



Mains Practice Question

Q. Whether electoral bonds are effective in ensuring fair, just and open elections? Discuss the various concerns regarding electoral bonds. (250 words)

15 Nov, 2022 GS Paper 2 Polity & Governance

Approach

- Start your answer by briefly describing electoral bonds.
- Discuss how they ensure fair, just and open elections.
- Discuss various concerns regarding electoral bonds.
- Conclude accordingly.

Introduction

- **Electoral bonds** are money **instruments like promissory notes**, which can be bought by companies and individuals in India from the State Bank of India (SBI) and donated to a political party, which can then encash these bonds.
- The bonds are only redeemable in the designated account of a **registered political party**.
- A person being an individual can buy bonds, **either singly or jointly with other individuals**.

Body

- **Electoral bonds help in ensuring just, fair and open elections:**
 - We can say that Election bonds make it simple for regular people to provide money to the political parties of their choice.
 - **Enhance Transparency:** The main goal of the electoral bonds programme was to increase the level of transparency in India's election financing.
 - **Anonymity:** The procedure makes sure that the donor's identity is kept a secret.
 - **Increased accountability:** As the Election Commission receive information from the political parties regarding contributions made through electoral bonds. This would result in assist in improving India's electoral financing system.
- **Concerns regarding electoral bonds:**
 - **Possibility of Extortion:**
 - The fact that such bonds are sold via a government-owned bank (SBI) leaves **the door open for the government to know exactly who is funding its opponents**.
 - This, in turn, allows the possibility for the **government of the day to either extort money, especially from the big companies**, or victimise them for not funding the ruling party — either way providing an unfair advantage to the party in power.
 - **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 **Supreme Court of India** 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.
- **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.
 - Crony Capitalism is an economic system characterized by close, **mutually advantageous relationships between business leaders and government officials.**

Conclusion

- There is a **need for effective regulation of political financing** along with bold reforms to break the vicious cycle of corruption and erosion of quality of democratic polity.
- It is crucial to **plug the loopholes in the current laws** to make the entire governance machinery more accountable and transparent.
- Voters can also help bring in substantial changes by demanding awareness campaigns. If voters reject candidates and parties that overspend or bribe them, democracy would move a step higher.

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