



Election Bonds Unconstitutional in India: Implications for Democracy and Political Transparency

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Abstract

The Indian Supreme Court's recent decision that electoral bonds are unconstitutional, is examined in this article. Introducing electoral bonds in 2017 gave contributors an opportunity to support political parties without giving their identity out. Opponents countered that the opaqueness permitted unrestricted and limitless corporate contributions to political parties. This infringed upon the Indian citizens' constitutional right to knowledge. In this document, the State Bank of India's election bond system is explained. In order to make a direct financial contribution to the parties' accounts, donors might buy bonds in different quantities anonymously. The article explains how the judges unanimously decided that bonds violated the public's right to know where political money originates. They did this by analyzing the Supreme Court's reasoning. Arguments for preserving donor privacy were outweighed by this privilege. The bond's inability to prevent black money as claimed was also discovered by the court. Thus, all bond transaction details must be provided to the Election Commission by the State Bank. The impending national elections in 2024 will take place prior to the release of this data. We will examine the ramifications of this decision, including how it may affect the finances of the ruling party and the credibility of the Indian elections. In the end, the report emphasizes how fair, constitutional political funding systems must strike a compromise between transparency and reasonable privacy concerns. By facilitating voter awareness and control of donor influences, this will enhance Indian democracy. The background information, important details, arguments made in support of the court verdict, consequences, and conclusions of the entire study article are all included in the abstract. By emphasizing how the case preserved democratic values of accountability and openness against possible misuses of anonymous political donations, it highlights the importance of the subject.

Keywords: Electoral bonds, political, funding, donations, transparency, right to information, electoral reforms, elections, democracy.

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Introduction

In India, the financing of political campaigns has always been a murky issue. Due to mostly uncontrolled political donations, corporate influence, and black money, they played a significant but hidden role in elections. This made party and candidate accountability and openness hazy (Association for Democratic Reforms). In this regard, the Modi government attempted to reform political fundraising in 2017 by introducing electoral bonds. The goal was to reduce cash transactions and increase transparency to clean up election financing, as stated in that year's Union Budget speech (Kancharla, 2020). Donations to political parties might be made anonymously through designated State Bank of India branches under the new Electoral Bond Scheme, provided with a 15-day period for recipient parties to encash them, and their values ranged from Rs 1000 to Rs 1 crore (Government of India, 2018). The program was defended by pointing out that it allowed organizations, businesses, and private citizens to make gifts in a way that was legal and appropriate. The cash equivalent system that existed before was said to foster black money and be vulnerable to abuse (Agarwal, 2018). Transparently introducing white money into the system, electoral bonds, functioning as bearer instruments, were designed to address this. Still, major concerns were voiced from the outset by constitutional scholars, opposition parties, and transparency advocates (Parthasarthy, 2019). They maintained that the plan basically allowed for unlimited, covert corporate donations to the parties in power. Unlike the previous system of electoral trusts administered by the private sector, the government itself was enabling the secrecy surrounding donations as they were funneled through the state-owned SBI (The Economic Times). Opponents emphasized how donor anonymity violates the citizens' basic right to know the sources of funding for political parties running for office. The examination of electoral bonds has intensified as the 2024 general elections draw near (Business Standard). Opposition parties assert that the plan has severely hampered their own fundraising while favoring the ruling party's war chest. Based on petitions submitted shortly after its introduction, the Supreme Court started looking into its constitutionality (The Hindu). The plan was declared unlawful and arbitrary by the court, which was a significant win for openness. However, in order to determine who donated how much to which party, full transparency of bond transactions is necessary to fully realize its influence. It is necessary for the public to be aware of donors who aim to influence government and policy in order to guarantee free and fair elections (International IDEA, 2014).

Research Questions

- Does the Electoral Bonds Scheme's anonymity violate voters' right to information?
- Does the concept of free and fair elections and equality get in the way of corporate support to political parties?

Supreme Court Ruling Declaring Bonds Unconstitutional

The Electoral Bond Scheme was declared unlawful and unconstitutional by the Supreme Court of India in a historic ruling. The bench determined that the plan violated people's Fundamental Right to knowledge and gravely jeopardized political and financial openness (Aryan, 2019). Political parties were able to receive anonymous funds thanks to the electoral bonds program. It was introduced in 2017 and allowed unrestricted corporate donations to ruling parties through changes to the Finance Act and the Representation of People's Act (Government of India, 2017).

