

ELECTORAL BONDS: EFFICACIOUS OR A CAMOUFLAGED ROAD TO TYRANNY

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ABSTRACT

Recent changes are introduced for raising political donations in the finance bill, 2017 to curb the flow of black money reaching the political parties through **Electoral Bond Scheme** and to create transparency. Sovereignty, being non-negotiable for every nation can be threatened by external influences gaining grip over the administration and political set-up by power of money. To resolve the problem of foreign influences, Foreign Contribution (Regulation) Act, 1976 came into force to prevent political parties from receiving foreign donations and made election donations even more transparent. In view of the recent amendments that have been made in the Act by bypassing the judicial verdicts where political parties were found guilty of foul play, it is not difficult to receive foreign donations. The present paper aims at analysing the **electoral bond scheme** and aftermath by discussing the **political fund-raising** options in different countries and providing suggestions. The paper has critically analysed the electoral bond scheme which in addition to opening the floodgates for political donations has also made the mockery of transparency. The paper discusses how different democracies have addressed the issue of Election-funding by introducing State Funding to make elections fair, transparent because transparency and accountability form the very basis of democracy.

INTRODUCTION

The Largest democracy of the world, India having a population of 1.35 billionⁱ, direct representation seems farfetched. Thus, Universal Adult franchise allows each individual to elect the representative with whom his ideology aligns. Political parties, organized groups based on a political ideology which put forward their candidates contest to elections and form the government on the basis of the first past the post electoral system, which is a clear majority. Emerging victorious in election requires money for extensive campaigning, image building of candidate, propagation of respective ideology and intended government schemes. This entails hundreds of party workers working tirelessly day and night, spreading awareness, organizing rallies, setting-up stage for addressing the public, distributing pamphlets, printing posters, displaying hoardings, advertising on the television, radio, and social media platforms through internet which necessitates spending of enormous amounts by political parties for every election. With efflux of time, the funds started getting used for unethical activities like distributing giftsⁱⁱ, giving free meals to collect people during the speeches and campaigns, distributing alcoholⁱⁱⁱ, Brand Building by spreading fake news^{iv}, giving money to Dummy Candidates^v etc. These activities require the money to be wasted like water, with no ultimate benefit to the nation or the citizens.

Funds acquired for the purpose of Political party funding should be transparent, legal and regulated. The money received by some un-ethical means or money spent in some un-ethical means will be detrimental for the economy and the citizens. The huge flow of money in elections creates a tendency amongst the people in power to hoard the money during their tenure to arrange funds for contesting next elections. The question which always bothers the citizens is the source of money spent extravagantly by political parties during elections. There was a new scheme, Electoral bond scheme, 2018^{vi} introduced in 2017 in the Lok Sabha by the then Finance Minister. These Electoral bonds aim at curbing the flow of black money during elections and maintaining anonymity of the voters at the same time. The paper is an analysis of the pros & cons of the scheme and will suggest an alternative to curb the drawbacks of the political party funding scenario.

POLITICAL PARTY FUNDING

Political Party funding is the method by which funds are raised by political parties to campaign for elections. Funds are obtained from party members, individual supporters, organizations and companies. There are different ways to get political party funding.

When significant funds are raised through general population in small amounts as in U.S., Canada, Netherlands and Switzerland^{vii} it is called **Grassroot Fundraising**.^{viii} This can be facilitated by nation-wide lotteries, direct mail drives, events at local level, internet solicitation or even yard sales. The amount collected from this unreliable method is fluctuating as donations keep on fluctuating depending upon economic situation of the country to the number of citizens that are willing in that particular year. **Plutocratic finance** are the funds are raised from corporate houses, affluent people, successful entrepreneurs.^{ix} There are high probabilities of the donor extracting favours from the parties once the party is in power.

Public subsidies or the **state funding** puts "the costs of democracy"^x on taxpayers.^{xi} This is done by providing benefits in cash or in kind, and by allowing free access to public through media like Israel.^{xii} UK, USA provide for small public subsidies but leave other fund raising options open, while Sweden, Germany, Israel and Japan provide for enormous public subsidies. There are various criticisms of state funding as well.^{xiii} This method limits opportunity to build candidate's public image that is provided to a political party. The public has to evaluate candidates on the basis of limited time for presentation given by the state rather than evaluating them on long-term commitment shown by the enthusiasm of the party during campaigning. Japan & Israel levy more taxes when compared to their Anglo-Saxon peers. This is because 40%-60% of annual budget is allocated for state funding of political parties. This demands high level of transparency.

A. Other Legal Frame-work related to Election Expenditure in India

1. Election Commission is for directing, controlling and supervising parliamentary and assembly elections. Election commission is to ensure that the electoral process does not fall prey to misuse of money & power.^{xiv}
2. A separate and a correct account of expenditure is to be maintained by every candidate between the date of his nomination and declaration of the election result. Failure to

maintain such an account will be electoral offence.^{xv} The particulars of the account are laid in Conduct of Election Rules, 1961.

3. The expenditure of the candidates is subject to certain prescribed limits.^{xvi}
4. Accounts with respect to the election-expenditure are to be registered with the District Election Officer or DEO by the contesting candidate in thirty days from election result declaration.^{xvii} Failure to file such statement can result in the disqualification of the candidate by Election Commission of India.^{xviii} In *Common Cause v. Union of India*, 2005 it was directed that the expenditure statement to ECI is to be filed in prescribed format, which is before completion of 75 days and 90 days of Assembly elections and Lok Sabha elections respectively.
5. Election Commission holds the requisite powers to conduct necessary enquiry to ascertain the fact about the compliance of statutory requirements in the matter of submission of election expenses accounts.^{xix}
6. Election Commission can appoint officers to monitor and gather evidence of the day to day election expenditure of political parties and candidates. These are Expenditure Observers, Surveillance Teams, Static Surveillance Teams, 24*7 Call Centre, Flying Squads, Media Certification and Monitoring Committee etc. EC has a fixed price for items used in electioneering in order to check the money spent.
7. With respect to the regulations on third party expenditure, an attempt was made in *Kanwar Lal Gupta v. Amar Nath Chawla*^{xx} in 1974, which linked party and candidate spending for the purposes of calculating campaign expenditure limits. SC ruled for expenditure by parties for their candidate should be included to calculate total expenditure made by the candidate. Somehow, this judgment was nullified by an amendment introduced to the RPA in Parliament.

a) Indian Party Funding Scenario

Political parties in India arrange the money by using and invoking their own resources. A candidate may make an expenditure upto Rs. 70 lakh and Rs 28 Lakh for Lok Sabha and State Assembly Elections respectively, based on the state they are contesting elections.^{xxi}

S. No.	Name of the State	Maximum Limit in	Number of Lok Sabha	Total No. Of Amount	No. Of State Assembly	Max Money on Assembly

