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Corruption and its Effect on the Economic Development of India

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ABSTRACT

Corruption is one of the largest obstacles to India's economic and sustainable development. It exists in various forms such as bribery, embezzlement, favouritism, and bureaucratic inefficiencies. It is widespread in both public and private sectors. Corruption alters market operations, depress foreign investment, decreases tax income, and causes inefficient public expenditure. It weakens institutions, disintegrate the rule of law, and stimulate income disparity, ultimately hindering economic advancement. It results in the improper allocation of resources, particularly in areas like infrastructure, healthcare, and education. Addressing corruption through policy reforms, digital governance, and stringent enforcement of anti-corruption legislation is essential for promoting a transparent, competitive, and inclusive economy.

Keywords: *Corruption, Sustainable development, decrease income, policy reforms, economy.*

I. INTRODUCTION

Corruption remains a significant barrier to India's economic progress, adversely affecting governance, public trust, resource distribution, and various sectors while necessitating comprehensive policy reforms, stringent law enforcement, and enhanced transparency to foster accountability and achieve sustainable development. Corruption can take on various forms: bribery, embezzlement, favouritism; it affects both the public and private areas of the economy. The international nature of corruption fragments the market, strongly restrains foreign investment, and leads to wasteful public expenditure. Poor administrative transparency of corrupt practices tends to undermine the rule of law and weaken institutions. Such practices further widen income disparity and thwart economic growth in general conditions. This leads to underfunding in respective sectors due to poor resource allocation. Therefore, improving accountability is a multi-faceted approach that would entail significant restructuring in policies, strong rule of law, and systems of accountability in their fullest sense if corruption should be

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fully acknowledged. It is crucial to encourage anti-corruption institutions and the promotion of business ethics as an important step toward building a free and competitive economy. The success of India's economic development and sustainable programs heavily rests on the ability of the government to snuff out corruption, which undermines inclusive growth and hinders development. Corruption remains among the toughest challenges for India's progress. Inseparably related aspects in this context deserve to be unravelled—researchers must ponder by examining governance, while more advanced techniques might allow researchers to derive public notions of corruption based on this factor analysis. Considerable alteration in policy is essential as the need behind it comes with strong law enforcement and higher bursts of accountability and monitoring of all actors in an unchanged environment if the corruption activity seems to win. It is generally acknowledged that corruption subverts democratic mechanisms and constitutes a huge barrier to economic development in developing countries. To sum it all, it threatens the social order. Corruption is known as an abuse or misuse of an office for private gain.

Unlike measuring, let's say, inflation, it is almost impossible to obtain accurate information on the level of corruption in a nation at least because of the very nature of corruption. Again, that makes it next to impossible to grade nations one against the other based on the level of their corrupt practices. However, credible data on the dimension of corruption within a nation may be derived through surveying professionals and business people. Although corrupt practices are difficult to measure, they are easily recognizable. An increasing number of survey-based indicators of "corruption perception".

The behaviour of people is skewed in various ways because of the desire to acquire bribes. For instance, public projects that cannot be easily subject to manipulation often fail to live to their budgetary expectations, even when their social value is high. Owing to the size and hidden nature that often encourages kickbacks, large-scale defence projects are often preferred by politicians and bureaucrats. Health clinics focusing on prevention-based rural populations are usually forced into supporting military contracts (Gray and Kaufmann, 1998). The policy bias introduced through corruption could worsen income inequality and also dampen rural development by diverting some needy resources away from them, as rural dwellers usually earn far less than their urban counterparts.

Most countries have statutes that prohibit corruption, very often emphasizing the role of law enforcement in combating corruption. Law and law enforcement are quite important, but we must also consider the institutional environment, the incentive structure that encourages corruption, and the underlying causes of corruption. Numerous major theoretical works have

emphasized the variables that influence corruption levels in a given country.

