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Master in Economic Development

Rapid Economic Growth versus Inclusive Corruption: The Impact of Corruption on Sustainable Development in Bangladesh

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Abstract: The purpose of this study is to analyze the recent trend of economic growth and corruption in Bangladesh. Observing the recent data and analyzing the relevant studies the thesis aims at finding the changing pattern of corruption and how it can be a challenge for attaining sustainable development. The thesis is qualitative in nature based on theoretical studies and few secondary data. The study finds that the conventional wisdom does not fit fully in case of Bangladesh as the relationship between corruption and economic growth is not that simple and straight. The nature and magnitude of this relationship is changing over a period. Bangladesh has the potentials even grow economically and socially better if corruption can be controlled further through comprehensive measures by increasing institutional efficiency and social awareness. The paper concludes by acknowledging the fact that the pattern of corruption is changing and getting more social acceptance day by day which will be challenging to attain sustainable development.

Key words: Economic growth, corruption, sustainable development, Bangladesh

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At present, we are stealing the future and selling it in the present and calling it GDP.

-Paul Hawken
(American Environmentalist)

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1   Introduction

Bangladesh, a developing country in South Asia has achieved a spectacular economic growth during the last two decades. This development frequently considers as an example for rest of the developing countries even termed as development puzzle despite its early distressed socio-economic condition (Asadullah, Savoia, & Mahmud, 2013). However, its widespread corruption is a challenge for this economic growth. The pervasive nature of corruption is holding back the country from the goal of inclusive and sustainable development.

The significant impact of corruption on economic growth has got an importance in academic and policy study of developing countries in recent years. The studies on the relationship between corruption and economic growth have diverse outcomes. Some scholars think corruption retards economic growth which may erode the development journey of any economy. Others think the way around and the few are still indecisive about the matter. Even when we look at the context of Bangladesh, it reveals some contrasting trends in different phases.

Just after the independence, the country was dubbed "the test case for development" (Faaland & Parkinson, 1976, n.p.), currently a member of lower middle-income countries(LMIC) (World Bank, 2015) by World Bank's global ranking of countries according to per capita gross national product (GNP), is an apparent success journey of Bangladesh (Sen & Hulme, 2006; Asadullah, Savoia, & Mahmud, 2014; Hossain, Sen, & Sawada, 2015). This success is not out of the challenge. Bangladesh is currently growing economically more than 6% yearly, but it will be difficult to maintain this growth because of corruption and extractive institution (Akhter, 2015). Corruption has a detrimental impact on growth and its sustainability. To address the problem, it needs to understand the trend and magnitude of the problem form diverse perspectives.

The last couple of decades, corruption has drawn an attention because of flourishing democracy and freedom of the press in developing countries. That's why a lot of studies have been done on this field. Most of them are the empirical analysis which has approached how corruption hinders the economic growth, equality and obstruct the overall wellbeing of mass people. Very few studies have focused on Bangladesh where the culture of corruption and impunity are affecting all the public sectors and has lost the faith of common people. The ongoing anti-corruption approaches could not yet play any significant role to boost up the confidence of people. Despite hundreds of adversities like corruption, the country is growing economically successively. The apparent paradoxical condition is a conundrum for rest of the world. This contrasting trend needs to analyze more critically to understand the real challenges for sustainable development.

1.1   Research Problem

In any economy, pervasive nature of corruption may cause economic malaise and wastage of public resource which is the overall degradation of that economy's socio-economic status. Last decades, the relation among power-centric politics, bureaucracy, and business communities have transformed in Bangladesh. As a result, the depth and forms of corruption have also changed, as both are mutually inclusive. In this state of condition, the question naturally comes, whether this growth will continue or not and what are the underlying challenges which need to address immediately to attain sustainable development. To get the clear view, this study would like to observe the recent trend of corruption, its magnitude and how its pattern is changing. It also would like to assess the potential impact of this corruption on sustainable development of Bangladesh.

Considering the stated context above, it is tough to be decisive about the recent trend of economic growth and corruption of Bangladesh. It is also challenging to understand the relational magnitude of these two factors. Investigating the questions, whether the existing data expresses the reality of socio-economic challenges or not and how this corruption can be a major challenge for attaining sustainable development, the ultimate goal of the economy. Standing on the premise of the study, it needs to analyze critically the existing studies to observe the changing pattern of corruption in Bangladesh and how it is influencing the other important issues which are often neglected.

1.2   Aims and Objectives of the Thesis

The economic success of Bangladesh is significant, but it does not exactly fit into any of the typical pathways to social and human development. This progress narratives need to approach critically as some underlying risks and challenges are there (Mahmud, Asadullah, & Savoia, 2013). Even sometimes the growth does not reflect the quality of life of the people as its per capita income is still significantly below the regional average (Mahmud, 2008). So, the thesis aims at analyzing the relationship between economic growth and corruption by observing the recent trend of Bangladesh in broader perspectives. It also focusses on what are the potential impacts of ongoing corruption on economic development and its sustainability.

As it is assumed that the pattern of corruption is changing. The research will investigate the relations and trend of identified factors and analyze how this corruption is getting social acceptance day by day and the largest portion of society are spontaneously participating in corruption race to gain immediate benefit without considering the long run consequences which are detrimental for sustainable development.

The rationale of this thesis is to critically approach the existing success story by focusing some observations of other critical studies. The central query of this study is how the pervasive corruption, which tends to inclusive in nature is endangering the sustainable development in

Bangladesh? Few other relevant sub-questions need to answer to get the crystal view of this problem. What is the relationship between rapid economic growth and the prevailing corruption? Is the pattern of corruption changing in Bangladesh? If yes, what is the dimension of this relation?

1.3 Scope and Limit of Thesis

The study will cover the period of 2001 to 2017 to understand the recent trend of economic growth and corruption in context of Bangladesh. But to analyze this period it must overview last few decades to get direction and dimensions. As the study is going to address the changing pattern of corruption and its impact on sustainable development, it will largely be a qualitative approach based on the study by others. Sustainable development is a vast issue, but the study will cover only a few areas like education, institutions, corruption, environment and infrastructure and economic attainment. The study will approach the existing secondary studies and data, it is assumed that some underlying issues which are challenging for sustainability not presented in this data. The study will approach partially.

1.4 Methodology

The study is descriptive in nature to analyze the existing studies. In greater extent qualitative approach has been applied by analyzing existing theories and relevant kinds of literature. The study is largely based on secondary data from academic articles, books, working papers, academic theses, reports, policy documents by the government, and domestic and international development agencies. The applied data have been compiled from several authentic sources.

Initially, the thesis will review the previous studies on corruption, economic growth, and sustainable development in context on Bangladesh and other developing countries comprehensively to get the diverse view of the research questions. Secondly, it will observe the trend by analyzing the data of stipulated time of specific indicators like the growth of GDP (Gross Domestic Product), Corruption Perception Index(CPI), Human Development Index(HDI). Thirdly, the study will draw some crucial issues which is not depicted in data by the reference of other socio-economic studies. Finally, it will highlight some potential impacts of corruption on sustainable development and will suggest some essential recommendations.

1.5 Outline of the Thesis

This thesis comprises six sections and starts by introducing the title and explaining the objective, scope and methodology of the research. The second section covers the relevant works of literature in this area and finds the existing gap to highlight. The third section presents a conceptual and theoretical framework of the study to clarify the stated methodologies of the thesis while section four analyses the nature and extent of economic growth and corruption in Bangladesh. Finally, the thesis is concluded with some essential recommendations and directs some areas for further study.

2   Review of Literatures

Many theoretical and empirical studies have examined the relationship between corruption and economic growth. However, these have different outcomes with different interpretations. To understand the impact of corruption on economic growth specifically on sustainable development a large number of literature have been reviewed. Few are on the global context, others are on regional, and developing countries. Some studies which are only focused on corruption and economic growth, and some others on socio-economic issues of Bangladesh have considered as main literature.

In corruption literature, the impact of corruption has two opposite propositions; efficiency enhancing view which labels that corruption enhances efficiency and the efficiency reducing view argues that corruption hinders efficiency. World Bank (1997) identified corruption as the topmost obstacle to economic and social development.

The highest number of literature shows that corruption has a negative impact on economic development. Pope (2000) defines corruption as an eternal issue, which exists since the inception human journey and will not be eradicated completely. By reviewing the literature of Bardan (1997), Jain (2001), and Aidt (2003) have found a negative correlation between corruption and economic growth. Corruption affects welfare (Shleifer & Vishny, 1993) and it has a drastic negative impact on overall economic development (Dreher & Herzfeld, 2005).

On the contrary, few studies suggest that corruption is not injurious for growth rather it can play a role like a grease to wheel for work getting done. Rose-Ackerman (1978) warned not to limit corruption where it might be economically desirable. Darden (2008) argues that graft frequently serves as a form of motivation which reinforces the government officials in most developing countries. It is sometimes treated as bi-product of economic development in a transition phase, higher corruption to lower corruption (Treisman, 2000; Paldam, 2002). But Nye (1967) explained cost and benefit of corruption, where he stated that corruption has both costs and benefits. He identified some possible benefits of corruption are economic development, national integration, and governmental capacity. But his opinion seems a bit contradicting with other views.

It is frequently asked whether corruption is grease or sand for the wheel. Social scientists, academics, policymakers, and development practitioners are still indecisive about whether the Sand the Wheel Hypothesis (SWH) or the Grease the Wheel Hypothesis (GWH) is justified or not. These two hypotheses are contrasting. Followers of SWH believe that corruption is harmful (Mauro, 1995; Mo, 2001). However, the opponent of this hypothesis and believers of GWH accept corruption for development (Leff, 1964; Huntington, 1968; Mendez & Sepulveda, 2006).

When governance is malfunctioning especially in corrupted countries then GWH bring positive output for functioning rapidly. By surveying the literature on the SWH-GWH Méon and Sekkat (2005) provide an interesting outcome. In their empirical analysis on the effects of corruption on economic growth and investments, they find that when strict SWH, then corruption is found harmful in case of poor governance. In another study, Méon and Weill (2008) find clear support for GWH when considering the direct impact of corruption on collective efficiency rather on growth and investments.

Among the influential studies on corruption and sustainable development, Aidt (2010) is very significant. He did a comprehensive study to find the relationship between corruption and sustainable development. In his study he used panel data from 110 countries, most are developing from the time 1996 to 2007. To measure the sustainability, he applied genuine wealth per capita as a central indicator. His empirical analysis shows that the perceived and experienced corruption decline the growth of genuine wealth per capita in cross-national measurement continuously. It is very robust and economically and statistically significant.

Some studies (Paksha Paul, 2010; Pulok, 2010; Akhter, 2015) have only focused on corruption and economic growth in Bangladesh context. Paul (2010) found a positive relation between corruption and growth in Bangladesh. He conducted a survey in the different regimes of government from 1972 to 2009 to investigate the nature of the relation. To measure the corruption, he constructed a regime-wise corruption perception index. The relation was significant since 1977 as Bangladesh embark on the market economy and private investors got the option to invest in the domestic market. Level of income of consumer class got up and investment opportunity of producers was also thriving, but regulatory bodies and some other infrastructure were not ready to handle the situation. As a result, a positive association between corruption and economic growth were apparent. In his study, Paul showed that in Bangladesh corruption and growth is directly related.

On the contrary, another study by Pulok (2010) on Bangladesh has shown that corruption has an adverse effect on several economic indicators. He shows the long run relationship between economic growth and corruption. The study confirms that there is a long run relation among corruption, GDP per capita and other determinants of GDP over the study period. Its long-run estimates show that corruption has a direct negative impact on per capita GDP. Which indicates that corruption has a negative impact on the economic development of Bangladesh. The study also reveals that the level of corruption increasing 1% resulted in about 10% reduction in per capita GDP of Bangladesh. It means that corruption is affecting the economic growth of Bangladesh adversely. Akhter (2015) in her study on corruption in Bangladesh also pointed out corruption as a threat to its ongoing economic growth.

