

Funding of elections

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ADI H DOCTOR

The subject of state funding of elections has been extensively debated all over the country and over a fairly long period of time. When the BJP and its allies included comprehensive electoral reforms in their national agenda for governance, most people felt that electoral reforms were being taken seriously at last. In June 1998 the BJP constituted a multi-party parliamentary committee under the chairmanship of Indrajit Gupta of the CPI to look into the issue of state-funding of elections. The Committee submitted its report in early 1999 to the Union home and law ministries. Unfortunately, no concrete action followed thereafter.

Here, we seek to surmise the varied and important facets of electoral reforms pertaining to state-funding of elections, which could constitute the basis of a comprehensive revision of relevant provisions of the existing Representation of People's Act of 1951 and Conduct of Election Rules 1961.

Why state funding of elections?

A strong case exists for state funding of elections because political parties perform a vital public function to sustain a democracy. However, such funding should be confined to parties recognized as national parties or state parties by the Election Commission (EC) and to candidates fielded by such parties. If funding is extended to independents, it will encourage non-serious and frivolous candidates to stand for elections.

The corpus of the fund should be built up by annual contributions by the Central government. The formulae for calculating the Central government's annual contribution could be the total number of registered voters multiplied by Rs 10. Taking a population figure of 60 crores, the annual contribution of the Centre to the election fund would be Rs 600 crores. Given the sad economic health of most states and their inability to exercise fiscal discipline, it would make little sense asking state governments to contribute to the fund. The Centre should try and raise its annual contribution to the election fund by way of a special cess on corporate and individual (high bracket) income tax payers.

Nature of state funding

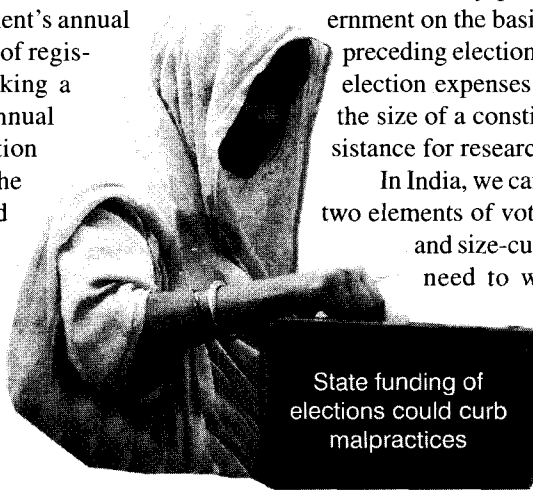
While the ideal situation may be that the state provides total funding of elections, financial constraints and the prevailing economic conditions may not permit this. Hence, it is important that the state decides to fund some essential expenses of political parties during election campaigns and provide them administrative support during elections.

State funding, again, should not be in cash but in kind. This is because subsidies paid in cash could be misappropriated. It is better to extend assistance in the form of facilities. Principal among these should be (a) providing a prescribed quantity of fuel or petrol to vehicles used by candidates; (b) supply of a predetermined quantity of copies of electoral rolls (c) payment of hire charges for a prescribed number of microphones used by candidates (d) Doordarshan and AIR should provide sufficient free time to recognized political parties for election broadcast and the facility could also be now extended to private TV channels in order to ensure fair and balanced coverage; (e) distribution of voter's identity slips, now being done by the contesting candidates, should be exclusively undertaken by the EC and all candidates should be prohibited from issuing such slips. The EC should be consulted from time to time regarding other facilities that may be provided and, the manner and mode of state assistance to political parties in general.

Method of state funding

In Germany, political parties are financed by the government on the basis of the votes polled by them in the preceding election. In Japan, the government finances election expenses of political parties on the basis of the size of a constituency and also gives financial assistance for research and publicity.

In India, we can work out a formula combining the two elements of votes polled in the preceding election and size-cum-population of a constituency. We need to work out a reasonable system of grants-in-aid to be given by the government to recognized political parties. However, it must be admitted that working out an acceptable formula or criteria for disbursement of financial



State funding of elections could curb malpractices

assistance to parties is a tricky job. For instance, if a lumpsum quantum of assistance is fixed on the basis of the performance of parties in the last election and the entire amount is paid before the next election, it may discriminate against a party which may have gained popularity during the period between the two elections as also against a new party entering the fray.

