



A Descriptive Analysis of Cost Estimation of Corruption and its Financial Crisis in India

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ABSTRACT

Globally corruption and its impact affected including all the developed and developing nations, India is no exception. Many undeveloped nations corruption are occupy more and even demolished many countries democracy and created internal war. Corruption it's against the democracy and human rights of all the level of people, especially economically lower level people. India was ranked 94 out of 176 countries in the corruption indicates by Perception Index of Transparency International and also finds 19 out of 28 persons were suffered by the seriousness of corruption. World Bank, biannual countries update 2013 was estimated that 0.5% of the Indian Gross Domestic Product (GDP) in every financial year is lost due to the corruption in India. Corruption cases were reported in the media were estimated nearly INR 364 billion losses suffered in the Indian economy apart from the 2G scam, Coal mine, commonwealth game and so on in India. This paper is mainly focus to analyze the estimation of cost of corruption in both government and private sector in India and it provides various suggestions to curb this issue in India.

KEYWORDS

1. Introduction:

Corruption is one of a perennial problem in India. Corruption occupies the major role to rule against the fair government in the every nation in the world. World wide corruption is the big challenge to control and prevent, India is no exception. There are so many route causes of prevalence of corruption in our nations; it occupies the top to bottom level of people. The major consequence of corruption affects the growth of the nation i. e economy. Every nation's development depends upon the indigenous economic growth and strength. Now India faces corruption is a other form of internal terrorism it affects both national and international level of our nations growth. According to the World Economic Forum (WEF) and World Bank recently indicates the cost of corruption more than 5% of the global GDP its equal to (\$2.6 trillion). Every year India losses their 0.5 % of the GDP due to the corruption it was estimated by the World Bank biannual update reports. In India media is the ultimate sources to know the value of corruption, media expose and reported in the corruption were estimated the INR 364 billion in the Indian economy is apart from the 2G scam, coal mine and top national level corruption cases. Globally corruption affects all over the nation's democracy and its human rights values, every nation has some root causes to affect by the corruption. Research by the Perception Index of Transparency International indicates that India was ranked 94 out of 176 countries in the corruption and its finds that 19 out of 28 persons were suffered by the seriousness of corruption in globally. According to the National Crime Records Bureau, 2012 (NCRB) shows that 4,234 cases were registered in India and the value of the corruption nearly 188.82 cores of property were seized under corruption act. Corruption in India is defines according to the Santhanam Committee report, corruption includes improper and selfish exercise of power and influence attached to a public office or to the special position one occupies in public life. The act of corruption is mainly the profit of one persons getting others expense, it clearly means that abuse of power and position. It affects countries economy in the deregulated way of nation's growth. The concept of corruption comes under the 'victimless crime', its consequences of affects not only the nation's growth its affects directly against to the poor's democracy and their fundamental human Rights. The corruption has been explained the equation method by Klittgard 1987 is $C=M+D - A$ (i.e., Corruption=monopoly power+ Discretionary power -Accountability) the more concentrated the supply of a good service, the higher the discretionary power of those that control

the supply; lower their accountability to the authorities, the higher the corruption level. Apart from the impact of corruption affects directly or indirectly in India in many ways like increased costs of goods and service, lacking in investment of both intra and international, lacking of professional ethics, imbalanced socio economic development. The issue of corruption and the persons who are mostly involved the public servants, bureaucrats and politicians in India. This paper is to investigate the cost of corruption in India and its impacts and to provide the various suggestions to curb the corruption in India.

2. Cost of Corruption:

Globally every nation is suffered by the corruption and its impact, while estimate the cost of corruption is a wide and difficult task. Officially reporting corruption cases cost is highly differs from unrecorded cost of corruption cases. Corruption affects directly or indirectly to the economic growth of every nations and it's estimated the unrecorded income of every nations. Recently Indian economic administration suffers in the menace of corruption, large sums of money involving in the corruption in both individual and Government money has been uncovered in India. Globally Indian economy is the sixth largest economy due to modernization and innovative industrial developments, exports, NRIs and so on. Now India suffers to handle the economic administration due to the menace of corruption, its affects economic growth and lacking to competitive in the global economic.