After reviewing the stated literature, it is tough to be decisive about the relation of corruption and economic growth. Even in case of Bangladesh, few studies provide a contrasting result. Sometimes over a period in different points show different relation and magnitude. This research focuses on this contrasting view, where one phase economic growth and corruption is positively related and the other phases the way around. The discussed literature does not approach some crucial issues like social psychology and the changing perception of corruption. Most of the study considers only

the economic growth but long run broader view of sustainable development are not addressed. So, this study has ample opportunity to focus on these areas.

2.1   Definition of Corruption

It is often challenging to define corruption and there is no universally accepted single definition. The word has been originated from Latin verb 'corruptus' which means spoiled, ruin or break (UN-Handbook, 2004). Sometimes it is defined as deterioration of morality by discharging public duties unlawfully (Theobald, 1990). In this context, one of leading authorities Samuel P. Huntington, an influential political scientist of America states corruption as "a behavior of public officials which deviates from accepted norms in order to serve private ends" (Huntington, 1968, p. 59). It can be different in nature like grand, petty, political, and social bribes; largely depends on the amount of money involved. Grand corruption can be termed as state capture indicates the use of public trust by highest responsible authorities for their own benefit rather public (Akhter, 2015).

Corruption is not a modern phenomenon. It has an adverse impact on human progress. It is also detrimental to economic growth and sustainable development for a country. But its definition, dimensions, and impact are changing over a period. Transparency International, a leading authority on corruption studies defines it as the abuse of public authority for personal gain (TI, 2009). Similarly, Rothstein and Teorell (2008) refer corruption as the use and abuse of public office for private gain.

Definition of corruption largely depends on its dynamic nature and the which way we are going to approach it. Corruption is a monetary and materialistic gain attained by an individual in an unethical way (Lanyi & Azfar, 2005). The UN's Dictionary of Social Science explains as "Corruption in public life is the use of public power for private profit, preferment of prestige or for the benefit of group or class, in a way that constitutes a breach of the law of standards of high moral conduct" (1978, p. 43). On the contrary, O'Higgins (2006) defines corruption as "the abuse of public power for private benefit" (p. 236). Corruption is highly visible in public sector in Bangladesh. That's why Lanyi and Azfar (2005) explain the varieties of corruption in government sector as "informal payments or gifts demanded by or offered to public officials which could be demanded services such as licenses, kickbacks, privatization deals and so on" (p. 6).

Considering all the stated definitions it is clear that corruption is an individualistic benefit with the cost of the public through the institutional mechanism. Corruption operates basically two ways: either by misappropriation of public income or public assets or by levying a charge for performing the legal assigned duty. Both have a deeply negative impact on societal growth and upliftment.

2.2 Scholars' View About Corruption

Different scholars and institutions have their own view about corruption and its impact on the economy. In this study to get a more broader view, some scholars view on corruption have been described.

To explain the relation of corruption and economic growth two leading but contrasting views are popular in academia. On the one hand, Leff (1964) and Huntington (1968) allow corruption to boost up economic growth to a certain extent as they treat it as 'speed money'. On the other hand, Myrdal (1971) does not permit corruption in an economy. When a dominant group within the society accepts the behavior like nepotism then corruption is encouraged. Huntington (1968) claims, "Corruption in a modernizing society is thus in part not so much the result of the deviance of behavior from accepted norms as it is the deviance of norms from the established patterns of behavior" (p. 60). He also states that when political parties are weak and less popular then higher the possibility of corruption, it is a product which distinguishes between public welfare and private interest and emerges with modernization (pp. 70-71).

Few scholars treat corruption as a behavioral attribute of the human entity. Lanyi and Azfar (2005) explain corruption as unethical behavior involving monetary and materialistic gain individually. Alternatively, it can be defined as 'behavior which deviates from the formal duties of a public role, because of private-regarding pecuniary or status gains' (Nye, 1967, p. 419). Lanyi and Azfar (2005) explain corruption more elaborately. They define bribery as "informal payments or gifts demanded by or offered to public officials which could be demanded services such as licenses, kickbacks, privatization deals and so on" (p. 6). The other way corruption is a 'value-ridden concept that should not be treated as though it were essentially the same phenomenon around the world' (Ivanov, 2007, p. 42). Most of the scholars cover essential common features of corruption.

Klitgaard (1998) has explained this multidimensional subject by a very simple equation: C=M+D-A-S where C=Corruption, M= Monopoly, D= Discretion, A= Accountability and S= Public sector salaries. He has focused on official misuse for an unofficial purpose. Put differently, the degree of corruption depends on the amount of monopoly power and unrestricted supremacy that official's exercise and the extent to which they are held responsible for their actions. Corruption at large inflate quantities (Olken & Pande, 2012).

Kautilya, a sagacious minister of ancient India (324/321–297 Before the Common Era, in his magnum opus Arthashara suggested to develop professionalism in work to curb corruption in office. He also focused on team spirit which influences the sense of belongingness and finally the sense of belongingness eradicate corruption. Corruption destroys the moral fabrics of society and erodes the morals of the common people in the legitimacy of the politico-administrative settings (Kumar, 2012).

Despite diverse view about corruption and its impact on economy most of the scholars acknowledge that it is detrimental for economy and society indirectly or indirectly, either in short run or long run.

2.3   Corruption in Bangladesh

All the countries even those are developed now had the several phases when they experienced different levels of corruption in different development stages. The pattern, types, and magnitude may differ from country to country and time to time. The main issue is how the country can combat against this perilous circle.

Bangladesh, the youngest independent nation among all South Asian Countries achieved independence from Pakistan in 1971. Bangladesh has inherited corruption from British colonial extractive institution and Pakistani discriminatory economic policy. After independence, Bangladesh has been governing by a series of democratic and military governments. In the first phase, immediately after the independence from 1971 to 1975, the ruling party Awami League attempted socialistic economic planning by nationalizing most of the sectors especially financial and industrial sector. In initial days in Mujib's Regime, a considerable corruption was perceived. Sheikh Mujibur Rahman, the founding father of Bangladesh expressed his frustration on several occasions publicly about corruption but could not avail to take any effective decision to eradicate corruption.

In the second phase, from 1975 to 1990, a hybrid period (Khan, 2013) was multi-party regime led by army rulers. They focused on privatization and open market operation; as a result, private investment got priority. The economy started to grow in the late 70s at the regime of Zia. He opened the market for private investment which gave a blow to economic growth. Islam (2007) asserts Zia's ideological move manifested the capitalistic economy towards privatization from earlier control economy. On that period economic growth and corruption both went high simultaneously (Paul, 2010). But, in this period corruption got an institutional shape by patronization of military rulers (Akhter, 2015).

After 1990, Bangladesh started a new era of parliamentary democracy and the country was led by two parties alternatively only with the exception of 2006 to 2008 led by an interim non-partisan government backed by the army. A lot of initiative had been taken by that government against corruption, but it could not produce any satisfactory result because of their short regime and lack of public confidence.

All forms of corruption, grand, petty, political, administrative are prevailing in Bangladesh in its own way. A structure of forms of corruption in the different cluster is stated below.
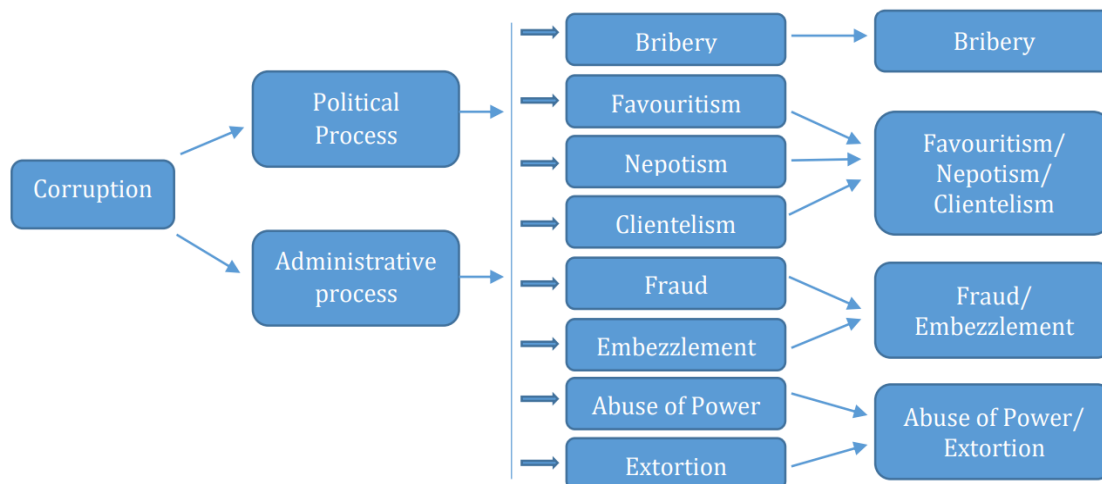
Figure 2.1 Forms of Corruption in Different Cluster (Bhattacharya et al., 2018)

In an institutional and individual level, still, Bangladeshi people are following colonial structure which perpetuating corruption in different forms. Abernethy (2000) found a significant impact on psychology and culture and social pattern of colonial people by their previous rulers. Though the types and magnitude were different, Bangladesh has experienced political and administrative corruption during almost all the political regimes since its independence (Khan, 2009). Bangladesh secured the position of the top corrupted country from 2001 to 2005 consecutively according to Corruption Perception Index(CPI) by Transparency International(TI). Last 12 years it has not improved significantly, but it seems pattern of corruption is changing; people are more enthusiastic to participate in corruption.

2.4 Anti-corruption Commission in Bangladesh

In Bangladesh, Anti-Corruption Commission(ACC) was established in 2004 as a neutral and independent institution under the Anti-Corruption Commission Act of 2004. It addresses anti-corruption in Bangladesh broadly in three categories: legal, institutional, and other actors (Wickberg, Chene, & Zinnbauer, 2012). By law, the commission is independent and impartial but because of continuous political interference, it cannot play its role smoothly (Global Integrity Report, 2010).

Though it was an effective initiative but could not yet avail to gain the capability to combat against corruption boldly. The Global Corruption Report 2006 noted a negative impression about the effectiveness of ACC: "Despite the powers bestowed on it, the commission has failed to take specific policy measures in the past, or to convey to the public any sense of its strategy for fighting corruption" (p. 128). This is a continuation of institutional failure. Recently, TIB also expresses

their concern about the skills and expertise of ACC's personnel regarding corruption investigation and rate of conviction in ACC cases (less than 40 percent) (TIB, 2016).

2.5   Economic Development and Corruption in Bangladesh

As earlier stated that economic growth in Bangladesh has been started in the late 70s when the market was opening for private investment. At that time corruption also got an intuitional shape because of the absence of proper regulation and administrative framework.

Since 1991, in parliamentary democracy era, the economy has been growing positively. If we consider the growth of GDP, a key indicator of measuring economic growth has accelerated over each five-year interval. It was 4.5% in 1991-95 and increased 6.3% in 2011-2014(World Bank, 2015). Another economic indicator, a more impressive measure for judging long-term growth performance, per capita GDP also has accelerated from 2.3% per year in 1991-95 to 5.4% per year in 2011-14(UNDP, 2015); which is considered least volatile and rapid growth among the least-developed countries(LDC). Even at the period of global economic meltdown, when global GDP was almost negative Bangladesh continued its growth as usual. Last two years economy has grown 7.1%(2016) and 6.9%(2017) consecutively which is comparable to few rapid growing economies in the world (World Economic Forum, 2017).

