address how the social order contributes to these corrupt practices, and tries to shed some light on how corrupt practices have been socially accepted and have become an unavoidable norm in many cases. The paper also studies the structures that exist and aide in augmenting corruption in India and how corruption affects the Indian economy. Further, this paper briefly examines the Indian laws and regulations, actions taken by the Indian government to eliminate or control corruption, its consequences on the society, reasons for the lack of strict implementation of these laws, the lack of financial transparency, and how the organizational makeup of the Indian society makes it easier to continue such illegal practices.
ACKNOWLEDGEMENTS

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“Every man has his price”

INTRODUCTION

Social Order and the Culture of Corruption in India

An Indian software engineer returns to his homeland after years of working in the United States with the purpose of giving back to his country. Following his return, he aims to build a university and hospital that will provide education and healthcare free of cost. In pursuing this goal, he meets many impediments in the form of having to pay bribes, intervention from powerful government officials, and from other people who wish to monopolize the field. This is the plot of the 2007 Tamil\textsuperscript{1} film Sivaji\textsuperscript{2}; the film depicts the types of bribing, tax evasion, fraud, and other corrupt practices that actually take place in the country. Despite being produced as a fictional tale, “Sivaji gives eloquent voice to popular concerns about high-level corruption” (Vijayabaskar & Wyatt). The purpose of this paper is to review the various practices of corruption that happen in India and how some of these practices have become normalized.

India’s culture of corruption is saturated into every aspect of society and this culture exists because of people that encourage a system of fraudulency and the citizens that are forced to participate in this way of life. The social order that contributes to this culture of corruption include people who make the law and those who follow the law. Social order as employed in this paper follows this definition: It is the relationship between the factors that enforce control and maintain order and the individual. This refers to the structures that exist outside of an individual and exert influence over the individual to regulate behavior.\textsuperscript{3} Social order includes groups, institutions, businesses, or any structure that are microcosms of how a society functions as a whole.
“Corruption in India is the main route to power and wealth. It possibly begins with the symbiotic relationship between the corruption of the poor and the corruption of the rich” (Biswas). Corruption in India is so prevalent and difficult to eliminate because it has become a common practice in within the society; it has become thoroughly normalized. The poor and the wealthy both contribute to this culture of corruption since it is almost impossible to even get administrative tasks done without participating in corrupt practices. Corruption is widespread and it directly correlates to the country’s economic growth. The Council on Foreign Relations notes that corruption “harms poverty-alleviation efforts in India. The World Bank has found corruption the single greatest obstacle to economic and social development” (Bajoria). It is also reported that corruption causes a decline in foreign institutions investing in the country, which further slows the growth of the economy. India’s current Prime Minister, Narendra Modi and preceding political leaders have time and again pledged to eradicate corruption but despite many efforts, corruption continues to be a major problem plaguing the Indian economy. The judicial system is struggling to end practices of corruption, the reasons for which will be addressed in the conclusion.

After the end of the United Nations’ Millennium Goals in 2015, the UN and its member states have adopted the Sustainable Development Agenda which includes 17 global goals to be achieved by 2030. Goal 16: Peace, Justice and Strong Institutions targets to, among other objectives, “substantially reduce corruption and bribery in all their forms” (“Peace, Justice and Strong Institutions”). Eliminating corruption is crucial to addressing the other goals in the agenda, as discussed above corruption leads to increased rates of poverty and deters economic growth, which in turn hinders development and perpetuates an unhealthy state of affairs. Although India has taken steps toward combatting corruption, it is a near improbable task to
completely eradicate corruption within the country, owing to the systematic way corrupt practices are conducted.

India is a signatory to the United Nations Convention against Corruption (UNCAC)\(^5\), which it signed in 2005 and ratified in 2011 ("United Nations Convention Against Corruption"). This is in addition to the many anti-corruption laws that are already in place in the country. Some of the anti-corruption laws in India include: Indian Penal Code (IPC), 1860\(^6\); the Prevention of Corruption Act (PCA), 1988\(^7\); the Prevention of Money Laundering Act, 2002\(^8\); the Prohibition of Benami Property Transactions Act, 1988\(^9\); Lokpal and Lokayukt\(a\) Act (LLC), 2013\(^10\). The IPC of 1860, PCA of 1988, the Prevention of Money Laundering Act of 2002, and the Lokpal and Lokayukt\(a\) Act of 2013 all heavily pertain to public servants or government employees, amongst whom most of the offences are committed. Despite all the rules and regulations, there is a lack of commitment and unwillingness to implement the laws and fight corruption because of the quick benefits it offers and because in most cases, the very people who are responsible for enforcing the laws are party to the acts of corruption.

**Transparency International**

India ranks 79 out of the 176 countries studied and scored 40 out of 100 on the 2016 Corruption Perceptions Index published by Transparency International (TI)\(^11\) yearly. Transparency International is an organization that targets corruption by researching and assessing each country. They compile reports like the Corruption Perceptions Index\(^12\), Global Corruption Report\(^13\), and the Bribe Payers Index\(^14\). A score of 40 on a scale of 0 to 100, 0 representing high corruption and 100 representing no corruption, shows poor performance. Transparency International reports:
Over two-thirds of the 176 countries and territories in this year’s index fall below the midpoint of our scale of 0 (highly corrupt) to 100 (very clean). The global average is a paltry 43, indicating endemic corruption in a country’s public sector. Top-scoring countries (yellow in the map below) are far outnumbered by orange and red countries where citizens face the tangible impact of corruption on a daily basis. (“Corruption Perceptions Index 2016”)

The Corruption Perception Index (CPI) of 2016, places Somalia as the lowest ranking society, 176/176 with a score of 10, South Sudan at 175/176 with a score of 11, and North Korea at 174/176 with a score of 12. These countries are perceived as the three most corrupt countries in the world owing to the lack of transparency, weak governance, poor structure of institutions and the culture of impunity for corruption. The top three least corrupt countries are Denmark with a CPI of 90, New Zealand also with a CPI of 90 and Finland with a CPI of 89. These three countries are strongly committed to maintaining transparency, accountability, and high levels of integrity. The only non-European nations to make the top ten least corrupt countries are: Singapore, ranking 7/176 with a score of 84 and Canada ranking 9/176 with a score of 82. High ranking countries show great concern for corruption and have implemented anti-corruption laws that are strict, effective and respected.

India falls below the global average score of 43, this score reflects the extreme corruption and inequality. India has improved on its CPI score from 2015 by 2 points and by 4 points from 2013 but it has gone from being ranked at 76 in 2015 to 79 in 2016, and has dropped 15 places from 94 in 2013. India has seen a significant improvement in the perception of corruption by the public from 2013 to 2016, as can be deduced from its ranking in 2013 and its current ranking.
Transparency International reports there is a linkage between corruption, inequality and populist politics; as the rates of corruption increases, inequality increases which results in people resorting to populism\textsuperscript{15}. Populist leaders get elected on the platform that they will target inequality and reduce corruption without the intention of addressing the issues. By electing populist leaders, the society only furthers the inequality and corruption. This turns into a dangerous cycle, where in order to combat corruption people elect populist leaders and those leaders instead of tackling the problem of social inequality and corruption end up excluding the people who need the most help. Populist politics becomes elitist politics where those in power control levels of accountability and reduce transparency ("Corruption And Inequality: How Populists Mislead People"). The following chart from Transparency International depicts how populism functions:

\textit{Figure 2 – Populism Cycle Chart}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{populism_cycle_chart.png}
\caption{Populism Cycle Chart}
\end{figure}

\textit{Image Source: Transparency International}
An article published by *Foreign Policy* examines why populist politics is harmful. Populist leaders rise in order to target corruption but they are found to aggravate corruption instead of alleviating it. Examples where populist leaders have worsened corruption and increased inequality include Turkey and Hungary. *Foreign Policy* reports, “Both, Turkey and Hungary have slipped in the corruption index since they elected populist strongmen, while Venezuela has remained at the bottom despite the election years ago of populist leaders Hugo Chavez and now Nicolás Maduro” (Mellen). Contrarily, Argentina which has removed populist governance has seen a rise in its CPI score ("Corruption Perceptions Index 2016: Vicious Circle Of Corruption And Inequality Must Be Tackled").

Transparency International’s Global Corruption Barometer, a report detailing the experiences of local people with corruption, surveyed with 22,000 people from 16 countries in the Asia Pacific region relating to their perception of corruption. The results show that “just over one in four people surveyed have paid a bribe to access public services. Based on the bribery rates for each country/territory and its adult population size, this is equivalent to over 900 million people across the 16 places surveyed” ("Corruption In Asia Pacific: What 20,000+ People Told Us"). The 16 countries studied in the Global Corruption Barometer are: Australia, South Korea, Japan, Cambodia, Indonesia, Thailand, Vietnam, Taiwan, Hong Kong, China, India, Pakistan, Myanmar, Sri Lanka, Malaysia, and Mongolia.

The survey includes 12 questions: 1. Change in level of corruption 2. Perception of corruption, by institution 3. Did you have contact with any one of six public services in the past 12 months? 4. Have you paid a bribe to any one of six public services in the past 12 months? 5. Total bribery rate 6. What is the main reason for not reporting corruption 7. How is the government handling the fight against corruption? 8. What is the most effective thing you can do
to fight corruption? 9. Can ordinary people make a difference in the fight against corruption? 10. Is it socially acceptable to report corruption? 11. Would you feel personally obliged to report corruption? 12. I would spend a whole day in court to give evidence ("2017 GCB Asia Pacific Regional Results"). The results for some of these questions are discussed below.

The survey results for India, with a sample size of 2802, show that 41% of the people believe corruption has increased (refer to Figure 3), 34% think it has decreased, and 20% say it has stayed the same.