				Constituencie s ^{xxii}	That Can be spent For Each State	Constituenc y	Elections per state
		Parliamentar y Constituency	Assembly Constituenc y				
A.	States						
1.	Andhra Pradesh	70,00,000	28,00,000	25	175000000	175	490000000
2.	Arunachal Pradesh	54,00,000	20,00,000	2	108000000	60	120000000
3.	Assam	70,00,000	28,00,000	14	980000000	126	352800000
4.	Bihar	70,00,000	28,00,000	40	280000000	243	680400000
5.	Goa	54,00,000	20,00,000	2	108000000	40	80000000
6.	Gujarat	70,00,000	28,00,000	26	182000000	182	509600000
7.	Haryana	70,00,000	28,00,000	10	700000000	90	252000000
8.	Himachal Pradesh	70,00,000	28,00,000	4	280000000	68	190400000
9.	Jammu & Kashmir	70,00,000	-	6	420000000	89	-
10.	Karnataka	70,00,000	28,00,000	28	1960000000	225	630000000
11.	Kerala	70,00,000	28,00,000	20	1400000000	141	394800000
12.	Madhya Pradesh	70,00,000	28,00,000	29	2030000000	231	646800000
13.	Maharashtra	70,00,000	28,00,000	48	3360000000	289	809200000
14.	Manipur	70,00,000	20,00,000	2	140000000	60	120000000
15.	Meghalaya	70,00,000	20,00,000	2	140000000	60	120000000
16.	Mizoram	70,00,000	20,00,000	1	70000000	40	80000000

17.	Nagaland	70,00,000	20,00,000	1	7000000	60	120000000
18.	Odisha	70,00,000	28,00,000	21	147000000	147	411600000
19.	Punjab	70,00,000	28,00,000	13	91000000	117	327600000
20.	Rajasthan	70,00,000	28,00,000	25	175000000	200	560000000
21.	Sikkim	54,00,000	20,00,000	1	5400000	32	64000000
22.	Tamil Nadu	70,00,000	28,00,000	39	273000000	235	658000000
23.	Tripura	70,00,000	20,00,000	2	14000000	60	120000000
24.	Uttar Pradesh	70,00,000	28,00,000	80	560000000	404	1131200000
25.	West Bengal	70,00,000	28,00,000	42	294000000	295	826000000
26.	Chhattisgarh	70,00,000	28,00,000	11	77000000	91	254800000
27.	Uttarakhand	70,00,000	28,00,000	5	35000000	70	196000000
28.	Jharkhand	70,00,000	28,00,000	14	98000000	81	226800000
29.	Telangana	70,00,000	28,00,000	17	119000000	120	336000000
B.	Union Territories						
1.	Andaman and Nicobar Islands	54,00,000	-	1	54,00,000		
2.	Chandigarh	54,00,000	-	1	54,00,000		
3.	Dadra and Nagar Haveli	54,00,000	-	1	54,00,000		
4.	Damn and Diu	54,00,000	-	1	54,00,000		
5.	Delhi	70,00,000	28,00,000	7	4,90,00,000	70	196000000

6.	Lakshadweep	54,00,000	-	1	54,00,000		
7.	Pondicherry	54,00,000	20,00,000	1	54,00,000	30	60000000
	Nominated			2			
	Total			545	37834000 00		10964000000

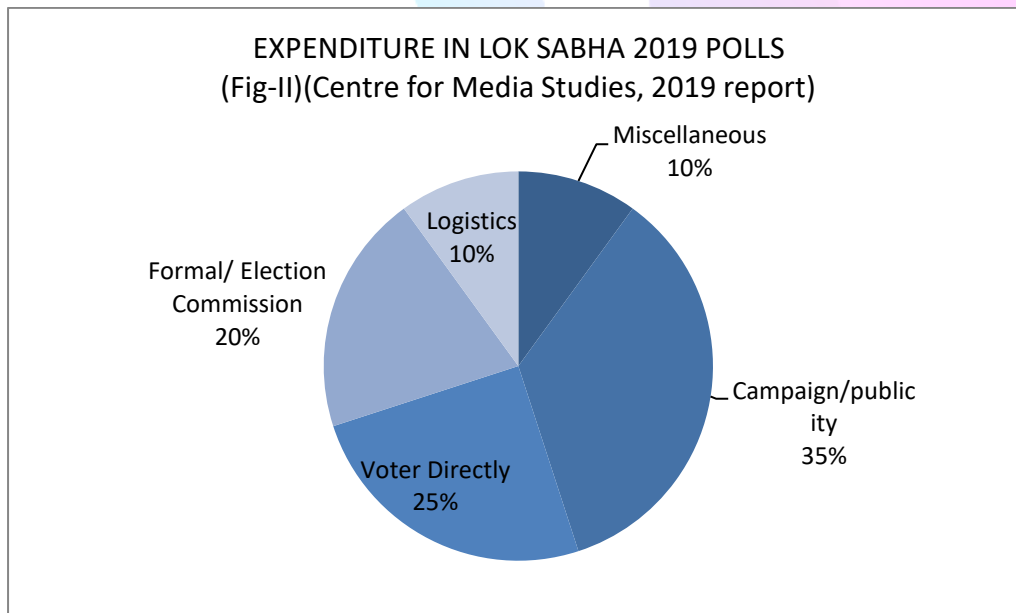
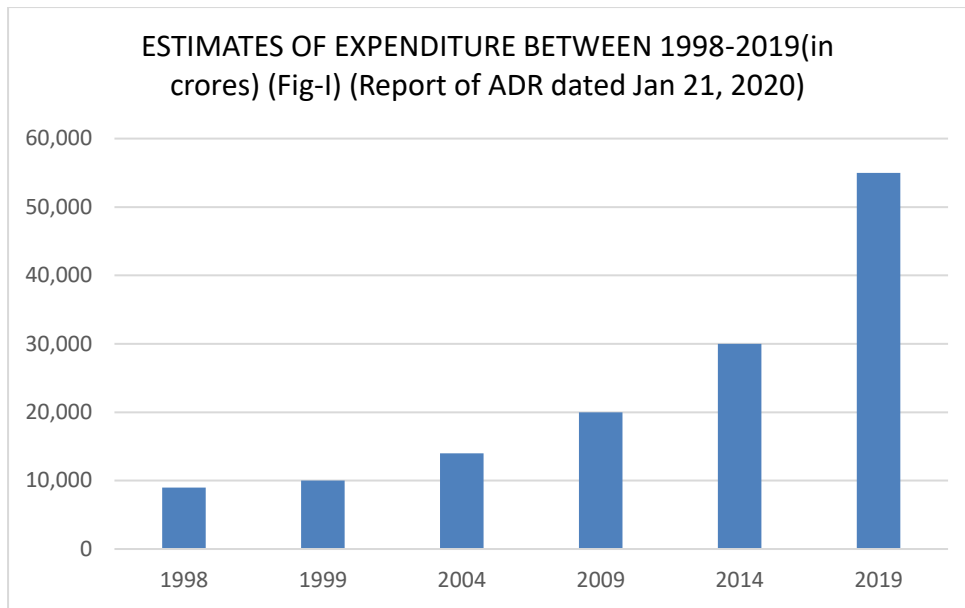
b) Hypothetical Scenario

If all the elections, state assembly elections and Lok Sabha Elections are held at the same time and a political party contests election on each and every seat, then according to Conduct of Election Rules, the maximum amount as calculated in above table, permissible to be spent would be Rs. 14,74,74,00,000, that is 1,474 Crore Rupees. This limit is never adhered to during elections.

