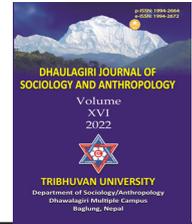


Gold Open AccessFull contents are available in NepJOL(<http://www.nepjol.info/index.php/DSAJ>)[DOAJ \(https://doaj.org/toc/1994-2672\)](https://doaj.org/toc/1994-2672)**Dhaulagiri Journal of Sociology and Anthropology****Corruption and Underdevelopment in Nepal: A Content Analysis***Dipesh Kumar Ghimire***Article Info**

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DOI: <https://doi.org/10.3126/dsaj.v16i01.50979>**Abstract**

Many studies show that corruption negatively affects public investment, reduces government revenue, misuses public resources, and decreases expenditure and quality of life for the people. It is also considered the leading cause behind the low quality of infrastructure, damaging social, economic, political, and infrastructural development. Similarly, corruption also hinders development because it distorts resources affecting economic growth and service delivery. So, corruption and underdevelopment have a positive correlation. Corruption has been a major driving force behind underdevelopment in many countries. This article is written based on secondary data. The content of news published in newspapers was analyzed during the study. This paper reveals the prevalence of high levels of corruption in the governance system and development activities is the main reason behind the underdevelopment in Nepal.

Keywords: corruption, development, economic growth, governance, Nepal, underdevelopment

Introduction

Corruption has been broadly defined as the misuse of public office or authority for private gain. Amuwo (2005) describes corruption as mismanagement of public funds for private gain. Similarly, underdevelopment is a state of dreadful economic condition of the country. Underdevelopment refers to a weak and vulnerable situation of the political organization, economic characteristics, and social institution in the country. Myrdal (1974) argued that an underdeveloped country has grave deficiencies and weak status of economic, social, and political power.

The World Bank (2017) indicated that Nepal is an underdeveloped country. It ranks 195th in per capita GNP out of 216 countries. Its life expectancy also ranks 103rd out of 118 countries. Total 17.4 percent of Nepali people are multidimensionally poor in 2019 (NPC, 2021). Similarly, an estimated 31.2 percent of the Nepalese living closer to poverty is at high risk of falling into the extreme poverty trap (World Bank Group, 2021). A total of Rs. 92 million rupees of loans in 1973/74 has significantly increased to Rs. 843 billion in mid-March of 2018. It has

shot to Rs. 1.5 trillion in mid-March 2021. The loan has increased by 776 billion over the last three years which is a whopping increase of 88.5 percent (MoF, 2021). These data show Nepal seems to have gradually plunged into the vicious circle of underdevelopment. In this context, the main objective of this paper is to explore the scenario of corruption and its relation to underdevelopment.

The article is divided into six sections. The first section is an introduction. The second section describes the research methods. The third one is about understanding corruption, development, and underdevelopment, and the fourth section critically looks at the development of underdevelopment in Nepal. Similarly, fifth is corruption and development of underdevelopment in Nepal and a subsequent conclusion has been drawn in the final section.

Research Methodology

In this study, a qualitative method was chosen as the research method to collect secondary data from the sources as well as for data analysis. The content analysis was applied to collect data and information from the book, journal, annual



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report of CIAA, OAG, laws, plans, and policies about development, corruption, and other relevant sources. The content of news published in newspapers was also analyzed during the study. The secondary data were categorized, and themes were prepared. After that, the data were presented in descriptive and analytical methods. For the presentation of data, table, case study, and descriptive methods were used. For analysis, descriptive and analytical methods were used.

