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**Ph.D. Dissertation**

**Administrative Corruption in the Delivery  
of Services: A Behavioural Study of 10  
Sectors in Dhaka City**

A Dissertation Submitted to the Institute of Bangladesh Studies,  
University of Rajshahi, in Partial Fulfilment of the Requirements for  
the Degree of Doctor of Philosophy in Political Science

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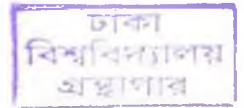
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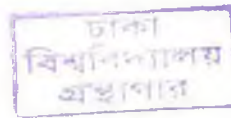
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June 2011

*Dedicated*  
*To*  
*My Mother*  
*Whom I Lost*  
*During My Childhood*

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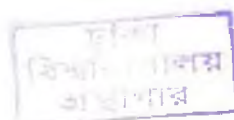


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I also certify that I have gone through the draft of the dissertation very carefully and I found it fully satisfactory for submission to the Institute of Bangladesh Studies (IBS), University of Rajshahi, for the degree of Doctor of Philosophy in Political Science.

**Supervisor**

*Rajshahi, June 2011*

*Sd.*

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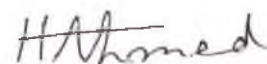
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## Researcher's Declaration

I hereby declare that the dissertation titled '*Administrative Corruption in the Delivery of Services: A Behavioural Study of 10 Sectors in Dhaka City*' being submitted to the Institute of Bangladesh Studies (IBS), University of Rajshahi, for the degree of Doctor of Philosophy in Political Science is an original research work conducted by me under the supervision and guidance of Professor Md. Abul Quasem, Professor of Political Science, University of Rajshahi. No material of this dissertation in any form has been submitted previously to any other university or institute for the award of any degree or diploma.

This research work is an original one and it has not been collaborated with anybody else. The sources incorporated in the dissertation have been duly acknowledged and quoted wherever required for the purpose of clarity and proper referencing.

*Rajshahi, June 2011*



**Helal Uddin Ahmed**

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## Preface

This dissertation titled '*Administrative Corruption in the Delivery of Services: A Behavioural Study of 10 Sectors in Dhaka City*' is the culmination of over two decades of study and observations on administrative corruption in Bangladesh as a participant-observer in the civil service. The academic or theoretical part in this endeavour included a research paper on '*Bureaucracy as an Agent of Underdevelopment: The Case of Bangladesh*' written by the present researcher back in 1992 in partial fulfilment of the requirements for the advanced course (M.Phil. equivalent) on Economics and Quantitative Techniques at the Bangladesh Institute of Development Studies, Dhaka. It was followed up with a Master's level dissertation on '*Administrative Corruption in Bangladesh: A Survey of Three Police Stations*' at the University of Ulster, UK, in 2005.

The practical aspect of this long sojourn of discoveries included the direct experiences of the present researcher as an insider within a generally corrupt Bangladesh bureaucracy over a long period of time. Although a majority of my colleagues in the civil service appeared to value the virtues of honesty and morality at the beginning of their careers, it was observed with great anguish that their attitude gradually got transformed over time, possibly due to the 'demonstration effect' cum 'bandwagon effect' of corruption in Bangladesh society. Therefore, understanding the 'why', 'what', 'where' and 'how' of administrative corruption became both an academic and existentialist compulsion for the present researcher. My informal association with the Bangladesh Chapter of Transparency International over the years as its member aided me in conceptualising this search for the causes, costs and remedies of administrative corruption in Bangladesh.

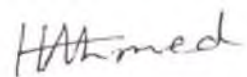
I recall here with sadness that despite topping the list in track-2 of the advanced course in economics and quantitative techniques held at BIDS in 1992, I was not sent abroad for doing Ph.D. in accordance with the terms and conditions of that program, which happened mainly due to some administrative lapses at the esteemed institute. Consequently, I had to undertake Ph.D. study at IBS, University of Rajshahi at a much advanced age and am now giving final touches to that long-held ambition of obtaining a Ph.D. degree almost 20 years behind schedule.



Here, I would like to wholeheartedly thank my honourable supervisor Professor Md. Abul Quasem, one of the senior-most teachers of Rajshahi University and a veteran exponent of behavioural approach in social science, for his patience and forbearance in guiding this research effort. His academic expertise and personal sagacity was of great help in framing this study. I would also like to thank the senior teachers at the Institute of Bangladesh Studies (IBS), University of Rajshahi, namely, Professor Md. Mahbubur Rahman (currently Director), Professor M. Zainal Abedin and Dr. Swarochish Sarkar for their valuable advice, guidance and kindness during the coursework at IBS and in the preparation of this Ph.D. dissertation.

I am also indebted to the Ministry of Public Administration, Government of the People's Republic of Bangladesh for granting me permission and sanctioning me a deputation as Officer on Special Duty (OSD) to undertake this Ph.D. Fellowship for three years at IBS. I would like to express my gratitude to the 'Economic Research Group' of Dhaka for providing partial funding for the field survey of this dissertation in 2010 under their investment climate research programme. It also allowed the present researcher to pre-test the research methodology as well as questionnaire of this dissertation through a survey on corruption in investment-related agencies of Dhaka. Last but not least, I would like to thank my wife Ujala, daughter Hridita and son Rasha for their patience and support in facilitating this academic voyage of three years.

*Rajshahi, June 2011*



**Helal Uddin Ahmed**

Ph.D. Fellow

Session: 2008-09

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**GOB** – Government of Bangladesh

**IBA** – Institute of Business Administration

**IBS** – Institute of Bangladesh Studies

**IMF** – International Monetary Fund

**IRD** – Internal Resources Division

**IT-NBR** – Income Tax wing of National Board of Revenue

**MOE** – Ministry of Education

**MOHFW** – Ministry of Health and Family Welfare

**MOF** – Ministry of Finance

**NBR** – National Board of Revenue

**NCB** – Nationalised Commercial Banks

**NGO** – Non Government Organization

**NHS** – National Household Survey

**PMO** – Prime Minister's Office

**PS** – Police Station

**SCB** – Supreme Court of Bangladesh

**SMA** – Statistical Metropolitan Area

**TI** – Transparency International

**TIB** – Transparency International Bangladesh

**UNDP** – United Nations Development Programme

**UNO** – Upazila Nirbahi Officer

**VAT-NBR** – Value Added Tax wing of National Board of Revenue

**WB** – World Bank



## Abstract

This dissertation on *'Administrative Corruption in the Delivery of Services: A Behavioural Study of 10 Sectors in Dhaka City'* has explored the nature, forms, types, causes, costs and remedies of administrative corruption in the service-delivery sectors of Bangladesh – a developing country of South Asia. A behavioural approach was adopted in conducting the field survey on 10 service-delivery sectors of Bangladesh Government in Dhaka city. The 10 selected sectors were: the police, education, healthcare, power supply, water supply, banking services, income tax, value added tax, municipal services and land administration. An attempt has been made in the study to recommend some remedial measures for curbing administrative corruption in the public sector services by catering to the perceptions of both service-recipients and service-providers regarding the causes, costs and remedies of administrative corruption.

The study showed that there were some marked differences between the perceptions of service-recipients and service-providers in their assessment of government officials as well as in their beliefs and attitude towards corruption. Whereas, the perception regarding government officials amongst service-recipients was found to be highly negative (in a scale of –5 to +5), the assessment of government officials by service-providers was found to be moderately positive. Similarly, the attitude of service-recipients towards corruption was found to be negative in contrast to a positive attitude nurtured by the service-providers (in a scale of –5 to +5). However, the moderate degree of negative and positive attitudes demonstrated that corruption had been more or less accepted by both service-recipients and service-providers in Bangladesh as a way of life which could not be avoided by the citizenry.

The findings from the study reinforced the view elaborated by the researcher in the conceptual framework that Bangladesh society was caught in a cycle of vice and vengefulness, aided and abetted by 'demonstration effect' and 'bandwagon effect' of corruption in administrative transactions and the behavioural aspects of corruption were as important as the structural and functional ones for its proper understanding.

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# Chapter 1

## Introduction

### 1.1 Prologue

A World Bank report on corruption in Bangladesh noted in 2000:

Corruption has been a constant of human history. It rotted Roman Catholicism in Europe 500 years ago, fuelling the rise of Protestantism. It fed the collapse of China's last imperial dynasty and of Russia's army in World War 1, helping to produce violent revolutions in both countries. It so tarred the administrations of two American Presidents (Grant and Harding) 60 years apart that they are largely known for the scandals of their stewardship. Afflicting wealthy societies and poor ones, corruption has become an obstacle to development and prosperity in many modern developing nations. Bangladesh is one of them.<sup>1</sup>

A South Asian nation, Bangladesh is considered as one of the least developed countries of the World. Black money has been dominating the economies of South Asia for a long time. The principal sources of black money are drug trafficking, smuggling and corruption. It has been found that higher levels of corruption are often associated with larger unofficial or informal economies.<sup>2</sup> A recent study estimated the size of unofficial economy in Bangladesh to be around 50 percent of GDP and increasing during the

---

<sup>1</sup> World Bank, *Corruption in Bangladesh: Costs and Cures*, (Washington DC: The World Bank, 2000), i.

<sup>2</sup> Simon Johnson, Daniel Kaufmann, and Pablo Zoido-Lobaton, "Regulatory Discretion and the Unofficial Economy", *American Economic Review – Papers and Proceedings* 88, (1998), 387-392.

1990s.<sup>3</sup> On the other hand, according to Schneider and Buehn, the informal or underground shadow economy in Bangladesh averaged 35.5 percent of GDP between 1999 and 2006.<sup>4</sup>

Today, corruption has its roots deep inside Bangladesh society. The general masses routinely fall prey to corruption in different shapes and forms. It not only hampers economic growth, local and foreign investments are also discouraged in the process. The availability of resources decreases, poverty rises and efforts for human development are jeopardized as a result.<sup>5</sup> If Bangladesh could reduce its corruption levels to those of the least corrupt countries of the world, then it could add between 2.1% to 2.9% to its per capita annual GDP growth rate.<sup>6</sup>

Starting from 2001, the Corruption Perceptions Index of Transparency International ranked Bangladesh as the most corrupt country in the world for consecutive five years up to 2005.<sup>7</sup> And, according to the estimates of Bangladesh Economic Association, black money generated in the country

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<sup>3</sup> International Monetary Fund, *Bangladesh: Towards Medium Term Structural Reform and Improved Performance of the Revenue System*, (Washington DC: IMF, 1998).

<sup>4</sup> Friedrich Schneider and Andreas Buehn, "Shadow Economies and Corruption All Over the World: Revised Estimates for 120 Countries", *Economics: The Open-Access, Open-Assessment E-Journal*, (27 October 2009), 13-22.

<sup>5</sup> Transparency International Bangladesh, *Report on the Seminars on 'Corruption in Public Administration' held at Barisal, Bogra and Dhaka*, (April, 2000), 17-27.

<sup>6</sup> World Bank, *Corruption in Bangladesh: Costs and Cures*, (Washington DC: The World Bank, 2000), 72.

<sup>7</sup> Transparency International, *Corruption Perceptions Index 2001, 2002, 2003, 2004, 2005*, (Berlin: TI, 2001-2005).

during 2004 was approximately Taka 700 billion<sup>8</sup> while bribes paid in 11 major sectors during the year amounted to almost Taka 160 billion.

Corruption in Bangladesh emanates from both politics and administration. In most of the cases, it takes place in the form of bribery. Besides, misuse of power, nepotism, fraud, embezzlement and patron-client relationships also give rise to corruption. If the political process becomes corrupt, then naturally, administrative corruption also increases. Development efforts are today seriously hampered in Bangladesh due to the spiralling rise of corruption in all corners of bureaucracy and politics.<sup>9</sup> The existence and legality of the state is threatened in the process.

## 1.2 Historical Background

Corruption has gradually evolved over time throughout the world and the incidence of corruption is thought to have increased with the gradual growth of civilization. There was no scope for corruption in primitive societies due to the simplicity of their lifestyle. The Greek and Roman civilizations were known to be afflicted with this malaise in different degrees. Corruption was then political in nature. Some information on corruption in the Indian subcontinent during ancient times could also be gathered. In the famous treatise '*Artha-shastra*', written by *Kautilya* more than two millenniums ago, mention has been made

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<sup>8</sup> N. Ahsan, "Money Whitening Facility Ineffective over the Years", *Daily New Age*, (Dhaka: 15 June 2005), 1.

<sup>9</sup> Transparency International Bangladesh, *Report on the Seminars on 'Corruption in Public Administration' held at Barisal, Bogra and Dhaka*, (April, 2000), 17-27.

of forty techniques for siphoning off money by the government employees. Some other evidences also suggest existence of corruption in the administration, judiciary and commerce of ancient India.

*Kautilya*, the chief minister to the king of ancient India, provides vivid description of corruption in India and laments its existence as early as in the 4<sup>th</sup> century B.C. His book '*Artha-shastra*' reads<sup>10</sup>: "[The King] shall protect trade routes from harassment by courtiers, state officials, thieves and frontier guards - - - (and) frontier officers shall make good what is lost - - - just as it is impossible not to taste honey or poison that one may find at the tip of one's tongue, so it is impossible for one dealing with government funds not to taste, at least a little bit, of the king's wealth."

During the Hindu and Buddhist eras (up to 12<sup>th</sup> century A.D) and then throughout six hundred years of Muslim rule, no large-scale corruption was observed in Bengal. History, however, records that the *Mughal* Governors and administrators of Dhaka indulged in corrupt practices and the legendary Governor Shaista Khan's daily income was an amazing 2 lac (200,000) rupees<sup>11</sup>. But corruption proliferated in the subcontinent on a wider scale mainly during the rule of the British *East India Company* followed by the British colonial rule. In order to make money through any means, the company at first established itself as a commercial power, and then as a

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<sup>10</sup> Jamaluddin Ahmed, "Socioeconomic Cost of Corruption," *The Bangladesh Accountant*, Vol. 36, No. 9, (2002), 25-29.

<sup>11</sup> Mansoor Mamoon, "Culture of Corruption: Endangered Existence", *The Daily Star*, (Dhaka: 11 April 2000).

political master. Although employees belonging to the higher echelons of administration did not indulge in corruption as their salary was quite high, widespread corruption was then observed among lower level employees.

After the emergence of Pakistan, many wealthy businessmen from the Hindu community left East Bengal for India. A newly formed business and industrial class of Pakistan soon replaced them. Becoming rich overnight, these businessmen attempted to make quick profits on a massive scale. They therefore developed close liaison with the bureaucracy. As a consequence, corruption rapidly spread within the administrative structures of Pakistan; and following the imposition of Martial Law in 1958, corruption increased manifold after an initial period of restraint. It did not, however, remain confined within bureaucracy alone; politics also became corrupt and criminalised. The Basic Democracy Program introduced during the 1960s with the objective of strengthening local governments instead gave impetus to the spread of corruption<sup>12</sup>. A 1968 sample survey<sup>13</sup> designed to evaluate the impact of the public works program in rural areas found that 64 percent of the respondents believed that the Union Council Chairmen were misappropriating funds; 53 percent felt that the Circle Officers were also corrupt and 68 percent accused the Chairmen of collusion and nepotism in exercising powers.

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<sup>12</sup> World Bank, *Corruption in Bangladesh: Costs and Cures*, (Washington DC: The World Bank, 2000), 3-4

<sup>13</sup> Rehman Sobhan, *Basic Democracy's Works Program and Rural Development in East Pakistan*, (Dhaka: Bureau of Economic Research, Dhaka University, 1968).



Since the emergence of Bangladesh in 1971, administrative corruption has consistently increased over the years in terms of both intensity and magnitude. However, the martial law regime of General HM Ershad (1982-90) is often blamed for institutionalising corruption in the country's administration. It was during Ershad's rule that administrative corruption had been extended up to the grassroots level and corruption in general had reached a mature and all-engulfing stage from that of an adolescent level.<sup>14</sup> It has been found from various studies that President Ershad's time was a golden era for administrative corruption in Bangladesh. Corruption had not attained such a height at any other time and it was rampant in all areas of society and economy.<sup>15</sup>

Today, corruption is pervasive in all sectors of the country including politics, economy, administration, education and healthcare. The values of justice and fair-play have gradually shrunk due to a rising tide of corruption in society. Forgetting the need for achieving professional excellence, professionals working in various areas appear to be engaged in a fierce rat-race for accumulating wealth and unearned incomes through any means. This preponderance of rent-seeking activities has given rise to a corporate culture of corruption throughout the country.

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<sup>14</sup> Masih Malik Chowdhury, "Dumitir Kopanaley Bangladesh Arthoniti" (The Wrath of Corruption in Bangladesh Economy), *Bangladesh Arthonitee Samoyiki 2004* (December, 2004), 119-146.

<sup>15</sup> Toufique Rahman Chowdhury and Mazharul Hasan Majumdar, "Bangladesh: Dumiteer Abimisra Abhayasram" (Bangladesh: Unadulterated Safe Haven of Corruption), *Bangladesh Journal of Political Economy*, Vol. 17, No. 2, (December 2002), 345-363.

As has been mentioned earlier, Bangladesh was ranked as the most corrupt country in the world from 2001 to 2005 by the Berlin-based anti-corruption watchdog Transparency International. It is ironic that successive democratic governments since 1991 have failed to rein in this social malady afflicting the country's polity and administration. The hope generated by the caretaker government of 2007-08 based on their rigid stance against corruption, massive anti-corruption drive and mass arrests of corruption suspects also turned out to be a short-lived one due to various institutional, legal and political constraints.

### 1.3 Statement of the Problem

As noted before, corruption is a universal phenomenon which existed in one form or another since time immemorial. A review of penal codes used in ancient civilisations clearly indicate that bribery was a serious problem among the Jews, the Chinese, the Japanese, the Greeks, the Romans as well as the Aztecs of the New World.<sup>16</sup> Large-scale corruption dominated public life in ancient India as well.<sup>17</sup>

The World Bank has defined corruption as the abuse of public office for private gain through bribery, extortion, patronage, nepotism and the theft of state assets.<sup>18</sup> The private gains include both the benefits that flow to public

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<sup>16</sup> U. Thakur, *Corruption in Ancient India*, ( New Delhi: Abhinav Publications, 1979), 7.

<sup>17</sup> *Ibid.*, 12.

<sup>18</sup> World Bank, *Corruption in Bangladesh: Costs and Cures*, (Washington DC: The World Bank, 2000), 6.

officials and those obtained by private individuals and firms. It is widely identified as a governance problem. It is a signal that something has gone wrong in the management of the state, since the institutions designed to govern the interrelationships between the citizens and the state are used instead for personal enrichment and gains.<sup>19</sup>

Highly negative impact of corruption on the socio-economy of Bangladesh is now widely acknowledged. The costs of corruption were once hard to pinpoint, but the body of empirical research that objectively examined the effects of corruption on development has grown significantly in recent years. Several cross-country empirical studies have confirmed the negative impact of corruption on investment, growth and productivity, and hence on poverty reduction<sup>20</sup>.

Two global trends have pushed the corruption agenda to the centre-stage of national and international attention. The spread of democracy as a political ideology and principle has boosted the confidence of citizens to demand transparency and accountability from state officials. The existence of widespread poverty throughout the developing world and the resultant search

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<sup>19</sup> Susan Rose-Ackerman, *Corruption and Government: Causes, Consequences and Reform*, (Cambridge: Cambridge University Press, 1999).

<sup>20</sup> World Bank, *Corruption in Bangladesh: Costs and Cures*, (Washington DC: The World Bank, 2000), 7

for institutional explanations and contributing factors has also spotlighted corruption.<sup>21</sup>

According to the World Bank,

Most citizens of Bangladesh believe there is corruption at almost all levels of government. It taints every section of society and stretches right across the political spectrum. This environment of graft and venality: undermines public confidence in government; engenders wrong economic choices and constrains its (government's) ability to implement policies; makes the poor pay the price; and threatens its strategy of private-sector-oriented growth. Even more ominously, social condemnation of corruption appears to have waned. Public cynicism has reached a state where an official who shuns illegal money making is likely to be regarded with mild contempt – as lacking in courage and initiative. In short, there is a widespread sense of resignation, coupled with a belief that attempts to fight corruption are doomed to fail.<sup>22</sup>

The Bangladesh Chapter of Transparency International (TIB) found in a national baseline survey in 1996 that corruption had become a huge systemic problem in Bangladesh that could not be avoided by any member of society. It practically affected all sectors of service delivery including the police, the judiciary, healthcare, education, land administration, tax collection, mass

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<sup>21</sup> World Bank, *Corruption in Bangladesh: Costs and Cures*, (Washington DC: The World Bank, 2000), 5.

<sup>22</sup> World Bank, *Bangladesh: Government That Works: Reforming the Public Sector*, (Dhaka: University Press Limited, 1996), 66.

media, municipal services, public transport and telephone services.<sup>23</sup> According to this survey, most people perceived corruption as relevant to public offices and identified it with 'misuse of power and position', 'negligence of duty', 'activity outside normal procedure', and 'taking money for personal gain'. The causes of corruption were found to be 'desire to get rich overnight', 'moral degeneration', 'lack of accountability' and 'inadequate salary'.

According to the National Household Survey 2007 on Corruption in Bangladesh conducted by TIB, the Police, Local Government, Land Administration, Judiciary, Health and Education Departments were identified by service-recipients as the most corrupt among the government agencies engaged in the delivery of services at various tiers of governance.<sup>24</sup>

Thus a survey of some of these sectors in the capital city of Bangladesh based on the behavioural approach<sup>25</sup> was likely to provide a deeper insight into the nature, forms, types, magnitude, causes and costs of administrative corruption in the country and also elicit valuable inputs for remedial measures to curb corruption. As most previous researches in this area, like the one mentioned above, did not focus on the perception of corruption among bribe-taking service-providers, it was deemed worthwhile to incorporate this aspect as well in the present survey and correlate the

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<sup>23</sup> Transparency International Bangladesh, *National Household Survey on Corruption in Bangladesh*, (Dhaka: TIB, 1997).

<sup>24</sup> Transparency International Bangladesh, *National Household Survey 2007 on Corruption in Bangladesh*, (Dhaka: TIB, 2008).

<sup>25</sup> Heinz Eulau, *The Behavioural Persuasion in Politics*, (New York: Random House, 1963).

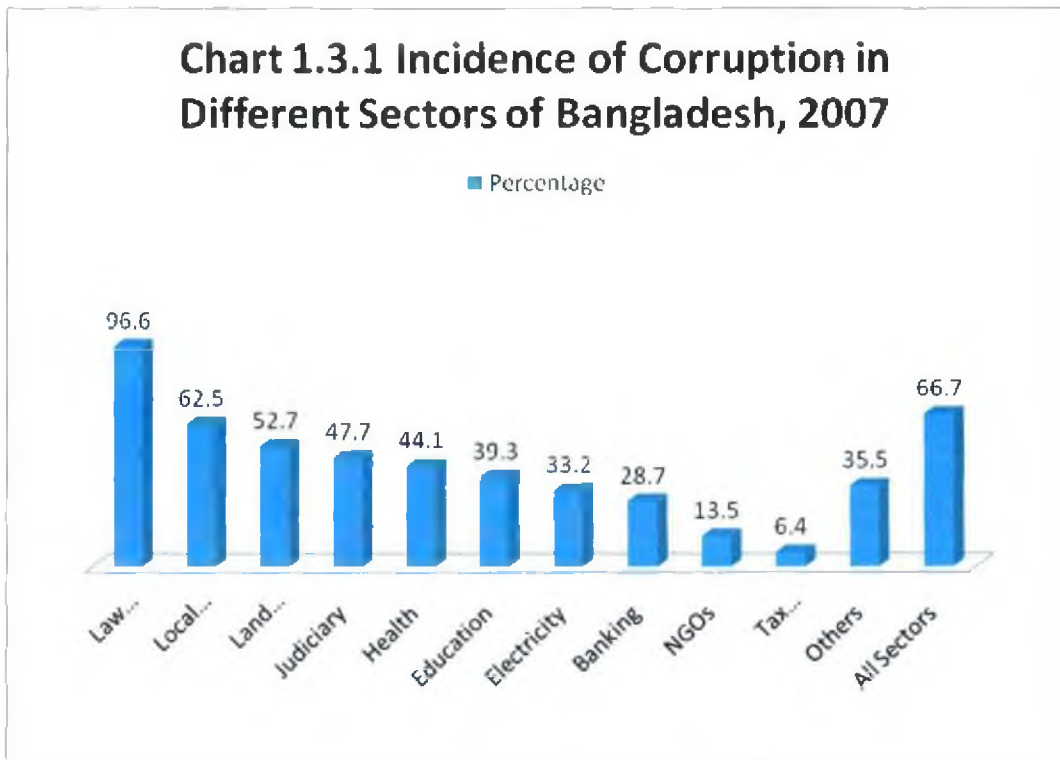
perceptions of both bribe-takers and bribe-givers to arrive at a holistic view of causes, costs and remedies of administrative corruption in Bangladesh.

**Table 1.3.1: Incidence of Corruption in Different Sectors of Bangladesh**

| Sectors                    | Percent of Households Experiencing Corruption |                |         |       |         |
|----------------------------|---|----------------|---------|-------|---------|
|                            | Urban   |                |         | Rural | Overall |
|                            | Cities  | Municipalities | Overall |       |         |
| <b>Law Enforcement</b>     | 95.0  | 97.1           | 96.1    | 97.0  | 96.6    |
| <b>Local Government</b>    | 74.1  | 68.3           | 67.7    | 59.8  | 62.5    |
| <b>Land Administration</b> | 53.7  | 41.2           | 46.9    | 57.2  | 52.7    |
| <b>Judiciary</b>           | 37.2  | 56.8           | 45.5    | 49.1  | 47.7    |
| <b>Health</b>              | 51.2  | 54.0           | 52.7    | 37.6  | 44.1    |
| <b>Education</b>           | 32.0  | 35.7           | 33.9    | 43.4  | 39.3    |
| <b>Electricity</b>         | 30.4  | 28.3           | 28.9    | 40.6  | 33.2    |
| <b>Banking</b>             | 19.7  | 38.6           | 29.8    | 27.9  | 28.7    |
| <b>NGOs</b>                | 13.7  | 12.8           | 13.2    | 13.7  | 13.5    |
| <b>Tax Administration</b>  | 12.3  | 11.3           | 12      | 2.1   | 6.4     |
| <b>Others</b>              | 30.5  | 30.1           | 30.3    | 39.5  | 35.5    |
| <b>All Sectors</b>         | 67.5  | 66.2           | 66.9    | 66.5  | 66.7    |

Source: TIB, National Household Survey on Corruption in Bangladesh 2007,





Source: TIB, Dhaka

#### 1.4 Objectives of the Study

The main objective of the present research was to analyse and evaluate the nature, forms, types, magnitude, causes, costs and remedies of administrative corruption in the delivery of services in 10 selected service-delivery sectors in Dhaka city, the highest administrative tier and capital of Bangladesh, by applying behavioural and socio-economic criteria.

The specific objectives of the present research were:

- a) To identify and analyse the nature, forms and types of administrative corruption in 10 selected service-delivery sectors of Dhaka city through a survey based on the behavioural approach. The selected sectors

were: Police, Land Administration, Education, Healthcare, Municipal Services, Income Tax, Value Added Tax, Banking, Water Supply and Power Supply.

- b) To assess the estimated magnitude and frequency of administrative corruption in Dhaka – the highest administrative tier of Bangladesh, based on the perceptions and experiences of bribe-giving service-recipients..
- c) To identify and analyse the causes, costs and remedies of administrative corruption by the customers and officials of the selected service-delivery sectors on the basis of a survey which captures the beliefs, values and experiences of both service-recipients or bribe-givers and service-providers or bribe-takers.
- d) To evaluate the correlation between the perceptions of corruption among the bribe-takers (service-providers) and bribe-givers (service-recipients) of Dhaka city based on their beliefs, values and experiences on the basis of a survey.
- e) To put forward recommendations, based on the field-survey as well as earlier studies on the subject, for curbing administrative corruption by officials engaged in the delivery of services in Bangladesh, in order to help establish good governance and rule of law in the country.

## 1.5 Scope and Limitations of the Study

The present study has incorporated and correlated the views, perceptions and experiences of both the service-providers and service-recipients on the nature, forms, types, magnitude, causes, costs and remedies of administrative corruption in Bangladesh, which were subsequently tallied with one another as well as with earlier findings from previous studies on the subject. This provided newer insights into the dynamics of a social malady like corruption in various service-delivery sectors and how it could be curbed or minimised for promoting good governance and rule of law in a developing country like Bangladesh.

The research, however, had limitations due to the fact that it covered only the capital city or one divisional headquarter out of 7 divisions in the country. However, Dhaka is the highest seat of governance in Bangladesh and most of the administrative powers and state resources are concentrated here. Therefore, focus on administrative corruption in Dhaka city was justified by the fact that corruption here had maximum impact on the country's socio-economy because of its size, magnitude and reach.

The study was also constrained to some extent due to the application of non-probability purposive sampling, as probability sampling was not feasible because of time and resource constraints. However, the samples were representative ones for the whole population and standard practices followed in this kind of research were complied with fully. Besides, full care was taken for proper monitoring and supervision of the field survey as well as error-free compilation and analysis of collected data.