Figure 3 – Percentage who think Corruption has Increased – By Country Survey Question 1

Image Source: Transparency International

has stayed the same. For the question of corruption by institution (survey question 2), 61% think none/some and 24% of most/all of President/Prime Minister and Officials in his office are involved in corruption; 54% none/some and 33% most/all in the representatives in the legislature; 46% none/some and 45% most/all among government officials; 47% none/some and
40% in local government councilors; 37% none/some and 54% most/all in the police; 47% none/some and 36% most/all among tax officials; 60% none/some and 25% among judges and magistrates; 52% none/some and 33% most/all among religious leaders, and 50% none/some and 38% most/all among business executives ("2017 GCB Asia Pacific Regional Results").

For survey question 4, regarding bribes for public services in the past 12 months, 58% of the participants reported to have paid bribes for public schools, 59% for hospitals, 59% for ID documents, 53% for utilities services, 55% for police, and 45% for courts. Out of the 16 countries surveyed, India has the highest percentages in 3 of the six public services; in public schools, hospitals, which resulted in the same percentage as Vietnam (59%), and ID documents. For other services, India has the second highest percentages, following Pakistan where 61% reported to have paid bribes for utilities services, 75% for police, and 68% for courts. Survey

![Image Source: Transparency International](image-url)
question 6 reveals the main reason people don’t report corruption in India as people are afraid of the consequences (31%). Followed by 11% of the participants stating “people don’t have enough time to report; another 11% stating “nothing will be done/it wouldn’t make a difference; and yet another 11% don’t know what the main reason is for not reporting corruption ("2017 GCB Asia Pacific Regional Results").

Survey question 7 find that 35% of the participants from India believe that the current government is handling the fight against corruption badly whereas 53% believe it is being handled well (refer to Figure 5). The top three effective ways to fight corruption according to those surveyed (question 8) are: refusing to pay bribes (30%); nothing/ordinary people cannot do
anything (13%); report corruption when you see or experience it (12%). 63% of the participants believe ordinary people can make a difference in fighting corruption and 29% disagree with the statement. 62% agree that is socially acceptable to report corruption and 27% disagree and 61% claim that they would feel obliged to report corruption whereas 17% say they would not feel obliged ("2017 GCB Asia Pacific Regional Results").

**Perceived Corruption and Actual Corruption**


Transparency International collects the data from these organization and calculates the CPI using multiple steps: 1. Selection of data sources 2. Standardization of data sources 3. Calculation of the average and 4. Reporting a measure of uncertainty ("Corruption Perceptions Index 2016: Short Methodology Note"). Data sources must meet specific criteria to be considered a valid source, which are addressed in Transparency International’s “Corruption Perceptions Index
2016: Technical Methodology Note.” The cause of concern here are the third-party surveys and whether Transparency International’s reports accurately measure corruption.

Outlook India reports “The Corruption Perceptions Index ranks countries and territories based on how corrupt their public sector is perceived to be by “business people and country experts”, which in way has hamstrung the index from telling the entire story on corruption in a country” (Philip). Transparency International ranks countries based on perception. It does not measure the actual level of corruption in a country. It is important to clarify that this perceived corruption index should not be equated as a measure of corruption (Messick). A paper published by Daniel Treisman, Department of Political Science at UCLA, describes the Corruption Perceptions Index as “subjective”; it is constructed from the views of businessmen and citizens and on the assessments of professionals. Treisman writes that indexes like the CPI published by Transparency International are “highly correlated with a variety of factors that are commonly believed to cause corruption” (Treisman). He adds:

Perceived corruption, as measured by such indexes, is lower in economically developed, long-established liberal democracies, with a free and widely read press, a high share of women in the government and a history of openness to trade. It is higher in countries that depend on fuel exports or have intrusive business regulations and unpredictable inflation. These factors explain up to 90 percent of the crossnational variation. However, measures of actual corruption experiences (based on surveys that ask businessmen and citizens in different countries whether they have been expected to pay bribes recently) correlate with hardly any of these factors once one controls for income (Treisman).

Treisman identifies that both the Corruption Perceptions Index and Global Corruption Barometer are based on opinions of the pervasiveness of corruption and the data collected could be highly
biased. This become a problem when researchers use this data and present it as the actual degree of corruption in a society. Opinions can be influenced and therefore data gathered from surveys are not an accurate portrayal of actual corruption; they are merely perceptions of corruption by those surveyed and should be treated as such.

“What Do Corruption Indices Measure?,” a paper published by Dilyan Donchev and Gergely Ujhelyi, studies the biases involved in corruption perceptions surveys. They write: “…factors such as religion, economic development, and democratic institutions systematically bias corruption perception away from corruption experience.” This means that countries considered to be more developed, wealthy, democratized will be perceived as less corrupt in relation to countries that are less developed, poor, and non-democratic. It is also concluded from their paper that factors such as a survey participant’s age, education, and employment status act as determinants in an individual’s perception of corruption (Donchev and Ujhelyi).

Actual corruption cannot be measured and indices like Transparency International’s CPI and World Bank’s Worldwide Governance Indicators use aggregated data to measure corruption in the public or private spheres. This use of aggregated data is a major drawback of TI’s CPI. Questions have been raised about the usefulness of the way aggregated data is used to measure corruption. Averaged data from different sources measure “different dimensions of corruption; some measure petty corruption while others measure grand theft (types of corruption), some measure the frequency of corruption, while others measure the amount of money involved (quantity measures)” (Thompson and Shah). Combining all these data from various types of corruption to find an average does not produce an accurate measurement and may result in increased biases. In reality, reports like TI’s CPI do not tell us about the “degree of corruption” and “it is unclear what exactly the CPI is measuring, when sources which measure such different
aspects of corruption are averaged together. It is a bit like adding, or in the CPI’s case averaging, apples and oranges” (Thompson and Shah).

While the data compiled by Transparency International has an influence on the study of corruption, it is important to bear in mind that the facts and figures listed are based on perceptions; perceptions of a narrow sample of people. Biases in the surveys conducted cannot and should not be ignored. It is not ground reality. Corruption “indicators” like the CPI do not correctly measure the state of corruption or the change in corruption over a period; to use these results to represent the level of corruption in a country is misleading. “Since corruption takes different forms in different countries, it needs to be examined cases-by-case basis. It is not necessary for all types of corruption to be aggregated into a single indicator” (Thompson and Shah). Aggregate indicators should only be used to raise awareness to the issues afflicting a foreign society.
“Corruption is authority plus monopoly minus transparency.”

CONSTRUCTION OF CORRUPTION

Corruption happens in several different areas such as: politics and government, sports, education, poverty and development, food and water, private sectors like businesses, healthcare and humanitarian aid, banking, defense and security, among others. There is no particular definition of corruption; the generally accepted definition of corruption is “the misuse of public or private position for direct or indirect personal gain” (United Nations Handbook on Practical Anti-Corruption Measures”). The United Nations Development Programme (UNDP) identifies corruption by its scale:

Petty corruption refers to street-level, everyday corruption that ordinary citizens experience as they interact with low/mid-level public officials. Grand (or political) corruption generally involves much larger sums of money and normally affects the country as a whole, as well as the legitimacy of the national government and elites. The most popularly used definition is the abuse of public office or public position for private gain (A Users' Guide to Measuring Corruption).

Although the UNDP’s definition of corruption refers to “public” individuals and duties, it must be expanded to cover private corrupt individuals; for example: “a professor who would accept money or other favors in return for higher grades” (Granovetter). Corruption, writes De Graaf, “is a morally loaded term. Just like ‘integrity’ is a (morally) positive label and everyone seeks it, corruption is a negative label” (De Graaf). Regardless of the degree of corruption, people agree that “it is always a deviation from right moral conduct” (De Graaf).
Types of corruption include: political corruption, corporate corruption, and administrative corruption. Corruption is referred to as “systemic” when “it has become ingrained in an administrative system” (United Nations Handbook on Practical Anti-Corruption Measures”). The most prevalent kinds of corruption include: bribery, embezzlement, fraud, and extortion, and nepotism among others. The following section will study the types of corruption listed above with occurrences of those incidents in India.

Bribery

Bribery is considered the most common type of corruption. Bribery is “the act of conferring a benefit in order improperly to influence an action or decision” (“United Nations Handbook”). The United Nations Office on Drugs and Crime (UNODC) employs expressions such as “active” and “passive” corruption in reference to bribery offences. Active bribery is “the act of offering or paying a bribe”; passive bribery is the “requesting or receiving of a bribe” (“United Nations Handbook”). Bribery can be set in motion by either the party offering the bribe or the one requesting a bribe. Granovetter in “The Social Construction of Corruption” discusses the application of the norm of reciprocity to bribery. Reciprocity is a social rule defined by Robert Cialdini, widely known for his work Influence: The Psychology of Persuasion. Cialdini bases his theory of influence on six principles: liking, reciprocation, consistency, scarcity, social validation, and authority (Cialdini and Goldstein). It is the influence principle of reciprocation that is used by Granovetter to describe practices of bribery. In social psychology, the rule of reciprocity suggests that “gifts and favors are typically regulated” (Granovetter) by this norm. Diekmann in “The Power of Reciprocity” refers to this aspect of reciprocity as “conditional fairness” (Diekmann). The norm of reciprocity:
“evokes obligations toward others on the basis of their past behavior.” As a first aspect, the norm can refer to heteromorphic or homomorphic reciprocity. In the former case, a good or service is paid back by a different good or service of equal value (“tit-for-tat”). In the latter case, a good or service is reciprocated by exactly the same good or service (“tat-for-tat”). Second, the norm of reciprocity does not apply only to benevolent actions. Reciprocity may be positive or negative (Diekmann).

“An eye for an eye,” writes Diekmann, is one such example of negative and homomorphic reciprocity. Bribes take place in many forms: “cash, company shares, inside information, sexual or other favors, entertainment, employment or indeed, the mere promise of a benefit in the future (such as a retirement job)” (“United Nations Handbook”). India is the second most populated country in the world. Here, corruption particularly bribery is a definite part of everyday life, affecting everyone. One of the major cause of this type of corruption is the establishment of bureaucratic procedures in India, where regulations were introduced that required permissions and licenses for almost everything. This system makes it easier for those in authority to issue licenses to accept bribes and become part of corrupt exchanges (Johnson).