Understanding Corruption, Development and Underdevelopment

Scholars (e.g., Amuwo, 2005; Obayelu, 2007) define corruption as the exploitation and misuse of entrusted power, public position, and resources for private gain. Klitgaard et al. (2000) argued that corruption is an illegal activity. According to Transparency International (2020), corruption is the abuse of entrusted power for private gain and benefits. Ogundiya (2009) characterized corruption as moral decay and abuse of public office in the return for private gain. In the meantime, Salisu (2002) describes corruption as the mismanagement of public funds for private gain. Gupta (1995) contributed to the debate on corruption and examines how lower-level officials execute their duties. He finds that conventional distinction between private and public inapplicable to an Indian context. Gupta (2012, p.80) defines corruption as 'activities that may be illegal, violate societal norms or meet with moral disapproval and invocation of right behavior'. Similarly, corruption serves as a site for debates promoted by conflicting systems of moral and ethical behavior'. The term 'development' is used by sociologists to explain industrialization, economic growth, high level of income, quality health and education facilities, and high standard lifestyle. Todaro and Smith (2011) argue that development has been understood as achieving sustainable rates of growth of income per capita to enable the nation to expand its output faster than the population growth. Chamber (1997) gives more emphasis on "good change" in society. Sen (1999) examined that development means standing against inequality and injustice to allow freedom.

Rist (2007) argues that development means increasing consumption and economy in the society. Chang (2009) focuses on material progress in society. Myers (1999) considered development as a positive change in the whole of human life materially, socially, and spiritually. So, we can say that those countries that have not yet achieved these objectives are said to have 'underdevelopment'. Myrdal (1974) argued that underdeveloped countries are very weak in economic, infrastructural, and social development. The underdeveloped countries are not able to utilize the resources for the benefit of the nations. Rodney (1973) argued that underdevelopment is the lack of skill and capacity, greater freedom, creativity, self-discipline, responsibility, and material well-being. While reviewing the literature related to development, it can be defined as a

process that creates progress, growth, positive change, or addition of economic, social, physical, environmental, and demographic components.

While reviewing the literature we can identify the few basic characteristics of underdeveloped countries. Underdeveloped countries have low economic growth, low level of capital for investment and high level of unemployment ratio (Rotberg, 2004). The economy is completely based on production of raw materials and does not have a manufacturing industry. Similarly, there is no quality education or health-care facilities. There is famine and malnutrition and poor conditions of communication, transportation facilities and other infrastructure as well (Rist, 2007).

There are many theories that emerged to identify the causes of underdevelopment, one of the influential perspectives is the modernist approach. It believes that underdeveloped countries need to follow the development approaches and strategies of the highly industrialized countries before they can develop (Rostow, 1960). In contrast, the dependency school of thought always sees that the exploitation of the underdeveloped countries by the core developed countries and unequal exchanges between core and periphery countries were the main reasons for the underdevelopment (Amin, 1976). He further argued that rich countries are responsible for the underdevelopment of third world countries.

These both schools of thought have their own strengths and weaknesses. In the meantime, there is a new school of thought which claims that corruption leads to underdevelopment. Awojobi (2014) assesses the relationship between corruption and development and finds out that corruption remains the core barrier to development of a society. Nageri et al. (2013) also view that corruption is the misery of development in the third world. Tanzi and Hamid (1997) found that corruption impacts negatively on public investment, reduces government revenue, decreases expenditure on operations and maintenance and reduces the quality of life.

According to Uneke (2010), corruption is damaging to social, political, and economic development. Shleifer and Vishny (1993) empathized that corruption hinders development because it makes resources ineffective. Mauro (2006) identified that corruption decreases private investment, misuses the public resources, and alters the structure of government expenditure and it also affects economic growth and development badly. Lawal and Tobi (2006) assert that corruption causes a serious development challenge in the third world.

Bamidele (2013) argues that corruption is the main cause of underdevelopment. He further adds that corruption is one of the indicators of state failure, accompanies neopatrimonialism and helps to bring states to failure. Falola's (2005) study shows that corruption is the main responsible factor for Nigeria's underdevelopment in all sectors. While analyzing the literature it is understood

that corruption is an important factor in promoting underdevelopment in a country.