## Chapter 2

# Conceptual Framework

### 2.1 Definitions of Key Terms

According to the *Oxford English Dictionary (Compact Edition, 1971)*, **corruption** is "Perversion or destruction of integrity in the discharge of public duties by bribery or favour". The *Oxford Advanced Learner's Dictionary (2000)* defined **corruption** as: (a) dishonest or illegal behaviour, especially of people in authority; (b) the act or effect of making somebody change from moral to immoral standards of behaviour.

According to the *United Nations*, **corruption** in government is perceived as the abuse of public power and authority for private and other group gains.<sup>26</sup> It takes place as a result of inadequacies in existing public management systems as well as social, cultural, political and economic factors.

**Administrative Corruption** or corruption involving the public sector is particularly destructive since its impact may go far beyond the individual transactions to undermine the integrity and legitimacy of the state in the eyes of the public.

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<sup>26</sup> United Nations, *Corruption in Government*, Report of an inter-regional seminar held in The Hague, The Netherlands, (New York: UN, 1990).

contributes to man's social identification, demands and systems of benefits, values and goals.<sup>28</sup>

## 2.2 Nature, Forms, Typologies and Indices of Corruption

Corruption has been described as an age-old phenomenon, a deep-rooted evil and universal malady afflicting each and every society in one form or another at one time or another.<sup>29</sup>

*Arora, D.* placed corruption in the context of state-society relations. She conceptualised it in terms of its relationship to power and authority, law and policy and the public space, distinguishing between coercive, collusive and non-conjunctive corruption.<sup>30</sup>

*Caiden, G.E.* described corruption as a complex problem involving many factors and forces. He classified corruption as foreign-sponsored, political scandals, institutionalised and administrative malfeasance. Public officials, politicians, representatives of donors and recipient countries,

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<sup>28</sup> R. C. Agarwal, *Political Theory*, 8<sup>th</sup> Edition, (New Delhi: S. Chand and Company Ltd., 2003), 33.

<sup>29</sup> K. S. Padhay, *Corruption in Politics: A Case Study*, (New Delhi: B.R. Publishing Corporation, 1986), 1.

<sup>30</sup> D. Arora, "Conceptualising the Context and Contextualising the Concept of Corruption: Corruption Reconsidered," *Indian Journal of Public Administration*, Vol. 39, No. 1, (1993), 1-9.

bureaucratic elites, businesses and middlemen, petty officials and interested individuals were the main actors in these corruptions.<sup>31</sup>

*Carino, L.V. and R.P. Guzman* categorised corruption committed by Filipino bureaucrats as follows: *Tong* – protection money regularly paid by clients to bureaucrats; *Lagay* – payment for a specific service rendered by the bureaucrat; *Retainer* – a kind of relationship where the client employed the bureaucrat as an insurance against possible sanctions later; *Favour* – the variable of particularistic role was activated; *Individualistic corruption* – a situation where the corruption behaviour itself was the prevailing norm and corruption became so institutionalised that organisations supported wrongdoings and actually penalised those who followed the old norms.<sup>32</sup>

*Davies, C.J.* made an attempt to examine corruption in local government bodies in England and Wales. Both central and local bureaucracies were pitted against various scales of corruption, such as small-scale, individualistic, opportunistic, systematic, group and planned.<sup>33</sup>

*Goudie, A.W. and D. Stasange* attempted to set out a framework within which the complex issues surrounding corruption might be analysed in a specific country. They investigated the determinants of corruption,

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<sup>31</sup> G. E. Caiden, "Toward a General Theory of Official Corruption", *Asian Journal of Public Administration*, Vol. 10, No. 1, (1988), 3-26.

<sup>32</sup> L. V. Carino and R. P. Guzman, "Negative Bureaucratic Behaviour in the Philippines: The Final Report of the IDRC Team", *Philippine Journal of Public Administration*, Vol. 23, Nos. 3-4, (1979), 350-385.

<sup>33</sup> C. J. Davies, "Controlling Administrative Corruption", *Planning and Administration Journal*, Vol. 14, No. 2, (1987), 62-67.



emphasising the environment in which corruption evolved and the manner in which various parties to corruption interacted and organised themselves in conducting these activities.<sup>34</sup>

*Rose-Ackerman*, S. has shown that gift-giving is pervasive and nepotism is normal in the public sector. She brought forward the relations between principal and agent and suggested that the agent would find it rational to create alternative channels of remuneration in the absence of an appropriate remuneration.<sup>35</sup>

According to the *World Bank*,<sup>36</sup> there are three typologies of corruption. Typology-1 includes *Petty Corruption*, *Middling Corruption* and *Grand Corruption*; Typology-2 covers *Individual Corruption*, *Institutional Corruption* and *Systemic Corruption*; and Typology-3 comprises *Bureaucratic* (or *Administrative*) *Corruption* and *Political Corruption*.

*Petty Corruption* is pervasive and widespread, generally involving low-level personnel (for example, small bribes accepted by the traffic police or clerical staff). *Middling Corruption* takes place at the enterprise level usually involving managers and employees (for example, bribes paid to secure electricity or gas connection). *Grand Corruption* takes place at the highest

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<sup>34</sup> A. W. Goudie and D. Stasange, *Corruption: The Issues*, OECD Development Centre Technical Paper No. 122, (Paris: OECD, 1979).

<sup>35</sup> Susan Rose-Ackerman, *Corruption and Government: Causes, Consequences and Reform*, (Cambridge: Cambridge University Press, 1999).

<sup>36</sup> World Bank, *Corruption in Bangladesh: Costs and Cures*, (Washington DC: The World Bank, 2000), 8.

levels of the state and usually involves foreign companies (for example, issuance of gas contracts or the purchase of aircraft).

*Individual Corruption* is resorted to by individual politicians or public officials and is episodic rather than systematic (for example nepotism in the form of non-merit recruitment). *Institutional Corruption* occurs when corruption pervades entire institutions and sectors (for example within customs service). *Systemic Corruption* takes place when corruption infects the whole society and becomes an accepted means of conducting everyday transactions (for example, to obtain building permits or evade a fine).

*Bureaucratic (or Administrative) Corruption* refers to officials taking bribes while discharging their public duties. *Political Corruption* can take several forms including buying political influence and votes, providing patronage including recruitment in public and private jobs, illegal campaign-financing and using government machinery to fill party coffers.

Several international survey-based measures of people's perceptions of corruption are being presently used by policy-makers and development practitioners to gauge the dimensions and magnitude of corruption in various countries. Periodically conducted by international agencies, these surveys have earned much credibility in recent years.<sup>37</sup> According to surveys carried out during the late 1990s by Transparency International (*TI Corruption Perceptions Index*), Business International (*BI Index*), Political Risk Services (*ICRG Index*) and the World Economic Forum (*GCR Index*), Bangladesh had

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<sup>37</sup> World Bank, *Corruption in Bangladesh: Costs and Cures*, (Washington DC: The World Bank, 2000), 10.

been consistently ranked among the most corrupt nations in the world. "Notwithstanding the fact that these indices reflect popular perceptions of corruption and despite the very different sources of data, it is interesting to note that the correlation among the indices is quite high".<sup>38</sup> And as noted earlier, Bangladesh was ranked as the most corrupt country in the world by the Corruption Perceptions Index (CPI) of Berlin-based Transparency International from 2001 to 2005.

The CPI ranks countries according to 'perceived levels of corruption' as determined by expert assessments and opinion surveys. The results are shown on a scale of 0-10 (1 = highly corrupt; 10 = highly clean) and Bangladesh had a score of 1.7 in 2005.

### 2.3 Causes, Magnitude and Costs of Corruption

Different authors have applied socio-economic, governance and behavioural criteria while explaining the causes, magnitude and costs of corruption.

*Gould, D.J. and J.A. Amaro-Reyes* examined data covering countries in Asia, Africa and Latin America and claimed that corruption had a deleterious, often devastating effect on administrative performance and politico-economic development, corroding public confidence, perverting institutions, processes and even goals, favouring the privileged and powerful

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<sup>38</sup> Ibid., 10

few and stimulating the use of non-rational criteria in public decisions.<sup>39</sup>

*Heinemann and Heimann* has claimed, "Corruption distorts markets and competition, breeds cynicism among citizens, undermines the rule of law, damages government legitimacy, and corrodes the integrity of the private sector. It is also a major barrier to international development – systematic misappropriation by kleptocratic governments harms the poor."<sup>40</sup>

According to *Hors, I.*,

In most developing countries today, corruption is widespread and part of everyday life. Society has learned to live with it, even considering it, fatalistically, as an integral part of their culture. Not only are public or official decisions – for instance, on the award of government contracts or the amount of tax due – bought and sold, but very often access to a public service or the exercise of a right, such as obtaining civil documents, also has to be paid for. Several mechanisms help to spread corruption and make it normal practice in these countries. Civil servants who refuse to toe the line are removed from office; similarly, businessmen who oppose it are penalised vis-à-vis their competitors. Furthermore, an image of the state has grown up over the years according to which the civil service, far from being a body that exists to implement the rights of citizens – rights that mirror their duties – is first and foremost perceived as the least risky way of getting rich quickly. All of which helps to make corruption seem normal.<sup>41</sup>

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<sup>39</sup> D. J. Gould and J. A. Amaro-Reyes, *The Effects of Corruption on Administrative Performance: Illustrations from Developing Countries*, World Bank Staff Paper No. 580, (Washington DC: The World Bank, 1985).

<sup>40</sup> B. W. Heinemann and F. Heimann, "The Long War against Corruption", *Foreign Affairs*, 85 (3) (2006), 115-117.

<sup>41</sup> Irène Hors, "Fighting Corruption in the Developing Countries", *OECD Observer*, No 220, (April 2000).

Johnson, S., Daniel Kaufmann and Pablo Zoido-Lobaton found that higher levels of corruption are linked to a larger unofficial economy.<sup>42</sup> “Even when corruption and economic growth co-exist, payoffs introduce costs and distortions that harm the poor, not least by worsening bureaucratic inefficiency with which corruption is highly correlated. Corruption encourages excessive public infrastructure and capital investment relative to private investment<sup>43</sup> and makes it difficult for governments to raise tax revenues as firms go underground as a means of avoiding corruption.<sup>44</sup>”

According to Klitgaard, R. corruption exists when individuals or organizations have monopoly power over a good or service, discretion over making decisions, limited or no accountability and low levels of income.<sup>45</sup>

Mauro, P. has demonstrated that high levels of corruption are associated with lower levels of investment as a share of GDP.<sup>46</sup>

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<sup>42</sup> Simon Johnson, Daniel Kaufmann and Pablo Zoido-Lobaton, “Regulatory Discretion and the Unofficial Economy”, *American Economic Review – Papers and Proceedings* 88, (1998), 387-392.

<sup>43</sup> T. Vito and H. Davoodi, “Corruption, Public Investment and Growth”, *IMF Working Paper WP/97/139*, (Washington DC: International Monetary Fund, 1997).

<sup>44</sup> E. Friedman, Simon Johnson, Daniel Kaufmann, and Pablo Zoido-Lobaton, *Dodging the Grabbing Hand: The Determinants of Unofficial Activity in 69 Countries*, (Cambridge MA: Sloan School of Management, 1999).

<sup>45</sup> R. Klitgaard, “International Cooperation against Corruption”, *Finance and Development*, (March, 1998), 3-6.

<sup>46</sup> Paulo Mauro, “The Effects of Corruption on Growth, Investment and Government Expenditure: A Cross-Country Analysis,” in *Corruption and the Global Economy*, ed. Kimberley Ann Elliott (Washington DC: Institute for International Economics, 1995).



Ouma, O.A. argued that corruption was a product of self-aggrandisement and unrealistically low remuneration making it impossible for the public servants to live within their legitimate means, and a closed political system which tended to exclude aggregate interests.<sup>47</sup>

According to Pope, J. corruption at the highest level distorts competition, so denying the public access to the competitive marketplace. It induces wrong decisions resulting in wrong projects, wrong prices, wrong contractors and substandard delivery to recoup overpricing, promotes corruption at lower levels and erodes public confidence in leaders. At lower levels, petty corruptions are damaging because they add to transaction cost, exclude those who cannot pay, foster contempt for public servants amongst the public and erode the capacity for revenue collection.<sup>48</sup>

Rose-Ackerman, S. isolated six important structural features that created incentives for corrupt behaviour. *Bribes clear the market* in a situation when the government may allocate a scarce benefit to individuals and firms using legal criteria other than willingness to pay. *Bribes act as an incentive payment* when public officials may have little incentives to do their jobs well because of low pay and inadequate monitoring. *Bribes lower cost for those who pay them* at a time when individuals and firms may seek to lower costs of taxes, duties and regulations imposed on them by the government. *Bribes*

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<sup>47</sup> O. A. Ouma, "Corruption in Public Policy and its Impact on Development: The Case of Uganda since 1979", *Public Administration and Development*, Vol. 11, No. 5, (1991), 473-489.

<sup>48</sup> Jeremy Pope, "National Integrity Programs", *Partnership for Governance*, eds. P. Lengseth and K. Galt, Proceedings of a Conference held in Copenhagen, (1996), 23-26.



*affect the level of monopoly rents and their allocation between private investors and public officials in a situation when the government confers large financial benefits on private firms through contracts, privatisation and concessions. Bribery of politicians buys influence, and bribery by politicians buys votes at a time when bribes are used as substitutes for legal forms of political influence. Bribes can override legal norms when judiciary have the power to impose costs and transfer resources between litigants.*<sup>49</sup>

*Theobald, R.* argued that the phenomenon of administrative corruption – the illegal use of public office for private gain – can be understood only against a background of social and economic change. He preferred to view corruption as perversion or destruction of integrity in the discharge of public duties by bribery or favour and opined that corruption impeded economic growth, stifled entrepreneurialism, misused scarce national resources, weakened administrative capacity, contributed to serious political decay and undermined stability, democracy and national integration.<sup>50</sup> According to Theobald, corruption was deeply rooted in the psychological and social structures of countries. Consequently, its elimination could not be realistically anticipated until certain fundamental changes had taken place. The most important of these were the rise and predominance of universalistic norms, the emergence of new centres of power outside the bureaucracy and the development of competitive party politics. Such changes, however, could

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<sup>49</sup> Susan Rose-Ackerman, "Corruption and Development", *Annual Conference on Development Economics*, (Washington DC: The World Bank, 1997).

<sup>50</sup> R. Theobald, *Corruption, Development and Underdevelopment*, (London: Macmillan, 1990).

come about only after a long period of social and economic development.

According to a UNDP Report, "Corruption is widespread in social services such as health and education, as well as in public utilities that provide electricity and water. As a result, poor people find themselves excluded from schools and hospitals that they cannot afford, or asked to pay extra simply to gain access to services to which they already have a right."<sup>51</sup> The same report claims that standard kickback for infrastructure projects in Asian countries is often quoted as 10 percent of contract value, though it is thought to be 20 percent to 40 percent in some countries. Corruption takes place at all stages of the project cycle, which includes project selection, planning and inspection, design, bid and contract signing, construction, service delivery, maintenance and management, subscription and billing, disconnection and fault redress. The report further claims that corruption is often at its worst in justice systems, where the police, public prosecutors, court officials, lawyers, judges – all can demand payments, not just for doing the job but also for diverting justice from its right course.<sup>52</sup>

Based on a large body of empirical evidences and research, the UNDP has pointed out numerous damaging effects of corruption including weakened national institutions, inequitable social services, blatant injustices in the

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<sup>51</sup> UNDP, *Tackling Corruption, Transforming Lives: Accelerating Human Development in Asia and the Pacific*, (New Delhi: Macmillan India Ltd., 2008), 57.

<sup>52</sup> *Ibid.*, 41.

courts, widespread economic inefficiency and unchecked environmental exploitation.<sup>53</sup>

The *World Bank* has stated that corruption was a reflection of existing behavioural patterns, social values and norms of a society. Various reasons were cited like the nature of regulatory environment, lack of transparency, weakness in the legal framework, discretionary power of the bureaucrats, self-sustaining cycle of corruption etc. as responsible for this social malady. Specific and general actions suggested by the World Bank to overcome the problem included: formulating medium-term program to combat corruption, initiating a public awareness campaign, increasing citizens' access to information about government policies and decisions, repealing the Official Secrets Act, increasing civil service compensation packages, introducing judicial reviews and establishment of an office of Ombudsman.<sup>54</sup>

According to the *World Bank*<sup>55</sup>, some corruption stems from opportunities generated by the environment at the bottom or top of the policy hierarchy. Payoffs are frequent to lower-level officials engaged in collecting tariffs, providing police protection, issuing permits and so on. When corruption becomes endemic, these officials may create additional red tape and

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<sup>53</sup> UNDP, *Tackling Corruption, Transforming Lives: Accelerating Human Development in Asia and the Pacific*, (New Delhi: Macmillan India Ltd., 2008), 1.

<sup>54</sup> World Bank, *Bangladesh: Government That Works: Reforming the Public Sector*, (Dhaka: University Press Limited, 1996).

<sup>55</sup> World Bank, *World Development Report 1997: The State in a Changing World*, (Washington DC: The World Bank, 1997a), 103.

hindrances to elicit even higher payments. Corruption also occurs at the highest levels of government, while awarding major contracts, privatising state-owned enterprises, allocating import quotas and regulating natural monopolies. Any policy that creates an artificial gap between demand and supply generates profitable opportunity for rent-seeking activities by opportunistic middlemen.

The probability of being caught and punished (for the person paying the bribe and for the official receiving it) also affects the level of corruption. Economic analysis of the law suggests that individuals weigh the expected benefits of breaking the law against the expected costs (the probability of being caught and punished multiplied by the level of punishment). Corruption may be high in a country where the government system does little to deter bribes, lawbreakers believe that there is little chance of being caught, or if caught, not having to pay the penalty, since they believe that the system of justice itself can be corrupted. Corruption can persist even in countries with substantial press freedom and public resentment against it, if there is little hope of independent judicial resolution of important cases.<sup>56</sup>

Corruption can thrive if the consequences of getting caught and disciplined are low relative to the benefits, especially in circumstances where officials frequently control the allocation of benefits and costs, whose value far exceeds their own salaries. Its likelihood increases if the salaries of public servants do not tally with comparable private sector salaries. Where civil service salaries are very low, officials may try to maintain a middle-class

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<sup>56</sup> Ibid., 103-104.

lifestyle by supplementing their pay with illegal payoffs.<sup>57</sup> The above explanations tally quite well with the realities on the ground in Bangladesh.

The body of theoretical and empirical research that objectively addressed the economic impact of corruption has grown significantly in recent years leading to five broad conclusions.<sup>58</sup> *First*, corruption is widespread but there are significant variations across and within regions. *Second*, corruption raises transaction costs and uncertainty in an economy. *Third*, corruption usually leads to inefficient economic outcomes. It impedes long-term foreign and domestic investment, misallocates talent to rent-seeking activities, and distorts sector-based priorities and technology choices. It pushes firms underground, undercuts the state's ability to raise revenues and leads to ever-higher tax rates levied on fewer and fewer tax payers. As a result, it reduces the state's ability to provide essential public goods, including the rule of law. A vicious circle of rising corruption and underground economic activities may result. *Fourthly*, corruption unfairly imposes a regressive tax that falls heavily on trade and service activities undertaken by small enterprises. *Fifth*, corruption undermines the state's legitimacy. All these find reflection in the socio-economic and political milieu of Bangladesh.

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<sup>57</sup> World Bank, *World Development Report 1997: The State in a Changing World*, (Washington DC: The World Bank, 1997a), 104.

<sup>58</sup> Jamaluddin Ahmed, "Socioeconomic Cost of Corruption." *The Bangladesh Accountant*, Vol. 36, No. 9, (April-June 2002), 25-29.



## 2.4 Administrative Corruption in Bangladesh

*Aminuzzaman, S.M.* claimed that the most striking feature of Bangladesh bureaucracy was rampant corruption. A survey conducted in Dhaka city in 1992 showed that 68.25 percent of the respondents (household heads) had paid bribes, either directly or indirectly at one point of time, to get the job done.<sup>59</sup>

In a study captioned 'Social Wealth Survey', Bangladesh Unnayan Parishad (BUP) reported in 1997 that 69% of the respondents from a sample of 2,197 drawn from both urban and rural areas of the country had termed government servants as corrupt. 62 percent of the respondents held government officials responsible for corruption and 83 percent had opined that corruption was a big impediment to development.<sup>60</sup>

*Blair, H.W.* et al felt that the statist vision of centralised command and control that insisted on locating most of the development enterprise within the public sector of Bangladesh not only tolerated inefficiencies and waste but enabled lot of opportunities for corruption to proliferate and flourish at all levels.<sup>61</sup>

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<sup>59</sup> S. M. Aminuzzaman, "Accountability and Promotion of Ethics and Standard of Behaviour of the Public Bureaucracy in Bangladesh", *Asian Review of Public Administration*, Vol. 8, No. 1 (1996), 13-27.

<sup>60</sup> Masih Malik Chowdhury, "Corruption in Bangladesh: The Wicked in Socio-economic Development." *The Bangladesh Accountant*, Vol.36, No. 9, (April-June 2002), 41.

<sup>61</sup> H. W. Blair et al, *The Bangladesh Democracy Program (BDP) Assessment: Final Report*, (Washington DC: USAID, 1992).



Caiden, G.E. was of the opinion: "Almost all forms of corruption can be noticed among bureaucrats in Bangladesh. These include abuse of authority, bribery, favouritism, fraud, patronage, theft, deceit, malfeasance and illegality".<sup>62</sup>

Hussain, S. examined the prevalent concepts about corruption, mostly those articulated in various government documents, in order to reach a definition of corruption relevant for Bangladesh. According to him, corruption by a public servant may be defined as intentional use of his official position or influence or allowing it to be used with the object of obtaining for himself or others he is interested in, some benefit – economic or otherwise – illegally or by undermining the system.<sup>63</sup>

According to Khan, M.M., "Corruption is one of the most dominant components of bureaucratic culture in Bangladesh".<sup>64</sup> He claimed, "Due to the prevailing bureaucratic culture, public service has become synonymous with corruption, waste and inefficiencies".<sup>65</sup> He argued that corruption had been institutionalized in Bangladesh Civil Service. The civil servants became accustomed to leading a lifestyle beyond their legal income. The citizens

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<sup>62</sup> G. E. Caiden, "What Really is Public Maladministration?" *Indian Journal of Public Administration*, Vol. 37, No. 1 (1991), 1-16.

<sup>63</sup> S. Hussain, *Corruption in Public Offices: Some Conceptual Issues in the Context of Bangladesh*, (Comilla: Bangladesh Academy for Rural Development, 1990), 3-7.

<sup>64</sup> M. M. Khan, *Administrative Reforms in Bangladesh*, (New Delhi: South Asian Publishers, 1998), 35.

<sup>65</sup> *Ibid.*, 44.

faced the harsh reality that nothing moved without greasing the palms of relevant officers. This has adversely affected the delivery of services and the collection of revenue.<sup>66</sup>

While analysing 'what and why' of large-scale corruption, *Khan, M.M.* claimed,

First, bureaucrats involved in corrupt practices in most cases do not lose their jobs. – – – They have never been compelled to return to the state their ill-gotten wealth. Second, the law enforcing officials including police personnel are extremely corrupt. They are happy to share the booty with other corrupt bureaucrats. Third, the people have a tendency not only to tolerate corruption but to show respect to those bureaucrats who make fortunes through dubious means. The underlying assumption is that it does not matter how one has acquired wealth as long as he has done so. Fourth, it is easier for a citizen to get quick service because he has already 'paid' the bureaucrat rather than wait for his turn. In other words, there is now a social acceptance of corruption by public officials.<sup>67</sup>

*Khan, M.M.* et al went on to say that corruption in Bangladesh was endemic, chronic and pervasive. Political, economic, social, cultural and behavioural factors combined to contribute to corrupt practices. Absence of accountability and transparency in administration was the most important

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<sup>66</sup> M. M. Khan, "Resistance to Administrative Reform in Bangladesh, 1972-87", *Public Administration and Development*, Vol. 9, No. 3, (1989), 301-314.

<sup>67</sup> M. M. Khan, *Administrative Reforms in Bangladesh*, (New Delhi: South Asian Publishers, 1998), 36.

factor contributing to widespread corruption in public services.<sup>68</sup> Khan, M.M. also claimed that almost all political regimes in Bangladesh had been corrupt and corruption in the political arena had emboldened public servants to become unabashedly corrupt.<sup>69</sup>

Kochanek, S.A. viewed corruption as misuse of power and pointed out that petty corruption, project corruption and programmatic corruption led to a huge gap between policy and implementation, distorted the entire economy and contributed to uncompetitive, over-priced goods and sick industries in Bangladesh.<sup>70</sup>

Lewis, D.J. asserted that most people in Bangladesh found themselves powerless to address corruption at any level. Others considered corrupt actions to supplement meagre state salaries as their inherent right. Corruption was viewed by the author as an obstacle to development and a barrier to poor people's access and participation in decision-making. He suggested 'social

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<sup>68</sup> M. M. Khan. et al, "Ethics and Public Service in Bangladesh", *Indian Journal of Public Administration*, Vol. 41, No. 3, (1995), 592-608.

<sup>69</sup> M. M. Khan, "Political and Administrative Corruption: Concepts, Comparative Experiences and Bangladesh Case", Transparency International Bangladesh, <http://www.ti-bangladesh.org> [accessed on December 1, 2009]

<sup>70</sup> S. A. Kochanek, *Patron-Client Politics and Business in Bangladesh*, (Dhaka: University Press Limited, 1993).

network analyses' as a research strategy to investigate corruption in Bangladesh.<sup>71</sup>

*Siddiquee, N.A.* focused on the politics of patronage and corruption in the delivery of local services and claimed that an overwhelming majority (93%) of respondents interviewed by him held the view that corruption had increased significantly since the introduction of decentralised upazila system in Bangladesh during the 1980s.<sup>72</sup>

## 2.5 References to Corruption in Bangladeshi Law

Article 20 (2) of the Constitution of the People's Republic of Bangladesh clearly stipulates<sup>73</sup>, "The State shall endeavour to create conditions in which, as a general principle, persons shall not be able to enjoy unearned incomes, and in which human labour in every form, intellectual and physical, shall become a fuller expression of creative endeavour and of the human personality."

The Anti-Corruption Commission (ACC) Act 2004 provides a consolidated framework to prevent corruption and other corrupt practices in the country, conduct investigation and file cases for specific offences and deal

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<sup>71</sup> D. J. Lewis, *Corruption in Bangladesh: Discourse, Judgements and Modalities*, CDS Occasional Paper No. 5,. (Bath: Centre for Development Studies, 1996), 21-36.

<sup>72</sup> N. A. Siddiquee, *Decentralisation and Development: Theory and Practice in Bangladesh*, (Dhaka: University of Dhaka, 1997).

<sup>73</sup> Government of Bangladesh (GOB), *The Constitution of the People's Republic of Bangladesh*, (Dhaka: Ministry of Law, Justice and Parliamentary Affairs, 1998), 11.

with other relevant matters relating to corruption.<sup>74</sup> The Prevention of Corruption Act, popularly known as Anti-Corruption Act of 1947, defined corruption in terms of misconduct. Corruption, as implied in this Act, involved any of the following: (i) dishonest or fraudulent misappropriation or otherwise converting for his own use any property entrusted to him or under his control as a public servant or allowing any other person to do so; (ii) obtaining valuable things or pecuniary advantage by corrupt or illegal means or by otherwise abusing his position as public servant; (iii) amassing wealth beyond known source of income.

In this Act, bribery has been shown as something distinct from corruption. Bribery is also discussed separately in Bangladesh Penal Code, whereas corruption is not. According to Section 161 of the Penal Code, bribery is gratification other than remuneration for doing or forbearing to do or for showing or forbearing to show favour or disfavour to any person.<sup>75</sup>

## 2.6 Bureaucratic Traits in Bangladesh

Historically, the bureaucracy in Bangladesh has failed to play the role of catalytic agents for development and social change. What has actually happened was development and expansion of the administrative structure and bureaucratic functions and continual nurturing of a bureaucratic trait

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<sup>74</sup> Government of Bangladesh (GOB), *UNAC: A Bangladesh Compliance & Gap Analysis*, (Dhaka: Ministry of Law, Justice and Parliamentary Affairs, 2008), 23.

<sup>75</sup> S. Hussain, *Corruption in Public Offices: Some Conceptual Issues in the Context of Bangladesh*, (Comilla: Bangladesh Academy for Rural Development, 1990), 4-7, 21-22.

were weakened and cynicism replaced idealism and public morality.<sup>77</sup>

Based on the near universal experiences of the common people, it may be argued that the bureaucratic responses in Bangladesh reflect one or more of the following characteristics: Apathy (A), Evasiveness (E), Immorality (I), Obstructionism (O), and Unethical behaviour (U).<sup>78</sup> An ordinary individual who is in need of a perfectly legitimate service from a government office but who does not chance to deal with a functionary belonging to the tiny conscientious section, and who does not have or does not want to use suitable administrative or political connections is sure to confront AEIOU—separately or jointly. Corruption, as is observed in Bangladesh bureaucracy, can obviously co-exist with one or more of these A,E,I,O,U.