B. Expenditure by a political party to contest elections.

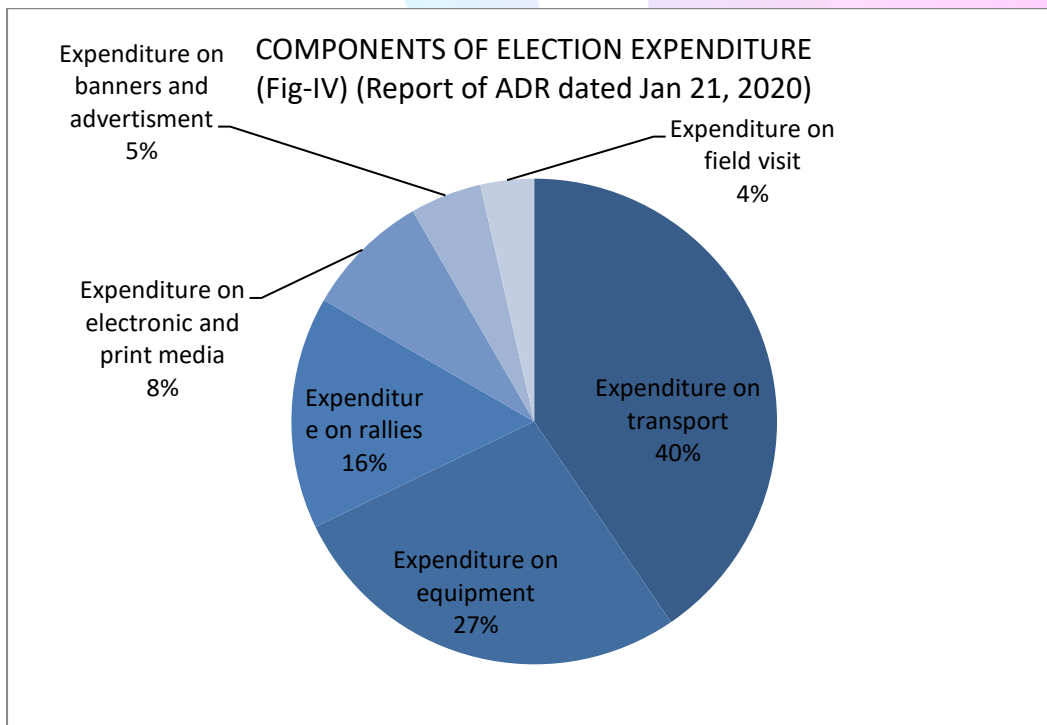
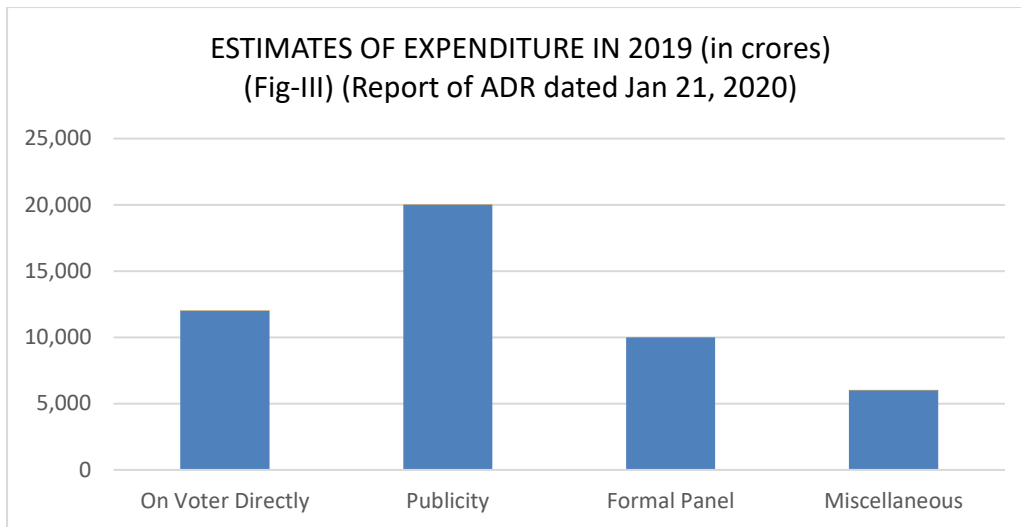
“Last time, I wanted to contest, so I did a recce... The rate was Rs 20,000 to Rs 25,000 per vote, and there are around 17,000 to 18,000 voters, so adding the cost of mithuns [a buffalo-like animal that is worth more than Rs 50,000] and pigs for the feasts, it came to around Rs 25 crores to Rs 30 crores. I decided not to contest, it was beyond me.”^{xxiii}

In 2019 Lok Sabha Elections, some estimates around Rs 55,000 crore or \$8 billion were spent.^{xxiv} In 20 years, the election expenditure has gone up from Rs. 9,000 crore to 55,000 crore which is around six times. If true, the Indian election of 2019 was even more expensive than the U.S. presidential election of 2016. It is estimated that Rs. 700 per voter were spent in Lok Sabha polls.



The report of Centre of Media Studies^{xxvi} showed that the second biggest expenditure was giving money directly in the hands of the voters, the biggest expense thankfully being Campaigning and publicity. The report was premised on six sources, campaign activities, voter’s observations, discussions with independent observers and party functionaries. The report claimed the known expenses to be only the ‘tip of the ice-berg’.

The estimates of Expenditure and the components of the expenditure are shown below.



The Lok Sabha elections 2014 had made headlines for also being the most expensive elections.^{xxvii} Expenditure was 131% more than in 2009 Elections. Also there have been increase in the millionaire candidates that contest elections. The millionaire candidates forelections of Lok Sabha 2009 from BJP and Congress were 42% and 63% respectively, which has increased to 83% in both parties by 2019 Lok Sabha Elections.

Time and again political expenditure has attracted attention of the activists and the authorities. Through the report of Election commission in 2014, the parties were urged for observing higher standard transparency.^{xxviii} The steps taken by the government seem inadequate when the alarming violations can be witnessed. Political parties allegedly converted black money to white money on 40% commission.^{xxix} In 2016 political parties deposited old notes without tax investigation during demonetization, which meant that political parties were converting black money to white for donors in the guise of political funding.^{xxx} The ECI delisted 200 parties which existed on paper for money laundering purposes in December 2016.^{xxxi} The increasing expenditure raises serious questions about the violation of legal frame-work of the nation.

Electoral Bonds

The then Finance Minister in March, 2017 introduced Electoral Bond Scheme by making an announcement in his budget speech through an amendment in the Finance Act, 2017. Finance Ministry through a notification on January 2, 2018 circulated 'The Electoral Bond Scheme, 2018',^{xxxii} describing an electoral bond to be a promissory note, a bearer banking instrument payable to the political party and not carrying the name of payee.^{xxxiii} This can be bought by an individual citizen (singly or jointly), a company, Hindu Undivided Family, a firm, Other Persons or agencies, an association of persons. An individual can buy a bond either singly or jointly with others. Registered political parties under Representation of People's act, securing one percent of the polled votes in Lok Sabha or the State Assembly election that were last held, can en-cash these bonds. Only State bank of India can en-cash these bonds. The bonds are available in the form of five economic denominations- One Thousand Rupees; Ten Thousand Rupees; One Lakh Rupees; Ten Lakhs Rupees & One Crore Rupees. The bond will be invalid after 15 days period and no payment shall be made to the political party if it is deposited after the validity period. The bond has to be encashed on the same day. The money from the un-encashed bonds after 15 days shall be deposited to the prime-minister's relief fund.

KYC details of the purchaser of electoral bonds have to be provided to obtain the bond and the KYC information shall be treated as confidential (except for court purposes). The bonds can be applied for physically or by the electronic application. The bond issued is non-refundable. Payments have to be made through DD/cheque or Electronic Clearing System or direct debit to the buyer's account. There are four designated windows in an year- "January, April, July and October", open for a period of 10 days. There is also a provision to open the window

for an additional period of extra 30 days in a year when general elections to Lok Sabha are held. Donations below Rs. 2,000 can still be received in cash.