Although we would like moral people to serve in the government, economists are forever stressing the need to minimize the institutional opportunity for officials to solicit and accept bribes. In general, corruption flourishes in places where public officials have relatively more discretion over how society or businesses are run. More precisely, in lesser regulatory regimes, corruption is likely to flourish less, but here-governments-and other quasi-governments are freest to impose complex regulations and gather rents. This is nearly elementary. If a company must obtain a license-and pay a tariff-before importing specific goods, then officials who make licensing decisions and grant tariff exemptions have the power to solicit bribes. In this case, bribery would be happening, at least at the license stage, while before importation no company would pay bribes at one go if no license or tariff were required.

(A) Review of Literature:

Arup Mitra and Chandan Sharma (2016)³, in his book investigates theoretical and empirical viewpoints on corruption, providing inter-country comparisons and examining its impact on India's economic performance. While corruption is generally seen as an obstacle to development, these authors discuss how it can have both negative and functional effects on economic activities. They acknowledge the “grease the wheels” Hypothesis, which suggests that corruption can sometimes help bypass bureaucratic inefficiencies, though they ultimately emphasize its harmful effects on long run.

Arti Yadav, Dipika Sahu, and Abhishek Singh (2019)⁴- This research analyse the ways in which corruption affects foreign direct investment and economic growth in India. They also find that corruption negatively affects economic growth by misallocating resources, reducing efficiency and discouraging productive investments. They mainly highlight the impact of corruption on FDI and growth varies across different sectors and regions. They also suggest transparency, digital governance and legal reforms can help create a more investor-friendly environment.

Chandan Sharma⁵ (2014)- This article examines the effects of corruption on the manufacturing sector in India, investigating its influence on productivity and growth. He examines how bribery influences firm’s performance. His study tests two hypothesis- “grease

³ Arup Mitra and Chandan Sharma, “Corruption and Development in the Indian Economy”- 2016

⁴ Arti Yadav, Dipika Sahu, and Abhishek Singh, “Effect of Corruption on FDI Inflows and Economic Growth”- 2019

⁵ Chandan Sharma, "The Corruption, Governance and Firm Performance: Evidence from India’s Enterprises"- 2015

the wheels” hypothesis and the “sand the wheels” hypothesis, which posits that corruption decreases the firm performance by increasing cost and creating inefficiencies.

Siddhartha Bandyopadhyay and Bhaskar Chakravorty⁶(2013). This paper looks into the connections between economic growth, legal frameworks, and corruption in India, evaluating the success of laws such as the Right to Information Act in mitigating corruption.

Shleifer and Vishny⁷ (1993) state two reasons as to why corruption is detrimental to economic development. The first reason is the weakness of the central government, which allows various governmental agencies and bureaucracies to impose independent bribes on private agents seeking complementary permits from these agents. When the entry of these agencies into regulation is free, the cumulative burden of bribes on private agents goes up to infinity. This point is illustrated using the foreign investment scenario in post-communist Russia. Due to the presence of multiple agencies at multiple levels, a foreigner has to pay a bribe at every step. The apparent result was a deficient level of foreign investment in Russia.

Drury et al.⁸ (2006) have put forth the same case as they explain the negative effect of corruption on economic growth both as a tax on productivity and a market distortion employing the example of the systematic corruption in post-Communist Russia and the loss of investment.

(B) Research Gap:

Even with extensive research, there are still unanswered questions about how corruption affects India's economy. There is a substantial gap in current empirical research concerning sector-specific effects, especially in the areas of infrastructure, healthcare, and agriculture. Regional disparities not sufficiently explored include the differences between states and between rural and urban areas. Much work is needed to investigate the ways in which corruption affects foreign direct investment and investor confidence. The effectiveness of anti-corruption measures remains somewhat uncertain. The role of corruption in the unorganized sector of the economy remains mostly unknown. Significant comparative studies with other developing countries facing similar issues are relatively few.