As a participant-observer in bureaucracy since January, 1986, the present researcher undertook a number of attitudinal surveys on the levels of honesty and the traits of corruption among his peers. These samples were taken on the basis of personal relationships among 30 civil servants working

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<sup>77</sup> Government of Bangladesh (GOB), *Report of the Task Forces on Bangladesh Development Strategies for the 1990s*, (Dhaka: University Press Limited, 1991).

<sup>78</sup> Jayanta Kumar Ray and Muntasir Mamoon, *Inside Bureaucracy Bangladesh*. (Calcutta: Papyrus, 1987), 342. 'I' for 'Incompetence' has been replaced by 'Immorality', and 'U' for 'Urge for Unwarranted Authority' has been replaced by 'Unethical Behaviour' by the present researcher.



in districts, departments and ministries during the years 1986, 1992<sup>79</sup> and 1998. It was found that whereas 40 percent of these officers were corrupt at the start of their service career, the proportion increased to 70 percent after 6 years and 90 percent after 12 years. The following model has been developed by the present researcher on the basis of his observations and findings as a participant-observer in Bangladesh bureaucracy for over two decades.

## 2.7 A Behavioural Model of Vice and Vengefulness

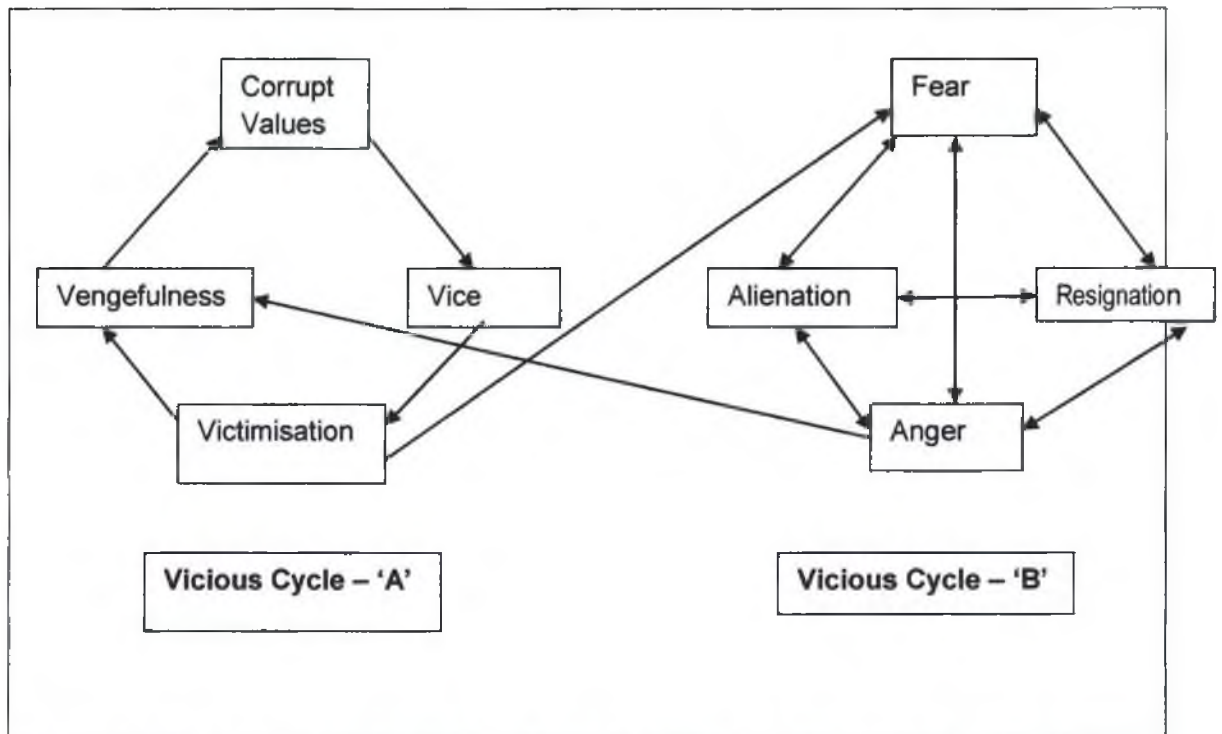
In line with various models of social development, there seem to exist numerous vicious cycles in Bangladesh—all leading to abject poverty, underdevelopment, exploitation of the weaker segments of society and the practice of wholesale corruption and immorality. Instead of using only economic variables or indicators, a hypothetical model based on the behavioural dimension, values and belief system and composed of two related cycles may be put forward for explaining the phenomenon.

The following diagram describes the model comprising of two related cycles, which may be used for explaining the behaviour of service-providers and service-recipients in the public sector of Bangladesh.<sup>80</sup>

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<sup>79</sup> Helal Uddin Ahmed, "Bureaucracy as an Agent of Underdevelopment: The Case of Bangladesh." Unpublished paper submitted for the BIDS Advanced Course in Economics and Quantitative Techniques, (Dhaka: BIDS, 1992), 46-48.

<sup>80</sup> Helal Uddin Ahmed, "Bangladesh Society: Caught in a Cycle of Vice and Vengeance", *Management*, Journal of the IBA Alumni Association, Vol. 1, No. 3, (1999), 55-58.



**Figure 2.7.1: Vicious Cycles of Vice-Vengefulness, Resignation-Allienation in Bangladesh**

First of all, what is wrong with the values? In the opinion of many, it is a blurring of distinction between virtues and vices resulting from parochialism, selfishness (putting self and family ahead of society, community and nation), excessive egotism and a lack of real understanding of religious and moral values.

As in other societies, vices take many forms in Bangladesh ranging from violence, immorality and injustice to corruption and victimization of citizens. But what is most striking is that, there is a tendency among many corrupt people to cover up or neutralise their vices even through religious rituals. These people seem to believe that in religion they have found a

mechanism by which they can offset or neutralise even their acts of corruption or crime.

As corrupt or polluted values give rise to various forms of vices, most importantly corruption in state machinery, vices in turn lead to victimization of the ordinary people. To get anything done — be it land transfer, taxation, utilities, law enforcement, bills, licensing, public sector procurement, and even recruitment of employees, bribes are often required.

This happens most often where the officials have discretionary powers, there is lack of transparency in work and the chain of command is conducive to corruption. In many cases, it is a group or syndicated effort with everybody in the chain getting a slice.

However, instead of calling it a bribe, the recipients normally use other terminologies such as 'gift', 'subscription' or 'toll' (*chanda*), 'envelope', 'service fee', 'signature money', 'speed money', 'tips' (*bakhshish*) and so on. They seem to believe that using a different terminology absolves them from any possible sin.

Some claim, whatever is accepted in the name of God is Halal (legal). Others claim that the source of money is not all that important; how it is spent is more important. Some hold the view that the prevailing social norms are bound to have an impact on them as they are very much part and parcel of a bigger society. Others counter by asking why point a finger at them when it is the same picture everywhere? Some say, when billions are being siphoned off, taking thousands or millions will not matter much. Yet others say, God is

merciful and forgiving and so will definitely pardon them even if they commit any sin.

Now, once victimised, the victims tend to lose faith in traditional morality and values. At a later stage they also tend to follow the same corrupt path of their erstwhile tormentors—if provided the opportunity.

This has been found to be true in case of many civil servants, who during the initial stages of their career tended to be honest, but at a later stage retaliated with the same coin with which they or their kin had been victimized. A culture of rampant corruption having a demonstration effect in society aids in their transformation for the worse.

Honesty leads to isolation and marginalisation, dishonesty to opportunities and material benefits. So, perceiving the apparent defeat of morality and ethics in their surroundings, the civil servants often prefer to follow the crooked path.

The above analysis, as shown by cycle 'A' in the figure, is relevant not only for the service-providers in Bangladesh's public sector who indulge in corruption, but also for other domains of the country's socio-economy and polity. People who accept these social realities and join the flock are the survivors. They are likely to gain materially and socio-economically in the process and thrive in a land of '*Gotterdammerung*'.

Now let us dwell on those people (such as service-recipients in the public sector) who have to constantly bear the brunt of a generally corrupt and immoral socio-economic system (shown by cycle—'B' in the figure). Theirs is

a pitiable state. Vices and victimization in the system breed fear in them as they can not defend themselves against these unjust acts.

This hopelessness and the inability to resist makes them resigned to their fate; and at a later stage, this resigned state of mind may breed anger, hatred and ultimately alienation from society.

Most of these people are forced to accept the social reality of corruption and undergoes transformation into bribe-giving service-recipients for obtaining delivery of public services, in conformity with the band-wagon effect visible in society.

However, if provided the opportunity, many of them would resort to vengeance in one form or another, including committing corruption themselves. Therefore, for the majority of the population in Bangladesh, the dark night of the soul never ends.

## **2.8 Matrix of Nature, Forms, Causes and Costs of Corruption**

The following table summarises the nature, forms, causes and costs of corruption as obtained from an extensive literature review on the subject. This matrix has been extensively applied in the preparation of questionnaire for the field survey in the present study.

**Table 2.8.1 Corruption Perception Matrix**

| <b>Variables</b>                      | <b>Governance Criteria</b>  | <b>Socioeconomic Criteria</b>  | <b>Behavioural Criteria</b>  |
|---------------------------------------|---|--|--|
| <b>Nature and Forms of Corruption</b> | <ol style="list-style-type: none"> <li>1. Misuse of power or position;</li> <li>2. Misappropriation of official funds or resources;</li> <li>3. Violation of legal norms and procedure.</li> </ol>  | <ol style="list-style-type: none"> <li>1. Bribery or taking money for service provided;</li> <li>2. Extortion or extracting money for services;</li> <li>3. Theft and fraud.</li> </ol>  | <ol style="list-style-type: none"> <li>1. Immorality;</li> <li>2. Dishonesty;</li> <li>3. Unethical behaviour;</li> <li>4. Favouritism and nepotism.</li> </ol>  |
| <b>Causes of Corruption</b>           | <ol style="list-style-type: none"> <li>1. Lack of transparency and accountability.</li> <li>2. Monopoly power over a good or service.</li> <li>3. Discretionary power over making decisions.</li> <li>4. A closed political system which tends to exclude aggregate interests.</li> <li>5. Weaknesses in the legal and regulatory frameworks.</li> <li>6. Red-tape and obstructionism used for eliciting illegal payments.</li> <li>7. Government system doing little to deter corruption.</li> </ol> | <ol style="list-style-type: none"> <li>1. Inadequate salary and income.</li> <li>2. Desire to become rich overnight.</li> <li>3. Social and cultural factors.</li> <li>4. Political and economic factors.</li> <li>5. Any policy creating artificial gap between demand and supply generates profitable opportunity for rent-seeking activities by opportunistic middlemen.</li> </ol> | <ol style="list-style-type: none"> <li>1. Moral degeneration and immoral behaviour.</li> <li>2. Dishonest character justifying illegal behaviour.</li> <li>3. Greed and urge for self-aggrandisement among people.</li> <li>4. Behavioural patterns, values and norms of a society.</li> <li>5. Belief of law-breakers that there is little chance of being caught, or if caught not having to pay the penalty, since the justice system itself is corrupt.</li> </ol> |



| Variables                         | Governance Criteria   | Socioeconomic Criteria  | Behavioural Criteria  |
|-----------------------------------|---|---|---|
| <p><b>Costs of Corruption</b></p> | <ol style="list-style-type: none"> <li>1. Perverts processes, institutions and goals by favouring the privileged few.</li> <li>2. Stimulates the use of non-rational criteria in public decisions.</li> <li>3. Induces wrong decisions, resulting in wrong projects, wrong prices, wrong contractors and substandard delivery to recoup over-pricing.</li> <li>4. Erodes the capacity for revenue collection.</li> <li>5. Reduces the state's ability to provide essential public goods including the rule of law.</li> <li>6. Weakens national institutions leading to inequitable social services and injustices in the courts.</li> <li>7. Devastating effect on administrative performance and growth.</li> <li>8. Weakens administrative capacity, contributes to serious political decay and undermines democracy, stability and national integration.</li> </ol> | <ol style="list-style-type: none"> <li>1. Engenders wrong economic choices and leads to inefficient economic outcomes.</li> <li>2. Distorts competition, thereby denying the public access to a competitive market-place.</li> <li>3. Adds to transaction costs, thereby excluding those who cannot pay.</li> <li>4. Raises uncertainty in an economy, pushes firms underground and leads to ever-higher tax rates levied on fewer and fewer tax-payers. .</li> <li>5. Unfairly imposes a regressive tax that falls heavily on trade and service activities undertaken by small enterprises.</li> <li>6. Impedes long-term foreign and domestic investment, misallocates talent to rent-seeking activities and distorts sector-based priorities and technology choices.</li> <li>7. Impedes economic growth, stifles entrepreneurialism and misuses scarce national resources.</li> <li>8. A vicious cycle of increasing corruption and underground economic activities may result.</li> <li>9. Negative impact on productivity and poverty.</li> </ol> | <ol style="list-style-type: none"> <li>1. Fosters contempt for public servants and the government in power.</li> <li>2. Breeds cynicism about governance and social justice among the citizens.</li> <li>3. Generates perversion or destruction of integrity in the discharge of public duties.</li> <li>4. Undermines integrity and legitimacy of the state in the eyes of the public.</li> <li>5. A sense of resignation pervades among the citizens coupled with a belief that attempts to fight corruption are doomed to fail.</li> </ol> |

## 2.9 Justifications of the Study

It is clear from the foregoing that although many research studies have been done on administrative corruption in Bangladesh till now, analysis of the phenomenon from within the government has been quite rare. This research was therefore justified by the fact that it was probably the first time that a survey on administrative corruption in Bangladesh was undertaken at Ph.D. level by somebody working inside the government, who had been a participant-observer in bureaucracy as an insider for over two decades.

The present researcher was also aided by the fact that the subject of his Master's level dissertation at the University of Ulster, UK, was 'Administrative Corruption in Bangladesh Police'. Field survey for this Master's dissertation was carried out in Dhaka city, Feni district and Mirzapur upazila of the country and its findings conformed with other relevant and recognised studies on the subject.

Besides, it has been found that previous researches in this area have not focused on the perceptions of the bribe-takers on corruption as well as their correlations with those of the bribe-givers. Thus, unlike earlier studies in the field, this research focused on the perceptions, beliefs, values and experiences of both service-recipients and service-providers, who were respectively victims and perpetrators of corruption, as well as correlations existing between them.

Both qualitative and quantitative techniques, including statistical ones, were applied in the research process by administering questionnaires and interviews with both service-recipients and service-providers. An attempt was thereby made to arrive at a holistic view of corruption in different sectors of public administration in metropolis Dhaka, encompassing its nature, forms, types, magnitude, causes, costs and remedies in the topmost administrative tier of Bangladesh.

## Chapter 3

### Methodology of the Study

#### 3.1 Research Approach

The present study followed an empirical research approach with a qualitative orientation.<sup>81</sup> The nature of enquiry was descriptive and responses were analysed both qualitatively and quantitatively.<sup>82</sup> The primary research strategy was survey through purposive sampling on the basis of limited-choice structured questionnaires by applying structured interview method.<sup>83</sup> Observation techniques were applied when required (as during field visits and interviews) and data from secondary sources were used where appropriate (such as in literature review). Behavioural, socio-economic and governance indicators were used for evaluating relevant variables.

As the population of Dhaka SMA (statistical metropolitan area) was too large (estimated to be over 12.5 million in 2008)<sup>84</sup>, non-probability purposive

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<sup>81</sup> C. R. Kothari, *Research Methodology: Methods and Techniques*, 2<sup>nd</sup> Edition, (New Delhi: Vishwa Prakashan, 1990), 3-6.

<sup>82</sup> W. M. K. Trochim, *Research Methods*, 2<sup>nd</sup> Edition, (USA: Atomic Dog Publishing, 2003).

<sup>83</sup> Denscombe, M. *The Good Research Guide*, 2<sup>nd</sup> Edition. (Maidenhead: Open University Press, 2003), 6-27, 144-159, 163-189, 233-263.

<sup>84</sup> Government of Bangladesh (GOB), *Statistical Pocketbook of Bangladesh 2009*, (Dhaka: Bangladesh Bureau of Statistics, 2010).

sampling was resorted to on selected service-recipients and service-providers in various wards (90 in total) under Dhaka City Corporation.

### 3.2 Sampling Frame and Design

The survey was conducted on a sample of 300 respondents, comprising of 200 service-recipient households and business establishments receiving services from the selected 10 sectors in various wards of Dhaka city as well as on 100 service-providing officials working in these sectors. The ten selected sectors were: Police, Land Administration, Education, Healthcare, Municipal Services, Income Tax, Value Added Tax, Banking, Water Supply and Power Supply.

The sampling frame or the number of respondents for each sector comprised of 20 service-recipients and 10 service-providing officials. The same questionnaire was administered to both service-recipients and service-providers in different wards of Dhaka city. Assistance of relevant officials or public representatives was sought in establishing contacts with the respondents and while undertaking questionnaire survey through structured interview method.

### 3.3 Outline of Questionnaire

The questionnaire administered during the survey was based on the objectives of the study as well as its conceptual and analytical frameworks. It covered the following areas:

- a) Processes and grounds of interactions for the victims and perpetrators of corruption.
- b) Nature, forms and types of administrative corruption encountered.
- c) Actors who participated in corrupt practices.
- d) Attitudes and beliefs of the victims and perpetrators of corruption regarding morality, ethics and corruption.
- e) Perceived causes and costs of corruption based on the values, beliefs and experiences of the service-providers and service-recipients.
- f) Magnitude and frequency of corruption based on quantitative indicators disclosed by service-recipients.
- g) Recommendations for curbing administrative corruption in Bangladesh based on the perceptions and views of service recipients and providers.

Limited choice structured questionnaires previously used in similar household surveys in Bangladesh and South Asia by the Berlin-based Transparency International as well as other relevant agencies were amended and modified to suite the purposes of this research. General comments and recommendations of the respondents for curbing administrative corruption were incorporated in the questionnaire survey data and their demographic profiles were also recorded. The views of the service-recipients and service-providers were then combined, synthesised and correlated to arrive at a holistic view of the corruption problem in Bangladesh as well as its solutions.



### 3.4 Selection of Respondents

The respondents in the survey were selected purposively through social and professional networking. The service-recipients (customers) or bribe-givers were categorised on the basis of their experience of corruption in specific service-delivery sectors at different locations of Dhaka city. On the other hand, the bribe-taking service providers (officials) working in different service-delivery sectors were chosen on the basis of their reputation in respective agencies.

As nobody was inclined to concede or acknowledge that they were corrupt, the corrupt service-providers were asked only about corruption they themselves encountered in any agency of the government (not necessarily their own). This did not compromise with the objectives of this study, as the main purpose of interviewing service-providers was to capture their own experiences, attitudes and opinions about administrative corruption in Bangladesh.

### 3.5 Analysis and Interpretation of Data

The collected data were analysed both quantitatively and qualitatively to determine their broader meaning and to suggest how the interpretations relate and add to the existing stock of knowledge. Both primary and secondary data were reviewed, evaluated and scrutinised on the basis of set objectives and evaluation criteria. Interpretation of data was both descriptive and analytical in nature in the light of broader aim and specific objectives of the study.

Statistical techniques such as Spearman's Coefficient of Rank Correlation were applied as and when required.

### 3.6 Framework of Analysis

Both the behavioural model of vice and vengefulness and the corruption matrix discussed earlier in the conceptual framework were applied in the present study for analysing the perceptions of corruption among the service-recipients (bribe-givers) and service-providers (bribe-takers). For example, Vicious Cycle-A (corrupt values – vices – victimisation – vengefulness) as shown in the behavioural model was applied in case of service-providing bribe-takers. Attempts were made to relate the values, beliefs and experiences of corrupt bribe-takers with the nature, forms, types, causes, costs and remedies of administrative corruption as summarised in the conceptual framework.

On the other hand, Vicious Cycle-B (fear-resignation-anger-alienation), as shown in the behavioural model, was explored in this study for the service-recipients or bribe-givers. The nature, forms, types, causes, costs and remedies of corruption were again related to the values, beliefs and experiences of the service-recipient victims of administrative corruption in Bangladesh.

Finally, the perceptions and experiences of corruption among the bribe-givers and bribe-takers were evaluated and correlated in terms of the following matrix, where relevant variables were gauged in terms of socio-

economic, governance and behavioural indicators. Statistical techniques like Spearman's coefficient of rank correlation<sup>85</sup> were applied as and where appropriate (see Appendix-3).

**Table 3.6.1: Corruption Perception Matrix for Bribe-givers and Bribe-takers**

| <b>Variables</b>                      | <b>Perception &amp; Experiences of Bribe-givers</b> | <b>Perception &amp; Experiences of Bribe-takers</b> |
|---------------------------------------|---|---|
| Nature & Forms of Corruption          | Indicators  | Indicators  |
| Types of Corruption                   | Indicators  | Indicators  |
| Magnitude and Frequency of Corruption | Indicators  | Indicators  |
| Causes of Corruption                  | Indicators  | Indicators  |
| Costs of Corruption                   | Indicators  | Indicators  |
| Remedies of Corruption                | Indicators  | Indicators  |

<sup>85</sup> A. Douglas Lind, William G. Marchal and Samuel A. Wathen, *Statistical Techniques in Business & Economics*, 13<sup>th</sup> Edition, (New Delhi: Tata McGraw-Hill Publishing Company Ltd., 2008),: 694-95.

## **Chapter 4**

### **Administrative Corruption in Selected Sectors: A Documentary Analysis**

The following sections briefly encapsulate the state of corruption prevailing in the ten service-delivery sectors covered by the present study. This documentary analysis is mostly based on sector-based household surveys conducted by the Bangladesh Chapter of Transparency International since 1997. Compared to other sections, the section on police corruption in Bangladesh has been made much more detailed and elaborate, as it is considered to be one of the most representative sectors for analysing the malaise of administrative corruption in Bangladesh.

#### **4.1 Administrative Corruption in Bangladesh Police**

The police in Bangladesh have a history of over 200 years, starting from its launching during the British colonial period followed by the Pakistani era (1947-71) and the emergence of independent Bangladesh in 1971. The Constitution of the Republic, Rules of the government including Police Regulation of Bangladesh and various Acts of parliament such as the Police Act and Code of Criminal Procedure form the legal basis for the existence of Bangladesh Police. Organizationally, it has 12 branches and each branch has its own method of action. These branches are under the control of Inspector General of Police, but they work almost independently. The branches are:

District Police Administration, Criminal Investigation Department, Special Branch, Railway Police, Traffic Police, River Police, Metropolitan Police, Cavalier Police, Highway Police, Industrial Police, Armed Police Battalion, Range Reserve Force and Rapid Action Battalion.

Various surveys have repeatedly identified the police force in Bangladesh as one of the most corrupt arms of the government. There is a pervasive feeling among the population that the police are anti-poor and cannot be relied upon to maintain law and order or redress violations of human security.<sup>86</sup>

The World Bank noted in 1999:

The public at large is fearful and suspicious of the police and view law enforcement agents as predators, not protectors. Ninety six percent of the respondents to the TI 1996 survey claimed that it was impossible to get help from the police without money or influence. More than two thirds of the complainants reported having to pay to induce police officers to file the necessary 'First Information Report'. Seventy-one percent also accused the police of taking bribes and distorting the charge-sheet in favour of bribe-payers by deliberately delaying sending cases to the court. Physical assault and torture in police custody are common and viewed as normal means of eliciting confessions from suspects. There are frequent media reports of documented cases of people tortured to death and women sexually abused and raped while in police custody. - - - -Poor career prospects and below-subsistence salary levels induce many police officials to become corrupt. Dishonesty at senior levels in the hierarchy acts as a further catalyst. When an officer-in-charge sanctions a bribe, it becomes easier for

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<sup>86</sup> World Bank, *Bangladesh: Key Challenges for the Next Millennium*, (Washington DC: The World Bank, 1999), 16-17, 39-47.

his subordinate sub-inspectors and constables to extract payments and expect their due share from the proceeds.<sup>87</sup>

Another World Bank publication<sup>88</sup> said: "After over a quarter of a century of independence, the State still does not ensure the rule of law or provide a well-functioning regulatory and policy environment. Extortion and toll-taking are widespread and are particularly damaging to small and medium sized enterprises. The police are ill-disciplined and, as evidenced by several surveys, seem more intent on extracting money from citizens than protecting them; needless to say, they are hardly the preferred refuge for an ordinary citizen seeking protection."

It has been found in a UNDP study<sup>89</sup> that 80 percent people in Bangladesh are fearful of harassment and bad treatment at the hands of the police. Of the 18 responding stakeholders in the UNDP Study who had visited police stations to file cases, 10 said that they had to either persuade and/or bribe the police in order for them to act. The use of bribes and other pressure has a direct effect on police responsiveness.

The World Bank found that "not only do the citizens and businesses of Bangladesh regard the country's police as corrupt and unreliable, their

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<sup>87</sup> World Bank, *Corruption in Bangladesh: Costs and Cures*, (Washington DC: The World Bank, 2000), 24-25.

<sup>88</sup> World Bank, *Taming Leviathan: Reforming Governance in Bangladesh: An Institutional Review*, (Washington DC: The World Bank, 2002), 2.

<sup>89</sup> United Nations Development Program (UNDP), *Human Security in Bangladesh: In Search of Justice and Dignity*, (Dhaka: UNDP, 2002).



estimates of police honesty and responsiveness have also dropped markedly over the last five years."<sup>90</sup>

Although entrepreneurs were harsher than householders in their judgements of corruption and service quality in law enforcing organizations, the differences between the two groups' evaluations are less significant than their shared judgement that the police cannot be trusted to carry out their responsibilities honestly. A citizens' survey on governance carried out in 1998 by the Islamabad-based Mahbubul Haq Human Development Centre produced very similar findings. Eighty-two percent of the respondents then considered the police to be the most corrupt government department, and businessmen put the police's service standard as the lowest among all forty-four organizations they evaluated.<sup>91</sup> Of those questioned by the World Bank Survey, two out of three saw 'heavy or malignant corruption' in the police force.<sup>92</sup>

Inadequate police staffing in Bangladesh (people-police ratio being 1300:1) not only encourages crime but also discourages its politically less influential and destitute victims from making formal complaints. Lacking the means to conduct full, impartial investigations of complaints – registered initially either in the form of a First Information Report (FIR) or a General Diary

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<sup>90</sup> World Bank, *Bangladesh: Improving Governance for Reducing Poverty*, (Washington DC: The World Bank, 2002), 5-9.

<sup>91</sup> *Ibid.*, 5-9.

<sup>92</sup> *Ibid.*, 5-9.

(GD) entry – the police officers often refuse to accept formal charges unless the aggrieved party pays them to do so.<sup>93</sup>

Householders surveyed by the World Bank gave specific reports on the extra sums of money that they had been required to pay to register complaints relating to various crime categories like robbery, murder, theft, crimes against women, fraud and violence. In consequence of what amounted to entry fees to the police register, many crimes went unrecorded and the poorer victims were less likely than others even to record complaints. Two out of five cases (41 percent) of extortion, for example, did not get registered. Neither did one of every four crimes against women, one of every four acts of fraud, one of every five instances of theft and one of every five property-related disputes.<sup>94</sup>

The practice of extorting payments from complainants naturally leads to discrimination against those who cannot pay. The price for registering crimes also differs by income group: those who have the least power to influence and are least able to pay are made to pay the most. Nearly a quarter (23 percent) of households surveyed by the World Bank, who were victims of crime or violence, made no police complaint. In their view, not only are reporting procedures far too complicated, but they also expected that instead of getting help, they – as complainants – would be harassed for bribes especially if the other party paid more to the police.<sup>95</sup>

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<sup>93</sup> *Ibid.*, 5-9.

<sup>94</sup> World Bank, *Bangladesh: Improving Governance for Reducing Poverty*, (Washington DC: The World Bank, 2002), 5-9.

<sup>95</sup> *Ibid.*, 5-9.

The World Bank observed in 2002:

Bribery that begins with the formality of reporting a crime in the form of General Diary (GD) or First Information Report (FIR) can also influence the outcome of any investigation and prosecution. Between the first step of registering a criminal complaint and follow-up investigation and – where appropriate – prosecution in court, money greases the wheels of justice. The price of influencing police investigation depends on the type of crime. In cases of murder and robbery, half lead to prosecution. Even there, however, delays plague the system. For most crimes, two weeks elapse between the report and the start of a prosecution case. In the meantime, money can change hands and can change the course of police investigations. The price tags bear some similarity to the price for registering complaints. Robbery and murder command small prices; but extortion and property-related feuds that affect the rich and influential exact higher payments.<sup>96</sup>

The survey carried out by Transparency International on 'Corruption in South Asia' found that the police was perceived to be the most corrupt public agency in Bangladesh. The survey showed that 84 percent of the respondents reported corruption by the police. Eighty-eight percent claimed that they had to pay bribes for filing a complaint with the police while 96 percent said that they had to pay bribes for getting released from false arrest. Major actors in corruption in the police department were Duty Officer in the police station, Investigating Officer and the Officer-in-Charge of the station. Bribes were extorted directly in 84 percent of the cases and were demanded through a

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<sup>96</sup> World Bank, *Bangladesh: Improving Governance for Reducing Poverty*, (Washington DC: The World Bank, 2002), 8-9. .

third party in 9 percent cases. The average amount of bribe paid to police in Bangladesh was found to be Taka 9675 per year per respondent. Seventy-six percent of the respondents felt that '*lack of accountability*' was the main reason for corruption in the police department, 73 percent identified '*discretionary power*' as the perceived reason while 54 percent singled out '*power of monopoly*' as the major contributing factor to police corruption.<sup>97</sup>

The National Household Survey carried out by the Bangladesh Chapter of Transparency International during 1996 revealed: (a) 96 % of households said they had to pay the police to get any help or service; (b) 63% of households involved in court cases said they had to bribe court officials and lawyers; (c) 89% of households involved in court cases said it was almost impossible to get fair and quick judgement from the courts without money or influence.<sup>98</sup>

The Corruption Database Report of TIB for the period January-June 2000 revealed that out of the 37 sectors/departments examined, the law enforcement agencies (Police, BDR and Ansar-VDP) were the most corrupt. Of the 278 cases against these agencies, 254 were against the Police Department. The offenders included the Metropolitan Police, Detective Branch, Thana/Upazila Police, Traffic Police and District Police.<sup>99</sup> The types of

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<sup>97</sup> Transparency International (TI), *Corruption in South Asia: Insights and Benchmarks from Citizen Feedback Surveys in Five Countries*, (Berlin: TI, 2002), 1-2, 12-13, 33-35.