WAY IN WHICH THE ELECTORAL BONDS BILL WAS PASSED

The electoral bonds were introduced in Lok Sabha as Bill 12 of 2017 by making amendments to the Finance Act, 2017.^{xxxiv} The bill was ironically introduced as ‘**Transparency in Electoral Funding**’ by the speech of Finance Minister. The members of Upper House on March 27, 2017 raised their concerns on the amendments to Finance Bill, 2017.^{xxxv} Shri KapilSibal, Shri Naresh Agrawal, Shri SukhenduSekhar Roy, Shri Sitaram Yechury, Shri Satish Chandra Misra, Shri V. Vijayasai Reddy, Shri D.Raja and Dr. T. Subbarami Reddy openly dissented to the bill. These luminaries raised significant points, the most important one being muffling the voice of Rajya Sabha by passing bill as money bill just because the party forming government is not in majority in the Upper House. The section 132(1) of Income Tax Act is amended and it is no more necessary to disclose the ‘reasons to believe’ or ‘reasons to suspect’ for search and seizure. This encourages ‘raid, seize and attach raj.’ The members had also questioned giving of retrospective effect to the amendments from 1962. The plight of the members could be seen when Mr Deputy Chairman remarked that the bill would become the law of the land whether the members approve of it or not. However Finance bill received the assent of the President without any amendments.^{xxxvi}

According to a report of The Wire, an RTI was filed by Activist Saurav Das, the reply of which was received in form of a set of documents related to the passing of the bill. One of the notes from that document, File No. 1/1/2015-CL revealed of meeting that took place at Ministry of Corporate Affairs on March 8, 2017 in which the amendments to RBI act relating to issuance of electoral bonds were questioned. There were only “Informal Discussions” regarding “inclusion of the said amendment of section 182 in the finance bill 2017”^{xxxvii}.

The Opposition alleged that the scheme was pressed as a “money bill” by the ruling party to avoid questioning in the Rajya Sabha. It has been alleged that the party in power at the Central Government has become biggest recipient, by enjoying ninety five percent of the funds coming in by electoral bonds.^{xxxviii}

The Department of Legal Affairs had reservations relating to passing of amendment to section 182^{xxxix} under article 110 as a money bill and under article 117^{xl} as Finance Bill. The Finance Bill of 2017 contains regulations of Income Tax Act, 1961. The bill also has provisions to allow monetary flow in the consolidated fund of India. Because of the above two provisions, the bill was an exception that was made by the Department of Legal Affairs. The department has issued a caveat for the practice not to be repeated again. The query to RBI, Finance Ministry and MCA, RBI responded by saying that there was “no information in this regard” and the PMO termed the query to be generic by terming the request to be roving and sweeping in nature.

This bill was an exception made by the Department of Legal Affairs because this bill has regulations of Income Tax under Income Tax Act, 1961 and facilitates the revenue flow in the consolidated fund of India^{xli}, maybe was the reason to be made through official amendment in the finance bill. The Department has issued a caveat for the practice not to be repeated again. In the query of Das filed with RBI and PM Office regarding the communication between the RBI and Ministry of Finance or Ministry of Corporate Affairs, RBI responded by saying that there was “no information in this regard” and the query was termed as generic by the PM Office and also termed the request of the applicant to be sweeping, roving and generic in nature.

A. Amendments to various sections via Finance Act 2017.

Comparative Table^{xlii}

Section 29C, Representation of the People Act 1951 Declaration of Donation Received by the Political Party.	
Before Amendment of Finance Act, 2017	After the Amendment through Finance Act, 2017 section 137.
Treasurer or the authorized person of the political party shall prepare a report every financial year regarding	A Proviso was inserted as follows after 29C (1)-
1. Contribution received by a political party above Rs. 20,000 from any person.	Electoral Bond contributions shall be unaffected from application of this section.
2. Contribution received by a political party above Rs. 20,000 from any companies other than Government Companies. ^{xliii}	Explanation- “electoral bond” is referred in Section 31(3) of RBI Act, 1934. ^{xlvii}

<p>The report has to be in a prescribed format.^{xliv}</p> <p>The report is to be submitted before the due date for furnishing return of income under section 139 of the Income Tax Act, 1961 (43 of 1961), to the Election Commission.^{xlv}</p> <p>On failure to submit the report, the political party shall not be entitled to any tax relief.^{xlvi}</p>	
<p align="center">Section 182, Companies Act 2013. Prohibitions and restrictions regarding political contributions.</p>	
<p>Before the Amendment through Finance Act, 2017</p>	<p>After Amendment through Finance Act, 2017 section 154.</p>
<p>Section 182 (1)</p> <p>A company that is not a government company, in existence for less than three years can contribute any amount directly or indirectly to political parties.</p> <p>Provided that amount contributed by the company in any financial year should not increase 7.5% of average net profits earned in three immediately preceding financial years.</p> <p>Provided that contribution can only be made after a resolution is passed in a meeting of board of directors authorising such contribution subjected to other provisions of this section.</p>	<p>Section 182 (1)</p> <p>The First Proviso was omitted that imposed a cap of 7.5% of the average net profits in three immediate preceding years to be contributed.</p>
<p>Section 182 (3)</p>	<p>Section 182 (3)</p>

<p>Any amount or amounts of contributions made to a political party by a company is to be disclosed in its profit and loss account. The particulars of the total amount contributed and the name of the party to which such amount has been contributed is also to be given.^{xlvi}</p>	<p>Company in its profit and loss account will have to disclose the total amount contributed by it.</p> <p>Section 182 (3A)</p> <p><i>“Notwithstanding anything contained in Subsection (1), the contribution under this section shall not be made except by an account payee cheque drawn on a bank or an account payee bank draft or use of electronic clearing system through a bank account: Provided that a company may make contribution through any instrument, issued pursuant to any scheme notified under any law for the time being in force, for contribution to the political parties.”^{xlix}</i></p>
<p>Section 13A, Income Tax Act 1995</p> <p><i>“Special provision relating to incomes of political parties”¹</i></p>	
<p>Prior to Amendment by the Finance Act, 2017</p>	<p>Upon Amendment by Section 11 of the Finance Act, 2017</p>
<p>Total income of a political party shall not include “Income from house property” or “Income from other sources” or “Income by way of voluntary contributions” from a person. Provided that:</p> <p>(a) Books of accounts are to be maintained by the political party assessment by the assessing officer.</p> <p>(b) For contributions over ten thousand rupees, the record of name and address of the contributor is to be maintained.</p>	<p>Total income of a political party shall not include “Income from house property” or “Income from other sources” or “Income by way of voluntary contributions” from a person. Provided that:</p> <p>(a) Books of accounts are to be maintained by the political party assessment by the assessing officer.</p> <p>(b) For contributions over ten thousand rupees except the contributions made by Electoral bonds, the record of name and</p>

