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# Survey on Bribery and Corruption

Impact on Economy and  
Business Environment

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# Executive summary

Over the last two years, India has seen an increase in the number of scams spanning across the public as well as the private sector. These scams, to some degree, have highlighted the prevalent levels of bribery and corruption in the country.

The World Bank has identified corruption as among the greatest obstacles to economic and social development.\* Economists have said that countries with a higher perception of corruption not only deters financial institutions from long term investment but can actually result in capital outflows, creating a volatile economic environment. Capital inflows, international trade and private and public enterprise have helped contribute significantly to India's growth since liberalisation. We therefore thought it is necessary to understand how corruption is impacting each of these pillars and eventually the economy at large.

With this backdrop, KPMG in India conducted this survey with certain leading Indian corporates in order to understand their perception of how corruption is corroding the economy as well as the corporate environment. Not surprisingly, the results have highlighted that corruption has a significant impact on economy and businesses. A majority of the respondents believe that India can achieve a higher growth rate if corruption could be contained. However, 50 percent of the participants believe that despite certain measures such as the Central Vigilance Commission's (CVC) proposed National Anti-Corruption Strategy and the Right to Information Act, 2005 corruption is expected to remain at the same level in the next two to three years. Interestingly, a large number of the respondents believe that corruption is a two-way street and people who pay bribes are as much to blame for the current environment as those accepting such payments.

The regulation in India tends to focus on the bribe taker rather than the bribe payer and hence corporates do not shy away from adopting corrupt practices. However, the global environment is rapidly changing and it will only be a matter of time before Indian regulations align themselves to global anti-bribery and corruption laws and practices. In the recently concluded budget speech honourable Finance Minister also highlighted that controlling corruption is a key agenda of the Government. All these developments indicate that the environment is set to change in the coming years.

We take this opportunity to express our gratitude to the people and organisations who took time to respond to the survey. The report and its findings would have been unaccomplished without the support of the respondents and all of those who made this survey possible.

We hope that you will find this survey insightful.



**Deepankar Sanwalka**

Head - Risk & Compliance  
KPMG in India

Source:  
\* [www.worldbank.org](http://www.worldbank.org)

# Preface

Corruption is a menace to civil society. It is also as old as mankind. But its levels change and decline with economic development; in particular with the rise of the middle class. While there is considerable and justified concern about the level of corruption in India – as brought out strongly in this survey – the survey results also indicate that corruption may have, if one can dare say, reached its zenith.

This conclusion is based partly on the determinants of corruption and the evolution of civil society and middle class. There are three stages of corruption – the first is stagnant and inefficient, the second phase is expanding and efficient, while the third and final stage is the declining phase. In our opinion, we believe that India is presently at the third stage.

How does corruption take place? There are several causes but one of the main arises from a desire not to pay tax. What one knows, with data from over 150 countries, for over 60 years, and over 6 billion people, is that high tax rates deter compliance and hence increase corruption. If one looks back to the early seventies when the marginal tax rate in India reached 98 percent, no one believes that the policy led to an increase in tax revenue. A large proportion avoided tax and thus added to the corruption inflow via black money generation.

Considerably high rates of capital gains taxation have also led to large-scale corruption in the real estate industry. A large dose of corruption i.e. black money is involved in the buying and selling of houses. However, a reduction in the capital gains tax for housing could drastically reduce corruption and vastly increase revenues. A desire to pay lower taxes than those demanded by the state explains the demand side of corruption.

In addition to tax rates, a guarantor of corruption is discretion on the part of the government. Discretion and lack of transparency allows room for manoeuvre for both the 'demanders' and 'suppliers' of corruption. India has at last realised that one of the major reasons for most of the large scale corruption incidents has been due to the empowered

discretion that the government has had. The lack of an auction mechanism (no transparency and a large dose of discretionary power) brought forth the 2G scam. But the larger 3G auction meant no corruption. The case could not be clearer.

While this KPMG survey is laudable in emphasizing and highlighting the role of the private sector, a parallel report on what could be done regarding the supply of corruption would be most useful. Theoretically the problem is easily solvable – reduce tax rates to "reasonable" levels, and eliminate discretion. Or in local lingo terms, "na rahega baanz, na bajegi bansuri" (if there is no bamboo, you cannot have a flute).

The good news is that India will not have to wait long for a course correction in corruption. Over the last 20 years, and especially over the last ten, India has witnessed a rapid growth in its middle class – from single digit levels at the time of economic reforms in 1991, to the mid 40 percent level today. This middle class has emerged jointly with the technological and information revolution in the world. There is no place to hide for anyone anymore. Civil society has gained in strength and demands compliance from the government and the rule makers. Thus, by questioning the supply side of corruption, the demand side will automatically be reduced.

This decline in corruption will benefit Indian entrepreneurs the most, with the Indian industry finally being able to take its rightful place in the world. In a highly competitive world, every edge matters, and less bribes mean greater profitability; GDP growth would be enhanced and tax revenues would increase.



**Dr. Surjit S Bhalla**

Chairman  
Oxus Investments

**“Ethical values in general have drastically come down and society has become permissive and accepts corruption as normal.”**

**- CFO of a leading pharmaceutical company**

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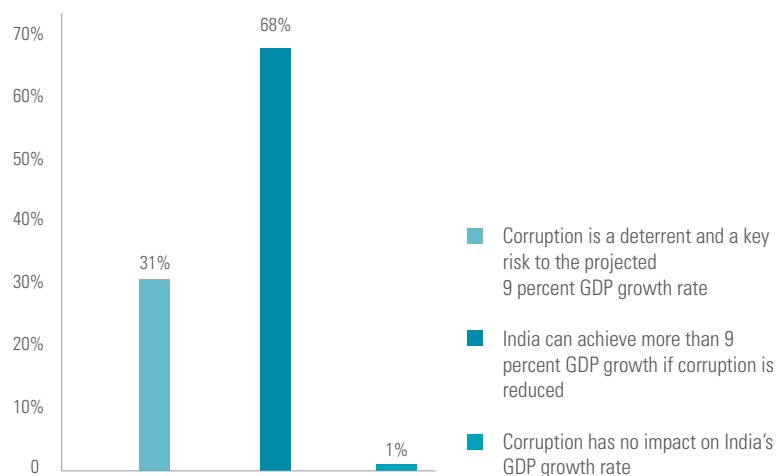
## Increasing corruption: The potential risk of limiting growth

Corruption poses a risk to India's projected 9 percent GDP growth and may result in a volatile political and economic environment.