The administration promised to decrease the amount of black money used to finance elections and increase openness. Along with opposition political parties, NGOs engaged in election reform, such as the Association for Democratic Reforms (ADR), signed the petition. The cases contended that the removal of political donation disclosure rules violated Article 19(1) (a) of the Constitution, which guarantees citizens' right to know (Jain, nd.). Freedom of speech and expression is a Fundamental Right guaranteed by Article 19(1)(a). According to the Supreme Court's interpretation, this includes the right to knowledge about candidates and public issues in order to make an educated voting decision. The petitioners claimed that this right was being violated by hiding the identities and amounts of political funding through bonds (*State of Uttar Pradesh v. Raj Narain*, 1975). The administration refuted these claims. It asserted that by directing donations through banking channels rather than using illicit cash, electoral bonds would increase transparency. In an effort to strike a compromise between privacy and transparency, it contended that donor anonymity encouraged rightful contributions (*Maneka Gandhi v. Union of India*, 1978). Making all donor information available to the public may deter people and groups from supporting the parties with whom they disagree. A larger 5-judge constitutional panel was asked to take up the case in April 2022 due to the significant issues pertaining to individuals' rights at stake (Association for Democratic Reforms, 2022). Following ten days of hearings beginning in October 2022, the five-judge bench unanimously declared the program to be unlawful. According to the majority decision, restrictions on the right to information could only be imposed for legitimate reasons like public order or national security (*Lok Prahari Through Its General Secretary SN Shukla v. Union of India & Ors.*, 2018). One fair restriction that did not apply was the anonymity of political donations. Additionally, the State was not allowed to place a level of significance on privacy issues that would jeopardize a fundamental democratic right. No proof existed that the frequency of black money was lessened by anonymous donations (Times of India, 2021). Instead, the lifting of corporate donation limitations has resulted in an even greater consolidation of power for big business. Voters' rights, accountability, and transparency have all triumphed greatly with this historic decision (*Resurgence India v. Election Commission of India*, 2014). The importance of transparency in clearing election finance of shadowy interests is reaffirmed. The ban on anonymous donations stops future deterioration of democratic transparency standards, even though information about previous bond transactions is still coming to light (*C. Narayanaswamy v. C.K. Jaffer Sharief*, 1994).

Electoral Bonds

Anonymity for donors was the primary characteristic of electoral bonds that made them contentious. The plan allowed anyone to give a political party any amount they wanted to provide while staying hidden from the general public (*Shayara Bano v. Union of India*, 2017). Bearer bonds, which lacked the buyer's or payee's name, were used in elections. Their encoded value was limited to a coded integer. A check or an electronic fund transfer could be used by anyone to purchase these bonds at specific State Bank of India branches (Economic and Political Weekly, 2019). A purchaser would just need to give the bond to their chosen political party, which would have 15 days to cash it in. The party will get the donation amount straight from SBI and deposit the bond into their account (Gowda, 2012). The donor's name did not show at any point during the process. Compared to earlier practices, donors' total anonymity represented a significant shift. Parties were required to report to the Election Commission any political contributions above Rs 20,000 in the past. Name, PAN number, address, and another donor information were provided (Jain, 2021). Only payments made in cash could be made

anonymously. Election bonds made it possible for significant anonymous donations, including those from businesses and international organizations, by doing away with the need for identity (Jaswal, 2019).

Opposition to Electoral Bonds

The fundamental right was violated, which was one of the main arguments used against electoral bonds and the constitutional guarantee of citizens' access to information. Voters lost out on important information about the parties and politicians running for office because anonymous political donations were permitted (Al Jazeera, 2024). Provision 19(1)(a) of the right to free speech and expression is guaranteed by the Indian Constitution. The right to seek, receive, and disseminate information on topics of public interest has been construed by the Supreme Court to encompass this as well (Ekka, 2018). In order for voters to make educated decisions, they must be aware of the financial support and personal interests of political parties.

Therefore, it was claimed that the lack of transparency around electoral bond funding violated citizens' constitutional right to know the interests influencing public officials and policy (Ranade, 2018). Voters were deprived of vital information due to the removal of disclosure standards, which also reduced accountability. For example, quid pro quo occurs when a party passes a law that benefits a certain corporation in exchange for large, anonymous donations from that corporation (Supreme Court of India, 2024). However, voters are oblivious to these pressures that jeopardize the public interest because electoral bonds hide donor information. A knowledge void surrounding important facets of the political process was produced by electoral bonds (Gowda, 2012). Critics referred to it as state-sponsored corruption, legalizing dark money by withholding information from the public that is essential to maintaining democracy. Elections must be free and fair, and this is acknowledged universally as a requirement for political funding transparency (Jaswal, 2019). Unlawful and unfair influence by organizations attempting to sway elections may be made possible by a lack of knowledge about financing sources, levels, and interests. As essential to the freedom of speech and the ability to cast an informed ballot, the Supreme Court has maintained election transparency in a number of decisions (Ranade, 2018). This fundamental concept was completely violated by electoral bonds, which brought broad anonymity to party funding. Opponents of electoral bonds used this as a pretext to challenge them on the grounds that they negatively impact the right to information (Ekka, 2018). This allowed the Supreme Court to consider whether or not anonymous donations were a legitimate limitation on rights under Article 19(1)(a). It didn't meet the requirements to support obstructing such an important flow of information, according to several experts (Association for Democratic Reforms & Anr. V. Union of India & Ors., 2002).

