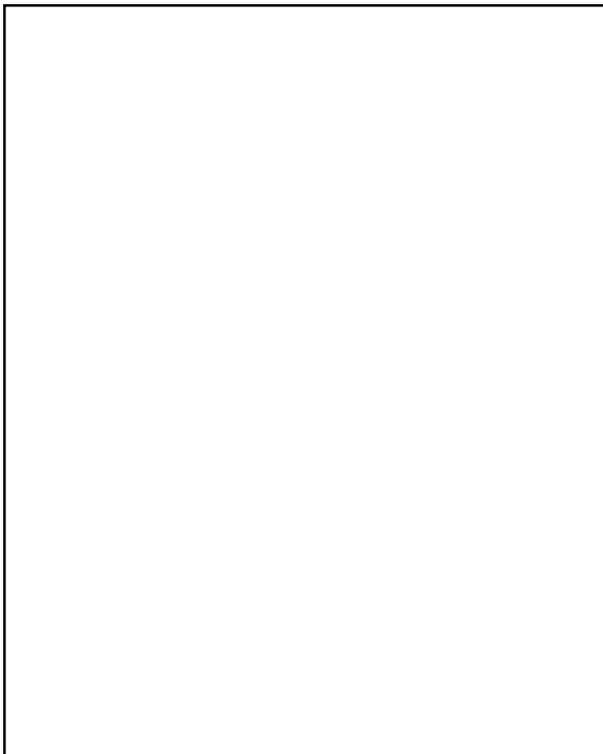




Political Funding Reform



I would like to help. But what's this.

'Donations only by cheque ? What's 'Cheque' ?

*Courtesy: R.K.Laxman
in The Times of India*

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Political Funding Reform Civil Society Should Act

Jayaprakash Narayan

For a few fleeting days after the Tehelka revelations, our somnolent political class actually raised some hopes of reform. There were early signs of responding to people's urges to cleanse the system. With a few resignations and some withdrawals of support the government seemed shaky. The prime minister characterized the episode as a wake-up call. He pleaded for electoral and other reforms. And then, as suddenly as it all began, the issue got sidetracked. Our politicians promptly went back to what they are good at – petty power games. It was business-as-usual.

The message of Tehelka is not about who is in power and who is out. We cannot pretend any longer that there is no corruption, or that it exists only in the lower echelons of government. Corruption pervades the system and is corroding our nation. The industrial class has a great stake in curbing it. In the pre-liberalization era industry had a cozy relationship with politicians and bureaucrats. The entrepreneur paid bribes to secure licenses and then went on to pay monthly or annual mamools to buy peace. Near-monopoly rights to produce and sell within the country, and protection from external competition ensured that the entrepreneur was still a gainer.

The manufacturer could produce shoddy goods and sell them to hapless consumers at a premium, covering his costs and corruption, and yet ensuring a tidy profit. But with opening up of the economy and de-licensing of industry, things have changed. Manufacturers are discovering that high quality of goods, competitive prices and corruption cannot coexist. Unless corruption is curbed, the situation for many industries is disastrous.

A few months ago, well before Tehelka or BPVerma's arrest, the small entrepreneurs of Andhra Pradesh had gone on a war path and successfully fought the monumental corruption in central excise.

As Mark Twain said, nothing concentrates the mind more powerfully than the knowledge that you have only 15 days to live! It is now recognized that elimination of corruption is no longer merely a moral imperative, it is an economic necessity.

We cannot afford to let politicians get away once again with shibboleths and inaction. What we need is tangible, practical reform. The starting point is political funding reform, the contours of which are clearly visible. There are six specific areas of funding reform.

We should recognize that political activity is a noble endeavor, and should be funded legitimately.

This reform in itself will not eliminate corruption, but it can be a good starting point. We should make it possible for honesty and power to co-exist.

Firstly, we should recognize that political activity is a noble endeavor, and should be funded legitimately. Tax credits need to be given for political contributions. **Secondly**, there should be full disclosure of all funding, both by the giver and the recipient. The accounts of candidates and recognized political parties should be audited (the latter by the Election Commission), and made public. **Thirdly**, the explanation under section 77 of The Representation of the People Act, 1951, which made nonsense of election expenditure ceilings (by exempting the money spent by parties and 'friends') should go. There should be reasonable ceilings fixed from time to time, and all expenditure should be included in ceiling limits. **Fourthly**, the candidates should, by law, publicly disclose their assets and incomes (including those of the family members). **Fifthly**, non-disclosure or false disclosure should invite severe, even draconian, penalties, including fines, disqualification, de-recognition of parties and mandatory prison terms both for the giver and the taker. Only when the risk increases with non-compliance, will there be full disclosures. **Finally**, when these reforms are in place and after parties conform to internal democratic norms, we can think of public funding. Such funding can be indirect in the form of free time on radio and television (both public and private) for recognized party candidates. Any direct funding should be non-discretionary and by measurable indicators. To qualify, there should be a vote threshold in a constituency and the candidate will be reimbursed a fixed sum of, say Rs. 5 or 10 per vote obtained.

This reform in itself will not eliminate corruption, but it can be a good starting point. We should make it possible for honesty and power to coexist. Campaign finance reform can eliminate the alibi for corruption. But who will bell the cat? The politicians have lost the will to reform. Civil society cannot be an idle spectator. This is too important to be left to our representatives alone. We have reputed and decent citizens in all walks of life. Narayana Murthy, whose corporate responsibility is by now legendary, and Ratan Tata who attempted to create a corpus for honest political funding, and many others who care deeply for clean politics should take the lead. The activists, media, jurists and politicians should all join hands. We owe it to our children to leave a better country behind. The time to act was yesterday. Fortunately it still is not too late. ■

Illegitimate Election Expenditure Root Cause of Corruption

Elections involve organization of political parties, mobilizing public opinion and campaigning to convey the message to the voters. Parties need money for organization and mobilizing public opinion and to compete in the market place of ideas. Candidates need money to get themselves known and to reach the voters and communicate effectively. Our failure to evolve rational methods for raising necessary resources for electoral campaigns and curb unaccountable use of money has severely distorted the electoral process. Excessive, illegal and illegitimate expenditure in elections is the root cause of corruption. In India the expenditure in legislative elections is often 10 to 15 times the legal ceiling prescribed.

The actual ceilings, revised in 1997, are Rs.6,00,000 for Assembly constituencies in major States, and Rs. 15,00,000 for Lok Sabha constituencies. Almost every elected legislator violates this ceiling with impunity.

In effect, the expenditure ceiling has become meaningless, and the spirit of the law is violated with impunity by most parties and candidates. Even the letter of the law is often violated. Section 13(A) of the Income Tax Act (IT Act) exempts from tax the income of a party from house property, other sources and voluntary contributions.

Parties are bound by law to maintain accounts regularly, record and disclose the names of all donors contributing more than Rs.10,000 and have the accounts audited by a qualified accountant as defined in Section 288(2) of the IT Act. In 1978, Section 139(4B) was inserted in the IT Act and this provision, read with Section 13(A) makes it mandatory for the party to file returns every year. Since 1985, companies are permitted to contribute up to 5% of their profits to political parties, with full disclosure. Despite all these legal provisions, it is widely known that most major political parties have been collecting undisclosed and unaccounted corporate and individual contributions. Most parties have been violating the statutory requirement of filing returns of in

come. Despite Supreme Court directions in 1996 on a petition filed by the Delhi-based Common Cause, no action has been taken against the parties and persons who have been violating the law. From the foregoing, it is easy to appreciate that much of the expenditure related to electoral campaigns is unaccounted and illegal. Even more importantly, this expenditure in most cases is illegitimate and excessive. Most expenditure is incurred not for legitimate campaign purposes, but for buying votes, bribing officials and hiring hoodlums. As already mentioned the actual expenditure is several times the ceiling limit, and sometimes it exceeds 10 to 15 times the ceiling prescribed.

In one major state, corruption money may well be of the order of Rs.60,000 crores over a five year period. The vast bureaucracy is involved in extortion of money for providing myriad public services. For every elected legislator, there are over 4000 appointed public servants.

Abnormal and unaccountable expenditure on this scale is unsustainable without huge corruption, and has grave consequences to society and governance. Such expenditure needs to be recouped in multiples to sustain the corrupt system. The high risk involved in election expenditure in a winner-take-all process, the long gestation period required for most politicians who aspire for legislative office, the higher cost of future elections, and the need to involve the vast bureaucracy in the web of corruption mean that this undisclosed expenditure leads to monumental corruption.

Estimates indicate that the unaccounted expenditure for all state assembly and Lok Sabha elections in a cycle of 5 years is about Rs. 7000 crores. This means that the political system needs about Rs. 70,000 crores (10times) over five years to sustain this cycle. In turn, petty bureaucrats and senior officials will be collecting vast sums - ten to twenty times this amount. The total collection of bribes in India over a 5 year period is thus of the

order of Rs. 700,000 crore.

The vast bureaucracy is involved in extortion of money for providing myriad public services. For every elected legislator, there are over 4000 appointed public servants. If bulk of them retain a small sum as collection fee for each service, then the actual amount extorted from the public is at least ten to twenty times the amount which reaches the political class.

Money is collected for practically every public service, from a birth certificate to electricity connection. The inconvenience, delay, humiliation, harassment and lost opportunities suffered by the citizens, as well as the cost of distortion of market forces on account of corruption probably mean that the social cost of this extortion is much more than the actual amount of money changing hands.

Unaccounted and illegitimate election expenditure is thus translated into huge corruption and siphoning of money at every level. Corruption is further fuelled by other factors - centralization, failure of justice system and absence of instruments of accountability. As explained in the article 'Limitations' on page 20, political funding reform alone cannot improve the situation. But clearly high and unaccounted election expenditure is the root cause of corruption at every level in the country. In the very least, such undisclosed electoral expenditure provides an alibi for corruption at every level. In addition, this ubiquitous corruption alters the nature of political and administrative power and undermines market forces, efficiency and trust on a much larger scale. The results are distortion of democracy and retardation of economic growth. Obviously, any meaningful attack on corruption has to begin with political funding reform. ■

Conceptual and Legal Framework for Funding of Political Parties

Political parties play essential roles in a representative democracy. They promote vital competition on policy and ideological alternatives and are important conduits and interpreters of information about government. They provide channels for citizen participation in government decision making process. Politics is a noble endeavour. It bridges the gap between unlimited wants and limited resources; it attempts to resolve the conflicting interests of various groups and bring harmony in society ; and it provides a platform for people to participate and influence the decision making process. Therefore in order to carry out their democratic functions effectively, political parties must be supported by financial and other resources. Such resources include funds to operate the basic infrastructure of political party institutions as well as to communicate with the people.