On the contrary, corruption was an integral part of Bangladesh from its inception. It is considered that this corruption has been inherited through the colonial institutions. To get an overall feature of corruption, it needs to focus on several phases which are distinguished by different regimes and periods. The period of 1973 to 1982 first decade exposed a moderate level of corruption, in 1983 to 2001these two decades experienced high corruption and 2001 to 2005 corruption reached its peak (Paksha Paul, 2010).
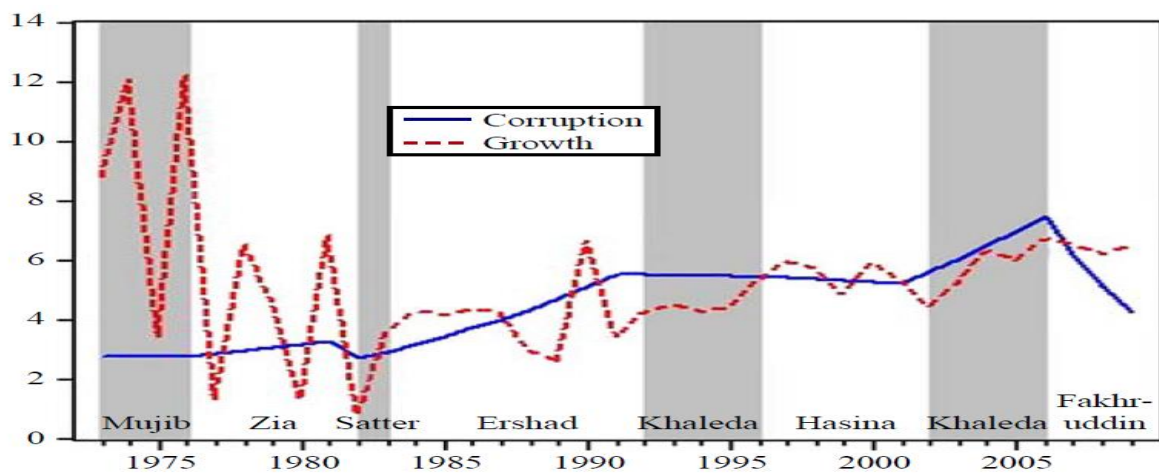

Figure 2.2 Corruption and Economic Growth in Different Regimes and Periods (Paksha Paul, B., 2010)

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So, the graphical presentation shows that economic growth and corruption trend in Bangladesh was not linear. It varies over regime to regime, but fluctuation is not so high. No government could prove their worth to combat against corruption successfully.

3   Conceptual and Theoretical Framework

The existing literature suffers to specify any theoretical structure to examine the relationship between corruption and economic growth. The relational dimensions and its magnitude vary over a period in a single country or a point of time across the countries. The literature of this study shows that corruption has either negative or positive impact, but corruption is not the only determinant which determines the economic growth of a country. Other variables also have a significant influence on growth. The study will observe the trend of corruption and economic growth in the targeted period. It needs to be conceptually clarified that whether the trend presents the changing pattern of corruption which has found some other studies or not.

In this section, some conceptual issues which are applied in this study will be defined operationally. This study considers corruption as a major challenge to achieve sustainable development in Bangladesh by conceptualizing the pattern of corruption and its different forms, the growth of GDP as the main indicator of economic growth, and sustainable development as the goal.

The thesis aims at approaching the questions related to challenges to attain sustainable development rather economic growth. Because growth is comparatively a narrower approach to measure development. Sustainable development focuses on an economy's ability to maintain overall living standard through long-run collective approach, advocates for broader economic growth (Sen,1999). This broader view acknowledges better standards of living and higher provision of social and human development. Corruption has direct or indirect impact on all the goals of sustainable development. Considering the stated theme this study has been developed theoretically and conceptually.

A specific period, 2001 to 2017 in context of Bangladesh, is the focus of this study by analyzing the recent trend. The year 2001 and onward is significant as Bangladesh secured top position in CPI consecutive five years from 2001 to 2005.

Various types of indices are applied to measure corruption level like Corruption Perception Index(CPI), Control of Corruption Index(CCI), International Country Risk Guide(ICRG) database developed by several international organizations. In this study Corruption Perception Index (CPI) developed by Transparency International, a Berlin-based international authority of corruption studies has been used to observe multi-aspects relation and trends of corruption. To understand the real achievement of Bangladesh some socio-economic indicators in Bangladesh perspective and targets of SDGs have been considered. The major sources of data, opinions, arguments, and criticisms are report of United Nations Development Program, World Bank, World Economic Outlook, World Economic Forum, Ministry of Finance and Planning of Bangladesh, Transparency International (TI), Transparency International Bangladesh (TIB) and in large extent the findings

and views some other social and economic studies conducted by academia, think tanks, and Non-Government Organizations (NGOs).

3.1   Measurement of Corruption

It is really challenging to disentangle the qualitative and quantitative aspects of corruption. Most of the studies focus on either perception based or experience-based indices of corruption to get the broader view. To measure corruption different types of indices are used. Commonly used indices are Corruption Perception Index, Control of Corruption Index, and International Country Risk Guide. Most of the indices are used in various types of data based on perception which often lacks some level of accuracy. But through the gradual progress, the initiating authorities are trying to get more concrete features of corruption.

In this study, the CPI has been applied as a measure of corruption developed by TI. They started measure corruption in 1995 scaling from 0 to 10.0 with 0 being 'highly corrupt' and10.0 being 'highly clean' (TI, 1995). The country's rank indicates its position in a specific year relative to the other countries presented in the list. Countries rank is positioned relatively presented with other countries. TI has changed the method in 2012 to get a better measurement. In changing method now, the scale is 0 to 100. Where 0 indicates highly corrupt, and 100 indicates very clean. In this method, CPI considers raw scores by using a simple average of a standardized score to project the scenario over the period. In earlier version which was not possible. In this study scale of 0 to 100 has been used by converting the earlier years for uniformity.

As this index has been developed based on perceived and experienced corruption that's why it lacks some authenticity. By re-examines, the relationship between growth in GDP per capita and corruption Aidt (2009) finds no correlation between indices of experienced corruption and growth in GDP per capita. He also suggests that causes and consequences are not same in perceived corruption and experienced corruption. By considering the fact the study will proceed.

3.2   Inclusive Corruption

In this thesis, the conventional definition of corruption has been considered. But for further clarification inclusive corruption has been applied to explain the changing pattern of corruptive behavior of mass people in Bangladesh. Generally, the term inclusive or inclusiveness has positive connotation but, in this case, it explains the state when corruption gets the social acceptance and people are eagerly ready to participate. Corruption is getting social acceptance to the common people in Bangladesh which influence anti-corruption endeavor adversely (Bhattacharya, Rezbana, & Fuad, 2018).

The term inclusive is frequently used in contemporary development thoughts and most often it has a positive implication. In this study, inclusive corruption is operationally defined the changing attitude of mass people on corruption which assumes that common people are eager to participate in corruptive activities to get the immediate benefit without thinking long-run consequences of their detrimental actions. They are not ready to raise voice against corruption rather find the smooth route to work get done in a corruptive way. The term 'inclusive corruption' signifies the gradual pervasiveness in every aspect of life and continuous social acceptance.

3.3   Growth of GDP

Economic growth of an economy is measured by some globally recognized indicators. Most of them are quantifiable. Among the indicators growth of GDP and Per capita income is vital though both are closely interlinked. In this study to understand the trend of economic growth of Bangladesh, the growth of GDP has been considered. Gross Domestic Product(GDP) is the highly applied indicator to measure economic activity and well-being of an economy (Stiglitz, Sen, & Fitoussi, 2009).

GDP is the aggregate output of an economy multiplied by current market price in a specific period generally one year. It is an inflation-adjusted term to be neutralized from the effect of inflation. The growth of GDP is a conventionally measured rate of increase in percent compared to the base year. It gives an overall feature of economic progress of an economy.

3.4   Human Development Index

Human Development Index (HDI) is a more accurate measure of the economic development of a country rather economic growth focusing on human capabilities. Sen (2000) has described human development is an integration of lives of people, their well-being, and freedom. As one of the central indicators of socio-economic development of an economy, it combinedly approaches long and healthy life, living standard and capability of mass people.

In this thesis, HDI of Bangladesh is also used to understand the more accurate trend of development. Bangladesh has achieved a higher annual HDI rate (1.64) during 1990 to 2015 compare to other South Asian countries including India (1.52 percent). But its rank is still lower in this region (HDI Report, 2016).

3.5   Sustainable Development and Its Goals

Sustainable development is a buzzword in modern development studies and it is a broader issue comprising a lot area to secure the future of all the stakeholders of societies, countries and the globe. It can be defined as the well-being of future generations (World Commission, 1997). UNDP focuses more elaborately on aggregate development on socially, economically and environmentally.

To measure the economic development, it should focus on the contribution to intergenerational well-being. Sustainable development will be ensured only when intergenerational well-being will not be declined (Arrow et al., 2012). Sustainability is the capacity to provide well-being to future generations; the indicator of measuring wealth comprehensively. The term comprehensive wealth is used by Jorgenson, Landefeld, and Nordhaus (2006). They indicated a combined approach of marketed and non-marketed assets to get the measure of real wealth. They also consider natural resources, natural capital, and human capital-measured by educational attainment. More precisely, the inter-temporal social welfare of an economy at a given time (Arrow et al., 2004).

Sustainable Development Goals(SDGs) is the advanced continuation of MDGs adopted by United Nations in 2015. All the member countries set new global goals to transform the world. It is highly focused on developing and under-developed countries. SDGs comprises 17 goals with 169 specific targets to attain social, economic, and environmental development which will be attained by 2030. As a member country, Bangladesh is also committed to achieving these goals by attaining these targets. Though SDGs is a broader issue in this study the prime focus will be the economic goals and issue of corruption which has been addressed in 16th goal.

Figure 3.1 Sustainable Development Goals (UNDP Report on SDGs, 2015)

Bangladesh is going to celebrate the 50th anniversary of its independence in 2021. To achieve the spirit of independence it has several perspective plans like Vision 2021, the 7th Five Year Plan (7FYP) and Sustainable Development Goals (SDGs). All the goals are common despite some distinctive socio-economic features. In all the strategic policies, the country has prioritized combating against corruption seriously. In Vision 2021, a political manifesto of Bangladesh Awami League, a leading and currently ruling party of Bangladesh asserts the aspiration of government to fight against corruption tor sustainable development. Out of 8 main goals 5th goal is to make a society free form corruption. Now it is a major challenge for Bangladesh how far the country can achieve the SDGs by overcoming the adverse socio-economic factors. The study will highlight those potential challenges, its prevailing natures, and how it can be a challenge to achieve the sustainable development.

4   Analysis of Nature and Extent of Economic Growth and Corruption in Bangladesh

Corruption and economic growth are inter-twined in Bangladesh since its inception of the journey. But the pattern and magnitude of this relation is non-linear. Considering the long run trend, it is really challenging to draw the conclusion about the nature of its trend as it fluctuates from period to period. This section will cover the recent trend of economic growth and corruption of Bangladesh.

4.1   Recent Trend of Economic Growth

In Bangladesh, economic growth is remarkable in recent years. Last two decades, growth of GDP is around 6% continuously which is exemplary for other developing countries. In 2016, its growth is 7.1% is one of the fastest growing economies in the world (Kallol, 2017). According to World Bank's classification, the country has been upgraded to lower-middle income country(LMIC) from low-income country(LMC) (Raihan, 2016).

Despite global recession in 2007 and onward, global growth of GDP was in declining trend, but Bangladesh was growing continuously. Khatun (2018) thinks the economy has achieved a 7.16 percent economic growth in FY 2016-17, by breaking the cycle of six percent, which is a significant achievement. Asian Development (2017) identifies it as robust and the fastest expansion in last 30 years. This economic growth is a conundrum for rest of the world.
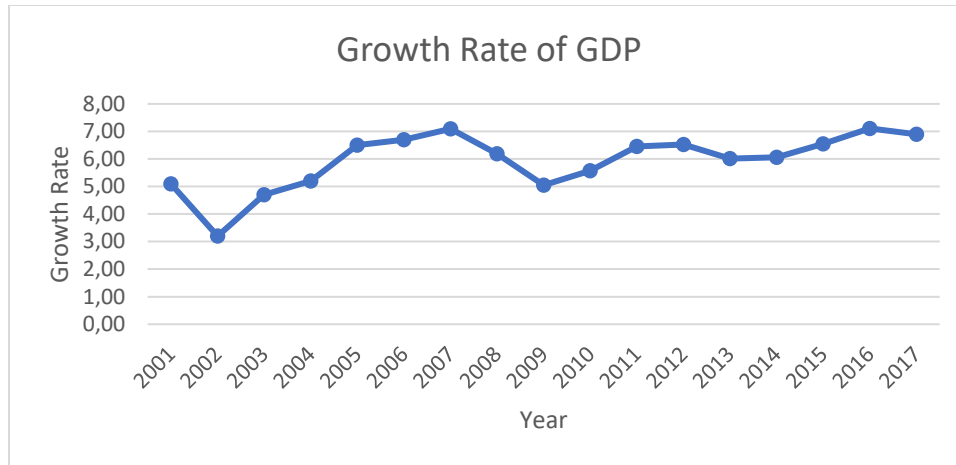
Figure 4.1 Trend of Growth of GDP in Bangladesh (World Bank, 2017)

The stated above graph of growth of GDP shows that despite some tiny fluctuation the economy is growing consistently and progressively in recent years.

