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POLITICAL FINANCING AS A FORM OF WHITE-COLLAR CRIME: AN ANALYSIS OF ELECTORAL CORRUPTION IN INDIA

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Abstract

Political finance in India has witnessed a deep shift with the advent of unlimited corporate donations, hidden intermediaries, and challenges to disclosure. This research paper explores political finance in the context of white collar crime, employing the theory of elite deviance by Sutherland, the state-corporate crime perspective, and the ideology of corruption of democracy. Based on doctrinal research, statutory analysis, empirical data (from ADR, ECI, and SBI disclosures), and qualitative investigations, it is revealed that the regulatory framework of India, as embodied by the Representation of the People Act, Companies Act, Income Tax Act, and subsequent changes to the FCRA Act, as directed by the Election Commission of India, is replete with ample loopholes that contribute to hidden financing, policy corruption, and corporates-politics trade-offs.

It is evident from the research paper that systems such as shell companies, anonymous donations, electoral trusts, round tripping, and finally the Electoral Bond Scheme created a structurally embedded process of influence peddling, low detection risk, and state-business collusion. A critical scrutiny of the 2024 judgment by the Supreme Court reveals that the Electoral Bond Scheme was violative of the right of citizens to information and created asymmetry in political competition. Findings from the USA, Canada, the UK, and other advanced nations establish the fact that India remains one of the least transparent electoral democracies in the world.

The paper concludes that political finance in India operates as an organised form of white-collar crime enabled by regulatory dilution and institutional weakness. It argues for comprehensive reforms including real-time disclosure, corporate donation caps, independent

oversight, and enhanced audit scrutiny to restore transparency and democratic accountability.

Keywords:

Political financing, white-collar crime, Electoral Bonds Scheme, state–corporate nexus, electoral transparency.

Introduction

Political financing holds a paradoxical position in the modern democratic system. Elections require enormous amount of money to sustain political organizations, mobilize voters and to communicate the required message to the voters, yet the passage through which this money enters the political system is often originated from corruption or forms of white-collar crimes. While political competitions have intensified in India, it has resulted in greater dependence on opaque and discretionary funding channels that revamp the incentive for political actors.¹ **Research have shown a trend where dominance of undisclosed and corporate linked funds has turned the financing of elections into a structural vulnerability in Indian democratic process².**

Sutherland’s observation of white-collar crime as a wrongdoing by the individuals of status provides a theoretical basis for analysing the conduct of parties and corporate donors. Political funding in India shows consistent pattern of white-collar crime, where actions that are legally validated end up resulting in a harmful outcome that enables the rich to convert economic capital into political influence without legal consequences.³ Recent research has shown that institutional framework can facilitate corporate corruption when regulatory gaps allow private actors to influence political decision making through concealed financial roots.⁴ This framework does not restrict political corruption to buying of votes or bribery, it includes institutional decisions that allow political actors and their donors to conceal financial relationships and operate beyond reasonable oversight.

These concerns were highlighted after the particularly after the initiation of the Electoral Bond

¹ Association for Democratic Reforms, *Analysis of Donations Received by National Political Parties – FY 2023–24 (Known Donations Above ₹20,000)* (ADR, New Delhi, Apr. 2025).

² Beera Curie, *Elections and Political Funding in India: A Case for Transparency and Accountability*, 7 *Int’l J. Pol. Sci. & Governance* 41 (2025).

³ Edwin H. Sutherland, *White Collar Criminality*, 5 *Am. Sociological Rev.* 1 (1940).

⁴ Sergiu Lipcean & Iain McMenamin, *Rethinking Public Funding of Parties and Corruption: Confronting Theoretical Complexity and Challenging Measurement*, 37 *Governance* 537, 537–559 (2024).

Scheme in 2017. Although painted as a reform brought with an intention to curb the use of unaccounted cash in elections, it facilitated unregulated donor anonymity by allowing donations without public disclosure.⁵ Successive data shows that a significant share of the bonds were purchased by corporations that were subject to regulatory scrutiny, which raises concerns on reciprocal benefits and potential influence in subsequent public policy⁶. In *Association for Democratic Reforms v. Union of India*, the Supreme Court struck down the scheme for violating voters' informational rights under Article 19(1)(a) and for creating structural asymmetry in access to political influence⁷.

The judgement a major democratic concern. When political financing is not transparent it declines accountability, weakens electoral competition and public trust⁸. The outcome is in line with the operational logic of white-collar crime, wherein actors exploit regulatory gaps to gain advantages that are unknown to the public. This study proceeds from that premise. It integrates insights from criminology, public law and political economy, it argues that political financing in India accounts for institutional forms of white-collar crime. Through an examination of statutory reforms, judicial interventions, and empirical evidence from research organizations, the paper situates India's evolving political-finance regime within a broader inquiry into how money, influence, and institutional design interact to shape democratic governance.

Theoretical Framework

The study of political financing as a form of white-collar crime in India requires an interdisciplinary **theoretical** framework that includes criminology, public law and political economy. Edwin Sutherland's classic theory on white-collar crime is very insightful. Sutherland's theory on white-collar crime suggests that crime committed amongst people with respectability and prestige often occurs within a structured organization that condones delinquent behaviour⁹. With respect to political financing, parties, donors, financial institutions and regulatory authority all hold equal organisational legitimacy. Their conduct although

⁵ Suryasnata Mohapatra, *Electoral Bonds and Funding to Political Parties in India: A Critique*, 8 *NLIU L. Rev.* (2023).

