

Studying Business and Politics in India: Approaches, Insights, and Open Questions

Sukrit Puri

Transcript

29th July 2026

Puri, Sukrit. "Studying Business and Politics in India: Approaches, Insights, and Open Questions." XKDR Forum, 29th July 2026. Video, 2:13:40.
<https://www.xkdr.org/viewpoints/studying-business-and-politics-in-india-approaches-insights-and-open-questions>

Abstract

Sukrit Puri, who recently finished his PhD in Political Science at MIT and now teaches at London Business School, uses this talk to map out the study of business and politics in India, a field he argues is significantly understudied. He traces the intellectual history of the field, from classic accounts of state dominance and "briefcase politics" in the pre-liberalization era, to post-liberalization narratives of a "pro-business" Indian state. His central critique of this existing literature is that it treats business as an undifferentiated class acting in the shadow of the state, rather than recognizing the firm itself as the fundamental unit of political analysis.

The bulk of the talk is a demonstration of what becomes possible once researchers move past aggregate, sector-level data and start building granular, firm-level panels using tools like corporate ID numbers, entity resolution pipelines, and newly available government datasets on corporate capex, CSR spending, and political donations. Sukrit walks through several of his own research projects: how state elections shape corporate investment cycles, how CSR spending shifts around home-state elections, and how family businesses donate to political parties differently than professionalized firms. The centerpiece is his ongoing work on India's electoral bonds scheme, an anonymous corporate donation channel that was retroactively de-anonymized by the Supreme Court in 2024, giving researchers a rare natural experiment on how opacity changes corporate political behavior.

The notes below follow the arc of the talk: from the conceptual gap in the literature, through the technical toolkit for extracting firm-level political data, to the substantive findings on capex, CSR, family business donations, and the electoral bonds data, ending with the open questions Sukrit poses to the room.

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Speaker background and talk overview

- Sukrit Puri:** All right. Thank you guys so much for coming and thank you so much, Ajay, for inviting me. I'm Sukrit. I should just give a quick background of myself.
- Sukrit Puri:** Hoping to keep this talk fairly conversational. I think it's a small enough group so we can be.
- Sukrit Puri:** So I'll just give you a quick background about who I am. I'm Sukrit. I recently finished my PhD from MIT in the Political Science Department, and I did my PhD on political economy, and I focused on business and politics in India. And now I'm a professor at London Business School.
- Sukrit Puri:** It feels funny to say I'm a professor, but seems like that's what I am now. And I teach entrepreneurship, which is definitely not a thing that I, well, anyways.
- Sukrit Puri:** But anyways, the point of this talk is more about the research, the body of research on business and politics in India in general, and I'm going to try to show you some, I was asked not to focus on any one particular paper of mine. So it's more like, what are things that people are doing out there in the field, and I'm just going to show you some examples of papers I'm working on, little pieces, and hopefully it should be fun.
- Sukrit Puri:** So just to start by embarrassing both myself and XKDR, I just want to show you a snippet of the two pages of a dissertation anyone actually reads, which is the acknowledgement. XKDR does feature in my acknowledgement in my dissertation as one of the many NGOs out there in India which is actually pushing the boundary and having those difficult conversations, the very crucial conversations for a country like India.
- Sukrit Puri:** About policy paradigms, reform for the betterment of India and the development of the Indian state and private enterprise. So I think there's a number of people who've been working very hard on this, having these conversations, and so I'm very grateful and I feel like we're all standing on the shoulders of giants, so it's very nice to be in the giant's lair and talking to you guys. So what's the agenda for the talk?

The gap in business-politics research on India

Sukrit Puri:

I'll try to keep my remarks fairly brief so we can actually have more of a discussion. I would love to hear what you guys are thinking about these topics as well. Okay, so big picture. I'm going to give you a sense, an arc of where the study of business and politics in India — I, of course, like every academic will say that this is understudied, and so I'm going to give you a sense of what the existing studies have done, what have they looked at, and what are some gaps in the literature and some new ways that you can approach it if you're a researcher today.

Sukrit Puri:

And in section number two, I'll actually show you some of these new tools that are out there. We have new technologies, LLMs, whatever. There are all these different ways of harnessing really granular information that is out there about the Indian state and Indian firms especially, and it sort of helps us characterize Indian firms as a political actor, which is something that really has not been done so far. And there's a great opportunity — I wouldn't say low hanging fruit, but there's plenty of fruit out there — and I think it's essential that we try to understand the role of Indian firms as not just an economic vehicle and an economic entity but also a political entity, because in many ways they fundamentally are a political entity, and even if they don't want to be, they sort of are, in a country like India and a lot of developing countries — companies need to have one eye on politics.

Sukrit Puri:

And so it would behoove us to pay attention to that.

Sukrit Puri:

Firms can be political actors in a bunch of different ways. Intrinsic to their operations, as investors, as operators, as employers — there are political consequences to what they do. But in addition, there are more direct ways that they can participate in politics.

Sukrit Puri:

In a country like India, we talk about CSR, which is mandated, so firms can be political animals as philanthropists, for instance. So firms can be political as employers, as donors, so...

Speaker 6:

[inaudible] Recording in progress.

- Sukrit Puri:** Cool. No, no, all good. Yeah, so what I was just saying is that firms can be political in a myriad of different ways — as employers, as investors, also as philanthropists. And I'm going to focus on one aspect, which is as donors.
- Sukrit Puri:** If you're familiar with the political economy literature — lobbying, campaign finance — it's a literature which is heavily skewed to the West, and we know a lot about how companies behave as political funders and how crucial political funding is to the political process around the world, but less so in developing countries, almost negligibly so in India.
- Sukrit Puri:** A lot of my work, my dissertation, focused on firms as a donor, and I'm going to show you some facts — I'm calling them cocktail party facts, because I promise you no regressions, no regression tables, but I will show you pretty pictures, hopefully pretty, but they are just pictures. And hopefully some of them are just simple facts that are good to keep in mind.
- Sukrit Puri:** And then finally some takeaways, some open questions, and frankly I would encourage discussion. Stop me at any point if you guys want to chat some more. Okay, so are you guys post-PhDs, or just researchers?
- Speaker 5:** Pre-PhD.
- Sukrit Puri:** Are you guys thinking about grad school further on?
- Speaker 5:** Yeah.
- Sukrit Puri:** Oh, great. Excellent. Fantastic. Well, one thing that you guys will think to do, or people might tell you to do, is find a gap in the literature.
- Sukrit Puri:** So here's a gap in the literature. I'm showing you — I came from the political science department, I'm in a management department now — here's just a count of top political science journal publications, and you can see a rising interest in India, and a rising interest in firms and politics, and absolutely nothing when it comes to India and firms.

Sukrit Puri:

I think "gap in the literature" is a slightly unsophisticated way of encouraging — that should not be how you approach your PhD work or how you should approach any work. A gap — it is not necessary to fill every gap in the literature. Some gaps exist because it is at the confluence of uninteresting and unimportant. I would argue that in a country like India, which has seen very dynamic growth and is one of the fastest growing large economies in the world, this is actually quite criminal.

Sukrit Puri:

Firms are a central part of the economic story, and I think if you were to only read political science journals on India, you might come away with a very warped understanding of what the Indian political economy is like. You might come away with an overfit idea of reservations, sectarian violence, and maybe some clientelism at the bureaucratic level, and those are all perhaps true, but there are also missing other pieces of the puzzle.

