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## Campaign Finance Reforms in India<sup>1</sup>: Issues and Challenges

Samya Chatterjee

### Introduction

The essence of any democratic system is the healthy functioning of political parties and, consequently, free and fair elections. In turn, the conduct of fair polls requires not only a legal institutional framework and a transparent electoral process, but a campaign finance institutional structure that adequately ensures a level playing field along with the upholding of the cardinal principles of probity and transparency in public life. Such principles are true not only in India but in any other democratic country as well.

In 2011, the Anna Hazare-led anti-corruption movement in India became instrumental in mobilising public opinion against graft at all levels of government. Corruption—and the pernicious influence of black money particularly at the higher echelons of the Indian government—has agitated the ordinary Indian citizen for a long time. What is the root cause of corruption? It is now generally conceded that the fountainhead of corruption and widespread prevalence of black money is the country's electoral politics; indeed, nowhere else is corruption in India more pervasive.

For instance, according to figures presented in the Lok Sabha, Rs. 11.2 billion was earmarked for the 2009 elections. However, the unofficial expenses—unaccounted money, private sector contributions, and black money—were two to three times the official figure. For the 2014 elections, meanwhile, election expenditure is expected to cross the Rs. 100-billion mark.<sup>2</sup>

The challenge for India is how to achieve political equality while society is deeply mired in economic inequality.<sup>3</sup> De Tocqueville may well have been right when he wrote thus: "Democratic institutions

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awaken and foster a passion for equality which they can never entirely satisfy." Yet the integrity of these institutions demands that control of economic resources does not permit domination of the political process on the simple expedient of unrestrained liberty for all in the political arena. If political equality is to mean anything in practice, the political machine must not be the preserve of the few who are ready, willing, and able to exploit private or personal economic resources.<sup>4</sup>

It is against this background that a close examination of electoral reforms in India, vis-à-vis campaign finance, assumes immense importance. It must be stated at the outset that reforming campaign finance legislation in India is not the only response to the ills currently prevailing in the electoral arena. Other reforms that must be pursued include: inner party democracy; a meritocratic system of entry into the political arena instead of one based on feudalism and networks; and the use of black money. Campaign finance, however, is one of the most important areas in need of reforms. This paper looks at the legislation governing campaign finance in India, different forms of financing, the dilemmas involved (for example: state funding, quasi-state funding and corporate funding) and challenges faced by the institutional structure overseeing electoral reforms, the Election Commission of India. The attempt is not to suggest specific solutions but to throw some light on the various debates surrounding campaign finance in India.

## **Legislations Governing Campaign Finance in India**

Campaign finance in India—and on a broader scale, the funding of political parties—is governed by the following laws:

- Representation of People Act, 1951;
- Conduct of Elections Rules, 1961;
- The Companies Act, 1956 (which will likely be replaced by the Companies Bill 2011);
- Foreign Contributions Regulation Act, 1976;
- Income Tax Act, 1961; and,
- Indian Penal Code, 1860.

During the Constituent Assembly debates (December 9, 1946 to January 24, 1950) there was no specific discussion about the role of election funding or party finance. The first major laws to govern election funding were the Representation of People Act, 1950 and Representation of People Act, 1951. The 1950 Act created a structure for the Election Commission, allocation of seats and delimitation of the constituencies as well as creation of the Electoral Rolls. The 1951 Act, meanwhile, dealt with the technical processes of the conduct of elections.

## **The Representation of People Act, 1951**

The Representation of People Act (RPA), 1951 imposes no limitations on the expenditure incurred by leaders of a political party in disseminating messages under transportation expenses. Other expenses incurred to support a particular candidate are eventually added to the expenditures incurred by the candidate. A similar scenario emerges when a third party is involved in supporting a particular candidate, even when he is responsible for disseminating the message of a political party. According to this Act, while individual candidates are required to lodge an account of the election expenditure incurred by them, political parties and their leaders are exempt from maintaining accounts of expenditure for propagating official programmes and messages. Political parties are, however, under obligation to disclose to income tax authorities, contributions received from individuals or companies in excess of Rs. 20,000. They cannot receive donations/contributions from government companies or from any foreign source as defined in the Foreign Contribution (Regulations) Act, 1976.