However in order to carry out their democratic functions effectively, political parties must be supported by financial and other resources. Such resources include funds to operate the basic infrastructure of political party institutions as well as to communicate with the people.

In most democracies, political parties receive funding from both private and public sources. However, the balance between the two differ significantly. Political parties in Israel receive the bulk of their support (approx. 85 %) from the public treasury. In contrast, political parties in the United States receive most of their funds from private sources. The exception is the presidential campaign in the US that is financed partly through public funds. Arguments can be made for or against public or private

funding, but it is undeniable that the nature of funding shapes the political process in a society as well as the regulatory framework. The debate over public and private funding is defined by constitutional principles. In the United States, for example, the right to raise private contributions by political parties is grounded in constitutional protection of free speech. However, the courts have agreed with arguments in favour of limiting private contributions in order to protect the ability of all individuals, wealthy and poor, to participate in political parties on an equitable basis. Some constitutions recognize the importance of political parties and have made provision for their support.

Legal frameworks for the funding of political parties substantially influence the nature of political participation and party competition in a democracy. In constructing this legal framework there are a range of questions to consider:

1. What is the **basis for a party funding system**? Is public funding intended to be a primary source of resources for the parties? Are private contributions intended to provide the bulk of resources? Should there be a balance of public and private funding? On what basis should public resources be distributed? For what expenditures may public resources be used ?
2. What are the **regulations concerning** expenditure of political parties ?and also limits on expenditures ? Are there requirements for the reporting or disclosure of expenditures ?
3. What are the **regulations concerning private contributions** to political parties? Are there limits on private con-

tributions? Are there requirements for the reporting or disclosure of private contributions ?

4. What **enforcement bodies** should oversee the fair implementation of a political party funding system? Should the bodies be part of government or independent? Who should serve on these bodies? What enforcement powers are they given?

5. What provisions are made for **media communication**? Are political parties provided with free or subsidized media time? Are media organizations required to provide free or subsidized time?

Systems that rely predominantly on private funding often require laws to regulate the influence of financial contributors. In such systems, laws have been enacted to limit contributions from any single source, require the reporting or disclosure of private contributions, and regulate the expenditures of political parties. Regulatory frameworks have attempted, with varying degrees of success, to limit the influence exerted through private financial contributions and give the electorate a full picture of where political parties are receiving their funds. However, loopholes have been found in the rules and the enforcement of these laws, and the influence of regulations is often felt only when mass public opinion is mobilized.

Systems relying on public funding often have less complex regulatory systems than those that emphasize on private financing. In public funding systems, parties may place less of an emphasis on private fund raising, and therefore the challenges of regulating the influence of private contributors are less onerous. ■

Does High Expenditure Guarantee Victory?

It must be added that high election expenditure in itself does not guarantee electoral victory. In most elections there is no sharp contrast between parties or candidates. When no moral or emotional issues are involved, the candidates who do not incur high and illegal expenditure are almost certain to lose the election. Thus all parties and candidates are dragged into a vicious cycle of high election expenditure and endemic corruption.

As parties are forced to nominate candidates who can muster large quantities of money and muscle power to win, the electoral process becomes more and more murky. The overall outcome at the macro level seems unaffected because the parties and candidates often neutralize each other's efforts. The net result is that genuinely public-spirited and credible candidates often have little chance of being elected without deploying illegal

money power and muscle men. In the process, no matter which candidate or party wins the people end up losing always. ■

Political Funding - Global Comparison

The different approaches and the central issues involved in political funding across major democracies are compared as outlined below:

Public Funding

Comparative International experience shows that public funding systems have been implemented for different purposes in different countries. Some systems focus support on the elections where political parties receive either up-front grants or financial reimbursement for expenses incurred during the electoral process. A second major objective for public funding is to provide political parties with the necessary resources to participate in parliamentary politics. The term "Operational expenses" is used to cover these costs.

Most public funding systems attempt to balance the principles of proportionality and equity in a distribution formula. The proportional strength of a political party is usually the prime determinant of how much funding is provided. However, the principle of equity also plays an important role in most countries. Different countries follow varied approaches to provide their own answers to the question of how to balance these two principles.

Other critical issues in the establishment of a public funding system are : What percentage of the political party funding should be provided by public sources and what should be the eligibility criteria for public funding.

Private Contribution Limits

In most countries the successful operation of a political party largely depends upon its support from private contributors. Successful political parties have the capacity to raise the financial support from their membership and to generate broad base of financial contributors who may not be party members. Systems that rely on private funding must also cope with the possibility that private contributors may exert inappropriate influence on the political system. Some of these systems therefore impose limits and regulations on private contributions. Limits on private contributions generally concern two factors: the amount of allowable contributions

and the source. The Israeli and U.S. presidential systems are examples in which public funding is combined with limits on private contributions. Some laws have applied limits with regard to the source of private contributions. The two most common limits concern foreign and anonymous donors.

Private Contribution Reporting and Disclosure

Requirements concerning the disclosure of private contributions are a common feature of most political party funding systems. In most countries, a threshold is set with regard to which contributions must be disclosed.

The purpose of a threshold is to focus the disclosure system on contributions above a certain amount. Most disclosure regulations require the listing of the name and addresses of the contributors.

In most countries, disclosures are required on an annual basis.

Regulation of Expenditure

The regulation of political party expenditure generally concerns two factors: the amount and the type of expenditure. Limits on the allowable amounts of political party expenditure are a common feature. Limits on the types of allowable political party expenditures can be applied through the definition section of a law. Most countries prohibit political parties from using funds for personal uses, but the definition of allowable expenditure can be unclear.

Systems that rely on private funding, must also cope with the possibility that private contributors may exert inappropriate influence on the political system. Some of these systems therefore impose limits and regulations on private contributions.

Expenditure Reporting and Disclosure

The reporting of political party expenditure is a common feature of most sys-

tems. Most countries require that all expenditure be reported – the timing requirements for reporting vary from country to country. An important question regarding expenditure reporting is the extent to which the information is made public.

Enforcement

Enforcement bodies are critical to the successful implementation and functioning of a political party funding system. There is significant variation in the roles and powers that are given to enforcement bodies. Most countries utilize an independent electoral commission, while the department responsible for finance distributes public funds, and certain judicial authorities are responsible for adjudicating cases.

Other critical issues in the establishment of a public funding system are : What percentage of the political party funding should be provided by public sources and what should be the eligibility criteria for public funding.

Media

Media communications are a substantial expenditure for most political parties. During an election period, media costs can account from approximately 40 to 70 % of a political party's expenditure. Thus many political party funding systems include measures to provide free or subsidized broadcast media time. This media time can be provided in two ways. Government can provide funding to the relevant media organizations, or government can stipulate by law that the media provide free air time through the government licenses that are normally given to authorize the use of public airwaves. There are differences in how requirements are applied to private and public broadcasters. ➡➡

PUBLIC FUNDING *

Country	Type of Funding	State Funding	When are State Funds Made available	Eligibility Criteria
Australia	Candidates	Yes	Post Election	4% of the Vote
	Parties	Yes	Post Election	Parties should be registered with atleast 500 members and one sitting member of the legislature.
	Party Operating Expenses	No	N.A.	N.A.
Canada	Candidates	Yes	Post Election	15% of the vote
	Parties	Yes	Post Election	Party Should be registered with atleast 50 Candidates
	Party Operating Expenses	No	N.A.	N.A.
Germany	Candidates	No	N.A.	N.A.
	Parties	Yes	Requests due by 30th Sept. Disbursement by 1st December	Not Specified
	Party Operating Expenses	Yes	Requests due by 30th Sept. Disbursement by 1st December	0.5% in a national Election or 1% in a state election for the party lists.
India	Candidates	No	N.A.	N.A.
	Parties	No	N.A.	N.A.
	Party Operating Expenses	No	N.A.	N.A.
Israel	Candidates	No	N.A.	N.A.
	Parties	Yes	Election Period	Not Specified
	Party Operating Expenses	Yes	Monthly	Any registered Party
Korea	Candidates	NO	N.A.	N.A.
	Parties	NO	N.A.	N.A.
	Party Operating Expenses	NO	N.A.	N.A.
New Zealand	Candidates	NO	N.A.	N.A.
	Parties	NO	N.A.	N.A.
	Party Operating Expenses	NO	N.A.	N.A.
South Africa	Candidates	N.A.	N.A.	N.A.
	Parties	Yes	End of Every financial Year	Political parties with representation in the National Assembly or Provincial Legislature
	Party Operating Expenses	Yes	End of Every financial Year	Same as election expense for parties

PUBLIC FUNDING

Country	Type of Funding	State Funding	When are State Funds Made available	Eligibility Criteria
Sweden	Candidates	N.A.	N.A.	N.A.
	Parties	Yes	Quarterly Disbursement	Any Party which participated and won either atleast 2.5 % of the national vote or a parliamentary seat in either of the last two elections
	Party Operating Expenses	Yes	Quarterly Disbursement	Any Party which participated and won either atleast 4 % of the national vote or a parliamentary seat in the last election.
United States	Candidates	Yes	After Nomination - Before September 1st	Candidate must have been nominated by a major party or have received a nomination by a minor party which receives 5 % of the popular vote in the last election.
	Parties	No	N.A.	N.A.
	Party Operating Expenses	No	N.A.	N.A.
Zimbabwe	Candidates	N.A.	N.A.	N.A.
	Parties	Yes	Annual Grant	Party should make a grant application with a list of candidates atleast 7 days before the first polling day of any election
	Party Operating Expenses	Yes	Annual Grant	N.A.