Classic frameworks: state dominance and briefcase politics

Sukrit Puri:

So this is political science, but I kind of do this — it's a bit of a party trick of mine — for a bunch of different fields. Here's economics. It's basically the same thing. There's a lot of interest in NBER papers over the last twenty years or so on India, on politics especially, and there's really nothing at the confluence.

Sukrit Puri:

You see this in management, you see this in finance. So there's a lot of opportunity here. It's not to say that there's no work that has been done at this intersection.

Sukrit Puri:

I think some classic stuff is out there. If you're trying to think about where do you actually go to find the classic canonical text on this stuff — political science and political economy research on India takes the form of books a lot more. In Pursuit of Lakshmi is a nice book by Rudolph and Rudolph in the 1980s, and their argument, they locate firms in a broader political economy in India.

Sukrit Puri:

But the focus of the book is to highlight the role of the state. That's what they're trying to do. This is writing in the eighties, where if you look at the broader political science and political economy literature of those days, the discussion was all about who has power in a political system — is it capital, is it labor? And their intervention was to say, actually, when you look at the Indian context, there's a missing third actor here, which is the state.

Sukrit Puri:

The state is in fact dominant, and the state decides to what extent labor has power, to what extent capital has power. So really, you cannot understand a labor-versus-capital push and pull without understanding the larger state as an umbrella. That's what they were trying to push, and it really did make sense. In pre-liberalization India, the state is the dominant actor that you need to understand.

Sukrit Puri:

It's not to say that you don't have private enterprise, firms operating in this context and enriching themselves, but the way they do it is through proximity to the state. So if you were to read something like the original treatise on business and politics in India by Stanley Kochanek, he characterizes this thing called briefcase politics.

Sukrit Puri:

This is a term to say that the old ancien régime, I guess, of the Congress Party and Indira Gandhi in the sixties, they made campaign donations to political parties illegal. Did that erase money in politics? Absolutely not. It simply changed the form, and the form it took was briefcases of cash going to various offices.

Sukrit Puri:

And so the business and politics book, *In Pursuit of Lakshmi* — this is a story of all that matters for firms being proximity to the state. So how do you get that information, what does it actually look like? Stanley Kochanek's book would say it's a lot of interpersonal relationships, bags of cash, things like that. So this is your classic idea — the Indian state is dominant, and the businesses that are able to succeed are ones that have a personal connection.

Sukrit Puri:

I think a lot of it still rings true today.

Sukrit Puri:

So I think it's still worth knowing this is the intellectual background of the study of business and politics in India. There's a few other ones out there, but I think these are the two central ones. Post-liberalization, of course, private enterprise has also catapulted, and we're seeing a rise in the importance of firms in general. So there are works out there — this is just some slides, I'll share the presentation later as well.

Sukrit Puri:

These are some really excellent books which try to take seriously how companies and firms operate and negotiate the various institutional forms — federalism, electoral volatility, things like that. So these are some books that try to look at this a little more richly, I would say.

Sukrit Puri:

But the big thrust of this set of literature — I've just highlighted a couple of them. Atul Kohli, who was a professor of mine in undergraduate and really inspired my direction, so I have nothing but great respect — his 2012 book, *Poverty Amid Plenty in the New India*, characterizes India's transition post-liberalization from what he calls a socialist state to a pro-business state.

Sukrit Puri:

And by pro-business, he really tries to draw a distinction between pro-business and pro-market. He said it's not pro-market reforms, it's pro-business, and pro specific businesses, encouraging the start of new enterprise and businesses. And he is right — if you were to look at the number of new firm registrations in India, it has really gone up. The argument is that the impulse of the state was to encourage new business formation and to make it easy to do that.

Sukrit Puri:

And that marks the ideological change of the Indian state to a pro-business one. You can totally see the flat line of new business registrations from the fifties, sixties, and seventies to the eighties. That really reflects a policy choice, so you can see a very sharp policy divergence. So he's not wrong there.

Sukrit Puri:

But, a couple of limitations of this work — it still really focuses on the state as the central actor.

Sukrit Puri:

Previously it was the state as the central actor because it was dominant, and now what we have is the state as the central actor because it's relinquishing some of its power to the power of business. And so business itself gets a bit of a shallow treatment, because it's more like, okay, the state is doing these things, and then business as a class is coming in and taking the vacuum left behind by the state.

Sukrit Puri:

So business is this general actor that's described as, okay, business will now come and do this thing. But we kind of know that's not totally fair, in the sense that business is very, very heterogeneous. If you're thinking about a third-generation textile company in old Delhi, an IT company in Bangalore, some industrialist, or a business house, a multi-product business house, construction —

Sukrit Puri:

these companies are so heterogeneous, and frankly, I think to flatten out this dynamic by saying "business as a class" actually ignores the fundamental reality that firms are the actual unit of politics, not business as a class. Each firm, maybe different types of firms, have fundamentally different risk tolerances, opportunities, constraints, their abilities to execute what they want to do, their incentives, where they operate.

Sukrit Puri:

Firms are the location of politics, in the same way that when we look at political science literature, there's been a lot of effort to go super granular, to try to get individual-level political attitudes or voting decisions, because the understanding is that the fundamental unit of politics in an electoral system is the voter. So we try our best to get to that level of granularity.

Sukrit Puri:

But the work that's been done so far on business and politics has been very aggregate. We're looking at business as a sector, maybe a little at different industry levels, but ignoring the fact that the fundamental unit of analysis is the firm, and not a class of actor — individual firms have a lot of heterogeneity across them, and we should take that seriously.

Sukrit Puri:

That's the impetus here. And my point number four — the problem, in some sense, is that it uses aggregate data. A lot of these works start by getting aggregate statistics from an RBI or something, and then telling a general story. And in order to enrich those stories, we go and do qualitative research, interviews, ethnographic work.

Sukrit Puri: And that's great — of course you need really good ethnographic work to tell a rich story.

Sukrit Puri: But the problem with that is, well, what is legible to the researcher? And what is legible to the researcher is probably something like larger firms. Our knowledge of the way business operates on an ethnographic level probably skews to larger firms, just by virtue of that being something we're actually able to observe.

Sukrit Puri: And it's hard to say something general because of that. So some efforts have been made to do surveys. Surveys, of course, are expensive and not very scalable. So there's a real demand for very granular information about the fundamental unit of politics, which is the firm.

Data scarcity and the case for granular firm data

Sukrit Puri: That's the ask here, and that's a challenge I tried to step up to in my work. And the opportunity here is to recognize that this is not a problem unique to India. This is a very common problem across the developing world.

Sukrit Puri: In general, we kind of know there's tons of data. Why are all the papers on lobbying and campaign finance located in America? Because they have amazing lobbying disclosure agreements, and tons of hyper-specific information even in the EU or the UK — any meeting that happens between a company and a politician needs to be recorded.

Sukrit Puri: So now you can just go online, download these things from OpenSecrets or whatever, and tell a very rich story. There's a little bit of a "searching under the lamppost" effect. The data is there, so there's tons of research that goes there, and you kind of forget that the institutional arrangements of the American context are actually quite peculiar and weird and not standard or ubiquitous around the world.

Sukrit Puri: Unfortunately, we can't do much about it, because most developing countries, by virtue of their stage of development, have not focused on making this kind of data super transparent, and there's probably some incentive to hide it as well.

