

ABSTRACT

TRANSPERENCY IN POLITICAL FINANCE: AN UNACCOMPLISHED DREAM

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India has developed complex election expenditure, political party funding, and reporting and disclosure laws. The unholy nexus between the criminals, business tycoons and political parties have been proven as major hindrances to smooth functioning of a democracy. The presence of black money or the unaccounted money in the dignified process of election has been very evident though it is not efficiently curbed through existing legal provisions. 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. Unaccounted and illegitimate election expenditure is thus translated into huge corruption siphoning off money at every level.

The authors in this paper suggest that these laws may have perverse impacts on the electoral system as they tend to drive campaign expenditure underground and foster a reliance on unaccounted funds or “black money”. The paper begins with tracing the evolution of India’s legal framework with respect to political party fundraising and expenditures. The Authors argue through their findings that one of the key drivers of corruption in India is flawed political party funding and election expenditure laws. Secondly the paper discusses the nuances of the influence of business tycoons and other external factors that control every aspect of the electoral process through various means

This paper finally examines how the combined effects of these factors lead to a decline in the integrity and effectiveness of India’s electoral system. The paper concludes with some possible remedies, including partial state financing of political parties that might restore the health of India’s electoral system.

Key Words: Corruption, Unaccounted Money, State funding, Unauthorised Financing