* Source : " The Public Funding of Political Parties - An International Comparative Study "

National Democratic Institute for International affairs (NDI) - Washington



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PRIVATE CONTRIBUTIONS *

Country	Contribution Limits	Anonymous Contributions	Tax Benefits for Contributions	Contribution Reporting Requirements	Deadline and/or Frequency of Reporting	Confidential or Public Disclosure
Australia	A. Candidates No Stated Limits	Prohibited	A natural Person may claim a tax deduction for donations to a Political party of upto A \$125	All contributions greater than A\$199 for individual candidates, or A\$997 for groups of candidates with a common campaign funding mechanism, must be reported.	Within 15 weeks after Polling day	Public
	B. Parties No Stated Limits	Prohibited	Not Specified	Parties donot separately disclose election contributions. Contributions are only disclosed by parties as part of their annual disclosures and are not separately identified from other receipts.	Parties donot disclose contributions following an election	Public
	C. Party Operating Expenses N.A.	N.A.	N.A.	All receipts are included when determining whether a person has reached the A\$1567 threshold for detailed disclosure. Therefore donations, party membership fees and commercial transactions are all counted in determining whether a person is disclosed by a party. Parties, however, are only required to aggregate individual receipts of A\$522 when determining whether detailed disclosure is required.	Within 16 weeks after the end of each financial year.	Public
Canada	A. Candidates No Stated Limits	Prohibited	Tax credits at various graduating rates subject to a limit of C\$463	All Donations greater than C\$93 must be reported	Within 6 monts of an election	Public
	B. Parties No Stated Limits	Prohibited	Same as Election Expenses for Candidates	All Donations greater than C\$93 must be reported	By 30 June for the previous calendar year	Public if over C\$97
	C. Party Operating Expenses N.A.	N.A.	N.A.	All Donations greater than C\$93 must be reported	N.A.	N.A.
Germany	A. Candidates Same as Election Expenses for Parties	Same as Election Expenses for Parties	Same as Election Expenses for Parties	Same as for Election Expenses for Parties	Same as Election Expenses for Parties	Same as Election Expenses for Parties

PRIVATE CONTRIBUTIONS

Country	Contribution Limits	Anonymous Contributions	Tax Benefits for Contributions	Contribution Reporting Requirements	Deadline and/or Frequency of Reporting	Confidential or Public Disclosure
Germany	B. Parties No Stated Limits	Donations which exceed DM 1000 are prohibited in each individual case where the donor cannot be determined or who is obviously passing on the donations of third parties not named are illegal.	Tax benefits do exist for contributors (members and donors)	All Donations greater than 6000 DM must be reported	Every calendar year with the publication of annual reports	The president of the German Bundestag shall submit annually to the German Bundestaag a report on the state of the party finances and on the statements of accounts of the parties, which will be circulated as a Bundestaag paper in public.
	C. Party Operating Expenses Same as Election Expenses for Parties	Same as Election Expenses for Parties	Same as Election Expenses for Parties	Same as for Election Expenses for Parties	Same as for Election Expenses for Parties	Same as for Election Expenses for Parties
India	A. Candidates No Limits on Individual Contributions. Companies may contribute upto a max. of 5 % of profit averaged over a 3 year time span	Prohibited	N.A.	Companies must disclose all campaign contributions to both candidates and parties in their yearly balance sheets, regardless of how the funds were spent. No other contribution disclosure requirements.	Companies must disclose all campaign contributions to both parties and candidates on their annual balance sheets.	Company balance sheets publicly accessible
	B. Parties Same as election expenses for candidates	Prohibited	N.A.	Same as election expenses for candidates	Same as election expenses for candidates	Same as election expenses for candidates
	C. Party Operating Expenses Same as election expenses for candidates	N.A.	N.A.	Same as election expenses for candidates	Same as election expenses for candidates	Same as election expenses for candidates
Israel	A. Candidates N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	B. Parties No more than 1000 NIS from a person per year. However, if a party doesn't want public funding then 60,035 NIS can be received per year	Prohibited	N.A.	All Contributions must be reported	Factions must submit a yearly accounting of incomes and expenditures at which time these statements are made public by the chair of the kneset.	Every Faction will submit its yearly incomes and expenditures reports to the chair of the Kneset and they will be open for public inspection in a way determined by the Chair
	C. Party Operating Expenses No more than 500 NDI from a person per year on non-election years	Prohibited	N.A.	Same as for Election Expenses for Parties	Same as for Election Expenses for Parties	Same as for Election Expenses for Parties
Korea	A. Candidates No Stated Limits	Prohibited	N.A.	All Contributions must be reported	Within 30 days after Polling day	Inspection open to Party officials, election officials, candidates and their staff.

PRIVATE CONTRIBUTIONS

Country	Contribution Limits	Anonymous Contributions	Tax Benefits for Contributions	Contribution Reporting Requirements	Deadline and/or Frequency of Reporting	Confidential or Public Disclosure
Korea	B. Parties No Stated Limits	Prohibited	N.A.	Same as election expenses for candidates	Same as for Election Expenses for candidates	Same as for Election Expenses for candidates
	C. Party Operating Expenses No Stated Limits	N.A.	N.A.	Same as election expenses for candidates	N.A.	N.A.
New Zealand	A. Candidates No Stated Limits	Permitted	N.A.	All Donations greater than NZ \$ 1013 must be disclosed.	70 days after election results	Public
	B. Parties No Stated Limits	Permitted	N.A.	All Donations greater than NZ \$ 1013 for electoral donations, and NZ \$10,129 for national donations must be disclosed.	April 30 each year for previous calendar year	Public
	C. Party Operating Expenses N.A.	N.A.	N.A.	Same as for Election Expenses for Parties	N.A.	N.A.
South Africa	A. Candidates N.A.	N.A.	N.A.	N.A.	N.A.	—
	B. Parties N.A.	N.A.	N.A.	All contributions made to the fund, originating from any sources whether within or outside the republic.	N.A.	—
	C. Party Operating Expenses N.A.	N.A.	N.A.	Same as for Election expenses for Parties	N.A.	—
Sweden	A. Candidates N.A.	N.A.	N.A.	There is a law on registration of MPs financial conditions.	N.A.	The state grant is a public document
	B. Parties N.A.	N.A.	N.A.	No auditing or reporting required by Law	N.A.	The state grant is a public document
	C. Party Operating Expenses N.A.	N.A.	N.A.	No auditing or reporting required by Law	N.A.	The state grant is a public document
United States	A. Candidates For an election year an individual can donate a max. of \$1000 for a specific candidate. No Person can donate more than \$25,000 to all candidates together in a calendar year.	Prohibited	Contributions are not tax deductible	All contributions must be recorded by the candidates political committee and all contributions over US \$200 must be disclosed and the records must be disclosed to the public.	Disclosure occurs on a quarterly basis each year and 12 days before an election and 30 days after an election.	Public
	B. Parties An individual can donate no more than \$20,000 per year to a political party and no more than an additional \$5,000 to another political committee.	Prohibited	Contributions are not tax deductible	Same as for Election Expenses for Candidates	Same as for Election Expenses for Candidates	Same as for Election Expenses for Candidates

PRIVATE CONTRIBUTIONS

Country	Contribution Limits	Anonymous Contributions	Tax Benefits for Contributions	Contribution Reporting Requirements	Deadline and/or Frequency of Reporting	Confidential or Public Disclosure
United States	C. Party Operating Expenses Same as election expenses for parties.	N.A.	Contributions are not tax deductible	N.A.	N.A.	N.A.
	A. Candidates	N.A.	N.A.	N.A.	N.A.	N.A.
Zimbabwe	B. Parties	N.A.	N.A.	N.A.	N.A.	N.A.
	C. Party Operating Expenses	N.A.	N.A.	N.A.	N.A.	N.A.
	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

* Source : " *The Public Funding of Political Parties - An International Comparative Study* "
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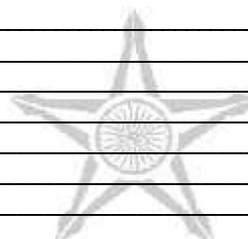
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Enforcement *

Country	Enforcement Agency	Composition of Enforcement Agency	Penalties for Non Compliance of Candidates	Penalties for Non Compliance of Parties
Australia	Electoral Commission	Commission consists of a Chairperson, the Electoral commissioner, and one other member. The Chairperson must be an accredited Judge	For late or incomplete returns a fine of upto A\$1000. For false reporting a fine of upto A\$5,000.	For incomplete returns: fine of upto A\$1,000. For late returns: fine of upto A\$5,000. For false reporting a fine of upto A\$9,972.
Canada	Commissioner of Canada Elections	Commissioner of Canada Elections serves as head of enforcement branch of Elections Canada, the election oversight agency. Other divisions of Elections Canada, especially the Legal Services division, assist the commissioner in his/her duties	Penalties for offenses regarding reporting and expense limitations generally carry a fine of upto C\$926.40 or imprisonment of upto one year. The Commissioner of Canada elections may exercise discretion as to actual penalties imposed.	Same as for Candidates.
Germany	President of the Bundestaag	N.A.	Same as for Parties	The President is empowered to not grant money to parties or to withhold the granting of funds beyond the present year levels to parties who miss deadlines for applications, reporting and auditing; if a party obtains donations illegally or use funds not in accordance with the law, it shall forfeit public funds to an amount double the sum illegally obtained or used. The illegally obtained or used money shall be surrendered to the President of the Bundestaag.
India	Election Commission	Election Commission consists of Chief Election Officer and such other Election Commissioners and Regional commissioners as the president may wish to appoint.	Failure to submit returns or returns submitted not in the manner prescribed; Loss of seat and 3 years disqualification from running for office. Exceeding campaign limit: Post election disqualification for six years.	Not Applicable
Israel	Public Committee and the State Comptroller	Public committee has three members and the state comptroller for record keeping who is a civil servant.	Not Applicable	The State Comptroller can report irregularities and the penalty can be imprisonment of upto one year for improper contributions and a fine or in the case of political parties failing to report proceedings properly the Comptroller can have money returned to the Treasury or deny the Faction funding for upto three ongoing expenses periods.