The World Economic Forum's Global Competitiveness Index 2010 indicated that amongst other factors (like business freedom, trade freedom, fiscal freedom and government spending), freedom from corruption is one of the factors that influences an economy's competitiveness. Corruption could be a major hurdle in India's growth story in the coming decade and may impact its fair business competitiveness.

Burgeoning investment and growth opportunities may also be impacted if corruption is not controlled. Echoing these sentiments, over two thirds of our survey respondents perceive that India can achieve more than the projected 9 percent GDP growth if corruption is controlled, while the rest feel that corruption is a definitely a key risk to the projected growth rate. (refer Figure 1).

**Figure 1: Impact of corruption on India's GDP growth**



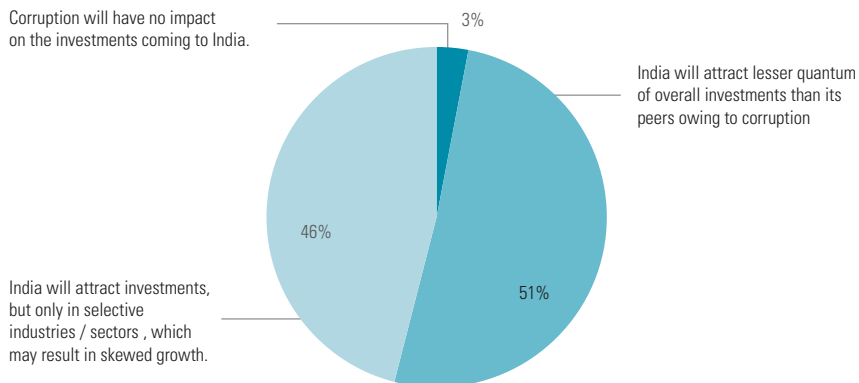
Source: KPMG's Bribery and Corruption Survey 2011



The respondents also outlined various ways in which corruption could result in lowering of the GDP growth, namely lesser foreign direct investment (FDI) into the country, negative impact on the performance of capital markets and a volatile political and economic environment.

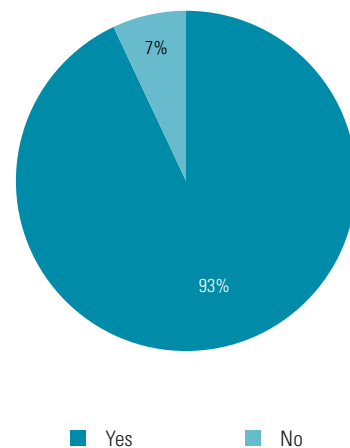
International research<sup>1</sup> suggests that the corruption levels in a country often have an adverse effect on FDI inflows: a one-point increase in the corruption level can lead to a reduction in per capita FDI inflows by up to 11 percent.

**Figure 2: Impact of corruption on investment**



Source: KPMG's Bribery and Corruption Survey 2011

**Figure 3: Corruption negatively impacts the capital market**



Source: KPMG's Bribery and Corruption Survey 2011

<sup>1</sup> Effects of corruption on FDI inflows, Cato Journal (Vol. 29, no. 2 (Spring/ Summer 2009))

## KPMG's Point of view : Changing face of corruption

It was not long ago that the Indian market was saddled with excessive regulations and protectionist government policies that significantly limited foreign investment and stifled competition. The business culture in this environment was one in which corruption was prevalent and in many cases, it became a normal pricing mechanism in the economy. From what started as petty payments demanded by 'babus' during the license raj days, corruption has taken a much larger form and scale today. Post liberalisation and technological revolution, India has been able to eliminate middle men in certain areas such as tax filing and refunds, telephone connections or acquiring commercial permits etc. hence containing corruption, to a limited extent, at lower level.

However, today India is faced with a different kind of challenge. It is not about petty bribes ('*bakshish*') anymore but scams to the tune of thousands of crores that highlight a political/industry nexus which if not checked could have a far reaching impact. Media stories on financial scams indicate that while petty corruption is more of an irritant and mostly driven by public officials at lower



levels, larger scams could be attributed to the willingness of the private sector to pay senior public officials to get their work done.

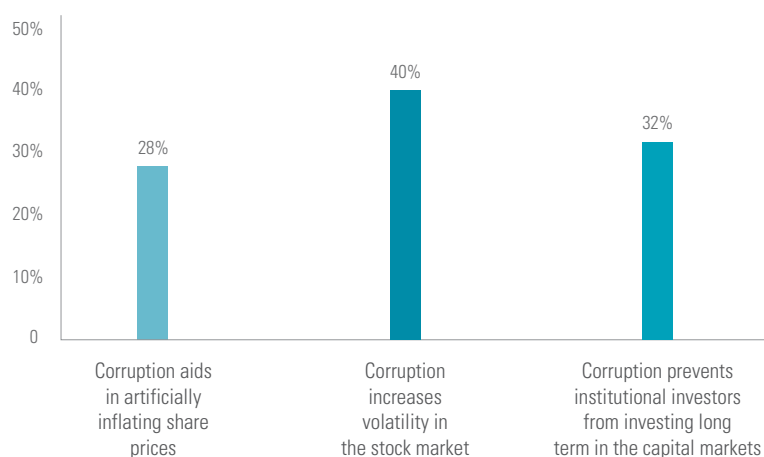
According to the report, "The Drivers and Dynamics of Illicit Financial Flows from India: 1948-2008", released by Washington-based, Global Financial Integrity, post independence, India lost a staggering USD 462 billion in illicit financial flows due to tax evasion, crime and corruption. The report also stated that some 68 percent of India's aggregate illicit capital loss occurred after India's economic reforms in 1991, indicating that deregulation and trade liberalisation actually contributed to/accelerated the transfer of illicit money abroad. Reports that wealth is stashed in offshore jurisdictions and tax haven, also goes on to indicate the extent of the problem we are looking at.

