



Transparency International India

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The coalition against corruption

PRESS RELEASE

CORRUPTION PERCEPTION INDEX – 2011

2011-a crisis in governance

New Delhi, December 1, 2011:

Transparency International India (TII) is the accredited India chapter of Transparency International, an international civil society organization based at Berlin that has turned the fight against corruption into a worldwide movement.

Since 1995, Transparency International (TI) publishes the **Corruption Perception Index (CPI)** annually ranking countries "by their perceived levels of corruption, as determined by expert assessments and opinion surveys."

The CPI ranks countries/territories based on how corrupt their public sector is perceived to be. It is a composite index, a combination of polls, drawing on corruption-related data collected by a variety of reputable institutions.

The index scores 183 countries and territories from 0 (highly corrupt) to 10 (very clean) based on perceived levels of public sector corruption. It uses data from 17 surveys that look at factors such as enforcement of anti-corruption laws, access to information and conflicts of interest.

Corruption is the abuse of entrusted power for private gain. It is generally comprises illegal activities, which mainly come to light only through scandals, investigations or prosecutions. It is thus difficult to assess absolute levels of corruption in countries or territories on the basis of hard empirical data.

CPI for India

There continues to be a decline in India's Integrity Score to 3.1 in 2011 from 3.5 in 2007, 3.4 in 2008 & 2009, 3.3 in 2010. Accordingly, India's rank on Transparency International's Corruption Perception Index (CPI) has also declined further to 95 out of 183 countries surveyed this year, from 87 out of 178 countries in 2010, indicating a serious corruption problem.

Similar conclusion has been drawn by an Asia Pacific region survey conducted by leading Hong Kong-based business consultancy firm Political & Economic Risk Consultancy Ltd (PERC), where India had been rated at 8.67 (on a scale of zero to 10 with the high end being the worst case of corruption) as the fourth most corrupt nation among 16 countries.

Perception about corruption in India seems to have increased primarily due to the ongoing movement for the enactment of an effective Lokpal and alleged corrupt practices in a series of scandals involving the sale of telecom licenses, preparations for the Commonwealth Games, a land scam involving high level military officers, and improper property loans made by state-owned financial institutions, and the WikiLeaks reports. This trend is confirmed by the various reports released recently by the Comptroller General of Accounts (CAG).

As regards CPI of India's neighbouring countries, there has been an over all improvement in their ranking and score except Bhutan whose score (5.7) is constant and Nepal's score has slightly declined by 0.1.

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Name of Institutions involved in CPI Assessment about India

CPI is based upon corruption-related data collected between December 2009 and September 2011, from the following 13 independent and reputable institutions

Name of Institutions	Score
BF_TI: Bertelsmann Transformation Index by the Bertelsmann Foundation	3.9
EIU_CRR: Country Risk Service and Country Forecast	3.2
GI_CRR: Global Insight Country Risk Ratings	2.6
IMD2010: IMD World Competitiveness Yearbook 2010	3.5
IMD2011: IMD World Competitiveness Yearbook 2011	2.7
PERC2010: Political and Economical Risk Consultancy Asian Intelligence 2010	3.5
PERC2011: Political and Economical Risk Consultancy Asian Intelligence 2011	3.5
PRS_ICRG: Political Risk Services International Country Risk Guide	2.6
TI_BPI: Transparency International Bribe Payers Survey	3.3
WB_CPIA: World Bank - Country Performance and Institutional Assessment	3.4
WEF2010: World Economic Forum Executive Opinion Survey (EOS) 2010	3.1
WEF2011: World Economic Forum Executive Opinion Survey (EOS) 2011	2.7
WJP_ROL: World Justice Project Rule of Law Index	2.6

Corruption Perception Index 2011: Highlights

According to the 2011 CPI, two-thirds of 183 countries scored less than 5 – a clear indication that corruption is perceived to be rampant world-wide.