## **The Election and Other Related Laws (Amendment) Act, 2003**

Section 29C of the Representation of the People Act, 1951 as inserted by the Election and Other Related Laws (Amendment) Act, 2003 makes it mandatory for the treasurer of a political party to prepare a financial report every year, stating the following:

- (a) The donations received by the political party from any person in that financial year in excess of Rs. 20,000.
- (b) The donations received by the political party in excess of Rs.20,000 from companies other than government companies in that financial year.

The treasurer has to submit a copy of the report in a prescribed form to the Election Commission before the date of submission of the audited accounts of the party to Income Tax authorities. Non-compliance with the statutory requirement will disentitle the party from any tax relief under the Income Tax Act, 1961. This provision is significant as it regulates the contributions of political parties every year, rather than only during election period, which comes every five years.

## **The Companies Act, 1956**

The Companies Act, 1956 has provisions dealing specifically with the funding of political parties by corporations. According to Section 293-A of the law, corporate contributions to political parties are capped at five per cent of the company's average net profits during the three immediately preceding financial years. The Act expressly bans foreign contributions to candidates or their parties. This provision is likely to be replaced by the new Companies Bill, 2011 which might increase corporate contributions to political parties from five to 7.5 per cent of the company's average net profits during

the three immediately preceding financial years. (The Companies Bill, 2011 has not been passed by Parliament as yet and is therefore referred to as ‘bill’ not ‘law’.

### **The Foreign Contribution (Regulation) Act, 1976**

The Foreign Contributions (Regulation) Act, 1976, as amended in 2010, prohibits all organisations of a “political nature” from receiving any foreign contribution. It gives the Central Government powers to classify any organisation but does not provide any guidelines in defining “political nature”. Besides, Section 29C of the Representation of the People Act, 1951 prohibits all political parties registered with Election Commission to accept any contribution from a foreign source, as defined in Section 2(e) of the Foreign Contributions (Regulation) Act, 1976.

### **Income Tax Act, 1961**

Under the Income Tax Act, 1961 all contributions made by individuals and companies to political parties will be deducted while calculating their income tax. Section 13A of the Act, however, orders all political parties to submit their annual audited accounts to the Income Tax authorities before a stipulated date.

## **Institutional Structure Governing Campaign Finance in India**

### **The Election Commission of India**

The Election Commission (EC) of India has been the custodian of free and fair elections in the country since the first general elections in 1952.<sup>5</sup> Till the fourth general elections of 1967, the Indian polity was relatively immune to excessive expenditure during elections and the Election Commission of India had a relatively easier task of conducting and managing elections. It was during the Fifth General Elections of 1971 that, for the first time, the electoral system showed signs of becoming corrupt.<sup>6</sup> Since then—and particularly through the '80s and '90s—corrupt practices in financing elections have only become worse.

The dominant features of the current electoral system include the all pervasive pernicious influence of black money, charges of corruption, nepotism, and excessive expenditure. To better illustrate the link between money power and the number of candidates elected to the Lok Sabha, a report by the National Election Watch (NEW), a coalition of 1,200 civil society groups working across the country on the 15th Lok Sabha, makes for an interesting reading. Candidates with assets of more than Rs. 5 crore constitute around one-fifth of the Lok Sabha: 106 members in a house of 543. The number of crorepatris in the 15th Lok Sabha is 306 or almost double that in the 14th Lok Sabha (154). The assets of MPs and candidates in even some of the poorest and most troubled parts of India have increased

astronomically between 2004 and 2009. In Vidarbha, the net worth of candidates rose by 160% between 2004 and 2009 whereas in Wardha district during the same period, the net worth of candidates rose by an incredible 1157%. The Kalahandi-Bolangir-Koraput areas in the state of Orissa alone—perceived as perhaps the most deprived zone of the nation—had seven multimillionaire candidates.<sup>7</sup> In recent years, there has been evidence of black money being injected into the electoral system through a nexus between the politicians and the real estate industry.

