



## Electoral Bonds

**For Prelims:** Electoral bonds

**For Mains:** Electoral bonds, Associated Issues Against the Electoral Bonds, Elections Funding, criminalization of politics.

### Why in News

The **19<sup>th</sup> tranche of electoral bonds**, which have been pitched as an alternative to cash donations, were on sale, ahead of the upcoming Assembly elections in five States.

- In the past, the **Supreme Court has raised the possibility of misuse of money** received by political parties through electoral bonds.
- This may defeat the original idea of the introduction of these bonds to **bring transparency in electoral funding** and keep a **check on the criminalization of politics**.

### Key Points

- **About Electoral Bonds:**
  - These bonds are issued in **multiples of Rs. 1,000, Rs. 10,000, Rs. 1 lakh, Rs. 10 lakh and Rs. 1 crore** without any maximum limit.
  - **State Bank of India is authorised** to issue and encash these bonds, which are valid for fifteen days from the date of issuance.
  - These bonds are **only redeemable** in the designated account of a **registered political party**.
  - The bonds are available for **purchase by any citizen of India** for a period of ten days each in the months of January, April, July and October as may be specified by the Central Government.
  - A person being an individual can **buy bonds, either singly or jointly with other individuals**.
  - **The donor's name is not mentioned on the bond.**
- **Associated Issues:**
  - **A Blow to Democracy:** Through an **amendment to the Finance Act 2017**, the Union government has **exempted political parties from disclosing donations received through electoral bonds**.
    - This means the voters will not know which individual, company, or organization has funded which party, and to what extent.
    - However, in a representative democracy, citizens cast their votes for the people who will represent them in Parliament.
  - **Compromising Right To Know:** The Indian Supreme Court has long held that the **“right to know”**, especially in the context of elections, is an integral part of the **right to freedom of expression (Article 19) under the Indian Constitution**.
  - **Against Free & Fair Elections:** While electoral bonds provide no details to the citizens.
    - The said anonymity does not apply to the government of the day, which can always

access the donor details by demanding the data from the **State Bank of India (SBI)**.

- This implies that the government in power can leverage this information and disrupt free and fair elections.
- **Crony Capitalism:** The electoral bonds scheme removes all pre-existing limits on political donations and effectively allows well-resourced corporations to fund elections subsequently paving the way for crony capitalism.

## Way Forward

- **Transparency in Elections Funding:** In many advanced countries, elections are funded publicly. This ensures principles of parity and there is not too great a resource gap between the ruling party and the opposition.
  - **2<sup>nd</sup> ARC, Dinesh Goswami committee**, and several others have also recommended state funding of elections.
  - Further, until the elections do not get publicly funded, there can be caps or limits on financial contributions to political parties.
- **Judiciary Acting as an Umpire:** One of the most critical functions of an independent judiciary in a functioning democracy is to referee the fundamentals of the democratic process.
  - Electoral bonds have raised questions on the electoral legitimacy of the government and thus the whole electoral process has become questionable.
  - In this context, the courts should act as an umpire and enforce the ground rules of democracy.
- **Transition Towards Civic Culture:** India has been working well as a democracy for nearly 75 years.
  - Now in order to make the government more accountable, the voters should become self-aware and reject candidates and parties that violate the principle of free and fair elections.

**[Source: TH](#)**

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