

India Inc Mostly Keeps Corruption, Bribery Cases Under Wraps: Study

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Mumbai: A study of the business responsibility and sustainability reporting (BRSR) disclosures reveal that bribery or corruption cases are not commonly reported in Indian companies.

According to the BRSR data, sourced from Prime Database, 92% of the top 1,200 listed companies have disclosed having an anti-corruption and anti-bribery policy. However, bribery/corruption cases are not commonly reported.

Public sector undertakings (PSUs), on the other hand, have been found to disclose the maximum number of incidents of a law enforcement agency taking disciplinary action against the company's director, KMP, employee or worker.

"Private corporations and individuals in India are not legally obligated to report bribery or corruption offenses under the Prevention of Corruption Act", said Chirag Naik, associate partner, MZM Legal LLP. "Besides India, unlike countries like the US and UK, offers no incentives to corporations and individuals to self-disclose corruption through reduced penalties. Companies must go through the full rigour of criminal trials which are time-consuming and risky. Companies often prefer to address corruption issues internally, rather than risk public scrutiny or legal entanglements by reporting them."

Here's the Black Sheep

Cases of companies reporting the highest number of employees against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption as reported in BRSR report



Companies	FY24	FY23
Coal India	2 KMPs and 6 Employees	3 KMPs and 9 Employees
Mahindra Logistics	22 Employees	17 Employees
State Bank of India	19 Employees	30 Employees
Central Bank of India	14 Employees	11 Employees
Bank of Baroda	13 Employees	12 Employees
Canara Bank	12 Employees	8 Employees
Indian Overseas Bank	4 Employees	3 Employees
GAIL	1 Executive Director & 1 CGM	1 Functional Director
Sarda Energy & Minerals	1 Employee & 5 workers	

Source: primeinfobase.com

Since PSU officers have vendor and bidding touchpoints prone to potential misuse of authority, they have greater scrutiny - and, hence, greater disclosures.

"By contrast, PSUs dealing with public funds, large-scale contracts, and tendering processes operate under heightened vigilance through dedicated vigilance departments. Tender processes are often challenged by competitors, contractors, or third parties, resulting in frequent allegations or formal police investigations and FIRs. This results in the creation of publicly accessible records, which automatically encourages higher disclosures," Naik added.

To be sure, countries like the US and UK have mechanisms like deferred prosecution agree-

ments that incentivise corporations and individuals to self-disclose corruption through reduced penalties. India offers no such alternatives.

Some research studies have found that corruption works to 'grease the wheels' in case of weak institutions and complex bureaucratic formalities, while some others have held that bribery 'sands the wheel' of the business giving rise to disincentives, rent seeking behaviour, misallocation of productive resources and greater uncertainty about returns. "Lot of companies will genuinely not have any instances of bribery or corruption cases to report", said Anand Krishnamurthy, co-founder, Envint, a sustainability & ESG services firm.