It is in the context of such pervasive influence of money power in elections that the role of the Election Commission must be considered. Since 1971, the Election Commission has played a major role in laying down a Model Code of Conduct (MCC) for candidates and political parties. The MCC is a voluntary agreement between the parties for regulating the conduct of political parties and candidates during the process of elections to Assemblies and Parliament. It does not enjoy legal status under the Representation of the People Act, 1951.<sup>8</sup> The code has been in existence since 1971, periodically being revised to keep in tune with the times.

With respect to campaign financing, the present code of conduct prohibits Ministers and other authorities from doing, among others, the following:

- Making announcements about any financial grant;
- Laying foundation stones of projects or schemes of any kind;
- Making promises about the construction of roads;
- Issuing advertisements at government cost;
- Carrying out any appointments in governments and public undertakings which may have the effect of influencing the voters in favour of the ruling party.<sup>9</sup>

In such cases, it is not the direct form of campaign financing that has been legally restricted, but rather the abuse of state power to divert finances to win elections. As far as the law is concerned, the appropriation of state finances for developmental projects which are announced prior to elections is a form of indirect quasi-state funding that must be prohibited.

A Parliamentary Standing Committee on Personnel, Public Grievances, Law and Justice in May, 2012 considered giving legal status to the MCC, arguing that it had come to enjoy a quasi-legal status since some provisions attracted penal punishment like suspension or withdrawal of official recognition if the political party is found to have violated provisions of the MCC.<sup>10</sup> Even the current government, the United Progressive Alliance (UPA) II, has been keen to “look into the aspects where executive instructions of the Election Commission of India [are] required to be given statutory shape.”<sup>11</sup> While the Election Commission of India was earlier in favour of giving the MCC legislative teeth, it has recently expressed reservations about the same issue on two primary grounds: (1) The Election Commission fears that the growing chorus for giving the MCC statutory backing by the present

government is in fact intended to take out of the Election Commission's purview any and all violations of the MCC; and (2) The Code's true power stems from the EC's active, interventionist role in real time during electioneering and polling, and not from successful prosecution in cases of violation. While the legal process is necessary in the long run, the political parties and candidates fear the Election Commission's warning that serves both as a moral weapon and makes the public aware of the misdeeds of the candidates and the political parties.

Another area which needs to be seriously considered is setting up a “legal cell” within the Election Commission, with statutory backing if necessary. The “legal cell” could hear cases along the lines of the different tribunals in the country (Administrative Tribunal, Electricity Tribunal, and others) and appeals could be brought directly to the Supreme Court. This would reduce the time required to pursue election-law-related cases through the lengthy process of approaching first the lower courts, then the higher courts, and so on.

### **Provisions Regarding Advertisements Related to Elections: Role and Challenges before the Election Commission of India**

Section 127A(1) of the Representation of the People Act, 1951 clearly states that an election pamphlet or poster will not be printed or published in any form of print media without the disclosure of the name and address of the printer and publisher. It has been often noted that surrogate advertisements appear in both traditional print media and other new, electronic media. Such advertisements must be included under election expenditure, according to Section 77(1) of the Act. Surrogate advertisements, by their very nature, defeat the purpose of the relevant sections of the RPA, 1951 and the Election Commission has suggested that the relevant provisions be amended to include any political advertisement in favour of a candidate/political party or against a candidate/political party to curb the practices of surrogate advertisements which spread false information and distort the essence of democracy. The author is of the view that in any future amendments expected to be brought about as part of electoral reforms, it is necessary that surrogate advertisements be banned from being published, with appropriate penalties for violations.