<p>(c) These accounts are to be audited by the accountant in accordance with Sec 288(2).</p> <p>Explanation: Political party is defined under this explanation.^{li}</p>	<p>address of the contributor is to be maintained.</p> <p>(c) These accounts are to be audited by the accountant in accordance with Sec 288(2).</p> <p>(d) Donation of more than Rs. 2,000 can be received only by “electoral bond” or “bank draft” or “cheque drawn on bank” or “electronic clearing system”.^{lii}</p> <p>Explanation- “electoral bond” is referred to section 31(3) of RBI Act, 1934^{liii}</p> <p><i>“Provided also that such political party furnishes a return of income for the previous year in accordance with the provisions of Subsection (4B) of section 139 on or before the due date under that section.”^{liv}</i></p>
<p>Reserve Bank of India Act 1931, Section 31. Issue of demand bills and notes</p>	
<p>Before Amendment through Finance Act, 2017</p>	<p>After Amendment- Finance Act 2017, Section 11.</p>
<p>Section 31</p> <p>(1) The banks expressly authorised by the RBI Act, Central Government can accept, draw, make and issue any notes, bill of exchange, hundis payable to bearer on demand of any persons. These cheques or drafts payable to bearer on demand can be drawn on a person’s account with a shroff, banker or agent.</p>	<p>Section 31</p> <p>(1) The banks expressly authorised by the RBI Act, Central Government can accept, draw, make and issue any notes, bill of exchange, hundis payable to bearer on demand of any persons. These cheques or drafts payable to bearer on demand can be drawn on a person’s account with a shroff, banker or agent.</p>

<p>(2) “Notwithstanding anything contained in the Negotiable Instruments Act, 1881, no person in India other than the Bank or, as expressly authorised by this Act, the Central Government shall make or issue any promissory note expressed to be payable to the bearer of the instrument.”^{lv}</p>	<p>(2) “Notwithstanding anything contained in the Negotiable Instruments Act, 1881, no person in India other than the Bank or, as expressly authorised by this Act, the Central Government shall make or issue any promissory note expressed to be payable to the bearer of the instrument.”^{lvi}</p> <p>(3) “Notwithstanding anything contained in this section, the Central Government may authorise any scheduled bank to issue electoral bond.”^{lvii}</p> <p>“Explanation- For the purposes of this subsection, ‘electoral bond’ means a bond issued by any scheduled bank under the scheme as may be notified by the Central Government.”^{lviii}</p>
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The present table has been taken from *ADR v. UOI*,^{lix} order dated 12th April, 2019.

B. Analysis of each amendment:

a) **Representation of People’s Act**

- i. Amendment by way of Section 29C (regarding mandatory declaration of the donation received that the political parties have to make.)
- By Section 137 of the Finance Act, 2017, there was an amendment in section 29C of RP Act 1951^{lx} by which a proviso was inserted.
 - According to sub clause (1) the treasurer or the authorized person is under the duty to prepare a report every financial year which should include the contributions more than 20,000 rupees received from any companies (which are not government companies) or person in same financial year.

- Further, section 29C (2) talks about the form of the report which should be as is prescribed by the section and shall be submitted by the treasurer / person authorised by the political party before the due date of furnishing a return. If a party fails to furnish the return, then the party will not be entitled to any tax relief.
- A proviso was inserted after sub-clause (1) which removed the necessity of keeping any type of record for any donation that is received by way of electoral bonds.

ii. Criticism

Section 13A of the Income Tax Act, 1995 allows donations upto Rs. 2,000/- in cash. The tax-free electoral bond is a tax saving option to make a donation, allowing donations as high as rupees 1 Crore. The electoral bonds are the best way to give political donations in order to save tax after Finance Bill, 2017.

Resultantly, political parties are conveniently relieved from keeping the account of the huge sums of money which will be received through Electoral Bond. This amendment **legally curbs the accountability** of the political parties by absolving them from keeping records of the major chunk of the source of money incoming or the expenditure of the money received in form of electoral bonds. **The Anonymity in the name of electoral bonds is legally increasing the opaqueness of the flow of funds from one point to another.**

b) Companies Act 2013

i. Section 182

- The section 182(1) talks about the donation that the companies can make and states that a company other than a government company and existing for more than 3 years can contribute in-directly or directly to political party any amount. By the amendment, the first proviso which puts the cap of average of seven and a half percent of profits during last three financial year has been omitted.
- Section 182(3) which mandate profit and loss accounts of a company to disclose contribution made to political parties during the financial year. Particulars of the whole contribution and party's name had to be disclosed too. The above two requirements have been relaxed now. The companies no more need to disclose the particulars of the amount contributed neither the parties to which the donation is made.

Contribution can also be made by an instrument permissible under the electoral bond scheme.

ii. Criticism

Donations by companies no more have any cap, and this can lead public company donating public-money as well. Companies are absolved of maintaining records of the money donated to political parties under different heads. There is no mandate to provide the total amount that has been contributed.

This makes the political parties in power vulnerable and obligated to provide favours to the donor companies. The corporate houses will lose accountability which can lead to loss of faith of public in companies. Also, the bigger business houses will be in position to provide for higher donations, impacting negatively on the medium and small business houses by directly increasing the quid pro quo for benefits between the companies and the elected government. Now, even the loss making companies can make donations from their capital reserves. The shell companies vanishing overnight after transferring the funds will increase the chances of fraud. Benami transactions will also rise to channelize the un-documented money in political process of India. Resulting in state takeover by corporate houses.

c) Income Tax Act, 1955

i. Section 13A

A political party is no more needed to keep records of contribution received by the means of Electoral Bonds. The parties are exempted from receiving any donations above Rs. 2,000 in cash.

ii. Criticism

The relaxation on maintaining the records of the parties have substantially reduced the accountability of the companies and the no records could be found regarding the source of donation to the political parties. No donation exceeding 2,000 rupees can be received in cash. This creates a need for the donations to be given by way of electoral bonds, the most convenient manner of saving taxes.

It is to be noted that the deduction from paying of tax can be claimed where money is utilized for state welfare, individual's necessity, and donations for charity. The deductions for state welfare include deductions for developmental activities for enterprises engaged in

infrastructure development,^{lxi} Enterprises engaged in development of Special Economic Zones,^{lxii} Special Provisions in respect of eligible business start-up.^{lxiii} Deductions with respect to individual needs include medical expenses,^{lxiv} higher studies,^{lxv} Interest on loan for House property sanctioned for financial institutions,^{lxvi} deductions on rent paid.^{lxvii} Deductions on donation to charitable institutions^{lxviii} and for scientific institutions^{lxix} can also be claimed.

These donations from electoral bonds are liable for a claim of 100% deduction on income tax by the donor as per sections 80GGC/80GGB of the Income Tax Act, 1961. Also the political party will be exempted from Income Tax as per Section 13A of Income tax Act, 1961 for the donations received by electoral bonds. The amount of money reaching a political party should be taxed atleast once because of the reason below.

These deductions are not being used for public welfare, individual needs and not for developmental activities. It is not justifiable to make the electoral bonds tax-free. Atleast a part of money paid through electoral bonds should be made sure to go to the consolidated fund of India in form of revenue so that the money can be used for different schemes and policies of the government that will benefit the public directly which would not have been the case if the donations are not taxed. 100% deductions will lead to considerable amount of money to be pumped in the political party pipeline without it being utilized for state benefit.

d) Reserve Bank of India Act, 1931

i. Explanation to section 31

There has been an insertion of sub clause 3 in section 31, by which any scheduled bank is eligible to be authorised to issue electoral bonds by the Central Government.

ii. Criticism

In the present case the bank authorised by Central Government is State Bank of India, which is directly under the control of Government^{lxx}. Through the unique identification number^{lxxi} which is present on the electoral bonds, the ruling party can easily target the donors of the other parties.

e) **Foreign Contribution Regulation Act, 1976 and The Delhi High Court Judgement of 2014**

i. *Facts*

Indian Laws prohibit donations from any foreign source for contesting elections. To mitigate this adequate provision were added to Representation of People Act, 1951 and Foreign Contribution Regulation Act, 1976 was enacted for above purpose. Foreign donations are likely to have an impact on the sovereignty of the State as the political parties in power will have unlawful obligations to these foreign sources. The Foreign Contribution Regulation Act of 1974 was substituted by Foreign Contribution Regulation Act of 2010.

