

Repercussions of Petty Corruptions

\n\n

What is the issue?

\n\n

In India petty corruption such as acts of 'fixing' or 'facilitating' everyday transactions with government agencies continues to be a bane.

\n\n

What are the concerns with petty corruptions?

\n\n

\n

- Large scams, while imposing a cost on society as a whole, and occupying public imagination, do not actually touch the lives of ordinary people and businesses, especially SMEs.

\n

- But the million acts of petty corruption is a reality that everyone in India lives with in their personal and professional lives.

\n

- Petty corruption is as expensive to society as large scams and cannot be tolerated as small change used to grease the economic machine.

\n

- For example, clearance and movement of goods, dealing with fines, on-site inspections or approvals, access to utilities, submission of documents to courts and other statutory bodies.

\n

\n\n

How various stakeholders are affected by petty corruptions?

\n\n

\n

- **Governance** - Petty corruption typically afflicts those government processes or approvals that are deemed operationally critical and urgent.

- \n
- It also helps create a very strong eco-system of vested interests that resists and even trumps any move to reform the system.
- \n
- Many of such 'fixing' entities exist in the guise of legitimate services providers such as lawyers, registered brokers for different activities, and consultancy services.
- \n
- **Indudival** - It imposes personal cost as an individual, a small business owner, or even an employee of a large business having to negotiate this labyrinth.
- \n
- There is loss of self-respect and feeling of lack of empowerment that such acts imposes on one.
- \n
- **Domestic Industry** - The cottage industry of fixers, agents, and consultants earn significant revenues out of petty corruption.
- \n
- For firms and individuals these show up as extra costs and fees, thus, there is a huge pushback from such quarters who want to retain the status quo.
- \n
- **Foreign Investments** - Usually expansion plans of foreign investors depend on grapevine information from the ground.
- \n
- Any anecdotal experience will be shared by managers on the ground to their superiors is spread through the system.
- \n
- This means that firms from industrialised nations would be increasingly reluctant to do business in countries where petty corruption is rampant.
- \n

\n\n

What measures needs to be taken?

\n\n

- \n
- Government need to realise that large systemic reforms such as automation and IT enablement of taxation or customs processes, or making permit application online wont address micro-level corruption.
- \n
- Area specific mission mode taskforces need to be set up to analyse every micro-transaction in every process.
- \n
- Individual taskforces dedicated to customs, transport, industrial licenses or

Shops and Establishments Act etc. need to be formed, drawing membership from industry practitioners, regulatory experts and bureaucracy.

\n

- Such taskforces should develop an implementation plan that reduces the rent-seeking loop peculiar to petty corruptions.

\n

\n\n

\n\n

Source: Business Line

\n\n

\n