Another area of concern is with respect to government-sponsored advertisements which appear particularly before elections in the guise of public information. The ruling party at the state or central level is often responsible for issuing these advertisements. Such advertisements, commonly perceived to influence the electors, have been expressly prohibited by the Election Commission's Model Code of Conduct since they also utilise finances which belong to the public exchequer.

The EC, in a 2004 paper proposing large-scale electoral reforms, stated that government-sponsored advertisements highlighting achievements of the ruling party must be banned six months prior to the date of the expiry of the term of the House.<sup>12</sup> With respect to political advertisements on television



and cable network, the Election Commission has noted that this is another area which needs strict regulation since the provision banning advertisements on cable TV under The Cable Television Network (Regulation) Rules, 1994 has been overturned by a state High Court and was settled by the Supreme Court in favour of the previous provision for one particular general election.<sup>13</sup> The issue is yet to be settled. The Election Commission is in favour of amending the relevant provisions of the Act in question to ensure a “suitable advertising Code and monitoring mechanism”.

## **Funding of Political Parties**

This particular section will analyse the two forms of campaign financing: state funding and corporate funding. The objective is to understand the current structure and encourage a debate on the various alternatives proposed in the public domain.

### **State Funding of Elections**

Public funding of political parties was an unknown phenomenon across the world during the first half of the 20th century but gained currency in the second half, not only in established democracies but also in new ones that began to adopt some form of public funding. State funding of political parties and elections—the most popular form of public funding—is based on the argument that speaks of the “public functions” performed by political parties. All political parties in a democracy perform important public functions: depending on affiliation, either informing and educating the citizens about the policies and programmes of the government or pointing out their shortcomings and deficiencies.<sup>14</sup>

The mechanism of funding elections from the finances of the state has been proposed in India on various occasions, as a response to two primary issues:

- (a) As a measure to curb corruption and the pernicious influence of black money in the electoral process; and
- (b) In order to reduce the exorbitantly high costs of elections and create a level playing field for all political parties.

Various government reports in the past have considered this form of election funding, including the Indrajit Gupta Committee (1998); the 1999 Law Commission of India Report; National Commission to Review the Working of the Constitution 2001; and the Report of the second Administrative Reforms Commission 2008 (Ethics in Governance).

The Indrajit Gupta Committee Report unequivocally supported state funding of elections on constitutional and legal grounds as well as in the larger public interest. The rationale was to establish a

level playing field for parties with fewer financial resources. This endorsement of state funding came with two caveats: state funding should only be provided to national and state parties (independent candidates will not be included); and in the initial phase, state funding should only be provided in kind (facilities like free telephone, rental free accommodation) to the recognised political parties and their candidates. The recommendation that state funding should only be provided to recognised national and state parties, however, contradicts the aim of a level playing field for elections. State funding for only established political parties (state and national) may create a bias against new (and thus presumed to be) weaker political parties as well as serious independent candidates who do not wish to affiliate themselves with any political party. Moreover, it would strengthen the position of the entrenched political parties by their uneven access to resources and thus defeat the purpose of state funding, which is to strengthen democracy by enabling fair competition.<sup>15</sup>

The 1999 Law Commission of India Report, while largely in consonance with the Indrajit Gupta Committee Report, added that if state funding is introduced as a form of election funding, it must be ensured that all other forms are banned. The report further noted that state funding of elections can only commence if an appropriate regulatory framework for the functioning of political parties can be introduced (i.e. ensuring internal democracy of all political parties, internal structures and maintenance of accounts as well as auditing and submission of all accounts to Election Commission). While the National Commission to Review the Working of the Constitution (NCRWC) 2001 did not give unconditional support for state funding of elections, it did back the creation of a regulatory framework to monitor the functioning of political parties. As a Consultation Paper to the NCRWC noted, “The campaign expenditure by candidates is in the range of about twenty to thirty times the legal limit”. It further recommended that state funding of elections must be made conditional on two grounds: (a) greater transparency in the receipt and spending of election expenses; and (b) deletion of explanation 1 to Section 77 of the Representation of Peoples Act, 1951.<sup>16</sup> The Second Administrative Reform Commission (ARC), meanwhile, categorically held that partial state funding of elections must be introduced for the purpose of reducing “illegitimate and unnecessary funding” of elections.<sup>17</sup>