In 2014 Indian political parties received donations from a foreign company. Although company was registered under Companies Act 1956 in India, 55% of the shares were however were owned by another England and Wales based company, registered in India under the Companies Act, 1985. This company owning 55% was in turn owned by an Indian citizen. The question before the court was whether the company was a foreign company and or whether the company that was being owned by an Indian citizen would not be a foreign source. It was to be determined if violation of FCRA had taken place.^{lxxii}

According to Foreign Contribution Regulation Act, 1976 any candidate for an election shall not accept foreign contribution from any corporation.^{lxxiii} Also no currency accepted from a foreign source can be delivered by a citizen of India to a political party.^{lxxiv} Foreign sources would include a company within Companies Act, 1956 when half of its nominal share value is held either singly or aggregately by corporations incorporated in a foreign country.^{lxxv} Foreign Source means a foreign company within the definition of Section 591.^{lxxvi} A company incorporated outside India comes within the ambit of “body corporate” or a “corporation”.^{lxxvii} A foreign company has its place of business in India, though it is incorporated outside India.^{lxxviii} A foreign company may conduct any business activity in India whether by itself or in any other manner.^{lxxix} Words which are not defined under Foreign Contribution Regulatory Act, 1976 as well as Foreign Exchange Regulation Act, 1973 but defined in Representation of People Act, 1950 shall have same meaning in the respective acts.^{lxxx} However, if the word is not even defined in RP Act, 1951 as well as General Clauses Act, 1897 then the court shall refer to dictionaries.^{lxxxi}

ii. Analysis

Parliamentary debates were referred to find out the intention of the Legislature while drafting the bill. The debates pointed out how foreign countries like the United States of America invested money in third world countries in order to have a control over their judiciary, administration and policy making. The need of the act was felt during the 1967 elections when political parties were funded by foreign powers and Foreign Contribution Regulatory Act was enacted accordingly in 1976. These foreign sources are in the form of religious societies, multinational corporations etc. The question before the court was whether the company is a foreign source or not because more than 50% shares were owned by a company that was based and registered in United Kingdom although more than 50% shares of that company were owned by an Indian Citizen. The question if the nationality of the share-holding of a company would have any bearing on the source/nationality of the company arose. The court observed that a company is a separate jurisdictional entity having its own separate existence which is independent of the constituents^{lxxxii} and held that nationality of the shareholders have zero bearing on the nationality of the company and thus it has its own independent constitution.

The fact that this company which is established in United Kingdom has an Indian citizen holding more than 50% equity will have no relevance. A company although having place of business in India but if incorporated outside India is considered to be a foreign company.^{lxxxiii} In present case, donations were made by subsidiary of this company which was established outside India to Political Parties. Hence this company would be a foreign source. The court also held that even if the entity was a body corporate and not an establishment per se then a corporate under Section 2(e)(vi)(c) has been defined to be a foreign source under Foreign Contribution Regulation Act, 1976. Thus the corporate which was established outside India i.e. United Kingdom was well within the definition of corporation under foreign source and within the scope of Section 2(e)(vi)(c) of Foreign Contribution Regulatory Act, 1976. However, the word corporate has not been defined under Foreign Contribution Regulatory Act, 1976. Thus the court referred to Section 2(2) and 2(3) of Foreign Contribution Regulatory Act, 1976 according to which the meaning of the word shall be the same as defined in Foreign Exchange Regulation Act, 1973 or Representation of People Act, 1951 when the definition is absent from Foreign Contribution Regulatory Act, 1976. Now the word corporation not being defined in the three acts, and General Clauses Act, 1897 the court relied on its dictionary meaning^{lxxxiv}. And thereby the court unequivocally defined a corporate as a company and this company was

within the ambit of foreign source under Foreign Contribution Regulation Act, 1976.

iii. Aftermath

The court concluded that the parties have been guilty of FCRA violation and directed the Central Government to hold a further inquiry into similar other donations received from foreign sources as well as take stringent action against these political parties within a time span of 6 months. Post judgment, there is an appeal pending with the Supreme Court. The Parliament has however when the appeal was pending, amended the Foreign Contribution Regulatory Act of 2010 retrospectively to bypass the judgment of Delhi High Court and subsequently the political parties withdrew the appeal. The Parliament replaced the word under Section 236 of Finance Bill of 2017^{lxxxv} from 26th September 2010 to 5th August 1976 to give it retrospective effect. A criteria was set for receiving donations from foreign sources, and the source/origin of the company was irrelevant but where investment of these companies in the subsidiary providing the donations are in line with the foreign investment policy in terms of sector specific FDI limit then such donations are permissible. Thus if the agriculture sector has a limit of 100% then even if subsidiary whose entire share capital is owned by a foreign company donates to political parties then such donations will be permissible irrespective of their place of origin or registration.

iv. Criticism

The court has ordered the Central Government to take action against the political parties violating Foreign Contribution Regulatory Act, 1976. However, one of the political parties found guilty of these violations, itself being in power, creates bleak chances of any actions being taken against their own political members. The retrospective amendment of the 2010 act while the pending appeal in Supreme Court was withdrawn on 29 November 2016 is a deliberate attempt to legalize the donations taken illegally from foreign sources which was clearly illegal then.

OVERALL CRITICISM OF THE ELECTORAL BOND SCHEME

1. Only cash donations below Rs 2,000 can be received. The effectiveness of this seems doubtful in curbing the flow of black money and will only increase the paper work for the parties, mandating them to show more entries.

2. The KYC details of the purchaser are needed to be furnished to SBI bank. It is to be seen that the bonds being bearer instrument is to be given physically to the party, enabling the respective party to know who are donating them by the means of electoral bonds. Moreover, SBI issues bonds and maintains a KYC record. Each bond has a unique alphanumeric code.^{lxxxvi} As SBI is directly within Central Government's control, the political party forming the government can target the donors of the other parties by obtaining information from SBI. This will ensure that the 'anonymity' criteria hit the common citizens the worst. Citizen's 'Right to Know' and withholding crucial information regarding electoral funding.^{lxxxvii}
3. The information regarding which party got how much money cannot be accessed through RTI. The question if the political parties are public authorities under RTI is pending before Supreme Court^{lxxxviii} though Central Information Commission has held that political parties are public authorities within RTI.^{lxxxix}
4. Only the ordinary citizen will remain unaware of the source of money, while the donor and the donee will be fully aware of each other and the amount. Also because of all the KYC standards and KYC Norms it will be very easy for the government (ruling political party) to know which party has been funded by which person and those persons can become the easy target of the ruling party.^{xc}
5. The ceiling of the 7.5% of the average of sum of the profits of past three financial years to be given as donations to political parties was removed by amending Companies Act. As a result, companies can donate their huge profits to political parties and claim 100% deduction on the same. Further the requirements to disclose the net profits and loss account including political party's name that received donation is withdrawn.
6. The donor is eligible for 100% deduction from paying the income tax according to sections 80GGC/80GGB. The contribution received by electoral bonds under section 13A will be exempted from Income Tax.^{xc1} The result is that huge amount of money pumped in the pipeline of the political parties without being used for the public welfare in any form.
7. Funding from foreign entities can directly effect the sovereignty of the state. Sir Khurshid Alam Khan, former Rajya Sabha member while discussing Foreign Contribution (Regulation) Bill, 1973 on 19 March 1976 stated-

“...it is now a well-known and universally accepted fact that neo-colonialism is a clever substitute for the old type of crude colonialism. This is usually backed by the generous foreign contributions in various shapes, foreign hospitality...”^{xcii}

8. Electoral bonds are a threat to democracy.^{xciii} This is because the government **of** the people, **by** the people can function **for** some specific people.
9. Even if the information regarding the donor of the electoral bond is made available/ accessible under RTI, it will never be possible to trace the original donor. This is because the electoral bond being the bearer instrument, the actual donor may buy these bonds through someone else, or these bonds can be sold by purchaser to the end donor.
10. Electoral bond can be misused by the political parties and the candidates to launder money and convert their pre-existing black money to white money in the form of electoral bonds. The candidate may give black money with an incentive to the electoral bond donor in exchange of white money through electoral bonds.