4.2   MDGs to SDGs: Some Socio-economic Progress

In 2000, the inception of new millennium global leaders set a new number of goals for better globe which is termed as Millennium Development Goal(MDGs), under the guidance of United Nations. Which were supposed to achieve by 2015. In 2015, 193 member countries set new global goals to transform the world. It is termed as Sustainable Development Goals (SDGs). It comprises 17 goals with 169 specific targets for attaining sustainable development by 2030 in this crises-prone planet.

Performance of Bangladesh to achieve MDGs is satisfactory despite some challenges. Among the Least Developed Countries(LDCs) Bangladesh performance in MDGs is the top (Bhattacharya, Khan, Salma, & Uddin, 2013). Several reports on its progress explain the issues in detail. 'Millennium Development Goals: Bangladesh Progress Report 2015' is the eighth report on monitoring the progress. It shows that Bangladesh has attained significant progress in few areas: poverty alleviation, ensuring food security, primary school enrolment, lowering the infant and under-five mortality rate, and maternal mortality ratio and so on (MDGs Progress Report, 2015; Bangladesh Progress Report, 2015). However, within this achievement, a few targets are yet to achieve. The major concern is to sustain these growths.

Most of the developing countries initially focus on growth and frequently fail to address the challenging issue of sustainability. Aidt (2010) thinks growth is supposed to be focused on sustainable and continuous improvements in human welfare, not simply a growth. His study also finds that GDP per capita is not a good measurement to indicate the original development. So, the

ultimate focus should be sustainable development not only economic growth. The stated pie-chart below shows the achieved progress of MDGs in Bangladesh.
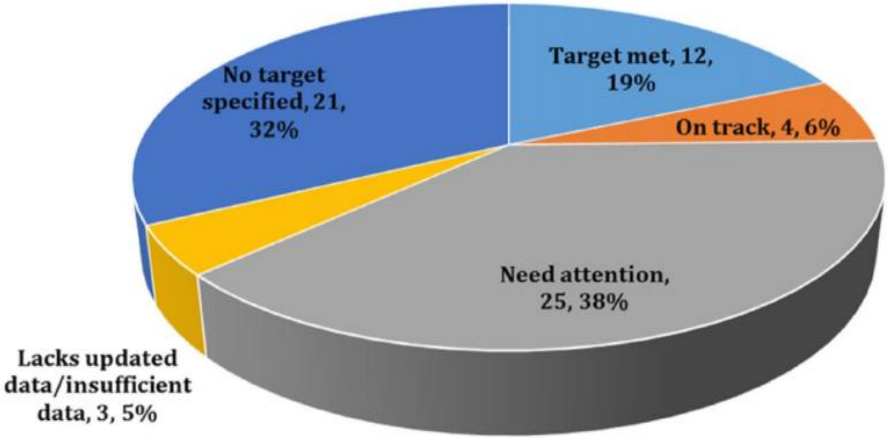
Figure 4.2 Bangladesh's MDGs Progress Status (Bangladesh's MDG Progress Report, 2015)

Bangladesh has achieved an exemplary socio-economic gain with a steady growth of GDP and some other social development to meet the Millennium Development Goals by reducing poverty around 50% in the 1990-2015 period (ADB, 2017). In some other social development achievements, Bangladesh is generating a surplus outcome compare to other countries with similar level of economic development (Mahmud, Ahmed, & Mahajan, 2008). Bangladesh secures the position among the small group of countries those have significant progress in terms of economic growth and other development indicators (World Development Report, 2013).

Human Development Index (HDI) is one of vital measure of the progress of combined development of health, education and living standard. It gives a picture of the socio-economic progress of a country. The stated figure (4.3) below has been presented to get the trend of HDI. It shows that Bangladesh is continuously progressing in HDI; which is a positive signal for the overall socio-economic condition of Bangladesh.

Figure 4.3 HDI Trend in Bangladesh (UNDP Report on HDI, 2017)

Though socio-economic progress is satisfactory in some measures, few targets are identified as constraints in fulfilling the targets. Those are many unemployment and underemployment among the youth, stunting and wasting among the under-five children, reducing the dropout rate and enhancing the quality of education at the primary level, universal access to reproductive health (MDGs Progress Report, 2015; Bangladesh Progress Report, 2015). Now it is high time to focus on those areas.

4.3   Recent Trend of Corruption
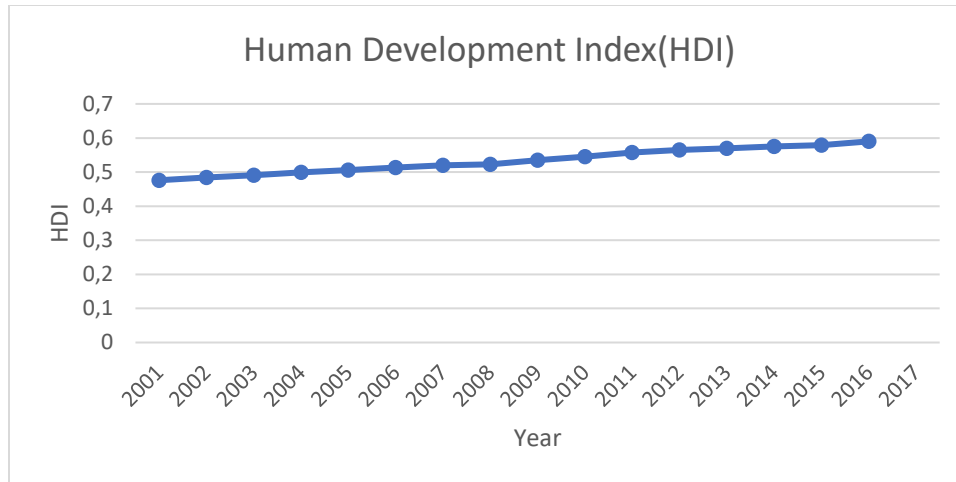
Corruption is nothing new in Bangladeshi society. It has been inheriting the colonial extractive institutions and structure of bureaucracy which could not play the effective role against corruption. But recent trend of corruption is bit different; peoples' attitude is changing about corruption. It is getting social acceptance which was absent in previous days.

Though its economic growth is remarkable in the last two decades, but corruption is an integral part of their regular life. Haque (2010) mentioned in his study by refereeing a survey conducted by Bangladesh Unnayan Parishad (BUP), a Non-Governmental Organization (NGO) which mainly focus on socioeconomic and environment development viewed the perception of mass people on corruption. Which showed that 95% people pointed out police department and other government sectors are responsible for corruption. A National Household Survey(NHS) 2015 on local government institutions(LGIs) study shows that 36.1% of the service recipient households are the prey of corruption and official irregularities (TIB, 2016). It sometimes seems corruption is informally institutionalized. To get work order of any project in local level needs to pay approximately 10-20 percent of project budget as bribe (Prothom Alo, 6 April 2014, p. 16).

The stated graph (Figure:4.4) below shows the recent trend of corruption in Bangladesh. Positive trend signifies that level of corruption are reducing but it is not significant. In last 10 years, it is almost same. Country's induvial position change is a relative change as other countries' position shift in the rank.
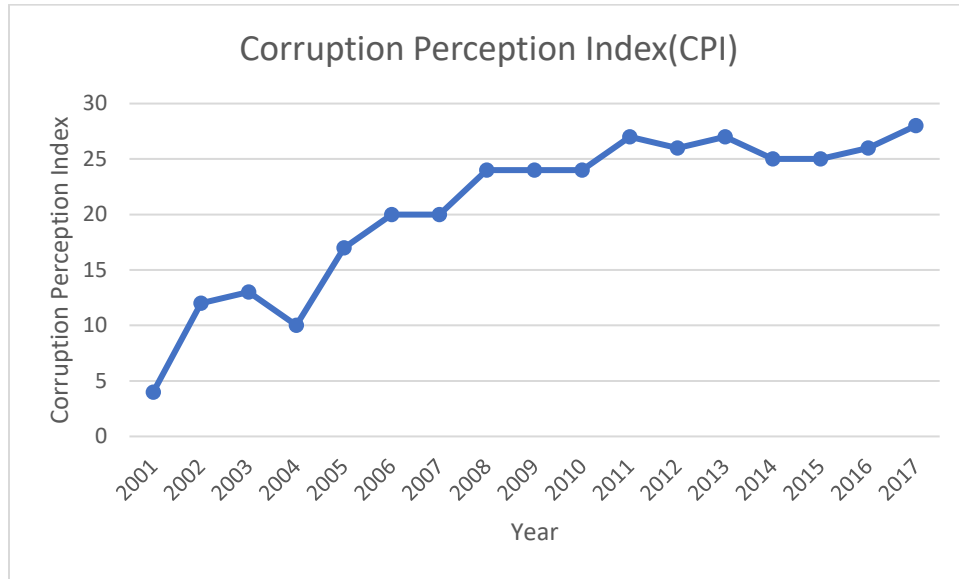

Figure 4.4 CPI in Bangladesh (Transparency International, 2017)

The stated figure (4.5) bellow is the outcome of a survey of households affected by corruption in different service sectors in Bangladesh.
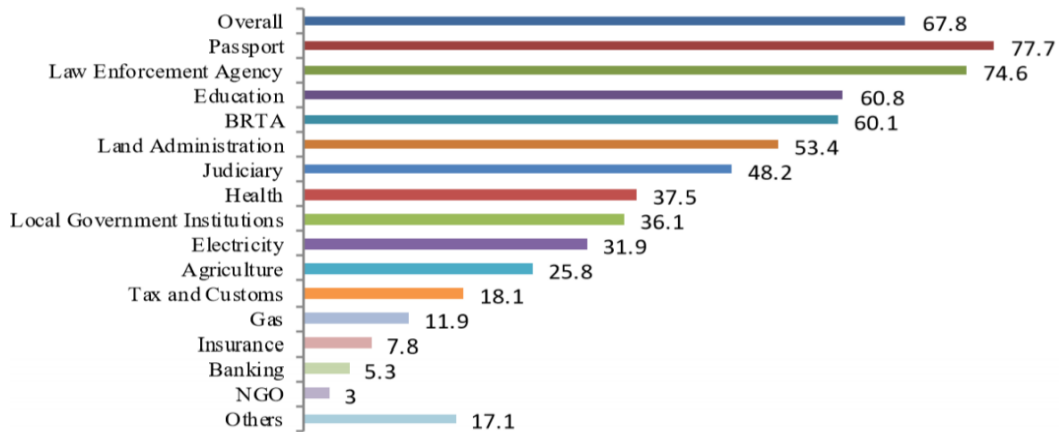

Figure 4.5 Percentage of Households Affected by Corruption in Different Service Sectors (Bhattacharya et al., 2018)

4.3.1 Changing Pattern of Corruption

In this study, it is assumed that the pattern of corruption in Bangladesh has been changed; it is inclusive in nature and getting social acceptance day by day. As a culture of impunity is prevailing in Bangladesh that's why corruption is not treated as a curse; rather it is termed as cost of service and matter of convincing which is a form of mutual understanding between giver and taker and thus way they think it convenient (Bhattacharya et al., 2018). It seems corruption is mutually inclusive. Day by day corruption is becoming privatized and expensive in Bangladesh (Ahmad, 2013). He elaborates that the mechanism of crony capitalism, desperate rent-seeking of government and patron-client bondage has created the "ideal conditions for corruption to flourish" (p. 74).