Corruption is considered to be one of the major roadblocks in India's journey from a developing to a developed economy. There is an urgent need to have a comprehensive framework that would help curtail corruption at higher levels.

Moreover, an overwhelming 90 percent of respondents opined that corruption negatively impacts the performance of stock markets by increasing volatility (40 percent) and prevents institutional investors from making long term investments (32 percent). (refer Figure 4).

Across international financial markets, corruption is considered to be associated with higher borrowing costs, lower stock valuations and bad corporate governance. Similarly respondents to our survey also opined that corruption, if not checked, can erode the very pillars of our economic growth.

**Figure 4: Impact of corruption on capital markets**



Source: KPMG's Bribery and Corruption Survey 2011

# Short term gain, long term pain: Impact of bribery and corruption on business

Corruption skews the level playing field, attracts less capable and inefficient organisations to execute projects thereby leading to increase in the cost of operations. The survey also highlighted that in many cases corruption is induced by the private sector.

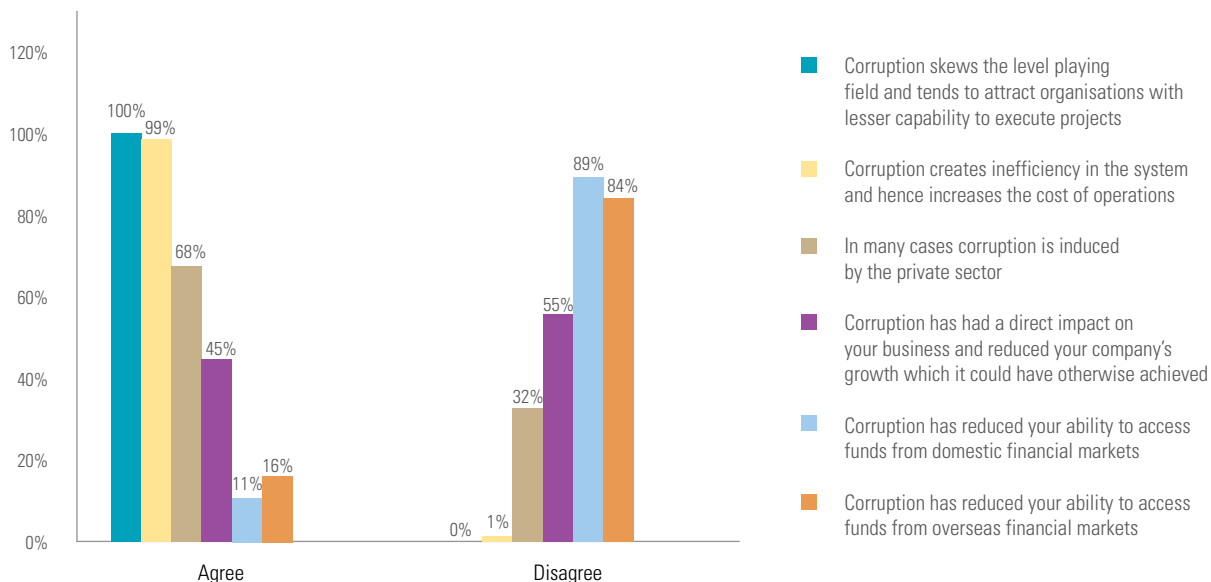
Respondents opined that the biggest impact of corruption on business is its tendency to skew the level playing field and attract organisations with lesser capability to execute projects (refer Figure 5). Such practices could have a serious impact on efficiency and the quality of delivery resulting in increased costs, a point again highlighted by 99 percent of respondents.

Another interesting insight is that 68 percent of respondents believe that in many cases corruption is induced by the private sector. A large number of respondents (31 percent) to the KPMG India Fraud Survey 2010 stated that organisations pay bribes to win and retain business. This is a typical scenario where organisations tend to overlook the implications of encouraging these practices and often look only at short term benefits achieved. They fail to realise that what has worked in their favour could also land them into trouble later and lead to adverse consequences for them.

Surprisingly, a majority of the respondents stated that corruption has not impacted the organisations' ability to access funds from domestic or international markets. However, it needs to be viewed in the light of the fact that gradually Indian companies have started accessing International capital markets and still the numbers of such corporates is low in absolute terms. As Indian corporates become more prominent in the international arena this trend is likely to change.

