



What are Electoral Bonds?

- Sold four times a year (in January, April, July, and October), electoral bonds allow political parties to accept money from donors whose identities are kept anonymous.
- The electoral bonds system was introduced in 2017 by way of a Finance bill and it was implemented in 2018.
- They serve as a means for individuals and entities to make donations to registered political parties while maintaining donor anonymity.

Features of Electoral Bonds

- State Bank of India (SBI) issues the bonds in denominations of Rs 1,000, Rs 10,000, Rs 1 lakh, Rs 10 lakh, and Rs 1 crore.
- Payable to the bearer on demand and interest-free.
- Purchased by Indian citizens or entities established in India.
- Can be bought individually or jointly with other individuals.
- Valid for 15 calendar days from the date of issue.

Authorized Issuer:

- The authorized issuer is the State Bank of India (SBI).
- Electoral Bonds are only available at certain SBI branches.



Political Parties Eligibility:

- Only political parties registered under Section 29A of the Representation of the People Act, 1951 and having received at least 1% of the votes cast in the most recent general election to the House of People or the Legislative Assembly are eligible to receive electoral bonds.



Purchase and Encashment:

- Electoral Bonds can be acquired digitally or using cheques.
- Encashment is only possible through the political party's authorized bank account.

Transparency and Accountability:

- Parties must disclose their bank account with the Election Commission of India (ECI).
- Donations are made through banking channels, ensuring transparency.
- Political parties are obligated to explain the utilization of the funds received.

Advantages:

- Greater transparency in political party finance.
- Accountability in revealing donation usage.
- Discouragement of cash transactions.
- Donor anonymity is preserved.

Challenges:

- Electoral bonds are donations to political parties that conceal the givers' and recipients' identities.
- They may jeopardize the right to know, which is part of the right to free expression under Article 19 of the Constitution.
- Government access to donor data may threaten anonymity.
- This means that the ruling government can use this information to disrupt free and fair elections.
- Unauthorized gifts have the potential to violate regulations.
- There is a risk of crony capitalism and the infiltration of black money.
- Loopholes regarding transparency for corporate entities and donation limits.



What do the SC, ECI, SBI, and the government say about the Electoral Bond?

Supreme Court of India

- In its November 2 order, a five-judge Bench headed by Chief Justice of India DY Chandrachud noted that the Supreme Court had asked the Election Commission to produce the data of electoral bonds in an interim order on April 12, 2019.



State Bank of India

- Since the details of donors are exempt from RTI, SBI has only been providing the total number of EBs sold and encashed over the years and the number of parties eligible to encash EBs in various RTI replies.



Income Tax Department

- The scheme allows donors to claim Income Tax exemption.
- When asked how many taxpayers had claimed the exemption and the amount of tax exempted, the Income Tax Department said in an RTI reply that "Data not available with ITD".



Election Commission of India

- Parties only provide the Election Commission with the aggregate amount of donations received through electoral bonds every financial year in their annual accounts' statements.
- These reports are made public by the ECI after vetting.