⁶ Parul Dashora, *Analysis of Political Funding by Corporates through Electoral Bonds*, 8 *Int'l J. Advanced Res. Com., Mgmt. & Soc. Sci.* 162, 162–168 (2025).

⁷ *Association for Democratic Reforms v. Union of India*, (2024) SCC OnLine SC 321.

⁸ Jennifer Bussell, *Funding Elections in India: Whose Money Has the Most Influence?* (Carnegie Endowment for Int'l Peace, July 24, 2018).

⁹ Edwin H. Sutherland, *White Collar Criminality*, 5 *Am. Sociological Rev.* 1 (1940).

formally legal allows outcome that undermines democratic equality and public trust. This approach allows political financing to be understood as not just a legal or regulatory shortcoming, but as an institutional framework where capitalists use their position to secure political influence through concealed and privileged financial flows.

Based on Sutherland's theory, the state-corporation crime theory emerged. It refers to instances when destructive practices occur as a result of collaboration and cooperation between state and business institutions. It should be noted that destructive practices may occur as a result of administrative gaps and arrangements instead of criminal activities. Financing political parties in India can be cited as an instance. It can be noted that with the introduction of the Electoral Bonds Scheme, the removal of restrictions on corporate donations, and relaxed disclosure rules, there has been an opportunity for businesses to interact with and influence political processes, thus staying within the 'framework of law.'¹⁰ As a result, there occur distorted electoral competition, an imbalance in accessing policymakers, and a failure of accountability arrangements.

The regulatory capture theory helps to elaborate on the role of institutions that have been given the task of regulating political finance. As soon as political parties have decisive influence on appointments and financial disclosure, enforcement might end up being ineffective or intentionally constrained. According to political economy scholars, as soon as institutions become dependent on political parties with ample capital and political influence, they have a motivation to turn a blind eye on undeniably opaque financial practices which primarily favour political parties and large business donors¹¹.

From a public law perspective, clandestine political financing can be conceptualized as an affront to constitutional provisions on democratic equality and enlightened elective choice. The fact that the Supreme Court acknowledged voters' constitutional rights to inform themselves about political financing sources confirms that transparency and political rights converge¹². Allowing political financing to be opaque impacts negatively on political equality as political participation becomes institutionally discriminatory because financial elites have more

¹⁰ Association for Democratic Reforms, *Analysis of Sources of Funding of National Parties: FY 2023–24* (ADR, New Delhi, May 21, 2025).

¹¹ Sergiu Lipcean & Iain McMenamin, *Rethinking Public Funding of Parties and Corruption: Confronting Theoretical Complexity and Challenging Measurement*, 37 *Governance* 537, 537–559 (2024).

¹² *Association for Democratic Reforms v. Union of India*, (2024) SCC OnLine SC 321.

influence on policy allocation. Closely related to corruption as an institutionally enabled phenomenon, institutional theories propose corruption as more than an act; it becomes a structure favoring some people at the expense of others¹³.

Together, these theoretical threads offer a rich paradigm within which the financing of politics within India, as white-collar crime, can be explored. The emphasis on crime committed by elites, institutional collaboration as seen within state and corporate crime, regulatory capture as a consequence of reduced government oversight, and constitutional mandates on transparency allow for an understanding of election corruption that occurs within the auspices of legality as opposed to illegality. This framework will guide the analysis in subsequent sections, particularly regarding the Electoral Bonds Scheme, corporate funding patterns, and the implications for democratic accountability.

Legal Framework And Evolution Of Political Financing In India

In the case of India, this process has proceeded in a fragmented and incremental manner. Rather than be contained within consolidated campaign finance statutes, India's regime is distributed across provisions of the Representation of the People Act, 1951¹⁴, the Income Tax Act, 1961¹⁵, the Companies Act, 2013¹⁶, the Conduct of Election Rules, 1961¹⁷, and a set of Election Commission of India guidelines. This dispersed structure has spawned a regime wherein compliance requirements are often inchoate, enforcement mechanisms remain weak, and accountability is diffused across several institutions. Consequently, political financing has traditionally been relegated to operating in a gray zone that leaves parties with significant freedom to source funds, report income, and manage expenditures.¹⁸

In the early years of independence, Indian law focused primarily on expenditure ceilings rather than contribution transparency. Amendments in the 1970s introduced partial disclosure requirements, yet loopholes remained, including anonymous cash donations and egregious reporting standards. The addition of Section 29C to the Representation of the People Act¹⁹

¹³ Jennifer Bussell, *Funding Elections in India: Whose Money Has the Most Influence?*, *Hindustan Times* (July 24, 2018), republished by Carnegie Endowment for Int'l Peace.

¹⁴ Representation of the People Act, 1951 (India).

¹⁵ Income-tax Act, 1961 (India).

¹⁶ Companies Act, 2013 (India).

¹⁷ Conduct of Election Rules, 1961 (India).

¹⁸ Shelly Mahajan & Maj. Gen. Anil Verma (Retd.), *Transparency and Accountability in Political Funding* (Association for Democratic Reforms 2019).

¹⁹ Representation of the People Act, 1951, § 29C (India).

mandated that parties declare donations above a threshold amount; however, the common splitting of contributions into smaller units allowed political actors to easily get around disclosure requirements. Civil society reports indicate that for years a majority of party income came from unknown or unverifiable sources²⁰.