Debates on Development and Underdevelopment in Nepal

Underdevelopment in Nepal has a long history whose roots lie in the continuous and uneven process of peripheralization. Mishra (1987) emphasizes the socio-political relation of Nepal with British India as the reason for this. And he believes that unequal status between India and Nepal in the Sugauli Treaty of 1816 and the Friendship Treaty of 1950 led to the underdevelopment in Nepal. Bhattarai (2003) also argues that Nepal's underdevelopment is essentially a problem in the transition of a pre-capitalist society, hybridized under its retrograde internal social structure, but increasingly mediated by exogenous capitalist/imperialist interests. Blakie, et al. (1979) explained the domestic causes of underdevelopment in Nepal. During both the *Rana* and *Panchayat* regimes, the government bureaucracy was concerned with maintaining internal security and to appropriate the surplus produced by farmers and others in the form of taxes, and profits made by traders, to maintain the state apparatus and the continued control of the ruling classes.

Nepal is land-locked between two big economic powers China and India. Panday (2009) considers the status of land-locked Nepal as a constraint to development. Nepal has suffered from higher border prices of imports and exports of goods due to transportation costs. However, Luitel (2009) disagrees with it. She argued that other land-locked countries like Switzerland, Austria etc. have got compensating advantages but Nepal still yet to get any such kind of advantages. In the meantime, other scholars (Pathak, 2017; Panday, 2011) assign foreign aid to the growing dependency of Nepal.

While studying various literatures on the underdevelopment of Nepal, two conclusions can be reached. The first reason is external factors. According to this perspective underdevelopment of countries is typically the historical product of past and continuing socio-economic, political, and other unequal relations between satellite and the metropolitan countries. From the various empirical evidence, it seems that the unequal business and market relations also affect the underdevelopment of Nepal. The second one is the internal factors like modernization, geography, and land-lockedness that account equally for the underdevelopment of a country. Similarly, corruption is one of the biggest problems in Nepal today. However, there is inadequacy of research on the negative impact of corruption on the country's development.

Corruption and Underdevelopment in Nepal

Various studies (e.g., Bajracharya, et al. 2019; Dahal et al. 2000, and Panday, 2018) show that the high level of corruption is a major factor for underdevelopment of Nepal.

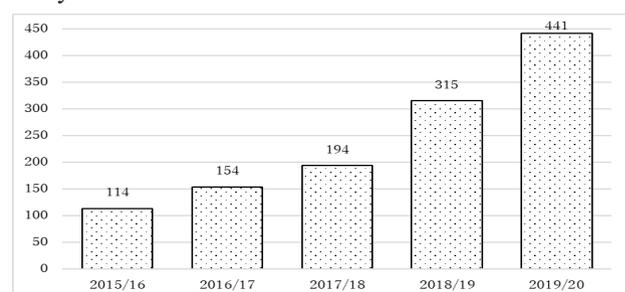
Dahal et al. (2000) have argued that rampant corruption played an important role in the underdevelopment of Nepal. Dahal (1998) also argued that rent seeking politics, corrupt bureaucracy and smuggling have jeopardized the economic progress and development of Nepal. Bajracharya, et al. (2019) argue that there is political involvement even in simple procurement decisions, resulting in the misuse and diversion of public funds for unauthorized purposes. Because of corruption, project implementation has suffered, and desired goals have not been achieved. The cycle of development has been hindered by the high level of corruption in Nepal. Corruption always erodes trust, weakens democracy, hampers economic development, and further exacerbates inequality, poverty, social division, and the environmental crisis.

The Nepali bureaucracy, politicians, and the business sector are most engaged in corruption. It is really a big challenge to the development of modern Nepal (Ghimire, 2018a; Upadhaya, 2003). No work speeds up without bribes and corruption in public service delivery and development works. Corrupt activities have adverse impacts on the development activities as well as economic growth of the country (Subedi, 2005).

The studies show that underdevelopment is a by-product of corruption (Rose-Ackerman, 1999). In Nepal, funds that are allocated to the development of the country are mismanaged by political and public officials. Since the establishment of republican system in Nepal in 2006, corruption has constituted a major hindrance to development in the country (Ghimire, 2018b). For the past 15 years budget allocations for infrastructure development have not yielded any positive achievement. The points stated below make clear on the level of increasing corruption in Nepal.