Recent regulatory developments such as the UK Bribery Act 2010 and more stringent enforcement of existing laws like US Foreign Corrupt Practices Act have sent clear indications to the private sector that the government and regulators are increasing their vigil on corruption and creating examples through increase in the number of prosecutions to create a conducive business environment. These laws impose severe financial penalties, in addition to criminal prosecution, in cases where organisations are guilty of bribing. Though

**Figure 5: Impact of corruption on business**



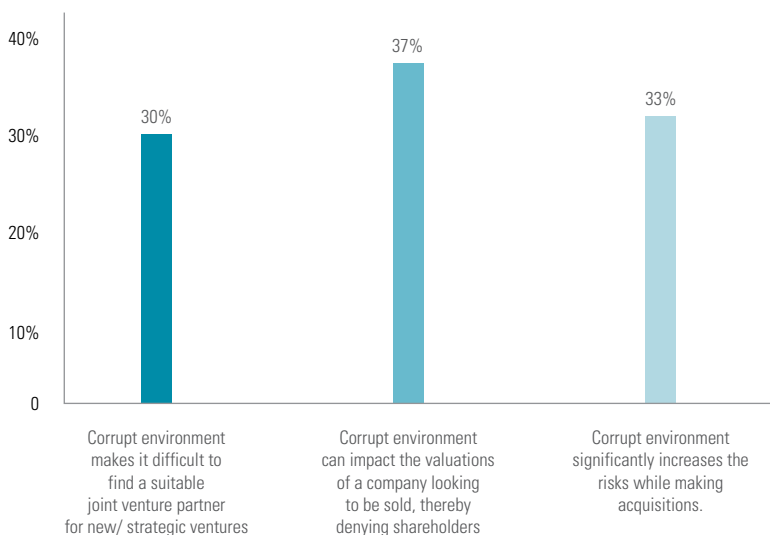
Source: KPMG's Bribery and Corruption Survey 2011

organisations may have been able to get away with paying bribes in the past this may not be the case in future.

Another key area where business is impacted is in the area of mergers and acquisitions. Nearly 37 percent of respondents opined that corruption could impact the valuation of a company thereby denying shareholders of a fair price (refer Figure 6). Moreover, it could also make it difficult for them to find a suitable business partner, thereby seriously impacting the growth prospects of the business. So in the current environment, the due diligence life cycle has become longer due to additional levels of assurance required to evaluate compliance with anti-corruption laws and to mitigate the risk of any successor liability.

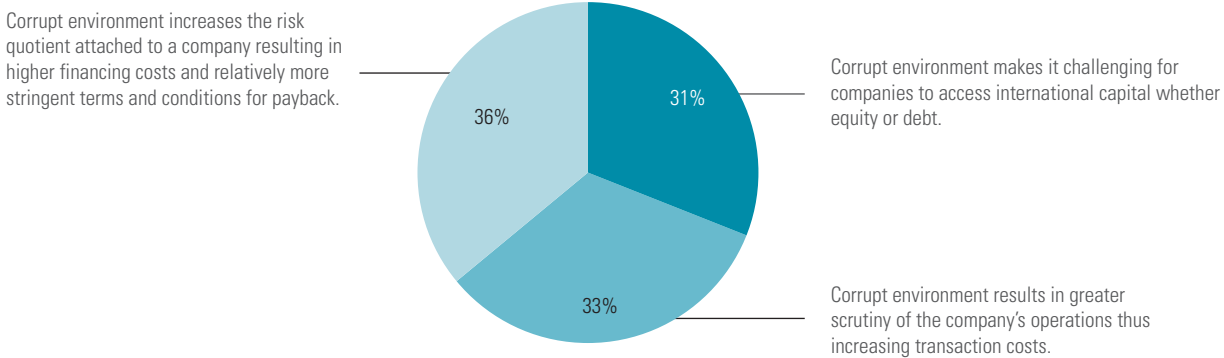
Re-enforcing this, our survey respondents also stated that corruption increases the overall cost of conducting business in terms of accessing capital as well as paying higher interest rates on account of operating in corrupt environments.

**Figure 6: Corruption's impact on Mergers & Acquisitions**



**Source:** KPMG's Bribery and Corruption Survey 2011

**Figure 7: Cost of corruption**



Source: KPMG's Bribery and Corruption Survey 2011

As other developing nations step up efforts to woo investors through easy access to capital and a simplistic way of doing business sans red tape and corruption, international businesses may view India as less conducive to carry out business compared to other developing nations.

**Perception of corruption in sectors**

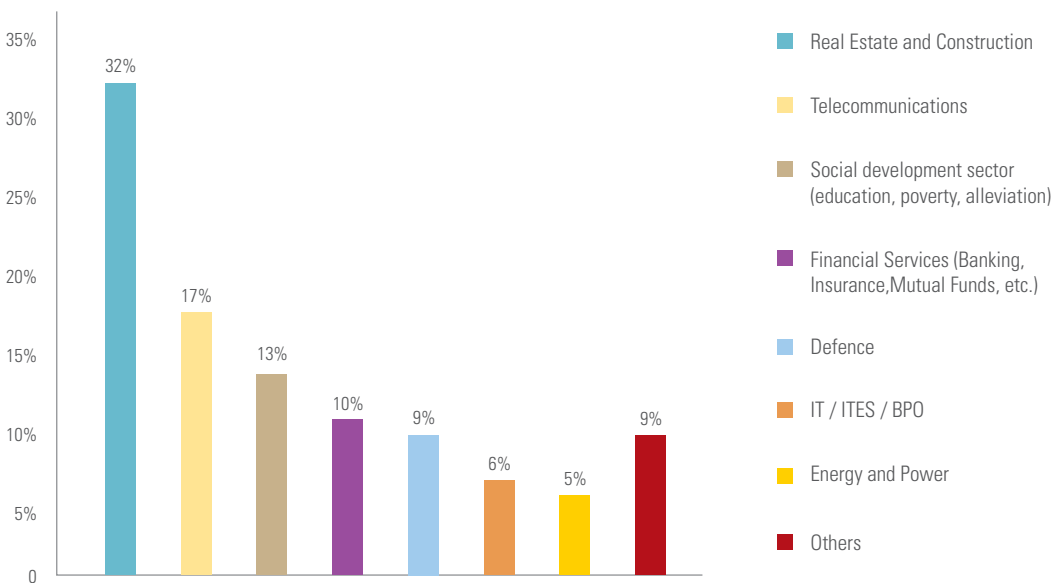
Some industries tend to have relatively higher instances of bribery and corruption than others, primarily due to the link they have with multiple parties – both in the government as well as private realm. We asked respondents to rate the industries they perceived as most corrupt.