<sup>98</sup> Transparency International Bangladesh (TIB), *Report on the National Household Survey on Corruption in Bangladesh*, (Dhaka: TIB, 1997).

<sup>99</sup> Transparency International Bangladesh (TIB), *Corruption Database Report*, (Dhaka: TIB, 2000).

corruption resorted to by the law enforcers included (in descending order) *abuse of power, bribery, refusal to provide services/perform duties, extortion, misuse of resources, embezzlement and nepotism.*

The Corruption Database Report of TIB for the period January-December 2001 similarly found that the law enforcement agencies were the most corrupt among 38 sectors/agencies of Bangladesh. The police were again found to be the principal offenders.<sup>100</sup>

It was revealed in a TIB Investigative Report<sup>101</sup> prepared on the basis of a survey conducted in 2003 on 3 thanas (police stations) at metropolitan, district and upazila levels that 91.5% of people who went to the police stations to file complaints in Dhaka city had to pay bribes for the purpose. The corresponding percentages at district and upazila levels were found to be 85.7% and 81.6% respectively. This tallied with the national figure of 87.62% found in the Household Survey on Corruption conducted by TIB in 2002.<sup>102</sup>

Among the relatives of people held in police custody, more than 95% (97.6% at metropolis, 96.1% at district and 94.3% at upazila levels) disclosed that they had to bribe the police for being allowed to meet the arrestees.<sup>103</sup> It

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<sup>100</sup> Transparency International Bangladesh (TIB), *Corruption Database Report*, (Dhaka: TIB, 2002).

<sup>101</sup> Transparency International Bangladesh (TIB), *Investigative Report on Three Police Stations*, (Dhaka: TIB, 2004), 21-44.

<sup>102</sup> Transparency International Bangladesh (TIB), "State of Corruption in Bangladesh", *The Bangladesh Accountant*, Vol. 36, No. 9, (Dhaka: ICAB, 2002), 54-64.

<sup>103</sup> Transparency International Bangladesh (TIB), *Investigative Report on Three Police Stations*, (Dhaka: TIB, 2004), 21-44.



was also revealed that the police had to be paid money for decent treatment of the arrestees, the percentage of people making such payments at the metropolitan, district and upazila levels being 97.4%, 98.1% and 96.8% respectively. The relatives of over 98% accused in cases filed with the police claimed that they had to bribe the police. The corresponding figure in the 2002 Household Survey<sup>104</sup> was 87.4%. Regarding satisfaction with the services provided by the police, 98.5% at metropolitan level, 99.1% at district level and 97.3% at upazila level claimed that they were totally dissatisfied with the services rendered. The TIB investigative study on the police also showed that the breakdown of illegal incomes elicited by police stations at metropolitan, district and upazila levels were as follows:

**Table 4.1.1: Sources of Police Income**

| Sources of Income                         | City Police Station | District Police Station | Upazila Police Station |
|---|---------------------|-------------------------|------------------------|
| Complainants and accused in cases filed   | 24.5%               | 25.6%                   | 33%                    |
| People doing illegal business in the area | 37.8%               | 35.7%                   | 43.2%                  |
| Motor vehicles operating in the area      | 34.6%               | 34.5%                   | 18.6%                  |
| Others                                    | 3.1%                | 4.2%                    | 5.2%                   |
| Total                                     | 100%                | 100%                    | 100%                   |

Source: TIB, 2004

<sup>104</sup> Transparency International Bangladesh (TIB), "State of Corruption in Bangladesh", *The Bangladesh Accountant*, Vol. 36, No. 9, (Dhaka: ICAB, 2002), 54-64.



It was also revealed in the TIB Study that there were frequent transfers in the police department which hampered the smooth functioning of the police stations. The average tenure of Officers-in-Charge (of the rank of Inspectors) of police stations at metropolis, district and upazila levels were found to be 1.04 years, 1.06 years and 1.08 years respectively. This practice of frequent transfers of police staff was equally applicable in case of Sub-Inspectors, Assistant Sub-Inspectors and Constables as well. They had to pay hefty amounts as bribes if they wanted to get postings at places of their choice. The amounts paid as bribes by various levels of police staff were found to be as follows:

**Table 4.1.2: Bribes Paid for Obtaining Transfers to Preferred Police Stations**

| Police staff                  | Bribes paid for posting |
|-------------------------------|-------------------------|
| Officer-in-Charge (Inspector) | Taka 5 – 10 lakh        |
| Sub-Inspector                 | Taka 3 – 5 lakh         |
| Assistant Sub-Inspector       | Taka 2 – 3 lakh         |
| Constable                     | Taka 4-6 thousand       |

*Source: TIB, 2004*

As the police personnel themselves had to pay bribes to get postings, it was natural that they would try to recoup that invested money through illegal means. Thus, a vicious cycle of bribery appears to extend from the top to the bottom of the police hierarchy and there seems to be a clear linkage between corruption and criminal activities. As a consequence, a nexus forms between the police and the law-breakers with the objective of sharing the ill-gotten money from illegal activities. In this way, criminals are patronised by the police

to facilitate channelling of funds into a vicious cycle of crime and police corruption.

According to another nationwide household survey report on corruption published by TIB in 2005, 92% of the households in Bangladesh had to pay Taka 2430 on an average for submitting FIRs (First Information Reports) at police stations, 91% of the households paid Taka 939 on an average to file GDs (General Diaries), 80% of the households paid Taka 881 as bribe for police clearance and 71% of the accused paid the police Taka 5718 on an average as bribes. According to this analysis, the police elicited Taka 15.31 billion annually as bribes for these four tasks. Of this amount, Taka 2.271 billion were extorted from those who had filed FIRs, Taka 766 million from those who had submitted GDs, Taka 930 million for obtaining police clearance and Taka 11.343 billion were extracted from the accused in filed cases.<sup>105</sup>

A survey of three police stations at divisional, district and upazila levels carried out by the present researcher in 2005 showed that average amount paid to police as bribes by households approaching police stations in Bangladesh per year was Taka 5,606 and the total estimated bribe paid to police in the country each year amounted to around Taka 23.10 billion.<sup>106</sup>

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<sup>105</sup> Transparency International Bangladesh (TIB), *Corruption in Bangladesh: National Household Survey*, (Dhaka: TIB, 2005), 23-25, 41-50.

<sup>106</sup> Helal Uddin Ahmed, "Administrative Corruption in Bangladesh: A Survey of Three Police Stations", (Master's Thesis, University of Ulster, 2005), 45-53.

## 4.2 Administrative Corruption in the Education Sector

The government organizations engaged in administering and providing education in the country include the Ministry of Education, Department of Secondary and Higher Education, Department of Primary Education, Department of Technical Education, National Curriculum and Text Book Board, Directorate of Inspection and Audit, Bangladesh Technical Education Board, Secondary and Higher Secondary Education Boards in different divisions, University Grants Commission, public and private universities, colleges, high schools and primary schools throughout the country. Students, teachers and guardians of some public sector educational institutions as well as officials of some education departments in Dhaka were chosen for this survey on administrative corruption in Bangladesh.

Education is viewed in Bangladesh as a basic right of citizens and an investment in human capital. Article 15 of the Constitution of the People's Republic of Bangladesh states<sup>107</sup>: "It shall be a fundamental responsibility of the State to attain, through planned economic growth, a constant increase of productive forces and a steady improvement in the material and cultural standard of living of the people, with a view to securing for its citizens: the provision of the basic necessities of life, including food, clothing, shelter, education and medical care." It is therefore the responsibility of the Government of Bangladesh to provide education and healthcare services to all citizens, particularly the disadvantaged groups, such as the poor, women

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<sup>107</sup> Government of Bangladesh, *The Constitution of the People's Republic of Bangladesh*, (Dhaka: Ministry of Law, Justice and Parliamentary Affairs, 1998), 8.

and children. However, the quality of educational services rendered by the government remains inferior, unsatisfactory and riddled with corruption.

The reports on National Household Surveys on Corruption in Bangladesh released by TIB in 1997, 2002, 2005 and 2008 have depicted pervasive corruption and irregularities which exist in the education sector. The irregularities in the education sector reported by respondents during the 1996 TIB survey on corruption in Bangladesh included nepotism (42%), distribution of quantity less than the allocated amount in Food for Education Programme (58%) and improper assessment of eligibility (16%). About half (50.8%) of the households reported that extra money was necessary for admission and examination in schools. About 49% of the households reported difficulty in getting promotion to higher class or good result unless the teacher was engaged as private tutor; partiality in favour of influential people was reported by 33% households and deduction of scholarship money was reported by 27% of the households. There was a very high agreement or complete agreement (more than 45%) on the existence of unethical practices in supply of school text-books.<sup>108</sup>

According to the report "Corruption in South Asia: Insights and Benchmarks from Citizens' Feedback Surveys in Five Countries" released by Transparency International in 2002<sup>109</sup>, "While 13% of respondents (in

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<sup>108</sup> Transparency International Bangladesh (TIB), *Report on the National Household Survey on Corruption in Bangladesh*, (Dhaka: TIB, 1997), 1.

<sup>109</sup> Transparency International (TI), *Corruption in South Asia: Insights and Benchmarks from Citizens' Feedback Surveys in Five Countries*, (Berlin: TI, 2002), 12-38.

Bangladesh) reported irregular admission processes, a far larger percentage (38%) indicated that corruption is pervasive in the regular functioning of government institutions. More than 87% of the victims of corruption identify teachers as the major facilitators. Direct extortion of bribes was reported by 87%. One in two respondents identified weak accountability as a major factor facilitating corruption in the education sector."

The Corruption Database Report 2005 of TIB found the education sector in Bangladesh to be the third most corrupt sector in the country.<sup>110</sup> The government had to incur maximum wastage and misappropriation of funds due to irregularities and corruption in this sector. The National Household Survey on Corruption in Bangladesh released by TIB in 2005 claimed that 40% of the respondents had to pay extra fees (bribes) for admitting their children to primary schools, while 42.7% had to pay bribes for admitting their wards to secondary schools. In case of colleges, the percentage of respondents who had to pay bribes for admitting their offspring was 37.3%. In urban areas, the average amount of bribe paid per head was Taka 628 for primary schools, Taka 1920 for secondary schools and Taka 1538 for colleges. On the other hand, 32.4% among the primary school students and 22% among the secondary level students who received stipends had to pay bribes at the rate of Taka 40 and Taka 45 per head. Around 38% of the

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<sup>110</sup> Transparency International Bangladesh (TIB), *Corruption Database Report 2005*, (Dhaka: TIB, 2004).



female students getting stipends reported that they received lesser amounts than that fixed by the government.<sup>111</sup>

The National Household Survey 2007 on Corruption in Bangladesh<sup>112</sup> conducted by TIB found that 21.5% students of the surveyed households had to hire private tutors from among their teachers as they presumably did not receive full attention and benefit from classroom teaching. Among the students who reported having private tutors, around a half mentioned that they received hints about questions before the exams and another half got excess marks in those exams. It was evident from the data that private tuitions only helped students to pass exams, as only 3.5% of the students admitted receiving quality education from their private tutors. It was also found that overall 60% students at various tiers of education experienced misbehaviour of teachers for not hiring them as private tutors.

#### 4.3 Administrative Corruption in Healthcare Sector

The healthcare services in Bangladesh are administered by the Ministry of Health and Family Welfare at the central level and the Directorate General of Health Services, Department of Family Planning, Directorate of Drug Administration and the Directorate of Nursing Services at the field level. There are numerous hospitals and clinics run by the government throughout the

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<sup>111</sup> Transparency International Bangladesh (TIB), *Corruption in Bangladesh: National Household Survey*, (Dhaka: TIB, 2005), 11-13.

<sup>112</sup> Transparency International Bangladesh (TIB), *National Household Survey 2007 on Corruption in Bangladesh*, (Dhaka, TIB, 2008), 19-25.



country starting from capital Dhaka up to the district, upazila and union levels. Metropolis Dhaka also has a number of government-run hospitals which have been surveyed in the present study. The patients at these hospitals and officials responsible for delivery of healthcare services were chosen as respondents for the survey.

Although right to healthcare has been guaranteed by the Constitution of the People's Republic of Bangladesh as a fundamental right, the public sector healthcare delivery system in the country is riddled with irregularities and corruption. The survey on corruption in Bangladesh conducted by TIB in 1996 found that 28.1% of the surveyed households had patients who sought treatment at public hospitals throughout the country. Of them, approximately two-fifths (39.4%) reported payment higher than normal registration fees at the outpatient departments of hospitals. The households who had indoor treatment also reported irregularities in admission procedure. Normal process of admission was reported by only 41% of the households. Among the irregular methods for admission into hospitals, 20% of the patients reported consultation with the doctor at private chamber, while 18% reported payment of extra money to the hospital staff. The survey also found that among the households receiving treatment at hospitals, 79% had to perform pathological tests at private establishments and 62% of those who carried out tests at public hospitals had to make extra payments. Around 70% of the respondents agreed that there existed unethical practices in the procedure for admission

into hospitals and 81% held similar view regarding supply of medicines or treatment in hospitals.<sup>113</sup>

According to the report "Corruption in South Asia: Insights and Benchmarks from Citizens' Feedback Surveys in Five Countries" released by Transparency International in 2002<sup>114</sup>: "More than half of the users of government hospitals report that they accessed the service through irregular processes. Payment of money was widely reported to be the most common form. 80% of in-patients and 45% of out-patients report that they were victims of corruption. 56% of the victims identify the doctor as the major facilitator of corruption and more than 60% said that bribes were demanded directly by the major facilitator. Weak accountability (67%) and poor transparency (45%) are quoted as the major causes of corruption in the health sector."

The report on the National Household Survey on Corruption in Bangladesh released by TIB in 2005 found that 29.4% of the respondents who went to the outdoor departments of public hospitals for treatment had to pay money to the doctors. On the other hand, 20% respondents had to pay extra money for getting indoor treatment at hospitals. Around 37% respondents had to pay money for carrying out operations in government hospitals. Besides, the patients also had to make extra payments for medicines and pathological tests. Around 94% of the respondents had to buy

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<sup>113</sup> Transparency International Bangladesh (TIB), *Report on the National Household Survey on Corruption in Bangladesh*, (Dhaka: TIB, 1997), 2.

<sup>114</sup> Transparency International (TI), *Corruption in South Asia: Insights and Benchmarks from Citizens' Feedback Surveys in Five Countries*, (Berlin: TI, 2002), 12-38.

medicines from outside the hospital; 21% were advised by the doctors to come to their private chambers.

The National Household Survey 2007 on Corruption in Bangladesh<sup>115</sup> conducted by TIB found that two out of five service-recipients faced harassment while visiting government health facilities and 33.4% of the service-recipients paid an average of Taka 461 as bribe or speed money. Almost all categories of professionals engaged in the health sector were involved in bribery – doctors and nurses being the main bribe-takers.

#### 4.4 Administrative Corruption in Power Supply

The power sector organization chosen for the field survey – Dhaka Power Distribution Company (DPDC) is a limited company under the Power Division of Ministry of Power, Energy and Mineral Resources of the Government of the Peoples Republic of Bangladesh. It is owned by the government and was registered on 25 October 2005 under the Companies Act, 1994. The company was created as a part of the Power Sector Reform Program of the government to ensure better services to the electricity consumers under Greater Dhaka District area through direct supervision and close monitoring of the distribution system's management. At the time of inception, the DPDC area was about 7473 square kilometres in and around the capital city Dhaka. Consequently, after handing over the city peripherals to Rural Electrification

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<sup>115</sup> Transparency International Bangladesh (TIB), *National Household Survey 2007 on Corruption in Bangladesh*, (Dhaka: TIB, 2008), 26-30.

Board (REB) and some parts of the Metropolitan area to Dhaka Electricity Supply Company Ltd. (DESCO), DPDC area has now been reduced to southern part of the capital city and adjoining townships of Narayanganj and Tongi.

Corruption in the power sector of Bangladesh assumed a serious proportion after the independence of Bangladesh. Payment of a small percentage of any bills by the contractors has become a standard practice and is now taken for granted. The same is the case for gratification required by junior officers for certifying measurements, recommending quoted rates for unscheduled works and approval of bills by higher level officers. Engagement of ghost labourers, particularly during an emergency, is quite common. The large-scale corruption associated with the technical and commercial functions of the state-owned power-sector organizations in Bangladesh have been eating away their vitals and hurting the economy and society.<sup>116</sup>

The most pernicious phenomenon of nurturing corruption in the power sector is the so-called 'system loss', which involves the theft of a substantial volume of electricity. What was initially a minor issue gradually became a serious one due to neglect in enforcing discipline at a time when things were under control. With no disciplinary actions forthcoming, the employees of Bangladesh Power Development Board (BPDB) developed an attitude of having the 'right to steal'. Protected by strong trade unions that claimed political support and patronage, and with the connivance of certain sections of

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<sup>116</sup>Transparency International Bangladesh (TIB), "State of Corruption in Bangladesh," *The Bangladesh Accountant*, Vol. 36, No. 9, (Dhaka: ICAB, 2002), 54-55.

officers, the employees have been an active party to the system loss, causing huge revenue losses to BPDB and undermining its financial viability.<sup>117</sup> Organizations like DPDC later came into existence through transfer of various BPDB functions.

According to the National Household Survey on Corruption in Bangladesh conducted by TIB in 1996, 70% of households faced difficulty in dealing with power sector organizations. Of them, about 33% of the households paid money for electricity connection and accessories, 21% reported having to make frequent visits, 12% reported undue delays and 40% reported other difficulties. About 30% of the households disclosed that reduced electricity bill was obtainable through arrangement with the meter reader. About 67.2% of the households confirmed prevalence of unethical practices in electricity supply and another 46% confirmed existence of the same in the billing system.<sup>118</sup>

According to the report "Corruption in South Asia: Insights and Benchmarks from Citizens' Feedback Surveys in Five Countries" released by Transparency International in 2002<sup>119</sup>: "More than one-third of the total users of the public power utility report irregularities in accessing the services; the

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<sup>117</sup> Transparency International Bangladesh (TIB), "State of Corruption in Bangladesh," *The Bangladesh Accountant*, Vol. 36, No. 9, (Dhaka: ICAB, 2002), 54-56.

<sup>118</sup> Transparency International Bangladesh (TIB), *Report on the National Household Survey on Corruption in Bangladesh*, (Dhaka: TIB, 1997), 5.

<sup>119</sup> Transparency International (TI), *Corruption in South Asia: Insights and Benchmarks from Citizens' Feedback Surveys in Five Countries*, (Berlin: TI, 2002), 12-38.



percentage was significantly higher in rural areas (45%) than in urban areas (23%). Of those respondents reporting irregularities in getting energy connections, almost all of them report that they paid bribes. A third of the regular users report some corruption in their dealings with the department. Meter readers (26%) and department officers are identified as the major facilitators of corruption. Almost 80% of the victims of corruption cite extortion as the main form of graft. Lack of accountability (57%) and a monopoly of power (47%) are identified as the key factors contributing to corruption in the power sector."

The report on the National Household Survey on Corruption in Bangladesh released by TIB in 2005 found that 10.4% of the electricity connections in the country were unauthorised ones. Around 70.4% of the electricity subscribers had to pay an average bribe of Taka 1,174 for obtaining electricity meter. About 4.3% electricity subscribers had paid bribes of Taka 1,445 on an average for reducing their meter readings.<sup>120</sup>

According to the findings of the National Household Survey 2007 on Corruption in Bangladesh conducted by TIB, 52.7% households experienced corruption and harassments while receiving services from different power sector entities. The incidence of harassment and corruption was found to be the highest (73.9%) among the customers of Dhaka Electricity Supply Company (DESCO). Next in the ranking (66.7%) were the customers of Dhaka Electricity Supply Authority (DESA), the predecessor organization of

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<sup>120</sup> Transparency International Bangladesh (TIB), *Corruption in Bangladesh: National Household Survey*, (Dhaka: TIB, 2005), 34-35.



DPDC. Among those households who experienced corruption and harassments in the power sector, the highest proportion (41.8%) experienced the incidence of bribery. Other forms of harassment included unnecessary delay in service delivery (27.8%) and inflated bills (9.8%). The households who paid bribes for receiving services paid Taka 1,993 on an average annually.<sup>121</sup> Overall, the linemen were blamed for bribery by 50.8% of the respondents, while the resident engineers by 10.8% of the respondents.

#### 4.5 Administrative Corruption in Water Supply

The chosen water supply organization for the field survey 'Dhaka Water Supply and Sewerage Authority' (DWASA) is a service-oriented state-owned organization, which is responsible for providing potable water supply, sewerage and drainage facilities to the city-dwellers of Dhaka. The population of Dhaka city has increased manifold during the last two decades. In the midst of limited resources and various constraints, the operation, maintenance and development of Dhaka city's water supply, sewerage disposal and drainage systems have continued at a slow and deficient pace. Dhaka WASA presently serves less than 70% of the population of Dhaka metropolitan area. It is facing difficulties in maintaining adequate level of water supply mainly due to rapidly growing demand, age-old water distribution network and leakages in the delivery network.

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<sup>121</sup> Transparency International Bangladesh (TIB), *National Household Survey 2007 on Corruption in Bangladesh*, (Dhaka: TIB, 2008), 40-43.

The National Household Survey on Corruption in Bangladesh conducted by TIB in 1996 found that about 23% urban households of the country experienced difficulty in getting water supply connection. Of them, around 17% reported payment of extra money, 16% reported having to undertake repeated visits and 12% reported long delays and red tape in getting water supply connection. Nearly a third (32%) of the urban households claimed that reduced water bill was obtainable through arrangement with the meter reader. Nearly 60% of these households conceded that it was almost impossible to get water supply connection without money or influence and around 45% held a similar view about getting correct water bill on the basis of actual usage.<sup>122</sup>

It has often been alleged in the media that ruling party backed trade unions inside Dhaka Water Supply and Sewerage Authority (DWASA) have been at the centre of a network of corruption involving billions of taka over the last two decades, whereby money have been siphoned off from the organization year after year through revenue inspectors, commonly known as the 'meter reader'. A number of senior officials of WASA have privately admitted to the media that the corruption by meter readers caused the organization to lose over Taka 80 million a month.<sup>123</sup>

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<sup>122</sup> Transparency International Bangladesh (TIB), *Report on the National Household Survey on Corruption in Bangladesh*. (Dhaka: TIB, 1997), 4-5.

<sup>123</sup> Ershad Kamol, " Graft-ridden WASA Sees Union Change Its Colour", *The Daily Star*, November 22, 2009..

A number of anonymous WASA engineers have explained to the media a common system used by revenue inspectors to make money. Each revenue officer is responsible for around 500 different billing locations – which they categorise into those with small monthly bills (residential houses), and those with larger bills (like apartment complexes or factories). The inspectors then personally employ a number of 'assistants' to collect the bills from the smaller properties. Many assistants are not even employed by WASA, while others are 'pump operators' who work as bill collectors after their office hours to make extra money.<sup>124</sup>

The revenue inspectors themselves focus only on the factories and apartment blocks. They know what should be the approximate bill for a particular property. If the monthly bill for an apartment building would normally come to about Tk 1 lakh, the revenue inspector would arrive at an agreement with the building manager on a bill for Tk 25,000, provided he himself is given a similar amount. The Inspector would then go back to his office and print out a bill for the agreed figure. From this one monthly transaction, WASA would lose Tk 75,000 and the inspector would gain Tk 25,000. If these transactions happened with 50 properties, each revenue inspector could be earning millions of taka per month. Since nobody is cross-checking the meters, the revenue inspectors can easily get away with these scams. If someone does notice that the bills do not match the meter reading, the inspectors can say that the meter must have stopped working and will have to be replaced with a new one.

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<sup>124</sup> Ibid.

Much of this money, however, does not remain with the revenue inspectors. This corruption can be continued only with the nod of managers within WASA. The revenue inspectors ultimately pass on much of their ill-gotten money to the trade union in power, which, it has been alleged, is the conduit for paying the more senior managers. This is not the only way revenue inspectors make money. There are also thousands of illegal domestic and business water lines – and the inspectors can earn money from these owners as well in exchange for turning a blind eye.<sup>125</sup>

#### 4.6 Administrative Corruption in Municipal Services

The selected municipal body for the field survey 'Dhaka City Corporation' (DCC) has a long history dating back to the 19th century. After serving as the capital of the eastern wing of Pakistan between 1947 and 1971, Dhaka became the capital of Bangladesh following the country's independence in 1971. 'Dhaka Municipal Corporation' became a statutory autonomous body in 1983 with the promulgation of the Dhaka Municipal Corporation Ordinance. The corporation got its present name with the passage of Dhaka City Corporation (Amendment) Act, 1993 in parliament. The number of wards was later increased to 90, but the Administrators or Mayors were appointed by the government up to 1994, when direct elections were held for the post of Mayor for the first time in history.

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<sup>125</sup> Ibid.

Dhaka City Corporation has been divided into 10 zones to fulfil the objectives of decentralisation. One Commissioner is elected directly from each ward and there are 18 reserved seats exclusively for women Commissioners. The area under Dhaka City Corporation is at present about 360 square kilometres. On the other hand, the Dhaka Statistical Metropolitan Area occupies nearly 1530 square kilometres of area. An estimated population of over 12.5 million presently reside in Dhaka city.

According to existing law, the executive power of the Corporation vests in and is exercised by the Mayor. The term of the elected body is five years. It meets at least once in a month for the transaction of business. The Corporation constitutes eight Standing Committees and other Committees to monitor and guide the diversified activities of the local government organization. The Mayor is assisted by the Chief Executive Officer, who in turn, is assisted by the Secretary, the Heads of Departments and Zone-based Executive Officers. There are about 12,200 employees carrying out various duties for catering to the civic needs of the city-dwellers.

The National Household Survey on Corruption in Bangladesh conducted by TIB in 1996 found that 44% of the urban households considered the assessment of municipal holding tax by the corporation officials as excessive. Of them, 47% households had their assessment reduced by arrangement with the municipal staff on payment of bribes. Around 45.1% of the households lent support to the assertion that it was almost impossible to



get correct assessment of holding tax without money or influence.<sup>126</sup> The survey also indicated that about a half of the businessmen in municipalities faced difficulty in getting trade licences; among them, 49% made payments above normal fees, 40% had to undertake repeated visits to municipal offices and 18% faced other difficulties. About 65% of the urban households expressed the view that it was almost impossible to get a trade licence without money or influence.<sup>127</sup>

Findings from the National Household Survey on Corruption in Bangladesh released by TIB in 2005 showed that 10% of the urban households who had paid holding tax had to pay bribes at the rate of Taka 1208.<sup>128</sup> The most important reason cited for bribery by 41% holding tax payers during the National Household Survey 2007 on Corruption in Bangladesh conducted by TIB was reduction of tax amount; over 18% households mentioned that payment of bribes appeared to be mandatory. The same survey found that harassment was the most prevalent (57%) form of irregularities experienced by households during interactions with local government bodies including municipalities, followed by bribery (41.8%). More than 60% of those who had to pay bribes did so for collection of

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<sup>126</sup> Transparency International Bangladesh (TIB), *Report on the National Household Survey on Corruption in Bangladesh*, (Dhaka: TIB, 1997), 4-5.

<sup>127</sup> *Ibid.*, 4-5.

<sup>128</sup> Transparency International Bangladesh (TIB), *Corruption in Bangladesh: National Household Survey*, (Dhaka: TIB, 2005), 32-33.



birth/death/citizenship certificates. For other services like obtaining trade licence, nearly one-tenth households had to pay bribe.<sup>129</sup>

#### 4.7 Administrative Corruption in Income Tax

The National Board of Revenue (NBR) is the central authority for tax administration in Bangladesh. It was established by President's Order No. 76 of 1972. Administratively, it is under the Internal Resources Division (IRD) of the Ministry of Finance (MoF). The Secretary, IRD is the ex-officio Chairman of NBR, which is responsible for formulation and continuous re-appraisal of tax-policies and tax-laws, negotiating tax treaties with foreign governments and participating in inter-ministerial deliberations on economic issues having a bearing on fiscal policies and tax administration.

