

Abstract

The thesis explores individuals' responses to various institutional reforms in a bureaucracy that screens the applicants for the deserving type and delivers the good to the designated recipient. There can be corruption in the bureaucracy, where the corrupt officials would deliver the good to any applicant in exchange for a bribe. The bribe is also used to speed up the delivery of the good. The thesis assesses the existence of corruption and the associated irregularities in provision of publicly provided private goods through stakeholder's preferences. It derives its interest from the prevalence of the incidence of red tape and speed money in a country like India and the possible ambiguous impact of them on the welfare of the economy. It attempts to theoretically find out the supporters of red-tape-related corruption and supporters of an honest bureaucracy. It tries to derive the conditions under which the shortening of red tape and the grievance-redress mechanisms, generate support for an honest regime. It finds the conditions under which 'greasing the wheel' improves the welfare of an economy. In economies with persistent corruption, it is often seen that even the individuals who do not support corruption, would pay bribes. The thesis also attempts to find the factors influencing such behavior. In terms of policies, it shows that for controlling corruption among the individuals, the government should speed up the delivery of the public good/service. Counterintuitively, it also suggests that a faster grievance redress process would increase corruption.