New Zealand is at first place with a score of 9.5, followed by Finland and Denmark. Unstable governments, often with a legacy of conflict, continue to dominate the bottom rungs of the CPI. Afghanistan, Myanmar, North Korea and Somalia (included in the index for the first time), are last with a score of 1.5 and less.

These results signal that significantly greater efforts are must for strengthening governance. With the livelihoods of so many at stake, governments' commitments to anti-corruption, transparency and accountability are essential parts of the solution as a strong correlation continues to exist between corruption and poverty. Hence, there is a need for more enforcement of rules and laws since too many poor and vulnerable people continue to suffer due to corruption.

“2011 saw the movement for greater transparency take on irresistible momentum, as citizens around the world demand accountability from their governments. High-scoring countries show that over time efforts to improve transparency can, if sustained, be successful and benefit their people,” said Transparency International Managing Director, Cobus de Swardt

Some of TI India's Initiatives:

Advocacy and Legal Advice Centre (ALAC)

Transparency International India is launching its new tool against corruption **Advocacy and Legal Advice Centre (ALAC Help-line)**. ALAC empowers the people to combat and demonstrate that they will become involved in the fight against corruption when they are provided **with simple, credible and viable mechanisms and opportunity for doing so.**

ANTI CORRUPTION HELP- LINE 011-26-23-23-23

ALAC aims to

- Empower citizens to make and pursue corruption-related complaints
- Translate these concerns into structural changes

ALAC activities are to:

- Provide legal advice and assistance to citizens to demand their rights
- Undertake advocacy for broader reform to fight against corruption

- Help in taking up the corruption cases with the concerned authorities
- Analyze and disseminate data collected at regular intervals

TI India's Other Initiatives

India needs to integrate all anti-corruption measures in all spheres to address these challenges. For this reason TI-India (TII) has been actively engaged in the campaign against corruption, together with other like-minded civil society organizations like Lok Sewak Sangh, Gandhian Seva & Satyagraha Brigade, Public Affairs Centre, Campaign for Judicial Accountability & Reforms, Citizens' Forum Against Corruption, Association for Democratic Reforms, Common Cause, Public Interest Foundation, Lok Satta etc. Accordingly, it has been pursuing, *inter alia*, for

- the creation of Strong Lok Pal
- strict implementation of the UN Convention Against Corruption (UNCAC), the only global initiative that provides a framework for putting an end to corruption.
- The enactment of Corrupt Public Servants (Forfeiture of Property) Law
- Transfer of funds lying in secret bank accounts abroad
- Introducing Integrity Pact in all public procurement & contract
- notification of the rules under the Benami Transaction (Prohibition) Act, 1988
- Strong Lok Ayuktas in all states for action against the corrupt
- Constitutional autonomy to the Central Vigilance Commission
- Passage of the Judicial Standards & Accountability Bill for transparency and accountability in judiciary
- Electoral reforms including the de-criminalisation of politics
- Police reforms as per the direction of the Supreme court of India in *Prakash Singh* judgment
- strengthening of the prevention of Corruption Act and removal of the restriction (Single Directive) that requires sanction of the competent authority even to initiate an enquiry into charges of corruption against senior officer of the rank of Joint Secretary or its equivalent
- Independence to Central Bureau of Investigation
- citizens' charters with penalty clause to ensure time bound guaranteed public services
- social audit
- ethical standards to be observed by the corporate sector
- role of the Planning Commission in monitoring the expenditure of money, grants, subsidies, and laying stress on outcomes rather than outputs (statistical formality), etc.

We are sure if these measures are adopted seriously and taken to their logical conclusion, there would be an improvement in India's standing in the world community.

TI-I shall continue pursuing these specific goals

(P. S. Bawa)
Chairman, TI India

Note to editors: The Corruption Perceptions Index is composed from 17 different surveys and assessments. A country's scores in one year cannot be compared to its score in a previous year. Information on how the index is prepared is available in the FAQ.

