

# A Study on the Challenges Faced by Political Parties in India with Reference to Transparency and Public Trust

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## Abstract

This paper attempts to study how the **Indian** society is hungry for more **transparency** in **public** life and political about the financing and internal functioning of **Indian political parties**. India, being a democratic nation, has achieved many praises but the feud between the openness of a democratic nation and the preservation of secrecy has been a longstanding issue. Some see the preservation of secrecy as an imperative aspect of maintaining respect and trust in the government, while others see transparency as an aspect of fairness to the citizens of a nation. Political Parties constitute one of the most important institutions in a constitutional democracy. Their uniqueness lies in the fact that in spite of being nongovernmental, political parties come to wield or directly or indirectly influence, exercise of governmental power.

While political parties have always claimed to be transparent and accountable in their functioning, they organize and operate in very different ways. An analysis of Income Tax Returns and Contribution Reports of Political Parties filed with the Election Commission of India revealed that 75% of the income of the political parties comes from unknown sources. Political Parties are substantially funded by the tax payer's money and receive 100% tax exemption on their income from the government under Section 13A of the Income Tax Act. This coupled with the fact that the sources of more than 75% of the income of political parties is unknown, begs the question; where does their funding really come from? There has been a lot of academic interest in the nature of vested interests and quid pro quo that may be involved in the financing of political parties. The level of transparency and accountability of political parties to the general public can also be determined by the level of compliance to existing regulations. In a landmark judgment on the 3rd of June, 2013 by the CIC, it ruled that Political Parties fall under the definition of 'Public Authority' in the Right to Information Act and directed the National Parties to appoint CPIOs. Even after the passage of 20 months of the CIC's order, none of the six political parties have complied with the CIC's order. Public policy and governance is influenced by political parties through their functionaries and so it becomes paramount that such information is made readily available in the public domain. India is among a mere 10% of countries to allow either political parties or candidates to receive anonymous donations. In view of such obfuscated finances, it becomes even more important to move towards greater transparency.

*Key words: political parties , India , Transparency , RTI, Public Trust*

## Introduction

In the contemporary world, one of the most important issues is the dynamic nature and role of government, and the process of governance. Without doubt, citizens demand their government to uphold their democratic and human rights and serve their interests. Citizens are also expecting their government to be responsible for all their works and for what they do and to ensure that citizens' needs are met. As a result, the traditional and historical role of state and government has changed. In this case, one of the most admirable goals in the democratic system is making decisions by taking the interests of the majority into account. That is why public trust in government is viewed as an integral part of the democratic system. Therefore, so as to implement policies and strategies effectively, it is important to improve citizens trust at all levels of government.

Recently a number of diverse concepts have appeared that reflect different conceptual and ideological perspectives on governance and administration. According to Farazmand, some of the most commonly known and often used concepts of governance during the last two decades or so are the following:

Good governance, entrepreneurial government, competitive government, market-like governance, economic governance, social and political governance, enabling governance, participatory governance, regulatory governance, interventionist governance or government, steering government versus rowing government, and the like.

Specifically, the concept "good governance" evoked serious criticisms as well as praises worldwide. 'Good governance for whom, and bad for whom' became the sticky questions. Besides, the concept of good governance only focuses on three components, namely the state, private and civil society. Farazmand (2004a, b) saw that the three components ignore a great power, namely international actors. Thus, it is this deficiency and other problems of the concept good governance, that have encouraged adoption of an alternative and more comprehensive concept, that is the concept of "sound governance".

Sound governance is considered as an alternative to the term good governance with several reasons as clearly stated by Farazmand (2004a, b) first, it is more comprehensive than any other concept reviewed earlier, and contains elements of global or international governance. Second, it also includes the normative as well as technical and rational features of good governance. Third, the concept of sound governance has the characteristics of quality governance that is superior to good governance and is considered sound technically, professionally, organizationally, managerially, politically, democratically, and economically. Fourth, sound governance is in accord with the constitutional values and responsive to international norms, rules, and regimes.

Sound governance is; therefore, inclusive and promotes participation and interaction in an increasingly complex, diverse, and dynamic national and international environment. However, in Ethiopia the concept of

sound governance seems not yet so popular, with all its weaknesses good governance has been implemented as a solution to overcome the most important challenges that the existing government are facing.