It was the liberalization of corporate political contributions that marked a sea change. The Companies Act, 2013 mandated that corporate donations be capped and that recipients be disclosed in corporate financial statements. Through the Finance Act, 2017²¹, this ceiling on corporate contributions was removed, and the requirement to declare the name of the beneficiary political party was taken away. These amendments significantly reduced accountability and increased the scope for corporate influence over electoral outcomes²². They also opened the floodgates to shell companies or profit-inconsistent entities entering the political finance ecosystem, creating a risk of indirect or forced contributions.

The most significant recent development has been the 2017 introduction of the Electoral Bonds Scheme. Marketed at the time as a reform aimed at reducing the use of unaccounted money in elections, it radically changed the legal architecture of political financing. The electoral bonds, issued by the State Bank of India, allowed individuals and corporations to make donations without their identities being publicly disclosed. While the state kept access to donor information, the public and opposition parties were denied any insight into financial flows. Analysts and civil society organizations said the scheme created a legally sanitized system for opaque financing that undermined democratic accountability and furthered the financial advantage of the ruling party²³.

It wasn't until the intervention of the judiciary that reached a climax with the Supreme Court's decision in *Association for Democratic Reforms v. Union of India*, 2024, where it held that the scheme impinges on the constitutional right of the electorate to get information on political funding under Article 19(1)(a)²⁴. It further observed that such anonymity in political

²⁰ Association for Democratic Reforms, *Electoral Bonds Chief Source of Donations for Parties: Report*, *Civils Daily* (2023).

²¹ Finance Act, 2017 (India).

²² Suryasnata Mohapatra, *Electoral Bonds and Funding to Political Parties in India: A Critique*, 8 *NLIU L. Rev.* (2023).

²³ Parul Dashora, *Analysis of Political Funding by Corporates through Electoral Bonds*, 8 *Int'l J. Advanced Res. Com., Mgmt. & Soc. Sci.* 162, 162–168 (2025).

²⁴ Constitution of India, art. 19(1)(a).

contribution begets an ecosystem where quid pro quo arrangements and structural electoral corruption can thrive. The judgment reinforced this basic precept that transparency lies at the heart of democratic legitimacy and cannot be subordinated to administrative desiderata such as donor privacy or fundraising convenience²⁵.

Yet, despite this spate of developments, wide areas of the enforcement gap persist: the Election Commission does not have any independent investigation powers, the Income Tax Department enjoys unbridled discretion in scrutinizing party accounts, and reporting standards for parties and contributors vary without any rigorous oversight. Besides, the nonexistence of a single consolidatory statute for political finance regulations led to functional areas of overlapping jurisdictions and limited institutional accountability²⁶.

This historical trajectory reveals that the political-finance regime of India has been a product of piecemeal adjustments rather than a coherent legislative vision. The result of such accumulation has been a system in which opacity is not incidental but structurally ordained. It is in this environment that white-collar electoral corruption is facilitated, as financial influence moves beneath legal and bureaucratic shields. The following section probes the empirical implications of this framework, especially with respect to the Electoral Bonds Scheme and its reshaping of the distribution and concentration of political funding in India.

Political Financing As White-Collar Crime

Analysis of political finance in India with a white-collar crime perspective demands an alternate focus on political finance beyond specific instances of bribery and deviant behavior on an individual basis and instead on broader organizational pathways of superiority deviance. White-collar crime as originally conceptualized by Edwin Sutherland included actions that were damaging and committed either as organizational roles or as organizational members and facilitated and masked by organizational arrangements covering up deviance and crime (Sutherland, 1940). Parties, large business donors, and financial agencies and regulatory agencies fall directly within these organizational societal imbeddings. Their pattern within the political finance arena shows itself as legal but drives uneven outcomes against democracy's equality ideals.

²⁵ *Association for Democratic Reforms v. Union of India*, (2024) SCC OnLine SC 321.

²⁶ Carnegie Endowment for International Peace, *Funding Elections in India: Whose Money Has the Most Influence?* (2018).

A defining aspect about white-collar crime is that it occurs through legitimate roles within an organization that help perpetrate damaging actions that remain condoned and beyond legal prosecution. Within India's framework on campaign financing, there exist loopholes within which politicians have managed to marshal resources that remain beyond public accountability. Through pre-suppressed court remedies, there existed a scenario where the Electoral Bonds Scheme promoted white-collar crime. By offering unlimited donations without any need for transparency on who they were from, there existed an entrenched institutional setting that promoted actions associated with influence peddling²⁷. It emerged that there were several large donors who were facing government probes related to regulatory matters with an indication that people might be buying political forbearance or special treatment²⁸. All these factors have been consistent with broader understanding within criminological theories where white-collar crime occurs in terms of mutual benefits exchanged not based on criminal but within legal and institutional frameworks.

The theory of state-corporate crime explains more about damaging behavior that finds its origin at the intersection of state power and capital. Damaging behavior occurs because it is not just crime that leads to harm but legal forms of regulation and structure that create opportunities for private actors to influence state decisions. The removal of donor Caps and easier disclosure rules introduced under Finance Act 2017 would be an instance of legal changes that enlarged the scope for potentially damaging but acceptable behavior among the elite²⁹. It enabled large business houses to have an imbalanced influence on political outcomes, because money would be untraceable, which fits perfectly with state-sponsored white-collar crime.