Approximately 50 percent of the respondents are of the view that real estate and construction and telecom sectors are most prone to corruption followed by the social development sector. (refer Figure 8)<sup>2</sup>.

This does not come as a surprise since in all these sectors government and political intervention is considered higher. Large capital investments, multi-level approvals, complex processes and huge projects gives immense opportunity for corruption in these sectors.

World Bank's Doing Business report 2010 estimates 60–80 percent of building projects (construction) in developing economies are undertaken without adequate permits and approvals<sup>3</sup> – this in itself is a big area of public corruption.

**Figure 8: Perception of most corrupt industries**



Source: KPMG's Bribery and Corruption Survey 2011

<sup>2</sup> Others includes industries such as media, consumer goods, heavy engineering, pharmaceuticals, health care and transport and logistics. Each of these categories were awarded less than 5 percent weight age by respondents. So they have been aggregated and represented.

<sup>3</sup> Section: Dealing with Construction Permits; De Soto (2000)



## KPMG's Point of view : Corruption in the real estate and construction industry

The Government of India plans to spend USD 1 trillion between 2012 and 2017<sup>4</sup> on Infrastructure which constitutes a significant portion of the real estate and construction industry. Approximately 30 percent of this expenditure is expected to be funded through private-public partnerships.

Despite the importance that infrastructure development has in a nation's progress, the level of bribery and corruption in the sector is relatively high. The main reasons that could be attributed to providing bribes would include obtaining routine administrative approvals, obtaining and retaining business and covering up inconsistencies in quality of work and documentation<sup>5</sup>. This is also echoed in the recent KPMG India Fraud Survey 2010 where participants indicated that the prime reason for paying bribes was to win or obtain business and to get routine administrative approval from government agencies<sup>6</sup>.

Key factors responsible for corruption in the real estate and construction industry

### a) Disproportionate growth of the industry

The opening up of the sector<sup>7</sup> to private players has resulted in a scramble, where every player has an eye on the high growth opportunities. Many new players, with little or no experience, have entered the sector in recent years. This has only skewed the demand-supply situation with many players competing for fewer resources resulting in some of the players using unfair practices to compete.

### b) Multi-layer complex contractual structures

As projects grow large and complex, so do the associated contracts, starting with environmental clearances, multiple vendor agreements, regulatory compliance requirements etc. The Indian infrastructure industry has relatively less experience (compared to its global counterparts) in handling projects of such scale and the associated compliance requirements. This often results in companies unintentionally overlooking some aspects of compliance – both at the regulatory and contractual levels – resulting in possible bribery and corruption related exposure.

### c) Lesser developed internal processes and controls

This stems from the fact that the sector has a severe shortage of resources including lack of skilled manpower – both at the management and labour level, resulting in internal controls being compromised. Due to unprecedented growth, organisations are finding it difficult

to upgrade the corresponding basket of controls to address risks adequately. A combination of crunch of resources and lag in process and control upgrades leads to increased vulnerability.

### d) Increasing cost pressures

The sheer number and scale of infrastructure projects in the country today have resulted in players competing to bid and win as many projects as possible. This has resulted in players promising lower costs and tight deadlines to win projects. Subsequent delays in project execution and cost overruns may again push owners to bribe authorities and get clearances for the next stage in the project execution cycle.

While the above factors are inevitable for a growing economy like India, the role of Government in reducing the time and procedural complexities may significantly help in containing corruption. Some of the measures taken by Government and Non-governmental organisations (NGO's) in addressing corruption in the construction sector are given below:

- a. Initiating the national e-governance plan for procurement and requiring contractors to sign up integrity pacts for public infrastructure projects. Though these efforts are in the nascent stages of implementation, but in the long run this could reduce the extent of the involvement of government officials, resulting in fewer opportunities for corruption.
- b. The Government of India is contemplating bringing public private partnership (PPP) ventures in the infrastructure space under the Controller and Auditor General (CAG) review.
- c. Further, Transparency International along with the Global Infrastructure Anti-Corruption Centre (GIACC), an independent, non-profit organisation, has developed the Project Anti-Corruption System (PACS), which is an integrated and comprehensive system designed to assist in the prevention and detection of corruption on construction projects. PACS recommends anti-corruption measures such as independent monitoring mechanism for construction projects, adequate pre contract disclosure procedure and regular audits to identify inconsistencies/ red flags.

<sup>4</sup> Speech given by Manmohan Singh on 25 October 2010 defining the next five-year plan

<sup>5</sup> Transparency International Bribe Payers survey 2008

<sup>6</sup> KPMG Fraud Survey Report 2010

<sup>7</sup> 'Sector' includes large public infrastructure projects such as roadways, highways, airports, railways, seaports, special economic zones, energy and power projects which were hitherto funded and executed by the state and central governments

# Fighting the menace: Road under construction

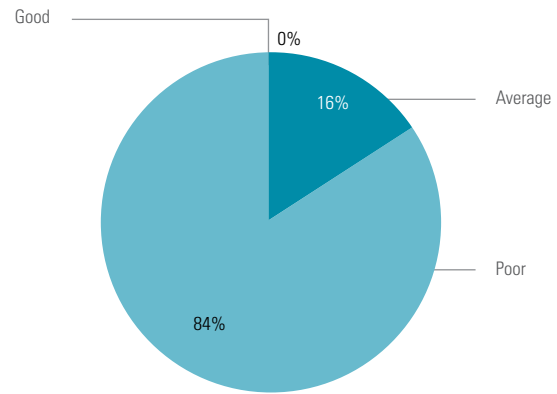
The Indian government’s track record in combating bribery and corruption has not been very effective. The main reason for this is political interference and delayed justice that impairs the effectiveness of the verdict, opined corporate India. Respondents also stated that corruption levels are expected to remain at the current level irrespective of the current and impending legislations.

