



IAS PARLIAMENT

Information is Empowering
A Shankar IAS Academy Initiative

Electoral Bonds Scheme

Why in news?

Recently Supreme Court refused to stay the sale of electoral bonds ahead of Assembly elections.

What is the issue with Electoral Bond scheme?

- It is a promissory note which can be bought by any Indian citizen or company incorporated in India from select branches of SBI which can be donated to any eligible political party.
- In India, for the last three years, electoral bonds have become the dominant method of political party funding.
- It allows for limitless and anonymous donations to political party which means that well-resourced corporations can buy politicians by paying immense sums of money.
- Since the donations are routed through the SBI, it is possible for the government to find out who is donating to which party.
- It becomes a very effective way to squeeze donations to rival political parties.

Why transparency in political funding is required?

- If democracy has to thrive, the role of money in influencing politics ought to be limited.
- Across the Democratic societies, it has been proven that money is the most effective way of buying policy and it skews the playing field towards one parties' favour.
- When citizens are unable to find the source of funds for the political parties, it denies them the right to know the complete information of candidate contesting in the election.
- Moreover Supreme Court held that right to know, especially in the context of elections, is an integral part of the right to freedom of expression.
- By keeping this knowledge from citizens and voters, the electoral bonds scheme violates core principles of the Indian Constitution.
- In many advanced countries, elections are funded publicly and principles of

parity ensure that there is no big resource gap between the ruling party and the opposition.

- In countries where elections are not publicly funded, there are caps on financial contributions to political parties.
- This guarantees a somewhat level playing field among the political parties.
- But the government justifies the scheme by arguing that it prevents the flow of black money into elections.

Why Judiciary needs to act now?

- One of the most critical functions of an independent judiciary in a functioning democracy is to referee the fundamentals of the democratic process.
- Governments derive their legitimacy from elections and it is elections that grant governments the mandate to pursue their policy goals.
- The electoral legitimacy of the government is questionable if the electoral process has become questionable.
- Since the government itself cannot regulate the process, the courts remains as the only independent body that can adequately enforce the ground rules of democracy.
- Hence courts must be sensitive to and cognisant of laws and rules that seek to skew the democratic process and the level playing field.

What can we infer from this?

- It is unclear that how donor anonymity, limitless donations prevents the flow of black money.
- Since this scheme allows foreign source funding to political parties, the prospects of institutional corruption increases.
- It is clear that the objection to the scheme is not objections rooted in political morality but they are constitutional objections.
- The right to know has long been enshrined as a part of the right to freedom of expression.
- Moreover no cap in political donations violates the principle of equality before law and creates arbitrariness in the election process.
- Thus, the electoral bonds scheme deserves to be struck down by the courts as unconstitutional.

Source: The Hindu



IAS PARLIAMENT

Information is Empowering

A Shankar IAS Academy Initiative