(C) Statement of Problem:

Corruption remains a significant obstacle for India's economic development and long-term prosperity. It affects both public and private sectors and manifests itself in various ways

⁶ Siddhartha Bandyopadhyay and Bhaskar Chakravorty, "Economic Growth, Law, and Corruption: Evidence from India"- 2013

⁷ Shleifer and Vishny Corruption, "A Study of Political Economy (New York: Academic Press)"- 1978

⁸ Drury et al, "Corruption, Democracy, and Economic Growth"- 2006

including bribes, bias and bureaucratic disabilities. Corruption distorts the forces of the market, discourage foreign investment, reduces tax receipts, and leads to useless public expenses. Finally, it disrupts economic growth by reducing institutions, reducing the rule of law and increasing income inequality. Despite the current anti -corruption laws and policies, the firmness of corrupt practices emphasizes the need for strong enforcement strategy, more effective governance mechanisms and policy reforms. To support an open, competitive and inclusive economy, the study looks at the financial impacts of corruption in India and consider practical remedies such as digital governance and regulatory structures. Professional professionals, public servants, regular civilians and service recipients are participants in the survey.

(D) Objectives of the study:

1. To analyse the economic impact of corruption in India.
2. To assess the role of corruption in resource misallocation.
3. To evaluate the effectiveness of existing anti-corruption laws and policies.
4. To propose policy recommendations for a transparent and competitive economy.
5. To study the influence of corruption on Foreign Direct Investment and business climate.

(E) Research Methodology:

The data for this research has been gathered from various sources: newspapers, magazines, books, reports, and e-resources. The research will be performed using a sample of 70 respondents, identified using stratified random sampling. This sampling technique allows the researchers to achieve proportional representation of different segments in terms of population under study. For analysing data, key statistical tools like the percentage method are used. This research runs over a period of 3 months, thus allowing for good data collection, analysis, and reporting the findings. The combination of different sources of data and statistical tools provides a robust and well-rounded analysis of the topic.

II. RESULTS AND DISCUSSION

Table No. 1: Basic information

S.NO	PARTICULARS		NO. OF RESPONSES	PERCENTAGE
1.		Male	31	44.29

	Gender	Female	39	55.71
		Others	0	0
		Total	70	100
2.	Age	Below 20yrs	08	11.42
		20yrs- 30yrs	23	32.86
		30yrs-40yrs	17	24.29
		40yrs-50yrs	22	31.43
		Total	70	100
3.	Nativity	Urban	52	74.29
		Semi-Urban	14	20.00
		Rural	4	5.71
		Total	70	100
4.	Profession	Government Employees	23	32.86
		Business Entrepreneur	22	31.43
		General Public	25	35.71
		Unemployed	0	0.00
		Total	70	100
5.	Marital status	Unmarried	21	30.00
		Married	49	70.00
		Total	70	100

Source: Primary Data

Interpretation: The research findings help various insights into the background of respondents. There appeared a relatively uniform distribution of gender, with 44.29% male and 55.71% female. Besides these, there appeared no gender preference for other categorical classification.

The sample appears to comprise mostly of middle-aged and elder individuals, with quite a large share of around (32.86%) of respondents 40 to 50 years and (31.43%) being in the age group of 20 to 30. The implication is a youthful population with fewer respondents in the older age bracket. In terms of nativity, most respondents are from urban areas (74.29%), followed by semi-urban areas (20%) and rural areas (5.71%). Thus, the applicants hail from diverse geographic backgrounds. Regarding professional level, the bulk of respondents are general public, consisting of 35.71% of respondents, 32.86% are business entrepreneur, and 31.43% respondents were with a government job. Finally, in the case of marital status; males comprise 30% of respondents unmarried with more under-age composition, while married makeup for 70%. In general, the sample is of elderly people, contains more respondents with higher profile, is married, and from semi-urban or urban backgrounds.

Table No. 2: How do you perceive the overall impact of corruption on India's economic development?