- Audience Member:** So what do you mean by pro-business and not pro-market? Are you referring to the fact that there is no democratization, commoditization happening inside the system?
- Sukrit Puri:** Yes, that's exactly right. Sorry, you're totally right. Yeah, so Atul's book tries to distinguish between market reforms, where there can be an effort to encourage competition between businesses, and he tries to say that they're not actually trying to encourage competition, because you still have a state that is very suspicious of free market enterprise and competition like that.
- Sukrit Puri:** They recognize the benefits of outsourcing the growth engine to private enterprise, but it doesn't mean they actually believe in the ability of individual private actors to compete with one another. So they encourage businesses to form, but they don't necessarily want to encourage market competition. That's the distinction he's trying to draw.
- Sukrit Puri:** And what does that take the form of? It takes the form of basically selecting winners. You choose certain businesses, and you're not encouraging the growth of a market ecosystem. That's the distinction he's trying to draw.
- Sukrit Puri:** Yeah.
- Audience Member:** So why does it actually happen? You know the Duke case, so —
- Audience Member:** You know the Duke case — Duke bike was a huge hit in India. I think it was a perfect market placement in terms of its price and what it was offering. But eventually what happened to this bike was that it got labeled into a certain tag, and then the sales started declining. The way I look at this particular Duke case is that here you have a product perfectly placed inside the market, but suddenly two things happened.
- Audience Member:** One was financial democratization, because everybody was able to get easy access to the financial system to buy this product. And the pricing of the product was perfect — way better than any of the other products inside the market. So suddenly people at the very bottom of society started using this bike, and suddenly it got labeled with certain tags, like "Chapri" or something like that.

- Audience Member:** And then these producers, this company, started to relabel this bike as a premium product. So it created an inefficiency between what you're offering and the price you're getting for it. This is happening consistently across different product classes, because when you have people getting access to the financial market, when credit becomes accessible to everyone, it just creates a bad feedback loop in the market system.
- Audience Member:** So this was an idea I had in mind — that when suddenly you have commoditization and democratization of credit and products happening, the way the Indian market responds to that is pretty inverted.
- Sukrit Puri:** We'll discuss that separately. Yeah, you are only on slide nine.
- Sukrit Puri:** Don't read the denominator too much. But I agree, I'd love to talk about that as well. But let me — I think what I'm trying to say is that the Indian state changed its orientation and encouraged the rise of businesses, but not necessarily the ecosystem to promote market forces and businesses in general.
- Sukrit Puri:** It was more selected businesses rather than a wholesale encouragement of businesses to compete independently — that's the idea. Okay, so what I was saying is that developing countries tend to be quite data-poor compared to developed countries, and as a result, our theories of how business and politics actually operate might be warped in that sense. There are a couple of exceptions.
- Sukrit Puri:** Brazil is a country that has weirdly good data for a developing country. That's one exception, where you have lots of interesting studies being done, because every individual in the formal sector of the economy is tagged to an ID, and you can see their entire labor market journey, from their education to every company they've worked at, their pay, their promotions, everything.

Sukrit Puri:

That's a lot of data available to researchers. There are some interesting reasons why Brazil went down this path, but Brazil has a ton of information available to researchers. So the exception here is Brazil — a country you can study because it has a lot of interesting data. My conviction is that India is actually a sleeping Brazil, because there's a lot of data out there, but it tends to be hiding in horrible PDFs that are really ugly and really take a graduate student's value of time to go through and clean.

Sukrit Puri:

But it's there.

New datasets and building firm-level panels

Sukrit Puri:

Arvind Subramanian and Devesh Kapur have a nice book, I'm sure you guys have seen it, *A Sixth of Humanity*, and they talk about the Indian state as being self-reflecting and self-flagellating but not self-correcting. I'm highlighting the self-reflecting — they collect a lot of data. They collect a ton of data actually, and sometimes a lot of it is available publicly to researchers. Again, you need to spend a lot of time and have some patience with it, but you can get a lot.

Sukrit Puri:

And now with the advent of modern tools, it's becoming a lot easier.

Sukrit Puri:

So just to give you a sense of some datasets that are out there right now. If you wanted to study the role of firms as a political donor, there are two channels — I'm going to talk about that a little. There are two channels through which companies could have been giving money to political parties in a "white money" form, right? The black money form of bags of cash has always existed.

Sukrit Puri:

But there were these two ways companies could make formal, white-money donations to political parties. One was disclosed — any donations above a certain threshold. And then there's this whole set of things, you may have heard of these electoral bonds, which was a way companies could make anonymous donations to political parties.

- Sukrit Puri:** You can see companies making donations to political parties, when they're doing it, and how much they're actually giving — this is something that's out there. CSR — India is an interesting country where companies above a certain size are forced to spend two percent of trailing net profits on CSR projects. Once you hit a certain size, you're forced to hire people to do CSR, and companies will hire people.
- Sukrit Puri:** My sister recently got hired to work on CSR for Jefferies Bank here in Bombay, so she was telling me all about how it works. Very cool. But this is data that's publicly out there — you can see project-level information, companies spending on certain projects, which district those projects are going to, the purpose of the projects, how much they're spending. This is all out there, available from the Ministry of Corporate Affairs.
- Sukrit Puri:** Corporate capex spending — this is also interesting. Talk about the self-reflecting Indian state. Prior to the '91 reforms, if you were a company
- Sukrit Puri:** that wanted to build a factory, you needed permission from the government. The change was you no longer need permission, but you do need to report. That was an act of liberalization. If you were popping in from outside, just coming into the Indian context for the first time, you might be confused — "wow, what an onerous requirement, to report all my intentions of building a factory." But this actually is an act of liberalization.
- Sukrit Puri:** It used to be, you have to ask for permission first. So India is a unique country where you can get very granular data on corporate capex spending.
- Sukrit Puri:** This is housed at the DPIIT within the Ministry of Commerce. And then, of course, you have — I've put it here — third party. The original data is there, and then you've had a number of third-party vendors who've taken this data and augmented it in certain ways, made it useful, cleaned it up. So these are just four very high-level, first-order kinds of data that are out there.
- Sukrit Puri:** I use all of these things, and more, in my own projects.

Sukrit Puri:

So this is just to give a snapshot of one thing that's out there — a couple of sources of data you might want to use, which let you get at granular firm-level political choices, not aggregate industry or sector data. This lets you look at firm-level information.

Sukrit Puri:

Now that you have this data at the firm level, what do you want to do with it? You might want to add some firm-level characteristics. This is again a place where India has a weirdly high quality level of data. You guys may know CMIE — they have this flagship dataset called Prowess, used especially by economists for their projects.

Sukrit Puri:

This is detailed financial information about all listed companies, and call it the largest around fifty thousand companies in India, also the unlisted ones. A big hole in our broader scholarly understanding of firms in general is that we can only study what we can see — so usually publicly listed companies. Publicly listed companies are fundamentally different from the vast majority of firms out there, which are privately held.

Sukrit Puri:

If you really want a sense of how firms generically operate, you need to look beyond what's publicly listed. Prowess gives you access to that. And forget just Prowess — the MCA, the Ministry of Corporate Affairs, has about two and a half million privately registered, formally registered businesses. These aren't the sort of seventeen million small and medium microenterprises with just a GSTIN number, some kirana stores.

Sukrit Puri:

But you have two and a half million formally registered businesses who have board members, annual reporting — that information is also available and queryable from the Ministry of Corporate Affairs. You can purchase this data in bulk. I have, for instance — you can get a surprisingly large amount of information out there, firm characteristics, of course, you can get the historical board membership.

Sukrit Puri:

Individual-level information. You can get loans — secured loans companies have taken out in their history, which bank gave it, how much the loans were, whether it's being paid off or not. You can also pair this with credit registry information, where you can see what assets are collateralizing those loans. So I'm talking today about business and politics — I have a separate sphere of my research, about corporate governance and family businesses in general.