The VVIP Chopper Scandal also known as the 2013 Indian Helicopter Bribery scandal is a large-scale bribery scam that took place involving AgustaWestland, a subsidiary of Finmeccanica – an Italian aerospace, defense and security company, and the United Progressive Alliance (UPA) which includes the Indian National Congress. In February 2010, the UPA signed a government contract with AgustaWestland worth approximately ₹3,600 crores (estimated 530 million USD) for the purchase of 12 AW101 helicopters for the Indian Air Force, intended for the use by VVIPs to perform official duties. In 2013, the deal was halted because a probe of the contract found that Giuseppe Orsi, the CEO of Finmeccanica and Bruno Spagnolin, CEO of
AgustaWestland had used middlemen to bribe key advisors including high ranking Indian politicians, officials of the Indian Air Force and other bureaucrats to alter the terms of contract to win the business deal (“CBI Seeks Italian Court’s Order”).

This complex defense and bribery scam exhibits the principle of reciprocity discussed above. The VVIP Chopper Scandal saw AgustaWestland offer about 30 million Euros in bribes to individuals in order to manipulate and attain the contract. The principle of reciprocity’s “true power comes from its ability to create situations in which unequal exchanges take place” (Cialdini and Goldstein). This highlights the part that relative social status plays in acts of corruptions. “Accepting a bribe is an acknowledgement of social inferiority, like accepting a tip or gratuity” (Granovetter); when bureaucrats accept bribes in return for favors, it reflects that they have understood and accepted their social inferiority.

I Paid A Bribe¹⁸, a website for whistleblowers run by the nonprofit organization, Janaagraha, was launched in 2011 to “uncover the market price of corruption” (Campion). This site allows people to expose their day-to-day corruption experiences anonymously. Swati Ramanathan, one of the founders of Janaagraha, states in an interview: “Bribery is routinely
expected in interactions with government officials ... to register your house, to get your driving licence, domestic water connection, even a death certificate”; she adds, “We are all also responsible because we end up paying the darn bribes because otherwise you can never get anything done in India” (Campion). As pointed out earlier, administrative tasks are almost impossible to get done without offering bribes and as can be seen from reported cases, factors that affect everyday life such as water supply cannot be obtained without bribes. The following are stories reported on I Paid A Bribe that show the different sectors affected because of bribery practices and the severity of the situation:

Case 1:\(^1\):

**Food officer is asking for bribe from all the shopkeepers**
Food and Drug Administration | Food Safety Licence | Paid INR 5,000
Reported on March 29, 2017 from Auraiya, Uttar Pradesh | Report #158621

Mr G K Dubey
Designation CFO
Location Auraiya
For last 2 years he was taking 5000 to each shopkeeper now he is demanding Rs 50000 from each shopkeeper otherwise he will harrass us and he is fearless fellow.”

Case 2:\(^2\):

**Bribe for house plan approval**
Municipal Services | Building Plan Approval | Paid INR 47,000
Reported on March 23, 2017 from Vijayawada, Andhra Pradesh | Report #158453

On 23rd march of 2017, at Ibrahimpatnam Vijayawada. We have applied for house plan approval and before accepting our application, the concerned officer asked us to pay 47000 INR fir the purpose of taxes and other procedures and another 47000 INR which goes into his pocket. I really don't know his full name,but on our conversation I noticed someone calling him SIVAJI GARU

Case 3:\(^3\):

**Demonetisation scam**
Education | School or College Related Activities | Paid INR 2,00,000
Reported on December 05, 2016 from Mathura, Uttar Pradesh | Report #138355

Actually,
My relative studies in giriraj ji maharaj college mathura,UP(BTC college).
The college administration is forcing students to open a new Jan dhan account in which
college management will put their money. All this is happening because of the
demonetisation.
They are forcing students on account that if they resist, they will be given less marks in
practicals or could even be detained.
They will open an account within 2-3 days.
I want you to highlight this grave situation and bring it in front of concerned authority.

As can be seen from the listed cases, bribery takes place in various sectors. Case 1 in Food and
Drug Administration; Case 2 in Municipal Services; Case 3 in Education. Excluding those three
sectors, I Paid A Bribe includes cases from 33 other areas of government where bribes are paid.
Ordinary citizens are not able to be freely access the service that are legally granted to them by
the government. The citizens who are most affected by practices of corruption and bribery are
those already struggling in poverty and as discussed earlier, this furthers the economic instability
and inequality.

*Embezzlement, Fraud, and Theft*

In defining corruption, UNODC includes theft and fraud along with embezzlement.
Embezzlement, theft and fraud “all involve stealing by an individual exploiting his or her
position of employment. In the case of embezzlement, property is taken by someone to whom it
has been entrusted”; fraud is defined as use of “false or misleading information to induce the
owner of property to part with it voluntarily” (“United Nations Handbook”). Theft, as per the
UNODC, is “beyond the scope of any definition of corruption”; however, embezzlement is
considered a type of theft and is a violation of fiduciary laws (“United Nations Handbook”).
Embezzlement and fraud are very closely related; it is possible to commit fraud during the
process of embezzlement. Fraud is the “intentional deception resulting in injury to another
person. (“Fraud”); embezzlement is a form of fraud – it is “the fraudulent appropriation of funds
or property entrusted to your care but actually owned by someone else” (“Embezzlement”).
One of the biggest cases of fraud in India was the Satyam Scandal or the Satyam Computer Services scandal, also known as India’s Enron (Bhasin). Satyam Computer Services is a company based in India and it was discovered to be the cause of a corporate scandal in 2009. The scandal was brought to light after the chairman of Satyam Computers, Ramalinga Raju, revealed that the company’s accounts were manipulated; he confessed that there was over ₹7,000-crore accounting fraud in the company balance sheets (“Satyam Scandal: Who, what and when”). Examination of the company and its accounts by the Central Bureau of Investigation (CBI) led to the conviction of all the 10 people accused of “criminal conspiracy, cheating and breaching public trust” (Nichenametla).

One news outlet reports that this is a case of fraud, “which misled the market and other stakeholders by lying about the company’s financial health. Even basic facts such as revenues, operating profits, interest liabilities and cash balances were grossly inflated to show the company in good health” (“Satyam Scam”). Ramalinga Raju had adjusted the facts and figures for decades to profit himself and his family (see figure 720) resulting in the deception of investors and clients; it also brought to question the way corporate structures were governed.

**Figure 7 – Satyam Balance Sheet**

![Satyam Balance Sheet](Image Source: The Hindu Business Line)
As can be seen from the balance sheet, there is a big variation in the actual numbers (Raju’s Version) and the numbers Raju reported, a total difference of ₹7,136 crores. The money raised from the fraudulent activities were then used to purchase land in Andhra Pradesh, during the time the market for realty was booming.

In her case study of the Satyam scandal, Bhasin writes that unlike Enron, Satyam was destroyed due to “tunneling” (Bhasin). In “Tunneling vs Agency Effect: A Case Study of Enron and Satyam”, Shirur defines tunneling as “the transfer of assets and profits out of firms for the benefit of their controlling shareholders” (Shirur). He also offers two hypotheses as to why Satyam failed: Reaction to Window Dressing Hypothesis and Tunneling Hypothesis. Reaction to Window Dressing Hypothesis says that because Raju was manipulating the figures every year, the gap between “actual profit” and “book profit” widened. In order to narrow the gap, Raju bought Maytas Infrastructure and Maytas Properties and “in this way, fictitious profits could be absorbed through a self-dealing process” (Shirur).

Tunneling Hypothesis, which both Bhasin and Shirur believe is the cause of Satyam’s fall, states:

…Ramalinga Raju understated profit to tunnel money to his subsidies. He claimed that the profit margin was only 3 per cent whereas industry norm in 25 per cent. It is very well known that Satyam understated the price to gain business. That is how it acquired 1,180 clients including 185 Fortune 500 companies. Hence, at the most, experts estimated its profit margin to be around 20 per cent. The difference of 17 per cent was being tunneled by him. He created more than 13,000 fictitious salary accounts and siphoned money worth Rs, 1,300 crore (…) every year (Shirur).
According to both Bhasin and Shirur, Satyam saw its downfall because the company had only 3% of promoters and they were also involved in a real estate company where they held more stake. The tunneling process begins when there is a “decline in stake of promoters in the acquiring company and increase in stake in the target company” (Shirur), which is what Satyam was facing before it’s destruction. This particular scandal that rocked the nation sheds light on the importance of security laws. Satyam fraud has “spurred the government of India to tighten the CG [corporate governance] norms to prevent recurrence of similar frauds in the future” (Bhasin), especially when it comes to auditors and auditing committees.

**Extortion**

Extortion is defined as the extraction of money and other resources through the use of coercion, violence or threats to use force (Rohwer). Extortion uses force to “induce cooperation” unlike bribery where “payments and positive incentives” are involved; in some cases, the only difference between bribery and extortion is the “degree of coercion”; for example: “A doctor may solicit a illicit payment for seeing a patient more quickly than would otherwise be the case. But if the need to see the doctor is a matter of medical urgency, and the payment must be made to gain access to the doctor, the demand can be more properly characterised as “extortion”” (“United Nations Handbook”). The UNODC notes that in cases of extortion, “there is a very real “victim”: the person who is coerced into submitting to the will of the official” (“United Nations Handbook”). In many countries, people in authority abuse their power to threaten citizens to pay money. UNODC refers to practices where “speed money” is paid to officials to handle minor issues in a timely manner as “low-level extortion”; for instance: “people involved in minor incidents, such as traffic accidents, may be threatened with more serious charges unless they “pay up”” (“United Nations Handbook”). Cases of extortion could also include scenarios like
this one: “when a citizen makes a payment without being asked, the individual may simply be making it because of an understanding that if the payment is not made, the services to which the citizen is entitled will the withheld” (“United Nations Handbook”). This describes a society that is systemically corrupt.

