CORRUPTION
AND ITS
CONTROL

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Preface

The purpose of this book is to create an awareness in the minds of people about corruption and to tackle it. I have tried to state the important concepts clearly with a detailed discussion on every topic. An elementary approach to a highly complicated interesting emerging field is the main concern of this book. Numerous reviews and research papers over many decades on Corruption and Its Control added to the knowledge.

Ancient civilizations in Rome, Egypt, China and India suffered from the menace of corruption and had fallen. Corruption manifests itself in eight forms namely bribe, fraud, embezzlement, favouritism, extortion, discretion power, conflict of interest and illegal contribution. Efforts are being made to combat corruption. Accountability, strict legal and regulatory power, e-governance, transparency in all government transactions and the right to information are some of the effective corruption control measures. A strong political will, role of media and anti-corruption education are needed to completely combat the evil. Web searches were made and relevant references are included at the end of each chapter.

Author
ACKNOWLEDGEMENTS

At the outset let me offer my prayers to Almighty for successful completion of this book. My daughters, Sowmiya Ramkarthik (CA, USA) and Shambavi Suresh kumar (MN, USA) supported me during my stay in USA. My grandkids Ajay, Swathi & Swetha gave me company while writing this book. My wife, Sasikala, is sharing my misfortunes and fortunes for 4 decades. I thank them all. I thank my numerous friends across the globe for their suggestions and encouragement. My sincere thanks to Himalaya publishing house, Mumbai, India for bringing out this book. I thank the readers for purchasing this book.

Author
SYNOPSIS

Corruption is defined as the exploitation of natural resources for personal gains.

The first part of this book has nine chapters. Introduction is given as Chapter one. Ancient texts also mention about corruption. Ancient civilizations in Rome, Egypt, China and India also suffered from corruption and it is presented in Chapter two. Various types of corruption like petty, grand, grey, black and in police are defined in chapter three. Chapter four discusses the eight forms of corruption viz., bribe, Fraud, embezzlement, favoritism, extortion, discretion power, conflict of interest and illegal contribution.

Corruption costs. It has bad influence on business, public resources, wealth, fundamental rights, civil and political rights and international trades. These aspects are given as chapter five. Nearly all environments favor corruption. In government offices however small or big corruption prevails. Corrupt officers induce honest officers to be corrupt. Various situations promote corruption practices is presented as chapter six.

Attempts are being made to quantify corruption. Numerous international organizations started to measure the extent of corruption. Various analytical methods are being tried. Different organizations tried indicators and frame works. Objective, subjective and aggregate indicators are known. The difficulties in the measurement are also summarized. Transparency international and World wide governance indicators are compared and presented in chapter seven.

Various mathematical tools are being used to describe corruption. Well known models like economic growth, game theory, multiple indicators and multiple causes and various simulation models are presented in Chapter eight. Globalization has its own influence on nations and is discussed in Chapter nine. Foreign investments and ethical & moral values affect citizens. Globalization affects a nation and the extent to which a nation is influenced is also measured. Corruption becomes enhanced and there are indicators to which a nation gets corrupted. Human ethics is subjected to big causality. Multinational companies influence politicians and capture the economy of the nation and its resources.

Part two presents various corruption control measures in three chapters. The tenth chapter elaborates how corruption prevails in government offices. Accountability, strict legal and regulatory sector, E-governance, transparency in all government transactions and the right of citizens to know what government does is presented in detail. The role of society in curbing corruption is presented as chapter eleventh. To control corruption, a strong political will leadership, role of newspaper, television and internet and other mass communication channels are necessary. Private companies should also contribute to control corruption. They should along with profits contribute to social programs to educate about the evils of corruption. Society should be educated about the evils of corruption. For nearly 30 decades numerous international organizations like Transparency international European union and the World bank are
continuously creating corruption awareness among people. They measure the extend of corruption in each nation and the corruption perception indexes are published yearly. These details are given in Chapter twelfth.

Part three of this book presents four selected sectors where corruption drastically affect human life and that of the nation are presented in part three as four chapters. Corruption in health and education affect human life while the revenue and defense affect the nation. Chapter thirteen deals with corruption in health care sector. Corruption in government hospitals, the roles of patient, physician assistants, doctors and nurses are presented in detail. In health care sector pharmaceutical companies do play a significant role. In this chapter various anticorruption methods are presented.

Chapter fourteen presents the status of present day school, college and university education and the prevalence of corruption practices. Private universities also contribute to lowering of ethical and moral values. Corruption in university research and plagiarism in scientific research are also highlighted.

To run a government by lawful means is to levy taxes, proper collection of these taxes and effective tax administration are needed. Corruption control methods in revenue sector is also presented in chapter fifteen. A strong nation and strong leadership are essential criteria for a nation’s security. However a nation’s defense sector ranks next to public works in corruption. Defense employee appointment, promotion and transfer involve bribes. Procurement of cloths, food and ammunition provide fertile ground for corruption. Defense offsets and procurement involve multiple actors and promote corruption. These are discussed in chapter sixteen along with anticorruption measures.

