



Electoral Bonds & Its Issues

This article is based on [“Here is why the electoral bonds scheme must go”](#) which was published in The Hindu on 26/03/2021. It talks about the associated issues with the electoral bonds.

In less than three years of their introduction, by virtue of the anonymity they offer to donors, [electoral bonds](#) have become the most popular route of political donation.

However, many political experts are of the opinion that electoral bonds in their design and operation, allow for limitless and anonymous corporate donations to political parties. This violates the basic tenets of India’s democracy by keeping the knowledge of the ‘right to know’ from citizens and voters.

Due to this, in the wake of the upcoming State elections, the Association of Democratic Reforms (ADR) has filed a petition in the Supreme Court, seeking a stay in the electoral bond. The Supreme Court has reserved orders on the question of whether or not to stay the electoral bond scheme.

Associated Challenges With The Electoral Bonds

- **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 and have the right to do so on the basis of full and complete information.
- **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 under the Indian Constitution.
 - By keeping this knowledge from citizens and voters, the electoral bonds scheme violates fundamental tenets of our democracy.
- **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.
- **Opposition by Election Commission of India:** The Election Commission, in May 2017, objected to the amendments in the Representation of the People (RP) Act, which exempt political parties from disclosing donations received through electoral bonds.
 - It described the move as a “retrograde step”.
- **Institutionalizing Corruption:** The electoral bonds scheme removes all pre-existing limits on political donations and effectively allows well-resourced corporations to fund elections and

subsequently paving the way for crony capitalism.

- Further, as the electoral bonds scheme allows even foreign donations to political parties (which can often be made through shell companies) the prospects of institutional corruption increase with the electoral bonds scheme, instead of decreasing.

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.
 - 2nd 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.

Conclusion

It is essential that if democracy is to thrive, the role of money in influencing politics ought to be limited. Thus, it is imperative that the scheme of the electoral bonds should be revised.

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Electoral Bonds violates the basic tenets of India's democracy by keeping the knowledge of the 'right to know' from citizens and voters. Comment.