In Bangladesh corruption is often caused by a weak form of institutions, the absence of political accountability and capability of state (Akhtar, 2015). Though there are several forms of corruption is existing in Bangladeshi society, but bribery and nepotism are the most pervasive forms (Bhattacharya et al., 2013). A cross-country analysis by Montinola and Jackman (2002) find that corruption rates are higher in the countries that are democratically in a transition stage. Though Bangladesh is ruling under the democratic system, but democracy is still in unstable form. That's why political stability is absent. Corruption obstructs the capacity of state and makes it fragile and unstable (Rahman & Zafarullah, 2008).

Sometime in Bangladesh corruption seems like addiction and viral in nature, it may take time to cure it fully. It needs social awareness and exchanging more professional welfare rather higher monetary exchange. O'Higgins (2006) thinks corruption is not a cultural phenomenon rather a partial sociological and economic dependence on political and economic conditions. Zakiuddin (2007) explains the existing corruption in Bangladesh as a social phenomenon, not individual greed; patronized by social structure.

The main source of income of public officials in Bangladesh in bribe. The officials who have the power to influence the action or decision, apply it an improper way for their personal benefit (UN-Handbook, 2004). In Bangladesh, corruption is not only exchanging bribe but also what individuals, organizations, and government carefully ignore the corrupt practices performed by their family members, friends, and political supporters (Hashmi, 2017). Iftekharuzzaman (2011) discusses collusive corruption in public sector frequently seen in Bangladesh. In a survey 62% respondent answered that public officials are mainly responsible for outspread corruption in Bangladesh (Haque, 2010). But the perception about army officials is bit different; they are considered as least corrupt because of their justified monetary and other benefits (Wolvén, 2007). In a nutshell, it can be said that corruption in Bangladesh is an open secret but not legally approved.

It is assumed that corruption starts from the necessity which we call need-based corruption then it turns into greed-based corruption, an erosion of moral and ethical base. It is endangering country's economic and political growth by degrading the fundamental institutions of the state in long run. Zakiuddin (2007) thinks that corruption benefits the faulty political and socio-economic system. Aluko (2002) studied on how the institutionalized corruption brings a long-run negative impact on society and politics. He showed that there is no sustainable development and political stability

where corruption gets an institutional shape. It is a great concern for the sustainability of democracy in a corrupted state like Bangladesh in modern time.

How value systems are changing day by day in Bangladeshi society can be perceived by the personal story of a Customs Officer who would never be indulged in corruption.

"When I visit my village, people want me to donate money for various purposes like construction or renovation of mosques …. As I don't have any other source of income, I cannot contribute much and sometimes become a laughingstock. People, including my relatives, get very annoyed. They say, 'Come on! You are in the administration. You can make a lot of money.' Learning that I despise bribes, some even say, 'What are you? A fool?'" (Hashmi, 2017).

Once corruption was like taboo and secret matter in Bangladeshi society but recent years it has become socially accepted. People are competing with each other to find a new mechanism to win the race of corruption. Institutional failure by inefficient institutional democracy and culture of not taking responsibility is patronized by the political leadership in Bangladesh. It is influencing people negatively. Most of the common people think that the social reality is difficult in Bangladesh and it is changing rapidly.

4.3.2 Changes of Public Choice

Corruption is not an individual choice, it is a collective attribute of a society or state. It seems this collective choice regarding corruption is changing. At the initial stage, people would like to take their stance against corruption but when they fail they surrender to the existing system rather repeating the fight. Now they are initially prepared to be a part of this mechanism. They have no mental agony regarding this issue.

Public officials are always tending to be corrupted in Bangladesh despite increasing salary the last couple of years ago. Haq and Panday (2005) assert, most of the people of Bangladesh have no confidence in bureaucrats that they will serve their interests and will take the responsibility for their actions. Likewise, Elliot (1997) explains that when public officials think that if potential benefit of being corrupt is higher than the potential risk then they take the risk (p.31). The existence of inefficient institutions is an incentive for corruption. Empirical studies show that where a different form of institutional inefficiencies exists then corruption is also prevalent.

Basically, corruption is not an individual attribute rather a systematic character which is so entrenched and difficult to combat (Rocha Menocal, 2016). In a society where corruption is pervasive, and principals are corrupt too, they do not serve the interest of society rather pursue particularistic interests (Mungiu-Pippidi, 2011; Persson et al., 2013). So, in Bangladesh public choice has shifted to individualistic gain rather societal objectives.

4.4   Corruption and Its Cost

Generally, cost of corruption is measured in monetary term, but it has some social costs which most often we do not assess. The cost of corruption on economy and society is so huge that it is about to destroy the basic organs of state for a long run. It declines the aggregate output of an economy. Mo (2001) in his seminal paper observes that corruption declines the level of human and private investment. A recently published report by Transparency International (TI) identifies corruption as one of the major obstacles to public sector performance (TI, 2017). In this study, it will focus on education, institution, and infrastructure to measure the long run cost of corruption.

4.4.1 Education

Corruption has a severe impact on education in Bangladesh. To increase the number of education rate, last few decades all the governments have compromised the quality of education. No absolute measurement is applied here to justify the quality of education but a mismatching of demand-supply and contribution in vital sectors give some disgrace features of quality of education. When education sector is affected by corruption it is impossible to recover within few generations.

In Upazila, the second lowest unit of local government level survey shows that 1 out of 4 respondents believes that in rural primary school have quality teacher (Bhattacharya et al., 2018). That means 75% people feel the absence of the quality teacher. The same study also shows that in the primary education sector, corruption is highly prevalent and anti-corruption initiatives are not active in the local area. The highest portion of the fund in education sector misused by corruption and inefficiency.

The last couple of decades governments have provided a lot of incentives in the education sector. Which yielded a quantity, not quality; as a result, quality in education is a big challenge. Top authorities also focused on the number only. When they are asked about the issue they consciously avoid the issue but could not realize the long run effect of myopic strategy. Selection of primary school teachers is one of the highest corrupt sectors among the government recruitment sectors. A large number of poor quality teachers get selection by paying money, which is very injurious for long-run development.

In Bangladesh, participating respondents in a survey think that poor physical infrastructure of schools affects the quality of education and safety of students (Battacharya et al., 2018). This poor quality of schools is the outcome of corruption.

4.4.2 Institution

Institutions in all forms economic, social and political are very important for any economy and its sustaining growth. It is the outcome of stable culture and visionary government. Huntington (1965) defined the institution as a stable, valued, and continuous pattern of behaviour which varies to organization and process. In long run, the institution determines the economic performance of a country (North,1990).

Acemoglu and Robinson (2012) identify two main branches of extractive institutions; which involve government bodies and committees fail to take pluralistic and inclusive decision for greater benefit for the nation (p. 81). Government inefficiency which can be an outcome of massive corruption has a sizable negative impact on growth in real GDP per capita (Aidt, 2009). Because of corruptive culture, skill people do not get a job in the government office. It is like a vicious circle. Inefficient officials do not tolerate efficient personnel; consequently, weak officials lead weak form of institution. Akindele (1995) identifies corruption as behavioural reciprocity of favour against the basic principles or objectives of any private or public institution.

Treisman (2000) and Paldam (2002) highlight political and legal institutions as key determinants of corruption. They think that the extent of corruption is adversely related to economic outcomes. Alternatively, Treisman (2007) focus on the practice of democracy and its experience as a major indicator to measure the quality of political institutions. The issue can be approached more comprehensive way "corruption is a symptom that something has gone wrong in the management of the state. Institutions designed to govern the interrelationships between the citizens and the state are used instead for personal enrichment and the provision of benefits to the corrupt" (Rose-Ackerman, 1999, p. 9). In this way, the weak form of institution, and inbuilt corruption mechanism is injurious for sustainable development in Bangladesh. The state figure (4.6) bellow show that institutional effectiveness has a major role in corruption. When an institution is effective, corruption cannot perform as grease the wheels and vice versa.

	Grease the wheels	Sand the wheels
Effective institutions	Detrimental	Detrimental
Ineffective institutions	Positive	Detrimental

Figure 4.6 Impact of Corruption on Efficiency (Méon & Weill, 2008)

Considering the corruption in Bangladesh, institutions have a severe failure, especially in public sector. Bhattacharyya and Hodler (2010) showed that high-quality democratic institutions and optimal use of natural resources can eliminate corruption. Resource abundance fosters a 'rentier' economy with drastic corruption and poorly managed institutions (Sachs & Warner, 1995; Robinson et al., 2006; Hodler, 2006). But Bangladesh has experienced the same condition without being resource abundance country.

A country needs an effective, accountable and inclusive institution to make inclusive society and sustainable development (UNDP, 2016). Political and legal institutions can be applied as instruments to measure corruption. So, institutional efficiency is a must for sustainable development which is largely affected in Bangladesh over the years. That's why it needs to estimate the impact of corruption on institution first and, then the impact of corruption on sustainability.

4.4.3 Infrastructure

Bangladesh is passing an economic transitional phase with a lot of crucial challenges. Poor infrastructure is one of them. The current infrastructure of Bangladesh is remarkably poor; on the one side, a huge lack of economic capacity, on the other side, corruption affecting it in multi-fold ways. Corruption has an impact on government's ability to collect tax and tariffs, as a result, public investment goes down and country leads to poor infrastructure (Tanzi & Davoodi, 1997). When functional activities started then it must overcome several tiers of corruption in different phases. As a result, quality of physical structures is severely affected, and the country bears the burden of poor infrastructure.

Some field level studies find the horrible picture of corruption in the infrastructure sector. To get work order of any infrastructure project it needs to pay 10%-20% as a bribe to ruling party leader, 15%-20% to Mayor, engineers and town manager and 2% - 3% for other officials (Battacharya et al., 2018). These huge portions of bribe reduce the net budget of work and consequently the quality of infrastructure is badly affected. In construction works, using cheap materials, incomplete and substandard work are widely reported in Bangladesh (Hassan & Iwuamadi, 2018; Battacharya et al., 2018). It has a chain effect.

Another concerning issue is that the cost of infrastructure in Bangladesh is the highest in the world (Battacharya et al., 2018). Tanzi and Davoodi (1998) think that corruption tends to high public investment, but it is often associated with low operation and maintenance costs and the poor quality of infrastructure. Most of construction and structure are inferior and less durable than the stipulated period which increases the cost to rebuild and a challenge for long-run growth.

Zahid Hussain, the World Bank's lead economist for its Dhaka office said that Bangladesh spends higher than China and India for each kilometer of track. He also explained that it is because of improper bidding system in the construction contract. He thinks it is a part of corruption (bdnew24.com, 21 June 2017). Data shows that each kilometer of expansion work on the Dhaka-Sylhet highway cost $7 million. For Dhaka-Mawa, it was $11.9 million per kilometer whereas in India, constructing one kilometer of a four-lane road cost $1.1 million to $1.3 million, including land acquisition, and in China is $1.3 million to $1.6 million. Even in Europe, the cost for each kilometer of the four-lane road was $3.5 million, while the conversion of a two-lane road to four was $2.5 million (bdnew24.com, 21 June 2017). Authorities usually over-price the project intentionally by inflating the costs to make a scope for grabbing the money.

4.5 Economic Growth versus Corruption: Some Crucial Socio-economic Issues

When any country institutionalizes corruption, it may lead to a negative value-system and destroy the fabrics of society. Mauro (1995), in his seminal paper, concluded that "if Bangladesh were to improve the integrity and efficiency of its bureaucracy to the level of that of Uruguay.... its yearly GDP growth rate would rise by over half a percentage point" (p. 683). Bangladesh must have to utilize all its potential socio-economic possibilities by controlling corruption.