Enforcement

Country	Enforcement Agency	Composition of Enforcement Agency	Penalties for Non Compliance of Candidates	Penalties for Non Compliance of Parties
Korea	Central Election Management Committee and Sub-ordinate election management committees of district and local levels	Election management committees have a hierarchical structure based on electoral constituencies; superior committees may overrule the actions and judgements of lesser committees. No other details given.	For spending more than 1/200 over the limit of campaign expenditures, and for failing to report : Maximum of five years imprisonment and fine of upto 20,146,500 won. Election is also declared null and void.	Failure to report: Same as for candidates. Other lesser infractions lead to a maximum of two year's imprisonment and a fine of upto 3,993,000 Won.
New Zealand	Electoral Commission	Electoral Commission Members include: Secretary of Justice, Chief judge of Maori Land court, one other judge or retired judge to serve as president of the commission, and one other person to serve as chief executive of the commission. Numerous lesser officers and administrators.	Non- compliance with reporting: NZ\$1,012, plus NZ\$405 per day each winning candidate sits as a member of the house prior to submitting cost returns. Other monetary penalties established for submitting a false return. Exceeding spending limits considered an "Illegal Practice", no specified penalties.	Fine for non-compliance with reporting is NZ\$ 20,258. All else is the same as for candidates.
South Africa	Electoral Commission	Not Specified	Same as for Parties	The monies irregularly spent by Political Parties, may be recovered by the Commission. The accounting officer of the party will be liable to repay to the commission the monies that were irregularly spent. Any monies so repaid, will be credited to the fund. The commission may recover the money by instituting a civil claim in respect of the amount irregularly spent, against that accounting officer of the political party concerned; and or setting off the amount irregularly spent against any allocation that may be or may become payable to the political party.
Sweden	Party Grant Committee	Committee consists of one chair and two other members and each member must be or have been a judge	Not Applicable	Not Applicable

Enforcement

Country	Enforcement Agency	Composition of Enforcement Agency	Penalties for Non Compliance of Candidates	Penalties for Non Compliance of Parties
United States	Federal Electoral Commission	The Federal Election Commission is comprised of 6 voting members	The Federal Election Commission can impose a wide range of penalties from imprisonment, to fines depending on the type and degree of penalties. The Justice department has exclusive jurisdiction to enforce these provisions.	Same as for Candidates.
Zimbabwe	Election Directorate. Electoral Supervisory Commission is also appointed under the constitution of Zimbabwe	The election Directorate consists of a Chairman, the Registrar-General and not fewer than two or more than ten members.	Fine or Imprisonment.	Same as for Candidates.

* Source : “ *The Public Funding of Political Parties - An International Comparative Study* ”
National Democratic Institute for International affairs (NDI) - Washington

US - India Comparison

The expenditure incurred by parties, candidates and political action committees in the recently concluded elections for the presidency (2000), both houses of congress and gubernatorial offices in the United States is estimated to be of the order of \$ 3 billions. There is much criticism and debate on this high cost of electioneering in the U.S, and campaign finance reform is a strong and recurrent theme in American politics. However, two facts should be remembered while analysing the U.S elections – all campaign financing is fully accounted for and disclosed; and all expenditure is legitimate and open, about 80% spent on television advertising. At least 50% of the money raised and spent in the US is “soft” money, or money spent on “issue - advocacy”. Only about \$ 1.5 billion is the “hard” money which directly goes into the campaign expenditure.

The Indian situation presents a depressing contrast. The expenditure for parliament and State legislature elections in India is estimated to be of the order of \$ 1.5 billion (Rs. 7000 crores) at current exchange value. In purchasing power terms,

it means that the Indian election expenses are probably five times those in the U.S, making our per capita expenditure higher than in the U.S! Considering our low income per capita, this is an absurd situation. And more importantly, almost all this campaign finance is undisclosed and illegal, and worse still, most of it is spent illegitimately – for buying votes, hiring hoodlums and bribing election officials!

Prime Minister Vajpayee has gone on record several times stating that most elected politicians start their careers with a big lie – by signing an affidavit that their election expenditure has not exceeded that ceiling prescribed by law, while the actual expenditure is often ten to twenty times the ceiling limit!

Therefore the focus on funding reform in India should be on two key areas :

- a) Complete transparency of the process
- b) Legitimate expenditure in elections ■

Problems with Current Legal Provisions

Explanation 1 added in 1974 to Section 77 of the Representation of the People Act, 1951 made a mockery of the election expenditure ceiling, by excluding the expenditure incurred by parties and others from the purview of ceiling limits.

The income of a political party is exempt from income tax under Section 13 (A) of the IT Act. Parties, in return, are bound by law to maintain accounts regularly, record and disclose names of donors contributing more than Rs.10, 000 and have their accounts audited by a qualified accountant as defined in Section 288 (2) of the IT Act. Under Section 139 (4B) of the IT Act, inserted in 1978, parties shall furnish returns of income to the IT authorities. However, there is neither provision for public auditing and public disclosure, nor are severe penalties attached to non-compliance. Given the power and primacy of parties, the IT authorities are reluctant to act against parties for violations of law, despite clear rulings of the Supreme Court.

Since 1985, companies are permitted to contribute upto 5% of the profit to political parties. But in the absence of strict disclosure norms backed by severe penalties for non-disclosure, both parties and donors find it expedient not to disclose these contributions. Donors are afraid of possible political retribution from other parties. Parties and donors also do not wish to let the public know the link between a political contribution and favours doled out to them by a party in power.

Also parties and candidates are loath to disclose funding, as most expenditure is both illegal (beyond ceiling limits) and illegitimate (for buying votes, bribing election officials and hiring musclemen).

There are no asset and income disclosure norms applicable to candidates while contesting, and to elected representatives while assuming public office. In the absence of public scrutiny and severe legal penalties there are many rags-to-riches stories in politics, and the assets of many politicians far exceed the known sources of income. Weak laws and ineffective enforcement made political corruption an integral part

of our system.

Even where laws exist, absence of severe penalties and an effective mechanism to enforce them makes them ineffective. We need to dramatically increase the risks of non-compliance and make them unacceptable in order to enforce a fair degree of compliance. The obligation to disclose should be imposed on the donors as well as recipients and the penalties must be very severe for both.

Also parties and candidates are loath to disclose funding, as most expenditure is both illegal (beyond ceiling limits) and illegitimate (for buying votes, bribing election officials and hiring musclemen).

However we must recognize that political activity, electoral contest and people's representation are legitimate public activities. If the cost of these activities has to be borne by the candidates themselves, or a few donors, then political participation will be limited to those who can marshal resources. Two consequences follow: most of the time of politicians will be spent in mobilizing resources for political activity; and corruption will be an inevitable result.

Therefore public funding should be considered as a serious option. However there should be three essential conditions for public funding: the mechanism devised should be fair, transparent, practical and acceptable; there should be strict monitoring to ensure that politicians do not cheat by using public funding even as they raise unaccounted resources and buy their way into public office; and as only party candidates matter in most elections, internal democracy in political parties, including selection of candidate by members or their delegates through secret ballot is vital for public funding.

The legal infirmities cited have made elections a high-cost, high-risk, high-profit proposition for many unscrupulous elements. The result is an unending spiral of corruption, abuse of office, electoral malpractices and mal-administration.

Several committees have already made valuable recommendations to set right the situation and cleanse our public life. Dinesh Goswami Committee, Election Commission, Law Commission, Indrajit Gupta Committee, National Commission to Review the Working of the Constitution, and the Supreme Court have made several insightful observations. ■

Invitation for Papers

Lok Satta Times was started with the purpose of creating a platform for serious discussion and exchange of ideas on governance reforms. While we will bring you the ideas and experience of Lok Satta, we also welcome your thoughts on issues relating to a wide range of aspects of governance and electoral reform. We encourage contributions on the following issues :

- Fiscal Crisis and Governance
- Local Government
- Cooperatives, Societies and Government
- Police Reforms
- Judicial Reforms
- Role of Civil Service
- All India Service
- Bureaucracy, Article 311
- Election of Executive of the States
- Federalism
- Art 356 and Governors
- Legitimacy of Representation
- Defections - Elections
- Right to Information
- Crisis in Higher Education
- Constitutional Review, Scope and Limitations
- What can States do to Improve Governance

We will acknowledge contributions that have been accepted for publication. The editorial board reserves the right to edit contributions to suit the format and tone of **Lok Satta Times**.

Lok Satta's Proposals for Political Funding Reform

Based on various committee reports and best practices prevalent in other democracies across the world, Lok Satta has come up with a set of practical, enforceable and tangible reform proposals.

Three basic premises constitute the core of these proposals.

First, politics is a noble endeavour, and citizens and corporate bodies should be encouraged to fund legitimate political activity. The typical Indian middle-class approach to political activity is counter productive. Liberty and rule of law are not sustainable without active competitive politics and electoral contests. We should therefore make it easy, not difficult to raise legitimate funds for political activity.

Second, transparency of all such fund transfers is at the heart of any meaningful funding reform. Such transparency should be enforced at both the donor and recipient levels. Disclosure obligations should be backed by severe, even draconian penalties for non-compliance. Only when there is a real risk, however small, of being jailed for non-disclosure will a donor insist on transparency. No donor is likely to deliberately invite a prison term after having contributed liberally (and secretly) to political coffers.

Third, public funding should be considered only after other funding reforms are in place, and after parties are democratised and regulated. Any public funding to be successful should be limited, fair, transparent, verifiable and non-discretionary. The proposals of Lok Satta outlined below are centered around these essential elements :

Measures to Encourage Political Funding – Tax Incentives and Ceilings

- All individual contributions to candidates or parties for political and election activity shall be 100 % exempt from income tax subject to a ceiling of, say Rs.10,000. Total ceiling on contributions from an individual to all candidates and parties put together shouldn't exceed Rs.50,000 in a calendar year.
- 100% tax exemption for all corporate contributions with a ceiling of 5% of the net profit not exceeding Rs. 50 lakhs for national parties and Rs. 10 lakhs for state parties .
- Corporate contributions shall be subject to the following norms:
 - As mentioned above no contribution shall exceed 5% of the net profit.
 - A company which receives state subsidy or has a decision or contract or license pending with government shall not contribute.
 - Contributions by Public Sector enterprises are prohibited
 - Prohibited to individual candidates.

Measures to Enforce Disclosure and Accountability - Penalties

- Every individual contribution totalling Rs.1000/- or more and every corporate contribution to candidates or political parties for any political activity shall be disclosed with full particulars of identity, address and other details of donors. All contributions exceeding Rs. 500 /- shall be by cheque only. Both the donor and recipient shall be obliged to make full disclosure to the Election Commission and the Income Tax authorities. Penalty for non-disclosure or false disclosure shall be :
 - Donors: fine equal to ten times the contributions and imprisonment for six months.
 - Candidates: disqualification for six years, fine equivalent to ten times the amount not disclosed, and imprisonment for at least one year.
 - Parties: de-recognition and de-registration for five years, fine equivalent to ten times the amount not disclosed, and imprisonment of office bearers for three years.