The regulatory capture theory raises an additional layer within this framework as it addresses the issue with control agencies potentially aligning with powerful political leaders. A lack of autonomy within control agencies may result in transparency obligations being relaxed, enforcement actions being discriminatory, and disclosure regulations being deferred or waived. Analysis on political finance within India shows that there is a considerable deficit within the autonomy and enforcement capabilities of the Election Commission with regard to parties'

²⁷ Suryasnata Mohapatra, *Electoral Bonds and Funding to Political Parties in India: A Critique*, 8 *NLIU L. Rev.* (2023).

²⁸ Parul Dashora, *Analysis of Political Funding by Corporates through Electoral Bonds*, 8 *Int'l J. Advanced Res. Com., Mgmt. & Soc. Sci.* 162, 162–168 (2025).

²⁹ Association for Democratic Reforms, *Analysis of Sources of Funding of National Parties: FY 2023–24* (ADR, New Delhi, May 21, 2025).

accounts that raises the possibility of financial impropriety remaining unchecked³⁰. The relaxed requirements for party audits and the use of multiple transaction trails within contributions act as enabling factors within white-collar crime.

From a constitutional basis, opaque political finance represents a structural harm against democratic equality. The recognition of voters' fundamental right to political information on financing, as acknowledged by the Supreme Court, emphasizes that opaque political finance affects fundamental democratic rights³¹. The anonymity of political donors obstructs informed electoral choice, as undisclosed forces influence political decisions. This coheres with recent scholarship on corruption as a structural issue, based on institutional concepts and not on a series of acts against the law.³²

As such, political financing in India satisfies both the definition and operational criteria for white-collar crime. It is committed by higher status actors who are in trust positions, and it occurs via legal arrangements and organizational methods. It is masked and distorts electoral competition and policymaking. It does not have to result in criminal proceedings. By conceptualizing political finance as an area of white-collar deviance, it becomes possible to analyze electoral corruption as an institutional phenomenon within the political economy structure in India.

The Electoral Bonds Scheme And Its Implications

The most far-reaching change in India's political finance architecture since independence was the 2017 Electoral Bonds Scheme. Although the government had framed this as a reform to reduce black money in elections and provide a cleaner funding avenue, in practice the scheme entrenched opacity and rearranged donor anonymity on an unprecedented scale. Electoral bonds were bearer instruments issued by the State Bank of India, which could be purchased by individuals, corporations, and even loss-making entities. Above all, the identity of the donor was kept secret from both the public and opposition parties, but the issuing bank kept records of both the purchaser's and recipient political party's details. This allowed the state to maintain

³⁰ Carnegie Endowment for International Peace, *Funding Elections in India: Whose Money Has the Most Influence?* (2018).

³¹ *Association for Democratic Reforms v. Union of India*, (2024) SCC OnLine SC 321.

³² Sergiu Lipcean & Iain McMenamin, *Rethinking Public Funding of Parties and Corruption: Confronting Theoretical Complexity and Challenging Measurement*, 37 *Governance* 537, 537–559 (2024).

informational asymmetry while simultaneously protecting donors from public scrutiny³³.

The consequences of such a design did not take long to manifest. Data reported through the Election Commission and analytical reports indicated that an inordinately large share of bond-funded contributions went to the ruling party at the national level, providing it with a significant financial advantage over competitors. Estimates suggested that upwards of half of all bond proceeds flowed to one party, thereby undermining conditions of electoral equality and fostering an uneven playing field³⁴. Corporate dominance in the purchase of bonds further heightened concerns of undue influence. Reports indicated that upwards of 95 percent of the value of bonds was purchased by corporate entities rather than individuals, and that several of the biggest contributors were companies at the time facing regulatory or investigative actions³⁵. These patterns raised credible questions of quid pro quo arrangements and regulatory forbearance.

The secrecy within the scheme enabled labyrinthine avenues of influence. Corporations could donate significantly without facing public backlash, shareholder accountability, or reputational harm. Political parties, freed from disclosure duties, could reap financial benefits sans public justification. The public, bereft of such critical information, was incapable of ascertaining motivations with which policy decisions had been taken or whether specific corporate donors matched their expectations with legislative outcomes. As scholars of political economy argue, such informational asymmetry forms a core characteristic of white-collar corruption because it conceals the transactional nature of political influence behind a veneer of legality³⁶.

The litigation process reached its climax with the landmark judgment of the Supreme Court in *Association for Democratic Reforms v. Union of India* (2024). The Court ruled that the scheme was violative of Article 19(1)(a) of the Constitution, as the donor anonymity scheme denied the voter the information necessary to make an informed political choice. Additionally, it mentioned that donor anonymity frustrates the transparency essentially required for the

³³ Shelly Mahajan & Maj. Gen. Anil Verma (Retd.), *Transparency and Accountability in Political Funding* (Association for Democratic Reforms 2019).

³⁴ Beera Curie, *Elections and Political Funding in India: A Case for Transparency and Accountability*, 7 *Int'l J. Pol. Sci. & Governance* 41 (2025).

³⁵ Parul Dashora, *Analysis of Political Funding by Corporates through Electoral Bonds*, 8 *Int'l J. Advanced Res. Com., Mgmt. & Soc. Sci.* 162, 162–168 (2025).

³⁶ Sergiu Lipcean & Iain McMenamin, *Rethinking Public Funding of Parties and Corruption: Confronting Theoretical Complexity and Challenging Measurement*, 37 *Governance* 537, 537–559 (2024).

functioning of a republican democracy. The Court also made the following observations, stating that such a scheme facilitated the possibility of reciprocal benefits between donors and political actors by allowing huge contributions to be made outside the purview of public oversight³⁷. Consequently, the scheme was declared unconstitutional, and the State Bank of India was ordered to disclose all bond-related data.

