

## **13<sup>th</sup> Annual National Conference on Electoral and Political Reforms**

**Date and Venue: 29<sup>th</sup> April, 2017 at Panjab University, Chandigarh**

### **Background Note**

#### **Session: Public Funding of Political Parties**

Political Parties play a key role in democracies as they contest elections, form governments, formulate policies and are responsible for providing governance and improve the lot of the common man. Political parties and candidates need access to money in order to reach out to the electorate, explain the goals/policies and receive inputs from people. However in our democracy, political parties lack transparency with regard to political party finances and funding. Organizing good elections is useless if the outcome is decided by bank notes rather than ballots.

Collection of unaccounted money by leaders and parties has often been cited as the root of political corruption as it leads to post-election favours being granted to poll financiers. In response to the high cost of elections and as a measure against corruption in the electoral process, public funding has often been touted as a possible antidote. The Public Funding of political parties or their election campaigns has been the subject-matter of debate by many political scientists as well as the leaders of political parties from time to time. In recent times, in the midst of the heated political debates during demonetization of 500 and 100 rupee notes, PM Narendra Modi had also suggested state funding of polls, along with simultaneous Lok Sabha and assembly elections, to improve transparency in political funding and combat corruption.

Our society is well aware that humongous amount of money is spent by the political parties and candidates during elections. While there is a limit on the candidate's expenditure, there is no cap on the political party's expenditure. Also 70-75% of the total donations received by political parties are from unknown sources. The influence of money power in elections has been lamented by various committees, Law Commission reports and Supreme Court judgements. Even though black money & money power is being used to subvert the essence of democracy, there is always resistance from the political parties and the Government of the day towards reforms in political funding and financing.

Partially, the solution lies with the political parties themselves to evolve the necessary mechanisms to collect funds in a more transparent manner. At the same time, the government has to make an endeavor to help, promote healthy democratic norms, if necessary, by making appropriate legislation which would allow raising of contributions but also ensure more transparent and accountable funding of political parties and elections.

To ascertain expert opinions on the sources of resources for political parties and to recommend appropriate ways of reporting them, this discussion explores how politicians and their parties can best be funded and what are the most effective financial safeguards for ensuring 'free and fair' elections as well as good governance in India.

It is hoped that after a discussion on the above issues, concrete suggestions to remedy the situation would emerge.

- Nilesh Ekka  
Senior Researcher and Functional Analyst, ADR