The purpose of this book is to educate the public, students and government officials about corruption and its influence on society. This book may be prescribed as a text book in schools along with other teaching subjects in civics, economics and moral sciences.

Author
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PART ONE
CORRUPTION
Vedas are Hindu sacred texts. Mention of Corruption is made in Soma Veda; and describes corruption as a hydra headed having nine heads. Rig Veda cautions all those taking bribes as thieves of God and get rebirth in the foulest womb\(^1\). Ramayana, Indian epic, described the nine heads of Ravana as corrupt heads. In India during Dussara days the effigies of nine heads are burned. In the Fourth century, Kautilya (one of my forefathers) wrote a guide book for the King known as “Artha sasthra”. As the detection of corruption is difficult the King should appoint persons of noble birth, highest honesty and intelligence. Thirukkural, a book of morals of ancient tamil literature, mentions that king should live by virtue and restrain from all vices not leaving courage; he should rule without losing honor\(^2,3\)

“In those who rule the land these three must never lapse:

Vigilance, valiance and virtuous living” (Division 39, couplet 384)

Corruption is not a new phenomenon. In recent years, corruption became popular due to media. When applied to human relations, corruption is a bad practice; a fall in moral conduct and personal honesty. In administration, it is a shame to the office a person holds and becomes unfit to hold the office. It is a behavior of a person to deviate from the rule; to gain wealth, power and status. It is the use of public office for a personal benefit.

Those who need services have to pay a bribe to government officer. For a service which is the right of the citizen one has to bribe. The bureaucrats may merely have discretion over imposing costs on the citizen before granting the service. A bribe is demanded to reduce the cost. This form of corruption is prevalent in a regulatory system.
Corruption and its Control

Once a regulatory system exists the bureaucracy promotes corruption. Political or Grand corruption occurs due to corrupt dictator’s control over a country’s resource allocation and expenditure decisions. This leader will maximize his personal wealth rather than the welfare of the population.

Corruption is usually defined as the misuse of office for personal gains\(^3\). Though in some areas it can be tolerated while in some areas it is crippling. Robert Kligard\(^4\) equated corruption as \( C = M + D - A \) where \( M \) is the monopoly, \( D \) is the discretionary power and \( A \) is accountability. When an organization has monopoly over goods or services and also have the discretionary power to decide who will receive it then corruption starts. Lesser the accountability more is the corruption. Corruption is the misuse of all natural resources for private gain and is treated as crime. If bribes are high and the chances of getting caught is less, many officials will succumb to this crime. Whether bribe is small or big, penalties should be heavy. Corruption prevails in a government due to bribe:

1. There are rents associated with government regulatory powers
2. External controls on the bureaucracy
3. Weaker public institutions controlling corruption

In a society, corruption prevails due ten causes (Table 1.1).

**Table 1.1**

**Ten Causes of Societal Corruption**

<table>
<thead>
<tr>
<th>No</th>
<th>Causes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Low levels of economical development</td>
</tr>
<tr>
<td>2</td>
<td>Unlimited consequences of economic liberalization</td>
</tr>
<tr>
<td>3</td>
<td>Unintended consequences of Foreign direct investment (FDI)</td>
</tr>
<tr>
<td>4</td>
<td>Morally weak institutions</td>
</tr>
<tr>
<td>5</td>
<td>Lack of accountability</td>
</tr>
<tr>
<td>6</td>
<td>Lack of transparency</td>
</tr>
<tr>
<td>7</td>
<td>Inequality</td>
</tr>
<tr>
<td>8</td>
<td>No real democracy</td>
</tr>
<tr>
<td>9</td>
<td>Offshore banking</td>
</tr>
<tr>
<td>10</td>
<td>International organized crime</td>
</tr>
</tbody>
</table>

There is a view in support of corruption as it smoothens the wheel (greasing the wheel of commerce). But corruptions may make one transaction easier but it worsen the situation. Corruption makes more demand like almost adding sand to the machine. Corruption reduces economic growth. It affects the prices, supply and demand, affects
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the poor and the growth in social and political institutions. It deters investment as it can negatively bias entrepreneurs’ assessment of the risks and returns associated with an investment. Corruption affects the quality of education and health associated with individual’s needs. It reduces the peoples’ access to public related to goods. This would favour the leaders of the society to adopt illegal and immoral activities. While domestic causes of corruption are known and the role of multinationals deserves equal attention. In globalised economy corruption crosses the borders. Multinational companies contribute to high levels of international corruption.

REFERENCES

1. Rig Veda, Vol. 1, 126.1

Keywords: Bribe, Vedas, Corruption, Robert Kiltgard.