

## ELECTORAL AND POLITICAL REFORMS

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*Elections are fundamental to democracy. Elections in India are in dire need for reforms. In this article, the author, a professor at IIM, Bangalore and Chairman of the Association of Democratic Reforms (ADR) shares his views. The electoral system has many shortcomings and urgent reforms are the need of the hour. To commemorate our 70<sup>th</sup> Republic Day, BCAJ requested him to write for the Journal so that professionals can be better aware citizens.*

### ABSTRACT

We discuss as far as possible the root causes of various problems in elections and democracy. The different objectives of voters and parties is one such reason. Competitive politics and the increasing role of money and crime is another. One section of voters seems to vote on “identity” – caste, religion, language and so on. This makes campaigns divisive. Some implications of the system beyond elections into the financial sector are also discussed, and a small link established between various economic and financial crises and the kind of elections and parties we have. We propose a solution. The key is not the solution itself, but the objective: reduce competition among parties, make things transparent, create a system that unites the country, its citizens and politicians. After all, we all belong to the same country.

*In true democracy every man and woman is taught to think for himself or herself.*  
- Mahatma Gandhi

The need for electoral reforms is felt by everyone. This includes citizens, the Supreme Court, the Election Commission, government, media and many well-meaning politicians. There is a long list of features that are good about our democracy and an equally long list of things that need improvement. Once in a while, it is important to step back and look at some basic issues and discuss how these can be sorted out. What are the root causes of what we see in elections and politics? We try to show that these basic issues lead to the myriad problems we see during elections, the scams, problems in governance and so on.

At the outset, we need to recognise that we need elections and political parties. Without them, democracy cannot function. In the Indian context, there are a few significant stakeholders. First and foremost are the citizens or voters themselves. Second, we have the politicians and political parties. To regulate them and conduct elections, we have the Election Commission. Once in a while, the courts also step in. They are required to see that the laws of the country are upheld. As a check and balance, we have the media. Most important, to finance the elections we have various funders.

We need to accept and recognise two basic issues. One is that political parties and candidates are committed to winning elections. That is a legitimate pursuit. The second fact that we ignore is that elections cost money. We are not talking of the money spent by the Election Commission. Candidates and political parties need funds to contest elections. Merely pointing out scams and irregularities is not enough. We need to ask a basic question: what is the root cause of these problems?

One fundamental issue is the basic divergence in the goals and expectations of two stakeholders – the citizens and the political system. Citizens ultimately want good governance. They want that the money they pay as taxes is properly utilised and develops the country and the people. This includes a long list like education, health, roads, water, garbage disposal, rural development, poverty eradication and so on. ADR’s periodic national surveys reinforce this. One of the top priorities of the people of India, for instance, is employment.

Political parties, on the other hand, have one basic motivation – to win elections and be in power. This is not the same as wanting to develop the country. There are no doubt well-meaning politicians who want to do that. But the critical question is: if development requires long-term work, but the next election is round the corner, what would they do? Invariably, they choose “winnability” over all other factors. For instance, creating employment for

hundreds of millions is not easy and would take a long time. It is easier to make promises and give various subsidies and loan waivers.

Let us also look at it from the politician's point of view. An honest politician feels overwhelmed by the competition. There is a huge amount of spending during elections by other candidates, and all sorts of promises are made. He feels compelled to compete with others on the same lines. It is said "spending money does not ensure victory, but not spending any money ensures defeat".

Of late the role of money in elections has risen dramatically. This is similar to other democracies around the world. There are some rules and regulations regarding this – limit on the amount being spent is the principal rule under the law. But as everyone knows, this is not followed. For instance, two former Chief Election Commissioners have gone on record during their term in office to say that over Rs.10,000 crores of cash was pumped into one State election alone.

No doubt voters have become aware and take funds from many candidates and vote for the candidate of their choice. But we miss the key question: whoever wins, has spent a lot of money. So will he work for good governance or for recovering the funds spent? Where will he recover it from?

In summary, the political system is beholden to big money. We have had a series of corporate scams recently. Not all are linked to political funding, but some are.

