CORRUPTION IN INDIA

AN EMPIRICAL STUDY

AN OVERVIEW

TRANSPARENCY INTERNATIONAL INDIA

&

ORG-MARG RESEARCH PVT. LTD.

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FOREWORD

Corruption in India is all pervasive. There is no activity of the nation which is totally free from this malaise. The World Economic Forum Survey ranked India 45th out of 49 countries on the honesty of its officials. The Corruption Perception Index of Transparency International has depicted India as becoming more corrupt in recent years. We have the dubious distinction of belonging to the category of the most corrupt nations in the world.

Broadly speaking, corruption can be divided into two categories. In the first is the grand larceny where those in power pocket hundreds of crores in kickbacks in public procurement. Bofors, H.D.W. Submarines etc. The second category consists of what might be called petty corruption where people pay even for the services to which they are fully entitled. The bureaucrat, the customs & excise inspectors, the doctors and touts in government hospitals all extract money from the citizen on one pretext or the other.

Grand larceny by its very nature is difficult to detect. Both the giver and the taker are beneficiaries of the corruption. Information about these in isolated cases which have come to light, has more often than not come from the seller countries. The second category is easier to survey and quantify. The victims are happy to give information in the hope that some action will be taken to clean up the system. The survey presented in this document was carried out with the assistance of ORG Marg. It is an attempt to highlight the scale and sensitise governments, autonomous bodies and civil society movements to combat this cancerous growth.   It does not claim to be exhaustive as if covers only ten sectors of public services.

There is ample evidence to show that corruption has slowed down economic progress and poverty alleviation. It has impact on the nations security system also.   However, all is not lost. Tackling grand larceny requires political will, creation of the Institution of Lok Pal and adoption of instruments like the 'Integrity Pact' in public procurement. Petty corruption which has been quantified in this Survey can be tackled by Citizens Charters and Peoples Ombudsmen in Government Departments and maximising the use of E-Technology. Transparency International India and its State Chapters are taking steps to assist in these initiatives. Wider involvement of the civil society is a must if we are to see tangible improvements in a finite time frame.

Admiral R H Tahiliani, Retd
Chairman
Transparency International India

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CORRUPTION IN INDIA : AN EMPIRICAL STUDY

Summary

Over five thousand citizens of India were interviewed in the house to house survey carried out to assess the citizens perceptions on corruption prevalent in ten sectors, Education, Health, Police (Law & Order), Power, Telephone (Communication), Railways (Transport), Land & Building Administration, Judiciary, Taxation and Ration (Public distribution system).

An estimated sum of Rupees (Rs.) 26,768 crores are extracted from citizens who interact with these ten sectors. Lower strata with lower earnings are hit harder due to corruption.

As per perception of the people, Police is the most corrupt sector. However, the impact of corruption is on a much larger scale in the Health and Education Sectors involving far greater number of population.

Corruption in Health and Education deprives people of these basic facilities and affects human development. These are, co-relates of Human Development. Cross country data of 102 countries show that there is a high rank correlation (0.788) as well as coefficient of correlation (0.766) between Human Development Index (HDI) and Corruption Perception Index (CPI). Countries with low scores in CPI have low HDI. See Annexure 'A'.

Many avenues of corruption cannot be dealt with under the Prevention of Corruption Act,1988.

In many cases the citizen is not even aware that the practices can be classified as corrupt (eg., When patients are directed to specific pathological laboratories for conduct of tests).

Citizens are resentful of the existence of corruption and are willing to talk about it openly. Formation of interest groups of citizens interacting with various departments can chanalise the resentments of the citizens constructively. Pressure groups so formed can take up matters with concerned authorities and seek redressal.

In such areas Civil Society organisations can raise awareness among the populace and acts as catalysts.

Cause for corruption is certainly containing not 'low salary' of those indulging in corruption. It is the lack of effective deterrence in the form of punishment to the corrupt and the lack of adequate supervision.

The fact that money is being demanded directly and openly by the corrupt is a clear indication that the corrupt persons are confident that no worthwhile action can be taken against them. This reflects the fact that those guilty of corruption do not expect to be hauled up. The   existing systems for identifying the corrupt and punishing them appear ineffective and provide no deterrence to those indulging in corrupt practices.

Perceptions at best are indicative of the existing malaise in the systems. However, for prioritizing issues, formulations of policies and planning strategies hard data is a requirement. Policies and programs should not be based on perceptions alone.

Follow-up :

A survey is not an end in itself. Results of surveys need to be published to raise public awareness focus debates and promote institutional reform. To this end, TI India proposes to undertake the following steps :

a) Disseminate the results of the survey to legislators`, Central & State Governments, Sectoral Departments and Institutions, NGOs, and the public through print and electronic media.
b) Act as a catalyst to promote Citizens Interest groups and support their actions.
c) Press for the formulation and effective implementation of Citizens Charters in all government departments and allied institutions.
d) Press for Service Charters from private business and institutions involved in delivery of services to the citizens.
e) Press for augmenting the use of Information Technology to enable quick and easy access, and prompt disposal of cases by the government.
f) Press for transparency in actions of the government agencies in the discharge of their functions.
g) Strongly bid for accountability of all functionaries.
h) Continue the programs already in hand for Moral and Ethical education, introducing Lok Pal (Ombudsman), and e-readiness and judicial reforms.
i) Lobby for immediate legislation of the Right to Information Act.

> * 10 Lakhs = 1 Million
> Crore = 10 Millions

PERSPECTIVES ON CORRUPTION

Global Scenario

The Transparency International (TI) Corruption Perception Index (CPI), 2002 ranks 102 countries in terms of the degree to which corruption is perceived to exist among public officials and politicians. It is a composite index derived from 15 different polls and surveys from 9 independent institutions carried out among business people and country analysts. CPI defines corruption as the abuse of public office for private gains. The index provides an annual snap shot of the views of business people and analysts like bribing of public officials, kickbacks in public procurement or embezzlement of public funds.

Of the 102 countries surveyed, seventy countries – including many of the world's most poverty stricken – score less than five out of a clean score of ten. Corruption is perceived to be rampant in Indonesia, Kenya, Angola, Madagascer, Paraguay, Nigeria, and Bangladesh, countries with a score of less than two. Countries with a score of higher than 9, with very low levels of perceived corruption, are predominantly rich countries, namely, Finland, Denmark, New Zealand, Iceland, Singapore, and Sweden.

Consequences of Corruption

Corruption is found to be one of the most damaging consequences of poor governance characterized by lack of both transparency and accountability. Corruption lowers investment and hinders economic growth, and human development by limiting access to basic social services as well as increasing the cost of their delivery. It also increases poverty, subverts the financial system,, and undermines the legitimacy of the state. Thus, corruption is anti-poor, anti-development, anti-growth, anti-investment, and inequitable. The cost of corruption to a nation is very high.

Adverse effects of corruption on growth have been statistically corroborated from cross-country data. Based on the corruption rankings data assembled from the business and

international communities in seventy countries finds a significant negative association between the Corruption Index and the rates of investment and economic growth. A one standard deviation improvement in the Corruption Index is estimated to be associated with an increase in the investment rate by about 3 percent of the Gross Domestic Product (Bardhan: Corruption & Development, Journal of Economic Literature, September 1997).

International Perspective on India

India is amongst the most corrupt countries of the world with a score of only 2.7 out of 10 and ranks 71st amongst 102 countries in 2002. India's score has declined from 2.9 in 1999 to 2.7 in 2002. TI's survey of international business' perceptions ranks India worse than China. World Competitiveness Year Book 2000 also ranks India amongst those countries where bribing and corruption is very high.

CORRUPTION PERCEPTION INDEX AND RANK OF INDIA, 1995-2002

Year	No. Of countries	CPI	Rank
1995	41	2.78	35
1996	54	2.63	46
1997	52	2.75	45
1998	85	2.9	66
1999	99	2.9	72
2000	90	2.8	69
2001	91	2.7	71
2002	102	2.7	71

Source: Corruption Perception Index, Transparency International, Berlin

Note: The corruption perception index is a composite index. In 2002, India with a score of 2.7 ranks 71st among 102 countries covered. Yearly variations in rank, if any do not reflect either improvement or deterioration in level of corruption.

CPI as the name indicates is a study based on perception of business people and risk analysts. It neither reveals the level and extent of corruption nor identifies sectors where corruption is prevalent. It is not based on hard data. Hence CPI though relevant and gives an overall view, falls short, if its data is to be utilised for identifying areas that need to be tackled, planning activities and conducting programs for the specific sectors. Hence the need for national and state level assessments of the actual experiences of the common man who is the legitimate recipient of the public services delivered by the government, and bears the brunt of all acts of misgovernance and corruption.