Supreme Court Ruling and Rationale Bonds Violated Right to Information

In a landmark decision, the Indian Supreme Court held that electoral bonds infringed against citizens' fundamental constitutional right to knowledge. Election-related information that voters needed to make educated decisions was withheld by electoral bonds, which allowed for unrestricted anonymous political payments (Sethi, n.d.). The Court ruled that only specific, reasonable grounds, such as sovereignty, integrity, security, public order, etc., might be used to fairly restrict an individual's access to information under Article 19(1)(a). The lack of transparency surrounding political fundraising did not meet the criteria for being a legitimate

limitation on the right to free speech (Agarwal, 2019). The justices determined that maintaining the purity of elections required openness in electoral financing. Election integrity is seriously jeopardized if people are unaware of the organizations funding political parties and the interests they represent (Chisti, 2018). Important information about the forces influencing public policy and governance was hidden by anonymous bonds. Upholding the PILs against electoral bonds, the Court confirmed that it was incompatible with a free and fair democracy to do away with donation caps and transparency standards (Stevens & Sethi, 2017). It was mentioned that in order to prevent misuse, the majority of significant parliamentary democracies have norms governing political funding openness.

According to the ruling, corruption and the sabotage of the public interest are fostered by opaque political fundraising (Mohanty, 2017). Policies may be formed by the quid pro quo between powerful parties and large funders rather than for the general good. The investigation of such unethical influences is impeded by anonymity. Candidates and political parties freely expose themselves to public scrutiny (Chopra, 2019). Voters thus have a right to be aware of the funding sources of political parties. The Court reinstated the previous standard of transparency in political funding by ruling that electoral bonds were unlawful. It mandated that the Election Commission be informed of every bond transaction so that it can be reviewed by the public (Raman & Pandey, 2017). As a result, it was declared that anonymity seriously violated citizens' rights to essential information regarding election funding. The decision has been widely praised by experts for reaffirming how essential it is for the democratic process to make an informed decision (Law Commission of India, 2015). The Court has upheld the public's right to access vital information about the parties vying for political power through financial means by outlawing opaque electoral bonds (Kumar, 2002).

Failed to Curb Black Money as Claimed

The initiative did not, however, appear to have decreased black money or brought about true openness, according to the Court. According to the report, electoral bonds actually opened up a new conduit for the flow of dirty money to political parties (Dash, 2006). Electoral bonds promoted opacity over openness by doing away with donation caps and, more importantly, by eliminating the need for transparent donor reporting. Rather than indicating a decrease in unlawful fundraising, this concentration of donations suggested a lack of openness and responsibility (Kumar, 2002). Black money may have just moved from cash to banking channels, according to experts who have observed election bonds. Bonds can still be bought covertly with criminal money through shell corporations and given to parties anonymously (Sanjeev Kumar, 2016). Because of their lack of transparency, bonds legitimized illegal donations rather than decreasing black money. Electoral bonds also made it easier for money laundering to occur under the guise of a legal instrument by eliminating restrictions on political contributions (Gehlot, 2019). The Association for Democratic Reforms made the observation that monetary donations are not as harmful as opaque bonds. The latter at least created a record (Sharma, 2019). The Supreme Court declared that electoral bonds actually promoted unaccountability, hindered regulatory control of donations, and weakened transparency. This rendered the assertions that lowering black money via banking channels was a baseless defense (Krishna, n.d.).

