Repercussions of Petty Corruptions

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What is the issue?

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

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What are the concerns with petty corruptions?

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- 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.
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- But the million acts of petty corruption is a reality that everyone in India lives with in their personal and professional lives.
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- Petty corruption is as expensive to society as large scams and cannot be tolerated as small change used to grease the economic machine.
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- 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.
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How various stakeholders are affected by petty corruptions?

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- **Governance -** Petty corruption typically afflicts those government processes or approvals that are deemed operationally critical and urgent.
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- It also helps create a very strong eco-system of vested interests that resists and even trumps any move to reform the system.
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- Many of such ‘fixing’ entities exist in the guise of legitimate services providers such as lawyers, registered brokers for different activities, and consultancy services.
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- **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.
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- There is loss of self-respect and feeling of lack of empowerment that such acts imposes on one.
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- **Domestic Industry -** The cottage industry of fixers, agents, and consultants earn significant revenues out of petty corruption.
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- 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.
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- **Foreign Investments -** Usually expansion plans of foreign investors depend on grapevine information from the ground.
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- Any anecdotal experience will be shared by managers on the ground to their superiors is spread through the system.
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- This means that firms from industrialised nations would be increasingly reluctant to do business in countries where petty corruption is rampant.
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What measures needs to be taken?

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- 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.
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- Area specific mission mode taskforces need to be set up to analyse every

micro-transaction in every process.
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- 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.
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- Such taskforces should develop an implementation plan that reduces the rent-seeking loop peculiar to petty corruptions.
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Source: Business Line

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