Increasing the case filed by CIAA in Special Court

Data show that the number of cases on corruption filed in the court by Commission for the Investigation of Abuse of Authority (CIAA) by investigating the complaints have been increasing. The increasing number of cases filed by the CIAA in the Special Court clearly shows the increasing trend of corruption in the country. CIAA had filed 144 cases of corruption in the Special Court in the fiscal year 2015/016 which increased to 441 in the fiscal year 2019/020 (Figure 1). Figure 1: The trend of case filed by CIAA in special court in five years



Source: CIAA, Annual Reports

The Special Court made decisions partially or fully in accordance with the demands of CIAA. The CIAA has had considerable success in the cases it has filed in Special Courts. According to the decisions, the conviction rate has increased by more than 60 percent each year (Table 1).

Table 1: Conviction rate in accordance with the decision of the Special Court

S.N.	Fiscal Year	Decision number	Conviction Rate	Percent
1	2015/16	59	52	88.14
2	2016/17	98	74	80
3	2017/18	279	167	60
4	2018/19	174	118	67.82
5	2019/20	197	167	84.8

Source: CIAA annual report of FY 2019/20

We see the high success rate at the Special Court if we see the number of verdicts. The success rate was 60 percent in 2017/18 which was the lowest while the maximum was seen in 2015/16 at 88.14 percent. From this it is seen that CIAA has been thoroughly investigating and getting success in the cases filed at the Special Court.

Increasing Arrears

The arrears persisting in the economic system helps understand the financial irregularities and malpractices in the governance system. The arrears indicate financial mismanagement in public institutions. While all the arrears do not indicate corruption, the increasing arrears

have negative impacts on good governance. According to a report published by the Office of the Auditor General, there is a huge arrears amount (Table 2).

Table 2: Arrears amount in the local government in the last 5 years (in thousand)

Year	Total amount of Audited	Arrears figures			
		To be recover	To be regularize	Unsettled advances	Total
2020	5171640	174068	203905	332635	710607
2019	5160920	320352	292542	450486	1063380
2018	4687910	172594	333507	442053	948154
2017	1295449	404389	244032	240138	888559
2016	1043238	43362	193382	251044	487788

Source: Annual reports of Office of the Auditor General

The table 2 gives a clear picture of the increasing arrears in Nepal. Looking at the data from 2016 to 2020, it seems that the arrears have been increasing annually. A large portion of arrears must be recovered. The arrears which must be recovered can be considered corruption.

Malpractices in Construction

Physical infrastructure development is taken as the backbone of development of a country. The quality physical infrastructure development helps improve the

Table 3: The discontinued development projects

Ministry/Department	Incomplete contract	Incomplete contracts with no extension of time.	Contract amount (in 10 million)	Mobilization (20%) (in 10 million)	Performance bond (5%) (in 10 million)
The Ministry of Physical Infrastructure and Transportation/ Road Department	906	623	2076	415	104
Ministry of Urban Development/ Department of Urban Development and Building Construction	442	171	693	139	35
Ministry of Energy, Water Resources and Irrigation/ Department of Water Resources and Irrigation	235	94	1866	373	93
Ministry of Federal Affairs and General Administration/ Department of Local Infrastructure	97	75	660	132	33
Ministry of Energy, Water Resources and Irrigation/ Nepal Electricity Authority	91	45	3843	769	192
Ministry of Culture, Tourism and Civil Aviation	37	6	727	145	36
Ministry of Communication and Information Technology	23	8	1546	309	77
Ministry of Water Supply/ Department of Water Supply and Sewerage Management	17	10	390	78	20
Total	1848	1032	11801	2360	590

Source: CIAA, 2019

development status of the country, increase in economic activities, and prepare the basis for easy transportation as well as proper service delivery. However, there seems to have extensive malpractices and mismanagement in physical infrastructure development works in Nepal.

The expenditure modality in every public sector in Nepal has contributed to a misuse of huge amounts of money. The trend of taking 20 percent of project mobilization amount of contract and not commencing the works has been increasing in the public offices. According to the data of CIAA, a huge amount has been misused as a mobilization amount from big contracts in various ministries and departments (Table 3).