The main responsibility of NBR is to collect domestic revenue (primarily, Import Duties and Taxes, Value Added Tax and Income Tax) for the government. Other responsibilities include administration of all matters related to taxes, duties and other tax producing fees. Under the overall control of IRD, NBR administers the Excise, VAT, Customs and Income-Tax services. Income tax offices under the Income Tax wing of NBR are responsible for ensuring collection of income tax at the field level. These offices and their customers have been surveyed in the present study.

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<sup>129</sup> Transparency International Bangladesh (TIB), *National Household Survey 2007 on Corruption in Bangladesh*, (Dhaka: TIB, 2008), 44-50.

According to the report "Corruption in South Asia: Insights and Benchmarks from Citizens' Feedback Surveys in Five Countries" released by Transparency International in 2002<sup>130</sup>: "Very few respondents reported interactions with the tax department; one in five users reported corruption. Surprisingly, a good majority of the victims (67%) were unable to identify the key facilitator. More than half (56%) of the victims reported that bribes were directly demanded. Lack of accountability (40%) and discretionary power (27%) were identified as the key facilitating factors." The survey found that among those who paid bribes to tax officials, bribes paid for under-assessment were 7%, bribes paid to reduce assessed tax were 12%, bribes paid to reduce over-assessment was 7% and bribes paid to get tax certificate was 12%." On the question of major actors in corruption, the proportion of officers and employees was stated to be one is to two by the respondents.

Findings from the National Household Survey on Corruption in Bangladesh released by TIB in 2005 showed that 49.5% of those households who had submitted income tax returns had paid bribes to income tax officials for the purpose. This bribe was mainly paid for reducing the amount of taxes. It was revealed by this survey that 50% of the households in urban areas who had paid taxes had to give bribes to income tax officials at the rate of Taka 12,914 per head.<sup>131</sup>

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<sup>130</sup> Transparency International (TI), *Corruption in South Asia: Insights and Benchmarks from Citizens' Feedback Surveys in Five Countries*, (Berlin: TI, 2002), 12-38.

<sup>131</sup> Transparency International Bangladesh (TIB), *Corruption in Bangladesh: National Household Survey*, (Dhaka: TIB, 2005), 32.

The National Household Survey 2007 on Corruption in Bangladesh conducted by TIB found that 20.7% among the income tax-payers had paid bribes in the process of tax payment. The amount of bribe paid per head at both rural and urban areas averaged Taka 5,282. However, incidence of bribe paid and the average amount of bribe were higher for urban households. It was also found that the amount of bribes paid as a percentage of total tax was an alarming 31.7%.<sup>132</sup>

#### 4.8 Administrative Corruption in Value Added Tax

As mentioned earlier, the National Board of Revenue (NBR) under the Internal Resources Division (IRD) of the Ministry of Finance, Government of the People's Republic of Bangladesh, is entrusted with the responsibility of administering all types of taxes in the country including income tax and value added tax (VAT). At the field level, VAT inspectors under the Customs wing of NBR are active in ensuring collection of revenue from various business establishments and service organizations throughout the country. These officials, their supervisors and customers were chosen as respondents for the present field survey.

Corruption is pervasive in the Customs Department mainly because of the immense discretionary and monopoly powers vested in and enjoyed by customs officials in a system where accountability is conspicuous by its

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<sup>132</sup> Transparency International Bangladesh (TIB), *National Household Survey 2007 on Corruption in Bangladesh*, (Dhaka: TIB, 2008), 49.

absence. A second reason is the absence of institutional discipline, which leads to flawed administrative decisions, transfers and postings based on pressures, gratifications and other considerations instead of clearly stipulated principles. The situation has been made worse by an absence of moral or ethical commitment on the part of customs officials, which arises from a defective system of recruitment, posting and administrative discipline.<sup>133</sup>

The payment of 'speed money' or bribes to customs staffs and officers at every stage in the movement of a 'bill of entry' at import level or a file involving decisions on assessment of goods or adjudication of offences is a standard feature of business transactions. It is, however, difficult to quantify the bribe as a percentage of revenue, since the amount for any particular transaction depends on the monetary benefit to the bribe-giver as well. However, bribe amounts and rates are often subject to shameless haggling.<sup>134</sup>

Evasions of customs duty or value added tax by dishonest importers or businessmen with the connivance of customs officials are the most common form of corrupt transactions in the customs department. In most cases, these acts are carried out with the active collaboration of the customs officials, who allow the wrong declaration of values, quality or quantities of goods, other forms of commercial frauds and smuggling. An assessment system which uses a highly subjective valuation method to determine the amount of duties and taxes to be paid by importers and other businessmen provides the corrupt

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<sup>133</sup> Transparency International Bangladesh (TIB), "State of Corruption in Bangladesh," *The Bangladesh Accountant*, Vol. 36, No. 9, (Dhaka: ICAB, 2002), 60-61.

<sup>134</sup> Ibid.

officials with the perfect tool to extract bribes. The absence of clear-cut time-frame for completing the tasks of assessment and clearance also encourages widespread bribery in the execution of customs procedures and formalities.

#### 4.9 Administrative Corruption in Banking Services

There are at present 47 scheduled banks and 29 non-bank financial institutions in the country. The scheduled banks have a total of 7,198 branches spread throughout the country. Of them, there are 8 state-owned scheduled banks, which comprise of 4 commercial banks and 4 specialised ones. In addition, there are 30 local banks in the private sector and 9 are foreign-owned ones.<sup>135</sup> Metropolis Dhaka has the highest concentration of bank branches in Bangladesh including state-owned ones. Customers and officials of some state-owned banks in Dhaka city were interviewed for the present study.

The legacy of corruption and malpractice in the banking sector of Bangladesh can be traced back to the pre-liberation period. Bent on rapid industrialisation and modernisation, the then Pakistani government provided liberal refinance facilities to specialised financial institutions, who were encouraged to loan out large amounts of money to budding industrialists and large-scale agriculturists. There were then reports of borrowers bribing bank officials in cash or kind for obtaining credit. Large industrial credit required political patronage, some of which was thought to have a price tag attached to them. Insider lending was a common phenomenon among banks, as was the

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<sup>135</sup> Government of Bangladesh (GOB), *Resume of Banks and Financial Institutions 2009-10*, (Dhaka: Ministry of Finance, 2010).



use of bribes to mobilise scarce deposits from owners or controllers of official funds.<sup>136</sup>

After the independence of Bangladesh, all private banks excepting foreign ones were nationalised and brought under the direct control of bureaucrats. The acute shortage of manpower in the banking sector compelled the government to go for hasty quota-based recruitments. The prolonged government ban on new recruitment of officers (upon pressures from the trade unions) even when the branch network was expanding, created pressure for promotion from among the clerical ranks. This led to a decline in the average quality of banking manpower.

The government policy of mandated credit for agriculture, which was disbursed through local level government officials and rural power elites practically institutionalised corruption in agricultural lending. As a matter of routine, dishonest bank officials took a cut of 10 to 20 percent from the loan amounts. Industrial borrowers also defaulted on loan repayments to development finance institutions (DFIs) and nationalised commercial banks (NCBs), emboldened by their close links with a nexus of corrupt politicians and bureaucrats. Subsequently, the defaulters extracted concessions in the form of interest waivers, segregation of loans into 'blocked accounts', and repeated rescheduling. Some defaulters were even alleged to have used the

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<sup>136</sup> Transparency International Bangladesh (TIB), "State of Corruption in Bangladesh," *The Bangladesh Accountant*, Vol. 36, No. 9, (Dhaka: ICAB, 2002), 56-57.



defaulted funds for launching private banks and insurance companies during the 1980s.<sup>137</sup>

A 2000 study<sup>138</sup> on the problem of bank loan default found that among a sample group of 125 defaulters, 78% had used political connections to get loans. Among the 37% directly involved with the ruling party, a large proportion had switched political allegiance at least once. The political patronage enjoyed by the loan defaulters and corrupt bankers was sufficiently strong to prevent the Bureau of Anti Corruption (BAC) from investigating suspected officials without the clearance of Prime Minister's Office (PMO). However, despite a powerful defaulters' lobby in parliament, some new laws have been enacted during the decade of 2000-2010 to fight the loan-default culture in the banking sector of Bangladesh.

It is very difficult to obtain reliable estimates of bribery, fraud and forgery in the banking sector due to the high degree of secrecy maintained by the concerned parties. However, it is estimated that the cumulative losses through frauds and forgeries up to November 1998 was Taka 1 billion or 0.2% of total bank deposits. Bribes for agricultural loans are said to range from 10% to 20% of the loan amount; but a lower rate (2-10%) is said to be applicable for larger loans that are usually taken by influential borrowers. Bribes collected by bank officials in case of project loans are sometimes shared with local level project officers. In case of commercial loans, the bankers not only collect outright bribes (1-5% of the loan amount), but also receive occasional

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<sup>137</sup> *Ibid.*, 56-57.

<sup>138</sup> *Ibid.*, 56-57

gifts, hospitality or entertainment from the clients. Bribes range from 1% to 5% in case of term loans depending on various attributes of the project. Working capital loans involve a payment of 1% to 5% of the credit to bank managers, employees and trade union leaders.<sup>139</sup>

According to the National Household Survey on Corruption in Bangladesh conducted by TIB in 1996, 25.7% of the bank borrowers reported receiving an amount lower than the sanctioned amount. About 45% reported obtaining loans after making payments to bank employees, while 9% reported getting loans with the help of influential people or middlemen. About 73.5% of the respondent households agreed that it was almost impossible to get credit from banks without money or influence.<sup>140</sup>

The report on the National Household Survey on Corruption in Bangladesh published by TIB in 2005 claimed that it took 108 days on an average to obtain loans for those who had applied for loans from state-owned banks. The same figure for borrowers of private banks was only 30 days. The survey also showed that 58% borrowers had to pay bribes for obtaining loans. Of them, 61% took loans from the state-owned banks, while 15% had borrowed from private banks. However, whereas average amount paid as bribes in state-owned banks was Taka 1,764, the amount was Taka 12,200 in case of private banks. Around 43% of the respondents blamed bank officers

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<sup>139</sup> Transparency International Bangladesh (TIB), "State of Corruption in Bangladesh," *The Bangladesh Accountant*, Vol. 36, No. 9, (Dhaka: ICAB, 2002), 56-57.

<sup>140</sup> Transparency International Bangladesh (TIB), *Report on the National Household Survey on Corruption in Bangladesh*. (Dhaka: TIB, 1997), 4.

for the bribery, 21% blamed bank employees for the offence, 15% blamed the managers, while 24% had paid bribes through middlemen.<sup>141</sup>

According to the National Household Survey 2007 on Corruption in Bangladesh conducted by TIB, 32% among the loan recipients from banks had to pay bribes for getting loan. However, bribery was reported to be much higher in government-owned banks (36%) than private banks (7%). Borrowers paid Taka 5,071 on an average as bribes while receiving loans, which was 7.6% of the loan amount. Among the bribe-payers, 43% reported that they had paid bribes to concerned officers, 18.1% reported having paid bribes to branch managers, while 19.9% made payments to employees of the banks; another 18.7% channelled bribe payments through brokers or middlemen.<sup>142</sup>

#### 4.10 Administrative Corruption in Land Administration

A number of government departments are involved in matters related to land administration in the country. These include the Directorate of Registration under the Ministry of Law, Justice and Parliamentary Affairs, the Ministry of Land and the Department of Land Records and Survey. The government offices related to land under the Ministry of Law, Justice and Parliamentary Affairs as well as the Ministry of Land are located throughout the country at upazila, district and divisional levels. The registration offices are concerned

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<sup>141</sup> Transparency International Bangladesh (TIB), *Corruption in Bangladesh: National Household Survey*, (Dhaka: TIB, 2005), 29-31.

<sup>142</sup> Transparency International Bangladesh (TIB), *National Household Survey 2007 on Corruption in Bangladesh*, (Dhaka: TIB, 2008), 51-53.

with the legal process of registering lands, while other offices deal with land mutations, records, settlements and survey. Officials working in these offices, their supervisors and clients were chosen as respondents for the present field survey.

Land administration is one of the vital public service sectors in a land-scarce country like Bangladesh. However, corruption in this sector has remained widespread for a long time. There is hardly anyone who can deal with the land offices without paying bribes or experiencing harassments while receiving services. According to the report on the National Household Survey on Corruption in Bangladesh released by TIB in 1997, about two-thirds (65.7%) of households in the country who had bought or sold land during the previous year claimed that they made cash payments to the sub-registrars of land for showing sale price of land lesser than its actual price in order to reduce the registration costs. Besides, about three-fourths of households who carried out mutation of land claimed that they had to pay extra cash to the Tehsil office under Assistant Commissioner (Land) for the job. About 71% respondents in the survey agreed to the assertion that it was almost impossible to complete the registration or mutation process of land and clear taxes without bribery or influence.<sup>143</sup>

According to the study 'Corruption in South Asia: Insights and Benchmarks from Citizens' Feedback Surveys in Five Countries' carried out

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<sup>143</sup> Transparency International Bangladesh (TIB), *Report on the National Household Survey on Corruption in Bangladesh*. (Dhaka: TIB, 1997), 4.

by Transparency International in 2002<sup>144</sup>: "An overwhelming 73% of users interacting with the land administration report corruption. Surveyors (43%) and *Tehsildars* (27%) are quoted as the major facilitators of corruption, and extortion of bribes was reported by more than 80% of the victims. Lack of accountability (64%) and discretionary power (55%) were identified as the key facilitating factors."

The report on National Household Survey on Corruption in Bangladesh released by TIB in 2005 found that among those who had interacted with the land offices during the previous one year for registering land, 97% had to pay bribes. The average amount paid as bribe per household was Taka 3,713. For urban households, this amount was Taka 6,313. About 81% among those who registered lands had paid bribes via the deed writers, while 6.7% had bribed the sub-registrar directly and 4.2% made payments to employees of the sub-registry office. The survey also showed that 88% among those who carried out mutation of land during the previous one year had paid bribes to the relevant offices at the rate of Taka 2,047 per head; the average amount of bribe for mutation in urban areas was Taka 2,887 per head. In case of households where land survey was carried out, 83% had to pay bribes to relevant officials at the rate of Taka 2,370 per head. This rate was Taka 4,900 per head in urban areas.

According to the National Household Survey 2007 on Corruption in Bangladesh published by TIB in 2008, 53.03% among those who had

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<sup>144</sup> Transparency International (TI), *Corruption in South Asia: Insights and Benchmarks from Citizens' Feedback Surveys in Five Countries*, (Berlin: TI, 2002), 12-38.



received services from various offices under land administration experienced bribery. They had to pay Taka 4,409 on an average as bribe. The rate of bribe was reportedly highest for allotment of *khas* lands, followed by land registration and land mutation at the rate of Taka 5,680, Taka 4,237 and Taka 3,303 respectively. The highest proportion of households (70%) experienced bribery for obtaining documents, followed by *khas* land allotment (65.6%), land survey (64.7%), mutation (63.4%) and payment of land tax (26%). The *Tehsildars* had the highest involvement in bribery for services like tax payment (77.6%), mutation (56.4%) and withdrawal of documents (36.3%). Deed-writers had maximum involvement in bribery for services like land registration (48.7%) and sale and purchase of land (80%). Involvement of Sub-Registrars was found to be highest in land registration. On the other hand, the involvement of Assistant Commissioners was found to be highest in briberies for mutation of lands.<sup>145</sup>

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<sup>145</sup> Transparency International Bangladesh (TIB), *National Household Survey 2007 on Corruption in Bangladesh*, (Dhaka: TIB, 2008), 31-33.



## Chapter 5

### **Administrative Corruption in Selected Sectors: Findings from the Survey**

Findings from the field survey on “*Administrative Corruption in the Delivery of Services: A Behavioural Study of 10 Sectors in Dhaka City*” conducted in various wards of Dhaka city have been presented below in tabular form in the following sections. Only relevant and significant data from the survey have been incorporated and elaborated here in conformity with the research objectives, survey methodology and conceptual framework.

Among the 200 service-recipients, fifty percent were taken from private households, while the remaining fifty percent from business establishments. The 100 service-providers were officials employed in the ten selected service-delivery sectors of Dhaka city. As explained in the research methodology section, the quota for service-recipients per sector in the survey was 20, while that of service-providers was 10.

#### **5.1 Grounds for Interactions with Corrupt Officials**

Service-recipients belonging to both business establishments as well as private households were asked about the grounds for their interactions with the corrupt officials of 10 service-delivery sectors. Their responses have been categorised in the following table.

**Table 5.1.1 Grounds for Interactions between Corrupt Officials and Service-recipients**

| Ground              | Frequency        | Percentage |
|---------------------|------------------|------------|
| Personal            | 92               | 46%        |
| Official            | 82               | 41%        |
| On behalf of others | 1                | 0.5%       |
| Not Applicable      | 25               | 12.5%      |
| TOTAL               | Sample size: 200 | 100%       |

It shows that a large proportion of them (46%) had approached the relevant agencies for personal purposes or on behalf of their private households. On the other hand, 41% of the respondents had approached on official grounds. This served the purpose of the survey, as the main aim has been to delve into both individual and institutional causes of administrative corruption.

## 5.2 Frequency of Administrative Corruption Faced by Service-recipients

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The following table shows the frequency of corruption encountered by the service-recipients in various service-delivery sectors. The table demonstrates that the police, power supply and water supply sectors topped the list in terms of frequency or intensity of corruption. Overall, 87.5% of service-recipients had fallen prey to corruption in the 10 service-delivery sectors during one year.

**Table 5.2.1 Frequency of Corruption Encountered by Service-recipients**

| Sector              | Frequency | Percentage |
|---------------------|-----------|------------|
| Police              | 19        | 95%        |
| Education           | 16        | 80%        |
| Power Supply        | 19        | 95%        |
| Healthcare Services | 15        | 75%        |
| Banking Services    | 17        | 85%        |
| Water Supply        | 19        | 95%        |
| Value Added Tax     | 18        | 90%        |
| Income Tax          | 18        | 90%        |
| Municipal Services  | 18        | 90%        |
| Land Administration | 16        | 80%        |
| TOTAL               | 175       | 87.5%      |

### 5.3 Typologies of Administrative Corruption

The respondents were asked about the types of administrative corruption they were subjected to in one year. The responses by the 200 service-recipients of 10 service-delivery sectors in Dhaka city have been given in the following table, which shows that institutional corruption occupied the top position among the typologies of corruption (50%) followed by individual corruption (32.5%). On the other hand, among various typologies of bribery, petty corruption occupied the top slot (61%), followed by middling corruption.

Around 30.5% respondents did not have to pay bribes, i.e. 69.5% had paid bribes during interactions with corrupt officials. Overall, 87.5% service-recipients were victims of corruption in these 10 service-delivery sectors in a single year.

**Table 5.3.1 Typologies of Administrative Corruption Faced by Service-recipients**

| Type                                  | Frequency        | Percentage |
|---------------------------------------|------------------|------------|
| Individual                            | 65               | 32.5%      |
| Institutional                         | 100              | 50%        |
| Systemic                              | 10               | 5%         |
| Not Applicable                        | 25               | 12.5%      |
| TOTAL                                 | Sample size: 200 | 100%       |
|                                       |                  |            |
| Petty Bribery (up to Tk. 50,000)      | 122              | 61%        |
| Middling Bribery (Tk. 50,001-500,000) | 15               | 7.5%       |
| Grand Bribery (Above Tk. 500,000)     | 2                | 1%         |
| Not Applicable                        | 61               | 30.5%      |
| TOTAL                                 | Sample size: 200 | 100%       |

The following tables show the sector-wise break-up for typologies of corruption and bribery. They indicate that institutional corruption was the highest in value-added tax (80%), municipal services (80%), power supply (70%) and the police (60%) sectors, while individual corruption was found to be the highest in education (60%) and healthcare (60%) sectors. Income tax occupied the top spot (25%) in systemic corruption.

On the other hand, municipal services (90%), land administration (75%) and banking services (75%) occupied the top slot in the category of petty corruption, while the police (20%), value added tax (20%) and income tax (15%) were the front-runners in middling corruption.

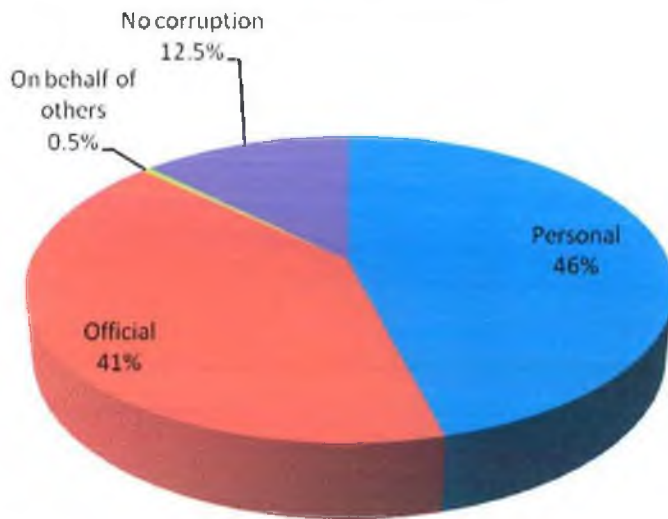
**Table 5.3.2 Sector-wise Break-up for Types of Administrative Corruption Encountered**

| Sector              | Individual |            | Institutional |            | Systemic  |            |
|---------------------|------------|------------|---------------|------------|-----------|------------|
|                     | Frequency  | Percentage | Frequency     | Percentage | Frequency | Percentage |
| Police              | 7          | 35%        | 12            | 60%        | 0         | 0%         |
| Education           | 12         | 60%        | 4             | 20%        | 0         | 0%         |
| Power Supply        | 5          | 25%        | 14            | 70%        | 0         | 0%         |
| Healthcare          | 12         | 60%        | 3             | 15%        | 0         | 0%         |
| Banking             | 8          | 40%        | 8             | 40%        | 1         | 5%         |
| Water Supply        | 6          | 30%        | 10            | 50%        | 3         | 15%        |
| Value Added Tax     | 1          | 5%         | 16            | 80%        | 1         | 5%         |
| Income Tax          | 2          | 10%        | 11            | 55%        | 5         | 25%        |
| Municipal Services  | 2          | 10%        | 16            | 80%        | 0         | 0%         |
| Land Administration | 10         | 50%        | 6             | 30%        | 0         | 0%         |

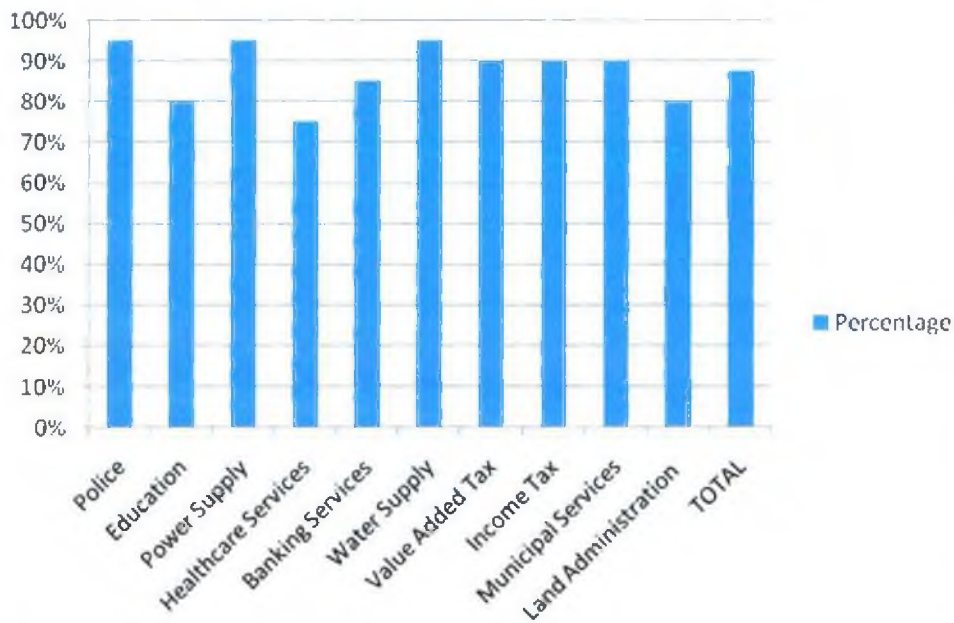
**Table 5.3.3 Sector-wise Break-up for Typologies of Administrative Bribery**

| Sector              | Petty     |            | Middling  |            | Grand     |            |
|---------------------|-----------|------------|-----------|------------|-----------|------------|
|                     | Frequency | Percentage | Frequency | Percentage | Frequency | Percentage |
| Police              | 12        | 60%        | 4         | 20%        | 1         | 5%         |
| Education           | 12        | 60%        | 0         | 0%         | 0         | 0%         |
| Power Supply        | 10        | 50%        | 1         | 5%         | 0         | 0%         |
| Healthcare          | 12        | 60%        | 0         | 0%         | 0         | 0%         |
| Banking             | 15        | 75%        | 2         | 10%        | 0         | 0%         |
| Water Supply        | 10        | 50%        | 0         | 0%         | 0         | 0%         |
| Value Added Tax     | 6         | 30%        | 4         | 20%        | 0         | 0%         |
| Income Tax          | 12        | 60%        | 3         | 15%        | 1         | 5%         |
| Municipal Services  | 18        | 90%        | 0         | 0%         | 0         | 0%         |
| Land Administration | 15        | 75%        | 1         | 5%         | 0         | 0%         |

### Chart 5.1.1 Grounds for Interactions with Corrupt Officials

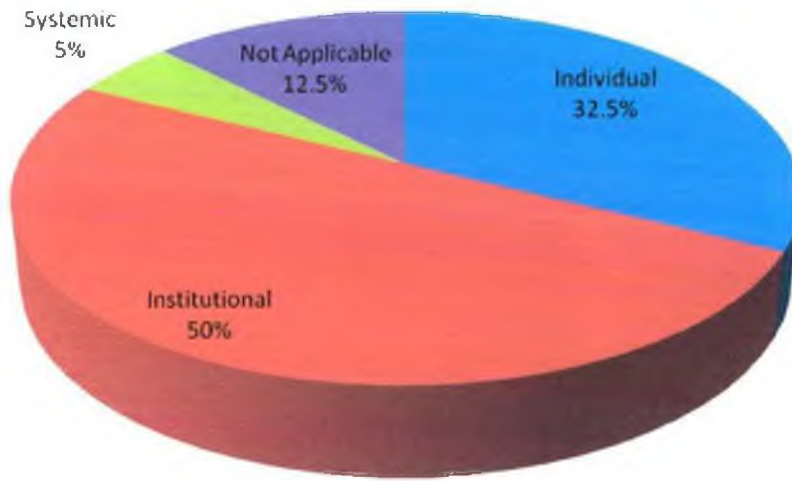


### Chart 5.2.1 Frequency of Corruption

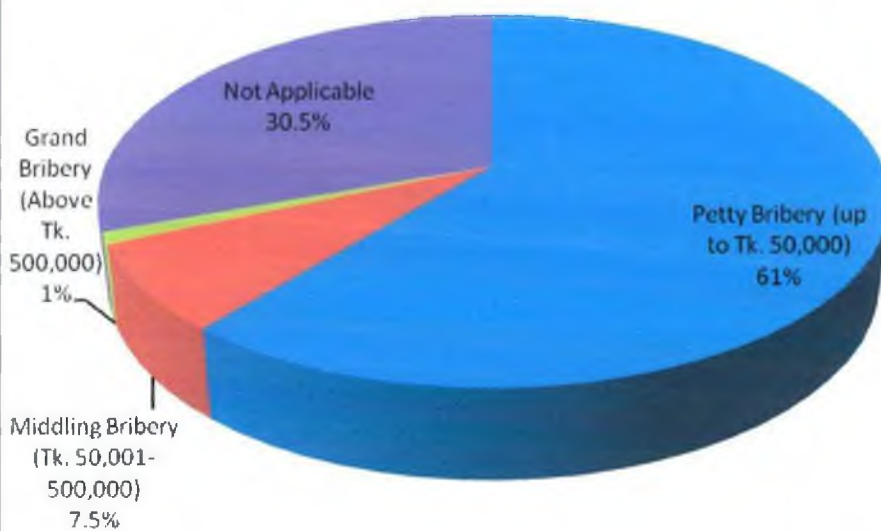




### Chart 5.3.1 Typologies of Corruption



### Chart 5.3.2 Typologies of Bribery



## 5.4 Forms of Administrative Corruption

The following table shows the forms of corruption as disclosed by the service-recipients of 10 service-delivery sectors in Dhaka city.

**Table 5.4.1 Forms of Administrative Corruption Encountered by Service-recipients**

| Form                      | Frequency        | Percentage |
|---------------------------|------------------|------------|
| Bribery                   | 139              | 69.5%      |
| Theft or Fraud            | 3                | 1.5%       |
| Misuse of Power           | 83               | 41.5%      |
| Misappropriation of Funds | 13               | 6.5%       |
| Violation of Legal Norms  | 49               | 24.5%      |
| TOTAL                     | Sample size: 200 | 100%       |

It indicates that bribery led the pack with 69.5% respondents reporting it, followed by misuse of power (41.5%) and violation of legal norms (24.5%). It may be pointed out here that multiple forms of corruption were reported simultaneously by individual respondents, as a result of which their total exceeded 100 percent. Example may be cited here of 'bribery' coupled with 'misuse of power'.