For the full ranking and regional tables, go to: <http://cpi.transparency.org/cpi2011/>

For more detail contact

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Comparative Statistics about CPI since 2002

Year	No. of countries surveyed	India's CPI Score & Rank	Highest CPI Score & Rank (Top 3 countries)	Asia's Highest CPI Score & Rank	China's CPI Score & Rank	CPI Score & Rank of South Asian Nations
2002	102	2.7 (71)	Finland (9.7) Denmark (9.5) New Zealand (9.5)	9.3 (5 th) Singapore	3.5 (59 th)	Pakistan (2.6), Bangladesh (1.2) Sri Lanka (3.7)
2003	133	2.8 (83)	Finland (9.7) Iceland (9.6) Denmark (9.5) New Zealand (9.5)	9.4 (5 th) Singapore	3.4 (66 th)	Pakistan (2.5), Bangladesh (1.3) Sri Lanka (3.4)
2004	146	2.8 (90)	Finland (9.7) New Zealand (9.6) Iceland (9.5) Denmark (9.5)	9.3 (5 th) Singapore	3.4 (71 st)	Pakistan (2.1), Bangladesh (1.5) Nepal (2.8)
2005	159	2.9 (88)	Iceland (9.7) Finland (9.6) New Zealand (9.6)	9.4 (5 th) Singapore	3.2 (78 th)	Pakistan (2.1), Bangladesh (1.7) Nepal (2.5) Sri Lanka (3.3)
2006	163	3.3 (70)	Finland (9.6) Iceland (9.6) New Zealand (9.6)	9.4 (5 th) Singapore	3.3 (70 th)	Pak (2.2), BD (2), Bhutan (6), Nepal (2.5) Sri Lanka (3.1)
2007	180	3.5 (72)	Denmark (9.4) Finland (9.4) New Zealand (9.4)	9.3 (4 th) Singapore	3.5 (72 nd)	Pakistan (2.4), Bangladesh (2), Bhutan (5), Nepal (2.5) Maldives (3.3) Sri Lanka (3.2)
2008	180	3.4 (85)	Denmark (9.3) New Zealand (9.3) Sweden (9.3)	9.2 (4 th) Singapore	3.6 (72 nd)	Pakistan (2.5), Bangladesh (2.1) Bhutan (5.2) Nepal (2.7) Maldives (2.8) Sri Lanka (3.2)
2009	180	3.4 (84)	New Zealand (9.4) Denmark (9.3) Sweden (9.3)	9.2 (4 th) Singapore	3.6 (79 th)	Pakistan (2.4), Bangladesh (2.4) Bhutan (5.0) Nepal (2.3) Maldives (2.5) Sri Lanka (3.1)
2010	178	3.3 (87)	Denmark New Zealand Singapore (9.3)	Singapore (9.3)	3.5 (78 th)	Pakistan (2.3), Bangladesh (2.4) Bhutan (5.7) Nepal (2.3) Maldives (2.3) Sri Lanka (3.2)
2011	183	3.1 (95)	New Zealand (9.5) Denmark (9.4) Finland (9.4)	Singapore (9.2)	3.6 (75 th)	Pakistan (2.5), Bangladesh (2.7) Bhutan (5.7) Nepal (2.2) Maldives (2.5) Sri Lanka (3.3)

Short Methodology Note

DATA SOURCES:

- The Corruption Perceptions Index (CPI) 2011 is an aggregate indicator calculated using data from 17 sources provided by 13 reputable institutions. All sources measure the overall extent of corruption (frequency and/or size of bribes) in the public and political sectors, and all sources provide a ranking of countries, i.e. include an assessment of multiple countries.
- The CPI 2011 brings together data from sources covering the past two years. This includes surveys published between December 2009 and September 2011.
- The sources used in the CPI 2011 draw on the perceptions of both resident and non resident experts and are a mixture of business surveys, assessments by commercial risk analysts and country experts from international institutions.
- In the CPI 2011, the following nine sources provided data based on expert analysis: African Development Bank, Asian Development Bank, Bertelsmann Foundation, Economist Intelligence Unit, Freedom House, Global Insight, Political Risk Services, the World Bank and the World Justice Project. Four sources for the CPI 2011 reflect evaluations by resident business leaders of their own country: IMD, Political and Economic Risk Consultancy, Transparency International's Bribe Payers Survey and the World Economic Forum.

