

Title Is Corruption Efficient? Getting a Driving License in India

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Abstract This paper analyzes data from an experiment on bureaucratic processes conducted by the World Bank in 2003-2005. About 800 individuals applying for a driving license in New Delhi were carefully tracked. All procedures and related payments from the time of application for a temporary license to the time that a permanent license is granted (or not) are documented. Moreover, some individuals were randomly assigned to a condition that either offered them free training or increased their ability to pay for a license. At the end of the study, all subjects were asked to take a surprise driving test. Our findings reject the "grease-the-wheels" view of corruption, where bribes enhance efficiency. Among those that obtained a license, individuals who paid more were 20% more likely to fail the surprise driving test than a control group. Also, individuals that were better drivers were only 2% more likely to get their license than a control group.