



Limiting Expenditure on Elections

For Prelims: [Not-For-Profit Organisation](#), [Lok Sabha](#), [General Elections](#), [House of Representatives](#), [National Party](#), [State Parties](#), [Election Commission of India](#), [Indrajit Gupta Committee](#), [Law Commission](#), [State Funding for Elections](#).

For Mains: Excessive expenditure on elections, their impacts and ways to address them.

[Source: TH](#)

Why in News?

According to the **Centre for Media Studies (CMS)**, the total expenditure by various political parties for the [general election to Lok Sabha 2024](#) was around **Rs 1,00,000 crores**.

- CMS is a [not-for-profit organisation](#) that works towards **responsive governance and equitable development**.

What is the Status of Election Expenditure in India?

- **Expenditure Limit on Candidates:** The election expenditure limit for **candidates** is set at **Rs 95 lakh for Lok Sabha seats** and **Rs 40 lakh for Assembly seats** in larger states, and **Rs 75 lakh and Rs 28 lakh** respectively in **smaller states**.
- **Political Party Spending:** Currently, there are **no expenditure limits** imposed on **political parties** during elections, allowing them unrestricted spending.
 - In the **2024 Lok Sabha Election**, the cost of a **single vote** in India has amounted to around **Rs 1,400** and **total expenditures** reached approximately **Rs 1 lakh crores**.
- **Promoting Schemes:** Government advertisements, especially before elections, often serve as **campaigns for the ruling party**.
 - The Central government spent **Rs 3,020 crore** on advertisements between **2018-19 and 2022-23**, with higher spending in **election years**—**Rs 1,179 crore in 2018-19** versus **Rs 408 crore in 2022-23**.
- **Comparison with Previous Elections:** Candidates initially spent **only Rs 25,000** during the first [general elections](#) in **1951-52** which now skyrocketed to **Rs 75-95 lakh (300-fold increase)**.
 - Additionally, overall election expenditure has **risen sixfold from Rs 9,000 crore** in 1998 to approximately **Rs 1,00,000 crores** in 2024.
- **Transparency Measures:** Political parties are required to submit **annual contribution reports** to the [Election Commission of India \(ECI\)](#) for donations **exceeding Rs 20,000**.
 - They must also provide [Annual Audited Accounts \(AAA\)](#) and election expenditure reports within **75 days post-election**.
- **Funding Sources:** The vast majority of political funding comes from **corporate entities** and businesses, creating a strong **nexus between donors and politicians**.

Expensive Elections

Election expenditure by parties in 2024 has nearly doubled since the previous Lok Sabha election



Cost of each vote (expenditure on elections/number of voters)



Status of Election Expenditure in Other Democracies

- **United States:** In the US, election financing is predominantly derived from limited contributions made by **individuals, corporations, and Political Action Committees (PACs)**.
 - US Supreme Court rulings have facilitated the emergence of **Super PACs**, which can spend **unlimited amounts on political campaigning**.
- **United Kingdom:** Political parties face **specific expenditure limits** when contesting elections.
 - **Each party** is permitted to spend **£54,010 for each constituency** they contest, leading to an **overall cap of £35 million for parties** contesting all constituencies.
 - During the **long campaign phase** (five months before the House of Commons term ends), candidates can spend **£46,000 to £49,000 per constituency**. In the **short campaign period** (after election announcement), spending is limited to **£17,000 to £20,000 per constituency**.

How is Election Expenditure Governed in India?

- **Representation of the People Act (RPA), 1951:**

- **Section 77** of the RPA requires candidates to keep a **detailed and accurate account** of all expenses related to their campaign from the day they **file their nomination until the election day**.
- **Section 78** mandates that every candidate **submit their election expense account** to the **District Election Officer** within 30 days of the result declaration.
- **Companies Act, 2013:** A **non-government company** with **at least three years** in operation may contribute up to **7.5% of its average net profits from the last three years** to political parties registered under the RPA.
- **Foreign Contribution (Regulation) Act (FCRA), 2010:** Political parties, candidates, and election-related entities in India are **prohibited from receiving foreign contributions**.
 - This includes **funds, gifts, donations, and any financial support** from foreign sources.

What are Challenges Associated with Election Expenditure in India?

- **Absence of Regulation:** Unlike 65 countries, including the **US, UK, Canada, and Brazil**, India has **no limits on political party expenditures** during elections.
 - It leads to an **uneven playing field**, favouring well-funded **national parties** over regional and independent candidates.
- **Media Advertising:** National and **state-level parties** allocate a substantial portion of their budgets to **media advertisements**, surpassing expenditures for **grassroots activities** like rallies.
 - It can **marginalise candidates** without access to significant financial resources.
- **Disproportionate Digital Advertising:** The growing influence of digital platforms like **Google and Meta (facebook)** has widened the **spending gap**, with national parties investing significantly more in digital advertising than state parties.
 - This trend exacerbates existing **inequalities** and **reduces the visibility** of smaller parties and candidates.
- **Risk of Unaccounted Money:** The absence of regulation for **third-party campaigners** raises concerns about **unaccounted money** flooding the electoral process.
 - There is a heightened risk of **quid pro quo arrangements** where financial contributions influence political decisions without proper accountability.

ELECTORAL REFORMS IN INDIA



ELECTORAL REFORMS ARE CHANGES MADE TO IMPROVE THE ELECTION PROCESS AND ENSURE FAIRNESS.