The disclosures that followed reinforced concerns that had been raised for years. Several companies with adverse regulatory histories emerged as major donors and significant correlations appeared between the timing of bond purchases and receipt of government contracts or favorable administrative decisions³⁸. The extent of concentration in political funding demonstrated that the scheme had not merely allowed opacity but had entrenched a structural advantage for politically connected corporate actors.

The Electoral Bonds Scheme, therefore, represents a case study in the way in which legal and policy frameworks can afford opportunities for white-collar offending. By statutory design, regulatory discretion, and institutional opacity, the scheme facilitated the influence-seeking behavior of elite actors without transparency or accountability. Its operation serves to illustrate the ways in which political finance is manipulated through legalized forms that obscure its transactional character in funding elections. Its eventual invalidation represents an important corrective, yet it equally points to an urgent need for systemic reforms toward restoring public confidence in India's democratic processes.

Empirical Trends In Political Funding And Electoral Corruption In India

Empirical research on political financing in India points out that the main findings indicate a persistent pattern of opacity, concentration of resources, and growing dominance of corporate contributions. Unaccounted income has figured consistently in the audited accounts of most political parties over successive election cycles, providing a conducive environment for systemic electoral corruption. Civil society organizations have reported consistently how a majority of party incomes come from sources that cannot be traced back to identifiable contributors, creating an environment of suspicion about the role vested interests play in

³⁷ *Association for Democratic Reforms v. Union of India*, (2024) SCC OnLine SC 321.

³⁸ Yashraj Sharma, *India's Electoral Bonds Laundry: "Corrupt" Firms Paid Parties, Got Cleansed*, *Al Jazeera English* (Apr. 4, 2024).

determining policies and governance³⁹. These trends gathered considerable momentum after 2017, when the Electoral Bonds Scheme reordered the funding environment in ways that sharply benefitted larger political parties.

Data published by the Election Commission of India, analyzed by independent researchers, reveal the extent of this change: over the period between 2017 and 2023, over half of all political donations in the country took place via electoral bonds, and over ninety percent of the total value of these bonds were purchased in high denominations, which immediately points to the overwhelming presence of corporate or high-net-worth donors rather than ordinary citizens. Reports further highlight the fact that the ruling party at the national level received the largest share of bond funding—often exceeding the combined receipts of several opposition parties⁴⁰. This creates a financial advantage not only in electoral contestation but also, much more fundamentally, in the broader ability of political actors to influence the public policy agenda.

Parallel empirical findings indicate a close correlation between political payments and regulatory or administrative results. Investigations uncovered that many companies which purchased large amounts of bonds were at the time under investigation by enforcement agencies or seeking government contracts⁴¹. Though these correlations by no means show actual causation, they add to the perception of implicit quid pro quo. The researchers of political corruption believe these correlations indicate structural features of white-collar criminality, wherein elite suspects make use of institutional pathways to desired outcomes without explicitly resorting to illegal behavior⁴².

Another empirical dimension concerns how opaque funding affects voter behavior and democratic accountability. Large-scale field experimental studies show that when voters are not informed about party finances, they become more vulnerable to misinformation targeted at them, inducements, and patronage mechanisms⁴³. Political economy literature further

³⁹ Association for Democratic Reforms, *Analysis of Donations Received by National Political Parties – FY 2023–24 (Known Donations Above ₹20,000)* (ADR, New Delhi, Apr. 2025).

⁴⁰ Parul Dashora, *Analysis of Political Funding by Corporates through Electoral Bonds*, 8 *Int'l J. Advanced Res. Com., Mgmt. & Soc. Sci.* 162, 162–168 (2025).

⁴¹ Yashraj Sharma, *India's Electoral Bonds Laundry: "Corrupt" Firms Paid Parties, Got Cleansed*, *Al Jazeera English* (Apr. 4, 2024).

⁴² Sergiu Lipcean & Iain McMenamin, *Rethinking Public Funding of Parties and Corruption: Confronting Theoretical Complexity and Challenging Measurement*, 37 *Governance* 537, 537–559 (2024).

⁴³ Laura Schechter & Srinivasan Vasudevan, *Persuading Voters to Punish Corrupt Vote-Buying Candidates: Experimental Evidence from a Large-Scale Radio Campaign in India* (SSRN Research Paper, Sept. 2022).

illustrates that intense competition and high campaign costs raise the likelihood of corruption, especially when parties depend on unregulated private funding to support electoral activities⁴⁴. These studies reveal that opacity in political finance not only creates advantages for elite donors and political actors, but also distorts choice at election time by denying valuable information to the electorate.

Beyond these dynamics, regional disparities in political funding practices highlight important structural inequalities. State-level parties, generally without the same access to corporate donors as national ones, tend to rely more on cash contributions and local fundraising networks. This reliance increases their vulnerability to enforcement pressures and limits their ability to compete with national parties that benefit from large corporate contributions and centralized fundraising mechanisms⁴⁵. The system exacerbates structural imbalances in the political system, privileging wealthier and better-connected actors.