The Prevention of Corruption Act came into force in 1988. However, the number of convictions under this Act are considered abysmally low. No wonder, 84 percent of the respondents believe that the Indian government has not been very effective in enforcing anti-bribery and corruption laws.

The Right to Information Act (2005), a landmark legislation, under which one can seek specific information under the control of public authorities with the objective of promoting transparency and accountability of those holding public positions. This act in recent times has helped unearth certain prevalent malpractices in the country.

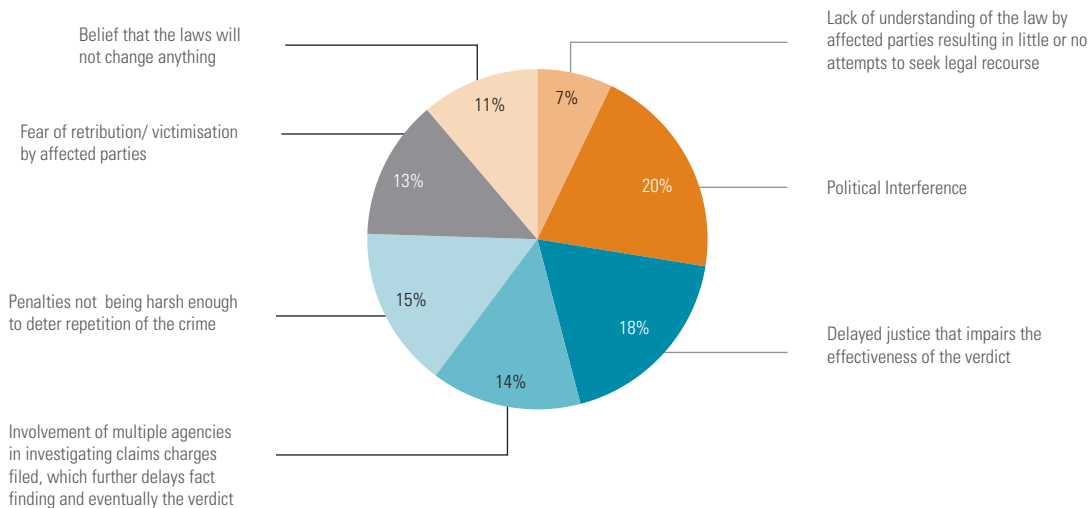
Other anti-bribery and corruption initiatives in India include the presence of the State LokAyuktas; Central Vigilance Commission; proposed National Anti-Corruption Strategy; Guidelines on Corporate Governance. The moot point however is ‘why enforcement of these legislations has not been effective?’

**Figure 9: India’s track record of enforcement of bribery and corruption laws**



Source: KPMG’s Bribery and Corruption Survey 2011

**Figure 10: Key reasons for poor enforcement**



Source: KPMG’s Bribery and Corruption Survey 2011

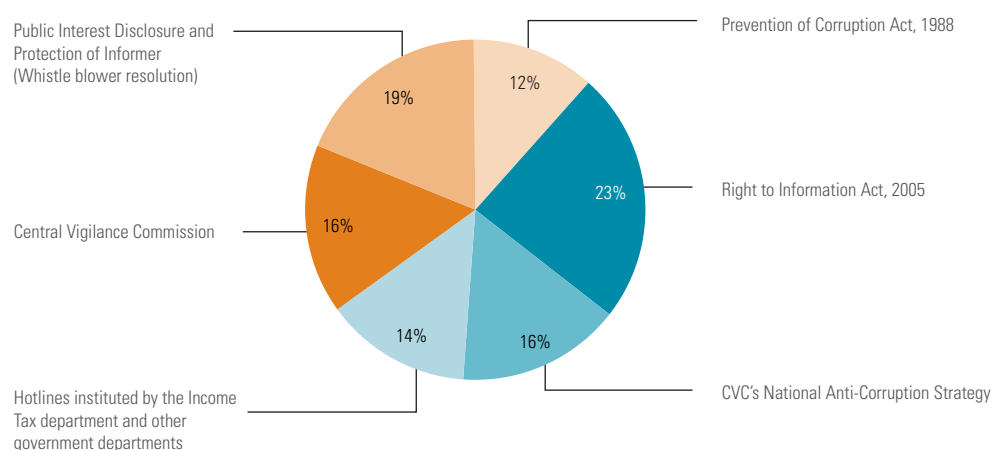
Survey respondents identified political interference, delayed justice that impairs the effectiveness of the verdict and the absence of harsh penalties as the top three reasons for poor enforcement.

India has been facing governance challenges at various levels for a long time. Rigid bureaucracy, complex laws and long drawn processes of the legal system deters people from considering legal recourse in corruption cases. India has around 35 million court cases pending to be resolved<sup>8</sup>. Factors such as inadequate infrastructural facilities and man power

were identified as key reasons for such delays. Moreover, the legal framework around bribery and corruption lacks teeth. All these factors have impacted the power and independence of the judiciary.

Amongst the various measures taken by the government, the Right to Information Act, 2005 has emerged as one of the most effective initiative in fighting corruption. This is followed by the Bill on Public Interest Disclosures and Protection of Informer (Whistle blower resolution) and the Central Vigilance Commission (CVC) (refer Figure 11).