National and state level perspectives

National and state level perspectives of the common person are required to identify;

1. Where is corruption?
2. Extent of corruption.
3. Forms of corruption.
4. Who and how many indulge in corruption?
5. Who are affected by corruption?
6. Why corruption?
7. How to eliminate corruption.
8. What people and civil societies institutions can do?

Approach Developed by Human Development Reports

World Human Development Reports also first developed and prepared international perspective and then subsequently several national and regional level studies were prepared which led to a new policy and programmes framework to deal with human development. National and regional perspectives substantiated the international perspective on human development. The same approach is required on corruption. The international perspective on corruption needs to be substantiated by national and regional level perspectives, for formulating approach, policy, and

programme for combating corruption and for educating and empowering people. There is a very high rank co-relation as well as coefficient of correlation between Corruption Perception Index and Human Development Index. See table 'A'

> ### GOD'S RESPONSE TO CORRUPTION
>
> *Perturbed by annual CPI rankings, many prime ministers and presidents of corrupt countries approached* God for help in eliminating corruption. God's response was that it might not happen in their lifetime. It was a shock to them and all of them wept *bitterly on God's shoulder.*
>
> *Indian prime minister also sought God's help and advice so that he could also eliminate corruption from India. The response of God was "**NOT IN MY LIFE TIME"** and God commenced shedding tears. However, God did say that corruption could be eliminated provided people are educated and empowered about this evil.*

A recent study on relationship between Corruption Perception Index (CPI) and Human Development Index (HDI) ranked the CPI and HDI of 102 countries and estimated the Spearman's Rank Correlation and Coefficient of Co-relation for 2002. The Rank Correlation is estimated to be 0.788 and the coefficient of correlation 0.766. Linear relationship between HDI and CPI also exists. The relationship is estimated to be Y = 0.52 + 0.048 X, where Y is HDI and X is CPI.

PEOPLES' PERSPECTIVE

Indians think that corruption cannot be eliminated in India – at least not in their lifetime. This pessimistic and cynical perception of the people is largely an outcome of confusing corruption with all kinds of illegal actions and activities like dishonesty, cheating, duping etc. Most illegal actions, many of which are private actions, are confused with corruption. The Prevention of Corruption Act 1988 and Indian Penal Code clearly distinguishes between corruption indulged by public servants for private gains and illegal actions by individuals. There are separate Acts in India for dealing with different kinds of illegal actions of private individuals. For example, if a public servant amasses wealth disproportionate to his known sources of income then he can be tried under Prevention of Corruption Act 1988. However, if a businessperson amasses wealth disproportionate to his known source of income he will be dealt under Income Tax Act for concealing his income and not under Prevention of Corruption Act.

TYPOLOGY OF CORRUPTION

Corruption is defined as the use of public office for private gains. Scales of corruption can be Grand, Middling or Petty and payment of bribes can be due to collusion between the bribe taker and the bribe giver, due to coercion or even anticipatory.

Existence of corruption implies that there are corrupt people, there are also corrupt practices, and there is a corrupt system. Therefore, all the three have to be fought simultaneously to

eliminate the vice of corruption. The present system provides for taking on the corrupt persons through a legal mechanism, which has not been found to be very effective. Many corrupt practices fall outside the purview of existing laws and need to be tackled by people themselves. The responsibility for dealing with corrupt people, corrupt practices and corrupt systems devolves equally on individuals, civil society institutions, legislature, executive, and the judiciary.

WHO CAN INDULGE INTO CORRUPTION IN INDIA

India is one of the most regulated economies of the world with powers concentrated in few hands. It is a poor country with scarce resources where demand is always more than supply. The receivers of the public services are largely poor, ignorant, and illiterate. There is also absence of transparency and accountability of the public servants. There is no system of rewards and punishments for the public servants. There is also no right to information. The license-permit-quota-inspector regime is pervasive in India since independence and continues even after liberalization and globalization of 1991. In addition, there are 3000 central statutes and 10 times as many state statutes plus subsidiary and administrative laws (most of them archaic), with several exemption clauses and discretionary powers sans accountability. All these conditions are fertile breeding grounds of corruption.

At present, 19.5 million people hold public office with central and state governments, quasi-central and quasi-state institutions, and rural and urban local bodies spread over 200,000 establishments and offices all over India.

Armed with these thousands of laws, 19.5 million public servants exercise their. Powers, control and regulate the remaining thousand million citizens. Since 90 percent of these 19.5 million public servants are, class III and class IV employees. Power is concentrated

The number of government establishments and offices have doubled from approx 100,000 to 200,000 in the last two decades and the number of government servants has bloated from 15.5 million 1981 to 19.5 million today.

in the hands of less than 2 million public servants who regulate and control the fate of a thousand million people. This minority has the potential to indulge into corruption in all its forms and scale giving India an image of one of the most corrupt countries of the world. The remaining 17.5 million public servants with limited powers can indulge in petty corruption only.

Corruption can be reduced considerably in India by merely scraping obsolete and archaic laws (majority of them are such) and rationalizing the remaining ones. This task should be taken up seriously and vigorously by civil society, institutions using committed judiciary and lawyers because the government functionaries alone can never do this.

At present, the perception is that government can eradicate corruption and responsibility for eradicating corruption is that of government alone. However, in view of the kind of corruption and the framework that we have in India, it is very clear that government alone cannot eradicate corruption. If the people and civil society institutions remain indifferent and show helplessness in combating corruption then it can never be eradicated or for matter that even reduced. Thus, the responsibility and the onus of combating corruption are as much of the people and the civil society institutions as that of the government.

British Citizen's Charters

In Britain, there are more than ten thousand Charters setting service standards at a level that has a direct impact on the quality of individual's life. For example, what an elderly person can expect from his/ her local social service departments. Few years ago, many doubters said that the performance of the public servants could never be measured. These Citizen's Charters set new standards and new targets. They give more information about the performance tables for schools, hospitals, local authorities, and police and fire services, to help them make choices and question the way things are run. By setting up measurable targets, the government is delivering concrete improvements in the quality and efficiency of services. The Charter Mark Award's Scheme is now the focal point for recognizing the achievement of organisations that have made a special

Prevention of Corruption Act 1988

To deal with corruption amongst public servants India enacted Prevention of Corruption Act 1988, replacing Prevention of Corruption Act 1947. PCA 1988 incorporates provisions of chapter IX of the Indian Penal Code to deal with Public servants and those who abet them by way of criminal misconduct and provides to enable attachment of their ill-gotten wealth obtained through corrupt means. This act also widens the scope of definition of Public servants. Public servant means any person in the service, pay of the government, or remunerated by the government by fees or commission for the performance of any public duty. Public duty means a duty in the discharge of which the state, the public, or the community at large has an interest. The 'State' includes a corporation established by or under a central, provincial or state act or an authority or a body owned or controlled or aided by the government or a government company defined in section 617 of the Company's Act 1956. In India in addition to a large number of health and educational institutions, the government also aids many other kinds of organisations. Hence, the employees of such bodies are also covered by this act. Normally corruption is defined as using public office for private gains. In PCA 1988 Public Servant and Public duty have very wide definitions covering every person who is in the actual possession of the situation of a public servant and discharging public duty which the state, public or the community at large has a interest. Persons holding various public offices are public servants, whether appointed by the government or not.

Citizens Charter

The concept of Citizen Charters has been introduced to improve the quality of public services. It ensures accountability, transparency and quality of services provided by various government organistions. It enables citizens to avail of services with minimum hassle, in reasonable time, and at a minimum cost. Effective implementation of Citizens Charters will go a long way in controlling corruption. The Government of India has launched an ambitious programme for formulation and implementation of Citizens Charters in all government departments.

To over see the implementation and diffusion of these Charters, there must be Watch/ Monitoring Committees consisting of both public service providers and service receivers.

1.0   THE STUDY

1.1   BACKGROUND

India's Rate of economic growth in the nineties has been the highest in the last 50 years, but there are signs that it is slowing. Experts think the massive country could have done better had it not been for widespread corruption in its system. According to TI's Corruption Perception Index, India has been continuously ranked as one of the most corrupt countries in the world. A World Economic Forum survey of 2002, ranked India 45th out of 49 countries on the honesty of its officials and 44th in the effectiveness of laws protecting shareholders.