Penalties for not furnishing audited statement of accounts shall be de-recognition of the political party until accounts are furnished.

- The parties shall file returns every year, and after every election. The candidates shall file an audited statement after the election. The penalty for not furnishing audited accounts shall be:
 - Candidates: disqualification for a period of six years or until accounts are furnished, whichever is later.
 - Parties: de-recognition of the political party until accounts are furnished.
- Every political party and candidate shall submit the audited statement of accounts to the Election Commission as well as the Income Tax authorities in the prescribed proforma. Every political party and candidate shall make available to the public the audited accounts for the financial year by September 30, through print and electronic means. Copies shall be made available to any member of the public by the Election Commission on payment of a nominal fee, as well as publishing them electronically.
- Every candidate shall disclose his/ her income and assets along with those of his family members at the time of the nomination. There shall be annual disclosure of income and assets of elected legislators and their family members. False or incomplete disclosure will invite confiscation of undisclosed properties and assets, disqualification for six years and imprisonment for three years. Non-declaration will invite automatic disqualification.

If the Election Commission shall be the final authority to receive statements of income, and assets as well as political contributions and expenditure, their verification and auditing, and determination of false disclosure or non-disclosure. The Commission's determination of noncompliance on an application or suo motu shall automatically invite penalty ten times the amount and disqualification for six years, and in case of parties, derecognition and deregistration for five years. Ordinary criminal courts or special courts appointed for the purpose will have jurisdiction to try related offences and sentence the guilty to imprisonment.

Measures to Limit Campaign Expenditure

- There shall be a reasonable ceiling on expenditure in elections as decided by Election Commission from time to time. Explanation I under Section 77 of The Representation of People Act, 1951 should be repealed. All expenditure including that incurred by a political party or any individual or group to further the electoral prospects of a candidate shall be included in the election expenditure.
- Penalty for violation of ceiling shall be a fine equal to five times the excess expenditure.
- There shall be reasonable ceilings fixed on television/radio/newspaper advertisements.

Measures to Prevent Abuse of Office

- Government shall not issue any advertisements containing the name of a person or party or photograph of any leader.
- No government advertisement shall be issued listing any achievements of a particular government.
- Government transport or infrastructure shall not be used for political campaigning.
- No contribution shall be received from any person or corporate body in respect of whom any decision or license or contract or claim of subsidy or concession of any nature is pending with the government.

Measures for Indirect Public Funding - Media

- Free television and radio time shall be given in state media to registered parties as prescribed by the Election Commission.
- Private electronic media shall earmark time for recognised parties as prescribed by the Election Commission for election-related campaign. The licensing conditions should be suitably amended by law.
- There shall be election debates telecast and broadcast live by all electronic media as per the directions of the Election Commission.

Pre-Conditions for Public Funding

- Political Party regulation to ensure internal democracy
- Party candidates to be democratically selected by secret ballot by members or their elected delegates
- Democratic selection of candidates
- Decriminalization of politics
- Rectification of defects in electoral rolls
- Elimination of voting fraud through introduction of voter identity cards and electronic voting.
- Strict disclosure and penalty norms

Essential Elements of Public Funding

- Transparent
- Verifiable
- Non-Discretionary
- Incentive for performance
- Encourage private resource mobilization
- Prevent fragmentation
- Fair to new parties and independents
- Finite cost to exchequer
- Equal treatment of all candidates

Public Funding to party candidates shall be contingent upon the party candidates being selected democratically by secret ballot - by members of the party or on assembly of elected delegates of the party members in the constituency.

Gist of Proposals for Public Funding

- Rs. 10 per vote polled .
- Independent and party candidates to be treated on par as long as they pass the threshold of 10 % of valid votes polled in the constituency to become eligible for public funding.
- Party gets 1/3 of the eligible funding, and candidate receives 2/3 of the funding.
- Parties to receive 50 % of advance @ Rs.5 per vote based on their performance in earlier elections.
- Independents to be reimbursed after the poll.
- Stringent enforcement and strict penalties for non-compliance of disclosure norms.

How Public Funding Works? – Candidates

- At constituency level, the candidates who obtain over 10 % of valid votes shall be eligible to receive public funding (**n votes**)
- Each candidate shall be eligible to receive a maximum of a fixed amount, say Rs. 10 for each vote polled (**Rs.10n**)

- If the candidate is put up by a political party, then at the constituency level $2/3$ of the amount will be the ceiling s/ he would be eligible to receive. The balance will go to the party, subject to other rules governing funding (**Rs.20n/3**).

The actual money the candidate will be eligible to receive will be equal to lowest of the following :

20n/3, based on no. of votes polled

Or

I-m, based on the expenditure ceiling limit (I), less the sum of the money raised by him, and received in cash or kind from the party (m):

Or

1.5c, based on 1.5 times the contributions raised by the candidate (c), excluding party support

The total money raised by the Candidate by way of contributions, party support and public funding shall not exceed the constituency ceiling limit, or the actual expenditure incurred

From the above, the Public Funding will be 20n/3, or (I-m) or 1.5c, whichever is lowest, where:

n = no. of votes polled by the candidate (provided n exceeds 10% of total valid votes polled.)

I = expenditure ceiling limit for the constituency

m = money raised by the candidate + received from the party in cash or kind

c = contributions raised by the candidate.

- For non-party candidates, the funding will be similar except that the eligibility will be $10n$ and not $20n/3$.

Therefore the public funding will be $10n$, or (I-m) or $1.5c$, whichever ever is lowest.

Example :

Let's say the expenditure ceiling limit (I) for a parliamentary constituency is Rs. 50 lakhs. A party candidate raises Rs. 10 lakhs in private contributions (c) and receives Rs 10 lakhs from the party (m) and polls 2,00,000 valid votes (n). The actual money the candidate will be eligible to receive will be equal to the lowest of the following:

- $2/3$ of the amount at Rs. 10 per valid vote = $2/3$ of $10 \times 2,00,000 = 2/3$ of Rs. 20,00,000 = approx. Rs. 13.3 lakhs

or

- The expenditure ceiling limit (I), less the sum of the money raised by him, and the sum received in cash or kind from the party (m) = $50,00,000 - (10,00,000 + 10,00,000) = \text{Rs.}30,00,000$.

or

- 1.5 times the contributions raised by the candidate = $1.5 \times 10,00,000 = \text{Rs. } 15,00,000$

Therefore the candidate will be eligible to receive public funding to the tune of Rs.13.3 lakhs according to the above formula.

How Public Funding Works? – Parties

- The basis for public funding to a party will be the total no. of votes obtained by the party in constituencies in which its candidates become eligible for public funding (N)
- The eligibility ceiling for public funding will be $Rs.10N/3$ ($Rs.20n/3$ goes to candidates)
- The actual amount disbursed to the party will be as follows:

1.5 times the total contributions (C) received by the party = $(1.5C)$

Or

$1/3$ of the total election expenditure ceiling prescribed (L) in all those

constituencies in which its candidates are eligible for public funding, less the contributions raised by the party (C), whichever is lower. That is, $1.5C$ or $L/3-C$, whichever is lower

- The party's share of public funding will therefore be $10N/3$ or $L/3-C$ or $1.5C$ whichever of these is the lowest ; where:

N = Total no. of valid votes polled by the party in all constituencies where its share of votes is 10 % or more

L = The sum of legal ceilings on expenditure in these constituencies

C = Contributions raised by the party.

Example:

Let's say the party has 50 candidates who are eligible to receive public funding and the expenditure ceiling limit in each constituency is Rs. 50 lakhs .

The expenditure ceiling limit for the party in all the 50 constituencies together will be :

- $L/3 = 1/3 \times 50 \times 50,00,000 = \text{approx. Rs. } 8.3 \text{ crores}$

Let's say the party has raised Rs. 2 crores (C) in private contributions and

the party candidates have polled 1,00,00,000 (N) valid votes in all constituencies where their vote share is more than 10% . The actual amount disbursed to the party will be the lowest of the following:

- $10N/3 = \text{approx. Rs.}3.3 \text{ Crores}$

or

- $L/3 - C = 8.3 - 2 = \text{Rs.}6.3 \text{ Crores}$

or

- $1.5C = 1.5 \times 2 = \text{Rs. } 3.0 \text{ Crores}$

Therefore the party will be eligible to receive public funding to the tune of Rs.3 crores according to the above formula.

Cost of Public Funding

Let us now calculate the cost of public funding in India.

- Population	101 crore
- Estimated no. of eligible voters	60 crore
- Actual votes polled (at 60%)	36 crore

Exclude 40% from funding on account of eligibility criteria and limits imposed 10% voting threshold, ceiling limits, matching funds, funds raised by parties and candidates.

- Balance required for funding: 22 crore.
- Funding cost at Rs.10 per vote is Rs.220 crores for the Lok Sabha elections, to be borne by the Union government.
- Funding cost for State Assemblies may be Rs. 250 crore on account of likely higher percentage of voting. This will be borne by the States.

A Public Fund for Political and Campaign Funding

- The Union and States shall start such Public Funds.
- All contributions from individuals and corporate bodies will receive the benefit of 150 % tax exemption without subject to any ceiling.
- The Public Fund shall be operated by the Election Commission, and candidates and parties will be funded from that Fund as per the norms.

Miscellaneous

- Any expenditure to give inducements to voters, distribute gifts, bribe public officials involved in conduct of election, or hire any workers or gangs for any unlawful activity shall be unlawful. Penalties for such unlawful expenditure shall be disqualification of the candidate for six years, a fine equivalent to ten times the expenditure incurred and imprisonment for three years.

The Election Commission shall determine the compliance of this provision and make public these declarations. The EC shall be the final authority to decide on complaints of false declaration. ■

Limitations of Political Funding Reform

The above proposals will go a long way towards cleansing our electoral process, and ensuring accountable and fair use of money in elections. However, we still need to answer two questions – Why are citizens selling their vote for money? What is the guarantee that these reforms will prevent large scale vote buying?