Overall, there is a multivariate empirical trend in India's political finance ecosystem relating to electoral corruption: whereas overt bribery or vote-buying persists in some contexts, the greater problem is the structural advantages afforded elite actors via the legal and institutional mechanisms that veil financial relationships. Such dynamics become clearer through theoretical understandings of white-collar criminality as a phenomenon arising through institutional design, organizational practice, and asymmetries of political influence.

Case Studies Of Political Influence And Corporate Donations

The connections between financing and political influence within corporations and India can be better understood within a case study framework. These case studies would concentrate on specific instances involving forbearance, preferential treatment, and donor-acceptor interactions with regards to politics. These would not be based on outright illegality. Moreover, they would provide insights into instances involving white-collar crime and the ways within which these instances would fit within a specified paradigm based on criminological theories. Among the most remarkable instances relates to companies that bought high-value electoral bonds despite being under probes conducted by enforcement agencies. Media reports tracing

⁴⁴ Farzana Afridi, Sourav Bhattacharya, Amrita Dhillon & Eilon Solan, *Electoral Competition, Accountability and Corruption: Theory and Evidence from India* (GI-ACE Research Paper, UK Aid, London, 2021).

⁴⁵ Beera Curie, *Elections and Political Funding in India: A Case for Transparency and Accountability*, 7 *Int'l J. Pol. Sci. & Governance* 41 (2025).

State Bank of India statements on bonds sold after the 2024 Supreme Court judgment pointed out that several large contributors were parties against whom proceedings were initiated by either the Enforcement Directorate, Income Tax Department, or Central Bureau of Investigation⁴⁶. As seen, purchases were made either during a period of fluctuations in the level of probes or at times associated with winning government contracts⁴⁷. While these alone do not constitute proof of causality, they are indicators related to theories about state corporate crime, wherein damaging consequences emerge due to collaboration between private capital and political bodies.

A second series of case studies relates to businesses that have been identified as large buyers of electoral bonds despite being some of the biggest spenders on these bonds and having limited business activities. It was reported in an investigation that loss-making businesses and start-up businesses, which would normally not have the financial resources to make large donations, made large donations through bonds⁴⁸. It would appear that these businesses were either working as middlemen for more influential people or were being set up as money-laundering avenues. All these factors are an indication of money laundering as it relates to white-collar crime.

One area where the impact of business donations has been identified as a consideration is within regulatory and policy changes that have a disproportionately large impact on large business donors. It has been suggested that business donors have tended to focus on political actors with influence within business and society through contracting arrangements, licensing approvals, or infrastructural opportunities⁴⁹. Within some cases, business sectors with large donations through bonds have tended to have more favorable changes within regulatory matters, including rapid clearances without intense scrutiny from regulatory authorities. Even though these do not amount to quid pro quo, there might be some institutional capture within these arrangements.

⁴⁶ Yashraj Sharma, *India's Electoral Bonds Laundry: "Corrupt" Firms Paid Parties, Got Cleansed*, *Al Jazeera English* (Apr. 4, 2024).

⁴⁷ Parul Dashora, *Analysis of Political Funding by Corporates through Electoral Bonds*, 8 *Int'l J. Advanced Res. Com., Mgmt. & Soc. Sci.* 162, 162–168 (2025).

⁴⁸ Association for Democratic Reforms, *Analysis of Sources of Funding of National Parties: FY 2023–24* (ADR, New Delhi, May 21, 2025).

⁴⁹ Carnegie Endowment for International Peace, *Funding Elections in India: Whose Money Has the Most Influence?* (2018).

A fourth illustrative example would be related to media and technological enterprises with financial and political donations that have crossed paths with the distribution of election information. It has been found that political parties, particularly in modern times, increasingly turn to these enterprises as sources for digital advertising and data broker services as a method for shaping perception⁵⁰. When these enterprises make donations to political parties concurrently, then a conflict of interest arises that could potentially influence the neutrality that information systems provide and result in the spreading of biased and inaccurate information. The intertwining of political donations and information influence would relate to modern notions of white-collar crime that include control of knowledge as a form of control.

These case studies make it clear that political financing in India willfully straddles both legal and influence realms. Corporate donors rely on financial umbalances that have more than an air of legality but are structured so as to frustrate accountability and enable preferred access to policy makers. Both political and business actors reap benefits from these financial umbalances and institutional frameworks. Such an arena represents white-collar crime because, instead of engaging in overt criminal behavior, these actors engage with institutional arrangements that enable them to disrupt democratic processes

Institutional Weaknesses And Regulatory Failures

Institutional vulnerability is one of the main causes of the prevalence of opaque and distortionary political financing in India. While aspects of campaign finance are governed by multiple statutes and fall under the ambit of different regulatory bodies, fragmentation across legal frameworks and jurisdictional overlaps have weakened enforcement to a considerable degree. The Election Commission of India, the Income Tax Department, the State Bank of India, and the Ministry of Corporate Affairs play only partial roles in monitoring political funding, and none of them has the full mandate to enforce either transparency or accountability. It is this dispersed governance that allows the political actors to use loopholes in monitoring, while the corporate contributors can operate within hazy regulatory environments⁵¹.

One important institutional weakness is the limited enforcement authority of the Election

⁵⁰ Niranjana Sahoo, *Political Finance in the Digital Age: The Case of India* (International IDEA, Stockholm, Apr. 2024).

⁵¹ Association for Democratic Reforms, *Analysis of Sources of Funding of National Parties: FY 2023–24* (ADR, New Delhi, May 21, 2025).

