

Political Democracy Sans Economic Democracy: A Myth

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Abstract: It is true that elections are not possible and democracy cannot function without money but ‘money power’ is also a hindrance in the way of conducting free and fair elections. Illegitimate, illegal and excessive use of money in elections is not only the root cause of corruption but also of alienating people from political participation. The role of money in elections is increasing by leaps and bounds which has adverse effects on our democracy. Present paper is an effort to analyse the role of money in elections and to find out the ways and means to overcome this menace. The study is based on the 16th Lok Sabha elections held in 2014.

Keywords: Political Democracy, Economic Democracy, Money Power, Free & Fair Elections, Electoral Reforms.

Introduction

At the time of framing of the Indian Constitution it was believed that by adoption of the adult franchise, political justice had been secured to the people. Dr. Ambedkar, voiced this in the Constituent Assembly when he said that, “political democracy has been secured by the adoption of the principle of ‘one man one vote’” and the remaining task was the securing of economic democracy¹. This task of economic democracy has not been fulfilled even after 65 years of the implementation of the Constitution. Economic inequalities and increasing role of money in elections has resulted in unequal political participation and abrogation of political democracy. The economic factor affects political participation by influencing the voter as well as the contestants. In India a large section of people, where 22 percent² population is below poverty line and burdened with the problem of sheer economic survival, feel alienated from the political process.³ Moreover the highly expensive elections have made it very difficult for an ordinary man even to contest the election.

Money power and Election

The vicious circle of black money has polluted the Indian polity to an extent that, in context of elections, the right to equality has become illusive. Obviously the working of the principle of equal opportunity cannot be assured if one individual or a political party has undue advantage over the other by way of an access to a large resource base which certainly facilitates better campaigning and better voter contacts which ultimately help in increasing the chances of the candidate and party to win the election. Moreover, excessive use of money in election creates a trend among the political parties as well as the candidates to subserve the interests of those who wield money power and are prepared to pay any price for shaping the policies of the government to serve their interests.⁴

There is no unanimity of opinion about the influence of money on elections. Nehru strongly felt against the positive influence of money on elections when he said that, “It is my firm conviction that the more money you spend, the worse it is for you. People are thinking that it is money that counts. I hold a strong reserve opinion.”⁵

Now, not only the times but the priorities and parameters have also changed. The increasing influence of money on the election is reflected throughout the complete electioneering process - from the nomination till the polling day. Huge amount spent by candidates and political parties are the proof that money plays vital role in deciding the results of the elections.

Table:1 Average Assets vis-a-vis Winning Percentage of Candidates in 2014 Lok Sabha Elections

Average Assets of Candidate (in Rupees)	Position of candidates in constituencies in relation to Assets	Total Winning candidates (Number)	Percentage of Winning candidates (%)
Crore 36+	1.	160	29.52
Crore 09+	2.	142	26.2
Crore 03+	3.	113	20.9
Crore 03+	4.	49	9.1
Crore 01+	5.	32	5.9

Crore 01+	6.	21	3.9
Lacs 59+	7.	12	2.2
Lacs 57+	8.	3	0.6
Lacs 74+	9.	4	0.7
Lacs 27+	10.	1	0.2
Lacs 13+	11.	1	0.2
Lacs 36+	12.	1	0.2
Lacs 5+	15	2	0.4
Lacs 1+	16	1	0.2
		542	

Source: Analysis of Criminal Background, Financial, Education, Gender and other details of Winners Association for Democratic Reforms www.adrindi.org/download/file/fid/3775

The above table shows a positive correlation of assets and winning percentages which is a clear indication of role of money in winning the election. The first 3 asset positions are held by 415 (77%) of elected candidates in their respective constituencies. Moreover, 160 (30%) of these winning candidates have the highest assets in their constituencies and 142 (26%) winning candidates have the second highest declared assets. This is a clear revelation that the candidates, who held first position in their asset value in their constituency, had the highest winner's percentage (30%). As the percentages of the asset values of the candidates in their constituencies kept on decreasing, the percentages of the winning candidates also decreased accordingly.

Table: 2 Assets and Winning Candidates in 2014 Lok Sabha elections

Assets (in Rupees)	Total Candidates (Number)	Total winning candidates (Number)	Percentage of winning candidates (%)
Crore 10+	450	132	29.3
Crore 5-10	320	70	21.9
Crore 1-5	1443	241	16.7
Lacs 20- 1 Crore	2131	86	4
< 20 Lacs	3836	13	0.3

Source: Analysis of Criminal Background, Financial, Education, Gender and other details of Winners Association for Democratic Reforms www.adrindi.org/download/file/fid/3775

$$\begin{aligned} \text{Formula:} \\ \text{Chances of winning by Crorepati contestant} &= \frac{\text{Crorepati winners}}{\text{Crorepati contestants}} \\ \\ \text{Chances of winning by Contestants with low assets} &= \frac{\text{Winners with low assets}}{\text{Contestants with low assets}} \end{aligned}$$

This table further clarifies that the total number of candidates according to their decreasing asset value standings shows progressive increase in their number but the percentages of winning candidates shows a progressive decrease. Therefore, it can be easily inferred that the asset value and winning percentage of candidates have a direct and positive correlation. In 16th Lok Sabha 443 (82%) MPs are Crorepati whereas in 2009 elections this number was 300 (58%) This is an indication of the relationship between money and the success in elections. There can be a divergent opinion about the extent of this influence but it is very difficult to say that money has no influence or has negative influence; exceptions are no rules.