With a view to understand the corruption as faced by the common man in India, Transparency International India, a non-governmental, non-party, non-profit coalition of people against corruption, commissioned ORG MARG Research Private Limited to conduct an All India survey. The purpose of the study was to assess the presence and extent of corruption in various sectors of public domain and its impact on people in India.

The key objectives of the survey were:

- ✓ To assess the presence, locations and extent of corruption
- ✓ To understand the types of corruption - money, nepotism etc.
- ✓ To understand the perceived reasons for corruption
- ✓ To assess the intensity and impact of corruption on people
- ✓ To estimate the loss due to corruption
- ✓ To elicit suggestion from the public to combat corruption

In line with the research objectives stated above, the study encompassed sectors and areas of public domain to get a holistic view about corruption in India. Ten sectors that have direct bearing on the day to day life of a common man in India were selected for the survey viz: Education, Health, Power, Land administration, Taxation, Police, Judiciary, Ration, Railways and Telecom. Information for each of the public services has been directly collected from the "recipients" (the person who has used the service in the last one year). A house-to-house survey was carried out for this study using a Quantitative and Structured questionnaire.

Keeping in mind the wide cross-country variations, a rigorous methodology was proposed for this study in terms of the spread of sample across Zones, States, Town class and also taken into account the Urban- Rural divide. A total of 5157 interviews across the whole country were conducted. Importantly the design has the capability of extendibility at the state level.

The sample size was based on the following considerations:
- ✓ **Sample size within each reporting unit should be adequate.**
- ✓ **The standard error levels should be within allowable levels.**

The construct used for sampling commenced with mapping of each state into Socio- Cultural Regions (SCRs); mapping of the districts in each SCR; random selection of the districts from each SCR; sampling of towns / villages within each selected district and sampling of households within each selected town / village.

TABLE I : DETAILED BREAK UP OF THE SAMPLE SURVEYED

NORTH (2.5)		SOUTH (2.8)		EAST (2.7)		WEST (3.1)		*All Metros*	*Urban*	*Rural*
Haryana	241 (6.3)	Kerala	240 (6.3)	Assam	240 (6.3)	Gujarat	246 (6.2)		*2868 (1.8)*	*2289 (2.0)*
Punjab, Chandigarh & Jammu (Ltd.)	243 (6.3)	Karnataka	241 (6.3)	Bihar & Jharkhand	240 (6.3)	MP & Chattisgarh	240 (6.3)			
Rajasthan	240 (6.3)	Andhra Pradesh	241 (6.3)	Orissa	240 (6.3)	Maharashtra (Excluding Mumbai)	241 (6.3)			
Uttar Pradesh	324 (5.4)	Tamil Nadu (excluding Chennai)	243 (6.3)	West Bengal (Excluding Calcutta)	244 (6.3)					
Himachal Pradesh	242 (6.3)									
Total	1290 (2.7)		925 (3.2)		964 (3.2)		727 (3.6)			
Delhi	300 5.7)	Chennai	304 (5.6)	Calcutta	306 (5.6)	Mumbai	301 (5.6)	*1211 (2.8)*		

10

Total	1590 (2.5)		1265 (2.8)		1270 (2.7)		1029 (3.1)			

Note: (i) The error level percentages are calculated a 95% confidence level. (ii) Urban includes Metros

Figures in brackets () indicate percentage of standard error associated with the findings.

The maximum allowable error level of the findings was 3.1%. As can be seen from the above table, the percentage of standard error associated with the state level findings is much higher than this limit. Therefore, findings at state level have been pooled and reported at Zonal level ensuring that the standard error level is within acceptable limits.

Additionally, as already stated, the sample within each state unit was split up in the proportion of the urban and rural population. Also importantly, the four metros (Delhi state, Mumbai, Kolkata and Chennai) have been covered as separate reporting units given their criticality to the overall scheme of things in India.

Field work period

The fieldwork for the study was carried out over a period three weeks from the 4th week of March to mid April 2002.

Scope of the study.

- *10 sectors of public domain covered:* This study encompasses 10 public sectors, Education, Police, Health, Land Administration, Judiciary, Power, Taxation, Railways, Telecom and Ration which although representative, is only a part of the entire economy.
- *High level collusive corruption not captured:* The focus of this study has been restricted to the corruption as faced by the common man and therefore, high-level collusive corruption has also not been captured.
- As stated earlier, findings for certain States have been clubbed together for reporting to ensure that the standard error level is within acceptable limits.
- *Zonal level Analysis:* Given the heterogeneity at the State level, and also considering that most public services function at the state level, a State level analysis would capture the scenario in the best possible way. However, due to resource constraints, the findings at the State level have been clubbed together and reporting has been done at the Zonal level.
- The Urban – Rural analysis has not been provided at the Zonal level. A combined Urban vs. Rural analysis is available at an All India level.
- The reporting for 'Urban' region includes 'all metros' and also all other small and medium sized towns. Although, analysis for all metros combined has been provided separately; that for small and medium size towns is not available.

2.0   KEY FINDINGS
2.1   OVERALL FINDINGS
2.1.1 SECTORS PERCEIVED TO BE MOST CORRUPT

{Findings are based on perceptions of respondents (See box 1 a)}

➢ The Police Sector is perceived to be by far the most corrupt sector in the country
➢ The Telecom Sector is perceived to be least corrupt, followed by Railways
➢ In the East, Health is perceived to be most corrupt sector while Police is the most corrupt sector in the West compared across zones and across other sectors
➢ Ration in the South and Power in the East are among the more corrupt sectors
➢ Health and the Power Sectors are perceived to have the maximum impact on society taking into

consideration their extent of interaction with the public

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GRAPH 1: OVERALL CORRUPTION SCORES (PERCEPTION SCORES)

</div>

BOX 1a: *How was the ranking of each sector arrived at?*
To assess and quantify the extent of corruption in each sector, the 'Overall Corruption Scores' have been derived for each sector. Thus the sectors have been ranked in the des_____ corrupt sector has the highest _____ned basis the following calcula_____, a rank of 2 a weight of 2, rank _____rs a weight of zero. Let us assu___

CALCULATING 'O

Sectors			
Police			
Telecom			
Ration	3		2
Health		2	1
Power		3	
Education			

Then in the above example, Respondent 3 would give a weight of 1 to Police, 2 to Telecom and 1 to Ration. Respondent 2 would give a weight of 3 to Telecom, 2 to Health and 1 to Power. Similarly for Respondent 3 and so on. The weights thus would be summed up across the respondents for each sector to get the 'score' as reported above. Thus, an overall corruption score of '6801' for the Police sector is a sum total of the 'weights' (1, 2 or 3) assigned to this sector by all respondents who have interacted with Police in the last 1 year.

The following tables give a detailed description of the Overall Corruption Scores, for each of the 10 sectors studied, across all zones, metros and Urban-Rural divide

TABLE II: MOST CORRUPT SECTOR OF THE COUNTRY
'Overall Corruption Scores' (Perception scores)

		ZONE						
	ALL	NORTH	EAST	WEST	SOUTH	ALL METRO	URBAN	RURAL
Base : All respondents	**5157**	**1590**	**1270**	**1028**	**1269**	**1211**	**2868**	**2289**
	The figures shown below are the Overall corruption scores* of various sectors.							
Police sector	6801	2402	1670	1328	1400	1676	3899	2902
Health sector	5223	1625	1789	632	1177	879	2682	2541
Power sector	4351	1753	982	873	743	616	2087	2264
Education	3571	810	997	833	930	727	2051	1520
Ration	3020	601	895	481	1044	1043	1847	1173
Land Administration	2299	736	442	383	739	409	1099	1200

Judiciary sector	1683	701	460	312	210	405	988	694
Taxation	1477	450	245	334	448	376	945	532
Railway sector	937	314	263	259	101	350	599	338
Telecom	749	295	165	118	171	218	506	243

*Note : Details of method used for arriving at the Overall corruption scores has been given in the box on previous page

South and North Urban sees Railways as the least corrupt sector. In the East, especially in the Rural East, health sector clearly dominates other sectors in the corruption front.