Electoral Reforms Before 1996

- ➔ **Model Code of Conduct (1969):** Guidelines to regulate political parties and candidates prior to elections
- ➔ **61st Constitutional Amendment Act (1988):** Lowering of the voting age from 21 to 18 years
- ➔ **Electronic Voting Machines (EVMs) (1989):** Switched from individual colored ballot boxes to ballot papers, and later to EVMs
- ➔ **Booth Capturing (1989):** Provision for adjournment of poll or countermanding of elections in such cases
- ➔ **Elector's Photo Identity card (EPIC) (1993):** Electoral roll is the basis to issue EPIC to registered electors
- ➔ **ECI- A Multi-member Body (1993):** Election commissioners were appointed in addition to CEC

Electoral Reforms of 1996

- ➔ **Time-limit for By-elections:** Elections must occur within 6 months of any vacancy in a legislative house
- ➔ **Listing of Names of Candidates:** Contesting candidates categorized into 3 groups for listing
 - ➔ Recognised & registered-unrecognised political parties
 - ➔ Other (independent)
- ➔ **Disqualification for Insulting the National Honour Act, 1971:** Leads to election disqualification for 6 years upon:
 - ➔ Insulting the National Flag, Constitution of India or preventing the singing of National Anthem

Electoral Reforms After 1996

- ➔ **Vote Through Proxy (2003):** Service voters in Armed Forces & forces under Army Act can vote by proxy
- ➔ **Allocation of Time on Electronic Media (2003):** Equitable sharing of time on electronic media during elections to address the public
- ➔ **Introduction of Braille Signage Features in EVMs (2004):** To facilitate the visually impaired voters to cast their votes without an attendant

Electoral Reforms Since 2010

- ➔ **Voting Rights to Indian Citizens Living Abroad (2010)**
- ➔ **Online Enrollment in Electoral Roll (2013)**
- ➔ **Introduction of NOTA option (2014)**
- ➔ **VVPAT Voter Verified Paper Audit Trail (2013):** Introduction of VVPAT with EVMs to conduct free and fair elections
- ➔ **Photos of Candidates on EVMs and Ballot Papers (2015):** To prevent confusion in constituencies with namesake candidates
- ➔ **Introduction of Electoral bonds (2017 Budget):** An alternative to cash donations for political parties
 - ➔ Declared as unconstitutional by SC (2024)
- ➔ **Launch of Electronic EPIC (2021)**
- ➔ **Home Voting for People with Disabilities & Those Above 85 years of Age (2024)**

IMPORTANT COMMITTEES/ COMMISSION

Committees/ Commission	Year	Purpose
■ Tarkunde Committee	1974	■ By Jaya Prakash Narayan (JP) during the "Total Revolution" movement.
■ Dinesh Goswami Committee	1990	■ Electoral Reforms
■ Vohra Committee	1993	■ On the Nexus between Crime and Politics
■ Indrajit Gupta Committee	1998	■ State Funding of Elections
■ Second Administrative Reforms Commission of India	2007	■ Report on Ethics in Governance (Headed by Veerappa Moily)
■ Tankha Committee (Core Committee)	2010	■ To look into the whole gamut of the election laws & electoral reforms.



Drishiti IAS

What Reforms are Needed in Election Expenditure?

- **Expenditure Ceilings:** As per the **ECI's 'Proposed Electoral Reforms' report** in 2016, **expenditure ceilings for political parties** should be introduced in India.

- It will ensure a **more equitable playing field** to encourage parties to compete based on ideas rather than financial clout.
- **Regulation of Third-Party Campaigners:** India should implement **formal registration and disclosure** requirements for third-party campaigners like **Australia**.
- **State Funding of Elections:** The [Indrajit Gupta Committee \(1998\)](#) and the [Law Commission report \(1999\)](#) have recommended **state funding for elections**, whereby the government would **partially finance** the election expenditures of candidates nominated by recognised political parties.
- **Ban on Government Advertisements:** A **ban** on government advertisements during the **six months leading up to elections** should be enforced to reduce the advantage held by the ruling party and promote fair competition among candidates.
- **Party Financial Assistance:** The law must be amended to explicitly provide that **'financial assistance'** by a political party to its candidate should also be within the candidate's prescribed **election expenditure limits**.
 - It would **close loopholes** that allow parties to circumvent spending regulations.
- **Comprehensive Electoral Oversight:** Establishing an **independent electoral oversight** body could enhance accountability in campaign financing.

Drishti Mains Question:

Discuss the challenges associated with election expenditure in India. How can these challenges be addressed?

UPSC Civil Services Examination Previous Year Questions (PYQ)

Prelims

Q. Consider the following statements: (2017)

1. The Election Commission of India is a five-member body.
2. Union Ministry of Home Affairs decides the election schedule for the conduct of both general elections and bye-elections.
3. Election Commission resolves the disputes relating to splits/mergers of recognised political parties.

Which of the statements given above is/are correct?

- (a) 1 and 2 only
- (b) 2 only
- (c) 2 and 3 only
- (d) 3 only

Ans: (d)

Mains

Q. To enhance the quality of democracy in India the Election Commission of India has proposed electoral reforms in 2016. What are the suggested reforms and how far are they significant to make democracy successful? (2017)