Hence, though there is variation in usage, the obvious question that arises here is how to enhance public trust. In this regard, Diamond (2007) suggested that in order to build public trust, the government must be more vigilant, especially for law and the public interest. In confirmation to this, Cheema (2010) stated that building trust is both the result and the determinant of inclusive governance. He argues citizens are more likely to have trust in public officials, politicians, and political institutions when governance is more effective and democratic. It is in this context that many scholars considered good governance as one of the most effective ways to meet the needs of the people and benefit the entire community. Therefore, by way of looking at the perceived practices of good governance, this study intended to examine the role of good governance practices on public trust in local government, focusing on Bahir Dar City Administration. Transparency makes citizens aware of the working of the government and its functioning. One of the pillars of a democratic nation is the wellness of people and a democratic government moulding their ways of ruling according to the people of the nation. The sensitivity of public opinion is primitive in deciding the success of the government in ruling the nation.

The conflict has seen a surge in recent times. As a result, the government has received major criticism from the people and media. Questions have been raised on the transparency of the government. Voices of bringing political parties under the Right to Information Act, 2005 have been raised to which every government has been reluctant to address the issue at large.

Governments act as an intricate link between the citizens of the country and the transparency in the thriving of the nation. Hence, the question of bringing government meetings under the ambit of Right to Information is subject to discussion.

### **Objective:**

This paper intends to explore and analyze the importance of **Transparency** that is now considered as a moral imperative in all democratic systems. **Also public trust and transparency to India Inc's to political parties**

## Why is greater transparency in the interest of political parties?

Political Parties have much to gain in paving the way towards transparency and accountability in their functioning. The loss of public trust in the political establishment has a lot to do with inaccessibility of political parties other than during election campaigns, their opaque finances, and the monopolizing of party tickets to candidates with serious criminal cases. These political parties influence – directly or indirectly – the policies undertaken by the government at the centre, state and now in local bodies as well. It is difficult to be persuaded by the argument that though political parties control the political executive – who are their appointees – they should be allowed to escape the obligations or norms that transparency imposes, and escape accountability. Intra-party democracy is intricately linked with inclusiveness i.e. the extent to which all members are involved in key decisions such as how party candidates, leaders and office bearers are selected and how the party defines its programme and policy positions. The key issue of accountability is linked with how closely the constitution of the party matches its actual organization and its activities and how the manifesto of the party released before the elections is reflected in the performance of the party when in power. Intra-party democracy has the potential to promote a ‘virtuous cycle’ linking ordinary citizens to government, benefitting the parties that adopt it and more generally contributing to the stability and legitimacy of the democracies in which these parties compete for power. It plays an important role in bringing in competition, participation and representation inside the party<sup>1</sup>. A lot of academic attention has been paid to the citizen dissatisfaction with political parties that are viewed as overly hierarchical and dynastic. Greater internal democracy would engage all members of the political party giving space to a mix of ideas and providing incentives to the members. ADR hopes this panel discussion will provide a platform to political party representatives and experts and other stakeholders to examine these and other related issues and provide ways to increase the transparency and accountability of political parties. A healthy democracy is intricately linked to how democratic its most important constituents are; i.e. its political parties.

## Transparency in Indian politics

Trust in government is considered as an indispensable for the effective functioning of democratic government. Trust in government is also necessary for the fair and effective functioning of public institutions. According to Jung and Sea, public trust in government is one of the key factors that determine the government’s competitiveness. Broadly speaking, public trust in government is important as it speaks to the quality of the relationship that exists between citizens and their government. Further, one comes across a strong view that, trust in government functions as the glue that keeps the system together and as the oil that lubricates the policy machine.

A number of theorists view improved performance in public services as potential precursors to trust in government while linking distrust mostly to the poor performance of public institution . People often demand the government to provide services, such as health, education, security, law enforcement, electricity, transportation, water, and waste management. In fact, citizens view government performance not only from the perspective of service delivery, but, also from the efficacy and fairness of government policy and government ethics .