It is because of this increasing role of money in election, that the democracy in India has been alleged to have become a government not of the people but of the rich people. That is why M.C.Chhagla commented that , "elected members do not really represent the people. They represent money power."⁶ Dinesh Goswami Committee has also made a similar kind of observation that, "The role of money ... at elections deflecting seriously the well accepted democratic values and ethos and corrupting the process... from the core of our electoral problems. Urgent corrective measures are the need of the hour lest the system itself should collapse."⁷

It is not only the political system that needs reforms, but the fact is that the current system - the excessively increasing election expenses, political donations - have become so obvious that even businessmen, who understand the return on investment and is the primary provider of black money used in elections, feels the need for its share of spoils. Seventy five (75%) percent of the sources of funding of political parties are not known. It is difficult to comprehend that corporate and business houses, who made 87% of the total donations to the national political parties, will do so without any vested

interests.⁸ The highly expensive elections adversely affect the economy of the nation which ultimately harms the poor and disadvantaged sections of the society. The permanent remedy of the problem though lies in the amelioration of the socio-economic conditions of the masses yet the control and check on the increasing election expenses is very essential. The elections can serve the cause of democracy only when the illegitimate role of money is minimised if not completely abolished. It is in this context that the analysis of the economics of elections becomes essential. It includes:

- (i) Ceiling on election expenses: reality or myth?
- (ii) Election reforms to check the mind boggling expenses incurred by political parties and the contestants;
- (iii) Relevance of Mid-term poll.

Ceiling on Election Expenses : Reality or Myth.

Ever since the electoral laws have been implemented in India, there is a constant and conscious attempt to check the election expenses. The Conduct of Election Rules, 1961 (Rule 90) provides the maximum election expenses allowed to be incurred by a candidate in a particular constituency. The ceiling on expenditure is revised whenever the government finds it appropriate. Sections 77, 78, 10-A and 123(6) of Representative of People's Act, 1951 make necessary provisions for not only to follow these provisions and keep account of election expenses but also to file the election returns in the office of the Election Commission within 30 days from the date of elections. In order to make the control really effective, the Election Commission is empowered to disqualify a person for a period of three years if the Commission is satisfied that he "has failed to lodge an account of election expenses within the stipulated time and in the manner required by or under this Act, and has no good reason or justification for the failure."⁹ Despite all these legal provisions, the ceiling on election expenses is violated in every election by a large number of contestants. As a result of it, the role of money in elections is increasing at alarming rate making election not a democratic but an expensive and rich people's exercise.

The total cost of an election includes the expenditure incurred by the Election Commission, political parties and the contestants on individual basis. Since the first general elections in 1952, the cost of elections went up 334 times in 2014 Lok Sabha election, notwithstanding all the economy measures taken to keep the costs down. Rupees 16.78 per voter, spent by the government for conducting the elections, prima facie appears to be a very reasonable amount. If that is all that the nation is supposed to bear for democracy then mid-term polls will also not be considered a heavy price for democracy but, unfortunately, the reality is altogether different. Apart from the government the greater part of the expenditure incurred in election is borne by the candidates and political parties. The actual election expenses incurred by the candidates are unexpectedly higher than the legal provisions of such expenses. Any layman, without the knowledge of economics can easily estimate that even the most frugal election campaign would involve expenditure many times more than the ceiling imposed by election laws.

Whereas the government expenditure in election is well accounted for, individual expenses in election remain largely unaccounted or only theoretically accounted for. There is rare chance that one can get the accurate records of their expenditure incurred in the election. Instances are not wanting where lakhs, if not crores, of rupees have been spent on electioneering campaigns of certain candidates and yet 'NIL' election expenses returns have been filed in respect of such candidates.¹⁰ The political parties and candidates keep saying that the election expenditure ceiling should be raised whereas the declared expenditure by them are far below the existing expenditure ceilings. An analysis of 437 Members of Parliament (MPs) showed an average expenditure of Rs.14.62 lacs per candidate in 2009 elections which was only 59% of the election ceiling amount. Thirty percent (129) of MPs had shown declared expenses even lesser than 50% of the ceiling amounts.¹¹ Former Prime Minister Mr. Atal Bihari Bajpayee had also observed that Indian politicians start their legislature careers with a lie i.e. submission of false election expenditure returns.¹² The observation indirectly indicates that the declared expenses are not true and are underreported by the candidates. According to ASSOCHAM report majority of the candidates were expected to spend approx. Rs.5-7 crore each during 2014 Lok Sabha Elections.¹³