In India, extortion is an everyday occurrence. Recently, India has seen a rise in cases of cyber extortion, in particular those involving families of multinational company (MNC) CEOs. *Times of India* reported a case of extortion concerning the daughter of a famous MNC CEO based in India who had posted about her vacation and hotel information on Facebook:

> Cyber criminals hacked into the security video of the hotel she was staying in and retrieved footage of some of her intimate moments. “They told the CEO to pay up $250,000 or they would post the footage online,” says a cyber security expert who took up the case when the police failed to act. However, the ransom eventually had to be paid since the network was too big to track down” (Pillai and Mukherjee).

Cybercrime experts say that there have be a minimum of 12 cases of “digital ransom” in 2015 – 2016, where personal and private information have been collected from social media accounts of CEOs and their families (Pillai and Mukherjee). Many people who are the victims of extortion just pay the money so they can continue to keep their lives private.

Extortion racket, also known as protection racket, is defined as “an organized illegal activity in which a person or group tries to get money from someone by using force or threats” (“Extortion Racket”). One of the most well-known examples of the extortion racket system is the mafia; elements of extortion are characterized in mafia-type organizations (La Spina, et al).

Elsenbroich and Badham write about the extortion relationship in this way:
One of the most prevalent scientific approaches to extortion rackets is a formalisation of the interdependent choices of extorters and entrepreneurs in game theory (...). This formalisation adopts the rational choice paradigm underlying much of criminology (...).

But whereas usually the focus is on the decision of the criminal to commit a crime given a probability of punishment if caught, here the focus is the victim’s decision to pay given the probability of being punished by an extorter. This punishment probability is influenced by exogenous factors such as the presence of police (so that Mafiosi are deterred from punishing) and, in some cases, the presence of fakers. Fakers are agents posing as Mafiosi and demanding payment but who will not punish resistors, due to fear of detection by police and real Mafiosi (Elsenbroich and Badham).

An example of extortion racketeering is the relationship between Bollywood and the Indian mafia or the Mumbai underworld. An article published on Forbes, “Bollywood’s Affair With The Indian Mafia, reports that: “Extorting Bollywood’s cinema elite is among the most profitable activities for the underworld. Organized crime groups ruthlessly target and even kill some of the industry’s most prominent directors, producers and even film stars who refuse to make the exorbitant extortion payments” (Desai). One of Bollywood’s director, Rakesh Roshan, was the victim of an assassination attempt made by a member of India’s mafia after he refused to sell the rights to film Kaho Naa Pyaar Hai overseas. It is reported that “the contract killing was allegedly ordered by an Indian underworld figure based in Dubai, financed with money laundered through Abu Dhabi, planned in Pakistan and ultimately carried out in India” (Desai). Threats and extortions were being made by the Indian mafia, which included dons like Haji Mastan, Karim Lala, and Dawood Ibrahim, in Bollywood since the late 80s. These criminal
organizations began to acquire overseas film rights through force and also started to interfere with the content of films ("Mafia and Bollywood").

A study by Transcrime, a joint research centre on transnational crime, on extortion racketeering reveals that there are two types of extortion racketeering: systemic and casual. Both these types are connected to three main variables:

1. The organisational structure of the criminal crime group that engages in extortion racketeering;
2. Its strong presence at local territorial level
3. The victim offender relationship

The study also shows that the three variables are “reciprocally related:”

the more the organised crime group focuses its activity on the local territory, being facilitated by its monopolistic position and hierarchical structure, the more it conducts criminal transaction with politicians and administrators, the more it infiltrates legitimate business, the more extortion becomes systemic (spreads and continues), and in becoming systemic provides more resources and closer control over the territory, the more criminals establish symbiotic relationship with the victims and the more the legitimate economy is infiltrated (“Study on Extortion Racketeering”).

The extortion of people in Bollywood by the Mumbai criminal organizations discussed above is a prime example of Transcrime’s description of what extortion racketeering involves. Mafia bosses like Karim Lala and Haji Mastan, who are located within the local territory of Mumbai – where Bollywood is also based, exert their power and control to extort money and other favors from those in the film industry. It can also be said that Bollywood and the India mafia have a symbiotic relationship with each other: mafia men and politicians use their ‘black money’,
money gotten illegally, to finance and invest in films, which is beneficial to both parties (Desai). The Mumbai mafia was also used by Bollywood to resolve disputes between filmmakers and actor, between producers and directors, etc. The mafia’s involvement in the film industry is ongoing and they continue to have a firm grip on Bollywood.

**Nepotism**

Nepotism is defined as “favoritism of relatives or personal friends by those in power, who because of their relationship rather than their abilities receive special treatment (e.g., jobs, discounts)” (“Nepotism”). Nepotism is closely related to cronyism, which is “favoritism shown to friends and associates (as by appointing them to positions without regard for their qualifications)” (“Cronyism”). “Favoritism, nepotism and clientelism all involve abuses of discretion”; “such abuses usually involve not a direct personal benefit to an official but promote the interests of those linked to the official, be it through family, political party, tribe, or religious group (“United Nations Handbook”).

Cases of nepotism are rampant in India. In an article published by *The New York Times*, “Across India, Nepotism as a Way of Life”, the author describes how the Indian elite system has dominated the country; she writes, “the Indian upper class, like royalty, is sexually transmitted. Politics, business, mainstream cinema and other occupations where talent is subordinate to lineage are dominated by family cartels, who plant their own over the rest” (Joseph). In this system, there is no room for outsiders. The political positions of Rahul Gandhi and Bilawal Zardari were not earned but inherited – a perfect example of nepotism in politics:

The Indian prime minister hosted a lunch where Bilawal Zardari and Rahul Gandhi were present. Most of the Indian news media reported the lunch with photographs
of the two men. Both had gone abroad to study and returned to inherit, unchallenged, powerful positions in major political parties.

Bilawal Zardari, 23, is chairman of the Pakistan Peoples Party. Rahul Gandhi, 41, is a general secretary of the Congress party. Bilawal Zardari’s prime qualification for the position he holds is that he is the son of the late prime minister Benazir Bhutto and grandson of the late prime minister Zulfikar Ali Bhutto. Mr. Gandhi’s is that he is the son of the late prime minister Rajiv Gandhi and grandson of the late prime minister Indira Gandhi (Joseph).

Joseph concludes the above paragraph by stating, in what one can assume to be a sarcastic tone: “There are more ancestors far back in Indian history who can be called on to endorse his [Rahul Gandhi] position” (Joseph). This is the unfortunate truth in many sectors; everything is treated as a family business. Research finds that in traditional cultures where loyalty toward the family is stronger than loyalty to the state, “a public official’s duty to his office is secondary to that towards his family or community. Any opportunities to further the economic or employment opportunities of that family will therefore be considered legitimate in terms of the official’s priorities” (Robertson-Snape).

Patrick French, a writer, historian and the author of India: A Portrait: an intimate biography of 1.2 billion people (2010) – a book that unmasks how Indian politicians use nepotism to keep it all in the family – refers to nepotism in politics as “family politics” or “hereditary politics.” French lists the following facts and figures about hereditary politics on his website, The India Site:

1. A shocking 100% of Indian MPs [Member of Parliament] under the age of 30 are hereditary
2. Two-thirds of Indian MPs under the age of 40 are from political families
3. Less than 10% of MPs over the age of 70 are hereditary
4. 27 MPs are classified as ‘hyperhereditary,’ and 19 of them are in the Congress party.

Hyperhereditary means that that person has multiple family connections, and many members of that person’s family have or had a career in politics (“Family Politics”). French’s study reports that a hyperhereditary MP has three times more chance of becoming a government minster than a hereditary MP\(^2\) (“A Hyper-hereditary MP”). Information retrieved from French’s website emphasizes this message: political success is based on who your parents are.

French’s study of the 545 MPs in the Lok Sabha produced the following results: 46.8% of the MPs have no significant family background in politics; about 28.6% or three out of ten MPs are in politics because of their family connections (refer to figure 8). It was also found that “there

![Figure 8 – Political Background of MPs](Image Source: The India Site)

is a direct linear relationship between age and hereditary MPs” (“Family Politics”) – the younger a MP is, the higher the chance of him or her having a family political background; as reported
above, 100% of MPs under the age of 30 are hereditary. This percentage decreases as the age increases (refer to figure 9). French’s study of the regional parties found that there was a greater occurrence of hereditary MPs in regional parties than in the national parties (refer to figure 10).

*Figure 9 – Proportion of Hereditary MPs – by age*

*Graph: Proportion of hereditary MPs, according to age*

*Image Source: The India Site*
Nepotism does not just happen in politics; it happens across all sectors. Joseph writes that this is the case in Hindi cinema as well; “all the top actors cast in lead roles, barring one, are sons of former film stars, directors or writers. As is the case with several lead actresses and directors” (Joseph). This culture makes it very difficult for newcomers to make it to the top by hindering their chances. It also reveals that “useful parents exert considerable power over their children long after they cease to be children” (Joseph), in return for everything they provide for them.
"Power does not corrupt men; fools, however, if they get into a position of power, corrupt power."
~ George Bernard Shaw

“The more corrupt the state, the more numerous the laws
~ Tacitus, The Annals of Imperial Rome

CORRUPTION IN INDIA – CASE STUDIES

Since corruption is a commonly widespread and complex phenomenon in India, this paper attempts to analyze it using the types of corruption practices within the global society. Stephen Morris, in Forms of Corruption explains that:

Normally defined as the abuse of public power for personal gain (…), most equate corruption with bribery, where an illegal payment is made to a government official in return for some type of official, state-sanctioned, authoritative act that has a selective and tangible impact and that in the absence of the secret payment would not otherwise have been made (…). But beyond bribery, corruption also includes kickbacks which operate much like a bribe, but where the illegal payment is made after the service is rendered, usually from a portion of the governmental award itself, and extortion where the public official threatens to use (or abuse) state power to induce the payment of a bribe (Morris).

Even though it is an insurmountable task to conceptualize corruption, for the purpose of this paper, corruption practices in India will typed as Grand corruption, Petty Corruption and Systemic Corruption and will be analyzed in detail along with case studies. Grand corruption is defined when it “involves higher ranking government officials and elected officials who exploit opportunities that are presented through government work. It is more often the result of bribes
offered or paid in connection with larger scale government projects, such as infrastructure and construction projects” (Morris).