Let us look at the other side – the voters. They have to choose between parties and candidates presented to them. What do they do if they don't like anyone? Recently, one Trump appointee was embarrassed by a statement he had made attacking the candidate Trump. He now says he had to choose him because he thought the alternative was worse. This is often the predicament of the ordinary voters in India. They have to vote for someone. Election after election shows that voters vote out one party and in the next election vote out another party. Rarely do we see the same party getting re-elected either at the State or even the national level. In many States, they always change the party in power in every election.

There are other issues with "mass" voters as well. There are endless discussions on the caste and religious factor in elections. In short, the identity-based voting and politics.

This has nothing to do with India or the developing countries. Identity-based voting happens all over the world, especially when there are problems like joblessness, immigration and so on. The recent elections in the US and the Brexit vote are more or less an outcome of lack of jobs and immigration. The groups that feel they have lost out are usually based on one race or language or social class even in the US and the UK. We do not comment on whether this is right or not. Given the identity-based politics, it is but natural that political parties will use it during campaigns. In India particularly, the rhetoric on identity-based politics has steadily increased, and the level of political debate gone down. The media channels and social media are having a great time highlighting what one politician said about another. Rarely do we see a seasoned discussion on the development of a constituency, State or country. Why does this happen? Politicians feel that to win they don't have to do a great job – they simply have to defeat the other candidates. If voters are moved by identity-based politics, so be it, they seem to say. Another issue with voters is the accusation that they are also short-term thinkers like the politicians. Some civil society voter awareness campaigns say: A buffalo costs Rs. 35,000. Why do you sell your vote for Rs. 5,000? To be fair to voters, they choose between the lesser of many evils (not to say that politicians are evil). They are also somewhat cynical because they don't see the kind of development they expect and feel that no matter who wins, things will remain more or less the same. So why bother?

On the other hand, there are a large number of well-to-do educated voters. In India as in other countries, the voting percentage here is very low. India perhaps still does better than other so-called advanced countries in terms of voting percentage. The principal reason is that their own life is hardly affected no matter who wins the elections. So why bother to vote? Also the feeling that my one vote hardly makes a difference.

To summarise this aspect: the fundamental difference in motivation and expectation between voters and politicians has over time led to an increasing "distance" or cynicism. One wants power, the other wants good governance. Power needs money and money has its own logic. Those who fund elections expect returns from the winner, and politicians who spend money expect to recover the funds they have spent.

A closely related issue is transparency in funding. Till 2008,

Income tax returns of political parties were not publicly available. It took several years of struggle by ADR to get these in the public domain. Next, the source of funding is still not known. The accounting systems of political parties are not up to the standard of a professionally-run company. Many in fact use the single entry cash-based system – not a double entry accrual system. The accounts are not properly audited. Once some degree of transparency was coming in, the doors were shut by the Electoral Bond system. Now no one can find out who gave how much money to which candidate or party. In other countries, this is public information. The flaws of the Electoral Bond system require a separate lengthy discussion. It has been challenged in the Supreme Court.

Along with money power, there is the issue of crime in politics. Various Supreme Court judgments and media coverage is ignored. Parties continue to field people with criminal records. The Table below for the current Lok Sabha elected in 2014 shows that a combination of crime and money increases the chances of getting elected. The columns represent the politicians with a serious criminal record, those with serious criminal record and assets of between Rs. 1 crore and Rs. 5 crore and so on.

LS 2014	Total	Serious Crime	Ser Cr + 1cr	Ser Cr + 5cr	Ser Cr + 10cr
Winners	543	112	93	52	32
Candidates	8163	889	397	176	107
%	<b>6.70%</b>	<b>12.60%</b>	<b>23.40%</b>	<b>29.50%</b>	<b>29.90%</b>

As shown, the percentage of candidates who win increases steadily as the crime and money combination increases. There are three key questions: can we expect good governance when we have such MPs in Parliament? They belong to all the various major political parties and their leadership knowingly gives tickets to them. The second question is why do they give tickets to them? The third question is why do voters elect them? This requires a lot of research. Preliminary data show that parties field such candidates because of their “winnability”. Voters are either unaware of the facts or have to choose between the lesser of evils. Since political parties continue to indulge in the game of money and muscle power without transparency, there is a need for political party reforms. A citizen’s initiative led by a former Chief Justice of India drafted such a Bill but no party is interested in passing it as of now.