As a net result of several distortions, elections have lost their real meaning as far as the people are concerned. It is often tempting to blame the illiterate and poor citizens for this plight of our democracy. But in reality it is the democratic vigor and enthusiastic participation of the countless poor and illiterate voters, which has sustained our democracy so far. However, most people have realized with experience that the outcome of elections is of little consequence to their lives in the long run. If, by a miracle, all winners in an election lose, and all their immediate rivals are elected instead, there will still be no real improvement in the quality of governance. This remarkable inertia and the seeming intractability of the governance process have convinced citizens that there is no real long-term stake involved in electoral politics.

Therefore many poor citizens are forced to take a rational decision to maximise their short-term gains. As a result the vote has become a purchasable commodity for money or liquor. Quite often it is a sign of assertion of primordial loyalties of caste, religion, group, ethnicity, region or language.

When there is a clear link between their vote and public good, and when taxes can be directly translated to the public services, people will start using vote as an effective tool to make fine political judgements and elect their servants.

Sometimes without even any material inducement or emotional outburst based on prejudices, the sheer anger against the dysfunctional governance process makes most voters reject the status quo.

Often this rejection of the government of the day is indiscriminate and there is no

rational evaluation of the alternatives offered. In short, even the illiterate, ordinary voter is making a rational assumption that the vote has no serious long-term consequences and the choice is between Tweedledom and Tweedledee. Therefore he is attempting to maximise his short-term material or emotional gain! Often all these factors - money and inducements, rejection of status quo, and primordial loyalties together determine the voting pattern.

This situation can be corrected only by decentralizing power, and exercising authority as close to the citizen as possible in an accountable manner. When there is a clear link between their vote and public good, and when taxes can be directly translated into public services available to them people will start using vote as an effective tool to make fine political judgements and elect their servants rationally to maximize public good.

Political Parties Internal Democracy

It is obvious that we cannot regulate party funding in isolation. Openness, accountability, disclosure and democracy are indivisible, and there has to be an effective legislation to regulate the conduct of political parties in respect of democratic norms in membership, leadership choice, funding and choice of candidates for elective office.

The German federal law regulating the conduct of political parties is a good model to emulate in our quest to democratise parties and cleanse electoral process. From a bird's eye view of Indian political parties, it is clear that we, as a people, have stakes in their functioning and future. The moment they seek power over us, and control over state apparatus, they forfeit their claim to immunity from public scrutiny and state regulation based on reasonable restraints. This is particularly true in a climate in which they have proved to be utterly irresponsible, unaccountable and autocratic, perpetuating individual control over levers of power and political organi-

zation, entirely for personal aggrandizement, pelf and privilege. Therefore, in a deep sense, the crisis in political parties is a national crisis, and has to be resolved by a national effort. This leads us to the inescapable conclusion that there should be internal democracy in parties, regulated by law, and monitored and supervised by statutory authorities. Every party, by law, should be obligated to practice internal democracy in all respects. The details of functioning can be left to the party's own constitution, but it should conform to the broad principles of democracy stated clearly in law. The actual practice of internal democracy should be verifiable by an external agency, say the Election Commission.

This leads us to the inescapable conclusion that there should be internal Democracy in parties, regulated by law, and monitored and supervised by statutory authorities. Every party, by law, should be obligated to practice internal Democracy in all respects.

Mandatory publication of membership rolls of political parties at local level, election of leadership at every level by secret ballot supervised by the Election Commission, a comprehensive prohibition on nominations of office bearers or expulsion of rivals, a well-established system to challenge the leadership of incumbents at every level, and justiciability of these internal democratic processes through special tribunals – all these measures could form the basis of any meaningful reform and regulation of political parties. Extreme care and caution should, however, be exercised to ensure that a party's democratic choices of leadership or its espousal of policies are not in any way directly or indirectly influenced by law or external monitoring agencies. The party leaders

and its policies should be judged only by the public, in the market place of ideas and in elections.

Compulsions of First-past-the-post system - Case for Proportional Representation

In addition to the electoral irregularities, use of unaccounted money power and criminalisation of politics, the first-past-the-post (FPTP) system in a plural society added to the decline in political culture. On the one hand the largest party is likely to obtain disproportionate presence in legislature, with consequent marginalisation of large segments of public opinion. In a plural society such a majoritarianism has evidently led to ghettoization of numerically important groups like minorities and dalits.

On the other hand, in the FPTP system, there is desperation to somehow win the election in a constituency by all means fair or foul, as each seat becomes critical in the legislative numbers game to form government or acquire influence in the Westminster model.

The ugly practices adopted by a party at the constituency level become somehow acceptable in this quest for electoral success. Once a candidate obtains party nomination, he and his caste or group often make it an issue of personal prestige to be elected in the winner-take-all electoral and power game.

As election in each constituency runs on similar lines, the parties and candidates are not inhibited by the fear that their illegitimate efforts to win a few constituencies might undermine the larger objective of enhancing the voting share in a whole state or the nation.

Another feature of the FPTP system is that reform of the polity becomes more and more difficult. Genuine reformist groups with significant but limited resources and influence have no realistic chance of success in the FPTP system and they tend to wither away.

In a system in which winning the seat by attracting the largest number of votes is all-important, honest individuals or re-formist parties fighting against the electoral malpractices and corruption have very little chance of success. This tends to perpetuate the status quo, and people will have to live with the unhappy choices among parties, which are more like Tweedledom and Tweedledee.

Political process becomes increasingly incestuous, and even as power alternates between parties, the nature of the power game and the quality of governance remain unaltered.

The political system has thus become fossilized over the years and is self-perpetuating. Fresh breeze of electoral reforms is vital to rejuvenate the political process and to inject institutional self-correcting mechanisms to revitalize our democracy.

Similarly, a shift towards direct election of the head of the government at the local and State levels is likely to help reduce election expenditure and polling irregularities, and ultimately defections and corruption.

Clearly, the exclusive reliance on the first-past-the-post system coupled with the Westminster model has enhanced the stakes in the constituency elections. High election expenditure, buying of votes and polling irregularities have become the norm in order to gain electoral advantage in the Westminster model.

Therefore a shift towards proportional representation in which a party's representation depends on the overall percentage of votes in each State is worth considering. Such a shift will act as a disincentive to polling irregularities, as any effort of a candidate to gain unfair advantage locally may run counter to

the party's objective of maximizing its vote in a whole State. The proportional representation may also help force reform in political parties, as credible challenge is mounted by influential sections of public opinion which might otherwise be ignored in a first-past-the-post system.

Similarly, a shift towards direct election of the head of the government at the local and State levels is likely to help reduce election expenditure and polling irregularities, and ultimately defections and corruption. Such a direct election with clear separation of powers at the national level is fraught with the real danger of authoritarianism in a power-centered society. But there are no logical or political arguments against such a system of direct election at the cutting edge level in states and local governments. In fact, there are numerous advantages of minimizing electoral malpractices, checking corruption, enhancing executive efficacy and enforcing accountability.

The time for comprehensive electoral reforms is near at hand. Any complacency in this vital task of electoral reforms will be disastrous to our polity and public interest. The people of India deserve a political process which brings the best out of our citizens and cleanses the governance process.

Therefore a shift towards proportional representation in which a party's representation depends on the overall percentage of votes in each State is worth considering.

Electoral reform should be the first and vital step in our struggle for holistic democratic reform to build a strong, self-governing, just India with all citizens enjoying peace, freedom, harmony and dignity. ■

Clean Financing of Parties*

Harish Khare

The vast majority of unemployed and unemployable political 'leaders' want to pilfer the state's funds or abuse the state's patronage and discretion to line their pockets.

Last week two unrelated but converging developments took place and both underlined the unhealthy role of money in political life. Both developments involved Dr Manmohan Singh. First, the former Finance Minister managed to get himself reelected to the Rajya Sabha from Assam. On the face of it, there was nothing to write home about. After all, the Congress had just won a famous victory and had enough votes to ensure another Rajya Sabha term for Dr Manmohan Singh. But it was not all that easy; the good doctor had to insist that the Congress would not give in to the temptation of using its surplus votes to try to get in a second candidate as well. Dr. Manmohan Singh probably knew that had the Congress put up a second candidate he would have met the fate that befell Mr.R.D Pradhan in Maharashtra in 1998 and Mr Inder Khosla in Uttar Pradesh in 2000. Rival candidates with bulky money votes would have simply suborned the loyalty of the loyal Congress MLAs. In the case of Mr Khosla, the Congress was reduced to having to pay its own MLAs to vote for the party candidate; yet it could not get its candidate elected because it was out-financed by other candidates in purchasing the MLAs and their votes.

Dr Singh could spare himself the Khosla nightmare only because the party gave in to his insistence, even if it meant gifting a Rajya Sabha seat to the BJP. The second development also involved the former Finance Minister. Fresh from his Assam victory, he fianlised and submitted a report to the Congress Working Committee on party finances.

After suggesting many ways the party could operate on "clean" money, the Manmohan Singh Committee report concludes that "the Congress must take the lead in bringing about a new culture of

transparency, accountability and integrity in financing." Amen. Dr Singh had the credentials — and the competent colleagues on the committee — to address one of the most urgent maladies afflicting the Indian polity.

The pervasiveness of this malady was so shockingly and so graphically revealed in the Tehelka expose. What was more, the total immorality of a Bangaru Laxman or a Jaya Jaitly accepting "donations" was sought to be justified as a morally acceptable way of political parties going about the business of collecting "party funds". From the safety of their ministerial perches, the BJP and the Samata Party leaders fell over one another to portray themselves as the unapologetic custodians of the same corrupt political culture they once raved and ranted against.

Yet the malady of tainted money being used to finance political activities is not a partisan concern. It is different from the specific problem of funds needed at the time of an election; any number of leaders and public analysts have wasted their efforts trying to create a system of public funding of elections. On the other hand, the Manmohan Singh Committee report invites attention and debate because it seeks to address itself to the problem of financing the "normal" — non-election time — activities of the Congress. The Committee's plea is that the Congress can collect sufficient funds openly, transparently and honestly without resorting to unhealthy practices.

In the recent months the AICC leadership has stumbled upon the idea that it has a dozen-odd milching cows, presiding over the Congress — ruled States.

What is not realised is that the demands made by the AICC on the Congress Chief Ministers have a cascading and deleterious effect on the quality of governance in the States.