Grand and Petty corruption can also be catalogued under the term conventional and unconventional corruption. “Conventional corruption occurs when government officials illegally abuse public office for private gain” (Morris). In contrast, “unconventional corruption” exists where a public or government official acts without consideration for the public’s interest, the goal being to attain a specific and personal gain. However, a key element is that no relationship of reciprocity exists, as there is no clear-cut transaction between two parties. This type of corruption includes acts, such as misappropriation, theft, embezzlement, and breach of trust (Morris).

**Hawala Scandal of 1991**

Even though there are many recent Hawala corruption cases in India, this paper will focus on the infamous India Hawala Scam of 1991, which made “hawala” a common household term. The 1991 Indian Hawala Scandal was a large-scale money laundering scheme involving many national and international political leaders, government officials and intermediary brokers. Usually political corruption cases cannot be assigned under one type of category as they are often intertwined with many different fraudulent activities like theft, bribery, embezzlement, misuse of power and other white collar crimes involving varies sectors of government and political officials/organizations to even accomplish one of these schemes successfully. Therefore, even though political corruption cases like the Hawala scam often fall under grand corruption, it cannot be defined in a clear-cut manner as such.

Hawala is an ancient informal money transfer systems in the world that operates based on trust.
In terms of its client base, hawala is used by a variety of individuals, organizations and governments for perfectly legitimate reasons. For example, expatriates and immigrants frequently use the service to send money back to their families and friends in their home countries. It is also used by legitimate companies, traders and government agencies conducting business in countries where inadequate formal financial systems exist as a result of political or economic instability (El Qorchi, et al).

Hawala money transaction is appealing because the transaction is quick and convenient with lower commission charges than standardized banks and can be done with no trace of official transaction note or receipt. Mostly the system is used to transfer money between countries in large amounts to avoid paying transaction fees and also to convert black money. In their book, *Organized Crime: Culture, Markets and Policies*, Siegel and Nelen explain the workings of the Hawala banking system (Figure 11) as follows:

Hawala banking is a system in which money (or value) of the customer (remitter) is received by hawala banker A for the purpose of paying it to a third party (recipient) in another geographical location. A then communicates with hawala banker B at the transfer destination requesting that funds be paid out to an individual identified by the initial customer. The communication may occur for example by telephone, facsimile or internet. The initial hawalader A charges the customer a fee or percentage of the transfer amount. Trust is the most critical element in the system of informal banking. Without mutual trust between operators and clients, hawala banking system cannot function. After all, hawala banker A has received funds in trust without making a payment and B has made a payment without receiving its counter-value. Meanwhile, the remitter has to take it for granted that the money handed over to A will actually be paid to the recipient. In other
words, trust between the two hawala bankers and between the hawaladers and their clients is essential (Siegel and Nelen).

**Figure 11 - How Hawala Works**

There are many countries that have banned Hawala type money transactions and after 9/11 these types of transactions are strictly outlawed or closely monitored because of the associations of terrorist activities linked with these types of informal money transfers. India, under both the Foreign Exchange Regulation Act (FERA, 1973) and its successor, the Foreign Management Act (FEMA, 2000), hawala type transactions have been explicitly prohibited (El Qorchi, et al).

The number of institutions (notably, “authorized persons” such as banks) permitted to deal in foreign exchange has been closely defined, and the kinds of transactions (travel, medical treatment, acquisition of foreign assets, and so on) permitted for customers have
been set forth in regulations that have been frequently revised. The recent FEMA wording specifically addresses hawala-type transactions by prohibiting Indian residents from entering “into any financial transaction in India as consideration for or in association with acquisition or creation or transfer of a right to acquire any asset outside India by any person.” Similarly, one of the mandates of the Directorate of Enforcement has been to prevent “remittance of Indians abroad otherwise than through normal banking channels” (El Qorchi, et al).

In the 1991 hawala scam $18 million dollars was laundered from foreign countries like Dubai and United Kingdom into India by the Jain brothers serving as hawaladers. Huge payments were made to then current prime minister and his successor and members of the BJP and congress political parties to allow the black money converting scheme to process without any interference; the Jain brothers also were the conduit to pass money from the same foreign sources to Kashmiri terrorist organizations for many illegal activities. The Jain hawala case is compared to “be as convoluted as the famous Iran-Contra deal during Reagan presidency, in which nobody knew who was paying whom for what ends” (“Jain Hawala Case”).

Even though the Supreme court appointed the Central Bureau of Investigation (CBI) to directly investigate the Hawala scam, later evidences proved that the palms of many CBI officials who worked on the case was greased and they withheld key information regarding the scam to provide a gaping escape hole for the Jain brothers and other political leaders involved in this money laundering scandal.

In breaking down the Hawala scam into political corruption and, grand corruption, one cannot avoid to also include it in the category of bureaucratic or administrative corruption as well. As defined by Stephen Morris:
Two broad categories of corruption based on institutional location include “upper-level” and “lower-level” corruption. The former involves presidents, ministers, members of the legislature, governors and other high-ranking officials, while lower-level corruption relates to civil servants. The upper-level/ lower-level distinction largely parallels differences based on the distinct political roles or functions of the public officials and the norms governing their behavior. The term “political corruption” thus tends to refer to corruption occurring at the policymaking stage or, in Eastonian terms, the input side of the political system, whereas “bureaucratic” or “administrative” corruption relates to the implementation of policy carried out by lower level officials or the output side of the equation (Morris).

In this political, bureaucratic, grand corruption scandal of money laundering using an alternative banking system both upper level and lower level public servants were involved. The case is also typed under bureaucratic corruption because it infringes upon the guidelines. Bureaucratic and political corruptions violate different norms:

“Bureaucratic corruption” involves the violation of first-order norms (the written rules and laws that are the product of politicians’ decision making), whereas “political corruption” committed by policymakers entails the violation of more nebulous second-order norms (the often unwritten guidelines determining how politicians should make decisions, such as impartiality and fairness” (Morris).

Bureaucrats and politicians involve themselves in hawala banking because in a time when the fight against corruption is increasing, money laundering and getting rid of black money becomes easier through this system. Hawala banking can be “used for a number of illegal purposes such as tax evasion; making or receiving payments in connection with crime; and laundering the
proceeds of crime” (Bunt). Hawala banking’s biggest advantage is its elusiveness, anonymity and very little transparency. These characteristics make it attractive to corrupt officials who wish to avoid government detection and remain in power. A study conducted on the misuse of hawala banking based on 12 police files finds that activities of the informal economy, an economy which is “unregulated, uncontrolled and/or non-enforced by either the state or other (public) authorities” (Bunt), such as the hawala banking system is very advantageous to those involved in organized crime and will not outlive its usefulness (Bunt).

**Vyapam Scam**

Vyapam scam is the horrendous educational scam that came to light in the year 2013. Even though many scams like this often occur in educational settings, the number of people involved in this scam and the monstrosity of human greed that was unearthed by the exposure of this scam was revolting and frightening. “This scam can be said to be one of the notorious scams in the world, where many of the accused lost their lives” (Anand) to bury the leads that could derail the positions of many powerful people behind this scandal.

**Vyavsayik Pariksha Mandal** or Vyapam is an organization that conducts professional entrance examinations for the recruitment of candidates for government jobs and admissions into educational institutions for the state of Madhya Pradesh. The forms of corruption in the Vyapam case involves: fixing results of the professional examinations, cheating, bribery, identity fraud, impersonation of candidates, leaking answer keys, murder and rape of journalists, investigators, witnesses and students that made this case a traumatizing event all over the country.

The scam was brought to the public eye in 2013, after many people started reporting the irregularities and corruption in the recruitments of candidates through the Vyapam organization.
The Vyapam corruption scandal is a large-scale corruption scam involving many universities, medical colleges, and government job placement offices in the state of Madhya Pradesh. Public servants from clerks, doctors, professors, politicians and other government officers in high ranking positions were accused and arrested in this scam. The scam can be categorized under petty corruption, grand corruption, systemic corruption and political corruption.

According to the special investigation report submitted in 2015 to the high court, from 2013, when the case came to public knowledge, within a two-year period at least 50 accused people in the age group of 25-30 years old died under mysterious circumstances and 2000 people were arrested. Even though, many of the deaths “established a strong mafia-type political people” (Anand) being involved behind the scam, many of the “crucial linkages to the kingpins” (Anand) were being systematically erased and investigators were not able to clearly establish linkages or provide evidences’ to the involvement of political and government figures.

This educational scam can be categorized under both systemic corruption and grand corruption. Vyapam Scam is an endemic or systemic corruption because it has:

an integrated and essential aspect of the economic, social and political system, where it is embedded in a wider situation that helps sustain it. It is a type of corruption which is primarily due to the weaknesses of an organization or process. Systemic corruption is not a special category of corrupt practice, but rather a situation in which the major institutions and processes of the state are routinely dominated and used by corrupt individuals and groups, and in which most people have no alternatives to dealing with corrupt officials (Yesankar).
The mindset of Indian society towards education is such that parents want their children to have a good education and a good quality of life that they are willing to even pay bribes to secure admissions, government jobs, and promotions. This is a vicious cycle, where students who come into official power using corrupt means often succumb to corrupt practices and misuse their positions. These kinds of weak and corrupt individuals not only utilize their posts to get bribes and do corrupt activities but they also become targets of kingpins like the many involved in Vyapam scam and are threatened or coerced to use their ill-acquired positions to manipulate results, place candidates through bribes and or connections to political leaders or other influential officials. Even though educational scams of the Vyapam kind occur often, what makes the Vyapam scam notorious is the trail of revelations about the Indian education system in wake of the scam’s exposure:

India's education system is mired in corruption and a high rate of teacher absenteeism in the country was a key factor for it according to the new global study. The UNESCO's International Institute of Educational Planning study on corruption in education released recently says that 25% teacher absenteeism in India is among the highest in the world, second only after Uganda that has a higher rate. The global average of teacher absenteeism is about 20%. Teacher absenteeism does not just affect quality of education; it is also a huge drain on resources resulting in the wastage of 22.5% of education funds in India the study said. The study identifies the absence of well established criteria for teacher recruitment a uniform policy on promotion, remuneration and deployment as some of the main reasons identified for teacher absenteeism (Saraf and Jain).

