



A FLAWED INDEX

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(Mains paper 2: Important aspects of governance, transparency and accountability and Important International institutions, agencies and forum - their structure, mandate.)

Context:

- For 2020, Transparency International (TI)'s Corruption Perception Index (CPI), India's ranked 86th among 180 countries, a dip of six places.
- India is still very low on the corruption index, the report said, noting that experts feel CPI does not reflect actual real corruption level in any country. The integrity score determines the corruption situation of a country.

About corruption perception index ?

- Measurement of corruption has remained a perennial problem. Transparency International's (TI) first Corruption Perception Index (CPI) released in 1995 was a bold initiative.
- Until then, corruption was a taboo topic. International financial institutions regarded corruption as an internal policy matter of the respective countries.
- The Corruption Perceptions Index(CPI) is an index published annually by Berlin-based since 1995 which ranks countries "by their perceived levels of public sector corruption, as determined by expert assessments and opinion surveys.
- It is a composite index that draws from 12 surveys to rank nations around the world.

- The 2020 CPI ranks 180 countries "on a scale from 100 (very clean) to 0 (highly corrupt)".

Performances:

- India slipped six places to 86th position this year with a score of 40.
- The list was topped by New Zealand and Denmark (88 each).
- South Sudan and Somalia were at the bottom of the global ranking, with scores of 12 each.

Loopholes in corruption perception index:

- CPI is not a reflection of the corruption environment of a country and it cannot be a blueprint for sustained reforms sequencing because it fails to highlight the pressure points.
- The CPI is an Index of Indices and lacks representativeness.
- From 2002, Transparency international (TI) uses only expert assessments and surveys of business people, excluding surveys of the public.
- This generates a sample bias, as business elites are less negative about forms of corruption that favour their own group.
- It ignores the experiences and perspectives of the poor and also the interests of “unofficial businesses”, which employ the overwhelming majority of the population in poor countries.
- It does not distinguish between a wider catalogue of corrupt acts, such as nepotism, extortion, patronage, facilitation payments, collusive networks, administrative and political corruption, or state capture by major private interests.
- The CPI narrows the definition of corruption to bribe taking and is therefore unhelpful for granular reform.
- Another blind spot is that while CPI spotlights the major bribe takers of the world, it lets the major bribe givers and safe havens of looted funds.
- The CPI requires a minimum of three surveys per country. As a result, a significant number of countries cannot be included in the CPI.
- In 2003, the CPI scored 133 countries. Based on UN membership alone, this meant that 58 countries were missing from the Index.
- The failing of irregularity (countries drop in and out) makes the ranking order irrelevant. India’s highest rank was in 1995 when it stood 35. However, at that time only 41 nations were included in the CPI.
- India was ranked 95th, the lowest ever, in 2011, when CPI had included 182 countries (highest number).
- Apart from the overall rank, there is the second figure in CPI — the integrity score (out of 10). Ten stands for a highly clean country, while zero is for a country where kickbacks and bribery dominate business transactions. Ideally, one should base comparisons with the earlier score of the country.

- Another problem with the collection of perceptions arises when respondents do not report their personal experiences but rely on media coverage.
- India's scores on the CPI plummeted in 2011, the year of the unearthing of major corruption frauds.
- Thus assessment of a country might then reflect the quality of the press in uncovering scandals, and particularly its freedom to do so. Countries that suppress a free press may escape a bad reputation.
- The CPI measures perceptions and not actual incidences of corruption.

The cautions in the index:

- In TI's own words, year-to-year changes in a country's score result not only from a changing perception of a country's performance but also from changing samples and methodology. The CPI admittedly excludes un-updated sources and includes new, reliable ones.
- The TI compares this to the problem of designing a price index for a basket of goods. It is not possible to compare the price index for one period to that of the next as the ingredients of the initial basket itself have changed. Additionally, within the CPI's methodology, an implicit data "lag" exists.
- The TI, being an NGO, establishes the reliability of the CPI in the field of corruption assessments. Its standalone use may not be result-yielding.
- If one excludes a reliance on rankings, the CPI can be a useful tool for a broad longitudinal assessment of a country. This may not be useful where the changes in the scores are not drastic.
- From 1995-2020, India scores have moved at a snail's pace from 2.63 to 4.1 (out of 10). Another alternative could be that a national governmental agency conducts corruption assessments.
- This could suffer from a perception that the governmental assessment is biased. The use of proxy data can help overcome this.

Conclusion:

- The CPI will be meaningful when understood in the national context and alongside other indices such as Global Corruption Barometer, Press Freedom Index, and Rule of Law Index etc.
- The CPI generates short-lived hype/hysteria but rarely prompts a Pygmalion effect.