Before we come to possible solutions, let us look at the system that we have. No doubt it is a democracy. But there are broadly four types of democracies with many

variations and permutations and combinations. One is the first-past-the-post system like we have in India with a British Parliamentary way of electing a Chief Minister or Prime Minister. The party or coalition with a majority elects their leader. Second, we have the US Presidential system where the President and the Governor of each State is directly elected by the voters. In India, we vote for the local candidate, not for the CM or PM. The elected MLAs and MPs, in turn, elect them. Third, we have the list or proportional representation system. Here each voter in effect has two votes – one for a candidate and another for a party. While candidates are directly elected as in other countries, the votes obtained by a political party nationwide are then converted by a formula into additional seats. For instance, in India, we increasingly see that the vote difference between two parties is very small, but the seat difference is huge. In a few cases, a party with more votes has even lost a State election (in Karnataka it happened twice). The proportional representation system tries to correct this. Fourth, we have the French system of run-off elections. They say anyone with less than 50% of the votes cast is not a people’s representative. So the top two candidates have a run-off election in the second round.

Each system has its pros and cons. The Indian-British system is easy to understand for the ordinary voter. But it has many negatives. The CM in almost every State has to placate

various interests within his or her own party (unless the CM is a mega politician who single-handedly brings in all the votes). So we see Cabinet reshuffles and many disgruntled MLAs. It has also contributed to the large number of political parties that we have. Over 34 parties have at least one MP in Parliament. While this can be taken positively as celebrating diversity, winning elections at a local level means getting far less than 50% of the votes cast. Over 200 MPs have less than 40% of the votes cast and many have won with less than 30% votes. That is because there are so many parties and candidates in each constituency. Even at the level of political parties, the winning party usually gets between 25% and 32% of the national vote in Parliament. The votes are greatly split, but power is not shared – it is with the ruling party or coalition. This raises a fundamental question: whom does the Government represent?

The US system of direct elections is attractive to many groups. However, many others, including the

Constitutional Review Committee headed by a former Chief Justice of India, and one former President and another Vice President have cautioned against it. While it brings stability, it gives unbridled power to one individual with no doubt some checks, and balances like between the Congress, the Senate and the President in the US. The problem in India is that we are the most diverse nation in the world. Dozens of languages, hundreds of dialects, hundreds of castes, all the major religions in the world and so on. Each group wants some representation. A via media may be to have this at the State level rather than at the national level. But a lot more foresight about all the implications is required before we change our system.

Many other groups recommend the proportional representation (PR) system. In particular, the Dalits, Muslims and the urban educated want this. For instance, BSP got nearly 15% votes in the 2014 national election but got 0 seats. With the PR system, they would get between 30 and 70 seats depending on the formula used. Similarly, the Muslim representation will go up and so on. Given our heterogeneous country, each group will form a pan-India political party over time and claim seats in Parliament and the State Assemblies.

The French system was endorsed by a minority of commissions and thinkers. Some former CEC's have also said that it is easy to implement. The main argument in favour of it is that no one can buy 50% of the votes and that too twice. The nature of campaigns and politics has to become more inclusive as a result. The divisive politics that we see today will come down. The downside according to some is that it achieves nothing as the winner in the first round usually wins in the second round as well. That may be true in France, but it remains to be seen how it works out here.

Before we propose any solution, one important aspect needs to be re-emphasised. We have nearly 2,000 registered political parties, and most States are governed by a regional party. The voter is often faced with over a dozen candidates in the polling booth, many of whom are Independents. The political calculation is then simple. The candidate knows how many are on his side (committed) and how many are never going to vote for him. He can concentrate on the swing voters. They can be bought over, or promises made to win them over with freebies, subsidies, distribution of mobiles, free rations, loan waivers and so on. He can attack other candidates in increasingly vulgar terms. He can raise communal and

caste issues openly. But we need to understand that he is not really abusing others, he is really appealing to his own voter base. Thankfully, the role of muscle power and booth capturing is no longer there thanks to the Election Commission. But there are other tricks routinely used. Voter lists are tampered with wherever possible. In one case, over 10,000 voter IDs were found of a particular religious group in one flat. You can also buy people's voter IDs to ensure they do not vote. In some areas, there is a threat of post-poll violence and people are told to simply not vote. Since the margins of victory in many constituencies are very low, these tactics can make the difference between victory and defeat. We have perhaps the youngest voters in the world. To what extent they are interested in thinking through various issues before voting is not known. But we cannot blame the youth – the elders also sometimes vote based on identity or various other factors.