Bangladesh is in a transition phase form lower income country to lower-middle income country and the way to settle a politically stable condition. Ishola Mobolaji and Omsteso (2009) study on some transitional economies to find the impact of corruption on economic growth and they find that corruption has a negative impact on economic growth. As most of the firms need to pay a significant percentage of their income as informal payments that's why firm's growth is affected (Kimuyu, 2007). The presented graphs (Figure:4.7) below show the trend of economic growth and corruption. Both are up warding despite the different level of magnitude and minor fluctuations.
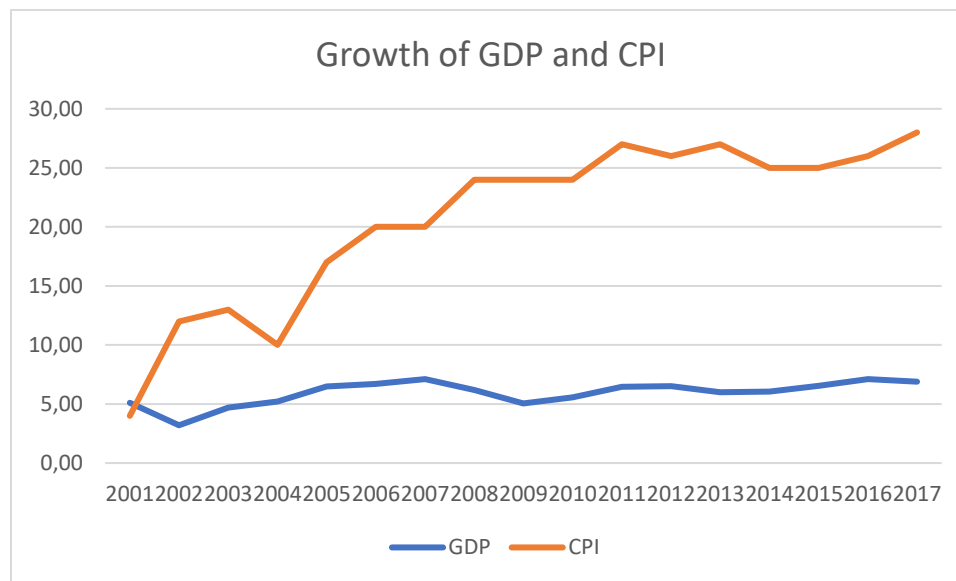
Figure 4.7 Growth of GDP, and CPI (World Bank, 2017; TI, 2017)

A symbiotic relationship between private entrepreneurs and public officials prevails in Bangladesh, which triggered corruption and economic growth simultaneously. This combination is peculiar as well as challenging for sustainable growth as the liberalization process is not well organized. Myrdal (1964) pointed out that corrupt officials create a mechanism of administrative delays to gain more individual benefit by making bureaucratic procrastination.

A study on least-developed countries based on secondary data advocated that "economic liberalization, political democratization, and administrative decentralization are associated with lower degrees of political corruption" (Goldsmith,1999, p.1). Economic growth in Bangladesh is accelerated by thriving the number of private initiatives which started in late seventies when market and private sector was unleashed. But as the government had no sufficient regulatory preparations and divestment of public utilities which was challenging and make a space for huge corruption. To attain sustainable development, Bangladesh should utilize all the existing and potential socio-economic opportunities efficiently.

4.6   Some Promises Against Corruption

Bangladesh as an independent and sovereign entity, it might have a commitment to its citizen to ensure an economically prosperous and corruption-free state. To achieve these the country has to prove its firm desire to fight against corruption. The last couple of years, Bangladesh has promised to fight against corruption in several policy documentation. As a State Party to the UN Convention against Corruption (UNCAC) Bangladesh has promised to initiate collective effort with civil society, NGOs, and community-based organizations to prevent corruption.

Perspective Plan of Bangladesh 2010-2021 which often termed as vision 2021, a long-term visionary plan to be a middle-income country by 2021 has also focused on anti-corruption initiatives to ensure governance in its all levels. The strategic plan of Planning Commission of Bangladesh acknowledges that corruptions reduce a certain percentage of economic growth of Bangladesh (Perspective Plan of Bangladesh, 2012). In seventh five-year planning (2016-2020), Bangladesh is promoting the slogan -accelerating growth, empowering citizens. The main target to achieve 7.4% average economic growth with inclusiveness (Bangladesh Planning Commission, 2016). To achieve this economic growth the country has promised to control corruption.

Sustainable Development Agenda adopted in 2015 by the United Nations defines seventeen goals with 169 specific targets. Among these goals, 16th goal highlights few points are especially focused on corruption. These are: 16.5 Substantially reduce corruption and bribery in all their forms; 16.5.1 Proportion of persons who had at least one contact with a public official and who paid a bribe to a public official, or were asked for a bribe by those public officials, during the previous 12 months ;16.5.2 Proportion of businesses that had at least one contact with a public official and that paid a bribe to a public official, or were asked for a bribe by those public officials during the previous 12 months (SDGs, UNDP, 2015).

All the documents collectively focus on ensuring good governance by institutionalizing accountability and transparency and root out corruption from politics. Though the promises are well documented and specified but challenges rely on implementation and in larger extent top authorities desire to keep these promises by implementing it for greater benefit.

5 Consequences of Corruption on Sustainable Development in Bangladesh

Bangladesh is committed to fight against corruption so that sustainable development can be achieved. As sustainable development is a broader concept with a lot of socio-economic goals, this study only focusses on the consequences related to corruption and some socio-economic progress.

The study focusses on development rather growth; more precisely sustainable development. But what actually development desires? Goulet (1996) states the notion behind development, "Although development can be fruitfully studied as an economic, political, or social phenomenon, its ultimate goals are those of existence itself: to provide all humans with the opportunity to live fully human lives…development is the ascent of all persons and societies in their total humanity" (p. 6). So, it is a collective desire to fulfill in long run. Brundtland Commission Report, which is often known as Our Common Future defines as "Sustainable development is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (World Commission, 1987, p.70). These desired developments can be affected by rampant corruption. As we are endangering the future of coming generations by pervasive corruption, that is we are challenging the sustainable development.

In a nutshell, it can be assumed that corruption has a detrimental effect on economic prosperity and sustainable development of a country through several transmission mechanisms (Pulok, 2010). Ahmed (2001) thinks corruption creates distributive inefficiency which is injurious to sustainable development. To achieve socio-economic progress, it needs to inspire mass people to be conscious about their future well-being by defeating corruption. The figure (5.1) bellow highlights the major stakeholders and attributes of collective focus for inclusivity and sustainability.
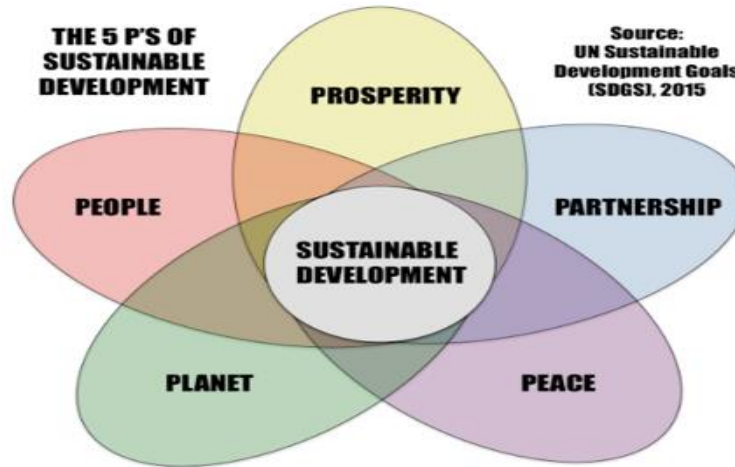
Figure 5.1 5 P's of Sustainable Development (UNDP, 2015)

This development ultimately prioritizes the human well-being in long run. Arrow et al. (2004) focus on a vital issue like intergenerational well-being to identify sustainable development. They think economic development should be measured in terms of its contribution to intergenerational well-being.

5.1   Impacts on Sustainable Development

Most of the developing countries desire to achieve sustainable development including Bangladesh but they cannot address corruption and its influences on this progressive journey. The economic development of Bangladesh is impeded by several factors. Hasan (2007) thinks development in Bangladesh has been obstructed by corruption.

José Ugaz, Chair, Transparency International, believes that with corruption no sustainable development is possible. He emphasizes on fighting against corruption while other think good governance is a major challenge. Saha (2014) also thinks that good governance is inevitable for sustainable development. He also thinks that corruption in governance is a challenge to achieve sustainable and equitable development in any country. Bangladesh is addressing both the challenges but these two are interlinked there.

The ultimate focus of any economy should be sustainable development. To achieve sustainable and equitable development it needs maximum control of corruption. Combatting corruption is getting more focus to donors, NGOs, government and civil societies in both developing and developed countries (Andersson & Heywood, 2009; Pope, 2000). This focus can reduce the gap between rich and poor section. The poorest section of society in Bangladesh is the highest victim of corruption; that's why to ensure effectiveness in governance and sustainability in economic

success political commitment in every stages are needed (Knox, 2009). The strategy should be inclusive so that every section has the scope to participate.

Bamidele (2013) studied on corruption and sustainable development of African countries and found a negative correlation between corruption and sustainable development. The study explained that by eroding human right and dignity the constitutional authorities hinder the sustained development which was severely injurious to mass people. To attain sustainable development, it needs a comprehensive approach which covers management of physical and human capital, local governments, business communities, and wings of the state through the proper arrangement of all the sectors simultaneously (Hye, 2000).

By analysing macroeconomic data Mauro (1998) and Tanzi (1998) showed that corruption distorts the portfolio of public spending and undermines the accumulation of human capital which hinders sustainable development. Some other studies like Leite and Weidmann (1999) provide macroeconomic evidence that there is a close association between corruption, extraction of natural resources, and resource rents. It is challenging to estimate the impact of corruption on sustainable development; as it needs to consider the trend of economic changes in an economy (Treisman, 2007).

The effective institution is important for sustainable development. But in Bangladesh through the extractive institutions, they control the opportunities and incentives for politicians, businessmen, and bureaucrats; which seems to sell off public assets for private gain (Shleifer & Vishny, 1993). Some international authorities explain the issue more comprehensive way. According to a report published by Norad (2011) "lack of a coordinated and tailored approach to AC (Anti-corruption) in the country, weak project design and mainstreaming of corruption indicators, are all factors that have contributed to reducing the effectiveness of their interventions" (p. 53).

The pattern is equally applicable in other developing parts of the globe like Africa. Observing the issue of Africa, Bamidele (2013) shows that Corruption is a major challenge to sustainable development. Forson, Buracom, Chen, and Baah-Ennumh (2017) study on 22 economies of Sub-Sharan African in the period of 1996 to 2013 and find the impact of corruption on sustainable development is not homogenous. They re-examine and compare the crucial question of macroeconomy what the effect of corruption on sustainable economic development are.

Legality and trust of public instructions can be undermined by corruption and it often skews the allocation and quality of public service (Rocha Menocal et al., 2015). UNDP Anti-Corruption Practice Note confirms that corruption undermines the rule of law and leads to the violation of human rights by patronizing an anti-democratic atmosphere which fosters social injustice and insecurity and declines the norms and values and respect for constitutional institutions (UNDP, 2004). This may have a severe impact on marginalized and vulnerable groups disproportionately and lead to increased inequality. Generally, all forms of corruption with its magnitudes are devastating and detrimental to the well-being of economy finally challenge the sustainable development.

5.1.1 Impact on Economy

Sustainable development covers a lot of vital areas. The economy is one of those areas which is largely affected by corruption. In 1999-2000 fiscal year, 1.85% GDP had been lost in Bangladesh because of corruption (TIB Report, 2002). World Bank claims that corruption costs 2-3% annual growth of GDP in Bangladesh (Mahmood, 2010). Most of the econometric studies on corruption and economic growth on developing economies confirm that corruption is detrimental to economic growth. Dreher and Herzfer (2005) estimated that because of higher corruption GDP growth rate in Bangladesh has reduced around 2.3%.

Despite these economic sunk losses, Bangladesh achieves remarkable economic performance in the new millennium; but its per capita income is still low (World Bank, 2012). According to World Bank report, industrial growth in Bangladesh has declined from 10.3% in fiscal year 2013 to 8.7% fiscal year 2014 (World Bank, 2015). Moreover, corruption acts as a tax on international investments (Wei, 2000), which increases the cost of business in Bangladesh. One of ground-breaking works on corruption and growth done by Mauro (1995) finds a negative effect of corruption on economic growth by lowering the investment.

The study by Aidt (2010) finds a negative correlation between a range of wider corruption indices and growth in genuine wealth per capita. World Bank (1975) pointed out that corruption weakens government effectiveness, undermines the confidence on public service and obstructs the regular functions. They also explained that only a few wealthy and powerful enjoy the better service in the cost of many law-abiding citizens. World's combined losses from bribes and theft of public funds were estimated at between $1.5-2 trillion last year, representing 2 to 3 percent of the world's GDP (World Economic Forum, 2016). This exceeds ten times the amount spent annually on external development assistance to developing countries.

