

Overview

Performing near the global average on most measures of governance, India presents moderate to high third-party corruption risks. All sectors of public administration are affected by corruption in India. Enforcement patterns reveal a notable record of successful FCPA enforcement against the subsidiaries of multinationals active in the country. Enhanced vigilance with regard to third parties, agents, and local subsidiaries is strongly recommended.

Corruption Indicators Matrix \*All indicators are scores/100 or are percentile ranks, 100=best. 1-33 34-66 67-100

Direct Measures of Corruption	India	G7 Countries
<b>Corruption Perceptions Index Score</b> <small>Transparency International Corruption Perception Index</small>	40	73
<b>Government Integrity Score</b> <small>Heritage Foundation Economic Freedom Index</small>	47	70
<b>Control of Corruption Score</b> <small>World Bank Worldwide Governance Indicators</small>	47	88
<b>Irregular Payments &amp; Bribes Score</b> <small>World Economic Forum Global Competitive Index, Adjusted Score</small>	63	79
<b>Favoritism in Government Score</b> <small>World Economic Forum Global Competitiveness Index, Adjusted Score</small>	61	60
Major Correlates of Corruption	India	Top 10 Countries
<b>GDP Per Capita Score</b> <small>Percentile rank, nominal, IMF data</small>	26	89
<b>Government Effectiveness Score</b> <small>World Bank Worldwide Governance Indicators</small>	57	90
Survey Responses on Corruption	India	Top 10 Countries
Share of firms reporting at least one bribe request	23%	1.4%
Share of public contracts reportedly subject to bribe requests	20%	1.1%
Share of businesses reporting corruption is a major constraint	36%	7.5%

FCPA Enforcement Profile

<b>FCPA Enforcement Actions</b>	<b>17</b> - high concentration	<b>Problem Sectors</b>	Oil/Gas/Extractive Food/Beverage regulation Construction
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Illustrative Cases (as reported)

**Dow Chemical**—A fifth-tier subsidiary of Dow allegedly made improper payments to secure registration of agricultural products.

**Westinghouse Air Brake Technologies**—A fourth-tier Indian subsidiary allegedly made payments to government officials to facilitate bids and expedite product inspections. The company’s practices were found to have failed to detect or prevent these payments.

**Oracle**—An Indian subsidiary allegedly structured transactions to keep revenues of USD 2.2M off Oracle’s books. The funds were potentially used for unauthorized corrupt transactions. Oracle was held liable for violating the FCPA’s books and records provisions.

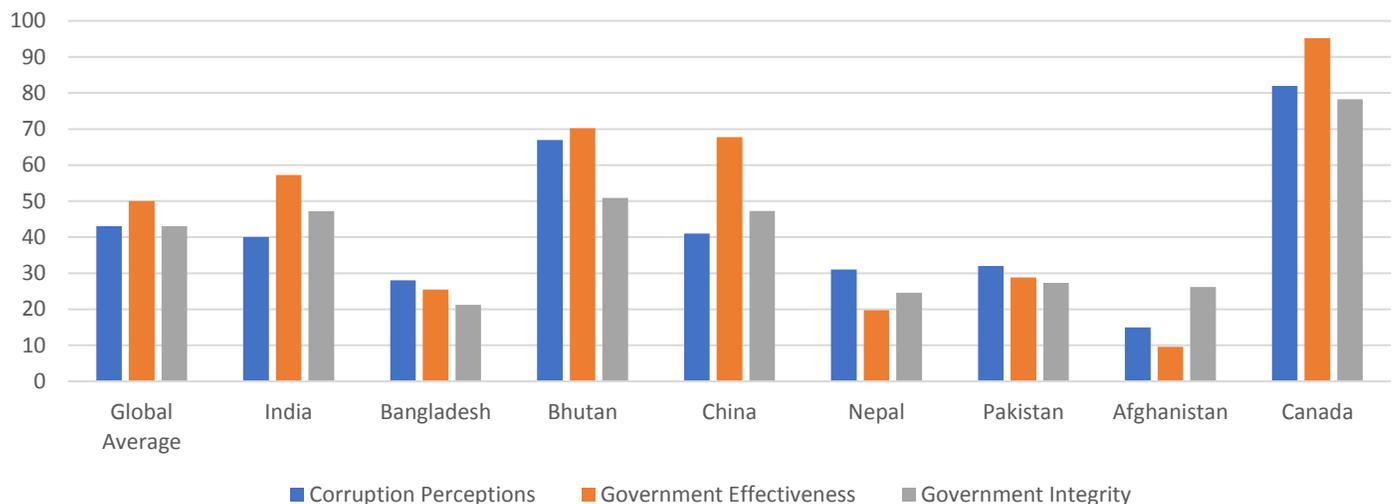
**Anheuser-Busch InBev**—A joint venture company 49% controlled by the company allegedly used third parties to bribe officials to increase brewery operating hours. These payments were allegedly invoiced to another AB InBev subsidiary.

**Mondelez**—Indian subsidiary Cadbury India allegedly engaged an agent to handle government officials for a chocolate factory’s licensing and approvals. The company was cited for failing to monitor or conduct adequate due diligence on this agent.

The characteristics of a country’s information environment impact the risks within that jurisdiction as well as the degree of confidence or uncertainty in any risk assessment. These factors can affect the recommended scope of investigations, the means employed, and the degree of analysis required to properly understand research findings.

Information Source	Characteristics or Limitations
Corporate Registries	Reasonably complete records and annual statements are available for larger companies registered with the Ministry of Corporate Affairs. For small entities information is limited and can only be obtained at local ministries of taxation. Shareholding information is typically not disclosed.
Litigation Searches	Records are grouped by geography and year, so retrieval may be difficult. No identifiers are listed for individuals in court documents and details are typically sparse. Searches of common names for both individuals and companies are likely to return numerous false positives.
Depth of News Media	Many outlets have decisive political slants. Some newspapers run in-depth investigative stories and significant issues are likely to be identified by multiple outlets. However, laws inhibit free criticism of government officials, which may limit available information about corruption.
Freedom of Press	Reporters without Frontiers rank 138/180 (180=worst) Freedom House score 43/100 (100=least free)
Linguistic Challenges	Major news is usually published in English or Hindi, so India’s many other languages do not pose significant challenges. However, multiple languages with non-Latin scripts ensure that machine-translated desktop research is very difficult. Machine-translation of Hindi is often inaccurate.
Financial Disclosure Regulations	Tax Justice Network Financial Secrecy Score 52/100 (100=most secret).

## Country Comparison



## Analysis: India Third Party Corruption Risk

All sectors of public administration are affected by corruption, a problem which is exacerbated by high levels of government intrusion in the economy and pervasive red tape. Transparency International reports that 69% of Indians have paid a bribe to access basic government services—by far the highest rate in Asia. India shows extremely high rates of bribery associated with educational, medical, utilities, police, and law enforcement services. This severe low-level corruption does not guarantee severe risks of bribery in larger business transactions, and as such it is not necessarily reflected in the metrics surveyed here. Nonetheless, overall risks are high. Specific areas of concern for third party risk include sales agents and other representatives acting as intermediaries to government licensing or procurement officials.

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