While voters are increasingly giving clear mandates, the era of coalition Governments is not over. This may be good in some ways as it acts as a check to excesses by a ruling party. But it also leads to instability, and behind-the-scenes bargaining for the fishes and loaves of office. Many times a minor party gets into power within a coalition. At other times the minor parties have a lot of bargaining power.

What is the collateral damage? To what extent do those in power work for the people and to what extent do they work for those who fund them? One bare-bones method of fundraising is something like this. A bold entrepreneur or business house goes to someone in power and says, give me so much land or other public resources. He says he will set up a plant and create so many jobs. If he is able to persuade those in power, he then uses the public resources or land to leverage large loans, preferably from public sector banks. Naturally, those in power need some consideration to help them fight elections. Meanwhile, bad loans keep rising. There are many clever ways of making money and helping those in power. A book can perhaps be written on that. Politics of the type we have can affect the financial sector in the long run.

On the social front, we have State after State with huge deficit financing. This is growing and sometimes seems irreversible. The politics of buying votes from the public exchequer by giving freebies has led to this.

So where are we? We have a highly competitive political

system with over 2,000 parties, of which at least 50 if not more are serious contenders for winning seats either at the national or State level. We have a very diverse and heterogeneous population divided on caste, religion, language and so on. We have an increasing role of money power. (There are all sorts of interesting stories about how this is used and practically every Indian has one story to tell). There are all sorts of tricks being used to win elections – from campaign strategies to media management, social media, fake news, paid news and what not. This is bound to happen given the structure we operate in. We have a lot of collateral damage to the banking sector and the State finances.

What can we do? We propose one possible solution. It may or may not be workable but it addresses the problems outlined earlier. We need to solve some basic problems – reduce the role of money power and crime, reduce divisive politics and the politics of hatred and appeasement. One way is to reduce the competition in politics. The Japanese have an interesting multi-member constituency. Each is a large domain and several members can be elected from the same constituency. This was true in a few constituencies in India also for one or two elections after Independence.

What do we then propose? We need to balance between what is practical and what is ideal. If at most two candidates can be elected from each constituency, it would mean for instance that anyone with say 35% or more votes is elected. We can then have at most two candidates. How does this help? If a popular candidate knows he or she is very likely to get past 35% of the votes polled, he need not spend so much money, he need not abuse the other candidates and political parties. It is also in line perhaps with the Indian ethos where co-operation and consensus is the social norm, not competition. The winner takes all democracy that we have seen is largely in the Western framework of competition and individualism. Our joint family system, the notion of *biradri*, is more about living together without animosity to others. Another thing we need to fix is transparency in funding. Thirdly, we need ordinary people to fund their favourite candidate and party with small amounts. Instead of selling their votes people need to support politics. If they want a good government, they should pay for it, even if it is a small amount.

There are many other issues like which of the four systems of government we need. Or whether we need

an intelligent combination of some of those systems. The media needs to be regulated. The Election Commission has a long list of recommendations that the government is not acting on. There have been at least half a dozen major Commissions that have gone into the issues of Electoral Reforms. Again, the government has not acted – it is a long-term issue and elections are short-term. The hope is that as more and more people think about these issues and become active citizens, change will eventually come.

Finally, what about the coming elections? The idea of active citizens who campaign not for a candidate or for a party, but for good governance is needed. Social media in various languages has increased the reach. ADR itself carries out a campaign saying no votes for crime and for bribes. Voters need to understand that selling their vote is not only demeaning but also harmful in the long run. The more such non-partisan groups who carry out such campaigns, especially in regional languages, the better. ■

