

Money and Elections: Exploring the financial influence in Indian politics

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Abstract:

Elections in India hold a lot of significance as they provide the citizens with a platform to stand up for their interests and shape governance. Over time, however, the increasing role of money in Indian politics has become a major concern, raising questions about the fairness and transparency of the electoral procedures. Political finance plays a vital role in strengthening the base of political parties, yet its misuse can pose serious problems to electoral democracy. Despite the initiatives undertaken by the Election Commission of India, the influence of money on elections still persists. While existing studies emphasize the correlation between money inflows and electoral outcomes, they often overlook the mechanisms through which money becomes a force of misuse. This study aims to understand the relation between the money inflow and electoral outcomes in Indian politics, while also highlighting the role played by contemporary trends such as of social media in reforming this relation.

Keywords: Money Inflow, Electoral Outcomes, Social Media Influence, Political Finance.

Introduction

Elections occupy a crucial position in the democratic system of India. Beyond the selection of political candidates, elections also act as a medium to pave way for new topics and issues to generate which leads to reforms in the society.

In recent times, however, we are living in a world where everything revolves around money and the influence of money in Indian politics could be visible. Political finance assists the parties in democratic regimes to strengthen their organizations, but for fair

working of electoral democracies, the party funding finance should not be unlawful.

In the Indian context, the rising reliance of political organizations on the representatives with massive personal wealth depicts the significance of money in Indian politics. Evidence from the self-reported candidate affidavits for Lok Sabha elections between 2004 and 2014 discloses a rise in the candidate wealth by approximately 330% in nominal terms (Sircar, 2018), indicating the contribution of financial resources in forming the electoral outcomes.

In response to these steps, the Election Commission of India has undertaken numerous initiatives to restrain the over influence of money, including the digitization of candidate affidavits, the requirement of candidates to provide details on their unresolved criminal cases and the imposition of Model Code of Conduct. Despite all these efforts, the huge impact of money is still a challenge because the majority of the population in India is poor and illiterate which gives money the space to emerge as a powerful tool.

While existing studies have emphasized on the correlation between money inflow and electoral outcomes, they do not adequately explore the mechanisms through which money influences Indian politics. This study seeks to address this gap by incorporating the domain of mechanisms along with the relation between money inflow and electoral outcomes (through different judgements that have been passed on money and Indian politics) to get a comprehensive view of the Indian elections. The essay would also highlight the role played by social media in contemporary times to influence this link between money and electoral outcomes in India.

Discussing the mechanisms would give a deep insight into how money transforms into votes and successes in the election results. The financial resources can impact the electoral processes by different channels and identification of these channels is of great significance. The study would go beyond surface-level correlations by presenting a comprehensive understanding of electoral frameworks.

Literature Review

This literature review examines the existing key scholarly works that have contributed to the understanding of the association between money inflow and electoral outcomes in

India and what is the impact of social media on this relationship.

A significant contribution to the domain of political finance in India is Milan Vaishnav's 'Costs of Democracy' which produces an in-depth examination of the relation between elections and money. Vaishnav argues that just as a democracy is not possible without elections, similarly, it is very difficult to think of the working of elections without financial resources.

Drawing on investigation and fieldwork studies on the election campaigning, surveys and data analysis, the study attempts to explore the sources of political funding in India. The analysis discusses the degree of campaign spending. Vaishnav's study engages with some sensitive elements regarding the influence of money inflows on the democratic righteousness. By discussing the history of political finance in India, the book highlights the recent evolutions that have taken place in India in the form of reforms. There is also a discussion on the role played by personal wealth and self-financing leaders in Indian politics. Authors argue that a wealthy candidate would have greater probability of winning a constituency in an election. This body of work provides an important base for processing how the financial resources frame electoral dynamics in India.

Rajeev Gowda's work on the election expenditure laws states how these laws have contradictory impact on the electoral system of India. Gowda argues that even though these laws are planned to encourage fairness and transparency, some of the structural flaws have given the space to some major issues like corruption to emerge in India.

In collaboration with E Sridharan, Gowda has also highlighted how parties in India financed themselves with the help of private donations which were later banned by Indira Gandhi. Authors discuss different developments and reforms that have taken place, the most important being the Election and Other Related Laws (Amendment) Act. This act made both company and private individual contributions to a political party 100% tax-deductible under Sections 80 GGB and 80 GGC of the Income Tax Act respectively. (Gowda, 2012).

Scholars argue when political parties prefer wealthy candidates to take part in elections, this could give rise to the emergence of 'political entrepreneurs' where they would be ready

to invest in order to gain authority over the levels of government. This perspective shows how electoral competition becomes linked with investment-like programs, thereby restating the centrality of money in the advancement in political domains.

Samriddha Sen's & Atreya Chakraborty's 'Understanding Money Power in Indian Politics' has also explored the power of financial inflows in Indian politics where there is a detailed analysis of the electoral campaign finance reforms. There is an emphasis on the significance of these finance reforms because they are like a major requirement for conducting healthy and fair elections in India. While the legal framework surrounding electoral finance consists of several laws and mechanisms, the study points to the inadequacies of these mechanisms which have an impact on campaign financing.