- Sukrit Puri:** And there, I'm using a lot of these things, like credit registry, to understand how companies pledge collateral to access banking services, things like that. So there's a weirdly high level of information available, and I think if you're able to link these things up, you're able to ask a lot of very interesting questions.
- Sukrit Puri:** A pro tip I'd have for people in general is: try to think less like a researcher and more like a private sector participant. There are tons of B2B, business-to-business data providers out there. If we want to study procurement in India, there are government e-procurement websites and things like that.
- Sukrit Puri:** As a researcher, you might think, "I would really love to get a sense of all the contracts out there — how do I find various websites?" If you were a company trying to sell to the government, there are also vendors doing the same thing — capturing all the different tenders posted, aggregating them, sending you daily or weekly updates.
- Sukrit Puri:** If you go to that company that stands as a broker between business and business, and tell them, "Hey, I'm an academic researcher, I want to understand the larger trends," they might be willing to share some of that data. This has happened to me — a lot of these companies I've used to unlock large admin-level data have come from speaking to private sector companies who don't normally work with researchers, because there's an opportunity for you to say, "I think there's some interesting stuff here." They might be interested in working with researchers too, for thought leadership.
- Sukrit Puri:** So there are gains from trade here, and I really encourage people to think creatively — don't think of yourself as a researcher, but think, "If I was a private individual who needed access to high-quality information, where would I go?" And then go talk to those people, and that might become a source of more scalable observational data.
- Sukrit Puri:** Okay, so a key problem with these kinds of things is that often-times firms will have messy original names. You'll have three or four different ways of spelling the same company. The way to fix this is: there's this corporate ID number. The CIN number is this twenty-one-character digit, a unique key that lets you join all these datasets in interesting ways.

Sukrit Puri:

If you take a raw name of a company and get its corporate ID number, you've already learned quite a lot about that company. If you break down the twenty-one digits into its component pieces, you can see if it's private or publicly listed, its industry down to five digits, the state of registration, year of registration, the type of company, registration numbers. When a company evolves — say from unlisted to listed — the registration number won't change, but other things will.

Sukrit Puri:

So you can get a sense of the corporate history of the company as well. It's all embedded in this piece of information. And the other thing is a lot of the data out there — Prowess, the CSR data — use the CIN number, so you can link up to data that's already out there, or form these links yourself. This becomes a nice way to do it.

Sukrit Puri:

So you take the messy name — I developed an entity resolution pipeline, where you take these messy names, and perhaps the best way of doing record linkage, frankly, in this day and age, is to go to Google and get a canonical name, and go to Google and search for these companies — they oftentimes have ways of extracting the corporate ID number.

Sukrit Puri:

And then you go to the MCA registration registry of all two and a half million companies, and find the name of the company. Using this pipeline, you go from having four unique names — if you were to simply ask "how many unique companies do we have here," it looks like four. Once you apply this pipeline, you realize you actually have just one company.

Case studies: capex, CSR, and family business donations

Sukrit Puri:

This allows you to build panels of observations over time — this company did these things in 2002, 2008, and 2016. So you can build panels of political data and observations as a result. Okay, so this is just showing you some steps along the way. What can you do with that?

Sukrit Puri:

Here are some ideas of papers you can write. This is just scratching the surface. There's a lot of unstructured data out there too, from legal documents, newspaper reports — there are crazy LLM tools out there that help you extract this kind of information.

Sukrit Puri:

And now that you know all this firm-level data is out there, you can tell interesting stories from this unstructured data as well. Just to give you a sense of some papers I've been working on and am currently working on — I have a paper that looks at how state elections shape corporate capex. One thing I find is — we kind of know that political risk means companies are less likely to invest, we know this. In the capex data I have, I can show that new investment announcements actually decline in the months leading up to an election in a state.

Sukrit Puri:

But because of the richness of the Indian data, you can also see when projects get completed. You can see that projects actually race to completion before elections. The idea is you have a holdup risk — when an election is coming up and it's a close election, you may not know who's coming to power. And if you don't know, you might think, "the devil I know is better than the devil I don't know," so let me quickly get my project done.

Sukrit Puri:

So you see a race to complete projects just before elections. And when there's a turnover in leadership, the district of the new chief minister becomes the destination for a lot of new investments post-election. So this is basically telling a rich electoral-cycle story of capex spending, which comes from access to that rich data and India's staggered election design.

Sukrit Puri:

Similarly, you can look at CSR spending. The high-level result of that paper is that when there are elections happening at home, in a company's home district or state of registration, they ramp up CSR spending. Companies have a choice of which state to spend their CSR in, and generally there's a home bias.

Sukrit Puri:

But in the years when there are state elections, you see an absolute ramp-up in spending at home. But for elections taking place in states that aren't home, you see them treating it more like an investment — you see them pulling back from states going up for elections. If I'm a Maharashtra-based company and elections are happening in Bihar, you're less likely to make CSR investments in Bihar. But you can't hide from the Maharashtra political process.

Sukrit Puri:

You're in Maharashtra — the Maharashtra political processes will demand you spend that CSR money on projects in Maharashtra. So you see this divergent behavior of CSR spending around election time. In papers three and four — for my job market paper, which is a thing you guys will eventually write if you go into academia — I study how family businesses make donations to political parties.

Sukrit Puri:

The reason this is an interesting question is: we have a sense that individuals and companies make donations to political parties differently. Individuals might be ideological, driven by some expressive need. Companies tend to be more strategic — donate across the aisle, give to many people, donate in higher amounts.

Sukrit Puri:

But when you look at the donation data in India, especially the disclosed donation data, which I'll get to, companies in India actually look more like individuals than what you'd expect companies to behave like. They tend to give to one party, sporadically, small amounts. Even if giving in multiple periods, they tend to give to one party, even if that party is not even in power.

Sukrit Puri:

So what's going on here — the story I highlight is that these are actually family businesses. Once you identify who the donors are, link it up to corporate ID numbers, look at the board membership of individuals on the company board, you see these are family members. Partly because there's an interesting disclosure requirement — board members need to disclose their father's names as well.

Sukrit Puri:

So you can see if the father of a board member is also on that board, which lets you be sure this is probably a family business. And once you see these family businesses, you see they're really treating these corporate donations more like individual donations than anything else. They give to their co-ethnic political parties in small amounts. And when you find more professionalized businesses, you see a lot more of that strategic behavior.

Audience Member:

Cool, questions. First one — you already alluded to it — how do you define family business groups? That's one. And second, are these sporadic donations linked to certain events with respect to their firms?

Audience Member:

Is that something you've tested?

- Sukrit Puri:** Yeah, that's interesting. The family business literature struggles with a general definition of what a family business is. You're restricted to what you have. What we have in the Indian case is board members, and that's a pretty good proxy.
- Sukrit Puri:** I look at other survey-based measures of what a family business is, based on how they self-identify, and then look at board membership, and there's a decent correlation.
- Sukrit Puri:** So what I'm describing is basically multiple family members on the same board, or you can define it differently — 100% family members on a board or greater, or at least two family members on a board.
- Audience Member:** So you're defining family members based on last name?
- Sukrit Puri:** Last names, also residential addresses — the idea is a joint family kind of thing. And also whether the father is on the board. There are different levels of precision or surety you'd want. You might get more false negatives the more demanding your specification is, and false positives with things like common last names, which introduce measurement error.
- Audience Member:** So I'm guessing you have a section in your paper where you talk about how you define this?
- Sukrit Puri:** Yeah, and the choices you can make, and the robustness to that set of choices. To answer your question about whether it's related to events in the corporate history — corporate history is interesting. You do see patterns around the electoral calendar — companies in a certain state are more likely to donate when that state is going up for elections, and in national election years you just see general spikes. But that's an interesting one — I'm curious what you might be thinking, like transition times, or when they're making a new investment, maybe.
- Audience Member:** Because you talked about the holdup problem when there's an election — so if a project is getting completed, maybe there's some factor stopping a particular project, they need some money. It's kind of like a bribe.