MISUSING THE PROVISIONS OF ELECTORAL BOND SCHEME

There are certain rules prescribed in relation to Electoral Bond Scheme, 2018. According to these rules there are four 10-days window to be opened in January, April, July and October.^{xciv} There is a provision for opening of an extra 30 days window in the year near the general elections. These limited windows are a precaution against money laundering. Soon these rules were broken at a couple of instances on the direction by PMO. Before opening of first window in April 2018, an illegal window was opened in March 2018, and a later window was also opened in May, 2018 as the Karnataka elections were due along with the April, 2018. According to Electoral Bearer Bonds issued on January 2, 2018 additional window can be opened only for Lok Sabha Elections as mentioned in paragraph 8(2). Hence May, 2018 window opened for Karnataka elections were illegal. As the opening of May 2018 window was not in consonance with the notification, officials had to put down in writing that the orders were of PMO.^{xcv}

Again for the elections scheduled in Chhattisgarh, Madhya Pradesh, Mizoram, Rajasthan and Telangana, another proposal for a window in November, 2018 was being made. Though the May 2018 window was illegal, but it was to be used as a precedent to be followed. The illegality

opening of windows was institutionalized conveniently defeating the purpose of limited windows to avoid money laundering. By 2019, approximately greater amount than rupees six thousand crore worth electoral bonds were created and donated.^{xcvi} According to the RTI answered by State Bank of India dated December 2, 2019 filed by ADR, the windows of Phase-VIII, phase IX and phase X were opened in March for 15 days, in April for 20 days and in May for 5 days respectively. This shows till what extent laws are bypassed and exploited.

ELECTION FUNDING MODELS IN OTHER COUNTRIES

A. STATE FUNDING IN JAPAN

The Japanese elections are funded by the State and it has a cap on expenditure per candidate. It is 5 million yen per candidate per year, 10 Million yen for “other political organizations” and candidates per year and 20 million yen to political parties per year^{xcvii}. Moreover, foreign persons and entities are prohibited from providing any donations to the political parties. This is regulated by the Political Funds Control Act 1948^{xcviii} which states that the foreign persons, foreign entities and other organizations which have foreign person members in majority cannot contribute to the political parties for the election purposes. The domestic companies listed on the stock exchange for five consecutive years can make contributions to the political parties. It is interesting to note that after the advent of crypto currency, donations that have been made to political parties in the form of crypto currency do not have to be necessarily disclosed.

B. STATE FUNDING IN GERMANY

Germany is providing public funding since the year 1958. The top court of Germany has always emphasized for reasonable and just allocation of funds by government to political parties and taxing donations by private persons as these are not for public welfare. 133 million Euros are allotted to parties for an election. There is no cap on the limit of private and corporate donations.^{xcix} The Federal Court of Justice of Germany in 1992 held that political parties must be given government subsidies on a regular basis rather getting subsidies only during campaign periods. A political party that has obtained a vote share of at least 0.5 percent during either National, State or European Election is eligible for foreign funding. Moreover a political party cannot receive more funding than what it has earned during that year. The identity of the donor

must be revealed if the donor contributes to the party more than 10,000 Euros/year and also for donations received in excess of 50,000 Euros/year. Private individuals can claim tax deduction up to 50% from their taxable income if their donations are less than 3000 Euros. Any foreign donation received from any government body, or any country or entity outside European Union are prohibited if the donations exceed 1000 Euros and anonymous donations exceeding 500 Euros are banned.^c

The Supreme Court has constantly been defining the rules of fair play in elections as far as funding by the government is concerned in the absence of private or corporate donations, although foreign donations are not completely prohibited. Parties are required to submit their financial statements to the Parliament. Unlike India the identity of the donor too is revealed, and lastly tax exemptions are not given 100% exemptions unlike India.

C. STATE FUNDING IN CANADA

Contribution and spending limits are controlled by Canadian Elections Act. The state funding is carried out in two ways - by reimbursing election expenses and by tax credits to political parties and candidates. Only natural persons or individuals who are citizens of Canada can make contributions to the elections and corporate houses and non-citizens are completely barred from making any contributions. This is one of the most effective ways of preserving the sovereignty of the nation as any person who is not a citizen will not be able to make any contributions to the elections. There is a limit of \$1,500 per year that can be given to a political party and a limit of \$ 1,500 is also imposed for donations to party nominated contestants or candidates or electoral associations. In addition to this, donation of \$1,500 for independent candidates and \$1,500 to leadership contestants can be made.^{ci} The amount of \$1,500 was put in 2015 that is hiked by \$25 every year. There is a provision that mandates the disclosure of the identity of the donors who donate more than \$200. The disclosing of the identity of the voters ensures that the transparency supersedes secrecy. Another reason why the Canadian model has been successful is because of the limit on the amount of money that can be spent on elections by the political parties. An amount of only 73.5 cents is permissible to be spent on each voter in each district by the political party. For campaigns at local level, expenditure by the candidates should be proportional to the population of that area ranging from 7,500\$ and 11,500\$. Those groups other than political parties can spend not more than 150,000\$ for contesting elections of which not more than 3000\$ can be spent in any one district. Another

crucial factor is the timing within which these political funding can be received and spent which is only between the period when elections are declared and the day of election. However one common factor between India and Canada is the time limit within which the money can be spent and utilized which is between the time elections are declared and the day elections are concluded.

D. STATE FUNDING IN ISRAEL

Israel adopted state funding for political parties starting from 1969 elections, and Israel has a law that is Party Financing Law, 1973.^{cii} The types of funding allowed by the law in Israel are: **1) Campaign financing** which means directly funding by the state as well as indirect funding that is allocating a campaign broadcast time for party propaganda on radio and television free of cost in proportion to the votes that they gathered in the previous elections. **2) Funding of current expenses**- This means that state will finance party's expenses other than that of elections. **3) Funding for party's parliamentary staff.** The election model of conduct of Israel states that every candidate and party be allocated approximately ten minutes airtime and additional three minutes of airtime for each member for the party already represented in the dissolving house. The television broadcasting is free but the program has to be self-produced by the political parties. Israel has rules governing and regulating contributions for internal party elections and expenditure of political parties and candidates.^{ciii} Funding for local elections is provided for under Local Authorities Law (Funding Elections), 1993. On securing even a minimum one seat, election expenditure of 85% and 15% are paid after election result publication and submission of favourable report by State Comptroller along with political group audit respectively.^{civ} The advanced payments to the political parties are adjusted with the money that is to be received by the party after winning the elections. To summarize, the state will fund for campaigning, parliamentary staff and miscellaneous expenses. There is also a constant audit of the accounts of these political parties post elections so that it can be decided whether money is to be reimbursed or not.