We need to understand the level of prevalence corruption, its cost and long-run consequences.

Corrupt behaviour is responsive to economic incentives and market dynamics (Olken & Pande, 2012). Loss or gain of economic efficiency from corruption largely depends on deadweight loss of gaining bribe (Olken & Pande, 2012). They also think that because of endogenous nature it difficult to find credible instruments to approach corruption in macro level.

Several studies on the effect of corruption on the economic development show a different result. A study by Pak Hung Mo (2001) demonstrates that if corruption increase 1% level which reduces the economic growth rate about 0.72%. He also highlights political instability as a channel of corruption which affects economic growth and accounts for 53% of the total effect (p. 66). Gundlach and Paldam (2009) in their study find a long run inverse relation between corruption and development in short-run dynamics of development.

United Nations Development Program(UNDP) report on "Corruption and Good Governance" states that "If Bangladesh were to improve the reliability and competence of its bureaucracy, its investment would rise by more than five percentage point and its yearly GDP rate would rise by over a half a percentage point" (Cited in Khan, 1998). Pulak (2010) finds 1% increase of corruption

level reduces 0.10% per capita GDP in Bangladesh. He also explains based on his study that in 2008, real GDP per capita would be 508.20 USD instead of 462.12 if corruption could reduce 1%.

But in this study, it has no quantitative measurement to get more accurate features of this impact but observing the trend and based on other studies it seems that the corruption has the impact but not so significant in economic growth.

5.1.2 Impact on Society

Corruption has a huge impact on Bangladeshi society. It tends to be influenced by each other. Utilitarian approach states that when public maximize the pleasure then the corruption is satisfactory but if not or otherwise then it creates pain or social loss (Huang, 2012). He also explains the outcomes of corrupt behaviour are largely dependent on whether corruption is ethically and socially acceptable or not. Huntington claims, "Corruption in a modernizing society is thus in part not so much the result of the deviance of behaviour from accepted norms as it is the deviance of norms from the established patterns of behaviour" (Huntington, 1968, p. 60). In recent years, it seems society's views are transforming, and people are focused on individual gain rather societal benefit.

Considering the demand side, social pressure sometimes influences honest officials to follow some unfair means. These types of officials are often being a subject to complaints by constituents and even within the department (Wade, 1985). The claim that corruption greases the wheels of the economic and political deal which is a symptom of culture can be proliferated if is not controlled at the right time (Akhter, 2015).

The black shadow of corruption tarnishes the economy and image of Bangladesh. It is a prevalent culture of impunity there (Ahmad, 2013). Sometimes top authorities justify corruption and persuade people to pay money for service. A few days ago, a senior Cabinet Minister justified public officials taking "speed money" from the public for service. It seems they do not get any salaries (Hashmi, 2017). It means corruption is getting approval from top authority which was bit secret in earlier days.

5.1.3 Impact on Marginal People

A larger section of people in Bangladesh is lower income group and below the poverty line. Because of rampant corruption, this marginal portion of Bangladesh do not get access to basic amenities, therefore inequality starts from the initial stage. That's why Bangladesh in heading to a socially unjust country and it has a long run negative impact. Corruption has concrete and direct negative impact on a poor or marginalized section of society (Smoke, 2015; Rocha Menocal et al., 2015). Some studies reveal the impact of quantitative measurements, but it has also socio-psychological impact which is not considered most of the time.

Poor people bear more burden of corruption compare to rich. In Bangladesh, direct and indirect negative impact of corruption is high (4.1%) to low-income households compared to high-income households, which is 2.5% (Sida, 2013). The National household survey by TIB reveals that all the classes of different income and expenditure are affected by corruption, but the relative burden of corruption is higher among the poor households as the proportion of bribe is comparatively higher compared to their income (TIB, 2016). The poorer section has very few accesses to power and information, therefore, they bear more burden of corruption.

Even across the countries, poor countries are more influenced by corruption. Corruption affects developing world and poor section of these countries more (Anan, 2003). Lower-income households pay a high proportion of their regular income as bribes. That's why income inequality in Bangladesh is exacerbating (Chowdhury, 2017). These marginal groups are the highest victim of corruption as they are bound to pay a larger portion of their income as a bribe (Bhattacharya, Rezbana, & Fuad, 2018). To feed the corrupt system common people are paying a certain percentage of their regular income. It is one type of tax without getting any social benefit.

Corruption is destroying the social fabrics in Bangladesh which is a serious injury for social inclusivity, one of the main goals of sustainable development.

5.1.4 Impact on Political Stability

Political stability is a pre-condition for economic and social sustainability. In this regard government capacity, in terms of institutions and structure is a vital issue. Government capacity can be undermined by corruption in the long run and make a stable route of political instability (Akhter, 2015). Political instability is injurious for sustainable development of any country.

Political stability is very essential for economic sustainability and managing corruption. Atoyebi and Mobolaji (2004) observe that political insecurity leads to voracious corruption. They argue that when officials are not sure about the tenure of power and insecure about their fate after relinquishing the power, then they abuse the power for self-gratification. Porta and Vannucci (1999) believe that to change the corrupt political class it needs to initiate some changing approach as they have internalized a set of behavioural norms. They think some subcultures are created by business politicians which decline the moral cost of participation in political corruption. Akindele (1995) identified corruption as a socio-political, economic and moral malaise that holistically amplify all the nerves of any polity. Most of the corruption in Bangladesh is directly or indirectly patronize by politics.

Apparently, after 1991 Bangladesh is running under the political democracy. But a notion- 'less democracy, more development' is propagated by the rulers which shrink the freedom of voice in public sphere. It is a challenge for political stability and sustainable development as it has very few scopes to debate and rectify. This type of unstable political situation mass peoples is tending to be corrupted to gain more money for future security.

5.1.5 Impact on Environment

Creating manufacturing wealth through extraction of natural capital results environmental externalities. It has an impact on local as well as global atmosphere. Though Bangladesh performed exceptionally good in several indicators in MDGs, it could not avail to protect environment according to target (MDGs Bangladesh Progress Report, 2013).

Being one of the most vulnerable countries to cyclones and floods (UNDP, 2004), in 2010 Bangladesh has set Bangladesh Environment and Climate Resilient Sustainable Development Vision 2021 where they focused on sustainable development in environmental policy. It is a positive endeavour indeed. But to address the challenge, Bangladesh needs to enhance the capability to understand the level of vulnerability and initiating necessary steps to prevent future dangers. An integrative and combined approach is needed to address this challenge.

Bangladesh is the most densely populated country in the world. The scarcity of land is a crucial issue. The per capita agricultural land is declining drastically. By 2050 it will be 0.025 hectares which are currently 0.05 (Alam, 2017). The last couple of years, few business persons with the collaboration of government bureaucrats have grabbed a lot of land in name of launching new industrial units. Most of the cases, they did not launch any business operation. It will be a severe challenge to produce food grains for around 170 million people without effective measure to protect the land and its naturality.

The production of carbon dioxide per person in Bangladesh in 0.44 tones which much lower compared to some other countries like the USA (16.4), Australia (16.3) and Qatar (40.5) tones respectively (World Bank Data, 2017). But carbon emission is increasing rapidly; which was 32,457kt in 2001 and 73190 kt in 2014(World Bank Data, 2014). So, a comprehensive approach is must tackle this adverse effect immediately.

Bangladeshi people are experiencing the drastic consequences of environmental degradation and climate change. A lot of state-owned and the international fund has been approved for protection and adaptation with an adverse situation. However, this large chunk of the money never arrives at their destination because of corruption and mismanagement (TIB, 2014). It needs to ensure the proper utilization of fund by controlling corruption in this sector.

5.2 Long-run Consequences of Corruption

Corruption is economically harmful and morally degrading which needs to pay a serious attention as it deteriorates the social and state mechanism. The long-run impact of corruption and its cost is difficult to predict and quantity. But it needs to assess properly and take immediate action to mitigate potential consequences for sustainable development in Bangladesh.

Poor governance by fragile democratic parliament, abuse of power for personal gain, weak institutional capacity, and critical structural constraints pulling back Bangladesh from inclusive and sustainable development path (Battacharya et al., 2018). They also find that because of these obstacles per capita income is still significantly lower compare to other same levels of countries. Begovic (2005) termed corruption as a form of legal violation and it undermines the open-market system by abolishing protection form property rights and contract enforcement which incentivize the rent-seeking and uncertainty to business.

Corruption can reduce economic progress by increasing poverty level; as corruption minimize the capacity of governance. It can continue as a cyclical order. The stated figure (5.2) shows how it occurred gradually.
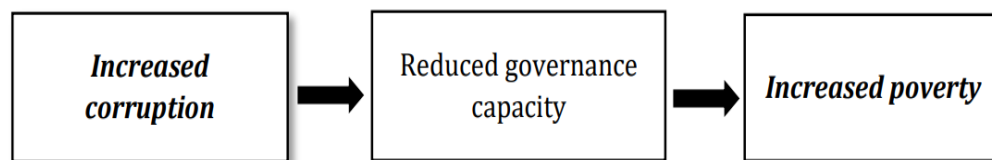

Figure 5.2 Economic Model of Corruption (Chetwynd, Chetwynd, & Spector, 2003)

Corruption has some direct and indirect negative impact on human development. Firstly, it can affect by lowering the economic growth and secondly, it shifts away government investment from basic sectors like health and education to some other unproductive sectors (Tanzi & Davoodi, 1997). Generally, corruption tends to lower human development. Several studies show the same result (Mauro, 1998; Akçay, 2006). But Gupta, Davoodi, and Tiongson (2002) clarify that corruption reduces net social investment, expedite inequality in education which drops in secondary schooling and causes unequal land distribution. Mo (2001) finds a negative relation with pervasive corruption and average schooling. But in this case in Bangladesh average schooling is high and it signifies a contrasting condition.

Corruption is one of the major obstacles to sustainable development (Aidt, 2010). From cross-country study, he also finds some other economic indicators like growth in genuine wealth per capita, the quality, and type of institutions, the stock of human capital, openness to trade, initial GDP per capita, economic inequality are the major determinants of sustainability. These determinants are also negatively influenced by corruption.

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5.3 What is not Depicted in Data

The economy of Bangladesh is growing remarkably, corruption is reducing moderately. Apparently seems nothing to be worried. But we need to re-examine the existing data and analyse the studies to understand the underlying challenges which are not often shown in data.

Bangladesh is not currently on the bottom of corruption index as it used to be during 2001 to 2005. But still the rank 15th from bellow scoring 26 out of 100 which is significantly below that the global average and second lowest in the South Asian region (TI Report,1017). The reduction of the level of corruption is not so significant but it seems the passive stance against corruption as most often the outputs are taken from perceived corruption.

When a country focuses more on quantitative achievement rather qualitative development by focusing the indicator set by international authorities, it brings short-run gain but the huge cost for a long run. Bangladesh seems to be heading in that direction. When we consider sustainable development, we need to apply more suitable indicators to get appropriate outcome and status. Aidt (2009) suggests that to assess the effects of corruption on sustainable development we need to consider the inter-temporal social welfare for the future generation.

In Bangladesh political corruption is widespread in every sphere of life. Among the citizens, 62% perceive that political parties are corrupted and 40% have no confidence in parliament (Transparency International, 2011). National household survey 2015 conducted by TIB shows that 67.8% of respondents were victims of corruption in a different form to get service from vital sectors. Another survey conducted by TIB reveals that only 26% have the confidence on the initiative taken by the government against corruption (The Daily Star, 10 July 2013). In fact, the democracy in Bangladesh not playing an active role as most of the cases decisions are dictated by Prime Minister. Even sometimes the major policies are influenced by external authorities where parliament has a very slim role to play. This type of democratic dictatorship may bring some economic growth for short run, but it will be very costly for countries future as democratic cultures are not nourished. Among the countries with same income level, Bangladesh scores lower rating in terms of political stability and control of corruption (World Bank, 2012).