Another indictment of the contemptible state of Indian education was the view held by students that cheating in examinations is their traditional right. In Indian universities, cheating is now
engrained. The fees for manipulating entrance tests ranges between $80 to $20,000 for popular programs such as computer science, medicine and engineering (Saraf and Jain).

According to the UNESCO study on corruption in the Indian educational system, the measurement of corruption was attained using three data collection strategies: Public Expenditure Tracking Survey (PETS), Quantitative Service Delivery Survey (QSDS) and Report Cards. The report states that:

It has been observed that corruption increases transaction costs, reduces the efficiency and quality of services, distorts the decision-making process, and undermines social values. Recent surveys conducted on the impact of corruption on the provision of social services – including education – thus suggest, for instance, that illegal payments for school entrance and other hidden costs help explain low school enrolment and high dropout rates in India (Saraf and Jain).

In the Vyapam scandal, “over Rs. 2,000 crore is believed to have been exchanged as bribes” (Kandukuri) to rig “a variety of eligibility tests for courses and recruitments for close to six years, perhaps for an even longer period” (Kandukuri). “Standardised testing is a heroic and misguided attempt to compensate, over three short hours, for a young lifetime’s work of inequities of caste, class, gender, language, region and religion, and the crushing inadequacy of the state-run schooling system” (Sethi). There is so much time and money invested in education and for those who do not come from influential backgrounds standardized testing is “the only consideration for achieving college admissions or government employment. Nothing else matters – not your grades over 21 years of school, not any hobbies, interests or transformative life experiences” (Sethi). The competition educations and jobs is so extreme and suicide rates in
India is one of the highest in the world, particularly among the youth. Two of the major reasons for suicide being “failure in examination” and “unemployment” (Mukunth). And, to cheat people of their chances at an education or employment, as was the case in Vyapam, equates to taking away an individual’s life – it’s murder, not suicide.

_The New York Times_ reports:

A scandal of this nature says more about India than is at first apparent. It is not just that Indian politicians and government officials can be extremely dangerous, or that corruption is so widespread that it would be wrong to call it an anomaly because a way of life is not an anomaly. The case also suggests that official statistics may not accurately capture the full scale of untimely deaths in India (Joseph, 2015).

As Joseph writes, Vyapam is not an anomaly. Corruption is a way of life in India; it is so deep-rooted into the society that calling it a “culture” is very appropriate. A culture where even statistics on death are altered and manipulated. Mukunth writes the following about Vyapam, which perfectly describes the ground reality in India: “Rather than a simple scam, Vyapam appears to be a vast societal swindle – one that reveals the hollowness at the heart of practically every Indian state institution: inadequate schools, a crushing shortage of meaningful jobs, a corrupt government, a cynical middle class happy to cheat the system to aid their own children, a compromised and inept police force and a judiciary incapable of enforcing its laws” (Mukunth).

**Telecommunications: 2G Spectrum Scam**

Many prominent politicians, bureaucrats, corporate executives, businessmen, film and television network people, newspaper personnel, and government officers were accused and
convicted in the nationwide 2G spectrum scam causing an overnight upheaval in the country. In the 2G spectrum scam many ministers of the government were directly involved in undercharging favorable telephone companies for the auction of allocation of network frequency licenses. The telephone companies in turn created high priced subscription plans for the public using the government allocated frequencies and scammed the people for approximately 1.763 trillion rupees or 39 billion USD, as estimated by the Comptroller and Auditor General of India.

The alleged modus operandi was telecom bandwidth being grossly undervalued and offered to a chosen few with vested interests, on a dubious “First-Come-First-Served” basis. It is alleged that it should have been put under a transparent auction system, purportedly advised by higher office (Beri).

India is divided into 22 telecom zones, with 281 zonal licenses in the market. According to the Indian telecommunications ministry, when a frequency license is allocated to company, a start-up spectrum like 2G is bundled along with the license. “In 2008, 122 new second-generation (2G) Unified Access Service (UAS) licenses were given to telecom companies at a price arrived at in 2001 and on a first-come-first-serve basis” (Beri).

As mentioned earlier, there was no transparency in the auction conducted by the government, as it was allotted using the ‘First-Come-First-Serve” policy causing businessmen with connections to pay bribes to government officers for the telecom licenses. The main accused of the 2G Spectrum Scam is the Telecommunications and IT minister Mr. A Raja, who resigned from his position after he, his associates and members associated with the scam were investigated by the CBI for accepting bribes in the amount of 700 Billion USD.

On February 20, 2012, the Supreme Court gave a verdict on the Public Interest Litigation (PIL) case related to the 2G Spectrum Scam saying that the allotment of spectrum to favored
institution is "unconstitutional and arbitrary" (Findlay). The Supreme Court annulled all 122 licenses issued in 2008 by A. Raja, who was then the minister for Communications and Information Technology. The Supreme Court gave a verdict imposing a fine of $800,000 for telecommunication companies like Unitech Wireless, Swan Telecom and Tata Teleservices and $80,000 fine on Loop Telecom, S Tel, Allianz Infratech and Sistema Shyam Tele Services Ltd. “According to estimates of the Comptroller and Auditor General of India, the changing policy stance and non-transparency in 2G spectrum allocation has resulted in a loss of approximately INR 1.7 trillion to the exchequer” (Findlay). The Supreme Court verdict mentions that the government servant A. Raja “wanted to favor some companies at the cost of the public exchequer” and "virtually gifted away important national asset" (Findlay).

In analyzing the systemic framework of the 2G spectrum case three forms of systemic corruption can be identified: “incidental” corruption, which is confined to malfeasance on the part of the individual and is thus rare; “institutional” corruption referring to certain institutions that may be riddled with corruption due largely to the absence of controls; and “systemic” corruption which reflects situations where corruption is deeply entrenched and pervasive throughout society (Morris). Incidental corruption, institutional corruption and systemic corruption forms can all be seen in the 2G spectrum scam. Among the criteria most commonly used to draw distinctions are: the institutional location and function of the public official involved to distinguish political corruption versus bureaucratic corruption. In the case of A. Raja’s involvement in the 2G spectrum scam, the institutional location or the setting of the scam is the government and the duty of the government servant involved is to serve the in the public’s best interest, both of which were breached leading to a grand scale corruption on many levels,
causing mistrust among people, financial loss to the public and government on accounts of embezzlement, fraud, bribery, mishandling of contracts.

A New York Times post about the 2G Spectrum Scam states that this scandal has “some of the ingredients of a telecommunications scandal that is growing into India’s equivalent of Teapot Dome\textsuperscript{25}” (Yardley and Timmons): “Tycoons with friends in high places. Public tenders conducted by irregular rules. Tens of billions of dollars in potential losses for the national treasury. Allegations of government ministers on the take, and of a respected prime minister too aloof to notice” (Yardley and Timmons). As this article points, the politics involved in this scandal is not to be overlooked; the criticism of one political party (Bharatiya Janata Party) of the ruling coalition (Congress Party) for not acting enough against A. Raja (DMK), which might have to do with the fact that A. Raja’s party and the ruling party are allies, has led to the other party gaining momentum. Corruption cases like these always include “political infighting” (Yardley and Timmons); this case had “plunged the governing Congress Party into its worst political crisis in years” (Yardley and Timmons) and sullied the reputation of its then leader, Prime Minister Manmohan Singh. And as how all of politics works, even though this scandal had tarnished the Congress Party, the next crisis might restore this party to glory and taint the other.

Yardley and Timmons add regarding the 2G Spectrum Scam:

…the telecom scandal is just one indicator of crony capitalism and inadequate oversight that fuel public skepticism about capitalism and slow down reforms. The scandal also has revealed an incestuous world of journalists, corporate lobbyists and politicians and has reinforced the perception of an Indian economy dominated by a small, tightly connected elite (Yardley and Timmons).
In those few lines, Yardley and Timmons highlight most of the downfalls of the Indian political and economic systems. It is brutal and honest what Yardley and Timmons have written about the condition of India’s economy. India’s elitist culture and culture of impunity is a large contributor to the way the system is currently; Raghuram G. Rajan, a professor of finance at the University of Chicago, states: “When the entire government structure sees that people are getting away with taking bribes and no one is getting punished, right down the line everyone starts trying to do it” (Yardley and Timmons). This statement is an accurate portrayal how the social order creates and perpetuates a culture of corruption.

**The 2010 Common Wealth Sports Scam**

The 2010 common wealth games was supposed to showcase India as a powerhouse in the international sports arena but instead it presented India as a country “blighted by high levels of fraud and malpractice” (“Global Corruption Report: Sport”). Even during the preparatory phase of the common wealth games, there were concerns about corruption, bribery, violation of construction worker’s rights, giving contracts to foreign companies for inflated costs and many other fraudulent activities that were involved in this sports scam.

As with many other political, bureaucratic corruption this sports scam also fell under the blurry margins of corporate, political, systemic, grand and petty corruptions, thereby not giving a clear-cut rule on how to legally follow up with corruption charges involved in this scam. As the Global Corruption Report mentions; “At the start it was not clear whether the organizing committee would be covered under the national Right to Information (RTI) Act, as it did not come under the purview of the definition of ‘state’. Such gray areas can create a sense of immunity from rules, procedures and accountability” (“Global Corruption Report: Sport”).
The main accused of the 2010 Common Wealth Games was Mr. Kalmadi, who was then a Member of Parliament and was also the Chairman of the organizing committee of the Commonwealth Games. Kalmadi was arrested and charged on accounts of accepting bribes to close contract deals for equipments and services for over-quoted prices from Swiss, UK and other foreign countries. India’s Central Vigilance Commission found that there have been financial transactions:

siphoned off from as many as 16 Games-related construction projects, and items from trash cans to treadmills have been acquired at hugely inflated prices. (Trash cans cost $2.50 in the market but 3,771 were bought at nearly 20 times that price; as many as 56 Multi-Gyms, which retail for $1,400 were bought for $7,500 each.) Relatives and friends of influential Games officials managed to bag contracts even as Indian newspapers exposed e-mails forged to justify the inflated costs, arbitrary decision making, and waning interest in the Games among participating countries” (Mazumdar).