Studying the documents and descriptions provided by the related offices to the CIAA, 1848 contracts with contract amount of 1.18 trillion rupees are incomplete within the contract deadline. Among them, 1032 (55.84%) contracts were found to have not extended the contract time. The contractor receives a 20% mobilization amount after signing the contract. The government of Nepal has provided 236 billion rupees as mobilization amount to the contractors. Time extension has not been done for these 1032 projects and the contracts do not have bank guarantee for the already paid mobilization amount as well. Similarly, the contract amount is of concern for those contracts for which time has been extended without bank guarantee.

Upadhyaya and Ghimire (2017) found out that the political nexus is the main reason for not completing the contract on time. Each contractor has a connection with one big political party or its leader. They are involved in politics from the party and provide donations to the party as well. In return, the contractors are protected from the party in even the criminal acts. Several contractors have been elected as the peoples' representatives in federal, provincial, and local levels. Not only the political party but also the voters have been bought with money. While they are in the government, there is no possibility of the contractors getting punished. Many of the contractors have provided advantages to the powerful politicians and have been getting their protection.

A Terrible Picture of Corruption

The trend of politicizing corrupt activities have a long history in Nepal. The big scandals of corruption come into publicity but remain uninvestigated. There is involvement of political parties, state mechanisms, and other stakeholders for this. Majority of big corruption scandals that came into publicity in Nepal for the last 15 years have remained uninvestigated.

After the People's Movement of 2006 to 2021, a total of 31 corruption cases involving more than a billion rupees each came into publicity. It does not include corruption scandals of less than one billion rupees. This data shows that corruption and economic mismanagement are increasing alarmingly in Nepal. However, no investigation was carried out in most of these cases (Table 4).

Table 4: Corruption scandals in the last one decade involving more than a billion rupees each.

S.N.	Case	Tentative Amount
1	NCell scandal	37 billion
2	Swiss Bank scandal	52 billion
3	Tax settlement commission scandal	21 billion
4	Nepal Telecom 4G procurement scandal	11 billion
5	Chaudhary Group getting tax exempt scandal	7 billion
6	Widebody plane procurement scandal	4.35 billion
7	Budhigandaki hydro project scandal	9 billion
8	Illegitimate property of Lokman Singh Karki scandal	5 billion
9	Bhrikutimandap land lease scandal	5 billion
10	Money distributed to the party cadres	5 billion
11	Corruption in Maoist cantonment scandal	4 billion
12	Loot in manpower companies	4 billion
13	Madhya Pahadi Lokmarga scandal	3.2 billion
14	Land purchasing case in Nepal Oil Corporation	3 billion
15	Upper Tamakoshi illegal verification scandal	3 billion
17	Irregularities in land purchase and building construction in Nepal Red Cross Society	3 billion
18	Corruption in Chandragiri Cable Car agreement	2.8 billion
19	Corruption in Hulaki Highway	2.5 billion
20	Pappu Construction scandal	2.5 billion
21	Corruption and irregularities in Melamchi Drinking Water Project	3 billion
22	Corruption during Sugaratna Kansakar's tenure in NAC	1.8 billion
23	Illegitimate property of former Chief of Nepal Army Rajendra Chhetri	1.5 billion
24	Corruption in driving license printing press	1.5 billion

25	Thirty-eight quintal gold smuggling	1.5 billion
26	Himalayan Airlines approval and tax-exempt scandal	1.4 billion
27	False VAT bill scandal	10 billion
28	Illegal fees in medical college	3 billion
29	Corruption in import of low-quality chemical fertilizers	1.53 billion
30	Lalita Niwas scandal	13 billion
31	Loss of Revenue in Department of Mines and Geology	1.24 billion
Total		223.82 billion

Source: Content Analysis of National Newspapers

The information provided in Table 4 is based on the news published in the national daily newspapers in Nepal for 15 years. Most of the cases of corruption that have been published by the national newspaper but not been investigated and proceeded for action by the responsible government bodies in the last decade are covered in the table which add up to more than 223.82 billion rupees. Questions have been raised on whether there is involvement and/or direct participation of political party leaders in those scandals.