In addition to the electoral funding reformations, Sen's study also discusses the remedial measures which are very essential for electoral transparency and integrity in India. The study also emphasizes on the association between financial inflow and electoral outcome noting an assumption in the situation of socio-political outcomes of electoral financing that by securing the access to a decent amount of funding is a direct factor for determining the favorable electoral outcome for that candidate or political party. If the party is able to acquire access to additional funding, then with this extra funding, they would be able to expand their public appeal and as a result, their political bases would be strengthened by this pillar of financial resources. (Sen & Chakraborty, 2019). This study underpins the argument that financial capacity remains a major factor in framing the electoral outcomes in India.

SY Quraishi in his book 'India's Experiment with Democracy' discusses the democratic development of India through elections. The author has given a comprehensive view of several aspects of elections in India, including the factions in political parties. Quraishi strongly promotes the usage of Electronic Voting Machines (EVM's) in the Indian elections.

The book also states the significance of the Model Code of Conduct (MCC). Additionally, Quraishi has also addressed the element of social media and discussed how to deal with challenges such as digital hijacking of the elections.

With regard to the aspect of money in Indian elections, the author discusses the issue of Demonetization and its impact. Overall, he stresses the urgent requirement for political reforms because they are a necessity in India's democracy where he discusses two vital areas that are often overlooked by the political parties- of internal democracy within them and the financial transparency. (as cited in Thankachan , 2024).

Ruchir Sharma, in 'Democracy on the Road', examines the role of money in Indian politics through state- level analysis of the electoral procedures. Drawing from his journey across different Indian states during the time of elections, Sharma provides a ground level knowledge of how election campaigns are funded in India. In addition to the campaign funding, his study highlights the influence of money on voter behavior and electoral outcomes.

Milan Vaishnav's 'When crime pays' is majorly a discussion on the increasing criminalization in Indian politics but there are some sections that have analyzed the relationship between money and muscle power.

The author demonstrates money being one factor which is responsible for fueling muscle in India, addressing questions such as why do political parties choose candidates with serious criminal backgrounds. Towards the conclusion, Vaishnav mentions the different challenges that could and would be faced by the Indian democracy if the criminal politicians continue to show their presence in a highly relevant environment of the Indian electoral system.

BJP, the ruling party, has been able to get about 57% of all the electoral bonds from the time duration between 2017-2022 (Rs 5, 200 crore). However, on the other hand, opposition parties such as Congress have been able to acquire access to just 10% of the total funds. (Rs 950 crore). (Thakur, 2023).

In recent years, elections have included new trends and platforms for the political conversation, among which social media has become one of the most important. Social media possesses a huge potential to influence someone's general behavior and also the election process.

Owing to its popularity, there have been several studies that have focused on the crucial role played by social media in this association between money inflow and electoral outcomes in India. Following the global trend, social media has been highly used by Indian political actors for routine political conversation between elections to provide unmediated and direct communication to connect leaders and the citizens. (Rao, 2019).

However, the influence of social media on the electoral integrity is not uniformly positive. There have been rising concerns regarding some of the emerging technologies such as deepfakes and voter surveillance which has led to many civil society organizations expressing their concerns before the Election Commission of India (ECI) because these technologies influence the voluntary code of ethics and act as an obstacle in its structure and functioning.

In this context, a joint letter was sent to ECI by these civil society organizations comprising Association for Democratic Reforms, Common Cause and Lib Tech India. These organizations pushed the ECI to enhance the accountability of political parties along with digital platforms by accepting and respecting some decent standard of political expenditure regulation on the online advertisements. They also conveyed uneasiness with the increase in use of generative AI by some political actors with the intention of manipulating the voter opinions.

The Lok Sabha elections of 2024 and 2019 serve as excellent examples for understanding the role played by social media and its emergence as a powerful tool to influence the voters and as a result its connection with the electoral outcomes. Both these elections were considered to be the most expensive as vast sums of money was spent in these elections for different purposes, starting from election campaigning, rallies, illegal uses of money to lure the voters (cash distribution, liquor distribution). Given the popular appeal of social media, particularly among the youth, parties skipped no option to be active on this platform and do their investments on the same. Professional teams were appointed with the same purpose to guide the candidates and parties in what approaches and creative techniques could be employed on social media in order to muster support of the voters and shape electoral outcomes.

Research Gap

Existing scholarly works have examined the role of money in India's electoral outcomes, making a clear relation between money inflow and electoral victory. However, a significant gap remains in the literature surrounding the mechanisms through which money influences the electoral outcomes. While many studies address the relation between campaign expenditure and the performance in elections, they often fall short of properly understanding the path through which the financial resources are converted into advantage in electoral processes.

The vacancy of such mechanism- based understanding results in an incomplete view of the electoral framework, addressing this gap is important as a perspective of the mechanisms can contribute to the formulation of effective regulations on the campaign financing. This could also help in better resource allocation which would ultimately not lead to disproportionately affected outcomes.

This study seeks to fill this gap by addressing a comprehensive analysis of the association between money inflow and electoral outcomes with the focus on mechanisms through which money impacts these outcomes as well.