One of the biggest criticisms against state funding has been that it will reduce the necessity of the political parties to maintain their social base and generate funds through social mobilization and active work amongst their constituents. Such theory is proven in countries like Germany and Spain, where analysts have observed an inverse relationship between state funding of elections and social mobilisation efforts of political parties.<sup>18</sup>

While state funding of elections is not a reality in India, the RPA, 1951, in accordance with the recommendations of the Election Commission of India, has provisions for quasi-state funding. For instance, the government supplies candidates of recognised political parties copies of the electoral rolls and other prescribed materials for elections to the Lok Sabha and other state assemblies. The EC, in consultation with the Ministry of Information and Broadcasting, allocates broadcast time on cable



television network and other broadcast media for campaigning purposes proportionately among the recognised political parties on the basis of their electoral performance in the last elections at the national or state level. In the United Kingdom, it has been observed that subscriptions by way of mass memberships have had a major role in the finances of political parties.

### **Corporate Sector and its Role in Campaign Finance**

During the general elections of 2009, over 36 corporate donors contributed more than Rs. one crore each to political parties across the spectrum, with at least three corporate donors contributing more than 10 crores to the principal political parties.<sup>19</sup> The current trend of donations to political parties is based on the model of the electoral trusts first started by the Tatas in 1996. This model is an adaptation of the German model of funding political parties wherein funds are contributed by the particular business house on a non-partisan basis; it is a formula-based model of contribution to the electoral trust. The funding is applicable to all political parties above a certain representation in the Parliament, and legislative assemblies. This form of election funding has recently come under the scanner as both business houses and political parties have failed to adopt some measure of transparency in their contributions and receipts.

As mentioned earlier, according to provisions of the Companies Bill, 2011, funding from corporate companies is set to rise from five to 7.5 per cent of the net average profits preceding the last three years. The Companies Bill, 2011, while in favour of a resolution passed by the Board of Directors vis-à-vis corporate funding,<sup>20</sup> fails to highlight the role of shareholders or what is referred to as the “shareholder approval” in other countries, such as the United Kingdom.

### **Legislative Provisions Regarding Disclosure and Auditing of Finances**

All political parties in India are required to maintain proper accounts of their income and expenditure and have them audited on an annual basis. At present, however, the auditing is not done by any approved external firm, but internally; internal auditing of the accounts is not considered independent by most election observers. The auditing of accounts should be carried out by a firm approved by the Comptroller and Auditor General or Election Commission and should be available in the public domain for purposes of information dissemination and scrutiny.

The current electoral provision that any donation above Rs. 20,000 must be reported in the interests of transparency and accountability was made possible via an amendment of the Election and Other Related Laws (Amendment) Act, 2003. Donations below the limit of Rs. 20,000 are considered as membership fees. Though not explicitly stated as a condition in India, this practice is almost similar to that of membership fees in other European countries, notably the UK and Germany. India does not have the equivalent of a Federal Election Commission, a body exclusively tasked with verifying

disclosures of expenditures, penalising defaulters, and imposing stringent rules on reporting of such expenditures by political parties.

## Conclusion

At the moment, the introduction of partial state funding for elections is a possibility for India, given the country's expanding economy. This has been the subject of long-standing proposals from various committee reports; hence, partial state funding could be introduced some time in the near future. As the Election Commission has warned, however, partial state funding should be linked to internal reforms of political parties, such as a more transparent funding process from corporate houses.