STEPS TO CALCULATE THE CPI:

1. The first step to calculate the CPI is to standardise the data provided by the individual sources (that is, translate them into a common scale). We use a matching percentiles technique which uses the ranks of countries as reported by each individual source. This method is useful for combining sources that have different distributions. While there is some information loss in this technique, it allows all reported scores to remain within the bounds of the CPI, i.e. to remain between 0 and 10.
2. The second step consists of performing what is called a beta-transformation on the standardised scores. This increases the standard deviation among all countries included in the CPI and makes it possible to differentiate between countries.
3. Finally, the CPI scores are determined by averaging all of the standardised values for each country. There must be three separate data sources available for a country to be scored and ranked.

RESULTS:

- The CPI score and rank are accompanied by the number of sources, the highest and lowest values given to every country by the data sources, the standard deviation and the confidence range for each country.
- The confidence range is determined using a bootstrap (non-parametric) methodology, which allows us to interpret the precision of the CPI score of each country, based on the distribution of the source data. A 90 per cent confidence range is then identified, where there is a five per cent probability that the CPI score is below and a five per cent probability that the value is above this confidence range.

Corruption Perceptions Index 2011

Frequently Asked Questions

What is the Corruption Perceptions Index (CPI)?

The CPI ranks countries/territories based on how corrupt their public sector is perceived to be. It is a composite index, a combination of polls, drawing on corruption-related data collected by a variety of reputable institutions. The CPI reflects the views of observers from around the world, including experts living and working in the countries/territories evaluated.

Which countries are included in the Corruption Perceptions Index (CPI)?

For a country/territory to be included in the ranking it must be included in a minimum of three of the CPI's data sources. Thus, inclusion in the index is not an indication of the existence of corruption but rather dependent solely on the availability of sufficient information.

What is corruption and how does the CPI measure it?

Corruption is the abuse of entrusted power for private gain. This is the working definition used by Transparency International (TI), applying to both the public and private sectors. The CPI focuses on corruption in the public sector, or corruption which involves public officials, civil servants or politicians. The data sources used to compile the index include questions relating to the abuse of public power and focus on: bribery of public officials, kickbacks in public procurement, embezzlement of public funds, and on questions that probe the strength and effectiveness of anti-corruption efforts in the public sector. As such, it covers both the administrative and political aspects of corruption. In producing the index, the scores of countries/territories for the specific corruption-related questions in the data sources are combined to calculate a single score for each country.

Why is the CPI based only on perceptions?

Corruption generally comprises illegal activities, which mainly come to light only through scandals, investigations or prosecutions. It is thus difficult to assess absolute levels of corruption in countries or territories on the basis of hard empirical data. Possible attempts to do so such as by comparing bribes reported, the number of prosecutions brought or court cases directly linked to corruption cannot be taken as definitive indicators of corruption levels. Rather they show how effective prosecutors, the courts or the media are in investigating and exposing corruption. One reliable method of compiling comparable country data is to capture perceptions of those in a position to offer assessments of public sector corruption in a given country.

What are the data sources for the CPI?

The 2011 CPI draws on 17 data sources from 13 institutions. The information used for the 2011 CPI is survey data from these sources gathered between December 2009 and September 2011. The CPI includes only sources that provide a score for a set of countries/territories and which measure perceptions of corruption in the public sector. TI ensures that the sources used are of the highest quality. To qualify, the data collection method must be well-documented and the methodology published to enable an assessment of its reliability. For a full list of data sources, questions asked, and the type of respondents for each country/territory, please see the CPI sources description document.

Why are countries/territories removed from the index, and why are new countries/territories added?