S.NO	PARTICULARS	NO. OF RESPONSES	PERCENTAGE
1.	Highly negative	25	35.71
2.	Moderately negative	31	44.29
3.	Positive impact	14	20.00
	Total	70	100

Source: Primary Data

Interpretation: According to overall data, eighty percent of the participants accepted corruption as a hindrance in India's economic growth, either up to high or medium degrees, showing a large -scale negative attitude. It emphasizes the need for more transparent governance and strong corruption measures to promote long -term economic growth. Most participants 35 to 71 percent -thinking that corruption is important in the economic growth of the country. This shows widespread belief that corruption has severely disrupted development by discouraging investment, erasing institutional trusts and incorrectly increasing resources. Although corruption disrupts progress, some economic activities may still move forward despite its presence, although more slowly, according to 44.29 percent, which consider the effect as modest negative. Remarkable, 20% of the people involved in the survey believe that corruption has a beneficial effect. The idea that corruption can sometimes be a source of "wheels", especially in

situations where regulatory disabled, can be the source of its source.

Table No. 3: Which sector do you think most affected by corruption in India?

S.NO	PARTICULARS	NO. OF RESPONSES	PERCENTAGE
1.	Public Sector	31	44.29
2.	Private Sector	16	22.89
3.	Small and Medium Enterprises	17	24.29
4.	All Equally	06	8.57
	Total	70	100

Source: Primary Data

Interpretation:

The data reflect respondents' views on which sector is most impacted by corruption in India. The highest percentage of respondents (44.29%) believe that the Public Sector is the most affected, highlighting concerns about bribery, mismanagement, and lack of transparency in government institutions. This is followed by Small and Medium Enterprises (24.29%) and the Private Sector (22.86%), indicating that corruption also hampers business growth and fair competition. A smaller group (8.57%) feels that all sectors are equally affected, acknowledging corruption's widespread reach. Overall, the majority perceive corruption as a major challenge in the public sector, slowing down economic progress and public trust.

Table No. 4: What is the most visible economic consequences of corruption in India?

S.NO	PARTICULARS	NO. OF RESPONSES	PERCENTAGE
1.	Inflation and High Living Cost	25	35.71
2.	Decline in Public Infrastructure	28	40.00
3.	Unemployment	08	11.43
4.	All the Above	09	12.86

	Total	70	100
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Source: Primary Data

Interpretation:

The highest percentage of respondents (40.00%) chose the decline in public infrastructure as they believe that corruption mainly leads to the deteriorating infrastructure, resulting in poor quality public services and stagnant development projects. This is very closely after inflation and high life cost, which was chosen by 35.71% respondents. They consider corruption as rising prices, market disability and increase in the cost of goods and services. An even smaller ratio (11.43%) considers unemployment to be the most visible results, indicating that some respondents combine corruption with job deficiency, low investment and economic instability. Another 12.86% of the respondents selected all of the above, suggesting that a minority accepts the mutual nature of these economic effects, assuming that corruption can simultaneously affect infrastructure, inflation and employment.

Table No. 5: What area is most prone to resource misallocation due to corruption?

S.NO	PARTICULARS	NO. OF RESPONSES	PERCENTAGE
1.	Infrastructure Projects	24	34.29
2.	Public Procurement	25	35.71
3.	Education and health care	13	18.57
4.	All the above	08	11.43
	Total	70	100

Source: Primary Data

Interpretation:

Data reflects the opinion of respondents about the weakest areas for example due to corruption. The highest percentage of respondents (35.71%) chose public procurement as they believe that the region is the most affected, leading to the contract, bias and disabled use of public money with corruption. This is very closely close to the infrastructure projects, which was chosen by 34.29% of the respondents. They see corruption in the region as public functions, project delays and contributions to development resources. An even smaller ratio (18.57%) considers

education and healthcare to be the most prone to resource example, indicating that some respondents with poor service distribution, shortage of facilities and money willing for public welfare Let's add. One of the respondents and 11.43% selected all the above, suggesting that a minority is a belief that corruption affects public procurement, infrastructure and social services simultaneously reflects the mutual nature of this issue Is.

Table No. 6: How often do you think corruption influences government project approvals?