Reports state that “In some of the 54 participating nations, the Games have sold no tickets at all, and more than half the tickets for the opening ceremony in less than four weeks remain unsold” (Mazumdar). The Commonwealth game was expected to bolster the tourism industry in India because it was anticipated that the sports tourism would bring in at least 10 million foreign tourists into the country that would create a flourishing economic impact on the host country. As detailed by tourism reports, “The business of sports and tourism is a complex industry, which is difficult to quantify completely. But it is so lucrative that countries, travel companies, tourist boards and the whole world of sports are keen to take benefits of it” (“Humanity-Equality-Destiny?”).
The housing contract to build houses for the Commonwealth village for the participants and other international delegates was incomplete and what was presented to the federation committee for approval was deemed unfit for living. The practice stadiums that should have been built and ready for training by athletes were not completed even though the funds allocated for that purpose was used. When the Commonwealth Games Federation stated that the preparations for the games was below standards and proposed to send in an independent technical review panel to monitor the progress, the proposal was shot down by Mr. Kalmadi's Organizing Committee.

Concerns about the management of the project were raised when the British revenue and customs department (HMRC) raised objections over a substantial amount of money transferred to a UK company, AM films. The potential discrepancies surfaced in March 2010, when the organizing committee reportedly asked HMRC for VAT refund on its payments to the AM Films, thus opening a Pandora’s Box. It was reported that AM Films claimed that the payments were for car hire services, toilets, barriers and electricity, with the organizing committee saying that they were for the purchase of video equipment, while HMRC held that no services had been procured in line with a proper tendering process (“Global Corruption Report: Sport”).

Due to the unclear boundaries, as how to press charges of corruption on this sports scam, the high court based on the Right To Information Act (RTI), declared that the funding for organizing the Commonwealth Games was provided by the government and that the organization was not an independent body. Therefore, it is obligated to expose its handling of finances to the public.

This Commonwealth Games sports scam involved money handling between many industries such as such as transport, telecommunications, construction, foreign trades etc. The
government plan proposed building and renovating airports, providing five-star to three-star airport hospitality for the arriving tourist for the Commonwealth games, providing a special Commonwealth games training, building flyovers, overpasses and parking lots, contracts for all of which were given to favored and privatized contractors at an inflated cost for which there is no proper accounting or documentation and most of the proposed contract works were done haphazardly with subpar materials, deviating from the originally submitted and approved plans.

In their text *Corruption in Sports in India*, Misra and Vikram state:

The Indian government ended up spending 18-fold more than the $400 million originally allocated in 2003 for the Games, an amount that supposedly could have funded three Olympic Games. It is deeply disturbing to find corruption of such magnitude in a country whose poverty line, according to World Bank figures (2005), is very low by international standards, and where 80 percent of the rural population lives below the median developing-country poverty line of $2 a day. Several trillion dollars of unaccounted for money remains locked in Swiss banks which the Indian government is finding hard to retrieve. Post-Games, the first major action taken by the Government was to demand the resignation of two top officials, the Organising Committee Chairman, Suresh Kalmadi, and Secretary General, Lalit Bhanot. Both Kalmadi and Bhanot have since been arrested, and are being interrogated by the investigation agencies (Misra and Vikram).

As previously observed in the analysis of other corruption cases of this magnitude, the Commonwealth scam also falls under many types and forms of corruption. Kalmadi was arrested and charged as the main perpetrator but he is now released on bail; and even though there are many other middlemen, politicians and businessmen involved, there are no proper evidence to convict the others involved in this scam. Also, many of people and organizations involved in the
scam are spread across different countries and are protected by jurisdictional laws. The 2010 Commonwealth Games sports scam is a complicated corruption case involving many types and forms of corruption, which is one of the many reasons the Supreme Court is still unable to reach a final resolution, as is true of many of the corruption cases in India.

_The Independent_ reports, during the preparation for the Commonwealth Games, “In Delhi, local taxes have been increased, money originally set aside to help the development of Dalit or “untouchable” groups has been diverted and unsightly slums have been bulldozed out of the way, all in the name of the Games” (“Commonwealth Games”). People from top to bottom were affected because of this scandal; Commonwealth has been referred to as a “national shame” by the local media and the scandals no longer come as a shock or surprise to the citizens of the country and many other nations because “problems with corruption and governance” are considered “endemic” in India (Kahn). Many people have become desensitized to acts of corruption and accept it as a way of life – something that is ordinary and everyday.
“One of the saddest lessons of history is this: If we’ve been bamboozled long enough, we tend to reject any evidence of the bamboozle. We’re no longer interested in finding out the truth. The bamboozle has captured us. It’s simply too painful to acknowledge, even to ourselves, that we’ve been taken. Once you give a charlatan power over you, you almost never get it back.”

~ Carl Sagan

“When exposing a crime is treated as committing a crime, you are being ruled by criminals”

CONCLUSION

India is the largest democracy in the world and it is plagued by high rates of corruption. An article that analyzes Corruption Perceptions Index by Transparency International, argues that there are other “variety of independent causes of corruption” (Mele) and challenges that “identifying those causes is the first step toward implementing steps to prevent and deter the phenomenon.” (Mele). Mele identifies 4 personal causes, 2 cultural, 2 institutional, and 2 organizational for corruption. The personal causes of corruption are: personal greed, decline of personal ethical sensitivity, no sense of service when working in public or private institutions, and low awareness or lack of courage to denounce corrupt behavior. The two cultural factors Mele identifies are: cultural environments that condone corruption and lack of transparency, especially at the institutional level. The Institutional factors are: regulations and inefficient controls, and slow judicial processes. Organizational factors include: lack of moral criteria in promotions and downplaying or reacting mildly to corruption charges. Mele also states that the causes are “applicable, on a greater or lesser scale, to different cultural and geographical environments” (Mele). The possible causes Mele suggests are easily recognizable in the cases discussed the previous sections. Aside from the cases of corruption described above, there many major controversies that erupt regularly and minor ones that often go unnoticed.
Preventive measures have been taken to end corruption in India. One of the steps taken at targeting corruption is the recent demonetization process put into effect by Prime Minister Narendra Modi during November 2016. Demonetization was done by Modi to curtail the black money problem pervading in the country for centuries. Black money and counterfeit money issues have parasitic effect on the social and economic growth of the country and are major issues that must be addressed at the grassroots. Despite the right idea of demonetization to create positive difference in the economy and society by replacing the old Rs.500 and Rs.1000 currency notes with new ones, the government faced transitional challenged due to lack of careful preplanning in coordination with the Reserve Bank of India and issuing the new notes to banks and ATMs. Since India is a cash-flow society, people always have five hundred rupees and thousand rupees at home for day to day financial needs. The overnight change brought in by Modi, created many problems, beginning with the limit imposed on how much an individual can exchange or withdraw from their bank accounts per day due to the lack of availability of new currency notes. The public suffered from having to wait in long lines in front of ATMs and banks, causing frustration and many reported cases of altercations. Marriages were being called off due to insufficient cash availability; but places like gas stations, hospitals and crematoriums saw thriving business because they were given leniency to accept the older currency notes.

Corruption thrives in India for various reasons, one of which is allowing, succumbing and participating in acts of corruption. In his book *Culture of Corruption in India*, Satishchander Yadav writes that everyone is responsible for creating a culture of corruption. He explains:

Ultimately, all parts of society must share the responsibility for containing corruption because all are willing or unwilling participants. Each corrupt transaction requires a “buyer” and a “seller.” The government is responsible for dealing with civil servants who
engage in extortion and bribery but it is businesses and individuals who offer bribes to civil servants to obtain certain advantages (Yadav).

As Yadav describes, the culture of corruption is created and perpetuated by every single person who offers a bribe or receives a bribe, which implicates almost the whole population of India. Another reason for the continued practices of corruption is the culture of impunity that exists along with the culture of corruption.

Another possible reason of the continued existence of corruption is Greshman Sykes and David Matza’s Neutralization theory. Neutralization theory offers a way for people who are about to or in the process of committing deviant act to “neutralize” or turn off their sense of morality and their responsibility to follow the law. The techniques of neutralization are: denial of responsibility, denial of injury, denial of the victim, condemnation of the condemners, and appeal to higher loyalties (“Neutralization theory”). According to this theory, acts of corruption are neutralized through rationalizations and deceiving oneself into believing that the acts the individual is about to commit is not corruption and is not against the individuals morals.

Rent seeking too is a possible source of corruption; “people are said to seek rents when they try to obtain benefits for themselves through the political arena” (Henderson). An important feature of rent seeking is that it adds to an individual’s wealth without creating new wealth (“Rent-seeking”). The Economist reports that “it is the boom in large-scale rent-seeking – the use of wealth to distort the allocation of resources from which more wealth could be produced – that has opened up a new era of corruption” (“Fighting Corruption in India”). Grafts are another reason corruption continues. Graft is “to take illicit or unfair advantage of an office or a position of trust for personal gain” (“graft”). Graft is described as “an enormous tax on the economy” (Manuel) and targeting this issues will fix many other problems affecting the nation: “Tackling
graft is the linchpin to fixing the income inequality, environmental problems and creaking education and pension system, and to appeasing growing public anger” (Manuel). Corruption causes a breakdown of trust between the government and its people. By removing the factors that encourage corruption, it becomes easier to mend the damaged system or even shift towards creating a new corruption-free society.