Objectives of the study

- To examine the relationship between money inflows and electoral outcomes in Indian politics.
- To discuss the mechanisms through which monetary resources impact electoral outcomes.
- To assess the influence of contemporary trends, particularly social media, in the Indian elections.

Methodology

The study adopts a qualitative and descriptive approach to discuss the relationship between money inflows and electoral outcomes in India. The article is mainly based on secondary sources. The qualitative analysis is conducted through the review of existing scholarly works where several sources such as books, articles and journals have been studied for a

comprehensive understanding of the subject. Some key themes such as political finance, monetary influence mechanisms, and the function of social media are taken into consideration. This study allows an extensive examination of the patterns and contemporary trends influencing the electoral outcomes in Indian politics.

Discussion

The findings of this study correspond with the legal framework of the electoral finance in India, especially the Section 77 of Representation of People Act 1950 in which there is a cap on the total expenditure which can be collected by candidate. There is no limit on the expenditure of a political party so corporates and individuals are allowed to make their contributions to political parties. In 1979, parties were excluded from wealth and income taxes and in the Companies Act (1985), corporate donations were once again permitted under particular circumstances.

One of the ways in which money has an impact on the electoral outcome is through vote buying, a practice established in several democracies and in India too. Campaigns have influence on the voting behavior of both educated and uneducated citizens. Political parties engage with creative techniques by going beyond the conventional methods of advertisements by leaving deep imprints on the minds of the uninformed voters where the institutional performance is weak. Voters, sometimes value the short-term material benefits more as compared to the long-term outcomes which makes them more vulnerable to convincing aspects like gifts during the elections. (Heath & Tillin, 2017). Evidence from the Indian state elections also states that such concepts are noticeable through variations in the patterns of household consumption when elections are round the corner and there are secret financial transfers that correlate with the broader notions of vote buying. (Mitra & Mukherjee, 2017).

A greater campaign expenditure enhances the campaign outreach which leads to higher chances of electoral success as with more resources, one can get the benefits of being more visible. This framework can aggravate the inequalities in a democratic set up and worsen the association between the interests of voters and political accountability highlighting the requirement of political finance reform.

The report released by Centre for Media Studies discusses the 2019 elections as a hard-fought campaign and calls it as the most expensive election. (Centre for Media Studies [CMS],

2019). It indicates that BJP engaged in 45% of the total poll spending while the Congress share was 15- 20%. These figures demonstrate a shift in the patterns where parties with strong financial contacts engage in uneven spending benefit during the election campaigning.

The 2024 elections are also considered to be the most expensive polls where the total expenditure was approximately Rs 1.35 lakh crore nationally. Not only the ruling BJP but the opposition parties of Congress and Samajwadi skipped no expense to win over the votes and outreach. Despite the regulatory mechanisms, much of the spending remains ambiguous. These patterns reveal the vital role of money power in Indian politics.

While the democratic fabric highlights the centrality of voters in framing the electoral outcomes, there have been several judgments where the discussion on the close relationship between money and Indian politics has taken place. One such judgement was given by a five-constitution bench directed by D.Y Chandrachud which stated the close link between money and politics by calling the anonymous political funding as 'unconstitutional.' Justice Krishna Iyer in one of the cases noted how huge monetary inflows are dangers for the modern elections. Supreme Court's judgments regarding the anonymous financing mechanisms emphasize on the dual channels through which money impacts the electoral results, i.e. vote buying and campaign expenditure. (Ananthkrishnan, 2024).

Money influences the electoral outcomes in both legal and illegal mechanisms. Legally, the money is used by a candidate within the rules prescribed. Political parties also use sources from donations and businessmen.

Whereas, illegally, parties could ask money from the candidates and distribute tickets accordingly (monetization of the tickets). There is one more such mechanism through which money can be used to influence the electoral outcomes and that is tampering with the opinion polls to secure more votes. Another illegal practice involves businessmen and corporate actors providing funds to the parties or individual candidates, often under the name of election related activities with the expectation of gains once the party or candidate wins. Political funding can have a great effect on the electoral outcomes as it can affect the supply of parties, demands of voters and ultimately the quality of governance. It creates both positive and negative impact on the electoral outcomes in India.

The use of social media platforms is increasing extensively with each election. Social media plays a significant role in Indian elections as it is a great platform for the top- down communication between the politicians and citizens.

The social media teams make the leaders believe that the trends of social media would have an impact on their poll outcome. Many civil society organizations have presented their worry about the role of technology in impacting the electoral outcomes. Nowadays, the use of Artificial Intelligence is a contemporary trend and it has also created a significant place for itself in the political field. Social media acts as a medium through which the political thinking of citizens is influenced which can have a huge impact on the electoral outcomes.

Conclusion

The findings of this study emphasize that money, functioning through vote buying, campaign expenditure and the impact of digital domains, plays a significant role in framing the electoral outcomes in India. Despite the safeguards, structural loopholes in political financing continue and threaten the electoral fairness. Addressing these issues is crucial to strengthening the political accountability and integrity of India's electoral system.

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