The Congress is not alone in tapping State Governments. The Keshubhai Patel regime in Gujarat gets away with murder because of its financial usefulness to central leaders.

Yet the parties do need funds. After all only the most naïve would believe that parties do not have any activities — and therefore do not incur any expenses — before and after an electoral round. If nothing else, all parties have to maintain establishments on a substantial scale. The AICC is a classic example of an all-India political party apparatus.

The BJP too is not far behind. The two communist parties have impressive establishments. Only the Samata Party chooses to operate out of the former Defence Minister's residence; the arrangement probably has less to do with financial constraints and more to do with the Fernandes-Jaitly duo's way of controlling the outfit.

Also, political leaders need some kind of financial support. No party can take the position that it would expect a leader to commit his/her time, skills and energy when needed, and then abandon the retired politician to his/her fate. Even Mahatma Gandhi needed a Jamnalal Bajaj to take care of the expenses. Remember Sarojini Naidu's cryptic comment: "It costs a lot to keep Bapu in poverty." Decent parties find ways of enabling an E.M.S Nambudiripad or a Sitaram Kesri or a Khushabhau Thakre to spend life in reasonable comfort, long after they cease to be able to "work" for the organisation. The same holds true for the "working" leaders.

Will, then, the problem of corruption in political life get addressed if parties had the kind of "clean" funds suggested by the Manmohan Singh Committee? Of course, there is a very tiny minority among our leaders whose integrity will not get questioned, whatever the system of political financial arrangement. There will always be the A K Antonys, the Ahmed Patels, the Manmohan Singhs, the M L Fotedars, the Nitish

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Kumars, the Khushabhau Thakres, the Mamta then there will be leaders who will either have sufficient family wealth — a Madhavrao Scindia or a Natwar Singh — or enough professional skills — an Arun Jaitley or an Arun Shourie or a Kapil Sibal — not ever to want to dirty their hands with unclean money.

Beyond this minority of men of probity is the vast majority of unemployed and unemployable political “leaders” who want to pilfer the state’s funds or abuse the state’s patronage and discretion to line their pockets. The Satish Sharma syndrome retains its seductive attraction. In fact, increasingly, political life is being dominated by very rich individuals who want to use the leverage of their wealth to advance their own and their associates’ political and business interests. Political parties find themselves increasingly having to rely on these

resourceful individuals, who are willing to spend their personal funds for party activities. The comforting fiction is that these individuals spend their funds entirely altruistically. For instance, the People’s Front leaders want to believe in the fiction that they can advance an wholesome political agenda while allowing the corporate leaders of the Samajwadi Party to pick up the tab.

The result is that there is a self-perpetuating political elite — staking claim to leadership positions, Rajya Sabha seats, Lok Sabha nominations and to corporations and commissions — which wants to live in the spacious official bungalows in New Delhi; these “leaders” will jettison parties and alliances, as long as they are able to remain in “circulation”. This indifference to party loyalty and public pur-

pose, and a wilful debasement of political discourse.

The political parties will therefore have to be liberated from reliance on these compromised individuals if the party leaders have to have the autonomy to take bold and honest decisions.

As is obvious, the Indian State’s retreat from the commanding heights of the economy has only increased the scope for dishonest entrepreneurs joining hands with dishonest politicians and dishonest bureaucrats. The polity’s long term interests then can only be served if the parties and leaders recover their autonomy by reducing their dependence on unclean money. The Manmohan Singh Committee and the Congress party have taken the first step. It must become a collective enterprise. ■

Gist of Indrajit Gupta Committee Recommendations on State Funding of Elections

The Committee has recommended partial state assistance initially to be given in kind. This could be in the form of certain facilities to recognized political parties to carry out their electoral activities and to partially bear the cost of their electioneering campaigns. Part of the assistance will be for meeting administrative expenses during non-election period. Gradually, more and more of the expenses and burden can be shifted to the state so that ultimately all of their legitimate expenses are borne by the state. In this respect, the committee has recommended creation of a separate Election Fund to which the Central Government may contribute at the rate of Rs. 10 per elector i.e. about Rs. 600 crores annually. All the State Governments together may also contribute proportionately Rs.600 crores annually to the Fund.

In its report, the Committee has also specified the nature of facilities to be provided to the recognized political parties and their candidates at State cost. These include :

For Recognized Political Parties

1. Suitable rent-free accommodation for its headquarters.
2. One rent-free telephone, with STD facility with a specified number of telephone calls over and above the free calls permitted.
3. Sufficient free air time on the State owned media; certain additional time on the basis of votes polled; permission to use the allotted time for their propaganda in the manner they like and not necessarily for speeches alone.
4. Regulation of private channels for fair and balanced presentation of the views of all parties.

For Candidates of Recognized Parties

1. Specified quantity of petrol/diesel.
2. Specified quantity of paper for printing.
3. Postal stamps of a certain specified amount.
4. Five copies of electoral rolls in addition to the copies of the rolls being provided as per rules.
5. For an assembly election, one set of loudspeakers and for a parliamentary election, one set of loudspeakers for every assembly segment, subject to a maximum of six such sets.
6. On the day of poll, some minimum arrangements may be made for the candidates’ camps at each polling station.
7. Supply of refreshments and food packets to the counting agents inside the counting hall. ➡➡

Maintenance of Accounts by Political Parties and Audit thereof

1. Political parties should compulsorily submit their annual accounts regularly to the Income Tax Authorities showing all details of their receipts and expenditure.
2. No political party which has failed to submit its annual return for the previous assessment year under the Income Tax Act should be eligible for any State funding.
3. The Chartered Accountant may be selected by the political party itself. The Income Tax authorities will, however, be free to have a further check by their own agencies of returns submitted by parties.
4. Each party receiving State subsidy should also file a complete account of its election expenditure during an election to the Election Commission in the format prescribed by the Commission.
5. All subscriptions, donations received by a party above the amount of Rs.10,000/- should be by means of a cheque/bank draft and should be mentioned in party accounts.

Ban on donation by Companies to Political Parties

The question whether there should be any ban on donations by companies and corporate bodies for political purposes may be decided by the Government and Parliament in their collective wisdom. Ban on donations by Government Companies for political purposes should continue.

Inclusion of expenses of political parties in the Election expenses of candidates for the purpose of ceiling on Election expenses

The question whether election expenses of political parties and other bodies or associations and individuals should be included or not in the accounts of election expenses of candidates may be decided by the Government/Parliament in their collective wisdom.

However, apparent contradiction between the provisions of Section 77 (1), Explanation 1 of Representation of the

People Act, 1951 and Section 171H of Indian Penal Code needs to be resolved - the former permits political parties and all other bodies or associations or individuals to make election expenses on behalf of any candidate without his authorization whereas the latter prohibits it.

Empowering of the Election Commission of India to fix ceiling on Election expenses before every general election

Periodic revision of ceiling on election expenses may continue to be done by the Central Government in consultation with the Election Commission of India as at present. ■

Lok Satta's Critique of Indrajit Gupta Committee Proposals

- 1) They have failed to differentiate between major and minor parties. All recognised parties are treated as equal.
- 2) By disregarding the voting share of a party they failed to provide an incentive for performance.
- 3) Funding as proposed is therefore arbitrary and neither verifiable nor fair.
- 4) Also by limiting funding to party candidates alone, the legitimate claims of non-party candidates with large voting share and emerging parties with sizable public support are ignored.
- 5) They haven't recommended any specific threshold criteria for funding of candidates .
- 6) They do not provide an incentive for either the parties or candidates to raise resources on their own.
- 7) They are largely silent on enforcement mechanisms and penalties for non-compliance.
- 8) They do not encourage legitimate private contributions .
- 9) The proposals impose impossible obligations on state machinery like providing petrol / diesel , paper for printing , postal stamps, loud speakers, food packets, refreshments, and candidates camps at polling stations.
- 10) The proposed ban on donations by companies will merely perpetuate undisclosed funding as at present. What is needed is strict disclosure norms backed by penalties.

Letter to Election Commission

May 22, 2001

Dear Mr Lyngdoh,

On behalf of Lok Satta, the nonpartisan people's movement dedicated to electoral and governance reforms, we would like to express our deepest appreciation to the Election Commission for its impeccable conduct and impartial discharge of its constitutional obligations. The inaction and dilatory tactics of political parties and the parliament in legislating the much needed electoral reforms to curb the use of unaccountable money power, prevent criminalisation and eliminate polling irregularities made the Election Commission's task very difficult. Despite these severe constraints, the Commission has been consistently acting with great dignity, integrity and impartiality. It is such impeccable conduct, which made the Election Commission a most credible and respected constitutional body in our large and diverse country.

Given this background, it is extremely disappointing and sad to note the crass display of shockingly bad manners and political opportunism of an undignified kind by Ms Mamata Banerjee in her recent vituperative attack on the Election Commission.

Her criticism is both unjust and graceless and deserves to be condemned by all thinking citizens. Such intemperate and partisan conduct by senior politicians only helps to undermine our democracy and weaken constitutional bodies. We can do without further assaults on the foundations of our democracy.

In fact, in recent times the Election Commission acted with great vigor and sensitivity to enhance the purity of the electoral process. The 1997 guidelines of the commission on the scope of Section 8 (3) of the Representation of the people Act, 1951; the successful introduction of voter identity cards in various states, and the increasing use of electronic voting machines are three excellent examples of the Commission's fair and effective functioning in the face of many obstacles wantonly created by political parties and governments.

If any thing, we need to strengthen the Election Commission through ensuring greater autonomy and bringing in speedy electoral reforms through legislation.

The Commission can only act within the four corners of the law; the legislature needs to act quickly and with foresight to reform our electoral process; only when such electoral reforms are in place can the polity be purged of unaccounted money power, criminalisation of politics, corruption and polling irregularities. The political parties and parliamentarians would do well to respond to people's urges immediately and act with restraint, dignity and foresight to safeguard our democracy instead of be

smirching the reputation of the Election Commission.

Lok Satta appeals to all sections of the public to stand by the Election Commission and assert collectively to force the political system to respond to people's urges to cleanse the Electoral process.

The people demand no more, and the nation deserves no less. We are confident that the Election Commission will continue to be an island of impartiality, constitutionalism and excellence in our troubled democracy.