S.NO	PARTICULARS	NO. OF RESPONSES	PERCENTAGE
1.	Very often	30	42.86
2.	Sometimes	26	37.41
3.	Rarely	10	14.29
4.	Never	04	5.71
	Total	70	100

Source: Primary Data

Interpretation:

The data reflect respondents' views on how often corruption affects government project approvals. The highest percentage of respondents (42.86%) believe that corruption influences project approvals very often, indicating a strong perception of frequent interference. This is followed by 37.41% who feel it happens sometimes, showing that a significant portion acknowledges corruption as a recurring issue. A smaller group (14.29%) thinks it rarely affects project approvals, while only 5.71% believe it never happens. Overall, the majority of respondents view corruption as a common factor in government project decisions, undermining transparency and fair processes.

Table No. 7: What do you think is the major reason for resource misallocation in India?

S.NO	PARTICULARS	NO. OF RESPONSES	PERCENTAGE
1.	Bureaucratic inefficiencies	26	37.14%

2.	Political interference	23	32.86%
3.	Weak monitoring mechanism	16	22.86%
4.	Weak monitoring mechanism	05	7.14%

Source: Primary Data

Interpretation:

According to the data, 37.14% of the respondents cited bureaucratic disabilities as a serious problem, making them the primary cause of resource example in India. Political attention comes in second place at 32.86%, which shows high levels of concern about the role of politicians in allocating resources. Another important factor is a reduction monitoring system, as indicated by 22.86% of respondents. Interestingly, the "weak monitoring mechanism" appears twice, with an additional 7.14%, suggests that the data can be duplicated. According to the data, the main obstacles for efficient resource allocation are considered both systemic dis-ability, political and administrative.

Table No. 8: Do you believe corruption reduces the effectiveness of public services?

S.NO	PARTICULARS	NO. OF RESPONSES	PERCENTAGE
1.	Strongly Agree	31	44.29%
2.	Agree	23	32.86%
3.	Disagree	12	17.14%
4.	Strongly disagree	04	5.71%

Source: Primary Data

Interpretation:

The data indicates that a significant portion of respondents perceives corruption as detrimental to the effectiveness of public services. Specifically, 44.29% of participants strongly agree, while 32.86% agree with this assertion. This suggests that more than 77% of those surveyed identify corruption as a major obstacle to the efficient delivery of public services. Conversely, 17.14% express disagreement, and a mere 5.71% strongly disagree, indicating a minority perspective that corruption may not have a substantial impact on public services. The predominant

consensus underscores public apprehension regarding the ways in which corruption compromises resource allocation and the quality of services. In summary, the data reveals a robust belief that corruption diminishes the effectiveness of public administration.

Table No. 9: How effective are India's anti-corruption laws in tackling corruption?

S.NO	PARTICULARS	NO. OF RESPONSES	PERCENTAGE
1.	Very Effective	23	32.86%
2.	Somewhat effective	27	38.57%
3.	Ineffective	17	24.29%
4.	Don't know	03	4.29%

Source: Primary Data

Interpretation:

The data indicates that an important part of respondents considers corruption harmful to the effectiveness of public services. In particular, 44.29% of the participants firmly agree, while 32.86% agree with this claim. This shows that more than 77% of the people in the survey identify corruption as a major obstacle for efficient distribution of public services to people. Conversely, 17.14% expressed disagreement, and only 5.71% disagree with a minority, showing a minority perspective that corruption cannot have enough impact on public services. Major consensus underlines public apprehension about methods in which corruption compromises resources allocation and quality of services. In summary, data reveals a strong belief that corruption reduces the effectiveness of public administration.

Table No. 10: Which anti-corruption measures do you think is most effective?