In any case, if there is any mismatch between public's expectation and the actual performance of government institutions, the public may be forced to consider public employees as incompetent, wasteful, dishonest, and untrustworthy . On the contrary, citizens' perceptions of public sector performance can influence citizens' perceptions of the ability, benevolence and integrity dimension of trustworthiness by demonstrating that the public sector possesses a set of skills and resources needed to guide society in a desirable direction . Therefore, a more positive perception with governmental services is seen as a way of restoring trust in government, in contrast; the opposite is true when the public develops a negative perception.

### **Political parties: ambit of the Right to Information Act**

The Right to Information Act, 2005 is an Act passed by the Parliament of India that regulates the policy of citizens "right to information (RTI)". Under this Act, citizens can request information from a public authority i.e. a body of government. The Act mandates the public authorities to reply within 30 days.

The Right to Information Act was enacted on the ideology of maintaining the transparency of the public authorities and their prospective approach towards the future. The idea was to make people confide in the working of the public authorities, empowering citizens and having accountability in the working of the Government.

It has proven as a tool of ensuring the benefit of the citizens by keeping transparency in the majority of Governmental institutions. In June 2013, the Central Information Commission (CIC) ruled that the political parties will come under the ambit of public authorities. The judgement was subjected to a lot of discussions.

The CIC stated that the working of political parties affects the day-to-day life of the citizens. Furthermore, fund allocations and policy-making of the parties have no transparency at all. Political parties are vital in the optimization of the democratic machinery of the nation and hence, they are accountable for providing the information to the people of this country.

The CIC named six parties namely, Communist Party of India, National Congress Party, Bahujan Samaj Party, Indian National Congress, Bharatiya Janata Party and Communist Party of India- Marxist to be under RTI's ambit.

Political parties neither complied with the order nor challenged it in court. The CIC reiterated its decision on political parties on ignoring and not replying to its decisions. The Department of Personnel and Training submitted an affidavit and termed the CIC's decision as an erroneous conclusion.

It was said that a very liberal representation was made by the CIC of the RTI Act. A plea in the Supreme Court to bring political parties under the ambit of the Right to Information Act was opposed by the Government stating that it would hinder their smooth internal functioning. They further stated that the hindrance of the political functioning of a body is not the motive of the RTI.

It was under the RTI Act, that political parties do not fall under the category of public authorities. They stated that their finances are also subject to transparency under Income Tax Act, 1961. They submit their income tax returns to the IT department and their contribution reports, which only consist of donations above 20,000 rupees, to the Election Commission of India.

As stated above, trust in government is a key element of good governance and may be built up with sound policies that promote people's safety and security. Yousaf and his colleagues strongly argue that trust is a consequence or result of good governance. Similarly, different scholars confirmed that good governance improves the citizens' trust towards government and its administration and enhance the legitimacy of the politico-administrative system. Therefore, public trust is considered as both a precondition for, and a result of, good governance.

On the contrary, there are also scholars like Bouckaert and Van de Steven (2003) who argued that the relation between trust and good governance is ambiguous. According to them, trust indicators are a result of citizens' perceptions, while good governance indicators are based on a measurement that is more objective. As a response to this objection, Blind (2010) asserted that public trust in both its social and its political forms is the sine qua non of democratic governance. According to him, the relationship between trust and good governance is circular. While trust in government promotes good governance practices, good governance in turn stimulates and strengthens trust in all of its variants. Thus, when the government decides to implement good governance principles into practice, they can address not only the needs of the people, but also increase public trust towards government. However, if the government and its administration are far behind the expectations of the public and ineffective in its administration, trust can be diminished.

### **Good governance, transparency, accountability**

To be specific, as a basis of good governance, transparency, accountability, and responsiveness in public administrations are a prerequisite to strengthen public trust. For instance, transparency is now proposed as the solution to one of the most intangible problems of democratic governance: citizens' increasing mistrust of government. Efforts to establish transparency in the administration process generally hailed by many as the key to trust in government. Due to these concerns, government and citizens globally situate the issue of

transparency at the forefront as being a medium to put an end to secrecy in government, improving public trust, and moving towards a good government . Simply put, if the government provides more information on its actions and inactions to its citizens, levels of trust would increase .