NORTH
WEST
MOST CORRUPT SECTORS *ZONE WISE*	**EAST**
SOUTH
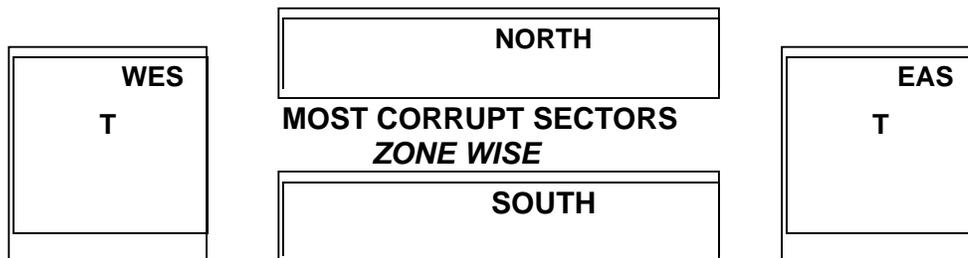
2.1.2 SECTORS ON SOCIETY (PERCEPTION SCORES WEIGHTED WITH EXTENT OF INTERACTION OF A SECTOR)

In this section, we attempt to assess the **overall impact** of corruption in a particular sector on a common man.

> **BOX Ib : What does Overall impact score signify?**
>
> *The corruption scores, when weighted with the extent of interaction of a common man with a sector, give an indication of the overall impact due to corruption in a common man's life. This is reflected in the Overall impact score of two extreme values- Health and Police sectors.*
>
> **Overall corruption score of Police is the highest, yet its impact is relatively low because of low interaction of a common man with this sector. Therefore, per se, although the corruption in Police sector may be very high, but it does not impact the common man so much as not many people interact with this sector. On the other hand, the corruption score of Health sector is the second highest but its**

The Overall Impact of a particular sector depends upon two factors (a) the extent of interaction of an average individual with that particular sector and (b) The extent of corruption in that sector (For more details, see Box Ib; for details of calculations, see box Ic). **The Extent of interaction** is defined as the stated incidence of interaction with the sectors in the last 1 year. The following graph sums up the Extent of Interaction of respondents with the various sectors in the last one year.

The impact of corruption in various sectors would depend upon the level of interaction it has with the common man. Therefore the corruption score for each sector has been multiplied with the Extent o **GRAPH II: EXTENT OF INTERACTION**

Overall Perception Scores   % interaction in L1Yr.
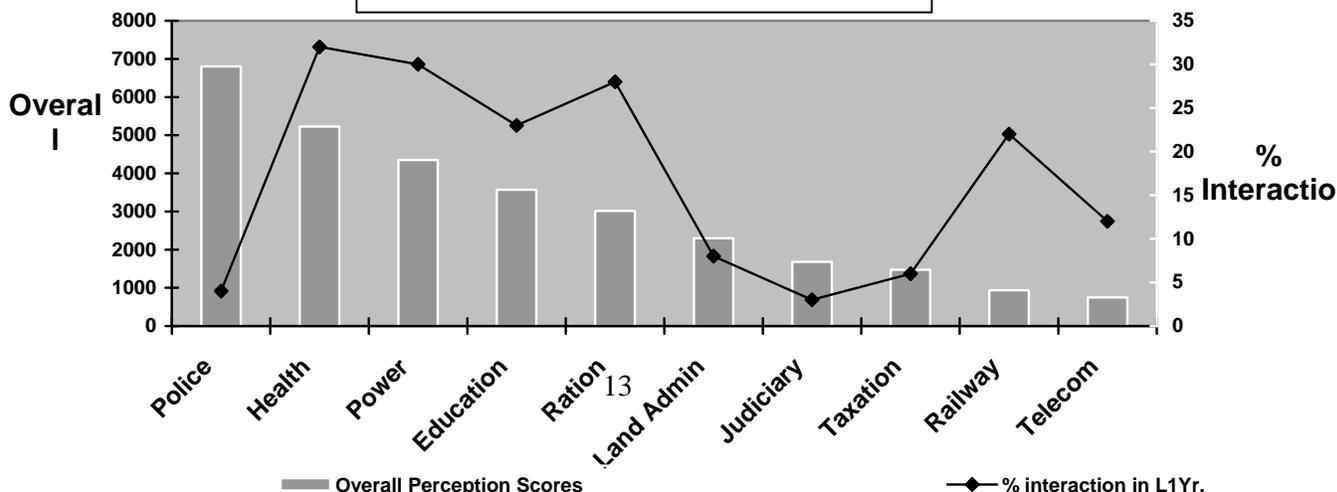
As is clear from the above graph, 32% of the respondents have said that they have interacted with the Health Department, followed by Power Sector (30%), and Ration (28%). Judiciary has an interaction level of 3% while Police has an interaction of 4 % only. Sectors like Health, Power, Ration and Railways are those in which maximum interaction has taken place compared to sectors like the Police and the Judiciary.

Perception on the existence of corruption in a sector varies significantly from actual level of interaction. For example, Police was perceived to be the most corrupt department and hence has the highest corruption score of 6801, even though only 4% of respondents had actually interacted with the police (highest interaction for Health → 32%)

BOX Ic : *How was the Overall impact score of each sector arrived at?*
The Overall Impact of a particular sector depends upon two factors (a) the extent of interaction of an average individual with that particular sector and (b) The extent of corruption in that sector. **The Extent of interaction** is defined as the stated incidence of interaction with the sectors in the last 1 year.
We arrive at the **overall impact score** by qualifying the overall corruption scores by the extent each sector impacts the society. For example, the Police with an interaction of 4 % and a score of 6801 would have an overall impact score of 272(.04* 6801).

TABLE III*: The Overall Impact Score Of Each Sector*

	EXTENT OF INTERACTION	OVERALL CORRUPTION SCORE	OVERALL IMPACT SCORE
PUBLIC SERVICE	**A**	**B**	**A*B/100**
Education	23	5223	821
Health	32	4351	1671
Power	30	2299	1305
Land Administration	8	1477	184
Taxation	6	6801	89
Police	4	1683	272
Judiciary	3	937	50
Railway	22	749	206
Telecom	12	3020	90
Ration	28		846

GRAPH III: *THE OVERALL IMPACT OF SCORE VARIOUS SECTORS ON SOCIETY*
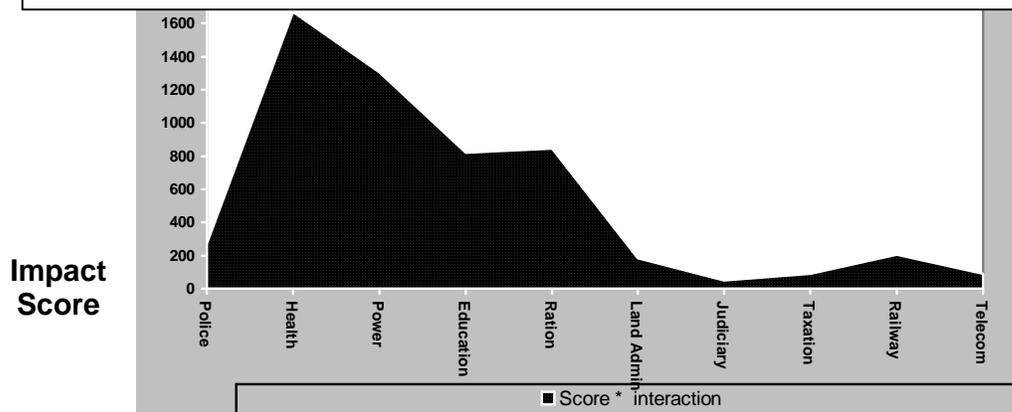
Impact Score

In this perspective Health and the Power Sector(s) become the sectors responsible for largest quantum of corruption in the society. The Health Sector has an overall impact score of 1671 while that of Power sector is 1305.The above graph sums up the Overall Impact of each sector studied.

Further, it has also been found that the impact on the poor is profound given their lower earnings although total outgo in payments is lower than the rich.

2.1.3 THE FINANCIAL OUTFLOW DUE TO CORRUPTION

BOX II: How *was the financial outflow due to corruption in each sector arrived at?*
Each respondent interacting with a sector was asked whether he had paid any money due to corruption in that sector. If the respondent said, "Yes", then he was asked how much money he had paid. Thus, for all the respondents, we compiled interval data as follows:

Class interval	Class mark (Rs.) (xi)	Percentage of respondents (fi)	xi*fi*total population/100
Rs.1- 25	12.5	5% (say)	Y1
Rs. 26-50	38	11% (say)	Y2
……….	…….		Yi………..
……...	……...		………..
Rs. 250+	300	6% (say)	Yn …………
GR AND TOTAL	X1+X2+….+Xi+….Xn=A say)	F1+F2+………..+Fi+…Fn=B (say)	Y1+Y2+….+ Yi+….Yn=C (say)
Total outgo due to corruption = C (Rs. Crores)		**Average per capita outflow = C / B (Rs.)**	

Thus, if a respondent had paid Rs. 45 due to corruption in a particular sector, then he would be counted among those in the class interval Rs. 26-50. The mid point of this interval is Rs. 38. Suppose 36% people had paid money ranging from Rs. 26 to Rs. 45 due to corruption in a particular sector, then Rs. 38 would be multiplied 36% of the total population to get the figure of "Y2" (refer table above).
Thus, Y2 = Rs. 38* 36% *total population.

