

## **1. State Funding of Elections**

**Prelims Syllabus:** Polity and Governance – Electoral Reforms.

**Mains Syllabus:** GS-II Salient features of the Representation of People's Act.

### **Why in News?**

- The Election Commission has informed the Government that it is not in favour of state funding of elections.

### **What is state or Public Funding of Elections?**

- This means that government gives funds to political parties or candidates for contesting elections. Its main purpose is to make it unnecessary for contestants to take money from powerful moneyed interests so that they can remain clean.
- In some countries, state funding is extended to meeting some specific forms of spending by political parties, not confined to electioneering alone. Countries keep changing laws relating to state funding depending on experience and financial condition.

### **Why Public Funding is Good?**

- Political parties and candidates need money for their electoral campaigns, to keep contacts with their constituencies, to prepare policy decisions and to pay professional staff. Therefore, public funding is a natural and necessary cost of democracy.
- Public funding can limit the influence of interested money and thereby help curb corruption.
- Public funding can increase transparency in party and candidate finance and thereby help curb corruption.
- If parties and candidates are financed with only private funds, economical inequalities in the society might translate into political inequalities in government.
- In societies where many citizens are under or just above the poverty line, they cannot be expected to donate large amounts of money to political parties or candidates. If parties and candidates receive at least a basic amount of money from the State the country could have a functioning multi-party system without people having to give up their scarce resources.

### **Arguments against State Funding:**

- There are divergent views on the efficacy of state funding of elections. Some have been dismissive of the idea.
- Those against this idea wonder how a Government that is grappling with deficit budgets, can provide money to political parties to contest elections.

- They also warn that state funding would encourage every second outfit to get into the political arena merely to avail of state funds.
- Also, given that state expenditure on key social sectors such as primary healthcare is “pitifully small”, the very idea of the Government giving away money to political parties to contest polls, is revolting. Therefore, opponents ask the government to channelize public resources towards and not diverted from such essential services.

### **Earlier recommendations related to State Funding:**

#### **1. The Indrajit Gupta Committee (1998)**

- ✓ It endorsed state funding of elections, seeing “full justification constitutional, legal as well as on ground of public interest” in order to establish a fair playing field for parties with less money.
- ✓ The Committee recommended two limitations to state funding.
  - Firstly, that state funds should be given only to national and state parties allotted a symbol and not to independent candidates.
  - Secondly, that in the short-term state funding should only be given in kind, in the form of certain facilities to the recognised political parties and their candidates.
- ✓ The Committee noted that at the time of the report the economic situation of the country only suited partial and not full state funding of elections.

#### **2. The 1999 Law Commission of India report**

- ✓ It concluded that total state funding of elections is “desirable” so long as political parties are prohibited from taking funds from other sources.
- ✓ The Commission concurred with the Indrajit Gupta Committee that only partial state funding was possible given the economic conditions of the country at that time.
- ✓ Additionally, it strongly recommended that the appropriate regulatory framework be put in place with regard to political parties (provisions ensuring internal democracy, internal structures and maintenance of accounts, their auditing and submission to Election Commission) before state funding of elections is attempted.

#### **3. “Ethics in Governance”: 2<sup>nd</sup> ARC**

- ✓ A report of the Second Administrative Reforms Commission (2008) also recommended partial state funding of elections for the purpose of reducing “illegitimate and unnecessary funding” of Elections Expenses.