Corruption has some various forms to estimate, it act many in types like I incidental, II systematic and III systemic. Every forms of corruption are involves are different level of persons and department and different purposes (Riley). Type I is incidental is small level of cost exchange and corrupt activities. It administrative hierarchy bottom level of employees commits this. Economist analysis this is an macro economic cost and it's difficult to control and prevent. Most of the Indian citizen affects everyday in this type of incidental cost of corruption. Type II indicates that systematic corruption it acts the huge level and covers whole Government involves this activities and its affects whole revenue functioning, trade shares. The top-brass of government officials, bureaucrats and politicians are involved this type of corruption. Finally type III systemic corruption it acts whole country shame and decrease the level of economic development in the national and internal level. Comparing type I to type II and type III cost of corruption is

high and its acts the hidden economy of the nation's unrecorded income. This cost and its impact are destroy the democracy of nation, its buy the government through cost like to buying votes, selected public servants and its most seriously to buying judicial judges for favouring the judgments its against and unfairness of judicial system in the nation. Many countries are witnessing this activity like United Kingdom (Financial Times) and Albania its leads to organized crime (Transparency International Newsletter).

3. Tangible and Intangible cost of corruption:

Corruption happens in various dimensions in the economical concepts. While analysing the cost of corruption in two major concepts to deal that is tangible and intangible cost of corruption.

There are various attempts made to indicate the cost of corruption in the quantitative conditions.

3.1. Tangible analysis of cost of corruption is the nation cost suffered by globally to competitive to other countries. In India every year losses about two lakh crores in the tax evasion and its affects the total economic development of the nation. This money turns to black money and its illegally expending for the illegal purposes. Corruption occupies all the level of government schemes and government tenders. Its highlighted the 2G spectrum scam never seen in Indian history, it valued nearly 1.76 lakh core were estimated. It un-imaginable by the common man and its related corruption cost of common wealth game 70 thousand core and coal mine scam were nearly 1.86 lakh core were example to estimated in the top level of national cost in India. Globally many countries suffers the corruption in directly, countries like Philippines government estimated that \$48 billion due to corruption and its exceed the foreign debt of \$40 billion and Indonesia assets nearly \$40 billion fallen by the corrupt officials (Business Week 1993). Corruption index is measured by the one standard deviation improvement the translates increase of 2.9% of the GDP in the investment rate and also increasing of 1.3% annual per capita of GDP also growth (Mauro 1995). Indian investment gets 12% rise by annually and the same GDP grow 1.5 % if the Indian corruption is considerably reduced to the level of Scandinavian countries (Mauro, P). According to World Bank indicate that countries were in corruption level is low is generally invite and attracted by the investment of foreign countries (Campos & Pradnam 1997)

3.2. Intangible cost:

Intangible cost of corruption is to relate to the cost and benefits of the specific corruption acts. The lacking of cost benefit analysis in the corruption is systemic impact of corruption. According to Asian development Bank suggests that "It is the intangible indirect costs of corruption that are both hard to recognise and far exceed its direct costs. And it's hardly to measure the political and social cost of corruption to explain". Many statistical findings reveals that higher corruption is related to higher public investment, lower government revenues, spending lower expenditures on maintenance and finally lower quality of public infrastructure. The public cost of corruption increases the public investments is high expensive and reducing its productivity (Social Action 2009).

4. Suggestions and Conclusions:

India has a large democracy and multiple level of people living in various cultural, languages and demographical also in various economical conditions. In recent years India developing in all the levels economical and financial development to compare and competitive the international market. At the same time India facing the lot of financial crisis and economical imbalance due to the corruption by their own country people money and foreign investments. Many Research indicates that 19 out of 28 persons of Indian citizen suffers corruption in the first handed. Moreover its create economical imbalance to the people and initiate poverty, unemployment and unhealthy economical status to the people. In India has the separate wing to tackle the corruption but its not independent wing

(CBI and CVC). Based upon this every citizen have knowledge of corruption but lack of awareness to prevent and report it. Create awareness in the grass root level of the entire citizen. Take stringent action against public servants those who are involving corruption. Government should transparency of assets of bureaucrats, politicians and always monitoring their economic background. Government should encourage NGOs to act against corruption freely. Estimate the cost of corruption is widely difficult to analysis in India. The billions of unrecorded income by the top officials and politicians were create the hidden economy of the Indian economic administration.

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