The sector-wise break-up for forms of corruption is given in the following table. It shows that municipal services (90%), banking services (85%), the police (85%), income tax (80%) and land administration (80%) were the front-runners in the typology of bribery. The Police (90%), water supply (55%), power supply (50%) and income tax (50%) topped the list in the category 'misuse of power', while the police (90%), land administration (50%) and income tax (45%) occupied the top positions in the category of 'violation

of legal norms'. A significant proportion of respondents (40%) accused value added tax authorities with 'misappropriation of funds,' followed by the power supply officials (20%).

**Table 5.4.2 Sector-wise Break-up for Forms of Administrative Corruption Encountered**

| Agency              | Bribery   |     | Theft or Fraud |     | Misuse of Power |     | Misappropriation of Funds |     | Violation of Legal Norms |     |
|---------------------|-----------|-----|----------------|-----|-----------------|-----|---------------------------|-----|--------------------------|-----|
|                     | Frequency | %   | Frequency      | %   | Frequency       | %   | Frequency                 | %   | Frequency                | %   |
| Police              | 17        | 85% | 0              |     | 18              | 90% | 0                         |     | 18                       | 90% |
| Education           | 12        | 60% | 0              |     | 5               | 25% | 0                         |     | 3                        | 15% |
| Power Supply        | 11        | 55% | 1              | 5%  | 10              | 50% | 4                         | 20% | 4                        | 20% |
| Healthcare          | 12        | 60% | 2              | 10% | 2               | 10% | 0                         |     | 0                        |     |
| Banking             | 17        | 85% | 0              |     | 0               |     | 0                         |     | 3                        | 15% |
| Water Supply        | 10        | 50% | 0              |     | 11              | 55% | 1                         | 5%  | 0                        |     |
| Value Added Tax     | 10        | 50% | 0              |     | 18              | 90% | 8                         | 40% | 2                        | 10% |
| Income Tax          | 16        | 80% | 0              |     | 10              | 50% | 0                         |     | 9                        | 45% |
| Municipal Services  | 18        | 90% | 0              |     | 2               | 10% | 0                         |     | 0                        |     |
| Land Administration | 16        | 80% | 0              |     | 7               | 35% | 0                         |     | 10                       | 50% |

## 5.5 General Assessment of Government Officials

The following table shows the assessment of government officials by service-recipients of 10 service-delivery sectors. The respondents had ranked various dichotomous attributes of government officials in a (-5) to (+5) scale and an overall score was arrived at through averaging. Each positive attribute was, therefore, ascribed the value of (+1), while each negative attribute (-1).

**Table 5.5.1 General Assessment of Government Officials by Service-recipients (scale of -5 to +5)**

| Attribute                 | Frequency        | Percentage |
|---------------------------|------------------|------------|
| Apathetic (negative)      | 147              | 73.5%      |
| Sympathetic (positive)    | 53               | 26.5%      |
| Evasive (negative)        | 171              | 85.5%      |
| Forthcoming (positive)    | 29               | 14.5%      |
| Immoral (negative)        | 196              | 98%        |
| Moral (positive)          | 4                | 2%         |
| Obstructionist (negative) | 133              | 66.5%      |
| Facilitator (positive)    | 67               | 33.5%      |
| Unethical (negative)      | 191              | 95.5%      |
| Ethical (positive)        | 9                | 4.5%       |
| TOTAL                     | Sample size: 200 | 100%       |

From the above table, Total Score =  $-838 + 162 = -676$ ;

Average Score =  $-676/200 = -3.38$  (negative).

Thus, general assessment of government officials by service-recipients was highly negative.

On the other hand, general assessment of government officials by the service-providers of 10 service-delivery sectors in Dhaka city was obtained from the following table.

**Table 5.5.2 General Assessment of Government Officials by Service-providers (scale of –5 to +5)**

| Attribute                 | Frequency        | Percentage |
|---------------------------|------------------|------------|
| Apathetic (negative)      | 22               | 22%        |
| Sympathetic (positive)    | 78               | 78%        |
| Evasive (negative)        | 41               | 41%        |
| Forthcoming (positive)    | 59               | 59%        |
| Immoral (negative)        | 62               | 62%        |
| Moral (positive)          | 38               | 38%        |
| Obstructionist (negative) | 26               | 26%        |
| Facilitator (positive)    | 74               | 74%        |
| Unethical (negative)      | 70               | 70%        |
| Ethical (positive)        | 30               | 30%        |
| TOTAL                     | Sample size: 100 | 100%       |

From the above table, Total Score =  $-221 + 279 = 58$ ;

Average Score =  $58/100 = 0.58$  (positive).

Thus, in contrast to service-recipients, general assessment of government officials by service-providers, who themselves were government servants, was positive. It reinforced the view that people's assessments depended on which side of the equation they were in.

## 5.6 Attitude towards Corruption

Attitude towards corruption among service recipients and service providers was measured on the basis of their responses to 5 dichotomous statements regarding corruption in Bangladesh, which resulted in a scale of (-5) to (+5). Each agreement was, therefore, ascribed (+1) and each disagreement (-1). The following table shows the attitude of service-recipients of 10 service-delivery sectors in Dhaka city towards corruption.

**Table 5.6.1 Service-recipients' Attitude towards Corruption (scale of +5 to -5)**

| Statement   | Agreement<br>(+) | Disagreement<br>(-) |
|---|------------------|---------------------|
| Negative and vengeful behavioural patterns, self-centred values and selfish norms are only natural in a resource-poor, backward and under-developed society like Bangladesh.            | 96               | 104                 |
| There is little chance of being caught for committing corruption in Bangladesh, and even if caught not having to pay the penalty, since the bureaucracy and justice system are corrupt. | 145              | 55                  |
| How money is spent is more important than how it is earned.   | 93               | 107                 |
| God is merciful and so even the corrupt will be able to earn forgiveness through participation in religious rituals.  | 64               | 136                 |
| There is nothing wrong in taking 'chanda' (toll), 'bakhshish' (tips), 'upohar' (gift), service-charge, signature-fee or speed-money from the willing customers                          | 34               | 166                 |
| <b>TOTAL</b>  | <b>432</b>       | <b>568</b>          |

From the above table, total score = 432 – 568 = -136;

Therefore, average score =  $-136/200 = -0.68$  (negative).



Thus, the attitude of service-recipients towards corruption was found to be moderately negative. This shows that corruption has been more or less accepted by the people of Bangladesh as an established mode of social life.

Now, the following table summarises the attitude towards corruption of service-providing officials working in various government agencies.

**Table 5.6.2 Service-providers' Attitude towards Corruption (scale of +5 to -5)**

| Statement   | Agreement (+) | Disagreement (-) |
|---|---------------|------------------|
| Negative and vengeful behavioural patterns, self-centred values and selfish norms are only natural in a resource-poor, backward and under-developed society like Bangladesh.            | 62            | 38               |
| There is little chance of being caught for committing corruption in Bangladesh, and even if caught not having to pay the penalty, since the bureaucracy and justice system are corrupt. | 83            | 17               |
| How money is spent is more important than how it is earned.   | 60            | 40               |
| God is merciful and so even the corrupt will be able to earn forgiveness through participation in religious rituals.  | 23            | 77               |
| There is nothing wrong in taking 'chanda' (toll), 'bakhshish' (tips), 'upohar' (gift), service-charge, signature-fee or speed-money from the willing customers                          | 46            | 54               |
| TOTAL   | 274           | 226              |

From the above table, total score =  $274 - 226 = 48$ ;

Therefore, average score =  $48/100 = 0.48$  (positive).

Thus interestingly, the attitude of service-providers towards corruption was found to be slightly or marginally positive. This might have been because of the fact that they also became victims of corruption in their day to day lives and suffered in the process. However, what is significant is that the service-providers appeared to nurture a more positive attitude towards corruption compared to the service-recipients, as obviously they elicited benefits out of the social malady.

### 5.7 Actors and Nature of Administrative Bribery

The service-recipient respondents were asked about the actors, modes and nature of administrative bribery in the 10 selected service-delivery sectors. Their responses have been tabulated below.

**Table 5.7.1 Actors Involved in Administrative Bribery in Service-delivery Sectors**

| Actors         | Frequency        | Percentage |
|----------------|------------------|------------|
| Official       | 70               | 35%        |
| Employee       | 69               | 34.5%      |
| Not Applicable | 61               | 30.5%      |
| TOTAL          | Sample size: 200 | 100%       |

It appears from the above table that officers were the leading category of bribe-recipients with a 35% slice of the total, while the employees closely

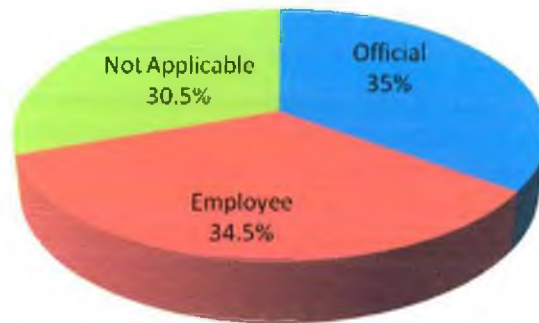
followed with a share of 34.5% of the total. Third-party middlemen were basically used as modes for channelling bribes to the ultimate recipients.

**Table 5.7.2 Nature of Administrative Bribery:**

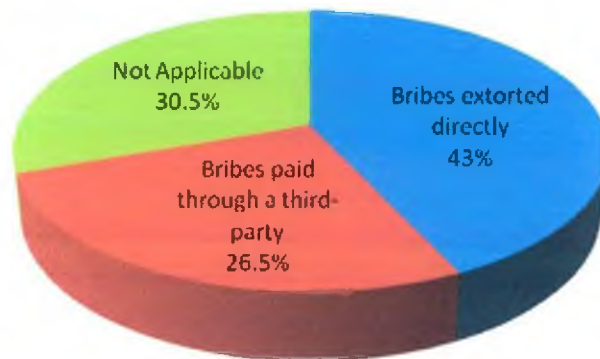
| <b>Nature</b>                       | <b>Frequency</b>        | <b>Percentage</b> |
|-------------------------------------|-------------------------|-------------------|
| Bribes extorted directly            | 86                      | 43%               |
| Bribes paid through a third-party   | 53                      | 26.5%             |
| Bribes shared with higher officials | 67                      | 33.5%             |
| Bribes shared with colleagues       | 53                      | 26.5%             |
| Bribes shared with none             | 19                      | 9.5%              |
| Not Applicable                      | 61                      | 30.5%             |
| <b>TOTAL</b>                        | <b>Sample size: 200</b> | <b>100%</b>       |

Table 5.7.2 shows that 43% cases of corruption took place through direct bribery, while 26.5% occurred with the help of third-party middlemen. The respondents also informed that in 33.5% of the cases, bribes were shared with higher officials; colleagues shared the spoils in 26.5% of the cases, while none were offered any share by the bribe-takers in 9.5% of the cases. Thus, overall, there existed syndicates of bribe-taking corrupt officials in all the ten service-delivery sectors.

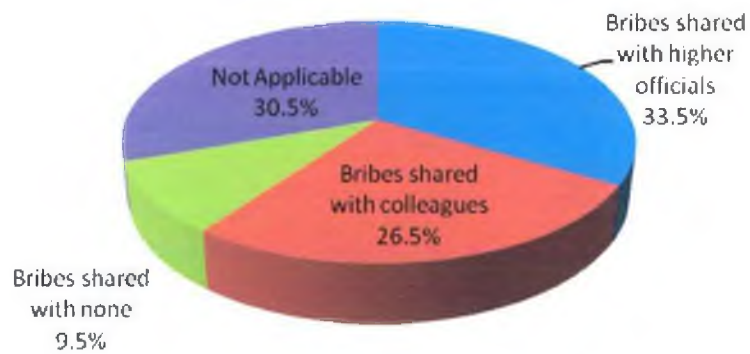
**Chart 5.7.1 Actors involved in Bribery**



**Chart 5.7.2 Nature of Bribery**



**Chart 5.7.3 Nature of Administrative Bribery**



## 5.8 Frequency and Magnitude of Administrative Bribery

The service-recipient respondents were asked about the frequency and magnitude of bribery they transacted with corrupt officials of 10 relevant service-delivery sectors. Their responses have been tabulated below.

**Table 5.8.1 Frequency and Magnitude of Administrative Bribery in Ten Sectors (Overall)**

| Item  | Response    |
|---|-------------|
| Annual frequency of bribe-payment per person per sector | 1.53        |
| Average bribe payment per transaction per sector        | Taka 13,054 |
| Average annual bribe-payment per person per sector      | Taka 15,768 |

The above table indicates that annual frequency of bribe-payment per person per sector was 1.53 times; average bribe payment per transaction per sector was found to be Taka 13,054, while average annual bribe payment per person per sector amounted to Taka 15,768.

The following table provides a sector-wise break-up for frequency and magnitude of administrative bribery. It indicates that income tax (Taka 53,438) topped the list in average bribe payments per transaction per sector followed by banking services (Taka 20,772) and the police (Taka 19,018). On the other hand, income tax (Taka 42,750) again topped the list in annual bribe payments per person per sector, followed by the police (Taka 32,330), value added tax (Taka 24,960), banking services (Taka 22,850) and power supply (Taka 13,100).

**Table 5.8.2 Frequency and Magnitude of Administrative Bribery in Service-delivery Sectors**

| Sector/Item            | Frequency of<br>bribe<br>payment | Average bribe<br>payment per<br>transaction per<br>sector (Taka) | Average annual<br>bribe payment<br>per person per<br>sector (Taka) |
|------------------------|----------------------------------|--|--|
| Police                 | 1.7                              | 19,018   | 32,330   |
| Education              | 0.90                             | 5,222  | 4,700  |
| Power Supply           | 2.75                             | 4,764  | 13,100   |
| Healthcare<br>Services | 0.85                             | 1,082  | 920  |
| Banking Services       | 1.10                             | 20,772   | 22,850   |
| Water Supply           | 0.55                             | 8,818  | 4,850  |
| Value Added Tax        | 4.75                             | 5,255  | 24,960   |
| Income Tax             | 0.80                             | 53,438   | 42,750   |
| Municipal Services     | 1.0                              | 2,618  | 2,618  |
| Land Administration    | 0.90                             | 9,556  | 8,600  |
| <b>TOTAL</b>           | <b>15.3</b>                      | <b>130,543</b>   | <b>157,678</b>   |

### 5.9 Rankings for Causes of Administrative Corruption

The following table shows the rankings for causes of corruption as indicated by the service-recipients and service-providers covered by the field survey. These rankings were derived from the average rankings given by the service recipients and providers of 10 service-delivery sectors in Dhaka city.



**Table 5.9.1 Rankings for Causes of Administrative Corruption  
(Sample of 200 service-recipients):**

| Cause          | Average Ranking | Ranking |
|----------------|-----------------|---------|
| Socio-economic | 2.02            | 2       |
| Governance     | 1.70            | 1       |
| Behavioural    | 2.28            | 3       |

**(Sample of 100 service providers):**

| Cause          | Average Ranking | Ranking |
|----------------|-----------------|---------|
| Socio-economic | 1.84            | 1       |
| Governance     | 2.09            | 3       |
| Behavioural    | 2.07            | 2       |

The above table indicates that 'governance causes' were attached maximum importance by the service-recipients, while it was 'socio-economic causes' in case of service-providers. Spearman's Coefficient of rank correlation (see Appendix-3) for service-recipients and service-providers regarding causes of corruption was found to be (-) 0.50. Thus correlation between the opinions of service-recipients and service-providers regarding causes of corruption was found to be both inverse and weak.

The following table shows the rankings given by the service recipients and providers of 10 service-delivery sectors in Dhaka city regarding socio-economic causes of corruption, which were arrived at from the averages of their rankings. It shows that service-recipients gave topmost ranking to 'weaknesses in the socioeconomic, legal and regulatory frameworks' from amongst the socioeconomic causes, but service-providers cited 'inadequate salary and income' as the leading socioeconomic cause of corruption.

**Table 5.9.2 Rankings for Socio-economic Causes of Administrative Corruption****(Sample of 200 service-recipients):**

| Socioeconomic cause  | Average Ranking | Ranking |
|--|-----------------|---------|
| Inadequate salary/income of officials                                | 3.14            | 3       |
| Desire to become rich overnight                                      | 2.32            | 2       |
| A closed political system which tends to exclude aggregate interests | 3.30            | 4       |
| Weaknesses in the socio-economic, legal and regulatory frameworks    | 2.30            | 1       |
| Social, political and cultural factors                               | 3.94            | 5       |

**(Sample of 100 service-providers):**

| Socioeconomic cause  | Average Ranking | Ranking |
|--|-----------------|---------|
| Inadequate salary/income of officials                                | 1.81            | 1       |
| Desire to become rich overnight                                      | 2.73            | 2       |
| A closed political system which tends to exclude aggregate interests | 3.72            | 5       |
| Weaknesses in the socio-economic, legal and regulatory frameworks    | 3.05            | 3       |
| Social, political and cultural factors                               | 3.69            | 4       |

Spearman's Coefficient of rank correlation for service recipients and providers of 10 service-delivery sectors regarding socio-economic causes of corruption was found to be 0.50. Thus correlation between the opinions of

service-recipients and service-providers regarding socio-economic causes of corruption was weak.

**Table 5.9.3 Rankings for Governance Causes of Administrative Corruption**

(Sample of 200 service-recipients):

| Governance cause  | Average Ranking | Ranking |
|---|-----------------|---------|
| Lack of transparency & accountability in offices                                  | 1.81            | 1       |
| Monopoly power of officials over a good or service                                | 3.43            | 4       |
| Discretionary power of officials over decisions                                   | 3.13            | 3       |
| Opportunities generated by use of red tape and obstructionism for eliciting bribe | 3.70            | 5       |
| Government system doing little to deter corruption                                | 2.93            | 2       |

(Sample of 100 service-providers):

| Governance cause  | Average Ranking | Ranking |
|---|-----------------|---------|
| Lack of transparency & accountability in offices                                  | 1.97            | 1       |
| Monopoly power of officials over a good or service                                | 2.81            | 2       |
| Discretionary power of officials over decisions                                   | 3.31            | 4       |
| Opportunities generated by use of red tape and obstructionism for eliciting bribe | 3.27            | 3       |
| Government system doing little to deter corruption                                | 3.64            | 5       |

Table 5.9.3 shows the rankings given by service recipients and providers to governance causes of corruption, which were arrived at on the basis of their average rankings. 'Lack of transparency and accountability' received topmost ranking among governance causes of corruption from both service recipients and providers of 10 service-delivery sectors. Spearman's Coefficient of rank correlation for service-recipients and service-providers regarding governance causes of corruption was found to be 0.10. Thus correlation between the opinions of service-recipients and service-providers regarding governance causes of corruption was very weak.

The following were the rankings given by the service recipients and providers of 10 service-delivery sectors on the behavioural causes of corruption, which were derived from their average rankings.

**Table 5.9.4 Rankings for Behavioural Causes of Administrative Corruption**

(Sample of 200 service-recipients):

| Behavioural cause                                  | Average Ranking | Ranking |
|--|-----------------|---------|
| Moral degeneration and immorality in society       | 2.40            | 2       |
| Dishonest character and greed of corrupt officials | 1.77            | 1       |
| Demonstration effect                               | 3.46            | 4       |
| Excessive parochialism and selfishness             | 3.26            | 3       |
| Bandwagon effect                                   | 4.11            | 5       |

(Sample of 100 service-providers):

| Behavioural cause                                  | Average Ranking | Ranking |
|--|-----------------|---------|
| Moral degeneration and immorality in society       | 1.90            | 1       |
| Dishonest character and greed of corrupt officials | 2.12            | 2       |
| Demonstration effect                               | 3.32            | 3       |
| Excessive parochialism and selfishness             | 3.92            | 5       |
| Bandwagon effect                                   | 3.76            | 4       |

Table 5.9.4 indicates that 'dishonest character and greed of officials' received top ranking among the behavioural causes of corruption from the service-recipients. In case of service-providers, the top ranking went to 'moral degeneration and immorality in society'. Spearman's Coefficient of rank correlation for service recipients and providers of 10 service-delivery sectors regarding behavioural causes of corruption was found to be 0.85. Thus correlation between the opinions of service-recipients and service-providers regarding behavioural causes of corruption was found to be strong.

#### 5.10 Rankings for Costs of Administrative Corruption

The service recipients and providers were asked to rank the costs of corruption and their responses have been tabulated below. As before, the

rankings were arrived at on the basis of average rankings given by the service-recipients and service-providers.

**Table 5.10.1 Rankings for Costs of Administrative Corruption:  
(Sample of 200 service-recipients):**

| Cost           | Average Ranking | Ranking |
|----------------|-----------------|---------|
| Socio-economic | 1.90            | 2       |
| Governance     | 1.77            | 1       |
| Behavioural    | 2.33            | 3       |

**(Sample of 100 service-providers):**

| Cost           | Average Ranking | Ranking |
|----------------|-----------------|---------|
| Socio-economic | 1.82            | 1       |
| Governance     | 2.29            | 3       |
| Behavioural    | 1.89            | 2       |

Table 5.10.1 shows that whereas the 'governance cost' was attached topmost priority by the service-recipients, the service-providers ranked 'socioeconomic cost' as the most important one.

Spearman's Coefficient of rank correlation for service recipients and providers of 10 service-delivery sectors regarding costs of corruption was found to be (-) 0.50. Thus correlation between the opinions of service-recipients and service-providers regarding costs of corruption was both inverse and weak.

The following table shows the rankings given to the socio-economic costs of corruption by the service recipients and providers of 10 service-delivery sectors in Dhaka city, which were arrived at on the basis of their average rankings.



**Table 5.10.2 Rankings for Socioeconomic Costs of Administrative Corruption**

**(Sample of 200 service-recipients):**

| <b>Socioeconomic cost</b>   | <b>Average Ranking</b> | <b>Ranking</b> |
|---|------------------------|----------------|
| Induces wrong decisions, resulting in wrong projects/prices/contractors & sub-standard delivery | 2.91                   | 3              |
| Leads to inequitable social services and injustices in courts                                   | 3.15                   | 4              |
| Distorts competition, thereby denying the public access to a competitive market-place           | 3.70                   | 5              |
| A vicious cycle of rising corruption and underground economic activities may result             | 2.80                   | 2              |
| Negative impact on investment, productivity and poverty   | 2.44                   | 1              |

**(Sample of 100 service-providers):**

| <b>Socioeconomic cost</b>   | <b>Average Ranking</b> | <b>Ranking</b> |
|---|------------------------|----------------|
| Induces wrong decisions, resulting in wrong projects/prices/contractors & sub-standard delivery | 2.61                   | 2              |
| Leads to inequitable social services and injustices in courts                                   | 2.58                   | 1              |
| Distorts competition, thereby denying the public access to a competitive market-place           | 3.06                   | 3              |
| A vicious cycle of rising corruption and underground economic activities may result             | 3.21                   | 4              |
| Negative impact on investment, productivity and poverty   | 3.54                   | 5              |

Table 5.10.2 indicates that among the given choices for socioeconomic costs, the service-recipients gave highest ranking to 'negative impact on investment, productivity and poverty,' while the service-providers gave topmost ranking to 'leads to inequitable social services and injustices in courts.'

Spearman's Coefficient of rank correlation for service recipients and providers of 10 service-delivery sectors regarding socio-economic costs of corruption equalled (-) 0.70. Thus correlation between the opinions of service-recipients and service-providers regarding socio-economic costs of corruption was found to be inverse but strong.

Table 5.10.3 shows the rankings attached to governance costs of corruption by the service recipients and providers of 10 service-delivery sectors, which were arrived at on the basis of their average rankings.

The table indicates that both the service-recipients and service-providers of 10 selected sectors gave topmost ranking to 'erodes the capacity of government for revenue collection' from among the governance costs of corruption.

Spearman's Coefficient of rank correlation for service recipients and providers of 10 service-delivery sectors regarding governance costs of corruption equalled 0.90. Thus correlation between the opinions of service-recipients and service-providers regarding governance costs of corruption was found to be strong.

**Table 5.10.3 Rankings for Governance Costs of Administrative Corruption**

**(Sample of 200 service-recipients):**

| <b>Governance cost</b>  | <b>Average Ranking</b> | <b>Ranking</b> |
|---|------------------------|----------------|
| Erodes the capacity of government for revenue collection                                    | 2.46                   | 1              |
| Reduces the state's ability to provide essential public goods                               | 3.02                   | 3              |
| Has devastating effect on administrative capacity, performance and growth                   | 2.68                   | 2              |
| Perverts processes, institutions and goals by favouring the privileged few                  | 3.70                   | 5              |
| Undermines democracy, stability and legitimacy of the state as well as national integration | 3.14                   | 4              |

**(Sample of 100 service-providers):**

| <b>Governance cost</b>  | <b>Average Ranking</b> | <b>Ranking</b> |
|---|------------------------|----------------|
| Erodes the capacity of government for revenue collection                                    | 2.07                   | 1              |
| Reduces the state's ability to provide essential public goods                               | 2.65                   | 3              |
| Has devastating effect on administrative capacity, performance and growth                   | 2.47                   | 2              |
| Perverts processes, institutions and goals by favouring the privileged few                  | 3.81                   | 4              |
| Undermines democracy, stability and legitimacy of the state as well as national integration | 4.0                    | 5              |

**Table 5.10.4 Rankings for Behavioural Costs of Administrative Corruption**

**(Sample of 200 service-recipients):**

| <b>Behavioural cost</b>  | <b>Average Ranking</b> | <b>Ranking</b> |
|--|------------------------|----------------|
| Promotes perversion or destruction of integrity in the discharge of public duties                                    | 2.21                   | 1              |
| Makes the victims of corruption fearful, cynical, resigned or angry with regard to society, justice and governance   | 2.29                   | 2              |
| A sense of resignation pervades among the citizens coupled with a belief that attempts to fight corruption will fail | 3.50                   | 4              |
| Anger and hatred among the citizens about prevailing situation breeds alienation from society among them             | 3.09                   | 3              |
| Vengefulness generated among citizens results in vengeance on their part when they get the opportunity.              | 3.91                   | 5              |

**(Sample of 100 service-providers):**

| <b>Behavioural cost</b>  | <b>Average Ranking</b> | <b>Ranking</b> |
|--|------------------------|----------------|
| Promotes perversion or destruction of integrity in the discharge of public duties                                    | 1.56                   | 1              |
| Makes the victims of corruption fearful, cynical, resigned or angry with regard to society, justice and governance   | 2.41                   | 2              |
| A sense of resignation pervades among the citizens coupled with a belief that attempts to fight corruption will fail | 3.30                   | 3              |
| Anger and hatred among the citizens about prevailing situation breeds alienation from society among them             | 3.77                   | 4              |
| Vengefulness generated among citizens results in vengeance on their part when they get the opportunity.              | 3.96                   | 5              |

Table 5.10.4 ranks various behavioural costs of corruption as viewed by service recipients and providers of 10 service-delivery sectors in Dhaka city, which were arrived at on the basis of their average rankings. According to these rankings, both the service-recipients and service-providers attached top priority to the statement 'promotes perversion or destruction of integrity in the discharge of public duties' from among the given choices for behavioural costs of corruption.

Spearman's Coefficient of rank correlation for service-recipients and service-providers of 10 service-delivery sectors regarding behavioural costs of corruption equalled 0.90. Thus, correlation between the opinions of service-recipients and service-providers regarding behavioural costs of corruption was strong.

### 5.11 Rankings for Remedies of Administrative Corruption

The following table shows the rankings given by the service recipients and providers of 10 selected service-delivery sectors regarding preferred measures for reducing administrative corruption, which were arrived at on the basis of their average rankings. It indicates that whereas the service-recipients ranked 'governance measures' as the most preferable one for reducing administrative corruption, the service-providers opted for 'socioeconomic measures'.

**Table 5.11.1 Rankings for Remedies of Administrative Corruption  
(Sample of 200 service-recipients):**

| Measure        | Average Ranking | Ranking |
|----------------|-----------------|---------|
| Socio-economic | 2.14            | 2       |
| Governance     | 1.50            | 1       |
| Behavioural    | 2.46            | 3       |

**(Sample of 100 service-providers):**

| Measure        | Average Ranking | Ranking |
|----------------|-----------------|---------|
| Socio-economic | 1.84            | 1       |
| Governance     | 2.02            | 2       |
| Behavioural    | 2.14            | 3       |

Spearman's Coefficient of rank correlation for measures preferred by service recipients and providers of 10 service-delivery sectors for reducing corruption equalled 0.50. Thus correlation between the opinions of service-recipients and service-providers regarding preferred measures for reducing corruption was weak.

The following table displays the rankings given by the service recipients and providers of 10 service-delivery sectors on socioeconomic remedies of administrative corruption, which were arrived at on the basis of their average rankings. It indicates that the service-recipients of 10 selected sectors ranked 'partnership should be forged between the government and the civil society for curbing administrative corruption' as the preferred socioeconomic measure for reducing corruption. On the other hand, the service-providers gave topmost ranking to 'enhance motivation factors and incentives like salaries and allowances of public sector officials' from amongst the given choices.



