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PERSPECTIVE

High office, low gain

Rukmini Shrinivasan | June 9, 2012

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Contrary to popular belief, the first statistical analysis of the assets of MPs and MLAs has shown that disproportionate gains while in office are surprisingly low for the majority of elected representatives. The data however only captures legal, documented gains in assets and cannot measure "black money".

Political scientist Rikhil Bhavnani, an assistant professor at the University of Wisconsin-Madison, analysed the gains to

office for MPs and for MLAs of 11 states by comparing the change in assets of election winners and losers. Bhavnani found that the average candidate gained between Rs 22-35 lakh over five years, which is the equivalent to 4-6 per cent compounded annual growth rate. By his calculations, a maximum of Rs 6-27 lakh of this increase could be due to savings from legislative salaries and allowances, making the gains to office of 4-9 per cent of winning candidates suspect.

Looking at elections to Parliament between 2003-4 and 2008-9 and 11 state legislature polls, Bhavnani studied the affidavits of all candidates, comparing those who won in 2003-4 and contested again in 2008-9 with those who lost the first time and contested again. Several statistical fixes were then added to ensure comparability between candidates. He presented his findings at the World Bank's Annual Bank Development Conference in Washington, DC, last month.

"My paper is, to my knowledge, the first time that the Election Commission-mandated asset disclosures have been used to systematically measure potential corruption. The fact that they show less suspect behavior than expected may mean that a few highly publicized episodes of corruption create an impression of more corruption than in fact exists," Bhavnani said in an email.

These results, Bhavnani cautions, are statistically weak. However a similar, unpublished exercise by economists Raymond Fisman, Florian Schulz and Vikrant Vig of the change in the assets of MLAs alone has indicated similar low gains, except for state-level cabinet ministers.

It is possible, Bhavnani admits, that politicians have concealed incomes.

"One possibility is that much of the gains to office are used to finance elections and therefore do not show up in the accounts I track here, either because these funds are maintained separately or because they have been used. While possible, the relatively low personal gains to office found here are informative in that they indicate that corruption does not lead to massive personal enrichment by all," the paper says.

Another explanation of the narrow gap between winners and losers could be that the average candidate contesting an election, whether he or she wins or loses, is steadily getting richer, and the rich presumably do well whether in elected office or not.

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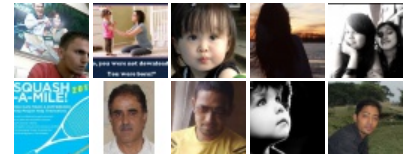
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The Association for Democratic Reforms (ADR) has found that in general, the assets of the winner and the first runner-up tend to be fairly close. "All the big parties give tickets to the moneybags," says Anil Bairwal, the ADR's national coordinator.

It is also questionable whether the method of reporting assets is sophisticated enough. By Bhavnani's calculations, the average gains to office for some states, including Maharashtra and Delhi, are negative. "An examination of the data reveals that this is largely due to swings in property values in the period considered," the paper says.

Looking at the parliament and state legislature separately, Bhavnani found the average gains to office highest for Karnataka MLAs between 2003 and 2008. As a group, members of Parliament in the 2004-9 Lok Sabha came next, followed by Arunachal Pradesh MLAs and Orissa MLAs. "Although the gains to office for (MPs) are the second-highest in the country, that the mean gains to office in the state legislatures are oftentimes also very large underlines the fact that much spending power is vested with states," the paper says. Karnataka and Orissa both have high concentrations of natural resources while Arunachal Pradesh receives large transfers from the centre, Bhavnani suggests.

In individual states and at the centre, the party in power is more likely to have suspect asset gains than others, as are its ministers. Across the 11 states and Parliament taken together, BJP members as a subset enjoy higher gains to office than their Congress counterparts; 15-37 per cent of BJP winners, according to Bhavnani's calculations, appear suspect. The BJP's numbers are driven by its MLAs - the party's MLAs are slightly more likely to have irregular gains to office than its MPs.

Even within the suspect legislators, there is inequality. One per cent of politicians received 30 per cent of the total gains to office, while 5 per cent received 55 per cent.

WINNERS AND WINNERS

The average worth of MPs and MLAs has been rising steadily. In the current Lok Sabha, the average MP is worth Rs 5.33 crore, three times more than the last election, says the Association for Democratic Reforms. The number of MPs worth more than Rs 1 crore has more than doubled to 315. "Moreover, studying candidates' assets, we have found that the likelihood of being elected increases significantly the richer the candidate," says Anil Bairwal, ADR's national coordinator. But losers are not necessarily badly off themselves. While YS Jaganmohan Reddy, is the richest Lok Sabha candidate with assets worth Rs 356 crore, the richest candidate ever - Deepak Bharadwaj of the BSP with assets worth Rs 622 crore - lost his election for the West Delhi Lok Sabha seat. Moreover, even when out of office, losers can do fairly well for themselves. Take for instance, Kanwar Singh Tanwar, the BSP candidate for the Delhi assembly elections in 2008, who caused a stir by declaring assets worth Rs 150 crore, making him the richest candidate. He lost, but just five months later, when he contested the Lok Sabha elections (which he lost, again), his assets had grown by over Rs 5 crore at the height of the global recession.

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