**Figure 11: Most effective measures to curb bribery and corruption**



**Source:** KPMG's Bribery and Corruption Survey 2011

<sup>8</sup> Recent media update  
– Press release on  
'Investigating Cartels in  
India' by PRLog dated  
February 10, 2011



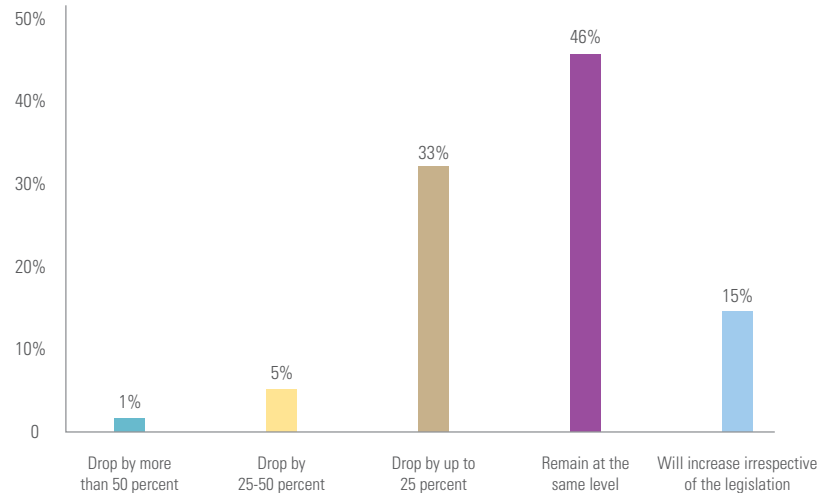
This may have to do with the observation that many large scams in the recent past have been unearthed as a result of either the RTI or the PIL being invoked.

Simplicity of the process and power provided to the common man are the main reasons for RTI having emerged as an effective tool for fighting corruption. This proves that if one needs to fight corruption one should empower people as well as the legal system.

In our previous section, 68 percent of the respondents stated that in many instances corruption is induced by the private sector. Echoing the same sentiments, a majority (42 percent) of the respondents to the KPMG India Fraud Survey 2010 indicated that bribery is considered acceptable behavior in their industry. Some of the recent media reports have also highlighted the involvement of the private sector through a web of companies and middlemen in some of the largest scams in the country.

On account of these factors, regulators in developed countries are striving to bring the private sector within the ambit of the regulations pertaining to anti-bribery and corruption. US Foreign Corrupt Practices Act (FCPA) and the recently formulated UK Bribery Act 2010 are two examples where the government is tightening its noose on the private sector for paying bribes. The Indian government is readying a

**Figure 12: How will the corruption scenario in India change in the next 2 years?**



Source: KPMG's Bribery and Corruption Survey 2011

law<sup>9</sup> to meet the conditions of the United Nations Convention Against Corruption (UNCAC). The proposed law will deal with corruption and bribery in the private sector. At the G-20 summit last year, India signed the group's anti-corruption action plan, which requires it to ratify and fully implement the anti-corruption convention taking on an obligation to check corruption in the private sector.

Though a majority of the respondents feel that the corruption levels in India will remain the same irrespective of the legislation, a significant number also believe that it will reduce in the next two years.

Recent disclosures by media on some of the large scams as well as ongoing enquiries of some of the senior government officials indicate that there is a silver lining. Public furore over the recent scams, extensive media coverage and outcry indicate that as a nation we are starting to realise that eradicating corruption must be one of the priorities, if we are to attain sustainable growth.



<sup>9</sup> Media Report: The Economic Times dated November 30, 2010



## KPMG's Point of view

### Structured regulatory reforms and empowering people: Key to fight corruption

India has been featuring low on Transparency International's Corruption Perception Index. In fact we slipped three positions, ranking at the 87th position in the 2010 survey (84th rank in 2009 survey) as opposed to China at 78 and Brazil at 69.

Stringent punishments, high penalties and zero tolerance of corrupt practices are some of the measures that could be adopted in order to curb bribery and corruption. China for instance levies high fines and may impose death penalty in case a person is convicted of corruption.<sup>10</sup> The laws in China also stipulate that public officials disclose their income and assets.

While India has also taken a number of initiatives towards containing corruption, these measures have not been able to achieve the desired results. For example, the Prevention of Corruption Act is a penal legislation and does not provide for any form of public participation in the process of curbing corruption. CVC has not been provided with enforcement powers nor has it been made mandatory for the administrative authorities to comply with CVC's directives to protect whistleblowers. Similarly the Lok Ayuktas do not have the powers to punish anyone. They can only recommend punishment, and their recommendations are rarely acted upon.

Such factors have made it challenging for authorities and civil bodies to fight corruption.

The need of the hour is structured reforms in combating corruption. Structured reform shall cover the following key aspects:

- a. **Increased awareness on laws and regulations:** Our survey indicates that lack of awareness of law is one of the deterrents for anti corruption enforcement.
- b. **Increasing the sphere of current legislations:** Indian legislation covers primarily the receiver of the bribe. Expanding the legislation to cover the private sector may aid in preventing the payer's side of bribery. Additional

responsibility to the Auditor General for specific areas prone to corruption in the public sector will complement the other initiatives.

- c. **Strong law enforcement:** Zero tolerance approach towards bribery and corruption is the most effective way to combat corruption. Stronger enforcement of regulations would act as a deterrent and help reduce corruption levels.
- d. **Collective effort by the private sector:** Only a collective effort made by the private sector can help eliminate corruption. Adopting anti - corruption measures and an improved governance structure can thereby ensure transparency in business operations.

#### Enforcement climate

The poor enforcement of regulations in India does not encourage companies to take legal recourse on matters concerning bribery and corruption. Key reasons for the poor enforcement of existing anti bribery and corruption legislation include -

- Little or no incentive or protection for individuals reporting alleged instances of bribery and corruption. Historic incidents indicate that this is an area of concern which discourages honest citizens from informing the regulators/ authorities of cases of corruption.
- Multiple issues around the investigation process such as insufficient manpower to carry out investigation and inadequate technology leading to delays and errors in fact finding. This invariably leads to delayed, and at times lax prosecution.
- Lack of adequate prosecution powers for nodal organisations like CVC and need for prior sanction from the Central/ State governments for action to be taken against public servants, leads to increased road blocks in anti-corruption enforcement. Further, limitations of the powers of the State Lokayukta to act suo moto limit their ability to effectively initiate action against public officials.

