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Nexus between Politics and Money: Addressing Corruption in Elections

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ABSTRACT

India, the world's largest democracy, faces a long-standing issue that threatens its democratic core: the influence of money in politics, especially during elections. The nexus between politics and money has evolved into a complex problem, deeply embedded in the system. Corruption tied to campaign finance and political funding hinders the effectiveness of governance, leads to compromised policy decisions, and hinders social development. This article explores the roots of this issue, its manifestations in Indian elections, and potential approaches to curbing election-related corruption.

Keywords: Money, Politics, Election, Funding, Finance.

I. INTRODUCTION

Campaign financing is an expensive affair in India. Political parties require massive funds to conduct rallies, advertise, and manage the logistical demands of campaigning across vast constituencies. Consequently, political funding has increasingly become a primary driver of corruption. Businesses, interest groups, and wealthy individuals often provide funding with the expectation of favourable policies and preferential access to resources or government projects once the candidate or party wins.² This transaction, essentially a quid pro quo, directly erodes democratic integrity and turns public offices into avenues for personal or corporate gain.³

The issue extends to individual candidates as well. Candidates often have to spend substantial amounts on voter outreach, media coverage, and mobilizing supporters. Consequently, many candidates either invest their capital or borrow from benefactors. This investment, however, often comes with strings attached, which results in elected representatives prioritizing the interests of their sponsors over the general public.

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² Ashutosh Kumar (2024). *The Role of Money in India's Elections: How Effective Is the Political Finance Regime?* Millennial Asia, 0(0). <https://doi.org/10.1177/09763996241246054>.

³ Neelajan Sarcar, *Money matters in Indian elections: Why parties depend on wealthy candidates*, THE HINDUSTAN TIMES (Jul. 26, 2018 04:04 PM), <https://www.hindustantimes.com/india-news/money-matters-in-indian-elections-why-parties-depend-on-wealthy-candidates/story-z81zpqqwH7yA1rx3dLzVrN.html>.

II. ELECTORAL BONDS: A STEP FORWARD OR ANOTHER CONCERN?

The introduction of electoral bonds in 2018 was hailed as a step towards making political donations more transparent. Electoral bonds allow individuals and corporations to anonymously donate to political parties, ostensibly reducing black money circulation in the political arena. However, the anonymity aspect has been widely criticized. By concealing the identities of donors, electoral bonds have inadvertently amplified the lack of transparency in political funding, making it even harder for the public to trace the origins of money flowing into politics.⁴ Moreover, many believe the mechanism primarily benefits ruling parties, as corporations may feel pressured to fund parties in power, fearing repercussions if they don't.

Critics argue that the scheme fails to address the fundamental problem: the influence of money over political decisions. Transparency remains minimal, and the opacity surrounding corporate funding raises questions about who actually shapes policies.⁵ Additionally, electoral bonds only apply to contributions made through official channels, whereas a substantial portion of political funding still flows through unofficial routes, such as cash payments or third-party entities.

III. THE PROBLEM OF “CASH-FOR-VOTES”

One of the more troubling consequences of the money-politics nexus is the "cash-for-votes" practice. Despite strict laws prohibiting it, this practice remains rampant in India, particularly in rural and economically disadvantaged areas. Political parties and candidates often distribute cash, liquor, or goods in exchange for votes. This tactic undermines the democratic process, turning elections into transactional events rather than reflections of genuine public opinion.⁶

For many voters living in poverty, these handouts may represent a short-term benefit that's hard to ignore, especially when they feel neglected by political representatives the rest of the time. This vicious cycle is difficult to break. Politicians, aware of the allure of short-term benefits, prioritize vote-buying over genuine development work that would benefit the electorate in the long run.

IV. LOOPHOLES IN CAMPAIGN FINANCE LAWS

⁴ Suyash Rain & Anirudh Burman, *Analyzing the Benefits of Electoral Bonds | John Rawls on a Fair Society*, CARNEGIE INDIA, (Nov. 17, 2023), <https://carnegieendowment.org/india/ideas-and-institutions/analyzing-the-benefits-of-electoral-bonds-or-john-rawls-on-a-fair-society?lang=en>.