Nepal is leaking huge amounts of money due to such corrupt activities. As a result, there seems to be a lack of resources required for economic growth and development. The high level of economic irregularities and corruption have directly affected the development of the country.

Silence of CIAA

CIAA stands as a constitutional body for corruption control in Nepal. This institution has the right to proactively investigate cases of corruption and file the cases. However, CIAA has not been able to fulfill its constitutional responsibility. CIAA remained void of officials from October 2006 to May 2013. During this period, the

political parties did not appoint officials in the CIAA. Due to this, CIAA was not able to make a case against the big corruption scandals and investigate the involved. After May 2013 too, the political parties appointed the officials in CIAA in their favor to fulfill their own vested interests. They have restrained the political corruption cases from being within the premises of investigation. As a result, Nepal has been facing the bitter situation of corruption cases being publicized but remaining uninvestigated.

Several corruption cases which came into publicity have been investigated by the parliamentary committees and other special committees. They have resolved the cases as corruption and have sent recommendations to the CIAA for further investigation. Similarly, some of the cases have been complained with proof. However, many of these scandals have not been investigated by the CIAA. There seems to be involvement of political leaders in the cases which have not been investigated (Table 5).

Table 5 above gives information on some of the complaints to the CIAA which were not investigated. The trend of leaving several scandals uninvestigated has been increasing. While the major corruption cases remain uninvestigated, on the one hand a large portion of national resources are being misused and impunity has been institutionalized on the other hand. Everyday cases of corruption are being made public with evidence. However, investigations and filing of cases have not been done in such scandals. On the one hand, this has increased exploitation and misuse of public money and resources, and on the other hand, it has made the construction work of poor quality. Nepal is not able to make a significant leap in development because of the corruption (Ghimire, 2018b),

The same actors have been involved in the corruption cases one after the other due to impunity. However, no action has been carried out against the corrupt officials and politicians. While a big portion of national resources which would otherwise be used for socio-economic and physical development causes is being misused, it has negative impacts on the development process of the country. The few developments which have been commenced are

Table 5: Some complaints of corruption in CIAA which have not been investigated.

S.N.	Case	Description	Irregularities amount	Status
1	Irregularity of Chamelia hydro project	Parliament's Public Account Committee (PAC) had given direction to CIAA for investigation of irregularities in Chamelia Hydropower Project on 3 December 2014. The cost for concrete work in the tunnel was 14100 rupees per cubic meter while the bill was made of 41500 rupees per cubic meter. The meeting of executive committee in chairmanship of the then Minister for Energy Radha Gyawali had approved a variation of 1 billion, 93 million and 800 thousand rupees.	550 million rupees	The investigation did not commence.

2	Taragaun Development Committee	The share executing committee decreased the 30 percent government share of Taragau Regency Hotels Limited to 9 percent. Similarly, more than 100 <i>ropani</i> of land of the hotel was sold illegally. The parliament's international relation committee had investigated on this case in chairmanship of the then member of parliament Agni Sapkota. The committee had concluded of irregularities in the case.	180 million rupees	No investigation was done.
3	Shivaraj Shrestha Scandal	A huge amount of money was illegally taken abroad due to a decision made by the Deputy Governor of Nepal Rastra Bank, Shivaraj Shrestha. A committee was formed by the Government to investigate this case. Shrestha was suspected of being involved in money laundering activity and the committee recommended the government in February 2020 to take action on this case.	1.92 billion rupees	The cabinet decided that he did not need to be punished.
4	Land of Nepal Trust	The land in Durbarmarg under the ownership of Nepal Trust was given to Thamsherku Trekking for building construction and giving the building in rent. The agreement was made in a lower amount than it was supposed to be made.	4.86 billion rupees	The CIAA did not take any action against this case.
5	Land purchasing scandal in Nepal Oil Corporation	The Auditor General, Public Procurement Monitoring Office, and parliamentarian committees claimed on the irregularities in purchasing land by the Nepal Oil Corporation.	100 million rupees	CIAA did not take any action against the complaint.
6	Gokul Baskota Scandal	The audio proof of Gokul Baskota asking commission on procurement of security printing press came into publicity.	700 million	Gokul Baskota resigned from minister post, but CIAA did not take any action against him.
7	Wide body purchase scandal	The PAC had investigated the procurement of wide body by the NAC, found irregularities and recommended for CIAA to take action against NAC. The news of Airbus Company in France offering 349 thousand Euros as commission to NAC came into publicity. The parliament's committee prepared a report and in January 2019, recommended CIAA for investigating and taking action against NAC.	4 billion 355 million 600 thousand	CIAA neither investigated nor asked questions.
8	Ganesh Thapa Scandal	The then chairman of ANFA, Ganesh Thapa was convicted of corruption and complaint was registered in 2014 to CIAA and Parliament's PAC.	580 million	CIAA did not take any action. To save him from parliamentary investigation, his brother Kamal Thapa gave him a seat of proportional member of parliament.