Any change in the electoral reforms vis-à-vis funding of political parties can only be a gradual process. A single piece of legislation is unlikely to solve the problems for the long term. Moreover, experiences of other countries teach us that campaign finance reform is a continuous and evolving process that is unlikely to be addressed by a specific legislation or major reforms. What can go a long way in improving the electoral process are strengthened institutional structures—“legal cells” within the Election Commission—which are appointed bodies to track disclosures by political parties (similar to the Federal Election Commission in the United States tasked with tracking disclosures). This could also be a specific yardstick against which present and future challenges can be adequately addressed.

### ABOUT THE AUTHOR

Samya Chatterjee is a Research Assistant at Observer Research Foundation, New Delhi.

## Endnotes:

1. The author would like to thank Dr. Niranjana Sahoo, Senior Fellow (Observer Research Foundation) for his guidance throughout the process of writing this paper, S.K. Mendiratta (Consultant cum Legal Advisor to the Election Commission of India) for his invaluable comments on the paper and Ms. Anshu John (Editor, Publications for the Observer Research Foundation) for her guidance in editing this paper.
2. Sasidharan, Keerthik, *Funding Democracy*, The Caravan, January 1, 2012, available at <http://www.caravanmagazine.in/PrintThisStory.aspx?StoryId=92>, last visited on June 25, 2012
3. Inequality in earnings has doubled in India over the last two decades, making it the worst performer on this count amongst all emerging economies. The top 10% of wage earners now make 12 times more than the bottom 10%, up from six in the 1990s. Moreover, wages are not smoothly spread out even through the middle of the distribution. The top 10% of earners make almost five times more than the median 10%, but this median 10% makes just 0.4 times more than the bottom 10%. For more details refer to “Special Focus: Inequality in Emerging Economies (EEs)”, *Divided We Stand: Why Inequality Keeps Rising*, OECD 2011, available at <http://www.oecd.org/dataoecd/40/13/49170475.pdf>, last visited on June 26, 2012.
4. Ewing, K.D., *The Legal Regulation of Campaign Financing in American Federal Elections*, *The Cambridge Law Journal*, Vol. 47, No. 3 (Nov., 1988), pp. 370-402, available at <http://www.jstor.org/stable/4507203>, last visited on June 24, 2012.
5. The Election Commission of India is a permanent constitutional body which was established in accordance with the Constitution on January 25, 1950. To better appreciate the role of the Election Commission, it is necessary to briefly

underline the historical perspective of conducting elections in India. India adopted for the parliamentary form of democracy in tradition with the British form of governance followed during the pre-independence era.

