

Indian Elections and their Economic Impact

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Summary

Indian elections generate significant economic activity. This has been increasing along with rise in electoral expenses and proliferation of rich candidates. With elections happening all round the year, their role in generating income and sustaining consumption is hardly noticed. They are the undiscussed actors in keeping the economy going.

Elections in India, particularly humongous ones like the ongoing general election, involve massive expenditure. In the process, they generate substantial economic activity, particularly through the informal sector.

As elections come close, various enterprises – mostly home-based and tiny – begin working overtime as demand for campaign products – caps, t-shirts, badges and paper flags – adorning party symbols, start pouring in. Large cut-outs, banners, hoardings and posters featuring prominent visuals of candidates, their parties and symbols, spring up all over the country, as factories and machines churn these out. Election campaigns in India are lifeless without the vigorous use of loudspeakers and public address systems, whose suppliers across the country have roaring business during the polling season. In rural India, election rallies mean brisk business for providers of diesel generator sets as rallies require uninterrupted electricity for the delivery of addresses by candidates and leaders.

Elections also mean seasonal employment for many idle unemployed, particularly the rural youth, as they are deployed to run multiple political errands, manage logistics and add numbers to the attendees in electoral rallies. In a large country like India, where millions of rural village folk leave their native places to work elsewhere, particularly cities, the announcement of polling dates see them rushing back home to cast votes making trains and buses run to packed capacity and in sheer numbers.

The transport business reaps great dividends during elections with parties renting vehicles, mostly sport utility vehicles, for leaders as the latter traverse constituencies at frantic pace. The current elections have witnessed high demand for private helicopters and airplanes with the more eminent leaders aiming to address maximum rallies in multiple states and regions in as little time as possible.

It is not just the informal economy that thrives. Parties spend lavishly on buying airtime on television and FM radio channels to air advertisements. During the ongoing elections, candidates have used social media as a major medium to reach out to and engage with voters.

The engagement has not been limited to circulation of text messages and visuals through WhatsApp, Facebook, Twitter and Instagram. Campaign songs of parties, promoted through

social and audio-visual media, have been an important strategy to connect with voters. Some among these, such as that of the YSR Congress Party from Andhra Pradesh, have created waves by capturing more than 10 million [views](#) on YouTube. Needless to say, initiatives like these are expensive, requiring the engagement of the services of music and entertainment professionals, often from among the top league, as well as buying large advertisement space on social media platforms.

Large electoral expenses make it necessary for the candidates to be well-off. Candidates with greater ability to spend are at a distinct advantage compared with those with fewer resources. It is hardly surprising, therefore, that the 'appeal' of prospective candidates to political parties is significantly influenced by their net worth. Richer candidates have far greater chances of winning elections, as is clear from [more than 80 per cent](#) of the current members of parliament (MPs) in the Lower House (Lok Sabha) being *crorepatis* or millionaires. The incidence of rich MPs is high for both the Bharatiya Janata Party and the Congress. And it is equally prominent among smaller and regional parties.

Wealthy candidates in the fray in a long-drawn out and hard-fought election ensure the injection of large doses of cash into the economy. This spurs economic activity across a large range of industries, services and enterprises. Livelihoods are created, even if temporary. However, this virtuous impact cannot obliterate the dark side of election financing. Candidates are often in a race with one another in offering 'goodies' to voters to 'buy' votes. The use of covert and illegal means to 'buy' votes is evident from the huge amounts of illegal cash, liquor, gold, silver and narcotics seized by the Election Commission. Latest estimates by the Election Commission [point](#) to the total value of such seizures being ₹340 million (S\$7 million) as at 10 May 2019, that is, just before the sixth and penultimate round of polling on 12 May 2019.

Given that the country is in a perpetual election mode, with some election – parliamentary, assembly or local bodies – always happening somewhere or other, elections make an important contribution to the Indian economy. They are the undiscussed actors in generating income and sustaining consumption in an economy running short on investments. They bring smiles on the faces of many, albeit for unusual reasons.

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