The only remedy against this is to permit candidates/parties to supplement state funding with funds through collection of membership fees, and, also by way of contributions made by individual friends, supporters and sympathizers, (but strictly excluding corporates and companies) so long as they adhere to the election expenditure limit. This is an important point to note because if the friends and sympathizers are allowed to incur unlimited expenditure for the candidate, it would defeat the very object of imposing a ceiling. Hence, donations from individual supporters and sympathizers, from their personal income should be by of cheque payment, if the donation is above Rs 10,000, and the names of the donors must be made public.

In order to be eligible for state funding, political parties and their candidates should have submitted their income tax returns up to the previous assessment year. Under the present law (Representation of People's Act, 1951 and the Conduct of Election Rules, 1961) the Central government notifies the maximum election expenditure by issuing rules in consultation with the EC. The EC has prescribed a ceiling (amended in December 1997) of Rs 1.5 million for most Lok Sabha constituencies and a limit of Rs 600,000 in case of most states.

However, it may be desirable to change the relevant sections of the existing law (RPA and Conduct of Election Rules) to lay down provisions enabling the EC to revise the ceilings of election expenditure to realistic levels on the eve of every general election, whether to the Lok Sabha or state assembly. Thus empowering the EC will help depolitize the issue of fixing limits on election expenses.

Accounting of election expenses

Under the present system, a simple declaration of expenses incurred is given in return of expenses. It would be more appropriate instead to require the candidate to furnish a declaration in a prescribed form of affidavit with a sworn oath before a judicial magistrate or oath commissioner owning responsibility for the correct and true account of the election expenditure. The period of accounting should strictly be between the date of notification of the election and the date of declaration of the result of the election.

Keeping an election account is already mandatory, however violators are not severely punished. Every political party registered with the EC must publish its accounts annually and such accounts must be audited by agencies appointed by the EC. Punishment of at least six months and a fine should be provided for. The punishment for submission of false accounts should be an electoral offence punishable with at least two years imprisonment.

Donations by corporate bodies

A final word on donations by companies and corporates should be prohibited. Today, no doubt, election expenses are enormous and the cost of routine political activity between elections is also substantial. Hence, companies and corporate houses should be allowed to donate to party funds. However, there are many reasons why such funding needs to be discouraged in India. Firstly, special interests, which have money, will fund only such political campaigns and candidates, who will be agreeable to their agenda and interests. Now some may say that there should be no objection to this in theory since many special (monied) interest groups/lobbyists actually bring new ideas and information to the country's leaners. As they say in the US, "sometimes what is good for General Motors is good for the US". However, in the US the funding is transparent (fund raising dinners) and with widespread literacy and strong NGOs, people know who gave what and how much and to whom and keep a vigil over the legislation introduced in the House to determine if any unhealthy quid pro quo (or conflict of interests) exists. In India, the situation is very different and that is why while corporate funding may be desirable for the US the same may not hold good for us.

Many factors make the prohibition of corporate funding in India desirable. First, in India given political apathy, widespread illiteracy, caste vote banks, institutionalized socio-economic exploitation of the poor and comparatively weaker and always suspect NGOs, the transparency that makes corporate funding acceptable in the US, will not hold good for India. Given the infrastructure and peculiar sociology of India, corporate—funding can only encourage unhealthy bargaining and a quid pro quo being struck between the corporate house and politicians, and the building up of an unhealthy nexus between political party and industrial house. Secondly, in India, there exists a large amount of unaccounted black money, which has always been a major source of corruption in all walks of public life. Tehelka has only revealed the proverbial tip of the iceberg. Thirdly, allowing corporate funding may encourage loss making and even sick units to contribute to party funds to obtain a quid pro quo by way of a revival package. Fourthly, allowing corporate funding will encourage competitive trade union funding of political parties, further vitiating the political climate and the far from cordial relationship between management and labour. Finally, in India, very few business houses would be inclined to fund political parties, which heavily or exclusively represent the interests of the socially and economically weaker sections. Even at the best of times, the disadvantaged sections/parties often have limited and or no access to big donors. ■

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