

Political Finance – The ‘10,000 Crore’ Asymmetry

Syllabus Relevance: *Party System: National and Regional Political Parties; Electoral Reforms; Pressure Groups (Corporate Funding).* **Context:** In **January 2026**, the *Association for Democratic Reforms (ADR)* released its analysis of the Annual Audit Reports submitted by political parties to the ECI. The data revealed a stark financial asymmetry that dominated the Winter Session debates. **Key Theme:** *The Corporatization of Democracy.* **Keywords:** *Electoral Trusts, Level Playing Field, Prudent Electoral Trust, Crony Capitalism, State Funding of Elections.*

1. The Data: The '75x' Gap

The headline of January 2026 was the sheer scale of the financial gap between the two national parties.

- **The Ruling Party (BJP):** The Audit Report revealed a corpus (General Fund + Deposits) of nearly **₹10,000 Crore**.
- **The Main Opposition (Congress):** In contrast, the opposition's available funds were reported at approximately **₹134 Crore** (a ratio of roughly 75:1).
- **The Implication:** PSIR scholars argue this is no longer a "Political Competition" but a "**Market Monopoly**." When one party has 75 times the resources, it can out-spend rivals on advertising, data analytics, and travel by a margin that makes the election result a foregone conclusion before voting begins.

2. The New Vehicle: From 'Bonds' to 'Trusts'

With the Supreme Court scrapping **Electoral Bonds** in 2024, corporate India shifted back to **Electoral Trusts** in 2025-26.

- **The Trend:** The ADR report (Jan 2026) showed that contributions through Trusts tripled to **₹3,811 Crore**.
- **The Bias:** The data showed that the **Prudent Electoral Trust** (the largest conduit) distributed **83% of its total funds** to the BJP.
- **PSIR Analysis:** This confirms the "**Incumbency Premium**" theory. Corporates donate not for ideology, but for *access*. In a dominant party system, capital naturally flows to the hegemon, starving the opposition.

3. The 'Chilling Effect' on Opposition Funding

- **The Issue:** Opposition leaders in the Rajya Sabha (Jan 2026) alleged a "Financial Blockade." They claimed that any corporate attempting to donate to the opposition faces **IT/ED raids**, creating a "Chilling Effect."
- **The Consequence:** This has forced opposition parties to rely on **Crowdfunding** (e.g., Congress's "Donate for Desh"), which cannot match the scale of corporate funding.

4. Theoretical Framework: 'Plutocracy' vs. Democracy

- **Kanchan Chandra's Thesis:** Indian elections have become a "**Rich Man's Game**." The entry barrier (cost of contesting) is so high that only multi-crorepatis or those backed by deep corporate pockets can contest.

- **The Institutional Failure:** The ECI's inability to cap *Party Expenditure* (it only caps *Candidate Expenditure*) allows this asymmetry to grow unchecked.

5. Conclusion: The Call for 'State Funding'

- **The Reform:** The Jan 2026 debate revived the **Indrajit Gupta Committee (1998)** recommendation for State Funding of Elections.
- **The Argument:** To break the corporate-political nexus, the State must provide a "**Democracy Fund**" based on vote share. Without this, the "One Person, One Vote" principle is effectively replaced by "**One Rupee, One Vote.**"