

CORRUPTION AND POVERTY IN BANGLADESH: A SOCIO-ECONOMIC STUDY

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ABSTRACT

Corruption is a major impediment to development and democratic governance. It weakens the key institutions of the national integrity system, and prevents rule of law. Corruption erodes public trust in government, and breeds injustice. By distorting the political and economic structures and weakening the social fabric, corruption can also be a potential source of insecurity of the state. Corruption is also increasingly linked to violation of human rights and spread of the culture of impunity. The objective of this paper is to offer an understanding of corruption and anticorruption in Bangladesh and examine how control of corruption is trapped in a contest of legitimacy in political space. The paper first attempts a brief conceptual overview of corruption and factors behind it, which are followed by an analysis of the extent and implications of corruption in Bangladesh. It then moves on to analyze the political space for corruption and anti-corruption. The paper finally proposes a comprehensive approach for fighting corruption in the country.

Keywords: Corruption, GDP, TI

BACKGROUND OF THE STUDY

In all the sectors of the government and society continuing pervasive corruption with new techniques have created intolerance situation for the people of Bangladesh. Corruption in public life typically occurs in a few areas, regardless of a country's political structure, bureaucratic structure or level of social and economic development. Although political and bureaucratic corruption can flourish independently, in practice the two are likely to co-exist and be inter linked. It can significantly harm the social, political and economic life of any society. According to Webster Dictionary corruption means destroying morally, state of being corrupted, dishonest, rotten, pollute, immoral and bad. The world poorest are the greatest victims of corruption. Vast amount of public funds are being wasted and stolen by the corrupt official' said Piter Izen, Chairman of TI. In Bangladesh around 1 million people have the power to be involved in decision – making process and the rest 149 million remain people powerless in decision making. In the last 37 years, a culture of plundering has developed whose characteristic are block money, terrorism, muscle power, bribery, corruption, ill governance, suppression, criminalization of politics, non productive/ Sterile capital development, creating yearly TK 75,000 cores (\$ 100 billions) (Dr.Abul Barkat, - Prof of Economics, Dhaka University- 2005) as black money, which is about one –third of the GDP. Eighty three and half percent of the black money usually are created through tax evasion and the rest from bribery, toll collection, black marketing etc. Development in

Bangladesh has been hampered by mal-governance and corruption. In 2007 the losses of state owned enterprises totaled over \$ 800 million, while percentage of non performing loans in the nationalized commercial Banks exceeded 50 percent. The revenue loss of government of corruption and inefficiency in the custom and income tax departments must surely exceed 5 percent of GDP Bangladesh was identified as the most corrupted country in the world by TI for last 5 consecutive years. According to chairman of TI, without corruption the per capita income would be doubled i.e. \$530 to \$1060. Malfunctioning and stunted growth of democracy and resulting lack of good governance is one of the root causes of poverty. Inept, sloth, corrupted and based state machinery has promoted whole scale corruption. Poor have very little access and participation in the institute of the state and society. The cost of inefficiency in the Chittagong port amounts to as much as 5 percent of the value of goods passing through the port- a sum that exceeds \$600 million a year. The 'system Losses' in the power sector have been estimated to amount to well over \$100 millions a year. The revenue loss to Government of corruption and inefficiency in the custom and income tax departments must surely exceed 5 percent of GDP. The outcome, frequent recourse to street action by calling hartals (strikes) - over 350 days lost in the period. 2000-2005 costing the economy over \$10 billion in lost production. Only less than one percent of the children leave, their primary schools with the nationally determined competency. In recent budget terms, the country planned to send TK 14.3 billion (\$ 250 million) in primary and mass education sector. If the above statistics hold true, 99 percent of this resource may go nowhere. In SSC and HSC the passing rate is around 60%. So the system loss in education sector is 40 percent. The overall public expenditure on education as a percentage of GDP in Bangladesh is 2.7 in recent, which is much lower than of in Malaysia and Japan is 5.7% of GDP (*Source: Human development report -2007*). The total number of Hindu households affected by Vested/ Enemy Property Act (VPA/EPA) would be approximately 1 million, which is 40% of the Hindu households in Bangladesh. The total amount of land lost (officially) by the Hindu households due to EPA/VPA would be 1.64 million acres, which is equivalent to 52 percent of the total land owned by the Hindu community. The total value of the total amount of land officially dispossessed of by the Hindu households due to EPA/VPA would be about TK 944,640 million, which is equivalent to 55 percent of the present Gross Domestic Product (at current market price) or over five times higher than the annual development budget (TK 175,000 millions). The continued operation of the loss state owned enterprise (SOEs) emerged as a major drain in public resources. Total losses of SOEs increased from Tk 33 billion in 2000/01 to more than TK 45 billion in 2006/07 (1.3 percent GDP). More over, total borrowing of these enterprises form banking system was nearly TK 74 billion in 2006/07 equivalent to 3 percent of GDP. The total amount of Khas land and Khas water bodies in Bangladesh is nearly 3.3 million acres. But 88.5 percent of the agricultural khas lands are illegally occupied by the rich and powerful in Bangladesh. Electricity distribution in Bangladesh is so inefficient and corrupted that in urban areas 34% disappear as system loss. These are parts of the administrative system of Bangladesh. Corruption exists at every level due to abuse power by bureaucrats and illegal interfere of politicians. On the basis of this administrative organ gram hierarchical corruption tale will be revealed.