S.NO	PARTICULARS	NO. OF RESPONSES	PERCENTAGE
1.	Stronger enforcement of laws	26	37.14%
2.	Public awareness campaigns	24	34.29%
3.	Transparency in government dealings	14	20%

4.	Whistleblower protection	06	8.57%
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Source: Primary Data

Interpretation:

The findings indicate that the most effective measure against corruption, as perceived by respondents, is the stronger enforcement of laws, with 37.14% in favour. Following closely are public awareness campaigns, supported by 34.29% of participants, which suggests a belief in the importance of educating the populace to combat corruption. Additionally, 20% of respondents advocate for transparency in governmental operations, reflecting a moderate endorsement of open governance as a preventive strategy. In contrast, whistleblower protection garners the least support at 8.57%, which may point to either a lack of confidence in these mechanisms or insufficient awareness of their significance. Collectively, these results underscore the necessity for both enhanced law enforcement and greater public involvement to effectively address corruption.

Table No. 11: What is the biggest challenge in enforcing anti-corruption laws in India?

S.NO	PARTICULARS	NO. OF RESPONSES	PERCENTAGE
1.	Political influence	35	50%
2.	Lack of accountability	20	28.57%
3.	Inefficient legal system	11	15.71%
4.	Public apathy	04	5.71%

Source: Primary Data

Interpretation:

The findings suggest that the primary obstacle for enforcement of anti -corruption laws in India is political impact, as reported by 50% of the participants. This outline concerns about the harmful effects of political intervention on the anti -corruption initiative. Subsequently, the lack of accountability is identified by 28.57% of the respondents, indicating the challenges caused by insufficient inspection and complex the law enforcement. Additionally, 15.71% of respondents saw a disabled legal system as an important challenge, which exposes issues related to delays and flaws within judicial processes. Public apathy is noted as the lowest important

factor at 5.71%, it shows that while citizen's participation is important, systemic issues are considered as primary obstacles. Collectively, data emphasizes the need to reduce political intervention and increase accountability structure.

Table No. 12: Do you think digital governance can help reduce corruption?

S.NO	PARTICULARS	NO. OF RESPONSES	PERCENTAGE
1.	Significantly	21	30%
2.	To some extent	30	42.86%
3.	No impact	14	20%
4.	May increase corruption	05	7.14%

Source: Primary Data

Interpretation:

The findings indicate that 72.86% of participants are of the opinion that digital governance can play a role in mitigating corruption, with 30% perceiving a substantial effect and 42.86% recognizing a moderate level of improvement. Conversely, 20% express the belief that it has no effect, reflecting a degree of scepticism regarding its efficacy. Additionally, a minor segment, 7.14%, harbours concerns that it could potentially exacerbate corruption, likely due to apprehensions surrounding cybercrime or manipulation of systems. In summary, while the predominant sentiment is that digital governance represents a beneficial advancement, there are notable concerns regarding its execution. This underscores the necessity for secure, transparent, and properly regulated digital frameworks.

Table No.13: What would be the most effective strategy to reduce corruption in India?

S.NO	PARTICULARS	NO. OF RESPONSES	PERCENTAGE
1.	Stricter punishment for offenders	28	40%
2.	Strengthening independent anti-corruption bodies	23	32.86%

3.	Increasing transparency through technology	21	21.43%
4.	Public participation in governance	04	5.71%

Source: Primary Data

Interpretation:

The data indicates that the predominant strategy favoured for mitigating corruption in India is the implementation of harsher penalties for offenders, with 40% of respondents supporting this approach. This is followed by a call for the enhancement of independent anti-corruption agencies, which garnered 32.86% support. Additionally, 21.43% of participants advocate for the use of technology to increase transparency, whereas a mere 5.71% endorse the idea of public involvement in governance. These findings reflect a significant inclination towards legal measures and institutional reforms rather than civic participation.

Table No. 14: How can business contribute to reducing corruption?