**Table 5.11.2 Rankings for Socioeconomic Remedies of Administrative Corruption**

**(Sample of 200 service-recipients):**

| <b>Preferred socioeconomic measures</b>  | <b>Average Ranking</b> | <b>Ranking</b> |
|--|------------------------|----------------|
| Enhance motivation factors and incentives like salaries and allowances of public sector officials  | 3.35                   | 4              |
| Establish committees of customers or service recipients at each service-providing organization for curbing corruption                                | 3.96                   | 5              |
| Elicit clear commitment of political leaders to combat corruption wherever it occurs and submit themselves to appropriate scrutiny whenever required | 2.35                   | 2              |
| Emphasise changing systems and prevention of future corruption, rather than witch-hunting for past misdeeds  | 3.05                   | 3              |
| Partnership should be forged between the government and the civil society for curbing administrative corruption                                      | 2.29                   | 1              |

**(Sample of 100 service-providers):**

| <b>Preferred socioeconomic measures</b>  | <b>Average Ranking</b> | <b>Ranking</b> |
|--|------------------------|----------------|
| Enhance motivation factors and incentives like salaries and allowances of public sector officials  | 1.84                   | 1              |
| Establish committees of customers or service recipients at each service-providing organization for curbing corruption                                | 3.64                   | 5              |
| Elicit clear commitment of political leaders to combat corruption wherever it occurs and submit themselves to appropriate scrutiny whenever required | 2.57                   | 2              |
| Emphasise changing systems and prevention of future corruption, rather than witch-hunting for past misdeeds  | 3.42                   | 3              |
| Partnership should be forged between the government and the civil society for curbing administrative corruption                                      | 3.53                   | 4              |

Spearman's Coefficient of rank correlation for socio-economic measures preferred by service recipients and providers of 10 service-delivery sectors for reducing corruption equalled 0.10. Thus correlation between the opinions of service-recipients and service-providers regarding preferred socio-economic measures for reducing corruption was very weak.

Table 5.11.3 depicts the rankings given by the service-recipients and service-providers on preferred governance measures for reducing administrative corruption, which were arrived at on the basis of their average rankings.

It indicates that the service-recipients of the selected 10 service-delivery sectors gave topmost ranking to 'ensuring complete transparency and rigid accountability at all levels of governance' as the most preferred governance measure. On the other hand, the service providers ranked 'providing strict legal and administrative remedies against corruption' as their preferred choice.

Spearman's Coefficient of rank correlation for governance measures preferred by service recipients and providers of 10 service-delivery sectors for reducing corruption equalled 0.50. Thus correlation between the opinions of service-recipients and service-providers regarding preferred governance measures for reducing corruption was weak.

**Table 5.11.3 Rankings for Governance Remedies of Administrative Corruption**

**(Sample of 200 service-recipients):**

| <b>Preferred governance measures</b>   | <b>Average Ranking</b> | <b>Ranking</b> |
|--|------------------------|----------------|
| Provide strict legal and administrative remedies against corruption  | 2.24                   | 2              |
| Ensure complete transparency and rigid accountability at all levels of governance                              | 1.69                   | 1              |
| Set up offices of Ombudsman for service-providing sectors  | 3.70                   | 4              |
| Regular training on morality and ethics for govt. officials  | 3.81                   | 5              |
| Effective monitoring and regular supervision for making corruption a 'high-risk' and 'low-profit' undertaking. | 3.56                   | 3              |

**(Sample of 100 service-providers):**

| <b>Preferred governance measures</b>   | <b>Average Ranking</b> | <b>Ranking</b> |
|--|------------------------|----------------|
| Provide strict legal and administrative remedies against corruption  | 1.86                   | 1              |
| Ensure complete transparency and rigid accountability at all levels of governance                              | 2.03                   | 2              |
| Set up offices of Ombudsman for service-providing sectors  | 3.77                   | 4              |
| Regular training on morality and ethics for govt. officials  | 3.31                   | 3              |
| Effective monitoring and regular supervision for making corruption a 'high-risk' and 'low-profit' undertaking. | 4.03                   | 5              |

**Table 5.11.4 Rankings for Behavioural Remedies of Administrative Corruption**

(Sample of 200 service-recipients):

| Preferred behavioural measures   | Average Ranking | Ranking |
|--|-----------------|---------|
| Promote and inculcate virtuous values and ethical standards at all levels of society and governance in order to generate an anti-corruption sentiment everywhere   | 2.11            | 1       |
| Involve religious leaders in preaching against all forms of corruption   | 4.09            | 5       |
| Promote social condemnation of corruption at all levels, stretching from the grassroots up to the highest echelon of governance  | 2.71            | 2       |
| Publicise those social values, ethics, morality and religious teachings in the mass media and curricula of educational institutions which can bring positive changes in the beliefs and attitude of citizens for containment of corruption | 3.0             | 3       |
| Undertake mass awareness programmes for enhancing respect for rule of law and constitutional governance among the citizenry in order to generate demands at the grassroots for curbing corruption  | 3.09            | 4       |

(Sample of 100 service-providers):

| Preferred behavioural measures   | Average Ranking | Ranking |
|--|-----------------|---------|
| Promote and inculcate virtuous values and ethical standards at all levels of society and governance in order to generate an anti-corruption sentiment everywhere   | 2.03            | 1       |
| Involve religious leaders in preaching against all forms of corruption   | 3.45            | 4       |
| Promote social condemnation of corruption at all levels, stretching from the grassroots up to the highest echelon of governance  | 2.78            | 2       |
| Publicise those social values, ethics, morality and religious teachings in the mass media and curricula of educational institutions which can bring positive changes in the beliefs and attitude of citizens for containment of corruption | 3.25            | 3       |
| Undertake mass awareness programmes for enhancing respect for rule of law and constitutional governance among the citizenry in order to generate demands at the grassroots for curbing corruption  | 3.49            | 5       |

Table 5.11.4 provides the rankings given by the service recipients and providers of 10 service-delivery sectors on the behavioural remedies of administrative corruption, which were derived from their average rankings. It indicates that both service-recipients and service-providers of 10 service-delivery sectors gave topmost ranking to 'promote and inculcate virtuous values and ethical standards at all levels of society and governance in order to generate an anti-corruption sentiment everywhere' as the most preferred behavioural measure for curbing corruption.

Spearman's Coefficient of rank correlation for behavioural measures preferred by service-recipients and service-providers of 10 service-delivery sectors for reducing corruption equalled 0.90. Thus, correlation between the opinions of service-recipients and service-providers regarding preferred behavioural measures for reducing corruption was strong.

## 5.12 Correlation between the Opinions of Service Recipients and Providers

The following table provides a summary of the Spearman's Coefficients of Rank Correlation for the opinions of service-recipients and service-providers of 10 service-delivery sectors in Dhaka city on the causes, costs and remedies of administrative corruption.



**Table 5.12.1 Spearman's Coefficients of Rank Correlation for Rankings Given by Service-recipients and Service-providers (regarding Causes, Costs and Remedies of Administrative Corruption in the Delivery of Services)**

| Item   | Spearman's Coefficient of Rank Correlation |
|--|--|
| Causes of Corruption                                   | -0.50                                      |
| Socioeconomic Causes of Corruption                     | 0.50                                       |
| Governance Causes of Corruption                        | 0.10                                       |
| Behavioural Causes of Corruption                       | 0.85                                       |
| Costs of Corruption                                    | -0.50                                      |
| Socioeconomic Costs of Corruption                      | -0.70                                      |
| Governance Costs of Corruption                         | 0.90                                       |
| Behavioural Costs of Corruption                        | 0.90                                       |
| Preferred Measures for Reducing Corruption             | 0.50                                       |
| Socioeconomic Measures for Reducing Corruption         | 0.10                                       |
| Governance Measures for Reducing Corruption            | 0.50                                       |
| Behavioural Measures for Reducing Corruption           | 0.90                                       |
| <b>Overall, for Service Recipients &amp; Providers</b> | <b>0.30</b>                                |



Table 5.12.1 shows that overall correlation between the rankings given by service-recipients and service-providers of 10 selected service-delivery sectors regarding causes, costs and remedies of administrative corruption in the delivery of services is very weak.

It is therefore clear from the foregoing that the perceptions of service recipients and providers regarding the causes, costs and remedies of administrative corruption were not identical, and consequently this difference should be taken into account while devising strategies for curbing administrative corruption in the country.

### **5.13 Top Rankings for Causes, Costs and Remedies of Administrative Corruption**

The following table provides a summary of the top rankings given by the service recipients and providers on the causes, costs and remedies of administrative corruption. The significant differences in the perceptions of service-recipients or customers and service-providers or officials regarding the causes, costs and remedies of administrative corruption can once again be gauged from this table.

**Table 5.13.1 Top-Rankings for Causes, Costs and Remedies of Administrative Corruption**

| Item                   | Top Ranking by Service-recipients  | Top Ranking by Service-providers   |
|------------------------|--|--|
| Causes of Corruption   | Governance causes  | Socioeconomic causes   |
| Socioeconomic Causes   | Weaknesses in the socio-economic, legal and regulatory frameworks  | Inadequate salary/income of officials  |
| Governance Causes      | Lack of transparency & accountability in offices   | Lack of transparency & accountability in offices   |
| Behavioural Causes     | Dishonest character and greed of corrupt officials   | Moral degeneration and immorality in society   |
| Costs of Corruption    | Governance costs   | Socioeconomic costs  |
| Socioeconomic Costs    | Negative impact on investment, productivity and poverty  | Leads to inequitable social services and injustices in courts  |
| Governance Costs       | Erodes the capacity of government for revenue collection   | Erodes the capacity of government for revenue collection   |
| Behavioural Costs      | Promotes perversion or destruction of integrity in the discharge of public duties  | Promotes perversion or destruction of integrity in the discharge of public duties  |
| Remedies of Corruption | Governance measures  | Socioeconomic measures   |
| Socioeconomic Remedies | Partnership should be forged between the government and the civil society for curbing administrative corruption  | Enhance motivation factors and incentives like salaries and allowances of public sector officials  |
| Governance Remedies    | Ensure complete transparency and rigid accountability at all levels of governance  | Provide strict legal and administrative remedies against corruption  |
| Behavioural Remedies   | Promote and inculcate virtuous values and ethical standards at all levels of society and governance in order to generate an anti-corruption sentiment everywhere | Promote and inculcate virtuous values and ethical standards at all levels of society and governance in order to generate an anti-corruption sentiment everywhere |

#### 5.14 Relating Survey Findings with the Vice-Vengefulness Model

It is clear from the foregoing that the providers and recipients of public services have differing perceptions regarding corruption based on their experiences and the reality on the ground. As shown in Table 5.6.1, the only attitudinal assertion amongst a total of five with which a majority of the service-recipients expressed their agreement was: 'There is little chance of being caught for committing corruption in Bangladesh, and even if caught not having to pay the penalty, since the bureaucracy and justice system are corrupt.' In addition to this assertion, the other two attitudinal assertions with which a majority of the service-providers expressed their agreement were: 'Negative and vengeful behavioural patterns, self-centred values and selfish norms are only natural in a resource-poor, backward and under-developed society like Bangladesh;' and, 'How money is spent is more important than how it is earned.' These two assertions clearly demonstrate that inside their minds, the service-providers have fully justified and rationalised the corrupt acts resorted to by themselves as well as their fellow officials. These tallies quite well with the vice-vengefulness behavioural model explained in the conceptual framework.

Table 5.9.4 indicates that among the behavioural causes of corruption, the service-providers have ranked both 'demonstration effect' and 'bandwagon effect' one slot higher than the service-recipients. It implied that they were convinced about the justification of retaliating with the same coin of corruption which they themselves had to endure in their daily lives.

Table 5.10.4 demonstrates that from among the behavioural costs of corruption, both the service-recipients and providers gave second-highest ranking to: 'Makes the victims of corruption fearful, cynical, resigned or angry with regard to society, justice and governance.' This also tallies quite well with the behavioural model of vice and vengefulness described in the conceptual framework.

## **Chapter 6**

### **An Analysis of Administrative Corruption Based on Research Findings**

#### **6.1 Grounds, Frequencies, Typologies & Forms of Administrative Corruption**

A common tendency observed among government officials during the field survey had been extraction of unearned incomes and indulgence in rent-seeking activities through position-based bribery, resorting to pilferage of government budgetary resources, and taking recourse to misuse of government rules and regulations, logistics and purchases for private gains.

The largest proportion (46%) of service recipients interviewed during the field survey had approached the relevant government agencies for personal purposes, while 41% of the respondents had approached them on official grounds. These percentages satisfied the main aim of the present research, which was to delve into both individual and institutional causes of administrative corruption in Bangladesh.

The survey showed that the police, power supply and water supply sectors topped the list in terms of intensity or frequency of corruption, and overall, 87.5% of service-recipients had fallen prey to corruption in the 10 service-delivery sectors during one year. These percentages more or less tallied with the findings of earlier surveys carried out by the Bangladesh Chapter of Transparency International at various junctures of time. The slight

differences may be attributable to inclusion of business establishments in the sampling framework as well as targeting of the present survey in the urban areas of Dhaka city. The percentages of corruption victims in the 2007 National Household Survey on Corruption in Bangladesh conducted by TIB were lower, but that may be attributed to the highly rigid stance against corruption and the countrywide massive anti-corruption drive undertaken by the then caretaker government during 2007-08.

The responses by 200 service-recipients of 10 service-delivery sectors in Dhaka city also showed that institutional corruption occupied the top position among the typologies of corruption (50%) followed by individual corruption (32.5%). On the other hand, among various typologies of bribery, petty corruption occupied the top slot (61%) followed by middling corruption (7.5%). Around 30.5% respondents did not pay bribes, i.e. 69.5% had paid bribes during interactions with corrupt officials in one year.

The survey data showed that institutional corruption was highest in the value-added tax sector (80%) and municipal services (80%), followed by power supply (70%) and the police (60%) sectors, while individual corruption was found to be highest in education (60%) and healthcare (60%) sectors. On the other hand, Income tax occupied the top spot (25%) in the typology of systemic corruption.

Besides, municipal services (90%), land administration (75%) and banking services (75%) occupied the top slots in the category of petty corruption, while the police (20%), value added tax (20%) and income tax (15%) were the front-runners in middling corruption.



The survey data showed that among various forms of corruption, bribery led the pack with 69.5% respondents reporting it, followed by misuse of power (41.5%) and violation of legal norms (24.5%). These figures were commensurate with the general trend observed in previous studies on the subject. It may be pointed out here that multiple forms of corruption were reported simultaneously by individual respondents in the present study, as a result of which their total exceeded 100% during computation.

The data indicated that municipal services (90%), banking services (85%), the police (85%), income tax (80%) and land administration (80%) were the front-runners in the typology of bribery. The Police (90%), water supply (55%), power supply (50%) and income tax (50%) topped the list in the category of 'misuse of power', while the police (90%), land administration (50%) and income tax (45%) occupied the top positions in the category of 'violation of legal norms'. A significant proportion of respondents (40%) accused value added tax authorities with 'misappropriation of funds,' which was followed by the power supply officials (20%).

## 6.2 General Assessment of Officials and Attitude towards Corruption

While evaluating the government officials, the respondents had ranked various dichotomous attributes of officials in a (-5) to (+5) scale and an overall score was arrived at through averaging. The general assessment of government officials by service-recipients was found to be highly negative (-3.38). In contrast, assessment of government officials by service-providers,

who themselves were government servants, was quite positive (+0.58). It reinforced the view that people's assessments depended on which side of the equation they belonged to.

Attitude towards corruption among service recipients and providers was measured on the basis of their responses to 5 dichotomous statements regarding corruption in Bangladesh, which gave rise to a scale of (-5) to (+5). Each agreement to the statements was, therefore, ascribed (+1) and each disagreement (-1). The attitude of service-recipients towards corruption was found to be moderately negative (-0.68), which showed that corruption had been more or less accepted by the citizens of Bangladesh as an established mode of social life.

But interestingly, the attitude of service-providers towards corruption was found to be only marginally positive (0.48). This may have been because of the fact that they also fall prey to corruption in their day to day lives and thereby suffer in the process. However, what was significant was that the service-providers appeared to nurture a much more positive attitude towards corruption compared to the service-recipients, as obviously they elicited benefits out of this all-pervasive scourge prevailing in Bangladesh society.

### 6.3 Actors, Nature, Frequency and Magnitude of Administrative Corruption

The service-recipient respondents were asked about the actors, modes and nature of administrative bribery observed in the 10 selected service-delivery

sectors. It appears from their responses in the collected data that officers were the leading category of bribe-recipients with a 35% slice of the sample-population, while the employees closely followed them with a share of 34.5% of the total. Third-party middlemen were found to be quite significant in terms of numbers, but they were basically used as mediums for channelling bribes to the ultimate recipients.

The data indicated that 43% cases of corruption took place through direct extortion or bribery, while 26.5% occurred with the help of third-party middlemen. The respondents also informed that in 33.5% of the cases, bribes were shared with higher officials; colleagues shared the spoils in 26.5% of the cases, while none were offered any share by the bribe-takers in 9.5% of the cases. Thus, overall, there existed syndicates of bribe-taking corrupt officials in all the ten selected service-delivery sectors of Dhaka city.

The service-recipient respondents were also asked about the frequency and magnitude of bribery they transacted with corrupt officials of 10 relevant service-delivery sectors. The collected data revealed that annual frequency of bribe-payment per person per sector was 1.53 times; the average bribe payment per transaction per sector was found to be Taka 13,054, while calculation of average annual bribe payment per person per sector yielded the figure of Taka 15,768. These figures are comparable with the findings of TIB surveys conducted at various junctures of time.

The collected data revealed that income tax (Taka 53,438) topped the list in average bribe payments per transaction per sector followed by banking services (Taka 20,772) and the police (Taka 19,018). On the other hand,

income tax (Taka 42,750) again topped the list in annual bribe payments per person per sector, followed by the police (Taka 32,330), value added tax (Taka 24,960), banking services (Taka 22,850) and power supply (Taka 13,100). The hefty figures for income tax may be attributed to the fact that the transactions mostly took place on an yearly one-time basis and were related to annual incomes of service-recipient tax-payers.

#### 6.4 Rankings for Causes, Costs and Remedies of Administrative Corruption

On the question of causes of corruption, the survey data revealed that 'Governance causes' was attached highest importance by the service-recipients, while 'Socio-economic causes' received topmost preference by service-providers. There is, therefore, a tendency among service-providers to locate the cause in socio-economic circumstances rather than view it from a governance perspective. Spearman's Coefficient of rank correlation (see Appendix-3) for service-recipients and service-providers of service-delivery sectors regarding causes of corruption was found to be (-) 0.50, which was both inverse and weak.

Regarding socio-economic causes of corruption, the survey data revealed that service-recipients gave highest ranking to 'Weaknesses in the socioeconomic, legal and regulatory frameworks', but service-providers cited 'Inadequate salary and income' as the leading socioeconomic cause of corruption. In effect, the service-providers have justified their corruption in the process. Spearman's Coefficient of rank correlation for service recipients and

providers of service-delivery sectors regarding socio-economic causes of corruption was found to be 0.50, which may be termed as weak.

The survey data showed that 'Lack of transparency and accountability' received topmost ranking among governance causes of corruption from both service-recipient and service-providers of service-delivery sectors. Spearman's Coefficient of rank correlation for service recipients and providers regarding governance causes of corruption was found to be 0.10, which may be termed as excessively weak.

On the question of behavioural causes of corruption, the survey data revealed that 'Dishonest character and greed of officials' received top ranking from the service-recipient of service-delivery sectors. In case of service-providers, the top ranking went to 'Moral degeneration and immorality in society'. So, whereas the service-recipient has put the blame on dishonest service-providers, the service-providers in turn have blamed the societal immorality for the phenomenon of corruption. However, Spearman's Coefficient of rank correlation for service-recipient and service-providers regarding behavioural causes of corruption was found to be 0.85, which may be considered as strong.

The service recipients and providers were also asked to rank the costs of corruption and the compiled data showed that whereas the 'Governance cost' was attached topmost priority by the service-recipient, the service-providers ranked 'Socioeconomic cost' as the most important one. Here again, the service-recipient has put the onus of costs on governance by service-providers, but the service-providers have attached highest priority to



external socioeconomic costs instead. Spearman's Coefficient of rank correlation for service-recipients and service-providers regarding costs of corruption was found to be (-) 0.50, which was both inverse and weak.

On the question of socioeconomic costs of corruption, the service-recipients gave highest ranking to 'Negative impact on investment, productivity and poverty,' while the service-providers gave topmost ranking to 'Leads to inequitable social services and injustices in courts.' Here, the service-providers have tended to look at the socioeconomic costs of corruption in a lighter vein. Spearman's Coefficient of rank correlation for service-recipients and service-providers regarding socio-economic costs of corruption equalled (-) 0.70, which was inverse but strong.

The survey data revealed that on the question of governance costs of corruption, both the service-recipients and service-providers of selected sectors gave topmost ranking to the assertion: 'Erodes the capacity of government for revenue collection'. Spearman's Coefficient of rank correlation for service-recipients and service-providers regarding governance costs of corruption equalled 0.90, which may be considered as strong.

On the question of behavioural costs of corruption, both the service-recipients and service-providers attached top priority to the statement: 'Promotes perversion or destruction of integrity in the discharge of public duties' from among the given choices. Spearman's Coefficient of rank correlation for service-recipients and service-providers regarding behavioural costs of corruption equalled 0.90, which may be viewed as strong.



On the issue of remedies of administrative corruption, the collected data revealed that whereas the service-recipients ranked 'Governance measures' as the most preferable one, the service-providers opted for 'Socioeconomic measures'. Here again, whereas a majority of service-recipients have emphasised on taking governance measures targeted at corrupt service-providers, the latter opted for socioeconomic measures instead, which served their own interest. Spearman's Coefficient of rank correlation for measures preferred by service-recipients and service-providers of service-delivery sectors on measures for reducing administrative corruption equalled 0.50, which may be considered as weak.

It is significant that whereas the service-recipients have repeatedly given highest ranking to 'governance' aspect, the service-providers have consistently attached highest priority to 'socioeconomic' aspect in relation to causes, costs and remedies of administrative corruption.

Regarding the socioeconomic remedies of administrative corruption, the survey data showed that the service-recipients ranked the assertion: 'Partnership should be forged between the government and the civil society for curbing administrative corruption' as the most preferred measure for reducing corruption. On the other hand, the service-providers gave topmost ranking to the statement: 'Enhance motivation factors and incentives like salaries and allowances of public sector officials' from amongst the given choices. Clearly, the service-providers have equated their salaries and incentives here with the presence or absence of administrative corruption. Spearman's Coefficient of rank correlation for socio-economic remedies to administrative corruption preferred by service-recipients and service-providers

of 10 service-delivery sectors equalled 0.10, which may be considered to be very weak.

On the question of preferred governance measures for reducing administrative corruption, the survey data revealed that the service-recipients of service-delivery sectors gave topmost ranking to 'Ensuring complete transparency and rigid accountability at all levels of governance' as the most preferred measure. On the other hand, the service providers ranked 'Providing strict legal and administrative remedies against corruption' as their preferred choice. Spearman's Coefficient of rank correlation for governance measures preferred by service recipients and providers for reducing corruption equalled 0.50, which may be considered as weak.

On the question of behavioural remedies of administrative corruption, the field survey showed that both service-recipients and service-providers of service-delivery sectors gave topmost ranking to 'Promote and inculcate virtuous values and ethical standards at all levels of society and governance in order to generate an anti-corruption sentiment everywhere' as the most preferred measure for curbing corruption. Spearman's Coefficient of rank correlation for behavioural measures preferred by service recipients and providers of 10 service-delivery sectors for reducing corruption equalled 0.90, which may be considered as strong.

Overall, the correlation between the rankings given by service-recipients and service-providers of 10 service-delivery sectors in Dhaka city regarding causes, costs and remedies of administrative corruption in the delivery of services was found to be very weak (0.30).

It is, therefore, quite clear that the perceptions and outlook of service-recipients and service-providers regarding the causes, costs and remedies of administrative corruption are not identical. Consequently, this difference or divergence of opinion should be taken into account while devising strategies and action-plans for curbing administrative corruption in Bangladesh as a whole.

### 6.5 Corroborating the Vice-Vengefulness Model of Corruption

The significant differences in the perceptions of service-recipients or customers and service-providers or officials regarding the causes, costs and remedies of administrative corruption can be easily gauged from the Table 5.13.1, which summarised the top rankings given by both categories of people in the ten service-delivery sectors of Dhaka city on causes, costs and remedies of corruption.

It is, therefore, clear from the foregoing that the providers and recipients of public services have differing outlooks and attitudes regarding administrative corruption based on their experiences and reality on the ground. As revealed by the field survey, the lone attitudinal assertion amongst a total of five with which a majority of the service-recipients expressed their agreement was: "There is little chance of being caught for committing corruption in Bangladesh, and even if caught not having to pay the penalty, since the bureaucracy and justice system are corrupt." This statement also topped the list among the attitudinal agreements articulated by service-

providers, which demonstrated that they were emboldened by such a state of affair existing in the country.

Apart from this statement, the other two attitudinal assertions with which a majority of the service-providers expressed their agreement were: "Negative and vengeful behavioural patterns, self-centred values and selfish norms are only natural in a resource-poor, backward and under-developed society like Bangladesh;" and, "How money is spent is more important than how it is earned." These two assertions clearly demonstrate that inside their minds, the service-providers have fully justified and rationalised the corrupt acts resorted to by themselves as well as their fellow colleagues. These tally quite well with the vice-vengefulness behavioural model explained in the conceptual framework of the present study.

The survey data revealed that among the behavioural causes of corruption, the service-providers have ranked both 'Demonstration effect' and 'Bandwagon effect' one slot higher than the rankings given by service-recipients. It implied that they were convinced about the justification of retaliating with the same coin of corruption, which they themselves had to endure in their day-to-day lives. These justifications fuel the rampant and all-pervasive corruption that bedevils all areas of society and administration in Bangladesh.

On the question of behavioural costs of corruption, the field survey showed that both service-recipients and service-providers gave second-highest ranking to: "Makes the victims of corruption fearful, cynical, resigned or angry with regard to society, justice and governance." This also tallies quite

well with the behavioural model of vice and vengefulness as described in the conceptual framework of the present study, and translates into further consolidation of the vicious cycle of corruption, victimisation and vengeance in all corners of Bangladesh society, economy and governance.

## **Chapter 7**

### **Summary, Recommendations and Conclusion**

#### **7.1 Summary**

Corruption has been a constant in human history, which has afflicted both rich and poor societies and hindered socio-economic growth of many developing countries like Bangladesh. Black money dominates the economies of South Asia, where Bangladesh is situated. Higher levels of corruption are often associated with larger unofficial economies and a recent study indicated that the shadow economy in Bangladesh averaged 35.5% of GDP between 1999 and 2006.

The citizens of Bangladesh routinely fall prey to corruption. It hampers economic growth and investments, raises poverty and impedes human development. The corruption perceptions index of Transparency International ranked Bangladesh as the most corrupt country in the world for consecutive 5 years from 2001. Bangladesh Economic Association estimated in 2004 that black money generated in the country during one year was Taka 700 billion. Both politics and administration are the principal sources of corruption, which assumes the forms of bribery, misuse of power, nepotism, fraud, embezzlement and patron-client relationships.

Corruption has been defined as the abuse of public office for private gain. It has evolved over time and its incidence has increased with the growth of civilization around the world. Information on corruption in ancient India



could be gathered from the treatise 'Artha-shastra' written by Kautilya, which mentioned forty techniques of siphoning-off money by government officials. No large-scale corruption was observed during the Hindu and Buddhist eras in Bengal and the subsequent 600 years under Muslim rule up to the 18th century. But corruption thrived in the sub-continent, including Bengal, mainly during British colonial rule.

The scourge of corruption spread rapidly in the administrative structures of Pakistan after the partition of Indian subcontinent in 1947. It increased manifold after an initial period of lull following the imposition of Martial Law in 1958. The 'Basic Democracy Program' introduced during the 1960s gave further impetus to corruption. Since the emergence of Bangladesh, administrative corruption has consistently increased over the years. The Martial Law regime of HM Ershad (1982-90) is often singled out for institutionalising corruption in the country. Ershad's tenure has been dubbed by many as a golden era for administrative corruption, which became quite rampant in all areas of society.

Today, corruption is pervasive in all sectors of the country including politics, economy, administration, education and healthcare. The preponderance of corruption has given rise to a corporate culture of vice. The hopes generated by the caretaker government of 2007-08 based on their firm stand against corruption, a massive anti-corruption drive and mass arrests of suspects also turned out to be a short-lived one.

The harmful effects of corruption on the socio-economy of Bangladesh are widely acknowledged. Some cross-country empirical studies have

confirmed the negative impact of corruption on investment, growth, productivity and poverty. Most citizens of Bangladesh believe that corruption takes place at all levels of governance, which engenders wrong economic choices and makes the poor pay the price. Social condemnation of corruption seems to have waned and there is a pervasive sense of resignation based on a belief that attempts to fight corruption are doomed to fail.