9	Omni Scandal	The MoHP made an agreement with Omni Business Corporate International in March 2020 for purchasing health equipment focused on COVID 19. The Parliament's Public Accounts Committee established that there had been irregularities in the purchase.	950 million rupees	Some people were questioned by the CIAA but did not investigate further.
10	The former Chief of Army Staff, Rajendra Khatri Scandal	A complaint was made to the CIAA regarding the investigation of property of a former Chief of Army Staff, Rajendra Khatri. Though CIAA do not have right to investigate against Nepal Army staffs, the law does not restrict CIAA to investigate on corruption case of retired staffs.	150 million rupees	The CIAA did not commence any investigation on this case.
11	Track Bed Tender Scandal of Train Department	The Train Department had given notice for tender for construction of track bed in Jhapa to Sunsari railway track section. According to the conditions specified, only limited contractors could participate in the bidding process. The contract amount was 34 billion rupees. The complaint was made that this led to a tremendous loss to the national treasury.	10 billion rupees	CIAA did not do any investigation on this complaint.
12	Chase Air Scandal	Hongkong Rana Magar was appointed as the chairman of NAC in 1998. He made an agreement with Chase Air to rent a Boeing 757. The Chase Air had neither an office nor a Boeing with it.	Irregularities of 100 million rupees	CIAA did not carry out any investigation.
13	China Southwest Scandal	The joint government of Nepali Congress and CPN (UML) had appointed B K Man Singh as an executive chairman of NAC in 1998. In his tenure NAC had made an agreement with Chinese Southwest Airlines without tendering.	Irregularities of 220 million rupees	CIAA did not do any investigating.
14	Ncell Scandal	Telia Company of Sweden sold its 80 percent share in Ncell to Axiata Company on 11 April 2016. Though the transaction was carried out by the international company, the company being in Nepal has to follow Nepal's taxation rule. But the company did not pay the tax.	32 billion	It was stated in the 54 th report of The Auditor General's Office. But no action was commenced based on the report.
15	Allowance of Maoist Cadres Scandal	The then CPN Maoist party had taken allowance for 19602 cadres staying in the camp after the party came into the peace process. Later, 2432 cadres were not found.	4 billion rupees	Not even a preliminary investigation was carried out into the complaint.

Source: Content Analysis, 2021

of low quality. This has been developing the state of underdevelopment in Nepal.

Increasing impunity has slowed down investigation and prosecution of corruption cases. Impunity means exemption or escape from punishment and fines. It is common in those countries that lack rule of law and the low probability of being prosecuted. (Avakian, 2018). Impunity causes corruption and financial irregularities, and it also promotes monopoly, and it plays a negative role on economic growth and development (Tum, 2001).

High level of Corruption in Nepal

Different studies and research show that the level

of corruption in the country is awful. The corruption perception index (CPI) is used for analyzing the state and physiognomies of corruption in Nepal. Transparency International had been publishing the corruption perception index since the early 1990s but it started publishing the data related to Nepal only in 2004. It was measured in 10 from 2004 to 2011 and in 100 from 2012 to 2020. The data shows that corruption is high from 2004 to 2011 (Table 6).