JUSTIFICATION OF THE STUDY

Corruption in Bangladesh is getting institutionalized. The power structure of Bangladesh has turned into corruption structure. The TI corruption index describes the magnitude of corruption but it doesn't describe the process, aspect and reasons of corruption in each of the

sector of public offices. It is one kind of poll of polls. It only ranks in terms of the degree to which corruption perceived to exist among public officials and politician. It is a composite index, drawing on 15 different polls and surveys from nine independent institutions carried out among business people and country analyst, both local and expatriate. In TI survey, respondent's response on experience and perception with the reality of corruption, but not definitely as an actor or victim of corruption. TI Bangladesh chapter introduced some anti-corruption program i.e. Research and Survey, Report Card, News Scan Database, Parliament Observation, Seminar and Workshop, Newsletter, Bulletin etc but none of these investigate and analyze the process of corruption in the administrative system of Bangladesh. (Source TI 2005, TIB news letter, Bulletin). Transparency International doesn't describe the process, aspect, reason, and relation between poverty and corruption of government machinery e.g. taxation, administrative and police, trade, communication, agriculture, health, education, investment etc. Despite various development programs, poor people in Bangladesh are still poor because most of them are still outside the production and enclosed by the extortion of corruption. So there is an urgent need to explore the cryptic process, aspect, reason and the role of corruption in poverty situation in order to develop strategies to minimize corruption.

OBJECTIVES OF THE STUDY

Broad Objectives

The board objective of the study is to explore different processes and aspects of corruption in Bangladesh.

Specific Objectives

The specific objectives of the study will be as follows-

1. To describe and document the process of corruption in the administrative system;
2. To identify different dimensions and reasons of corruption;
3. To identify the actors and victims of corruption: and
4. To investigate the relationship between corruption and poverty.

METHODOLOGY

A combination of research strategies e.g. exploratory, descriptive and analytical will be used in this study. Since the problem and its contributing factors are not well defined so it would be wise to do in phase an exploratory study before embarking on the more comprehensive phases i.e. description or analytical phases. The research will commence with an exploratory research phase, in which it will be tried to gain insight of the research problem by investigation. In preparing this exploratory phase, a number of topics and general questions will be defined for systematic investigation. After the initial phase of the exploratory study, the list of questions and topics will be reviewed. After such exploratory work a matrix will be developed in which the most important factors contributing to the corruption will be presented. The descriptive phase of the study will involve in systematic collection and presentation of data to give a clear picture of the situation. Descriptive case studies will describe in detail the characteristics of cases. Since the quantitative findings pertaining to a larger population will be reviewed so the findings of the extensive surveys collected as secondary data will be designed to utilize. Collection of social survey findings will be aimed at qualifying the distribution of certain variables in the study population at a point of time.

This will be used as a basis for the next more analytical factors contributing to the problem are presented. Different techniques will be followed to collect data e.g. secondary data review, observation, one to one interviewing, case studies. Public administration, internal Security (police etc), judicial, taxation, defense, Housing and public works, Entertainment, Culture and Religion, Energy and Electricity, education and Technology, Health, Agriculture, Social and Welfare, Industries and Economic Services are some of the names of public sectors. A total of around 20 case studies will be conducted in different sectors of corruption in Bangladesh with the actor and victims of corruption. Besides the study a total of 5 academics will be interviewed on the issue. Besides presenting the case studies a summary analysis the corruption processes and situation in Bangladesh will be developed.