Crude nepotism and bribery hinder social welfare, undermine human development, expedite poverty and inhuman sufferings; ultimately erode the ethical values of society. Mahmud, Asadullah, and Savoia (2013) identified some obstacles in socio-economic progress in Bangladesh. These are poor governance in public sector, increasing public spending, and lower growth of per capita income. M. Hafizuddin Khan, ex-chairperson of Board of Trustees, TIB narrates few new areas of corruption like the invasion of state own Banks and academic institutions by the wings of ruling political parties. He explains that last 3 years in the regime of Awami League(AL), the current ruling party CPI does not show any significant improvement in corruption control (TIB, 2017). These types of negative impacts are not reflected in existing data.

A remarkable transformation has been observed over the years in politics in Bangladesh. Once politicians were the representative of Businessmen to serve their interest in parliament. In the first parliament, professional businessmen were below 18% whereas in 9th and 10th was 57% and 59% consecutively (Iftekharuzzaman, 2017). Which indicates business communities are controlling the entire economy as well politics. This partisan politics is weakening the institutional structure and accountability of the national integrity system (NIS).

5.4   Major Challenges to Address Corruption

Despite apparent massive success in Bangladesh, the country must address several challenges in coming days and which are also crucial for attaining sustainable development. The question comes naturally what the future of economic growth if corruption prevails and other challenges are not addressed immediately. Country's quality of governance is poor (Rahman, 2015). Hagerty (2007) discusses how corruption is eroding the democratic political institution in Bangladesh by cronyism, bribery and election rigging. He thinks its 6% plus growth will not sustain if governance, development and environmental issues are not addressed rightly.

Ahmed (2012) describes the challenge in power structure of government system. He expresses concern about the centralized power of the head of government though Bangladesh is a parliamentary democracy. Mr. Ahmed considered this condition as "prime ministerial dictatorship" because all the power is concentrated on the Prime Minister (p. 15). Huntington (1968) states it more profoundly, "In a modernizing polity the weaker and less accepted the political parties, the greater the likelihood of corruption… Corruption is thus a product of the distinction between public welfare and private interest, which comes with modernization" (pp. 70-71). In this condition, members of cabinet and parliament have a very tiny role to play in major national issues.

Income inequality, one of the vital measures of understanding income gap shows that it is widening despite the decrease in poverty rate (from 31.5 percent in 2011 to 24.3 percent in 2017). In 2016, Household Income and Expenditure Survey (HIES) shows that income inequality which is denoted by Gini Coefficient is increasing in urban area compare to the rural area. According to HIES 2016 data, Gini in 2016 is 0.498 whereas in 2010 it was 0.452(The Financial Express, 2017).

ADB's Country Performance Assessment (2016) finds that transparency, accountability, and corruption in public sector are in a declining trend. Several social safety net programs are positive for marginal people of the country, but they are largely affected by corruption. Its share also in declining trend. In 2011 it was 1.8% of GDP but has sharply declined 1.4% in 2016 (Rahman, 2017).

In Bangladesh, only few business and political elites directly and indirectly control the largest portion of economy and business making an unholy club. The Daily Star, one of the leading English dailies of Bangladesh investigated how few powerful individuals and institutions made

their fortune by manipulating the capital market. Most of the parliamentarians are the business person. That's why they influence political power to make policies in their own favor. Consequently, it goes against the mass people. Acemoglu and Robinson (2012) think that extractive institutions cannot produce sustained technological development due to a shortage of economic incentives and resistance by economic and political elites (p. 128).

Political parties especially the ruling party in Bangladesh always try to control all the institutions through the political power which destroy the balance and culture between government and state. Centralizing state power through extractive institutions and yielding gain only for the elite group by controlling rules and regulation can limit the growth of an economy (Acemoglu & Robinson, 2012, p. 149). So, growth is possible under extractive institution, but it will be limit to a certain extent and group. One form of corruption pertains to collusion where an elite group collaborates for self-enrichment by influencing government policies in an unfair way (Lanyi & Azfar, 2005).

The government of Bangladesh must have included mass people to combat corruption by letting them convince that it will bring a long-run social and economic benefit for them.

5.5   Reasons Behind the Failure to Address the Corruption

Combating against corruption is always a challenge for developing the world. It needs a collective effort from legal, social, economic and political aspects. Regarding the issue of Bangladesh, the success rate is not remarkable. It needs to diagnose the reasons behind this failure.

In Bangladesh average income level is very low. Despite the higher economic growth, Per capita income is still very low compared to other neighbouring countries. Government salaries are low which frequently tends people to take a bribe as additional income as life cost has been increased last couple of years. A cross-country study by Van Rijekeghem and Weder (1997) found that where the salary is high in civil service, their corruption level is low.

Since independence, Bangladesh has got a large amount of aid and donations from international development partners. This voluminous fund has played an influential role to induce a certain group of people and organizations to be corrupted. The country had no institutional capability to utilize these funds effectively. This inefficiency also leads to massive corruption. This corruption misleads the nation to meet the challenges and constant political conflict even deepen the corruption (Phillips & Gritzner, 2007).

The National Board of Revenue(NBR) of Bangladesh last couple of years allow a privilege to whiten the black money by paying a certain rate of tax which is most often lower than the regular tax. Which is a discretionary provision for normal taxpayers. In Bangladesh, around 37% of GDP comes from black money (Waris & Latif, 2013). The government argues that to protect money laundering and make a larger base of the white economy they are continuing this provision. But the question is how long it will continue as it is discouraging for the long run.

A syndrome of denial prevails among the powerful section when civil society raises voice against corruption. They want to defocus the issue by treating as a conspiracy against state and development. This tendency of disregarding corruption report of Transparency International (TI) and other institutions by ruling government is a negative signal for other organs of government. The government should consider the findings very positively and should work combinedly with all the stakeholders.

In Bangladesh political parties are following "all or nothing" or "winner takes all" attitude, it is like a zero-sum game. Winning party enjoy a monopoly over power as a result opposition parties feel vulnerable (TIB, 2016). They have no space to contribute positively. It should be positive sum game rather zero-sum game. Even opposition parties should have a role to play in balancing the power. So, they are trying to search for corruptive, detrimental route to regain the power as soon as possible.

If we consider the yield of economic wealth in Bangladesh, the largest portion comes from garments industry which significant portion is owned by politicians and business-elite. It is the challenge for sustainable growth for this industry as owners are likely to monopolize the benefit instead of creating any labour-centric policy. Few individuals who are members of parliament(MP) own the highest number of garments factory. It is highly likely to be biased on policy formulation. This type of grand corruption makes an unhealthy competition and discriminatory feelings which creates a sense of deprivation. This sense of deprivation is created by government policy and which is very much injurious for sustainable development.

It needs to deal outspread corruption very thoroughly as it is a complicated phenomenon with deeply rooted in several stages of society and politics.

6   Conclusion and Recommendations

When corrupt people remain unpunished and honest people are persuaded to participate in corruption mechanism then the societal vulnerability increases in multi-fold. The government should facilitate the people who would like to lead a corruption free life. In this regard, the culture of impunity should be abolished.

6.1   Major Findings

Bangladesh is in a complex situation because it has a negative as well as the positive association between corruption and growth in long run perspective. But the recent trend does not show any significant relations between these. The trend shows the economy is growing rapidly and consistently but corruption is declining at a slower rate. It is a bit challenging to find the magnitude of this change. But the recent trend and outcomes of other studies give some areas to improve.

By observing the trend of corruption and economic growth and analysing the finding of other studies some findings have been stated below.

In recent years, Bangladesh is focusing more on growth rather welfare of marginal people. Growth does not mean the well-being of people. Even the ruling government propagate the concept less democracy, more development; which will be a major challenge for sustainable development as it is only focused on short-run success by bypassing the long run goals.

The unleashed private investors are contributing the largest portion of the economic growth. On the contrary, these private entrepreneurs are influencing the public policy reform and institutional operation in unfair way. Corruption does not foster economic growth in Bangladesh but greases the wheels of business and commerce otherwise most of the macro and micro functions would be impeded.

Since 1991, Bangladesh has been ruling under a parliamentary democracy, even so, its several limitations. Democracy yet to ensure good governance and political stability there. Siegle, Weinstein, and Halperin (2004) think that democracy has a significant positive impact on political and economic flourishing in under-developed countries. But it is irony of fate for Bangladesh that in the time of democratic regime, it consecutively secures the position of the highest corrupt country five times.

It is often assumed that corruption is related to poverty. In case of Bangladesh, the scenario is bit different. The poorer section is bearing the highest burden of corruption often performed and patronized by richer and powerful class.

Bangladesh is experiencing a lot of development project which is large in volume. Vested groups are more interested in the big project. Big projects have a lot of scopes to hide bribes and inflate the claims; multi-level administrative hierarchy and its bureaucratic procrastination make it easier to conceal the required quality of the project (Locatelli et al., 2017). Some international business community also has the undue influence to patronize the culture of corruption in developing countries like Bangladesh. Ala'i (2000) discusses why western multinationals adopt some strategies which involve corruption in developing countries to avoid complexity. He explains that the absence of effective political institutions affecting the developing nations. So, corruption in Bangladesh is the outcome of internal and external influences.

It seems Bangladesh could achieve more growth if corruption can be reduced further extent through a dynamic structural and bureaucratic reform.

6.2   Some Essential Recommendations

Combating against outspread corruption is always challenging in Bangladesh. The government must have to build up faith among the mass people that their well-being is in their own hand. That means spreading social awareness is a must. After observing the pattern of corruption and analysing other studies some policy recommendations have been stated below.

First, political commitment against corruption will be at practice not in the paper. The culture of impunity should be prohibited and corrupt might be before law irrespective of identity and status.

Second, decentralization of government functions with the pro-people approach by eliminating bureaucratic complexity. The government should decentralize their functional activities with accountability so that people can get the largest portion of benefit from the local area.

Third, breaking the chain of unholy elite groups. An unholy group of elites from business communities, politics, bureaucracy, and civil societies are controlling the entire state directly or indirectly for their own sake through extractive institutions. They should be more rational and responsible in their economic and social functioning for the long-run well-being of common people.

Fourth, Bangladesh should overhaul the government recruitment system and same time need to reconsider the size of government. Transparency and accountable should implement both upward and downward of institutions.

Fifth, enhancing the institutional capability in local level so that it can be operated independently to tackle the adverse situation effectively. Promoting inclusiveness in all aspects of social and institutional level is very much essential.

Sixth, making a conducive environment for people of all spheres particularly media, civil society, NGOs, and young generations to raise voice against corruption to attain sustainable development.

Seventh, promoting social mobilization in favour of anti-corruption measures. Social accountability is needed in this regard. Ethical issues, moral values, and civic virtues should be the integral part of early education to build young mind conscious about corruption and its effect.

Finally, Anti-corruption Commission should be independent both physically and legally so that they can initiate the effective measures nationwide to eradicate this pervasive corruption.

6.3   Limitations of the Study and Scope for Future Research

The study has some limitations which could not avail to overcome during the study. Because of some limitations of the study, the internal validity can be affected (Simon, 2006). As the study mainly covers the recent trend, a short time period 2001 to 2017 on a single country which does not show any broader and comparative view. The research is qualitative in nature based on a secondary study which lacks some concrete findings. As the study is futuristic in nature based on recent trend and covering very few factors is challenging to measure the impact on sustainable development. In terms of methodologies, the study lacks any scientific methods which challenge the reliability. Despite of these limitations, the thesis makes a scope for further study by forwarding few questions in relevant areas:

-how does the changing attitude of common people towards corruption can be influenced positively in Bangladesh?

-how do the impacts of corruption in Bangladesh can be measured more accurate way?

-what can be the optimal combination of corruption level and economic growth for attaining sustainable development for Bangladesh?

Lastly, Bangladesh is a country with problems and promises; numerous socio-economic problems are there and the same time it has a lot of scopes to grow. To achieve and sustain these growths the country would strive to develop its long-run effective measures to curb the rampant corruption in every sphere of the nation. Millions of peoples' experience of mistrust and their attitudes towards corruption will largely depend on how government, international authorities and other socio-economic agents conceptualize, define, and measure corruption and adopt pragmatic policies against corruption.

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