Commission. While the Commission is tasked with monitoring elections and ensuring that such processes are free and fair, it does not hold independent investigative authority, statutory independence related to political-party finances, or the powers to impose effective sanctions for financial violations. Empirical studies demonstrate that parties habitually delay or submit incomplete financial disclosures, but the Commission is powerless to enforce compliance beyond advice or referring reports to the tax authorities⁵². Such an institutional design restricts the Commission's capacity to work as a strong regulator of political finance.

The Income Tax Department-which receives party audit statements and has powers of investigation into financial misfeasance-has also confronted structural restrictions. Its enforcement effort is hugely susceptible to wider political pressures, and scholars have observed that the Department's selective patterns of investigation may themselves be symptomatic of political incentives. Indeed, such asymmetrical enforcement threatens to create an environment in which financial scrutiny is disproportionately foisted upon opposition parties or politically disfavoured donors, thereby undermining neutrality⁵³. This constitutes part of an ecosystem in which corporate donors might well view political donations as a route to reducing pressure from enforcement.

Disclosure requirements are another point of regulatory deficiency. The parties are supposed to disclose contributions that exceed a threshold amount, but common practices of donation splitting, routing funds through intermediaries, or using anonymous channels have rendered the operation of disclosures all but moot⁵⁴. Introducing the Electoral Bonds Scheme brought further opacity by completely doing away with donor disclosure for contributions made using bonds⁵⁵. Even though the Supreme Court invalidated the scheme, years of its implementation showed how statutory design has come to institutionalize and strain constitutional commitments to transparency.

The regulation of corporate entities has been the subject of similar weakening. The lifting of

⁵² Carnegie Endowment for International Peace, *Funding Elections in India: Whose Money Has the Most Influence?* (2018).

⁵³ Sergiu Lipcean & Iain McMenamin, *Rethinking Public Funding of Parties and Corruption: Confronting Theoretical Complexity and Challenging Measurement*, 37 *Governance* 537, 537–559 (2024).

⁵⁴ Association for Democratic Reforms, *Analysis of Sources of Funding of National Parties: FY 2023–24* (ADR, New Delhi, May 21, 2025).

⁵⁵ Suryasnata Mohapatra, *Electoral Bonds and Funding to Political Parties in India: A Critique*, 8 *NLIU L. Rev.* (2023).

the ceiling on corporate donations and eliminating the requirement that companies reveal political beneficiaries in their financial statements exposed avenues to disproportionate influence. These changes also opened a window for the establishment or turning of shell companies with scant operational history to declare significant political donations inconsistent with their financial profiles⁵⁶. This further represents classic elements of white-collar crime, in which formal organizational structures are utilized to obscure accountability and disguise the flow of money.

Finally, judicial oversight has been essential but often reactive, not preventive. Political finance litigation tends to arise after the damage to democratic processes has already been done, and courts are ill-equipped to devise and implement robust regulatory regimes. The Supreme Court judgment in *Association for Democratic Reforms v. Union of India* (2024) represented a significant milestone in the reiteration of the constitutional right to information, but sustained reform demands systematic legislation rather than sporadic judicial intervention.

Notably, the combination of these institutional shortcomings shapes a regulatory environment in which political financing becomes vulnerable to structures of white-collar crime. Fragmented authority, selective enforcement, weak disclosure norms, corporate regulatory loopholes, and lack of judicial mechanisms are some of the elements that would compel a setting wherein elite actors may use political influence without transparency and public accountability. This environment not only undermines democratic integrity but also reinforces structural conditions conducive to electoral corruption.

Towards A Transparency Framework For Electoral Integrity

The pressing and emergent need for an overall framework on transparency within India's political finance system becomes evident based on empirical evidence, court judgments, and theoretical developments on white-collar crime. Political integrity with regards to elections cannot be maintained under a regulatory structure that fails on transparency and competition among political parties. A proper framework will have to address not only the loopholes that have existed and aided clandestine political party financing but will have to address the

⁵⁶ Parul Dashora, *Analysis of Political Funding by Corporates through Electoral Bonds*, 8 *Int'l J. Advanced Res. Com., Mgmt. & Soc. Sci.* 162, 162–168 (2025).

structural factors favoring political and business elites for mutualism⁵⁷.

A defining feature of an effective framework would be mandatory and immediate disclosure of donations. Experience with various democracies shows that immediate donor disclosure can help deter uneven, or ‘under-the-cover-of-darkness’, influence and encourage outside examination by civil society and media. As regards India, it can be seen that donor disclosure requirements have been weakened because of loopholes in various enactments, large donation thresholds, and unresponsiveness on the part of administrative authorities. Strengthening these requirements, with respect to identifying all ‘donors as well as receiver parties’, would be imperative in addressing white-collar deviance with regard to political donations⁵⁸. Online reporting systems conducted by autonomous agencies would also be useful.

Moreover, regulatory reform should encompass the restoration or fortification of caps on donations given by corporations. The removal of these donation caps via the Finance Act, 2017 enabled an unbalanced level of financial influence and enabled policy capture. According to comparative studies, democracies that imposed caps on donations from corporations have been shown to have lesser levels of electoral corruption and more independent policy⁵⁹. Additionally, imposing donation limits and ensuring that these donations are made to corporations with traceable records would enable lesser chances of money being funneled via shell companies.