Similarly, the figures of Y1, Y2, Y3….Yi….Yn were calculated for each class interval. **The sum total of Y1+Y2+….+ Yi+….Yn is the total estimated outgo due to corruption in a particular sector.**

The **average per capita outgo in Rupees** due to corruption is calculated as the weighted average of the above frequency distribution, calculated as the sum total of **Y1, Y2, Y3….Yi….Yn** divided by the sum total of **F1+F2+……+Fi+…Fn**

GRAPH IV: ESTIMATED OUTFLOW (TOTAL AND PER CAPITA)
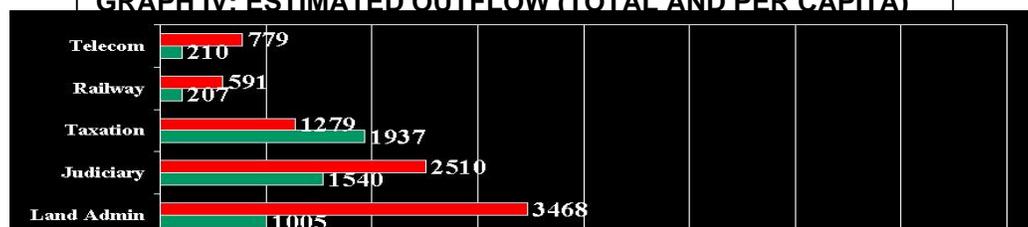
Per capita outflow has been calculated based on the amounts paid by the respondents in the survey. The total number of persons affected has been estimated by superimposing the sample estimates on the population figures. The total outflow is estimated by superimposing on the population figures (taken from Census 2001). See figures in tables IV and V. For details of calculations, see box.

TABLE IV: TOTAL ESTIMATED OUTFLOW DUE TO CORRUPTION (a)

Zone wise, Urban vs. Rural	All	NORTH ZONE	EAST ZONE	WEST ZONE	SOUTH ZONE	ALL METRO	URBAN	RURAL
	ALL FIGURES IN Rs. CRORES*							
POLICE	1803	643	494	420	247	465	1085	718
HEALTH	7578	3609	2320	634	1015	380	3959	3619
POWER	5764	2903	1216	642	1003	1610	3293	2471
EDUCATION	3552	816	525	714	1498	1311	2658	894
RATION (P.D.S.)	1210	55	710	208	237	120	472	738
LAND ADMIN	3468	1298	1219	276	676	327	1091	2377
JUDICIARY	2510	1114	843	167	386	651	1553	957
TAXATION	1279	295	115	67	802	224	1035	244
RAILWAYS	591	88	254	207	42	158	445	147
TELECOM	779	271	222	77	209	151	423	356
GRAND TOTAL	26728	10449	7421	2992	5867	4932	14927	11801

TABLE V: TOTAL ESTIMATED OUTFLOW DUE TO CORRUPTION (b)

Uban and Rural SECs	URBAN SEC A	URBAN SEC B	URBAN SEC C	URBAN SEC D	URBAN SEC E	RURAL SEC R1	RURAL SEC R2	RURAL SEC R3	RURAL SEC R4
	ALL FIGURES IN Rs. CRORES								
POLICE	386	451	122	106	20	32	103	425	158
HEALTH	1037	818	1057	527	521	366	648	1027	1578
POWER	865	1093	789	239	308	320	436	1453	261
EDUCATION	857	807	535	414	46	253	143	460	38
RATION (P.D.S.)	52	59	217	36	108	8	18	334	379
LAND ADMIN	396	347	211	132	6	288	353	1437	299
JUDICIARY	592	230	106	474	152	158	38	670	91
TAXATION	886	56	57	7	30	181	11	45	7
RAILWAYS	61	83	93	189	20	14	14	105	14
TELECOM	147	159	72	35	10	38	72	215	31

GRAND TOTAL	4890	3650	3135	2052	1200	1626	1732	5746	2698

> The total estimated outflow due to corruption in these sectors in a year is Rs.26,728 crores. This works out to about 10.5% of the total compensation of Rs. 253,496 crores* made to public sector employees in a year.[1]
> Of this, the North zone contributes 39%(Rs.10,449 crores), the East zone contributes 28%(Rs.7,421 crores), the South contributes 22%(Rs.5,867 crores) and the West contributes 11% (Rs.2,992 crores).
> The metros are responsible for a substantive 18%(Rs.4,932 crores). The urban contribution is 56%(Rs.14,927 crores) and the rural contribution is 44% (Rs.1,1801 crores).
> Health, Power and Education Sectors contribute the largest quantum of corruption: Rs.7,578 crores, Rs.5,764 crores and 3,552 crores respectively.
> Although total outgo in payments made by lower strata is relatively lower, the social impact is still very high given their lower earnings. Rs.1,200 crores flows out annually from the lowest Urban SEC compared to Rs.2,698 crores from the lowest Rural SEC.

2.1.4 KEY ACTORS IN CORRUPTION
> Most money has been found to be directly demanded by the key players in each sector

2.1.5 MAIN FACTORS RESPONSIBLE FOR CORRUPTION
> People have identified lack of accountability as the main reason for corruption.

2.2   SECTOR WISE FINDINGS

2.2.1   EDUCATION SECTOR*

[1] *Source : National Accounts Statistics
*10 Lakhs = 1 million
1 crore = 10 million

...d by corruption in Education sector is about 5.3% of the ...

> ...uption in this sector is the Admission process. The Study shows that 18% of those who interacted with this sector, got admission through an irregular process. This trend was strongest in South (39%) and lowest in East (6%).
> The two main dominant modes of corruption in the Admissions process are (a) Donations (57%) and (b) Use of an influential relative (19%). Receiving donations is a custom strongly rooted in the South zone (70%).

STATED REASONS FOR IRREGULAR ADMISSIONS PROCESS

INDICATORS	ZONE					ALL METRO	URBAN	RURAL
	ALL	NORTH	EAST	WEST	SOUTH			
Base: Those admitted through irregular process	220	39	14	29	138	38	135	85
	%	%	%	%	%	%	%	%
Influential relative	14	20	35	10	10	11	14	13
Private tutor	6	10	7	11	3	5	6	5
Donation	57	42	7	40	70	47	52	64
Political influence	3	5	7	4	1	3	4	1
Extra money need to paid per admission	1	6	0	0	0	0	1	1
Extra fees	0	0	0	0	1	0	1	0

Don't Know/ Can't Say	28	26	52	59	19	50	33	20

TYPES OF CORRUPTION FACED BY STUDENTS IN EDUCATIONAL INSTITUTIONS

INDICATORS	ZONE					ALL METRO	URB AN	RUR AL
	ALL	NORT H	EAST WEST		SOU TH	ALL METRO	URB AN	RUR AL
Base : All interacted with Education sector in last 1 year	2378	805	544	408	621	606	1396	982
	%	%	%	%	%	%	%	%
Difficult to get good result or promotion to higher class unless the teachers are engaged as private tutors	11	12	19	7	5	7	12	11
Additional money had to be paid for form fill up	5	5	7	7	2	4	5	5
Management took money for supplying books and other material	4	3	4	4	6	4	5	3
For getting different kinds of certificates	3	2	4	3	2	3	3	2
Management deducts money from the stipend awarded to the students	2	2	3	2	1	2	2	2
Supply of less than allotted quantity of food in the \mid-day meals programme	2	2	4	2	1	1	1	3
Different kinds of irregular fees had to paid	2	0	6	0	3	1	2	2
Have to give more money for admission	2	2	1	2	4	4	3	1
None	58	65	44	74	49	69	59	55
Don't know/ Can't say	8	8	13	4	7	3	7	11

*Note :
Study includes both Private
and Government

2.2.2 HEALTH SECTOR

The percentage of people affected by corruption in Health sector is about 8% of the entire population of India.