E. UNITED STATES OF AMERICA- FUNDING

Originally, a cap was present in United States of America on the amount of money that a political party can spend and receive for conducting its political activities during the elections. The cap was put by a statute which imposed two limitations on campaign contributions being the **base limit and aggregate limit**. The donation to a particular candidate or a committee is

limited by the former while the later restricts total donation that can be given to all the committees or candidates. An individual contribution of \$1000 per election can be made to a federal candidate and \$25,000 aggregate limit is placed in a year. The said limits were challenged in the US Supreme Court as being violative and restrictive of free speech and expression of ideas but the limit was upheld in the case of **Buckley v. Valeo**^{cv}. Corporations and labour organizations can make contributions to Political Action Committees (PACs) set up to finance expenditures of independent nature, establish Separate Segregated Funds (SSFs) and donate to non-contributing Hybrid PACs.^{cvi} However the Supreme Court overturned the same decision in the case of **Mccutcheon Et Al. v. Federal Election Commission**^{cvi} by striking down the limit on amount a candidate can receive and spend in the US elections. The court has limited the definition of corruption by stating that the word corruption would include only those acts where there is a direct exchange of money for conducting certain acts through public offices. However corruption would not include an act which has been done so as to have an access and influence over public offices by political parties. Thus the very fact that a corporate house would try to fund a political party in order to get its work done when the party wins the elections and comes into power does not fall within the ambit of corruption and there is a complete exemption. Thus the Government's efforts to prevent the "appearance of corruption" are "equally confined to the appearance of quid pro quo corruption," as narrowly defined. By striking down these limits the Supreme Court has opened a floodgate for donations that parties can receive which is done by giving the definition of corruption a narrow ambit by concluding that the definition of corruption would not include acts that are carried out to have access to public office.

F. INSIGHTS FROM BRAZIL

The Country had allowed corporate donations to political parties however the provision of the law got struck down by the Supreme Court of Brazil as unconstitutional on the ground that they (corporate houses) represent the interests of companies and not that of citizens and also on the ground that economic power turn the elections into a political game of cards, which makes the voter a mere puppet.^{cvi} Corporate donations formed a major chunk of the Country's General Elections. Thus what can be collectively spent by one corporate entity will be much more than the amount collectively donated by more than a certain percentage of the population who will be donating the money in individual form. So far as individual donations are concerned they are allowed but only up to 10 percent of their last annual

declared income. A candidate can somehow spend as much money as he wants on himself.^{ciX} However, a limit exists on the expenditure on a candidate by another person.

a) Table Shows Permissible Corporate & Foreign Donations and if they are Taxed.

COUNTRY	PERMISSIBLE DONATIONS	TAXABLE	CORPORATE DONATIONS	FOREIGN DONATIONS
CANADA	1500 Dollars	NO	NO	NO
ISRAEL	2,000 INS per household	NO	NO	NO
GERMANY	10,000 Euros	YES (50 PERCENT)	YES	YES
BRAZIL	10% of last annual declared income	NO	NO	NO
JAPAN	10,000,000 Yen	NO	NO	NO
UNITED STATES OF AMERICA	No cap after the Supreme Court judgment	NO	YES	NO

SUGGESTIONS

A wholesome scheme related to political party funding needs to be formulated, rather than a scheme disguised in the garb of eradicating black money in the elections that in reality increases opaqueness in terms of political party funding. There are certain measures suggested which relates to the betterment of the system by analysing the political funding model of different countries^{cx}.

There is a need of a comprehensive bill that regulates the political party and deals with party constitution, internal elections for candidate selection, organization and functioning of the party. The parties should be allowed to raise limited funding and there should be limitation of donations imposed on individuals as well as companies. Maximum amount which can be donated in a year by an individual should be fixed. This means that cap on expenditure of political parties as proposed by the EC.^{cxix} Corporate donations should be completely forbidden. In case if the corporate donations are allowed, then there should be a minimum fixed amount, rather than a fixed percentage according to the profit of the company. This is important to put a check on the undue-advantage given to big corporate houses by favourable government-policy once the respective political party is in power. In case of a political party receiving more donations than permitted, the excess donations should be deposited to the consolidated fund of India or to Election Commission to fund/monitor elections.

Instead of directly giving donations to the parties, ECI should act as a middle man and companies and individuals should be mandated to deposit the donations in the name of respective party with the Election Commission to be forwarded to the respective parties in bulk, so that the anonymity of the donors is maintained. Only the donations made through ECI by companies and individuals should be allowed tax benefits. The record of the donors should be accessible under 'Right to Information'. The Election Commission should announce the sources and the total amount of money which is raised by these parties which should be accessible in the public domain. The books of expenditure by the candidates should be scrutinized based on the donations that were received by them. Parties should give detailed accounts of their funding to ensure that the funds are not spent in unethical activities. According to a judgement given by Central Information Commission (CIC), RTI covers political parties.^{cxii}

According to 255th Law Commission Report^{cxiii}, section 77 should be amended to limit election expenditure done by each candidate including the days before filing of the nomination. There should be a cap on the expenditure by each candidate and the expenditure done by political parties on the candidate should be included. The vote-buying and bribery should be made a cognizable offence during elections. Civil penalties, including de-registration of the party/disqualification of indulging candidates should be imposed. The definition of corruption should

be increased and for unfair practices done by the candidates/parties corruption charges should be pressed.

From the examples of the countries like Japan, Israel, Canada state funding seems a reliable means to fund political parties. Given the fact that this would increase the taxes, it is feasible to suggest partial state funding in India. The state should provide access to public platforms like television, radio, news columns free of cost or at subsidised rates to the political parties.

As done in UK and Canada, restrictions should be put on third party campaigning and should be monitored. Third party campaigners spending for any party or a candidate should be reported to the ECI. Any extra expenditure on the services provided through state funding should have a prior sanction of the Election commission, violation of which should be penalized. Paid news should be made an electoral offence.^{cxiv} There should be a limit of a single seat from which one candidate is allowed to contest election. This is particularly important if there is a partial or complete state funding.

These suggestions can be effective only if ECI is empowered. In present case, ECI can only review political party status in case a political party fails to contest election. ECI lacks the authority to deregister a party. With the responsibility of conducting fair elections, the ECI should be given additional powers to take appropriate action at any given point of time so that it can truly become the watchdog that it was meant to be by the drafters of the Constitution.

CONCLUSION

From the above analysis of the Electoral Bond Scheme, it seems that serious issues will arise regarding Right to Information of the citizens, money laundering, quid pro quo of the benefits between the corporate houses and government, sovereignty of the nation, anonymity concerns, creation of shell companies, benami transactions and government would be in even better state to exploit citizens. This bill creates an adverse scenario where the political parties and the candidates could legally stock white money. The provisions mandating the disclosure of source of money to a political party are done away with by amendments. The Electoral Bond Scheme urgently requires a judicial action. It is important to equip the ECI with even more control over the election funding, and expenditure to allow a holistic framework, which should be constantly monitored by ECI. The trend of giving a legal sanction to unethical activities needs to be

checked on priority basis. Elections, a small piece in the jigsaw puzzle of democracy, something so sacred to democracy, should not turn into a pocket filling event.

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