Verifiable indicators for monitoring and evaluation

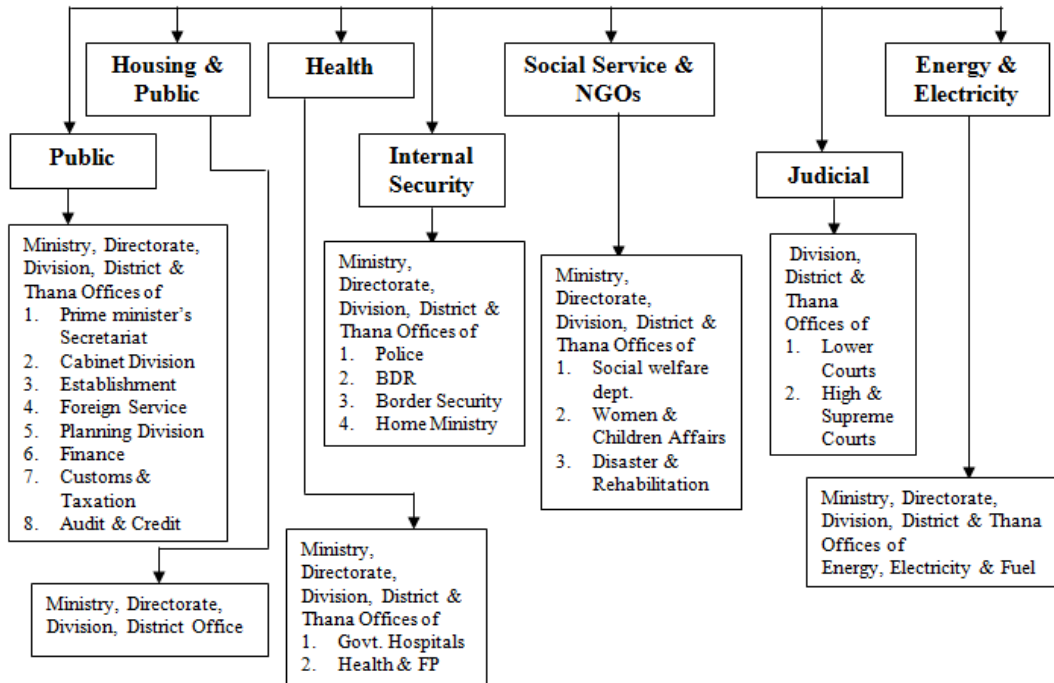
	Major Variables/ Indicators to be covered
1	Sectors/aspects of corruption
2	Magnitude of corruption
3	Actors of corruption
4	Process of corruption
5	Victims of corruption
6	Poverty generated due to corruption
7	Corruption mediated poverty
8	Criminalization of politics
9	Criminalization of economy
10	Loss due to corruption
11	Gain by the corrupted persons
12	Role of corruption in social crisis
13	Hindrance to intellectual development of a nation due to corruption
14	Hindrance to moral/ethical development of a nation due to corruption

Work Plan

Implementation plan will include team composition, management strategy, mobilization of team, literature review, training of support team, field data collection, data processing and tabulation, analysis of data, report writing and submission it to my advisor. The key findings of the study will be submitted to advisor as soon as the data processing, compilation and analysis is completed. A final report will be compiled detailing the qualitative and quantitative research finding and recommendations. It is proposed that 20 case studies will be conducted during the study period. The team will develop the guidelines for case studies after informal discussion with the actors and victims of corruption and after the exploratory stage of this study under guided by me.

A structure of public offices is drawn below to show the areas of corruption in the following Blocks.

Structure of State Machinery and Areas of Corruption



RECOMMENDATIONS

1. Reform the anticorruption bureau of Bangladesh for active against corruption,
2. Develop comprehensive national strategies for combating corruption,
3. Strengthen law enforcement mechanisms,
4. Develop codes of ethics in public administration to be enforced by strong sanctions;
5. Strengthen procedures for an effective and merit-based civil service,
6. Establishing public-private partnerships to develop anti-corruption strategies,
7. Strong commitment by top management of companies to implement anticorruption strategies,
8. Accounting and auditing rules and standards to ensure transparency in business transactions,
9. Mobilizing civil society to monitor good governance;
10. Implementing education programs aimed at fostering an anti-corruption culture in society,
11. Enabling the media to effectively exercise public scrutiny,

CONCLUSION

The recent report published by Transparency International (TI) reveals that Bangladesh 10th the list of Corruption Perceptions Index (CPI) 2008. Last few year's report also had the most adverse the reading. The TI CPI 2008 ranks out of 102 countries. Political elite and their cronies continue to take bribes at every opportunity. Hand in glove with corrupt business people, they are trapping whole nations in poverty and hampering sustainable development of their countries. Corruption continues to deny the poor, the marginalized, and the least educated members of every society the social, economic and political benefits that should properly accrue to them, benefits that are taken for granted in societies that have managed to shake of the yoke of corruption. Corruption impedes sustainable development and robs the children of today of the resources they will need to survive tomorrow. Combating corruption is one the foremost pledges the elected government has made. As per its strategy for eliminating corruption, an Ombudsman will be appointed "In the shortest possible time" the Anti- Corruption Bureau will be recast and a constitutional, independent and autonomous Anti- Corruption Commission' will be set up, although they are working at present, but still it is lack, they would be more extra power to control the situation. Besides government officials, the commission will also include other people. The proposed Commission would not be under the Prime Minister's Office or any other controlling authority. It would be completely independent. Assets and property of all people's representatives, the prime minister, and others of equal rank and status will be made public.

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