- Payment of money through hospital staff is the dominant irregular process encountered for admission, followed by direct payments being made. Payments made for admission to hospitals are higher in the South.
- The dominant corruption after getting admission is non-proper care by doctors and nurses and also in terms of non proper medicine, food etc.
- 25% of those who has interacted with the health sector talk of money being demanded and it is especially high in the South (38%)
- The key actors leading to corruption in this sector across zones are allegedly Doctors (77%) followed closely followed by Hospital staff (67%).

VARIOUS TYPES OF CORRUPT ACTIVITIES FACED IN THE HEALTH SECTOR

INDICATORS		ZONE						
	ALL	**NORTH**	**EAST**	**WEST**	**SOUTH**	**ALL METROS**	**URBAN**	**RURAL**
Base: All interacted with Health sector in last 1 year	2704	1010	757	381	556	576	1427	1277
	%	%	%	%	%	%	%	%
Medicine was not supplied properly	11	6	24	8	5	7	11	12
Doctors did not take care properly	11	6	22	5	8	8	10	11
Nurse did not take care properly	6	2	11	5	9	5	7	6
Food was not supplied properly	3	2	5	3	1	2	3	3
Extra money had to be paid for getting medicine	8	6	12	5	8	1	5	11
Medicine had to be bought from designated pharmacy	8	15	5	5	2	1	6	10
Extra money had to be paid for the Doctor	7	4	7	4	14	0	5	9
Extra method (help of others) needed for admission in the hospital	4	3	5	2	3	4	4	3
Additional money had to be paid for admission	4	3	5	4	3	1	4	4

2.2.3. POWER SECTOR

The percentage of people affected by corruption in Power sector is about 5.9% of the entire population of India

- ➢ 'Improper supply of electricity' and 'Payment of excess bill' – were the key corruptions faced.
- ➢ About 50% respondents who had interacted with the Power sector in the past one year had to pay the office staff. Of these 50%, in most cases (67%) money is directly demanded.
- ➢ About every second person having interacted with the power sector had to make repeated visits to the office just to get their complaint registered or addressed. The incidence of this experience was much higher in West Zone (72%).
- ➢ The key actors in corruption in this sector are Linesmen (37%), Officers (24%), Meter readers (23%) and Billing clerks (22%).

SOURCES OF CORRUPTION IN THE POWER SECTOR

INDICATORS	ZONE					ALL METRO	URBAN	RURAL
	ALL	NORTH	EAST	WEST	SOUTH			
Base: All interacted with Power Sector in last 1 year	2862	1009	534	703	616	615	1604	1258
Electricity was not properly supplied	10	6	29	6	5	3	11	9
Excess electricity bill had to be paid	8	7	13	9	5	8	8	8
Additional money had to be paid for getting electricity line	3	3	6	2	2	1	3	4
Extra methods had to be taken for getting electricity line	2	2	4	1	1	0	1	2
Money had to be paid for reducing electricity bill	2	3	3	2	1	0	3	1
Meter readers took wrong readings	2	0	2	1	4	1	1	2
None	70	75	48	80	73	82	71	69

Rs 20 just to say I have cough and Re 30 for two pills! May be the charges are make for check-up...

20

2.2.4 LAND ADMINISTRATION

The percentage of people affected by corruption in Land administration sector is about 3% of the entire population of India.

➢ There are two main forms of corruption faced in this sector. The first one is waiting a long time for getting documents and the second one is an offshoot of the money involved in various activities such as mutation, services and tax.

➢ On an average, 36% of those interacted talk of money being demanded. This incidence is the strongest in the North (58%). In 59% of the cases money is directly demanded.

➢ The key beneficiaries of corruption in this sector are perceived to be Surveyors (45%), Revenue officers (30%) and Tehsildars (23%).

VARIOUS TYPES OF CORRUPT ACTIVITIES FACED IN THE LAND ADMINISTRATION SECTOR

INDICATORS	ZONE							
	ALL	NORTH	EAST	WEST	SOUTH	METRO	URBAN	RURAL
Base : All interacted with land administration	743	148	247	119	229	91	297	446
	%	%	%	%	%	%	%	%
Waited long time for getting documents after Registration	8	13	11	10	2	5	9	8
Extra money had to be paid for Mutation	8	15	9	7	2	4	9	7
Extra money had to be paid for Land survey	8	5	6	8	12	2	6	9
Extra money had to be paid to determine the Boundary of land	7	15	7	0	6	2	6	8
Extra money had to be paid to clear taxes	6	4	6	3	8	7	8	5
Gave money to Patwari	5	14	3	2	3	4	6	5
To change land use	4	4	2	3	8	2	4	5
Extra money had to be paid for showing lower price than actual price	3	3	4	4	1	1	3	2
Extra money had to be paid for getting khas land	3	5	1	3	4	1	2	4
Extra money to be paid on holiday	3	2	4	2	1	3	4	1
None	41	21	42	54	47	50	40	42
DK / CS	12	12	17	10	9	19	15	10

2.2.5   TAXATION

The percentage of people affected by corruption in Taxation sector is about .66% of the entire population of India

➢ Surprisingly this sector has garnered a lower 'Corruption score' as compared to other sectors.
➢ In the North zone, and metros, more than 50% people who had interacted claimed to be paying Income tax. On the other hand, Municipal tax (»80%) features very strongly in the West and South.
➢ The key corruption faced is "paying for getting reduced or correct assessment". However, only about 11% talk about paying money.
➢ The tax officer (44%) and the clerk in tax department (35%) are the key actors in the corruption in this sector.

VARIOUS TYPES OF CORRUPT ACTIVITIES FACED IN THE TAXATION SECTOR

INDICATORS		ZONE						
	ALL	NORTH	EAST	WEST	SOUTH	ALL METRO	URBAN	RURAL
Base: All who interacted with Taxation sector in the last one year	672	133	221	172	146	97	428	244
	%	%	%	%	%	%	%	%
Had to pay for under-assessment	5	5	6	5	5	9	5	6
Had to pay to reduce tax which was assessed	3	5	3	2	3	0	3	3
Had to pay to reduce fictitious assessment	3	4	2	1	4	3	3	1
They take municipal tax but don't give facilities of road light, water on	2	4	1	1	4	1	2	2
For form issue	1	4	1	0	1	5	2	1
DK / CS	85	78	86	92	84	78	85	87

22

The reputation of this office is getting from bad to worse. That chap wants to know where to give the bribe.

2.2.6. POLICE SECTOR

The percentage of people affected by corruption in Police sector is about 2% of the entire population of India

➢ **53% have said that political intervention has been the key corruption that they have faced. 14% have pointed out that money has been demanded for making an FIR**
➢ 50% of the people admit having paid money. However this is lower in the West (36%) and the metros (39%).
➢ The duty police officer (54%) is seen as the chief beneficiary. Other beneficiaries are the investigation officer, officer in charge, clerk in the police station

VARIOUS TYPES OF CORRUPTION FACED IN THE POLICE SECTOR

INDICATORS		ZONE						
	ALL	NORTH	EAST	WEST	SOUTH	ALL METRO	URBAN	RURAL
Base: All interacted with police in last 1 year	440	154	128	63	95	103	257	183
	%	%	%	%	%	%	%	%
Politician use interference to subvert normal process	53	55	49	65	45	56	57	47
Money had to be paid for filing FIR	14	16	13	13	14	5	12	18
Money had to be paid to avoid false arrest	7	5	8	5	10	6	5	9
Money had to be paid for police verification for Passport	6	8	2	0	15	3	6	8
Money had to be paid to arrest accused	6	2	13	6	3	1	3	11
Money had to be paid to take down complaints	5	4	5	3	7	2	3	7
Money had to be paid to avoid arrest	4	3	5	3	7	3	2	7
Money had to be paid for General Diary	3	5	4	0	0	4	3	3
Money had to be paid to send the charge sheet to the court	3	1	5	1	2	1	3	3
Money had to be paid for police verification for job	2	3	2	2	1	1	2	1
Money was asked for going on the wrong side of road	2	1	0	3	3	3	2	1

2.2.7 JUDICIARY

The percentage of people affected by corruption in Judicial sector is about 1.29% of the entire population of India

➢ *Th*e key form of corruption prevalent in this sector is predominantly 'Paying money to the 'court official'. To add to justice seeker's misery, money sometimes needs to be paid to the public prosecutor and even the opponent lawyer. 43% talk about having paid money thus. This figure is slightly lower in the West (35%).

➢ The key beneficiaries of corruption in this sector include the Court employees (44%) and the Judicial officials, Public persecutor / opponent lawyer at about (15%).