Even though it is not possible to cover every aspect of corruption, one significant characteristic needs to be covered because of its power to make the structural changes necessary to eradicate corruption, that is: the attitude of the people, which affects the culture. Much of the population remains indifferent to or have thoroughly adjusted to the way of life of corruption they meet with on a daily basis. They no longer raise their eyebrows when police officers ask for bribes instead, they do what needs to be done to be on their way and brush off the incident; it is not important enough to even worth remembering because it is something that happens to them often. This is the common Indian man’s attitude toward corruption, especially when it comes to bribery – it needs to be paid to get tasks done. The attitude of the middle class must shift to change the way the system operates now; they must be repulsed and angry at the way they are being cheated and have been cheated all their life. Many whistleblowers and journalists who have reported on corruption have been murdered and with the judicial system being as corrupt as it is, investigations are constantly put on hold and justice delayed. As seen from Transparency International’s Global Corruption Barometer, the main reason people do not report corruption is because they fear the consequences, which could be as grave as losing one’s life or all of one’s family. It is for this very same reason that people are tolerant of corrupt activities – they fear for their lives and for the lives of their family members.
1 Tamil, pronounced Thamizh, is a language spoken in Tamil Nadu, a state in India.

2 Sivaji is a Tamil language film produced in 2007 that revolves around the corrupt practices that occur involving government officials and businessmen in Tamil Nadu.

3 For more information, refer to Emile Durkheim’s The Division of Labour in Society.

4 Refer to “Corruption ‘threatens India’s economic growth.’” BBC News.

5 The United Nations Convention against Corruption (UNCAC) was adopted in 2003 and went into effect in 2005. It was enacted to target corruption worldwide. Currently, 140 countries are signatories to it and 181 countries are parties to the convention. Refer to the United Nations Office on Drugs and Crime’s (UNODC) webpage on United Nations Convention against Corruption and the General Assembly Resolution 58/4 of 31 October 2003 for further information.

6 Refer to the Indian Penal Code Act 1860 on the National Portal of India webpage. The IPC was formulated while India was still under the British rule. It contains a comprehensive list of crimes and punishments respective to those crimes. The IPC applies to all states in India with the exception of Jammu & Kashmir.

7 The Prevention of Corruption Act, 1988 targets public servants, government agencies and businesses on the matter of taking bribes or encouraging the act. Refer to PRS Legislative Research’s page on Corruption Laws in India.

8 The Prevention of Money Laundering Act, 2002 defines what constitutes as money laundering and the punishment for those found guilty of such acts. Refer to PRS Legislative Research’s page on Corruption Laws in India.

9 The Prohibition of Benami Property Transactions Act, 1988 addresses a particular type of transaction for what is known as benami property, property purchased by an individual under someone else’s name. Refer to PRS Legislative Research’s page on Corruption Laws in India.

10 Lokpal and Lokayuktas Act, 2013 allowed for the appointment of Lokpal and Lokayukta, ombudsmen who would investigate complaints of corruption within the Union and States, respectively. Refer to PRS Legislative Research’s page on the Lokpal and Lokayuktas (Amendment) Bill, 2016.

11 Transparency International is an organization established in 1993 in Germany; they currently operate in more than 100 countries. Their mission, according to Transparency International, is to “stop corruption and promote transparency, accountability and integrity at all levels and across all sectors of society” (“Mission, Vision and Values”). Refer to Transparency International’s webpage.
First published in 1995, the Corruption Perception Index places 176 countries on ranks from 1 to 100. Refer to Transparency International page on Corruption Perception Index for further information.

The Global Corruption Report addresses a particular corruption topic in each of its issues. Recent publications have been on: climate change, private sector, water sector, judicial systems, etc. Refer to Transparency International page on Global Corruption Report.

Bribe Payers Index looks at businesses in developed and developing countries and ranks them based on their integrity and likelihood of foreign bribery. Refer to Transparency International’s page on Bribe Payers Index.

Cas Mudde, a political scientist at the University of Georgia, defines populism as “an ideology that considers society to be ultimately separated into two homogenous and antagonistic groups, ‘the pure people’ versus ‘the corrupt elite’, and which argues that politics should be an expression of the volonté générale (general will) of the people.” For further information, refer to “The Populist Zeitgeist” by Cas Mudde and “Varieties of Populism: Literature Review and Research Agenda” by Noam Gidron and Bart Bonikowski.

For detailed information regarding these procedures, refer to “Transparency International’s Corruption Perceptions Index: Whose Perceptions Are They Anyway?” by Theresa Thompson and Anwar Shah. And, “Measuring Corruption: A Comparison Between the Transparency International’s Corruption Perceptions Index and the World Bank’s Worldwide Governance Indicators” by Anja Rohwer.


See Appendix. Refer to Figure 1 & Figure 2.

Report was taken from ipaidabribe.com

Additional facts and figures on the Satyam Scandal. See Appendix. Refer to Figure 3.

For a more in depth study of the Extortion Racket System (ERS) and the mafia, refer to “How Mafia Works: An Analysis of the Extortion Racket System” by Antonio La Spina, et al.

For further reading on extortion racketeering, refer to “Study on Extortion Racketeering the Need for an Instrument to Combat Activities of Organized Crime” by TRANSCRIME.

See Appendix. Refer to Figure 4.


The Teapot Dome Scandal is an incident that took place in the United States from 1921 – 1922, during President Harding’s administration. Albert Bacon Hall, the then Secretary of the
Interior, had leased federal oil reserves in Teapot Dome, Wyoming and other locations to private companies. Fall had accepted bribes and had received other benefits for provide exclusive rights to those oil reserves. The Teapot Dome was the biggest case of corruption in the United States before Nixon’s Watergate.
Appendix

**Figure 1**

*Bribe Analytics by City*

![Image Source: I Paid A Bribe]

*Bribe Analytics by City – Table View*

<table>
<thead>
<tr>
<th>CITY</th>
<th>TOTAL REPORTS</th>
<th>TOTAL AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangalore</td>
<td>8,495 (6%)</td>
<td>290,390,970 (1%)</td>
</tr>
<tr>
<td>New Delhi</td>
<td>3,248 (2%)</td>
<td>1,651,394,960 (6%)</td>
</tr>
<tr>
<td>Hyderabad</td>
<td>2,086 (2%)</td>
<td>38,721,006 (0%)</td>
</tr>
<tr>
<td>Mumbai</td>
<td>1,942 (1%)</td>
<td>90,689,482 (0%)</td>
</tr>
<tr>
<td>Chennai</td>
<td>1,628 (1%)</td>
<td>189,150,726 (1%)</td>
</tr>
<tr>
<td>Pune</td>
<td>1,134 (1%)</td>
<td>14,944,790 (0%)</td>
</tr>
<tr>
<td>Ahmedabad</td>
<td>719 (1%)</td>
<td>7,214,782 (0%)</td>
</tr>
<tr>
<td>Kolkata</td>
<td>474 (0%)</td>
<td>35,359,021 (0%)</td>
</tr>
<tr>
<td>Adilabad</td>
<td>403 (0%)</td>
<td>2,958,386 (0%)</td>
</tr>
<tr>
<td>Adari</td>
<td>393 (0%)</td>
<td>2,626,828 (0%)</td>
</tr>
</tbody>
</table>

*Image Source: I Paid A Bribe*
Figure 2

Bribe Analytics by Department

DEPARTMENT WISE

3.1% Stamps and Registration
7.9% Police
2.9% Transport
2.3% Municipal Services
82.1% Others
1.6% Customs, Excise and Service Tax

Image Source: I Paid A Bribe

Bribe Analytics by Department – Table View

<table>
<thead>
<tr>
<th>DEPARTMENT</th>
<th>TOTAL REPORTS</th>
<th>TOTAL AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Police</td>
<td>10,661 (8%)</td>
<td>231,401,737 (1%)</td>
</tr>
<tr>
<td>Stamps and Registration</td>
<td>4,231 (3%)</td>
<td>213,025,014 (1%)</td>
</tr>
<tr>
<td>Transport</td>
<td>3,951 (3%)</td>
<td>59,755,639 (0%)</td>
</tr>
<tr>
<td>Municipal Services</td>
<td>3,126 (2%)</td>
<td>9,249,644,609 (32%)</td>
</tr>
<tr>
<td>Customs, Excise and Service Tax</td>
<td>2,116 (2%)</td>
<td>5,235,391,922 (18%)</td>
</tr>
<tr>
<td>Passport</td>
<td>1,911 (1%)</td>
<td>10,847,201 (0%)</td>
</tr>
<tr>
<td>Commercial Tax, Sales Tax, VAT</td>
<td>1,748 (1%)</td>
<td>10,500,594,039 (37%)</td>
</tr>
<tr>
<td>Food, Civil Supplies and Consumer Affairs</td>
<td>1,260 (1%)</td>
<td>4,585,148 (0%)</td>
</tr>
<tr>
<td>Others</td>
<td>1,223 (1%)</td>
<td>241,733,103 (1%)</td>
</tr>
<tr>
<td>Railways</td>
<td>881 (1%)</td>
<td>55,911,030 (0%)</td>
</tr>
<tr>
<td>Slum Development</td>
<td>2 (0%)</td>
<td>135,000 (0%)</td>
</tr>
<tr>
<td>Religious Trusts</td>
<td>32 (0%)</td>
<td>31,036 (0%)</td>
</tr>
</tbody>
</table>

Image Source: I Paid A Bribe
Figure 3

Satyam Scandal Fact and Figures

Image Source: Hindustan Times
Political Background of the Members of the Lok Sabha

Political Background of Ministers vs. MPs

28.6% Hereditary MPs, 39.4% Hereditary Ministers, 5% Hyper-hereditary MPs, 10.6% Hyper-hereditary Ministers

Note: This is a preliminary analysis of 66 ministers who are members of the current Lok Sabha.

The proportion of hereditary ministers is greater than the proportion of hereditary MPs

28.6% Hereditary MPs, 39.4% Hereditary Ministers, 5% Hyper-hereditary MPs, 10.6% Hyper-hereditary Ministers

Note: This is a preliminary analysis of 66 ministers who are members of the current Lok Sabha.

Image Source: The India Site
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