Sukrit Puri: That's a really good point, and I think that's totally doable, and it's not something I've done — thank you for the suggestion, I'll get on that right away.

Audience Member: So are they listed or unlisted?

Sukrit Puri: These are also unlisted companies I'm looking at. Yeah.

Audience Member: So they can also be —

Sukrit Puri: They can also be listed.

Audience Member: Is this a form of tunneling?

Sukrit Puri: Uh —

Audience Member: Say more?

Sukrit Puri: So tunneling in the sense that they might, because it's a family business, divert funds from the company to personal use.

Sukrit Puri: Yes, that's exactly right. Yeah. Despite CSR? Yeah.

Sukrit Puri: There's a nice econ working paper that recently came out, which looks at these small family businesses, and they show there's a spike in corporate expenses in the month of the founder's birthday. And you think, okay, I think I know what's going on here — there's a blurring of the line between what is the corporate coffers and what is a private pocketbook, basically.

Sukrit Puri: I think, in general, a story of the Indian business landscape is one of limited liability being flouted a lot. There's a lot of people — in my other work on corporate loans, companies are just pledging their personal assets, houses, to pledge these corporate loans. And you can imagine what that does to risk-taking when your house is literally on the line. So yes, there's definitely some of that going on.

Electoral bonds and opacity in political funding

Sukrit Puri:

Cool. So number four is actually what I wanted to get to. I'm going to give you some cocktail party facts based on paper number four, which is — as you guys probably know about electoral bonds, that was a crazy policy, and I think it allows us a unique vantage point to say something interesting about how companies operate in the Indian political environment.

Sukrit Puri:

So maybe I'll jump into that a little, but there are a lot of interesting questions out there — you're giving some great ideas as well, so hopefully this sparks some ideas, and I'd love to chat with people excited to work on these things. So, firms as political donors — that's where we are right now. Okay, some context about the Indian policy changes around corporate political giving.

Sukrit Puri:

In the sixties and seventies, in a turn of socialism in the Indian state, corporate donations were banned. Companies could no longer make donations to political parties. As we discussed, it didn't really go away — things just went to black money and briefcase politics. Then in the eighties, there are efforts to re-formalize the economy — this is the Rajiv Gandhi era — and donations are re-legalized, and of course capped.

Sukrit Puri:

Capped at a certain amount of trailing profits. Then in the 2000s, there's this great transparency effort in India — in the nineties and 2000s, the RTI gets passed. This was the result of an RTI done by the Association for Democratic Reforms in 2008, and it succeeded — political parties would need to disclose all donations made to them above a certain threshold of twenty-five thousand rupees.

Sukrit Puri:

Sorry, twenty thousand rupees, which at the time people were saying, "in a country like India, this is such a high share of GDP." It was like thirty or forty percent of GDP per capita basically.

Sukrit Puri:

So in a poor country like India, that's a very high disclosure threshold. You have so many people making donations that would never get disclosed as a result. But twenty thousand rupees, even as of 2003, was not a huge amount for companies. So people could say companies can definitely make nineteen-thousand-rupee donations.

Sukrit Puri:

But if you're making donations in the multiple lakhs, that's quite a cumbersome thing to be doing.

- Sukrit Puri:** What you end up seeing is that most of the donations that get disclosed by political parties are mostly coming from corporates, because twenty thousand rupees as a disclosure threshold is not that bad for corporates, whereas it is for individuals. You can make these tax-exempt donations — it gets treated as corporate expenses, that's how it becomes tax exempt.
- Sukrit Puri:** It encourages companies to go through a white-money channel of making donations. In 2017, the caps were removed entirely, and a new channel was introduced — electoral bonds — which allowed uncapped and anonymous donations. So now there was no disclosure requirement, by the companies or by political parties, to disclose where the donations came from.
- Sukrit Puri:** You can imagine right away — ADR immediately sued the government, and the government, with great alacrity, took six years to hear the case, and then in February 2024, against what most of the commentariat was expecting, the Supreme Court ruled that the scheme was illegal. And then, in an even further surprise to me personally, they retroactively required all the donors' identities to be made public.
- Sukrit Puri:** This goes back to 2019, and you can see all the donations that were made under the promise of opacity were suddenly — that promise was broken, and you can see this. So what were previously confidential donations were de-anonymized. This goes through some additional details, but on March 14th, you could see which companies made donations.
- Sukrit Puri:** And on March 21st, 2024, you could see which companies made donations to which party, because those two spreadsheets weren't linked initially, and then they had to do that. Okay, so the research question in general is: how does opacity affect political giving? The opportunity we have is disclosed donation data going back to 2003, and undisclosed donation data going back to 2019. So you can compare and see what types of firms are participating in each channel.
- Sukrit Puri:** What strategies are they using in each channel? What is the net effect for politics as a result? You can imagine a whole host of research questions. I'm going to give you a couple of big-picture ones.

- Sukrit Puri:** In this "how does opacity affect political giving" question — we know this isn't just an India story, it's a global story — there is disclosed political giving, and all our studies, journalistic, academic, whatever, deal with the disclosed donation data.
- Sukrit Puri:** But we know there's a whole world — we're only seeing the tip of the iceberg, and there's a bigger iceberg beneath that's unseen, either through connections, in-kind, or black money. We know there's a larger iceberg out there. The question researchers typically grapple with is: what is the nature of the iceberg you don't see? Is it more of the same iceberg, or a different iceberg?
- Sukrit Puri:** I think one thing we can conclusively say in this setting, because we have a unique vantage point to answer that question, is: it is a different iceberg. That's the long and short of it. So, what does the data look like? If you go to the website on March 14th itself, you download something like this — a date of a donation that was made, the purchaser of the electoral bond.
- Sukrit Puri:** I don't know why they call it bonds — these are not fixed income instruments at all, more like a voucher, but I guess they call it bonds. Very confusing when I present this to a general audience — they're like, "what, does it pay interest?" No, it doesn't. Anyway, you can see a classic problem right there — you have irregularly spelled names, so you do that web-scraping algorithm I mentioned, and get something like this — now you have clean corporate ID numbers, and this allows you to build a panel of electoral bond donations.
- Sukrit Puri:** The disclosed donations are a little more of an ugly beast — a lot more irregular PDFs online. ADR, the Association for Democratic Reforms, has done a good job manually compiling some of these things, but it's not complete. If you really want a complete dataset, which I kind of did, you need to hold your nose and go through reports that look like this.
- Sukrit Puri:** This is a good one. Or like this. Or this. Or, I think my favorite one, this one sometimes as well.
- Sukrit Puri:** So these are PDFs available on the ECI website, and you just need to pour through them a lot. But then you get a nice clean dataset that looks like this — you end up finding about seven and a half thousand unique companies making donations to political parties through the disclosed channel.

Sukrit Puri:

And about eight hundred unique companies buying electoral bonds. And this, if you remember, the point was — we know a lot, or we don't know a lot, but there's so much more we can say we ought to about the large business groups. I think what's missing in an over-focus on the large business groups is that there are so many more companies out there.