S.NO	PARTICULARS	NO. OF RESPONSES	PERCENTAGE
1.	By maintaining ethical business practices	29	41.43%
2.	Reporting corruption activities	21	30%
3.	Avoiding bribes and illegal dealings	11	15.71%
4.	All of the above	09	12.86%

Source: Primary Data

Interpretation:

The findings indicate that the most impactful method for businesses to combat corruption is through the adherence to ethical business practices, as supported by 41.43% of respondents. This is followed by the act of reporting corrupt activities, which garnered 30% support. Additionally, 15.71% of participants advocate for the avoidance of bribes and illegal transactions, while 12.86% emphasize the necessity of employing a combination of all these strategies. This underscores the critical role of integrity, transparency, and proactive reporting

in cultivating a business environment free from corruption.

Table No. 15: How does corruption affect India's attractiveness for FDI?

S.NO	PARTICULARS	NO. OF RESPONSES	PERCENTAGE
1.	Significantly reduces FDI	22	31.43%
2.	Moderately reduces FDI	35	50%
3.	No impact	09	12.86%
4.	Increase FDI	04	5.71%

Source: Primary Data

Interpretation:

The data shows that 81.43% of respondents believe corruption negatively impacts India's attractiveness for FDI, with 31.43% stating it significantly reduces FDI and 50% saying it moderately reduces it. Only 12.86% think corruption has no impact, while 5.71% surprisingly feel it could increase FDI. This highlights a strong perception that corruption undermines investor confidence and hinders economic growth.

Table No. 16: Which factor is most affected by Corruption in India's business environment?

S.NO	PARTICULARS	NO. OF RESPONSES	PERCENTAGE
1.	Ease of doing business	21	30%
2.	Foreign Investor confidence	24	34.29%
3.	Competition and market fairness	17	24.29%
4.	All of the above	08	11.43%

Source: Primary Data

Interpretation:

The data shows that 34.29% of respondents believe foreign investor confidence is the most affected by corruption in India's business environment, followed by ease of doing business at

30%. Competition and market fairness are seen as impacted by 24.29%, while 11.43% think all these factors suffer simultaneously. This suggests corruption not only deters investors but also disrupts fair competition and business operations.

Table No. 17: Do you think multinational companies are discouraged from investing in India due to corruption?

S.NO	PARTICULARS	NO. OF RESPONSES	PERCENTAGE
1.	Yes, frequently	25	35.71%
2.	Sometimes	26	37.14%
3.	Rarely	13	18.57%
4.	No, not at all	06	8.57%

Source: Primary Data

Interpretation:

The data reveals that 72.85% of respondents believe corruption discourages multinational companies from investing in India, with 35.71% saying it happens frequently and 37.14% stating it occurs sometimes. 18.57% think it rarely affects investment decisions, while only 8.57% feel it has no impact. This indicates a strong perception that corruption is a significant barrier to attracting foreign investment.

Table No. 18: How does corruption impact taxation and government revenue?

S.NO	PARTICULARS	NO. OF RESPONSES	PERCENTAGE
1.	Reduces tax collection	22	31.43%
2.	Increase tax evasion	30	42.86%
3.	Leads to misuse of tax funds	14	20%
4.	All of the above	04	5.71%

Source: Primary Data

Interpretation:

The data shows that 42.86% of respondents believe corruption primarily increases tax evasion, while 31.43% feel it reduces tax collection. 20% think it leads to the misuse of tax funds, and 5.71% see all these impacts occurring simultaneously. This highlights how corruption weakens the taxation system, reduces government revenue, and undermines public trust in financial governance.

Table No. 19: To what extent corruption contribute to poverty in India?

S.NO	PARTICULARS	NO. OF RESPONSES	PERCENTAGE
1.	Highly contribute	23	32.86%
2.	Somewhat contribute	31	45.71%
3.	Has no impact	12	17.14%
4.	Reduces poverty	03	4.29%

Source: Primary Data

Interpretation:

The data shows that 78.57% of respondents believe corruption contributes to poverty in India, with 32.86% stating it highly contributes and 45.71% believing it somewhat contributes. 17.14% think corruption has no impact on poverty, while a small 4.29% surprisingly feel it reduces poverty. This indicates a strong perception that corruption diverts resources meant for public welfare, deepening inequality and economic hardship. The results emphasize the need for transparent governance and effective anti-corruption measures to tackle poverty.

