Cap on Election Expenditures by Parties

Why in news?

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At a recent all-party meeting called by the Election Commission (EC), demand for a cap on election expenditure by parties was made.

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What is the demand?

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- All major parties, barring the BJP, pushed for a cap on election-related expenses by parties.
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- Parties felt this could provide a level-playing field for everyone contesting elections.
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- It ensures that a candidate cannot win only because he/she is rich.
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- The BJP argued against, saying, all parties now mandatorily file their income and expenditure accounts with the EC.
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- And so, there is no need for a ceiling on expenses during elections.
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- The Law Commission also noted the ill-effects of unregulated or under-regulated election financing.
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- It said this could lead to lobbying and capture, with mutual exchanges between big donors and political parties.
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What is the current ceiling?

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- The EC imposes limits on campaign expenditure incurred by a candidate, and

not political parties.
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- Expenditure by a Lok Sabha candidate is capped between Rs 50 lakh and Rs 70 lakh.
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- This is depending on the state he/she is fighting from.
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- In Assembly elections, the ceiling is between Rs 20 lakh and Rs 28 lakh.
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- This includes money spent by a political party or a supporter towards the candidate's campaign.
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- However, it does not cover expenses incurred either by a party or the leader of a party for propagating the party's programme.
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- Also, candidates must mandatorily file a true account of election expenses with the EC.
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- An incorrect account, or expenditure beyond the ceiling can attract disqualification for up to three years.
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- This is as per Section 10A of The Representation of the People Act, 1951.
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Are the ceiling limits effective?

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- Candidates often complain that the EC's limits are too low and unrealistic.
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- But as many as 176 MPs (33%) had declared election expenses that were only less than 50% of the limit.
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- This is as per an analysis of expenses in 2014 Lok Sabha elections.
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- This clearly indicates that candidates may not be providing true accounts of their poll expenses to the EC.
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- Evidently, candidates may be spending beyond their ceilings.
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What is the EC's view?

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- The EC has asked the government to amend the Representation of the People Act.
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- It also demands amendment to Rule 90 of The Conduct of Elections Rules, 1961.
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- This is to introduce a ceiling on campaign expenditure by political parties in the Lok Sabha and Assembly polls.
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- EC considers that the limit would ensure a level playing field for all political parties.
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- It would also curb the menace of unaccounted money in elections.
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- It could significantly control the money power used by political parties and their allies.
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Source: Indian Express

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