⁵ Maitreesh & Anirban Mukherjee, *Electoral Bonds, Incumbency Advantage, and Concentration of Political Power*, THE INDIA FORUM, (July 07, 2024) <https://www.theindiaforum.in/politics/electoral-bonds-incumbency-advantage-and-concentration-political-power>.

⁶ Omkar Khandekar, *In India's elections, many say cash-for-votes is an open secret*, NPR (May 18, 2024, 8:44 AM), <https://www.npr.org/2024/05/18/1252307769/in-indias-elections-many-say-cash-for-votes-is-an-open-secret>.

India has established several laws aimed at limiting campaign expenses and making political funding more transparent, yet these laws are riddled with loopholes. For instance, candidates are restricted by spending limits; however, parties themselves face no such cap. As a result, funds are often funnelled through party accounts rather than individual candidates, allowing them to sidestep spending regulations.

Another loophole lies in the realm of corporate donations. Until recently, companies could only donate a limited percentage of their profits, and only from profits earned in the previous three years. The current system has lifted these restrictions, allowing companies to donate unlimited amounts even if they are barely profitable. This shift raises ethical questions about whether these companies are indeed profitable entities or merely conduits for political contributions.

V. JUDICIAL INTERVENTIONS AND THE ROLE OF CIVIL SOCIETY

The Supreme Court of India has played a pivotal role in directing the electoral process towards greater transparency. Landmark judgments have compelled candidates to disclose their criminal records, assets, and liabilities. Additionally, the Court mandated the filing of affidavits detailing candidates' financial assets, providing voters with crucial information about the wealth of those vying for public office.

Civil society organizations also contribute by spreading awareness and educating the public on the implications of accepting bribes for votes. Non-profit initiatives, public interest litigations, and media campaigns serve as essential checks on political excesses. Yet, despite these efforts, their impact remains limited in the face of overwhelming financial influence.

VI. THE WAY FORWARD: STRATEGIES FOR REFORM

Addressing the nexus between money and politics in Indian elections requires comprehensive reform. Here are some strategies that could help curb election-related corruption:

- a. ***Increased Transparency in Political Funding:*** A robust mechanism to track all donations above a minimal threshold could prevent the misuse of political contributions. Reducing the anonymity in electoral bonds or introducing legislation that requires parties to disclose the origins of all donations would enhance accountability.
- b. ***Capping Corporate Donations:*** Reinstating restrictions on corporate donations, especially by shell companies or entities with little to no profit, could reduce undue corporate influence. A cap on corporate contributions would promote more equitable representation, ensuring that elections are not solely influenced by wealthy corporations.

- c. **State Funding of Elections:** Some experts advocate for public or state funding of elections to curb excessive reliance on private donations. This model could ensure that candidates have adequate resources to campaign without compromising their obligations to the public. Partial funding, where the government matches a certain percentage of funds raised through individual donations, may also be viable and effective.
- d. **Strengthening the Election Commission's Powers:** Empowering the Election Commission of India (ECI) with more autonomy to monitor and regulate campaign finances is crucial. The ECI should have the authority to penalize parties and candidates who exceed spending limits, engage in cash-for-votes practices, or fail to disclose donations accurately.
- e. **Encouraging Civil Society's Role:** Civil society's watchdog role is essential in tackling the issues related to money and politics. Encouraging public participation, raising awareness, and supporting media organizations in reporting on electoral malpractice are integral steps towards achieving a fairer political process.
- f. **Promoting Digital Platforms for Donations:** Digital platforms, with transparent mechanisms for small individual donations, could democratize political funding. This model encourages candidates and parties to raise money from a large base of individual donors, similar to the systems used in the United States.

VII. CONCLUSION

The nexus between money and politics in Indian elections poses a serious challenge to democratic values. The unchecked influence of money compromises political integrity, distorts policy priorities, and undermines public trust. While reforms such as electoral bonds and spending limits are steps in the right direction, they fall short of addressing the issue's root causes. Comprehensive reforms, coupled with active civil society engagement and judicial oversight, are essential to curbing corruption in elections and ensuring that India's democracy remains vibrant, transparent, and truly representative.

By tackling the grip of money in politics, India can make meaningful strides towards a future where political offices serve the people, not private interests.