Countries/territories are only included in the index when three or more of the data sources assess the country/territory in question. When less than three data sources are available, countries cannot be included in the index. The 2011 index includes five more countries/territories than last year, due to the availability of country-level data. North Korea, the Bahamas, St Lucia, St Vincent and the Grenadines and Suriname have entered the index in 2011.

Can country/territory scores in the 2010 CPI be compared to those in past indexes?

The CPI is not well-suited for making comparisons over time for specific countries. This is because it draws on a country's rank in the original data sources. A country's rank in the data sources can change if perceptions of corruption in other countries included in that sources change or if countries are added or removed from that data source. The CPI also incorporates different data sources in different years, and has seen slight changes in methodology over time. However, in a limited way, individual data sources can be used to identify whether, compared to the previous year's CPI score, there has been a change in perceived levels of corruption in a particular country. TI has used this approach in 2011 to assess country progress and identify what can be considered as changes in perceptions of corruption, using the two criteria that:

- (a) there is a change of at least 0.3 points in the CPI score; and
- (b) the direction of this change is confirmed by half or more of the data sources evaluating the country in both the 2010 and 2011 index.

Based on these criteria, the following countries showed an improvement from 2010 to 2011: Norway, Taiwan, Rwanda, Georgia and Chad.

The following countries showed a decline from 2010 to 2011: Oman and Haiti.

What is the difference between a country/territory's rank and its score?

A country/territory's score indicates the perceived level of public sector corruption there on a scale of 0 - 10, where 0 means that a country is perceived as highly corrupt and 10 means that a country is perceived as very clean. A country's rank indicates its position relative to the other countries/territories included in the index. It is important to keep in mind that a country's rank can change simply because new countries enter the index or others drop out.

Is the country/territory with the lowest score the world's most corrupt nation?

No. The CPI is mostly an assessment of perception of administrative and political corruption. It is not a verdict on the levels of corruption of entire nations or societies or of their policies and activities. Citizens of those countries/territories that score at the lower end of the CPI have shown the same concern about and condemnation of corruption as the public in countries that perform strongly. Further, the country/territory with the lowest score is the one where public sector corruption is perceived to be most prevalent *among those included in the list*. There are more than 200 sovereign nations in the world, and the 2010 CPI ranks 183 of them. The CPI provides no information about countries/territories that are not included.

What other research does TI produce to analyse corruption?

TI produces independent, empirical research on corruption. Our global research portfolio combines qualitative approaches with quantitative ones, macro-level indicators with in-depth diagnostics, expert analysis with experience, and also includes perceptions-based survey work. This body of research provides a comprehensive picture of the scale, spread and dynamics of corruption around the world. It also serves to mobilise and support evidence-based, effectively-tailored

policy reform. Complementing the Corruption Perceptions Index, TI's portfolio of global research includes:

Global Corruption Barometer (GCB): a representative survey of more than 70,000 households in more than 90 countries on people's perceptions and experiences of corruption. The most recent Global Corruption Barometer can be found at: http://www.transparency.org/policy_research/surveys_indices/gcb.

Bribe Payers Index (BPI): a ranking of leading exporting countries according to the perceived likelihood of their firms to bribe abroad. It is based on a survey of business executives focusing on the business practices of foreign firms in their country. The most recent Bribe Payers Index can be found at: http://www.transparency.org/policy_research/surveys_indices/bpi.

Global Corruption Report (GCR): a thematic report that explores corruption with regard to a specific sector or governance issue. The report provides expert research and analysis as well as case studies. The most recent Global Corruption Report can be found at: <http://www.transparency.org/publications/gcr>

National Integrity System assessments (NIS): a series of in-country studies providing an extensive assessment of the strengths and weaknesses of the key institutions that enable good governance and integrity in a country (the executive, legislature, the judiciary, and anti-corruption agencies among others). For a full list of reports and more information on the National Integrity System model, please see: http://www.transparency.org/policy_research/nis