Sukrit Puri:

It's not just two or three big family businesses or the big family houses whose names are on the tips of our tongues. There are thousands of companies also participating in the political process, and this is a way for us to see their behavior at scale. That's the opportunity and promise of these things. So, fact number one: the amount of money in politics in India is a lot, and it's growing, and it's coming from corporate money.

Sukrit Puri:

You can see what I've shown you — once electoral bonds were introduced, as a fraction of the overall donations, they outstripped the disclosed donations by a factor of two to three. Opacity really unlocked a ton of value for the political process — political parties were able to raise money a lot more freely. Companies are hesitant potentially to donate disclosedly.

Sukrit Puri:

When you give them a channel to make undisclosed donations, you see a ton more money there. That said, the year after electoral bonds were stopped, I just cleaned up the final year's data — you can see the amount of money now going through the disclosed channel — that was also an election year, so it was naturally a spiky one — but if you notice, the volumes are now just high. You're in a high political-donation equilibrium.

Sukrit Puri:

One thing you can also tell is that corporate donors make up a dominant share of the overall amount of money. Both individuals and companies and organizations can make donations to a political party, either through disclosed channels or electoral bonds, but you see the vast majority coming from corporate donors. Yeah.

Audience Member:

In 2024, 2025, when you see disclosed donations going up — are you looking at the same firms that were donating with opacity, and now that their names have come out, they're like, "okay, we might as well disclose it and give it in the following year," or is it a completely different set of donors?

- Sukrit Puri:** It is — this is a super good question, because it's a question I had as well. It is — the overlap is shockingly small. I was expecting that maybe electoral bonds were just an on-ramp — you're a firm, you want to make a political donation, electoral bonds is your on-ramp, and then, okay, you're a political donor, you continue. Actually, no — you don't actually see people switching.
- Sukrit Puri:** People are very channel-specific. The super large companies will do both, but a lot of the companies, especially the publicly listed ones, I found very happy to substitute to the opaque channel and did not come back to the disclosed channel afterwards.
- Audience Member:** So then is the hypothesis that if the preference for the opaque channel was so strong, then it's just moving to a different kind of —
- Sukrit Puri:** That's, yeah.
- Audience Member:** And that's what it was prior as well.
- Sukrit Puri:** Yeah, that's exactly right. Because the question is what is opacity doing? What you can say is that opacity has utility to some set of companies, and they take advantage of that. When you remove the opacity, they've lost the utility they wanted, and so their threshold to be a donor through white-money channels — they'd rather go to the old ways where you don't have a tax break, but you're probably still politically active.
- Audience Member:** So I'm skeptical. The very big companies of the country, say the Adanis and the Ambanis — I would posit that they would not have gone with the electoral bond route, because they know that the Indian state regularly breaches contracts —
- Audience Member:** just as the Supreme Court did here. You cannot, after seven years, tell that you need to disclose this. So they continue to have their undisclosed funding mechanisms active, and that did not go anywhere.
- Sukrit Puri:** No, I'm okay, actually. I'm fine. Yeah, thank you.

- Sukrit Puri:** Um, yeah, so your suspicion is well founded. One thing that's interesting here is that the policy started in January 2018 — you could start buying electoral bonds. The data you can observe starts in 2019, and the reason is that along the way there were additional tweaks and refinements to the policy, one of which was that in 2019 they agreed to start monitoring who was actually buying.
- Sukrit Puri:** Which means for one year there was no monitoring of who was buying. So you're totally right — the promise keeps evolving. If you're a smart business house, you should probably know not to totally trust the Indian state. And yeah, Ambani — I mean Reliance is not in the electoral bonds.
- Audience Member:** Adani also not in electoral bonds.
- Audience Member:** Especially, but also these kinds of companies would have had previous ties and already have their channels of getting that money.
- Sukrit Puri:** Yeah, I think you're totally right. I do think there's a lot of companies outside of the super — the largest.
- Audience Member:** Yeah.
- Sukrit Puri:** The middle — not small, but growing, in some sense you could think of them as politically aspirational, and — actually I'm going to show you some interesting results about cross-party donations, who they're actually donating to. It's not just a BJP story. For other parties, this is an opportunity for us to understand the party logic and incentives as well. I think it became very easy for other parties too to raise money through this channel, not just the BJP.
- Sukrit Puri:** But yeah, I think these suspicions are correct, and I think it's something that haunts any of these kinds of observational studies.
- Sukrit Puri:** Um, yeah, so firms and the marginal donor. Yes, yeah.
- Audience Member:** Sorry, I don't want to take too much time, but this is a fact to me — in the US the marginal donor is the individual.

- Sukrit Puri:** Yes.
- Audience Member:** But we see and hear a lot about political lobbying and PACs. So those numbers are small compared to individuals? Is that what you're saying?
- Sukrit Puri:** Yeah, I think it's a feature of — what you have is lobbying is done by companies, but campaign donations tend to be done by individuals — well, by companies also through these PACs, but I think what you'll find is that a few races get a ton of attention, there's a power-law relationship, a few races and a few individuals get a ton of attention, but the vast majority of races don't have that much corporate money going to them, but you do have individuals making these donations.
- Sukrit Puri:** Now, are individuals donating on behalf of the company? There's also some reason to think maybe they are. But that's why you can have things like Bernie Sanders being able to crowdsource and organically fund a well-funded electoral campaign, because you have a country like America where it's a rich country, which means individuals have enough money to donate and actually fund a well-funded campaign.
- Sukrit Puri:** I think that's the difference in a developing country, where average incomes are lower — you don't have enough from individual purses to fund a broad well-funded campaign. You need to go to the companies. In Brazil as well, the marginal donor is a company, not an individual. America is a case where the marginal donor is an individual, not a company.
- Sukrit Puri:** So that's one point of departure you can say here. Yeah.
- Audience Member:** So how confident are you with this electoral bond data, because I remember when I looked into this data a couple of weeks back, one of the largest donors was this guy from Tamil Nadu, Martin, who has a criminal record, and the other companies were also infrastructure companies. It doesn't explain our larger view of who the major donors to political parties are, pretty much like you said, Adanis and Ambanis. So does this data really explain the reality of Indian politics and firm relationships?

Sukrit Puri:

Hard to say, and I think that's a debate worth having. My humble point here is to say: here's what it reflects, and I'll show you some sense-checks. I think these are good questions to ask about how well it reflects reality — that's a good debate, and what I'd want to see, if you were to posit that, is to show me the ways it fails.

Sukrit Puri:

I think there are some really good points — look, Adani, Ambani, surely they're political beings, so it's not capturing that. Absolutely, happy to concede that, and it's not my data, so I'm simply, transparently, doing these things. I think it's not irrelevant, is my point. When I started working on these things and telling people I was working on the disclosed donation data especially, the general view I was getting was, "oh, this is small potatoes, it's nothing, don't waste your time working on this, it doesn't tell you anything about politics in India."

Sukrit Puri:

And I would say it actually does tell you stuff about politics in India. It may be that it doesn't say everything, but I would doubt that it says nothing about politics in India.

Donor characteristics and giving strategies

Sukrit Puri:

Okay, so let me go to cocktail party fact number two, which is the question of who is actually the donors here. What you find is that not many firms donate.

Sukrit Puri:

When you look at the seven, eight, nine thousand companies, that makes up less than one percent of companies in India that are donating — about five percent of NSE-listed companies are actually making donations. That's a small number. How can you characterize these companies? Well, they tend to be more sophisticated, is the shorthand way of saying — I can show you revenues, assets, paid-up capital, they tend to be older, they tend to be more likely to be publicly listed.