FUNCTIONARIES INVOLVED IN MONETARY CORRUPTION

	ALL	ZONE				ALL METRO	URBAN	RURAL
		NORTH	EAST	WEST	SOUTH			
Base : All interacted with Judiciary	355	112	133	70	40	64	198	157
	%	%	%	%	%	%	%	%
Money had to be paid to the witness	6	8	7	3	2	7	8	3
Money had to be paid to the Public prosecutor	12	16	10	9	15	7	9	17
Money had to be paid to the Court official	23	27	26	20	5	18	23	23
Money had to be paid to the Magistrate	4	3	7	3	2	2	3	6
Money had to be paid to the opponent lawyer	6	8	4	7	3	2	3	9
Money had to be paid to the judge	3	3	2	3	5	5	2	3
Bribed clerk	2	0	2	2	3	3	2	1

2.2.8   RAILWAYS

The percentage of people affected by corruption in Railways sector is about 3.3% of the entire population of India

➢ The study does not reveal any dominant corruption faced. However, about 15% talk of paying money for corruption directly or indirectly to the Railway department.
➢ The ticket checker (55%) and the clerk (36%) are the key beneficiaries.

VARIOUS TYPES OF CORRUPT ACTIVITIES FACED IN THE RAILWAYS SECTOR

		ZONE						
	ALL	NORTH	EAST	WEST	SOUTH	ALL METRO	URBAN	RURAL
Base : All interacted with Railways	1918	553	619	366	380	666	1300	618
	%	%	%	%	%	%	%	%
Extra money had to paid to get reservations	7	5	10	9	3	6	7	6
Extra money had to be paid to get ticket urgently	6	5	6	7	3	4	6	5
Extra money had to be given when traveling on someone else's ticket	3	2	4	2	1	4	3	1
When buying tickets, makes wrong use of computers and take more money	2	2	2	2	1	2	2	1
Extra money had to be paid to the checker to allow Extra person to travel	1	0	1	1	0	1	1	0
Taking money and not returning change	1	0	0	1	1	0	0	1
Extra money had to be paid for goods carriage	1	0	2	1	2	1	1	2
None	67	69	59	65	81	74	70	60
DK/CS	13	13	18	16	3	8	10	20

2.2.9 TELECOM

The percentage of people affected by corruption in Telecom sector is about 3.12 % of the entire population of India

➤ *This figure is significantly high in view of the fact that a very small fraction of our population has access to telephone lines.*

➤ The study does not reveal any dominant type of corruption. To some extent, Money has to be paid to linesman for installation or for restoration of faulty line when phone goes dead. About 26% of all those who interacted, talk of money being paid. The incidence of this form of corruption is somewhat higher in South (37%).

➤ The linesman is seen to be the key beneficiary by about 78% of those who interacted.

VARIOUS TYPES OF CORRUPT ACTIVITIES FACED IN THE TELECOM SECTOR

		ZONE						
	ALL	NORTH	EAST	WEST	SOUTH	ALL METRO	URBAN	RURAL
Base: All interacted with telecom	1371	531	256	286	298	423	935	436
	%	%	%	%	%	%	%	%
Money had to be given to linesman when phone went dead	11	8	11	9	16	8	11	11
Money had to be given to linesman for installation	10	9	14	10	10	6	10	11
Money had to be given to local office when phone went dead	3	2	5	1	7	3	4	3
Money had to be given to linesman for transfer	2	3	3	0	2	1	2	2
Money had to be given for quick service	2	1	3	2	2	2	3	0
Larger bill amount had to be paid	1	0	3	1	0	2	1	0
None	55	58	47	65	48	54	54	57
DK/CS	11	11	12	9	13	12	10	13

2.2.10   RATION

The percentage of people affected by corruption in Ration sector(P.D.S) is about 4.76% of the entire population of India

➢ Instances of corruption were cited such as (a) Money being demanded for new cards and (b) Faulty (less) weighing for different items.

➢ About 17 % claim to have paid money due to corruption. The average amount paid was about Rs. 274 per annum. This translates into an outflow of (Rs.1210 cr. Per annum)

➢ This outflow was higher in the East (Rs. 710 /- annum) and lower in the North (Rs.54/- annum).

VARIOUS TYPES OF CORRUPT ACTIVITIES FACED IN THE RATION SECTOR

	ALL	ZONE NORTH	EAST	WEST	SOUTH	ALL METRO	URBAN	RURAL
Base: All interacted with ration shop/department	2849	715	815	522	797	604	1430	1419
	%	%	%	%	%	%	%	%
Money had to be given for issuing of new cards	8	12	7	7	7	5	7	9
Weighing is less	7	0	2	0	23	18	10	4
Don't get ration every month	5	5	10	1	1	3	4	6
Extra money had to be given to get full ration quota	3	2	3	4	4	2	3	3
Easy collection of ration to be enabled	2	1	2	2	3	1	1	3
Extra money had to be given to get better quality products	2	0	1	2	4	2	2	2
Not getting kerosene on time and some time getting less	2	1	1	2	4	2	2	2
The quantity is less	2	1	3	0	3	3	2	2
None	55	63	44	71	47	50	55	55
DK/CS	8	9	13	9	3	5	7	10

3.0 KEY CONCLUSIONS DRAWN

The individual sector wise comparison of the total financial outflow is as follows:

THE FINANCIAL OUTFLOW: SOME SECTOR WISE COMPARISONS			
SECTOR	GDP (Rs. Crores)*	Outgo (Rs. Crores)	% Of GDP*
Health	19091	7578	39.7
Education	60745	3552	5.9
Railways	9691	591	1.99
Power	40501	5764	14.23
Telecom	22095	779	3.5

Note: 1. *Gross domestic product figures have been taken from National account statistics, 2001, CSO,GOI. GDP refersto the value of goods and services generated in respective sectors.*

2. *Outgo refers to the corruption money paid by the "recipients" of these services*

The sector wise comparison of total financial outflow leads to several interesting revelations. What is most damaging is that the total outgo due to corruption in the Health sector is close to 40% of the GDP contributed by it.

Extent of Corruption

Interestingly, the higher the interaction with a sector, the lower is the percentage of people having paid money for corruption in that sector (except for health).
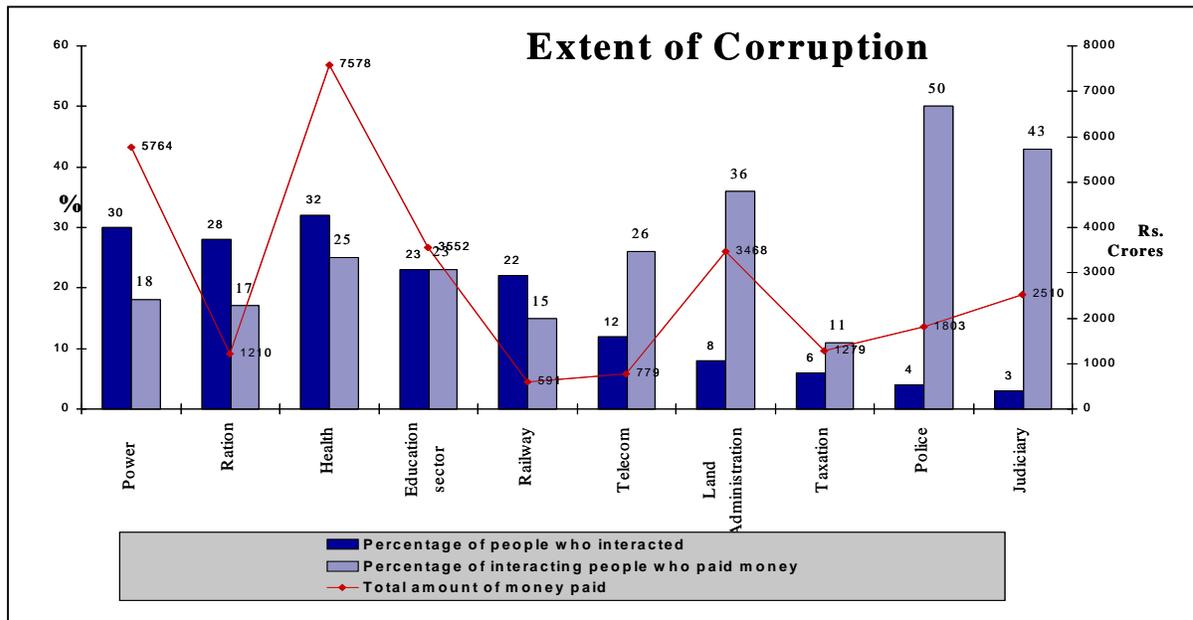
As it is clear from the above graph, Health is the sector with highest public interaction and also has the highest percentage of people having to pay money due to corruption. It is therefore, no surprise that the largest quantum of corruption outgo (Rs.7578 crores) occurs in this sector.