6. Indira Gandhi's election in Allahabad being a case in point wherein the Allahabad High Court found her guilty of abusing the government machinery for election purposes. For details of the case, see Smt. Indira Nehru Gandhi vs Shri Raj Narain And Anr. AIR 1975 SC 2299, available at <http://jurisonline.in/2011/11/smt-indira-nehru-gandhi-vs-shri-raj-narain-and-anr-air-1975-sc-2299/>
7. Sainath P., The Age of the Everyday Billionaire, Counterpunch, June 24, 2009, available at <http://www.counterpunch.org/2009/06/24/the-age-of-the-everyday-billionaire>, last visited on July 5, 2012.
8. In comparison, the US has a body similar to the Election Commission of India charged with the responsibility of enforcing campaign finance rules referred to as the Federal Election Commission. Enforcement proceedings can be brought under FECA (Federal Election Commission Act) on a certain issue referred to as Matter Under Review (MUR) either through a complaint generated mechanism i.e. filed by a specific party before the Federal Election Commission. The findings of the commission are subject to judicial review. The Commission also has broad investigative powers including authority to take deposition of witnesses, subpoena documents and answers to questions, and enforce the subpoenas in US Courts. The matter is sought to be settled by the FEC either through a conciliation agreement or through action on a trial de novo basis in a US District Court. In India, the concept of a conciliation process outside the jurisdiction of the courts needs to be seriously debated. For more details, refer to Federal Election Commission, available at <http://www.fec.gov/>, last visited on June 30, 2012.
9. Anand, Eshwar V., State Funding: An Overdue Reform, The Tribune, April 13, 2011, available at <http://www.tribuneindia.com/2011/20110413/edit.htm#6>, last visited on July 2, 2012.
10. Makkar, Sahil, Not in favour of legal status for model code of conduct: Sampath, livemint.com (The Wall Street Journal), June 11, 2012, available at <http://www.livemint.com/2012/06/11221313/Not-in-favour-of-legal-status.html>, last visited on July 5, 2012.
11. Editorial, The model code ain't broke, The Hindu, February 23, 2012, available at <http://www.thehindu.com/opinion/editorial/article2920736.ece>, last visited on June 23, 2012.
12. Proposed Electoral Reforms (2004), Election Commission of India, 2004, p. 12, available at [http://eci.nic.in/eci\\_main/PROPOSED\\_ELECTORAL\\_REFORMS.pdf](http://eci.nic.in/eci_main/PROPOSED_ELECTORAL_REFORMS.pdf), last visited on June 21, 2012
13. The Supreme Court of India has now banned the telecast of all political or surrogate advertisements on cable networks and television channels which violate "the law of the land, morality, decency and religious susceptibility of viewers and are shocking, disgusting and revolting." For more on this refer to "Supreme Court bans surrogate ads on electronic media", Venkatesan, J., April 3, 2004, available at <http://www.hindu.com/2004/04/03/stories/2004040306930100.htm>, last visited on June 28, 2012.
14. Arora, Dolly, State Funding of Elections: Some Posers, Economic and Political Weekly, Vol. 35, No. 37 (Sep. 9-15, 2000), pp. 3283-3286, available at <http://www.jstor.org/stable/4409708>, last visited on June 3, 2012.
15. Ibid.
16. Explanation 1 to Section 77 of the RPA states that any expenditure incurred or authorised in connection with the election of a candidate by a political party or by any other association or body of persons or by any individual (other than the candidate or his election agent) would not be deemed to be election expenditure incurred or authorised by the candidate or by his agent. This was introduced by Prime Minister Indira Gandhi in October 1974 following the disqualification of a Congress Member of Parliament on the grounds of exceeding the ceiling of expenditure. Since 1974, candidates, who were otherwise guilty of exceeding the prescribed limit, have taken recourse to this Explanation. For more on this, refer to Venkatesan, V., "For clean campaigns", Frontline, Volume 19 - Issue 04, Feb.16 - Mar. 1, 2002, available at <http://www.frontlineonnet.com/fl1904/19040950.htm>
17. Partial state funding of elections is not desirable since the role of money power in elections can be limited only if the funding is comprehensive, disallowing any contributions from other sources from being used for the purpose of

elections. The ability of money power to unduly influence public policy cannot be expected to be magically defeated simply because state funds are made available to political parties.

18. Public funding of elections has resulted in political parties becoming distant from their members, concentration of power in the hands of the national leaders enabling them to becoming less sensitive to the needs of the grassroots and the general public, and eventual control of the political parties by the executive branch of government. *Supra*, note 10, p. 3285.
19. Karunakaran, Naren , India Inc plays safe; prefers lawful funding of political parties, ET Bureau, January 10, 2012, available at [http://articles.economictimes.indiatimes.com/2012-01-10/news/30611967\\_1\\_parties-anil-bairwal-aditya-birla-group](http://articles.economictimes.indiatimes.com/2012-01-10/news/30611967_1_parties-anil-bairwal-aditya-birla-group)., last visited on July 9, 2012.
20. Clause 182 of the Companies Bill, 2011 states that a private company may contribute any amount directly or indirectly to a political party provided such a contribution is authorized by a resolution passed at a meeting of the Board of Directors of the company. For more details on campaign finance vis-à-vis corporate funding, refer to The Companies Bill 2011, available at <http://www.prsindia.org/uploads/media/Company/companies%20bill%202011.pdf>, last visited on July 9, 2012.



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