Moreover, the unlimited amount of money spent in the elections by political parties make the ceiling ineffective because under the existing provisions the political parties are free to spend with impunity as much money as they like. According to a report of ADR, six political parties –the Bhartiya Janata Party (BJP), the Bahujan Samaj Party (BSP), the Communist Party of India (CPI) and CPI Marxist (CPM), the Congress party and the National Congress Party (NCP) had spent Rs.1308.75 crore in 2014 general elections. Infact the expenditure incurred by national political parties during Lok Sabha elections have increased by 386% in the last 10 years.¹⁴

Exploiting the loopholes of law, the political parties carry on with small donations (less than Rs.10,000 for which source is not required to be disclosed) resulting in huge collections. According to an Association for Democratic Reforms (ADR) report the above said six political parties had collected Rs.1158.59 crores in 2014 elections as compared to Rs.854.89 crores in 2009 elections which is 35.53% rise between the two successive elections.¹⁵ The main source of party funds is the Black Money. Atal Bihari Bajpai, the BJP leader, had said , "While accepting donations, no one looks at the colour of the money."¹⁶ Therefore, because of the availability of black money, the ceiling on poll expenses is merely a myth.

The election Commission is also of the view that the present provisions of Sections 77 and 78 with Sections 10A of the R.P. Act, 1951, are totally ineffective to serve the intended purpose of placing curbs on the unscrupulous use of money in elections.¹⁷

Suggestions

Although it is very difficult to abolish the role of money, even temporarily, and make the election totally transparent, yet we should venture for the implementation of electoral reforms in order to check the illegitimate use of money. The following reforms and measures are essential to check and minimise the pernicious role of money power in election.

- (i) Every political party registered with the Commission should publish their accounts, containing all the sources of money, annually and such accounts should be audited by agencies specified by the Election Commission.
- (ii) No association or body of persons (except a registered political party) or individual should be permitted to incur any election expenditure without the written authorization of the concerned candidate or his election agent. Any person violating these provisions should be liable to punishment with minimum imprisonment of one year which may extend up to 5 years with fine.
- (iii) Any candidate, failing to maintain his true account of election expenses or not filing its true copy with the District Election Officer within the prescribed time or lodging a false account, should be liable to punishment with imprisonment and disqualification for future elections for a period of six years instead of three years as is present provision in section 10A of RP Act 1951. Moreover the political party should receive all donations above Rs.10000/- only through bank cheques for which necessary amendment should be made in Section 29C of RP Act 1951.
- (iv) Section 29C of RP Act 1951 should be further amended under which the parties, which fail to file a report in respect of contributions in time, will be imposed a heavy penalty. The filing of the report should be made mandatory.
- (v) There should be a ceiling on expenditure incurred by political parties also. The parties should be permitted to spend an amount in proportion to the number of candidates fielded by the respective party for a particular election.
- (vi) It is common observation that aspiring candidates of various political parties indirectly start their campaigns well before the expected schedule of elections in the form of displaying big banners and hoardings conveying good wishes for festivals like Diwali and occasions like New Year. All this is aimed at letting the voters know about their expected candidature and gain popularity. Moreover, in an effort to draw further benefits in oncoming elections, aspiring candidates also indulge in practices like holding free health camps, arranging sports meets, distributing blankets on festivals and make donations to charitable organisations. Therefore, all candidates finally contesting the election should be subjected to scrutiny for all such events in the preceding six months and the expenses incurred on such activities should be included in their final election expenses.
- (vii) It has also been observed that aspirant candidates subscribe to paid news in various news papers in the form of advertisement wherein they exhibit that they command great public support for themselves and draw huge crowds at their rallies indicating that the particular candidate is the most winning candidate in the coming election. But the word advertisement is displayed as very small display in some corner of the page and that too as short form like Adv.. which remains unnoticed by the viewers. This form of advertisement looks like more of a news rather than an advertisement and misguides the public. Therefore such advertisements should not be allowed.
- (viii) In order to avoid heavy expenses incurred on frequent mid-term polls, tenure of Lok Sabha can be fixed for a period of five years. The money saved, by avoiding mid-term polls, can be utilized for the welfare schemes and economic rejuvenation of the masses. In the face of limited resources available with the government and the country, much more needs to be done to ensure that the funds are properly and efficiently utilised for the benefit of the most deserving causes.

Conclusion

The economics of elections shows that elections, being very expensive, have become a richman's paradise. A solid link between the donors and recipients of funds has emerged and as a basis of this linkage, parties receiving funds have become prosperous and donors of funds have become rich because the policies of the government are geared up to satisfy the demands of the donors. Funds for elections have institutionalized corruption and "this monster of money is threatening to destroy democracy, party system, electoral verdict, functioning of the government and morals of the society."¹⁸ Therefore, there is an urgent need to take comprehensive measures to curb the blatant misuse of money power in elections before it gets too late.

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