➢ It can be inferred that corruption is higher in sectors, which assume higher importance for a particular set of people. To adduce some facts from the results of this study:

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√ The North and Urban areas where agriculture is the primary source of income, Land administration assumes a great importance. Interestingly, the average outflow of money for corruption in this sector in the highest in the North and rural areas only.

√ Food procurement is a major problem in the East, which has the highest proportion of poor in India. Interestingly, the average outflow of money for corruption in Ration sector is the among highest in East.

√ South Zone basks in the glory of the highest number of educated people. And, the money outflow for corruption in the education sector is also the highest in this Zone.

Another interesting aspect: Though the interaction of public with Police, Judiciary, Land administration and Taxation are low, nearly one third to half of those dealing with these sectors have to face instances of corruption and the per capita outgo due to corruption is also high.

How many people are affected due to corruption?
The percentage of people affected due to corruption in a sector is calculated after multiplying the percentage of people who interacted with a sector into the percentage of people who paid money due to corruption. The estimated number of people affected due to corruption, based on the findings of this study is quite significant. Let us take a look at the following figures:

SECTOR	Percentage of people affected:	Estimated number of persons affected :
Health	8 %	8.1 Crores
Power	5.9%	5.9 Crores
Education	5.3%	5.3 Crores
Ration	4.76%	4.8 Crores
Telecom	3.12%	3.1 Crores
Land Administration	2.88%	2.9 Crores
Railways	3.3%	3.3 Crores
Police	2%	2.0 Crores
Judiciary	1.29%	1.3 Crores
Taxation	.66%	0.7 Crores

The above figures speak volumes. Every tenth man in India is affected due to corruption in the Health Sector. A comparable proportion is affected due to corruption in Power Sector. A good 5 crores (approx.) is affected due to corruption in Education Sector. This is quite significant in view of the small fraction of Indian population that has access to Education.

India's rank in the Human Development Index is one of the lowest in the world. The findings of the study, in a sense, justify India's low ranking. Understandably, the Human Development Index depends greatly on the state of Health and Education Sectors in a country. Sadly enough, these two sectors are those sectors that affect the common man the most.

4.0. SUGGESTIONS FOR IMPROVEMENT : VOX POPULI
As already stated, corruption is so blatant that the key players in each sector directly demand money from public. "**Punishment for wrong doers" is the key suggestion for**

combating corruption. This calls for increased vigilance in each sector especially at points of public interaction. Since this report is based on the perceptions of a common man regarding corruption in India, it would be best to look at what a common man thinks should be done to fight corruption in India. In what follows are the suggestions for improvement in each sector as suggested by the findings of the survey.

4. 1   Education Sector

➢ Management to see – teacher teaches responsibly.
  If the management of all Schools and other educational institutions are able to ensure good quality education, then people will not have to unnecessarily flock to only 'some' reputed institutions, and give in to their unreasonable demands.
➢ Inspection of teachers / schools
  Proper and timely inspection of all educational institutions and teachers would also ensure the above stated point.
➢ Private tuition should be stopped
  It was suggested that private tuition in all its forms should be prohibited. Even otherwise, if the quality of education imparted is improved, the students will not have to seek private tuitions.
➢ Proper punishment for offenders

This would be necessary if norms are broken and would further ensure accountability in the system by rule of the stick.

4.4.2 Health Sector
➢ Government to keep close vigil on the working of the hospitals.
➢ Better medicines arrangement: Availability of Medicines to patients should be improved
➢ Doctors should come on time. This could also mean that more doctors should be employed in the hospitals depending upon the demand of doctors in a particular department.
➢ Doctors should demand less money.

4.4.3 Power Sector
➢ Punishment for wrong doers
➢ Time to time checking against corruption
➢ Stealing of electricity to be stopped: This is more or less a subset of the above suggestion.

The above suggestions are more or less inter-related and are mainly in line with a strong desire to bring accountability to this sector.

4.4.4 Land Administration
➢ Punish wrong doers: The public obviously wants punishment for offenders. But this would require much more vigil on the part of the authorities so as to identify the people involved in corruption at any level.
➢ Management should work to stop corruption. This suggestion is more or less in line with the one above.

4.4.5 Taxation
Surprisingly, not many suggestions came up for curbing corruption in this sector, except that
➢ Wrong doer should be suspended / punished

4.4.6 Police
- ✓ Suspension / suitable punishment for corrupt officials
- ✓ Bribery to be penalized
- ✓ Authorities to be more vigilant for prevention of corrupt activities

4.4.7 Judiciary
- ➢ Punishment / suspension of the wrong doer
- ➢ Judgment to be correctly made / and fast

This is the crux of all suggestions made for curbing corruption in this sector. Also to add to this point "Justice delayed is justice denied".

4.4.8 Railways
- ➢ Regular checking
- ➢ Punishment for wrong doers

4.4.9 Telecom
- ➢ Punishment for wrong doers
  Proper punishment in the form of Suspension of corrupt officials was suggested
- ➢ Quick rectification of faults
  This would prevent people from falling prey into the unreasonable demands made by linesmen and the like.
- ➢ Privatization of telecom sector
- ➢ Close watch on the linesmen by officers

4.4.10 Ration (Public distribution system (P.D.S.)
- ➢ Proper and timely inspection of Ration shops
- ➢ Ration shop owner to stop black marketing
- ➢ Product should be given on time
- ➢ Weights should be proper

TRANSPARENCY INTERNATIONAL INDIA
Promoting coalitions to fight against corruption and for Good Governance.

Transparency International India (TII) is a wholly Indian, non-party, non-power-seeking and not-for-profit organization (NGO) of voluntary workers formed in 1997 and registered under the Registration of Societies Act, at New Delhi. It is accredited to the world body Transparency International (TI) the only global non-governmental and not-for-profit organisation devoted solely to containing corruption and increasing government accountability. Transparency International Secretariat is in Berlin, Germany. There are currently more than 80 National Chapters.

PRINCIPAL OBJECTIVES AND PROGRAMMES
1) To campaign for the *Eradication of Corruption* from –
   i) Politics
   ii) Government Administration
   iii) Business and Industry
2) For Combating Political Corruption in High Places, to press relentlessly for –
   i) Legislation for an effective *Lok Pal (Federal Ombudsman)* by Parliament, and until such Lok Pal is appointed, to establish a Peoples Lok Pal Commission, to ensure transparency and probity in public life.
   ii) *Compulsory Declaration Of Assets* by all Ministers and MPs and their spouses and dependants, with penalties for non-declaration or false declaration.
   iii) *Electoral Reforms* to ensure that the best available persons are elected to the legislatures without misuse of money power and ministerial power; compulsory audit of political party accounts; transparency in electoral funding; plugging of loop-holes in the anti-defection law to prevent change of allegiance from one party to another after election; and preventing at the threshold, corrupt and criminal elements from contesting elections.
3) To press for formulation and implementation of *Codes of Ethics* for : Ministers, Members of Parliament and State Legislatures, Political Parties, Government Servants, Citizens & Voters, Trade & Industry.
4) Work towards *Administrative and Judicial reforms*.
5) To promote *Public Awareness* and realisation of Citizens' Duties and Rights (more on duties than rights), as enshrined in the Constitution of India, particularly civil liberties and human rights.
6) To encourage and promote *Moral and Ethical Education* in Indian schools including education for good citizenship.
7) To secure all-India legislation by Parliament for *Citizens' Right or Access to Information*, except only in matters affecting the security or defence of the country.
8) To assist the formulation of *Citizens' Charters* by all such Government Departments and Institutions as are dealing with the public, so that the delivery of services, to which the citizen is lawfully entitled, is ensured without bribery, harassment or delay.
9) Promotion of *E-Governance* as a tool for delivery of services and controlling corruption.
10) To assist in the *Establishment Of Chapters Or Branches Of Transparency International India* with aforesaid objectives, one in each State and Union Territory of India; and
11) To act as a *Storehouse of Information* by collecting data from Indian and foreign sources (database) on the above objectives and programmes and to disseminate this information among the civil society and other like-minded NG0s engaged in similar work.

Monthly Bulletins are dispatched to all members for reporting progress in the implementation of the aforesaid objectives.

*Exemption under section 80-G of Income Tax Act available. Registered under FCRA.

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