Sukrit Puri:

You can see there's a general gradient of sophistication — the more sophisticated a company, the more participation, the more likelihood of participating in these formal political channels. That's what you're finding. I want to say though, that the number being very small — yes, that's definitely the case — non-donor does not mean non-political, I think, is a thing to fix ideas here.

- Sukrit Puri:** About eight, nine thousand companies are making donations to political parties, and yes, it's very clearly a size gradient as well. The publicly listed companies, about seven percent; amongst the largest five hundred companies in India by revenue, about twenty-three percent — a quarter of them. So there's a clear size gradient. One thing I want to say — this is actually pretty consistent even in an American context.
- Sukrit Puri:** Lobbying we hear a lot about, but the number of firms that actually lobby is about ten to fifteen percent of public listed companies out there. Not every company wants to lobby.
- Sukrit Puri:** If you think about what a company is doing, its core competence is not politics. It's forced to do politics sometimes, and sometimes companies have a non-pecuniary interest in doing politics, but it's not a typical case that a company would like to be doing politics. Again, I think the thing to fix — it's not the same to say, "oh, you're not doing politics, therefore you're not exposed to politics." That's not the case.
- Sukrit Puri:** If you simply take the enterprise survey from the World Bank, and look — I don't know if you've worked with this, but you can ask simple questions, like what's the share of companies expecting to give a gift to secure a government contract, or experiencing a bribe. We're looking at much higher numbers — like forty-six percent of companies expect to give a gift to achieve a government contract.
- Sukrit Puri:** That's a much higher number than the people actually making donations. So maybe you want to think about which firms are trying to "make" politics versus "take" politics. That might be one way to think about this. But I think it raises the question — I think it just tells you that you cannot ignore the political environment, but there's a choice about who wants to participate in this formal way as a donor.
- Sukrit Puri:** Donations are just one way of participating in the political process. There's a myriad of other ways. This is simply one, and a well-established one.

- Audience Member:** So I feel there's one important and interesting piece that needs to be done, and maybe somebody has already done it, but if not, it's worth doing. I find it interesting to choose some level of the CMIE industry tree — maybe the top level, second level, third level, the largest number of industries — and for each industry get to a concept of a score of the intensity of government engagement.
- Audience Member:** Okay? So hypothetically, you're a computer software exporting company. Now your engagement with the Indian state is essentially zero, and it's worth — okay.
- Sukrit Puri:** You're exactly right. IT, compared to the overall share of IT companies out there, the share that are making donations to political parties is like seventy-four percent less.
- Audience Member:** It would be good to develop methods for this.
- Sukrit Puri:** Yeah, yeah.
- Audience Member:** So we should think about methodology. And this is a time-varying target. For example, I've long seen and thought, one by one, as the regulators came up in India, one industry after another got converted from relatively freewheeling to being crushed by politics.
- Sukrit Puri:** That's interesting.
- Audience Member:** So one by one, as the regulators came up, they seized control, a central planning system for one industry after another. So there's a time-series demand.
- Sukrit Puri:** That's interesting.
- Audience Member:** But food safety was unregulated, and then food safety got FS-SAI, and now food companies are under the footprint of a non-rule-of-law government agency. And so on, one by one. It's very interesting to juxtapose that case. So I feel two different angles — one is a methods question.
- Audience Member:** It's interesting and important to ask.

- Audience Member:** I was also thinking of LLM-based analysis of newspaper stories, industry by industry — is the government breathing down your neck or not, okay? Second is donations, and then there's a time-varying dimension to it, and then what does it do to firm productivity? What kinds of firms play in what kinds of industries? So I feel that's a very important angle.
- Audience Member:** I personally know private equity funds who have very clearly made this call — is it our competitive advantage to manage the government environment, or no, our competitive advantage is we know how to build businesses, so we'll stay away from any business that involves the government.
- Sukrit Puri:** That's absolutely right. I think that's perfect. It's such an interesting idea, seeing the evolution of the regulatory state and therefore the evolution of industries as political actors. There's some work that's been done — I think Gandhi and Walton have this idea of "rent-thick sectors," and you can see that things like construction, mining and quarrying — this isn't principled as a methodology, but the rent-thick sectors like construction and mining, you see a lot more overrepresentation of those sectors as donors, whereas things like IT and other services —
- Audience Member:** As an example, real estate.
- Sukrit Puri:** Yeah.
- Audience Member:** You'll get the time series where, one by one, the Indian state built out the RERAs and got this sector under their thumb, and now suddenly the dynamics changes.
- Sukrit Puri:** I think that's a super interesting idea. And to that point, your idea of the regulatory state breathing down the neck — in this same paper, I show what drives participation. I'm not going to show you results here, but the Enforcement Directorate is a body with great agency and discretion.
- Sukrit Puri:** And what you find is that when the ED does a raid or asset seizure of a company in a certain location, six months later, companies around that targeted company start making donations. Yeah. So, I don't know if it's a correlation — maybe something was happening in that area that prompted the ED to act with great responsibility, or if it was more of a shake-down.

Sukrit Puri: I don't know if it's an intentional shakedown, or if it's fear.

Audience Member: You know —

Sukrit Puri: You know. Yeah, so there is something about this idea of breathing down the neck that's very clear, and I think it would be nice to do that with a regulatory evolution timeline, but you can see it even in discrete events like that. But cool, thank you for pre-empting what I was just going to say, which is who is actually participating is an interesting question.

Audience Member: While I'm on this subject, income tax rates are very, very interesting. Our friend Shubho Roy has been doing work on the time series of the spend of CBI, the spend of the ED, the spend of the income tax, the number of raids. Some of this data can be extracted, and then with newspaper stories, you can get fine-grained information that this person got raided.

Sukrit Puri: Yeah, yeah. So the income tax, of course, you'd have to use newspapers, and newspapers have their own issues. Enforcement Directorate puts out press releases for everything — even if they're unveiling a new sign in their Chennai branch or something, they have press releases, they're just out there as PDFs.

Sukrit Puri: Now, I will say, the archive used to go back to 2021. I think a couple of months ago they removed that, and now it only goes back six months. But when I collected this data, that was in November, so I have the PDFs going back to 2021. Now no one else can do this, but I have the PDFs, which you can use entity extraction on to figure out who's an individual, who's a politician, who's a company, things like that.

Sukrit Puri: But anyway, a lot of opportunity, is what I'm saying. Fact number three — the hidden channel is different. What I showed you here is the kinds of companies participating are slightly different, but generally on a sophistication gradient. What I'm doing now is looking at the strategies — if you're a donor, what strategies might you employ, and how might they be different.

Sukrit Puri: I told you the disclosed donation — these are the light bars — and the black bars are the dark money.