Table 6: CPI rank of Nepal

Year	Rank	Score
2004	90	2.8
2005	117	2.5

2006	121	2.5
2007	131	2.5
2008	121	2.7
2009	143	2.3
2010	146	2.2
2011	154	2.2
2012	139	27
2013	116	31
2014	126	29
2015	130	27
2016	131	29
2017	122	31
2018	124	31
2019	113	34
2020	117	33
2021	117	33

Source: Transparency International

The table above indicates how corruption has increased in Nepal over the years. Not only through CPI index, have other studies also testified to high prevalence of corruption in Nepal.

The global corruption barometer of Transparency International is a global report that tries to shed light on the magnitude of corruption in Nepal. According to the 2011 survey, about 62.8 percent people alleged that corruption has been increasing in Nepal (TI, 2011). This increased to 72 percent in 2013. According to the global corruption barometer, the politicians of Nepal are the most corrupt. In this, more than 90 percent of people alleged that politicians of Nepal are most corrupt. After this 85 percent was for public entities and officials, 80 percent for police and 79 percent for parliament are corrupt respectively. The other entities where people experience the events of corruption are revenue office, land revenue office, courts, and tax administration regulation offices (TI, 2013).

If we analyze the Transparency International's corruption perception index (CPI) between 2004 and 2020, Nepal is always at the bottom of TI's CPI rankings which indicates that the increased high-level of corruption in Nepal leads to lower investment drive and slippery economic growth.

Corruption has greatly contributed to the underdevelopment and failure of good governance in Nepal. Nepal is not able to properly implement the policies which promote good governance. It has failed to facilitate the development and success of democratic processes due to the prevalent existence of high level's political corruption and grassroots levels bureaucratic corruption. Accountability is generally very weak in Nepal. Corruption seems to be one of the obstacles to the development and it also promotes the development of underdevelopment in Nepal.

Conclusion

High levels of corruption affect development by slowing down economic growth and development. The corruption, irregularities and rent-seeking behavior are rooted in the Nepalese politics and public administration, which has jeopardized the economic growth and promoted underdevelopment in the country. Corruption has led to weakening productivity and lowering economic growth. Similarly, impunity has negatively affected the development process of a country.

There is weak policy and legal provision for controlling corruption in Nepal. The weak anti-corruption law and implementation status are major challenges to development activities. Corruption control seems to be weak, which is a constraint to investment and economic growth. The corruption has also discouraged investment leading to the direct impact on the quality, cost, and timely completion of the infrastructure development in Nepal. This situation is directly contributing to the development of underdevelopment in Nepal.

While the high-level politicians, bureaucrats and other officials are not being prosecuted for corruption and financial crimes encouraging others to engage in corrupt acts. If this massive amount of money would have been channeled for the development of the country, Nepal would not have to face the problems of bad roads, poverty, poor/no drinking water supply, and high level of unemployment. Huge amounts of money that could be used to infrastructural development are stolen by the politicians and bureaucrats; businessmen who send this money to developed countries for safe keeping at the expense of the country's development. The scandals stated above show that the corruption and development in Nepal are closely related. The corruption has reduced the potential for economic growth.

In development thinking, high levels of corruption are seen primarily as a challenge to the efficient delivery of outcomes such as health, income growth, education, infrastructure, and a thriving private sector. Failures of governance and corruption do present such challenges. It is believed that corruption is the major problem of development. A country is poor and underdeveloped because it is corrupt and that it is corrupt because of slow-changing institutions which is a way of avoiding the moral responsibility to act. Poor, historically rooted institutions necessarily have led to underdevelopment in Nepal. The study clearly shows that corruption leads to distorting economic growth, expanding inequality and divisions in a society which has harmful effects on economic growth and development. As said by Coates and Quest (2005) corruption is the main cause of underdevelopment and corruption also harmful impacts of economic development of Nepal.

Declarations

Ethics Approval and Consent to Participate

I declare that this research has been conducted ethically.

Consent for Publication

Not applicable.

Availability of Data

The secondary data was collected by the author. In this paper, qualitative data was presented as required for the thematic issues. The rest of the data were not presented or shared due to data confidentiality and integrity.

Competing Interests

There is no competing interest with any individual or agency.

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