Trust in government, therefore; refers to citizens' expectations on the type, operation, and interaction of government with the citizenry and the behavior of political leaders, civil servants and citizens themselves . Thomas (1998) on the contrary claims that trust is based on beliefs rather than expectations. According to him, expectations imply that we are calculating the probabilities individuals will pursue particular courses of action. So, believing that others do good things is considered to be the weakest form of trust. More considerably, trust in government refers to the level of confidence citizens have in their government to 'do the right thing', to act appropriately and honestly on behalf of the public . In general, trust refers to a willingness to rely on others to act on our behalf based on the belief that they possess the capacity to make effective decisions and take our interests into account . Government accountability also can play a key role in the creation of public trust in government . Lack of accountability has either resulted in the removal of many governments or citizens losing trust in their government . Public information can thus be used to make government and its administration transparent, which in turn enhances the public's trust towards the government . Further, scholars argued responsiveness of government is directly related to public trust towards government . Responsive governance is a key to the restoration of trust in government . Besides, strong stakeholder consensus and responsive administration may improve public trust in government . However, public mismanagement and distrust can occur if the government and its officials are not responding to the needs of citizens .

we learnt in 2013 from important work done by the Association for Democratic Reforms and National Election Watch that roughly 75% of funding received by Indian political parties over the previous decade came from anonymous donors. These organizations reconciled income tax returns filed by the major parties with the disclosures made to the Election Commission to arrive at this figure. Roughly Rs. 5,000 crore (or roughly \$800 million) was received by these parties over the period, and across parties, the fraction coming from undisclosed sources varied between 40% and 100%.

When a Right to Information (RTI) request was filed to elicit more details, the parties demurred, claiming that they didn't fall under the purview of the relevant Act. The Central Information Commission bravely disagreed with the parties, and ruled that they did indeed fall under the ambit of the Act. Of course, the usual alteration of legislation to fit current objectives kicked in, and the ruling UPA-II government introduced the infamous Right to Information Amendment Bill, 2013, to specifically exclude political parties from RTI requests.

Progress on this issue has just received a huge setback, with the current government declaring on the 31 July that it will support this RTI Amendment Bill. This is a complete U-turn from its previous position when it was in the opposition, when it claimed that political parties should indeed be subject to RTI.

Apparently, the reasoning behind this decision is that the “smooth internal working” of political parties will suffer as a result of being subject to RTI. This seems a small price to pay for the benefits of increased trust in Indian politics. It also seems that this U-turn in the government’s stance runs counter to its campaign promises of re-introducing probity into public life.

A great deal of time and column inches have been devoted to analysing the relatively lukewarm budget that we have just witnessed. It seems that it might be time to shift the focus from monitoring progress on decision-making efficiency and economic issues towards evaluating progress on promises of restoring trust in political decisions and processes following the debacles of the previous government.

## Conclusion

What about the internal functioning of political parties? One of the big unanswered questions in Indian political life is the process determining the selection of candidates. Different parties adopt different approaches, and the selection of candidates by a cabal of senior figures in the party is not uncommon. There is no uniformity of selection process, and often, selection is ad-hoc, resulting in a staggering number of candidates with questionable antecedents.

There does seem to be some progress on this issue, with a few political parties beginning to move in the direction of more democratic, accountable decision-making in candidate selection. Again, opening these processes up to public scrutiny via RTI requests can only catalyze the slow process of change.

One frequently heard defence of a lack of transparency is that the resulting information flow will be difficult to manage, especially in an environment with relatively immature political and public discourse. But who gets to decide what information is classified? And who wields the power when there is no transparency?. It is clear that Indian society is hungry for greater accountability in public life, as seen from the reactions to these recent books. It would make good sense to channel that hunger into a constructive movement for transparency in the places where it is sorely needed. Question on governments working has been ardently raised. The issue of government meetings coming under the ambit of RTI needs to be decided. The end of this debate will expose the Union to adopt transparency in their work, which has been non-transparent for a very long time. RTI works for empowering the citizens and bringing transparency in the working of bodies and it will keep on doing that till the final and unambiguous answer to this issue settles.

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