- Sukrit Puri:** Anyway, so the number of donations, I told you, was kind of sporadic for companies in the disclosed donation channel, and my explanation was that these are — I mean, not small, but family businesses making small-dollar donations.
- Sukrit Puri:** You can see that when it comes to electoral bonds, you see a lot of the classic patterns playing out — they're making a lot more donations, greater amounts, to many more political parties. Yeah.
- Audience Member:** Is this across your whole timeline of data, or per year?
- Sukrit Puri:** No, this is just a cross-section across everything. Yeah, yeah.
- Audience Member:** So the time series for your disclosed donations is actually much longer, but it's still only like one donation.
- Sukrit Puri:** That's right, that's right. Yeah.
- Audience Member:** So I have this question, because I don't know the mechanics behind the electoral bond part, but what I feel from this data is that because companies think the other parties don't know, they just hedge their bets and donate to every single party, and that's why you see the number of donations jump up. Otherwise, they're just afraid of repercussions of supporting their opponents. I think that's —
- Sukrit Puri:** Thank you, that's — I've been saying this. Yes, that's right. Opacity actually — there are two pools here, two forces that might stop a company from making a donation. One is reputation — you're telling the world, and if the world knows, maybe that's a problem.
- Sukrit Puri:** But then there's also telling other political parties.
- Sukrit Puri:** So the origin of the electoral bond scheme — Arun Jaitley said in the House of Parliament, believe it or not, that this was to boost transparency. This is a violence to the word transparency, but that was literally the point — transparency. The reason was, what happens is you have parties that come to power and are retributive, and go after the donors or companies that supported the outgoing political party.

Sukrit Puri:

So that's very bad. What this will do is increase transparency of the system — instead of dark money, bags of cash, you give white money, it'll be much better, and no one needs to know, and everything is good. So yes, he identified the second channel, which is retribution from politics. The awkward thing is that when the dominant party today, by creating this transparency, this opacity where political parties can't see who's donating to whom, they actually blunted their own ability to wield retributive power over the people donating.

Sukrit Puri:

Now, I don't think we should spill too many tears for the BJP — they got a lot of money from this scheme. But one very interesting thing is that, as a share of party recipients, the BJP actually got less under electoral bonds than under the disclosed channels. Before the data was disclosed, everyone thought this was a story of asymmetric transparency —

Sukrit Puri:

the other parties don't know, other firms don't know, but surely the party in power that controls the State Bank of India would know. And maybe they did know, but you also see that electoral bonds, compared to other channels, the BJP's share of donations was actually much less. And you see a lot more hedging behavior around close elections — a spike in donations to other political parties — whereas in the disclosed channel, you don't see that kind of hedging behavior.

Sukrit Puri:

I think what's interesting here is that when you hide — there's a nice theoretical, game-theory type paper in the Journal of Politics, which looks at how dark money enables extreme candidates in the American context, because there are audience costs, and if people see how you're donating, it forces you to moderate a bit and donate to the moderate candidate, so you don't look bad. But under the cover of darkness, you can express your full preference.

Sukrit Puri:

They're looking at candidate-level stuff, extremism. In the Indian context, I think the story is one of opposition support, and opacity loosens the ability for companies to support an opposition, for a variety of reasons. A lot of them, the TMC, the BJD — these were parties that really benefited, and they were probably benefiting from receiving donations from companies that had something to gain from those parties coming to power as well.

Sukrit Puri:

So this is not a story of great Kumbaya, democratic participation. It's a story of agents acting in their self-interest, but it does produce more electoral competition, insofar as political funding produces competition.

Open questions and closing takeaways

Sukrit Puri:

So, some takeaways — I think we're doing fine on time. Um, yeah.

Audience Member:

A last thing — I'm just trying to understand a little more about the motivations behind these one-time donors. I remember one of your pictures was a donation to ADMK, a massive Jayalalithaa picture, and I think that was a 2009 donation. I was just checking, and it was a general election in Tamil Nadu at that time. So if you're thinking of this as people donating only once, and doing it for some kind of public support, since these are disclosed donations — are all of these tied to election events, and otherwise your money channels function as they normally do, but they want that public support only around election time?

Sukrit Puri:

Yeah, yeah. So it's not just that, it's a good question. I do find spikes around election times, but the story I'm telling in my paper, which is on my website, is about co-ethnic contacts, basically. You're right that the timing is not random — something is happening, either in the corporate history or in the electoral schedule of the country or the state.

Sukrit Puri:

But the point is to say — why give to AIADMK, or in the case of more obvious parties, like the IUML or the Shiromani Akali Dal — why would they get donations from specific businesses? That's where you see religion and caste ties playing out. Maybe it's around election time, so AIADMK is asking for donations, but who are they asking from, and it's those individuals who live within their relationship network.

Sukrit Puri:

The idea is that family businesses exist in these embedded networks of relationships, and it's easier for them to call on —

Audience Member:

Yeah, I guess what's interesting is that they're not being asked to shore up those donations — you're not being asked to prove your loyalty over and over in that sense.

- Sukrit Puri:** Yeah, yeah, it's an interesting question. Frankly, I don't think we're totally solved on this. I think one way to solve it is to say, look, these are individuals, individuals donate sporadically — the guy is just getting a tax-exempt way to make an individual donation. That's an Occam's razor explanation, but I don't think it's all of it.
- Sukrit Puri:** These are companies in the end, they're strategic beings, but they're making small donations, one or two lakhs, which isn't a huge amount for a company, or even for a rich individual.
- Sukrit Puri:** But look at the electoral bonds, and average donation sizes are in the several crores. So I think I'm probably done, but the takeaways are — corporate politics in India, big, growing, understudied, and I hope I've convinced you that it's an interesting area to continue doing more research on.
- Sukrit Puri:** A handful of admin data, and then a ton of interesting — we already had some nice conversations right here, three or four ideas have just been sparked like this —
- Sukrit Puri:** which hopefully either myself or you guys in the room will actually go ahead and run with. Some open questions — why don't more firms participate in politics? We're talking about what the benefits are. A fundamental answer to this question is a bit like — there's a classic question in American politics, why so little corporate money in politics.
- Sukrit Puri:** Despite all we hear about there being so much money in politics, and Elon Musk blah blah blah — as a share of average spend, ad spend or something, these companies' political spending is a drop in the ocean. Even when the electoral bond stuff was taking place, I talked to some market participants, some institutional money managers, and asked what's going on. They said, well, large amounts are coming from some companies, like Megha Engineering and these things.
- Sukrit Puri:** But from the publicly listed companies — this did capture a lot of sentiment and mind share, and a lot of retail participation in Indian stock markets, so you did see some movement in the stock market. But as a fundamental story, it's de minimis — it's not a major share of their average annual spend on ad spend or R&D or anything like that.

- Sukrit Puri:** So maybe they actually don't get that much from politics in the first place, which is why they don't do this, and a more efficacious way is to simply bribe the local guy. That's not going to show up in this data. This is maybe a low-efficacy, more expressive form of politics, maybe — who knows. But it raises the question, maybe firms aren't getting anything from this type of politics, which is why they don't participate.
- Sukrit Puri:** Other forms of connections — this is simply one form of connection, there are so many other ones. A useful thing I'm starting to look at now is: I have board members of all companies in India, formally registered board members, and their residential addresses.
- Sukrit Puri:** And I think if you have companies, you have politicians — ADR has lists of politicians — it may not be that the individual politician is on the board of a company, but they might have children or something like that on the board. There might be ways of drawing these political networks that exist without needing to do transactions like "here's a bond." That's a potential opportunity here, describing these networks.
- Sukrit Puri:** And then, frankly, a question that really scratches my head is: do voters actually care? It's not obvious to me that this necessarily moves the electoral needle or not. As researchers, as people who care about these things, of course it matters to us, and maybe that's sufficient to motivate your own inquiry, because the world is your oyster. But do voters care?
- Sukrit Puri:** Not totally clear to me that they do, and I think that would be something that — if you guys have answers to these questions, I'd love to know.
- Sukrit Puri:** I think that's time.
- Sukrit Puri:** Yes. Is it?
- Sukrit Puri:** Right? Okay, good. Got it. So, thank you guys so much, and, all right, great.