Thanking you,

Yours sincerely,

SD/-

Justice A Lakshmana Rao

Former Chief Justice, Allahabad High Court

SD/-

BPR Vithal

Member 10th Finance Commission

SD/-

KR Venugopal

Former Secretary to Prime Minister

SD/-

Jayaprakash Narayan

Campaign Coordinator, LOK SATTA

Mr. Lyngdoh's Response

Dear **Justice Lakshmana Rao and Shri Vithal**

Thank you very much for your email of 22nd May and for strengthening the Election Commission in its resolve to do what is right. But the Commission is also aware that there are many controllable aspects of the electoral system which are far from perfect, the Electoral Roll, for one. And we are grateful that Dr. Jayaprakash Narayan of Lok Satta came here and detailed some of the Electoral Roll defects and the remedies, which we're taking very seriously.

Yours sincerely,

J.M. Lyngdoh

Chief Election Commissioner

Lok Satta Activities Update

Right to Information Campaign Launched

Lok Satta launched a statewide campaign for Right To Information (RTI) in Hyderabad on 26 August 2001.

As part of its advocacy for bringing a legislation to enforce the citizen's RTI, Lok Satta has conducted a one day workshop with prominent media persons, jurists, activists and political parties participating. Justice Jeevan Reddy, Chairman Law Commission released the Right To Information draft Bill and inaugurated the workshop. Pamphlet's in English and Telugu outlining the importance of the bill and its salient features and a brochure on RTI were also released. *(Lok Satta prepared a draft Bill after meticulous study and wide consultations - please refer March/April 2001 issue of Lok Satta Times)*

Lok Satta has strongly advocated the legislation of RTI not only as an instrument of accountability but also to increase transparency in the decision making process and to check corruption and abuse of power. Upon drafting the bill, Lok Satta has widely circulated the draft among various sections of civil society, bureaucrats, politicians, jurists and media and invited their comments. The draft bill has been refined based on the inputs received from various sections.

Lok Satta is conducting workshops on RTI across Andhra Pradesh in different districts, with district officials, prominent citizens and the local media participating. The objective of these workshops is to encourage extensive debate among the active elements of society and at the same time educate, enable and empower the people with this right.

All the participants at the Hyderabad meet were unanimous in their opinion that there was an urgent need for transparency and accountability on the part of the institutions engaged in delivering public services. A law to the effect, they said, would enable the citizen access all information that touches his/her daily life.

While deliberating on operationalizing

of this right, participants also pointed out the obstacles which one is likely to encounter, such as increase in litigation, slowing down of decision making process etc. but also emphasised that large scales fraud in public spending which has become an everyday occurrence could easily be prevented if such a law is in place.

Lok Satta drafted this Bill after studying the implementation and experience of other states like Goa, Rajasthan, Tamil Nadu, Karnataka and Madhya Pradesh. Lok Satta's draft Bill is by far the best and most practical piece of legislation in the country.

Lok Satta also sent copies of the draft Bill to various political parties and the state government. In a letter to the Speaker, Smt. Pratibha Bharati, Lok Satta appraised her of the benefits of the draft Bill and its importance for the general public, also it sought her cooperation in the fight against corruption. Initiating action, on the issue, Lok Satta requested her to provide photocopies of the statements of income assets of all MLA's.

Lok Satta is training about 100,000 active citizens in Andhra Pradesh, at the rate of 100 for every mandal. This training includes the art of practice of citizen's initiative and effective use of right to information as a tool to fight corruption and increase transparency.

Retreat Deliberates on Forming National Platform

Lok Satta organised a retreat in Hyderabad on the 18th and 19th of August with like minded organisations across the country in an effort to build a national platform for advocacy of electoral and governance reforms.

Public Affairs Centre from Bangalore, Association of Democratic Reforms, Catalyst Trust from Chennai, AGNI

from Mumbai, MKSS from Rajasthan and Citizen's action group from Kolkata participated. Also present were core members of Lok Satta and other prominent citizens with distinguished record in public service. These groups from various states of India have been involved in mobilizing active citizens in their respective states in a non-partisan election watch movement on the lines advocated by Lok Satta.

The theme of the meeting was '**Concern to Concerted Action**', which enabled the participants to discuss in detail, the possibilities of collaboration and working for a common agenda at the national level for electoral and democratic governance reforms. Also put up for discussion were three important issues: Collaboration in Election Watch and other citizen initiatives in various states; Strategies for launching a national campaign for electoral funding reforms; Evolution of a networking mechanism for advocacy of specific electoral and governance reforms.

The group, after extensive and incisive deliberations came up with many creative measures to address the issues tabled at the meet. Some of the suggestions included recording statements made by politicians at different times and holding them accountable before elections.

Mrs. Pratibha Rao of Lok Satta expressed an opinion that common issues like corruption should be made the rallying points to catch public attention. Others suggested changing the mindset of people who accepted corruption as a way of life with media campaigns. Gerson Da Cunha of AGNI, Dr. N. Bhaskara Rao of Centre for Media Studies, Mr. Desikan and Dr. Krishna Swamy of Catalyst Trust came up with a working model to market the concept of clean corruption free life. Also, identifying a set of criterion for working partnerships with ►►

NGOs and setting of long and short-term goals for the movement were suggested. The group also discussed at length the strengths and weaknesses of different strategies and agreed to meet again with a concrete action plan. However most of the participating groups wanted Lok Satta to assume responsibility for networking and coordinating this campaign.

Election Watch Successes

Lok Satta's relentless campaign for clean elections yielded great dividends in the run up to the local panchayat polls in Andhra Pradesh. Lok Satta carried the fight on all fronts, including lobbying with legislators, public authorities, creating awareness through media, debates and by exposing the criminal background of the contestants etc.

The video capsules and wall posters exhorting voters to go out and vote and keep out the criminals evoked good response. The State Election Commission, (SEC), which launched the capsules fully endorsed them, and urged all collectors to have them aired in local cable channels.

Lok Satta's initiatives to curbing rigging also proved successful with SEC agreeing to ensure automatic re-poll if 2 per cent tendered votes were polled in a polling station. SEC also gave orders for making available election expenditure returns filed by candidates to people on demand for a small fee.

In another significant development, on pressure from Lok Satta, the state government drafted an ordinance preventing participation of persons with criminal record in local government elections. The draft prepared by Lok Satta was the basis of this ordinance. The ordinance, which was fully approved by the cabinet and the CM could not become law due to a technical snag which said, new laws regarding elections cannot be made once the dates for elections are notified.

Lok Satta scored another victory when it forced the ruling party in the state of A.P. to reject the candidature of a notorious faction leader who had six mur-

ders to his credit from becoming the Zilla Parishad chairman in Kurnool district, despite tremendous political pressure from within and outside the administration. This was achieved in a span of 120 hours by launching a media blitz and people awareness campaigns. In the final analysis out of the 46 candidates with criminal records, only 20 got elected.

At the grass root level Lok Satta has compiled the required training literature and in the first phase will be working in Krishna, Medak and Mahaboobnagar districts for undertaking training programmes of women leaders from local governments. All these districts have women zilla parishad chairpersons.

Citizens Charters in Andhra Pradesh

Thanks to the systematic Campaign being spearheaded by Lok Satta for the past few years, these Citizens Charters drew the attention of citizens as well as Government of A.P. The Government of Andhra Pradesh has enforced the implementation of Citizen's Charters in all 109 municipalities in the State. Ever since the Government decided to implement them, Lok Satta has launched its next phase of campaign - effective implementation of the Charters. It has printed thousands of copies for distribution at its public meetings and "active citizens" training programmes. With effective implementation of Citizens' Charters, we can see a role reversal. The citizen who was used to paying a bribe can now collect a compensation for everyday's delay in receiving a service.

Lok Satta is encouraging the citizens to actively avail the facility to promote awareness of their rights and responsibilities of public servants. Lok Satta has been in the forefront of this activity in the state and is also sharing these insights with many civil society initiatives across the country. This according to Lok Satta is also a powerful tool for asserting the citizen's right to information.

The Municipal Administration Secretary went on record stating that an amount of Rs.2000/- had been paid to the citizens as compensation for delayed services @ Rs.50/- per day (to be deducted from the concerned employee) in five municipalities within just a couple of weeks of the charters being made accessible to the public by Lok Satta. We can now hope for some perceptible change in the attitude and performance of the Municipal employees.

Training of Elected Women Representatives in Andhra Pradesh

As part of their project "Associating of Elected Women representatives of Local governments", the Singamma Sreenivasan Foundation has sought Lok Satta's assistance in the training and empowerment of elected women representatives. Following the elections to the local governments, Lok Satta has launched a well prepared programme. Training manuals and relevant literature has been put together for use in the forthcoming training programmes geared towards enhancing their skills as local government leaders. Women leaders in municipalities of these districts would also be involved in the program. This program will be implemented as a pilot project in the three districts of Krishna, Mahaboobnagar and Medak.

Lok Satta Activities

Lok Satta's activities include the following

- **People's Watch** movement for better delivery of public services through collective, informed assertion at the grassroots level.
- **Swarajya** movement for specific governance reforms at the State and local level, viz: right to information, citizen's charters, empowerment of local governments and citizens as stake holders, speedy justice through rural courts, education guarantee to all children and toilets for every household.
- **Election Watch** movement for effective monitoring of election process by citizens, ranging from verification and improvement of electoral rolls and screening of candidates for criminal record and corruption, to common platforms for election campaign and civic watch on polling process.
- **State level campaigns** on specific issues like timely elections to, and empowerment of, local governments and people's charter of demands on the crisis in electricity sector.
- **Research** and documentation on governance issues.
- **Promotion of a national** platform for democratic reforms through informed public discourse and citizen assertion.

Lok Satta is increasingly convinced that the national reform effort should be centered around the key issue of electoral reform. Free and fair elections are the starting point of a functioning democracy, and are the key to resolving today's crisis. A fair degree of consensus has been achieved on the contours of reform over the years, through the efforts of various committees, statutory bodies and activist groups. The political class is at least theoretically committed to electoral reforms, and will find it difficult to openly resist genuine reform. Most electoral reform can be achieved by a mere law of parliament and certain procedural changes. Local government electoral reform needs legislation only at the State level. Given these factors Lok Satta has been earnestly striving to forge alliances nationally to build a genuine and effective movement for governance reforms, with the main focus on electoral reforms.

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