Table No. 20: How do you think corruption affect public trust in economic policies

S.NO	PARTICULARS	NO. OF RESPONSES	PERCENTAGE
1.	Reduces public trust significantly	24	34.29%
2.	Reduces public trust to some extent	28	40%
3.	No impact on trust	12	17.14%

4.	Increase trust	06	8.57%
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Source: Primary Data

Interpretation:

The data shows that 74.29% of respondents believe corruption reduces public trust in economic policies, with 34.29% stating it significantly reduces trust and 40% saying it does so to some extent. 17.14% feel corruption has no impact on trust, while 8.57% believe it can increase trust. These results highlight a widespread perception that corruption undermines confidence in economic decisions, making it harder for policies to gain public support. Restoring trust requires transparency, accountability, and consistent enforcement of anti-corruption measures.

Table No. 21: How does corruption affect small and medium enterprises

S.NO	PARTICULARS	NO. OF RESPONSES	PERCENTAGE
1.	Increase business cost	23	32.86%
2.	Create unfair competition	29	41.43%
3.	Reduces access to credit	11	15.71%
4.	All of the above	07	10%

Source: Primary Data

Interpretation:

The data shows that 41.43% of respondents believe corruption creates unfair competition for small and medium enterprises (SMEs), while 32.86% think it increases business costs. 15.71% feel corruption reduces access to credit, and 10% see it impacting SMEs in all these ways. This indicates that corruption not only raises operational costs but also distorts market fairness and limits financial opportunities for SMEs. To foster a healthy business environment, strong anti-corruption measures and transparent systems are essential.

III. FINDINGS

1. The majority believe digital governance can help reduce corruption, though some are sceptical about its effectiveness and fear misuse of technology.
2. Stricter punishments and strengthening anti-corruption bodies are seen as the most

effective strategies, highlighting a preference for legal enforcement and institutional reforms.

3. Most respondents feel corruption negatively impacts India's attractiveness for FDI, with many believing it moderately or significantly reduces investor confidence.
4. Corruption is viewed as a barrier to foreign investor confidence, ease of doing business, and fair competition, undermining the overall business climate.
5. Corruption discourages multinational companies from investing in India, with the majority saying it happens frequently or sometimes.
6. Corruption creates unfair competition, raises business costs, and limits access to credit for SMEs, hampering their growth and sustainability.

(A) Suggestions:

Increasing legal structures through the implementation of more stringent punishment and empowerment of anti-corruption agencies is important. The advancement of digital rule will improve transparency and reduce the possibility of immoral behaviour. It is mandatory for businesses, especially small and medium-sized enterprises, embrace moral standards and reports corrupt practices without apprehension. To promote the trust of the investor, it is necessary to establish clear rules and effective complaint mechanisms. It is necessary to encourage public engagement through transparent communication about awareness initiatives and policies. Additionally, strengthening tax systems with better auditing procedures and encouragement can help reduce tax evasion and improper use of money. Ultimately, cultivation of public belief and ensuring just competition is fundamental to achieve permanent economic development.

IV. CONCLUSION

Research indicates that corruption affects India's economic and commercial scenario in various ways. This reduces public belief in economic policies, prevents foreign direct investment, and creates considerable obstacles for small and medium enterprises by increasing the operational costs, encouraging improper competition and restricting access to financing. Additionally, corruption reduces government revenue through tax evasion and misuse of public funds, eventually enhancing poverty by redirecting resources from important welfare initiatives. Although digital regime is considered a promising strategy to combat corruption, but is a prevalent tilt to implement strict punishment and increase anti-corruption agencies to effectively address the problem. Businesses are urged to maintain moral standards, report

corrupt practices, and avoid illegal activities to cultivate transparent business environment. To establish a corruption-free ecosystem, it is necessary to develop strong legal framework, improve technical transparency and encourage public engagement. It would be important to strengthen institutional integrity and restore public confidence in governance, permanent economic development and to achieve a proper business environment in India.