<sup>10</sup> Norton Rose: Business ethics and anti-corruption update – March 2010



## Conclusion

It is a fact that bribery and corruption is a growing menace that has the potential to adversely impact India's economic growth, and image to the world. By signing the G-20 Anti-corruption plan, India has signalled to the world its commitment to tackle this issue. However, unless concrete steps are taken in the enforcement of existing provisions under law to prevent bribery and corruption, little change can be expected.

In order to curb corruption, organisations could adopt the following preventive mechanisms:

- a. Draw up a comprehensive code of conduct and ensure strict enforcement of the code communicating zero tolerance towards corruption.
- b. A structured whistle blowing mechanism to report potential bribery / corruption issues.
- c. A comprehensive and periodic risk assessment mechanism, including third party audits with specific reference to corruption related risks.
- d. A regular monitoring mechanism to address issues arising out of bribery/ corruption.

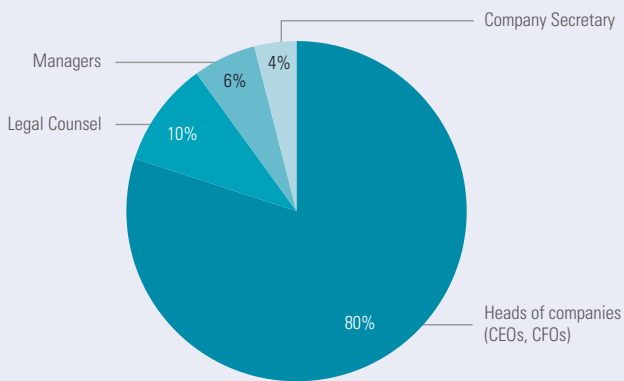
While stringent compliance programs, upgraded controls and regular monitoring could help to prevent corruption, social control like building an ethical culture in the organisation is one of the best ways to prevent any form of unethical practice including bribery and corruption. Social controls would primarily include the following:

- adequate training for employees giving illustrations of unacceptable practices
- strong communication mechanisms enabling bottom to top feedback/ concerns
- promoting an ethical culture in the organisation.

Industry bodies can take the lead in standing up against bribery and corruption and take adequate steps to ensure that their members are committed to working in a corruption free environment by not paying or accepting bribes. Each step in the direction of building up an effective governance to reduce the temptation of accepting bribes would also involve controlling the payer of the bribe. The steps taken by the Government of India along with Corporate India's efforts to mitigate corruption could help improve India's image on the global platform and improve the productivity and competitiveness of the economy.

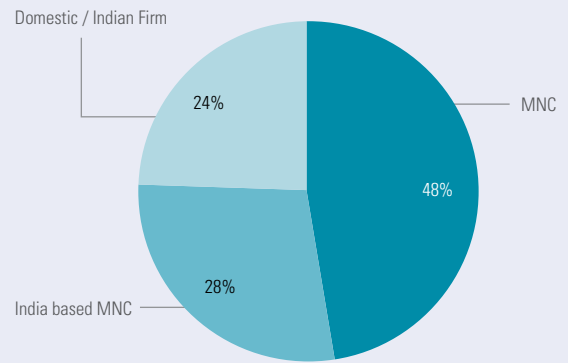
## Profile of respondents

**Figure 13: Based on designation**



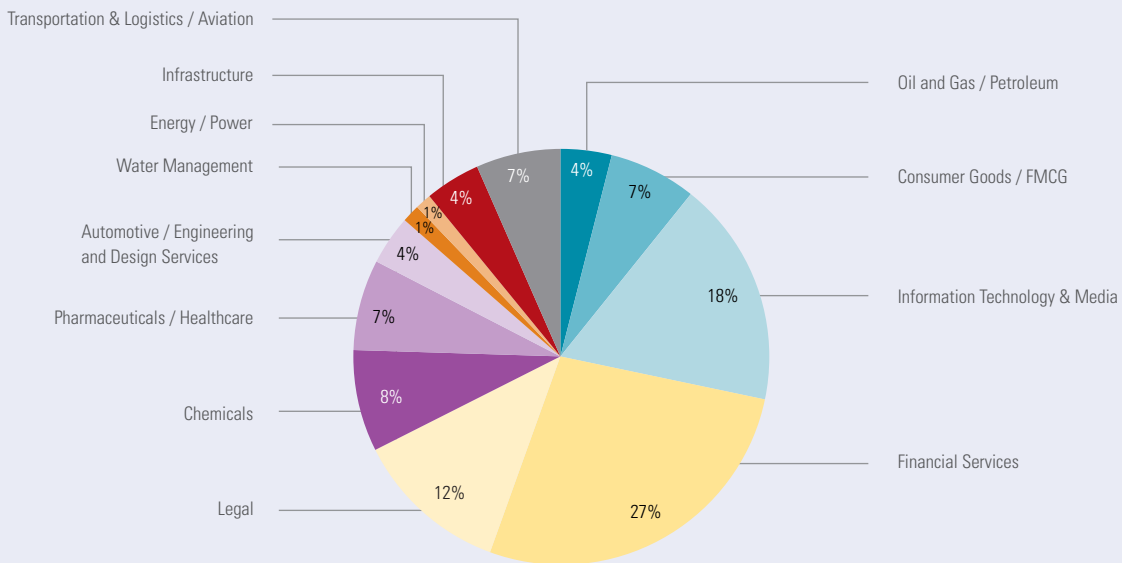
Source: KPMG's Bribery and Corruption Survey 2011

**Figure 14: Based on type of company**



Source: KPMG's Bribery and Corruption Survey 2011

**Figure 15: Based on industry**



Source: KPMG's Bribery and Corruption Survey 2011



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