TIB found in a national baseline survey in 1996 that corruption had become a huge systemic problem in Bangladesh. It affected all sectors of service-delivery and most people perceived corruption as relevant to public offices. The National Household Survey 2007 conducted by TIB identified the police, local government, land administration, judiciary, healthcare and education departments as the most corrupt among government agencies engaged in delivery of services.

Therefore, a survey of some of these sectors in the capital city Dhaka based on the behavioural approach by focusing on the perceptions of both service recipients and providers was considered appropriate for obtaining a deeper insight into administrative corruption in Bangladesh.

This dissertation has, therefore, explored the nature, forms, types, causes, costs and remedies of administrative corruption in the service-delivery sectors of Bangladesh. A behavioural approach was adopted in conducting the field survey on 10 service-delivery sectors of the government in Dhaka city. The selected sectors were: the police, education, healthcare, power supply, water supply, banking services, income tax, value added tax, municipal services and land administration. The study was, however,

constrained by the fact that it covered only 1 divisional headquarter out of 7 in the country and non-probability purposive sampling had to be applied due to time and resource constraints.

The study followed an empirical research approach with a qualitative orientation. The nature of enquiry was descriptive and responses were analysed both qualitatively and quantitatively. The primary research strategy was survey through purposive sampling based on limited-choice structured questionnaires. Behavioural, socio-economic and governance indicators were applied for evaluating relevant variables.

The field survey was conducted in 90 wards of Dhaka city. Only relevant and significant data from the survey were incorporated in conformity with the research objectives, methodology and conceptual framework. Among the 200 service-recipients, 50 percent were taken from private households, while the remaining 50 percent from business establishments. The 100 service-providers were officials employed in the ten selected service-delivery sectors. As explained in the research methodology section, the quota for service-recipients per sector in the survey was 20, while that of service-providers was 10.

### 7.1.1 Findings from the Survey

The 200 service-recipients were asked about the grounds for their interactions with the corrupt officials of 10 service-delivery sectors. It was found that a large proportion of them (46%) had approached the relevant agencies for

personal purposes or on behalf of their private households. On the other hand, 41% of the respondents had approached on official grounds.

It was found that the police, power supply and water supply sectors topped the list in terms of frequency or intensity of corruption. Overall, 87.5% of service-recipients had fallen prey to corruption in the 10 service-delivery sectors during one year.

The respondents were asked about the types of administrative corruption they were subjected to in one year. It was found that institutional corruption occupied the top position among the typologies of corruption (50%) followed by individual corruption (32.5%). On the other hand, among various typologies of bribery, petty corruption occupied the top slot (61%) followed by middling corruption. Around 30.5% respondents did not have to pay bribes, i.e. 69.5% had paid bribes during interactions with corrupt officials

Institutional corruption was found to be highest in value-added tax, municipal services, power supply and the police sectors, while individual corruption was highest in education and healthcare sectors. Income tax occupied the top spot in systemic corruption. Municipal services, land administration and banking services occupied the top slot in the category of petty corruption, while the police, value added tax and income tax were the front-runners in middling corruption.

It was found that bribery led the pack among the forms of corruption with 69.5% respondents reporting it, followed by misuse of power (41.5%) and violation of legal norms (24.5%). The total exceeded 100 percent as multiple forms of corruption were reported simultaneously by individual respondents.

Municipal services, banking services, the police, income tax and land administration were the front-runners in the category of 'bribery'. The Police, water supply, power supply and income tax topped the list in the category of 'misuse of power', while the police, land administration and income tax occupied the top positions in the category of 'violation of legal norms'. Forty percent of the respondents accused value added tax authorities with 'misappropriation of funds,' followed by the power supply officials.

The respondents had ranked various dichotomous attributes of government officials in a (-5) to (+5) scale and an overall score was arrived at through averaging. The average score for service-recipients was found to be -3.38 (negative). Thus the general assessment of government officials by service-recipients was highly negative. On the other hand, general assessment of government officials by the service-providers was deduced from the average score of 0.58 (positive). Thus, in contrast to service-recipients, general assessment of government officials by service-providers, who themselves were government servants, was positive.

Attitude towards corruption among service recipients and providers was also measured on the basis of their responses to 5 dichotomous statements regarding corruption in Bangladesh, which resulted in a scale of (-5) to (+5). The average score for service-recipients was found to be -0.68. Thus, the attitude of service-recipients towards corruption was moderately negative. It showed that corruption had been more or less accepted by the people of Bangladesh as an established mode of social life.



On the other hand, the average score for service-providers' attitude was found to be 0.48 (positive). Thus, the attitude of service-providers towards corruption was marginally positive, which might be because they themselves were also victims of corruption in their day to day lives and suffered in the process. However, the service-providers appeared to nurture a more positive attitude towards corruption compared to the service-recipients, as obviously they benefited from the malady.

The service-recipient respondents were asked about the actors, modes and nature of administrative bribery. It was found that officers were the leading category of bribe-recipients with a 35% slice of the total, while the employees closely followed with a share of 34.5%. Third-party middlemen were mostly used as modes for channelling bribes to the ultimate recipients.

The survey showed that 43% cases of corruption took place through direct bribery, while 26.5% occurred with the help of third-party middlemen. In 33.5% of the cases, bribes were shared with higher officials; colleagues shared the spoils in 26.5% of the cases, while none were offered any share by the bribe-takers in 9.5% of the cases. Thus, overall, there existed syndicates of bribe-taking corrupt officials in the service-delivery sectors.

The service-recipients were asked about the frequency and magnitude of bribery in 10 relevant service-delivery sectors. It was found that annual frequency of bribe-payment per person per sector was 1.53 times; average bribe payment per transaction per sector was Taka 13,054, while average annual bribe payment per person per sector was Taka 15,768.



It was found that income tax topped the list in average bribe payments per transaction per sector followed by banking services and the police. On the other hand, income tax again topped the list in annual bribe payments per person per sector, followed by the police, value added tax, banking services and power supply.

It was found by applying the formula for Spearman's coefficient of rank correlation that overall, correlation between the rankings given by service recipients and providers of 10 service-delivery sectors regarding causes, costs and remedies of administrative corruption in the delivery of services was very weak (0.30). It was, therefore, clear that the perceptions of service-recipients and service-providers regarding the causes, costs and remedies of corruption were not identical, and consequently this difference or divergence should be taken into account while devising strategies and action-plans for curbing administrative corruption in the country.

The vice-vengefulness behavioural model of corruption elaborated in the conceptual framework was also corroborated by findings from the field survey. Therefore, this behavioural model should also be considered while searching for remedies of administrative corruption in Bangladesh.

## 7.2 Recommendations for Curbing Administrative Corruption

The present study has demonstrated that the policies, strategies and action-plans for curbing administrative corruption in the service-delivery sectors of Bangladesh should take into cognizance the divergences and differences in

the perceptions, attitude and beliefs of service-recipients and service-providers regarding the causes, costs and remedies of administrative corruption. The service-recipients, for example, have emphasised on governance measures for reducing corruption, while the service-providers have attached top priority to socioeconomic measures as remedies of administrative corruption.

The anti-corruption strategy should, therefore, be a two-pronged one for catering to the perceptions of both service-recipients and service-providers on the causes, costs and remedies of administrative corruption. In addition, due weight and consideration should be given to the socioeconomic, governance and behavioural aspects of corruption while framing anti-corruption policies, strategies, legislations and action-plans.

Based on the present study as well as earlier studies on the subject by Transparency International (1999, 2002), the World Bank (1999, 2000, 2003), UNDP (2002) and TIB (1997, 2002, 2004, 2005, 2008), the following recommendations can be made for curbing administrative corruption in the service-delivery sectors of Bangladesh.<sup>146</sup>

### 7.2.1 Firm Commitment of Political Leadership

There should be a clear commitment of political leaders to fight corruption wherever it occurs and to submit themselves to appropriate scrutiny whenever required. Besides, the disclosure requirements on assets and liabilities of high

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<sup>146</sup> Helal Uddin Ahmed, "Administrative Corruption in Bangladesh: A Survey of Three Police Stations." Master's Thesis, (Northern Ireland: University of Ulster, 2005).

public officials should be enforced rigorously and greater accountability for public institutions should be ensured. The government should actively encourage greater flow of information and establish clear rules and regulations for public administration, ably supported by the separation of power among the three branches of the government – the executive, the judiciary and the legislature.

### 7.2.2 Reforming Systems, Emphasizing Prevention and Civilian Oversight

The primary emphasis should be on prevention of future corruption and reforming relevant systems, rather than on witch-hunting for past misdeeds. The civil service should be reformed through rationalization of manpower and revision of the skill-mix, while introducing better compensation packages and performance-based salaries. Bureaucratic structures, functions, incentives and attributes should all come under the purview of the reform process. Training of officials should emphasise on upholding ethical and moral values, which should be more geared towards catering to the concerns of the poor, women, children and other vulnerable groups. Performance indicators should be developed to assess the more 'qualitative' aspects of services and benchmarks should be put in place for better services.

The voice and participation of the civil society should also be fostered by the government for ensuring more transparent governance. As enshrined in the country's Constitution, the local government bodies should be strengthened and power should be decentralised and devolved in order to ensure transparency and accountability at the grassroots level. E-governance

should be expanded in all areas of governmental activities in order to reduce the scope for corruption. Existing oversight mechanisms should be broadened to include civilian oversight of the civil services. A National Corruption Prevention Committee may be set up at the central level comprising of eminent citizens and citizens' committees may be instituted under it at the district, upazila and municipality levels.

### 7.2.3 Framing Comprehensive Anti-Corruption Legislations and Procedures

A comprehensive anti-corruption legislation should be adopted by parliament, which should be implemented by agencies of manifest integrity. The Anti Corruption Commission should be given all powers needed for enforcing its decisions and programs. Public services most prone to corruption should be clearly identified and there should be reviews and amendments of both substantive laws and administrative rules and procedures in order to ensure both transparency and accountability in delivery of services.

As an example, The Official Secrets Act, 1923 should be repealed and the existing Right to Information Act should be rigorously enforced for lifting the veil of secrecy in governmental functions and ensuring free flow of information for all.

### 7.2.4 Enhancing Motivation Factors and Incentives for Officials

As evidenced from various studies, the sharp erosion of real financial benefits and weak performance-incentives for government servants have contributed much to the poor governance culture of public administration in Bangladesh. The present study has also revealed the preference of service providers for

enhancing salaries and allowances as a remedial measure against administrative corruption.

An initiative should therefore be undertaken to ensure that the salaries of officials adequately reflect the responsibilities of their posts and are compatible with salaries of civil servants in the neighbouring states as well as the country's private sector. Motivation factors like pay and allowances, working hours, job security, housing and medical facilities, which may contribute to low levels of motivation and morale among public sector officials should be carefully reviewed to develop appropriate mechanisms for enhanced motivation and performance in the delivery of services. Regular training on the need for curbing corruption should also be organised for government officials in order to inculcate an anti-corruption outlook amongst them.

#### 7.2.5 Providing Administrative Remedies against Corruption

Administrative and legal remedies should be put in place in order to provide adequate deterrence against administrative corruption. For example, there should be unambiguous provisions for stringent punishments when acts of corruption are committed and separate courts should be set up for trial of corruption-related cases in order to expedite the process. An Ombudsman may also be appointed in accordance with Article 77 of Bangladesh Constitution to address public grievances including allegations of corruption against the civil servants.

The rules and regulations of public services should be streamlined, procedures should be simplified and mechanisms should be put in place in



order to ensure transparency and accountability in delivery of services. Unnecessary or cumbersome regulations should be simplified or annulled and service-delivery should be facilitated by framing appropriate rules in order to reduce the scope for informal payments and unearned incomes. For example, the procedures for the entry of new firms can be simplified by reducing unnecessary costs, fees and delays and by encouraging informal firms to upgrade their legal status and thereby improve their access to finance.

#### 7.2.6 Forging Partnership between the Government and the Civil Society

A partnership should be forged between the government and the civil society for curbing administrative corruption. The civil society along with the mass media can play a vital role in organizing grassroots people and generating mass awareness in order to wage a social movement against corruption. Coalitions of interests may be built up in support of corruption-prevention by drawing on the civil society and the private sector. Essays on the harmful effects of corruption on the society and economy of Bangladesh and the need for curbing it should be incorporated in the curricula for secondary and higher secondary education, in order to generate an anti-corruption spirit among the younger generation. Alongside the social elites, the religious leaders including the imams of mosques should also be inducted into the social movement against corruption through their vocal preaching against the malaise at religious sites.

#### 7.2.7 Making Administrative Corruption a 'High-risk-Low-profit' Venture

All required steps should be taken by the government for making administrative corruption a 'high-risk' and 'low-profit' undertaking. For



example, surprise checks on the workings of officials should be conducted as a matter of routine; there should be effective monitoring of their assets; incomes and liabilities, and supervision of subordinates' activities should be conducted on a rigorous and continuous basis by the superiors. Besides, virtuous values and ethical standards should be promoted and inculcated at all levels of society and governance in order to generate an anti-corruption sentiment everywhere. All efforts should be made to promote and encourage condemnation of corruption at all levels of society and necessary mechanisms should be put in place so that the corrupt elements cannot evade the claws of justice.

#### **7.2.8 Reforming and Overhauling the Bureaucracy in Bangladesh**

In order to curb administrative corruption in Bangladesh, there is an urgent need for rectifying and improving the common bureaucratic traits in Bangladesh, in addition to complete reform of its structures and functions. These traits include its colonial mentality of paternalistic elitism; irresponsible behaviour and hunger for power and privilege; loss of ethical and moral values and affinity towards corruption; dishonesty and lack of empathy for the clientele public; indiscipline, evasiveness, apathy and obstructionism. To bring about desired changes, the bureaucracy in Bangladesh must be made completely transparent and accountable at all levels of operations. This would require further strengthening, rapid growth and ultimate ascendancy of people's power, citizens' rights and genuinely democratic institutions in the country.

Developing countries like Bangladesh cannot afford to provide the bureaucratic clans with all sorts of privileges and job security, while a majority of the population suffer in their hands due to corruption, irregularities or inefficiency and languish in poverty, illiteracy and malnutrition. It has been observed that a secure time-frame for government jobs with assured retirement benefits often acts as a disincentive for initiative and action. It is also said that it is more difficult to get dismissed from a government job than getting one. This sheltered and entrenched system breeds lethargy, corruption and incompetence as the bureaucracy can easily while away its time or act with impunity. They tend not to exert themselves unless there is some special interest.

Thus, providing security to a handful of civil servants while the entire nation remains insecure cannot be justified in any way. Instead, options like contract or tenure-based systems may be considered, where civil servants are appointed to a particular job for a particular period. Similar to the concept of rolling plans, the concept of rolling administration can be applied, where the administrative structure, functions and personnel are adjusted on a continual basis in accordance with the requirements for achievement of development goals and containment of corruption.

For curbing corruption and enhancing both performance and output, there is now an urgent need to reform the civil service of Bangladesh in line with the new public management approach.<sup>147</sup> This would require making the

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<sup>147</sup> Martin Minogue, Charles Polidano and David Hulme, eds. *Beyond the New Public Management: Changing Ideas and Practices in Governance*, (Cheltenham: Edward Elgar Publishing Limited, 2000), 1-37.

civil-servants citizen or consumer driven; improving processes by underpinning better quality associated with citizens' charters; setting standards and providing information on standards achieved; separating service-purchaser and service-provider functions and injecting competition and choice in the provider function through delegation and decentralisation; injecting better accountability at the point of service-delivery; a stronger emphasis on performance in terms of management systems, selection, training, career development and management of staff, their incentives and rewards; focusing more on outputs and outcomes rather than on inputs; emphasis on goals and missions rather than on rules and regulations; a customer-centred rather than bureaucracy-centred approach; decentralisation of authority and power; accountable and responsible administration with emphasis on economy, efficiency and effectiveness.

To overcome the obstacles to civil service reforms in Bangladesh in line with the managerial approach in order to curb administrative corruption, the essential prerequisites include genuine strengthening of parliamentary democracy in the country; expanded and effective role of the watchdog bodies; flourishing of countervailing forces including those of the civil society; raising the service-delivery capacity of the private sector; and greater awareness and bargaining power of the masses – 40 percent of whom are illiterates and live below the poverty line.

### 7.3 Conclusion

The present research attempted to identify and analyse the nature, forms, types, magnitude, causes and costs of administrative corruption in Bangladesh as well as its remedies by an insider working within the government bureaucracy. A behavioural approach was followed in the study and attempts were made here to compare the findings of this survey with those of international organizations outside the government, such as the World Bank, the UNDP and Transparency International.

The previous studies by the above-mentioned organizations have all along been rejected by the top functionaries of all successive governments in Bangladesh, often on the pleas of flawed methodology or untrue/motivated assertions. It is hoped that the findings of the present research would find wider acceptance among the policy-makers of the government, as the whole exercise has been carried out by an insider with the support of public sector officials.

It is quite clear from the foregoing that flourishing of democratic norms, transparent and accountable administration and countervailing socio-political institutions is a must if administrative corruption is to be curbed in the country and the bureaucracy is to cater to the needs of the citizenry. Side by side, the bureaucracy needs to be thoroughly overhauled and attuned to the needs of time through sweeping reforms in its structures, functions, incentives and orientations. Only firm popular will, total commitment of the government, a fully accountable political leadership, subservient bureaucracy and genuine

empowerment cum participation of the clientele citizens can lead to containment of corruption and rapid socio-economic progress in the country.

Administrative corruption in Bangladesh is a part of the bigger social milieu, and a universal vice like corruption, in a few sectors of a country, cannot be tackled in isolation. The roots of corruption are deeply embedded in the social and cultural moorings of a nation, and unless the behavioural aspects including the values and beliefs system are addressed properly, the situation is unlikely to improve soon. Political goodwill at the highest level of governance, flourishing of universalistic social norms and virtuous values within the country, and a comprehensive anti-corruption programme as well as sweeping reform initiatives covering all sectors of public services are required for curbing administrative corruption in Bangladesh in a realistic, sustainable, time-bound and holistic manner.

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## APPENDICES

### Appendix-1: Questionnaire

#### 'Administrative Corruption in the Delivery of Services: A Behavioural Study of 10 Sectors in Dhaka City'

Category: Service-Recipients/ Service-Providers

Sectors: Police/ Land Administration/ Education/ Healthcare/ Water Supply/ Municipal Services/ Power Supply/Income Tax/ Value Added Tax/ Banking Services/

*(Please put your tick marks where appropriate or necessary)*

**1. Have you encountered corruption while approaching a relevant agency for any service? (Yes/No)? If 'Yes', then Grounds for your interactions with corrupt officials:**

- |  |     |                          |    |                          |
|--|-----|--------------------------|----|--------------------------|
| a) Personal;                                 | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| b) Official;                                 | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| c) On behalf of another person/organization. | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |

**2. Types of administrative corruption encountered during interactions with the corrupt officials:**

- |   |     |                          |    |                          |
|---|-----|--------------------------|----|--------------------------|
| a) Individual;                              | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| b) Institutional;                           | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| c) Systemic;                                | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| d) Petty (Up to Tk 50,000);                 | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| e) Middling (From Tk 50,001 to Tk 500,000); | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| f) Grand (Above Tk. 500,000).               | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |

**3. Forms of administrative corruption encountered during interactions with corrupt officials:**

- |   |     |                          |    |                          |
|---|-----|--------------------------|----|--------------------------|
| a) Bribery or taking money for services provided;   | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| b) Theft and fraud.                                 | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| c) Misuse of power or position;                     | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| d) Misappropriation of official funds or resources; | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| e) Violation of legal norms and procedure.          | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |

**4. Please provide your general assessment of government officials by putting tick marks on appropriate words:**

- a) Whether [Apathetic] or [Sympathetic];
- b) Whether [Evasive] or [Forthcoming];
- c) Whether [Immoral] or [Moral];
- d) Whether [Obstructionist] or [Facilitator];
- e) Whether [Unethical] or [Ethical].

**5. Please mention whether you agree with the following:**

- a) Negative and vengeful behavioural patterns, self-centred values and selfish norms are only natural in a resource-poor, backward and under-developed society like Bangladesh.  
Yes  No
- b) There is little chance of being caught for committing corruption in Bangladesh, and even if caught not having to pay the penalty, since the bureaucracy and justice system are corrupt.  
Yes  No
- c) How money is spent is more important than how it is earned. Yes  No
- d) God is merciful and so even the corrupt will be able to earn forgiveness through participation in religious rituals.  
Yes  No
- e) There is nothing wrong in taking 'chanda' (toll), 'bakhshish' (tips), 'upohar' (gift), service-charge, signature-fee or speed-money from the willing customers. Yes   
No

**6. Please specify who the actors of administrative corruption were in your own case:**

- a) Who was the recipient of bribe paid?
- b) Who else, in your opinion, shared the bribe?
- c) Whether bribes were demanded directly or through a third party?
- d) Whether bribes were paid directly or through a third party?
- e) Who, in your opinion, are the major actors in corruption?

**7. Please specify the magnitude of administrative corruption:**

- a) Number of times bribes have been paid during 1 year?
- b) Average amount of bribe paid per transaction?

**8. Please specify which category of causes, as mentioned below, is mostly responsible for the phenomenon of administrative corruption (rank in the scale of 01 to 03):**

- a) Socio-economic causes? 

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- b) Governance causes? 

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- b) Behavioural causes? 

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**9. Please rank the following socio-economic causes of corruption in accordance with their importance (in the scale of 01 to 05):**

- a) Inadequate salary and income of government officials; 

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- b) Desire to become rich overnight; 

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- c) A closed political system which tends to exclude aggregate interests; 

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- d). Weaknesses in the social, economic, legal and regulatory frameworks 

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- e) Social, political and cultural factors. 

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**10. Please rank the following governance causes of corruption in accordance with their importance (in the scale of 01 to 05):**

- a) Lack of transparency and accountability in government offices; 

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- b) Monopoly power of officials over a good or service; 

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- c) Discretionary power of officials over making decisions; 

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- d) Opportunities generated by use of red-tape and obstructionism for eliciting illegal payments; 

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- e) Government system doing little to deter corruption. 

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**11. Please rank the following behavioural causes of corruption in accordance with their importance (in the scale of 01 to 05):**

- a) Moral degeneration and immorality in society; 

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- b) Dishonest character and greed of corrupt individuals; 

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- c) Demonstration effect; as the corrupt himself falls prey to corruption in other areas, he sees nothing wrong in taking bribes when his own opportunity comes; 

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- d) Excessive parochialism and selfishness by placing the interests of the self and family before those of society, community and nation; 

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- e) Bandwagon effect; as corruption victims routinely observe rampant bribe-giving resorted to by fellow citizens, they also become accustomed to giving bribes. 

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**12. Please specify which category of costs, as mentioned below, is more relevant for the phenomenon of administrative corruption (rank in the scale of 01 to 03):**

- a) Socio-economic costs? 

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- b) Governance Costs? 

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- b) Behavioural costs? 

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**13. Please rank the following socio-economic costs of corruption in line with their importance (in the scale of 01 to 05):**

- a) Induces wrong decisions, resulting in wrong projects, wrong prices, wrong contractors and substandard delivery to recoup over-pricing; 

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- b) Leads to inequitable social services and injustices in the courts; 

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- c) Distorts competition, thereby denying the public access to a competitive market-place;
- d) A vicious cycle of increasing corruption and underground economic activities result;
- e) Negative impact on investment, productivity and poverty reduction.

**14. Please rank the following governance costs of corruption in line with their importance (in the scale of 01 to 05):**

- a) Erodes the capacity of the government for revenue collection;
- b) Reduces the state's ability to provide essential public goods, including the rule of law;
- c) Has devastating effect on administrative capacity, performance and growth.
- d) Perverts processes, institutions and goals by favouring the privileged few;
- e) Undermines democracy, stability and legitimacy of the state and national integration.

**15. Please rank the following behavioural costs of corruption in accordance with their importance (in the scale of 01 to 05):**

- a) Promotes perversion or destruction of integrity in the discharge of public duties;
- b) Makes the victims of corruption fearful, cynical, resigned or angry with regard to society, justice and governance;
- c) A sense of resignation pervades among the citizens coupled with a belief that attempts to fight corruption are doomed to fail;
- d) Anger and hatred among the citizens regarding prevailing state of affair breeds alienation from society among them;
- e) Vengefulness generated among citizens results in vengeance on their own part when they get the opportunity.



**16. Which category of measures will you prefer for reducing administrative corruption in Bangladesh (rank in the scale of 01 to 03):**

- a) Socio-economic measures? 

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- b) Governance measures? 

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- c) Behavioural measures? 

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**17. Please rank the following socio-economic measures for reducing corruption (in the scale of 01 to 05):**

- a) Enhancing motivation factors and incentives like salaries and allowances of public sector officials; 

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- b) Establishing committees of customers or service recipients at each service-providing organization alongside forging partnership between the government and the civil society for curbing corruption; 

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- c) Eliciting clear commitment of political leaders to combat corruption wherever it occurs and submit themselves to appropriate scrutiny wherever required; 

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- d) Emphasising on prevention of future corruption and changing systems, rather than on indulging in witch-hunts for past misdeeds; 

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- e) Partnership should be forged between the civil society and the government for curbing administrative corruption. 

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**18. Please rank the following governance measures for reducing corruption (in the scale of 01 to 05):**

- a) Providing strict legal and administrative remedies against corruption; 

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- b) Ensuring complete transparency and rigid accountability at all levels of governance. 

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- c) Setting up offices of Ombudsman for all service-providing sectors; 

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- d) Regular training on morality and ethics for government officials; 

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- e) All necessary steps should be taken including effective monitoring and regular supervision for making administrative corruption a 'high-risk' and 'low-profit' undertaking. 

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**19. Please rank the following behavioural measures for reducing corruption (in the scale of 01 to 05):**

- a) Promoting and inculcating virtuous values and ethical standards at all levels of society/governance in order to generate an anti-corruption sentiment everywhere.
- b) Involving religious leaders in preaching against all forms of corruption;
- c) Promoting social condemnation of corruption at all levels, stretching from the grassroots up to the highest echelon of governance;
- d) Publicising those social values, ethics, morality and religious teachings in the mass media and curricula of educational institutions which can bring about positive changes in the beliefs system and attitude of citizens regarding containment of corruption;
- e) Undertaking mass awareness programmes for enhancing respect for rule of law and constitutional governance among the citizenry in order to generate demands at the grassroots for curbing corruption.

**20. Personal Details:**

- a) Name (optional):
- b) Address (optional):
- c) Profession:
- d) Age:
- e) Gender:
- f) Average monthly income:
- g) Educational qualification:
- h) Marital status:
- i) Number of family members:
- j) Religion:
- k) Any other relevant information:

**Signature of Respondent and Date (optional):**

**Signature of Interviewer and Date:**

## Appendix-2

### Demographic Profiles of Respondents and Investigators

Table 8.1 Demographic Profiles of Respondents  
(Total: 300)

| Profession |         | Age (years) |       | Gender |        | Education |                        | Marital Status |           |
|------------|---------|-------------|-------|--------|--------|-----------|------------------------|----------------|-----------|
| Business   | Service | 20-45       | 46-70 | Male   | Female | Up to HSC | Under-graduate & above | Married        | Unmarried |
| 150        | 150     | 231         | 69    | 269    | 31     | 74        | 226                    | 276            | 24        |

Table 8.2 Demographic Profiles of Research Investigators  
(Total: 16)

| Profession     |               | Age (years) |       | Gender |        | Education |                        | Marital Status |           |
|----------------|---------------|-------------|-------|--------|--------|-----------|------------------------|----------------|-----------|
| Private Sector | Public Sector | 20-30       | 30-45 | Male   | Female | Up to HSC | Under-graduate & Above | Married        | Unmarried |
| 10             | 6             | 10          | 6     | 11     | 5      | 2         | 14                     | 7              | 9         |

## Appendix-3

### Spearman's Coefficient of Rank Correlation

A British statistician, Charles Spearman introduced a measure of correlation for ordinal-level data. It is a non-parametric measure of statistical dependence between two variables. It allows us to describe the relationship between sets of ranked data.<sup>148</sup> The symbol used for Spearman's Coefficient of Rank Correlation is  $r_s$ , or the Greek letter rho ( $\rho$ ). Spearman's Coefficient of Rank Correlation is computed by the following formula:

$$\rho = 1 - \frac{6 \sum d_i^2}{n(n^2 - 1)}$$

Where,

'6' is a constant;

'd' is the difference between the ranks for each pair;

'n' is the number of paired observations.

Like the coefficient of correlation, the coefficient of rank correlation can assume any value from -1.00 to 1.00.

- A correlation coefficient of +1 means perfect positive correlation; it indicates a direct relationship between the ranks;
- A correlation coefficient close to 0 means no correlation, i.e. there is no association among the ranks;
- A correlation coefficient of -1 means perfect negative correlation; it indicates an inverse relationship between the ranks.

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<sup>148</sup> Douglas A. Lind, William G. Marchal and Samuel A. Wathen, *Statistical Techniques in Business & Economics*, 13<sup>th</sup> Edition, (New Delhi: Tata McGraw-Hill Publishing Company Ltd., 2008), 694-95.

## Appendix 4 Cartoons



Bureaucracy – 'For theirs is the power and the glory' (Source: TIB)



The perils of fighting corruption in Bangladesh (Source: TIB, Dhaka)