Another core component within the transparency framework envisaged is institutional strengthening. A legal mandate would be necessary for the Election Commission to have powers of investigating possible financial discrepancies, auditing political parties' accounts, and enforcing compliance with sanctions. Lack of powers within current legislation within which the Election Commission can effectively conduct investigations would make it remiss⁶⁰. The Election Commission should be mandated with autonomous powers within which it would be reviewed within judicial standards on addressing electoral integrity.

⁵⁷ Association for Democratic Reforms, *Analysis of Donations Received by National Political Parties – FY 2023–24 (Known Donations Above ₹20,000)* (ADR, New Delhi, Apr. 2025).

⁵⁸ Beera Curie, *Elections and Political Funding in India: A Case for Transparency and Accountability*, 7 *Int'l J. Pol. Sci. & Governance* 41 (2025).

⁵⁹ Erik Mobernd, Fernando Casal Bértoa & Yukihiko Hamada, *The Integrity of Political Finance Systems in Asia: Tackling Political Corruption* (International IDEA Policy Paper No. 19, Stockholm, 2019).

⁶⁰ Carnegie Endowment for International Peace, *Funding Elections in India: Whose Money Has the Most Influence?* (2018).

A comprehensive framework should also include components that deal with leveling the playing field on election finance. This can be achieved via public funding, either through equal grants, tax credits for small donations, or matched donation funds. These can reduce dependence on big money donors and make politics attractive to different sources. It has been seen that mixing and matching methods of public and private money can bring transparency and remove domination on political choice⁶¹. These methods should be implemented, and violations should be punished based on strict standards.

There is also an important role for technological mechanisms. Solutions based on blockchain disclosure systems have emerged as tools capable of improving traceability and immutability within political finance records⁶². Although these tools have limitations and should be implemented carefully, they have shown promise in addressing information asymmetry issues and financial data tampering.

Finally, civic education and awareness efforts play a very vital role within the process of enhancing electoral integrity. It better benefits voters who have an understanding and appreciation of the impact of political finance on policy and political outcomes⁶³. According to research, an educated society is more insulated against clientelism and also better poised within efforts aimed at making politicians more accountable.

A transparency system based on these pillars would not only curb opportunities for white-collar crime but also enhance democratic legitimacy. India would be able to develop a political finance system consistent with its constitutional ethos and international standards for democracy by remedying structural and institutional weaknesses.

Conclusion

Available analysis of political financing in India shows that together, the three issue areas—opaque funding practices, institutional weaknesses, and concentrated corporate influence—have reshaped the democratic landscape of the country. Although debates over political finance are

⁶¹ Sergiu Lipcean & Iain McMenamin, *Rethinking Public Funding of Parties and Corruption: Confronting Theoretical Complexity and Challenging Measurement*, 37 *Governance* 537, 537–559 (2024).

⁶² Niranjan Sahoo, *Political Finance in the Digital Age: The Case of India* (International IDEA, Stockholm, Apr. 2024).

⁶³ Laura Schechter & Srinivasan Vasudevan, *Persuading Voters to Punish Corrupt Vote-Buying Candidates: Experimental Evidence from a Large-Scale Radio Campaign in India* (SSRN Research Paper, Sept. 2022).

often framed in terms of regulation or administration, the foregoing sections demonstrate substantial congruence with the criminological understanding of white-collar crime. Elite actors, working through structures of ostensible legality, systematically subvert transparency, distort electoral competition, and impair constitutional guarantees of informed political participation. Not through overt illegality but through the logic of systemic incentives internal to the political economy of elections do such harms arise.

Fragmented statutory provisions, the relaxation of corporate-donation limits, minimal disclosure requirements, and underdeveloped regulatory oversight have led to an environment in which political actors and corporate donors hold disproportionate power. The Electoral Bonds Scheme epitomized how state-enabled anonymity might institutionalize opaque financing, privilege particular political actors, and create conditions that foster influence peddling. Its final invalidation by the Supreme Court in *Association for Democratic Reforms v. Union of India* reimposed the constitutional salience of transparency and the right to information of the voter. Judicial intervention alone, however, cannot fix the structural vulnerabilities within the system.

Empirical evidence buttresses these concerns. The emerging patterns of concentrated donations, correlation with regulatory outcomes, and increased reliance on undisclosed income mirror a political-finance ecosystem that works to privilege elite actors at the expense of voters and smaller political parties. Case studies have demonstrated the point at which corporate contributions correlate with regulatory forbearance and administrative decision-making, mapping dynamics characteristic of state-corporate crime. These findings constitute evidence of political financing as anything but a politically neutral administrative activity; instead, it is a domain within which white-collar deviance is normalized and institutionalized.

What is needed to sustain electoral integrity in India is an all-round reform: a transparency framework that included real-time disclosure, restrictions on corporate contributions, more robust regulatory institutions, technology safeguards, and public financing mechanisms are all critical to reducing the structural drivers of corruption. Equally important is such a civic ecology that nurture an informed electorate-one capable of challenging political funding and resisting its distortive effects on democratic choice. In the absence of such change, political financing will continue to operate in a manner that advantages economic elites, undermines institutional accountability, and violates the constitutional assurance of representative

democracy.

Eventually, this paper will demonstrate how political financing in India becomes a white-collar crime sustained through legal design, organizational practices, and asymmetrical access to political power. The solution to this challenge has to go beyond the borders of merely legal reform to the reconceptualization of political finance as an area of democratic risk. Only with full transparency, strengthening of institutions, and empowerment of citizens will India be able to create an electoral system that is in tune with the values of the Constitution and resistant to the corrosive impact of hidden money on democratic governance.