Prioritized Donor Privacy Over Transparency

Election bonds gave donors' privacy an excessive amount of weight at the expense of political financial openness, the Supreme Court decided. Citizens' right to knowledge on election financing was endangered by the plan, which maintained anonymity as necessary to protect donor privacy (*S.P. Gupta v. Union of India*, 1981). As contributors might not want their political contributions to be publicly known for fear of retaliation, the government had argued that anonymity was required. On the other hand, the Court determined that the goal of privacy protection was not adequately served by a universal mask of anonymity (*Secretary, Ministry of Information and Broadcasting v. Cricket Association of Bengal*, 1995). It found that the Election Commission was already mandated to receive information on any donations above Rs 2000. By doing away with the transparency criterion altogether, electoral bonds improved privacy considerably as opposed to allowing disclosure obligations to be exempted in specific circumstances (*Association for Democratic Reforms & Ors. v. Union of India & Ors.*, 2014). The Court upheld the right to know, stating that restrictions on openness could only be justified by well-established constitutional concerns such as incitement or public order. Donor anonymity did not pass muster with respect to reasonable limitations on the right to free speech (*Maneka Gandhi v. Union of India*, 1978). Experts contend that the Court's affirmation of privacy cannot serve as a blanket defense for withholding information from the public, particularly when there may be conflicts of interest, such as political fundraising (*C. Narayanaswamy v. C.K. Jaffer Sharief*, 1994). In a democracy, transparency is the standard by default. Furthermore, the Court observed that by running for office, parties and candidates willingly expose themselves to public scrutiny (*Resurgence India v. Election Commission of India*, 2014).

Impacts and Aftermath of the Ruling

The Supreme Court's decision on electoral bonds required the government to make public all donor information including donations made via the contentious bonds. The Court ruled that free and fair elections depended on political money remaining transparent. Thus, it mandated the immediate disclosure of all information pertaining to electoral bond transactions (Saroja, 2017). Within four weeks, the Election Commission will require comprehensive data from State Bank of India, the bearer bond issuer. This includes details about who bought bonds and in what denominations, as well as how many were bought when. Data about which political parties later cashed the bonds and got the donation sums in their accounts is another requirement for SBI (Pathi, 2020). The Court declared that all parties must willingly disclose the sums collected through bond donations, even though they are not currently required to do so by law. This departure from anonymity is a significant victory for openness. Without disclosing the donor or the amount donated, the method had made it possible for more Rs 16,000 crores in political donations (Kaur, 2016). This opacity will now be revealed by a methodical disclosure of the individuals who have been covertly funding each party up to this point (Kutty, 2024). The Court upheld the right of citizens to be informed about material information about the funding of political parties. It was mentioned that funding that is anonymous is against democratic ideals and may allow for backroom dealings between political parties and their wealthy backers (Muthyanolla & Dubbudu, 2019).

Pre-bond Donation Rules Back in Effect

The regulatory structure controlling the financing of political parties that was in place before the contentious bonds were issued in 2017 has been reinstated following the Supreme Court's

decision to invalidate electoral bonds. The standards of accountability and transparency, which were undermined by electoral bonds, have been markedly reversed, according to experts. Returning to force are the regulations requiring the disclosure of gifts over Rs 20,000 (Election Commission of India, 2016).

Before the introduction of electoral bonds, the Representation of People's Act mandated that parties annually declare to the Election Commission the names and amounts of all contributors above Rs 20,000 (Conway, 2024).

Donors' name, address, and PAN were included in this. Additionally, the businesses statute limited corporate donations to 7.5% of the average net income for the previous three years. This made it so that registered businesses could not support political parties or candidates indefinitely (Desk, 2023). Both of these laws were repealed by electoral bonds. They made unrestricted anonymous funding, including from foreign and illicit sources, possible by eliminating limitations on donations and the opacity surrounding contributors (Negi, n.d.). The Supreme Court decided that electoral bond anonymity was against citizens' rights to know and did not, as said, purge political funding. Therefore, it overturned changes made to the Companies Act and RPA to make the bonds possible (Mehta, 2024).

Implications for Ruling Party Funding and Upcoming Elections

A major effect on the finance of the ruling Bharatiya Janata Party (BJP) in the run-up to the general elections of 2024 is anticipated from the Supreme Court's decision to outlaw electoral bonds. Since 2018, more than Rs 10,000 crores, or over 60%, of the approximately Rs 16,000 crores funded through electoral bonds have gone to the BJP (Katyal & M.K., 2019). Concerns have been raised within the party that corporate funders may become less willing now that bonds' anonymity has been removed. It is possible that the information of big businesses, including state-owned behemoths that made substantial bond donations to the BJP, may become public (Section 31 of the Reserve Bank of India Act, 1934).

Before important state and national elections, this can have a negative impact on the BJP's financing stream. In order to generate money without using the anonymity bonds that are offered, the party is trying to plan alternate strategies (Section 182 of the Companies Act, 2013). We are considering options such as requesting modest individual donations. Additionally, the BJP might advocate for alternate channels of political funding, such as electoral trusts, which allow contributors to remain somewhat anonymous (Section 13A of the Income Tax Act, 1961). Overall, though, financing is probably going to suffer as corporate sponsors are less willing to give money straight to the ruling party coffers without a secrecy cover. The decision reinstates support from national parties such as the Congress (Finance Act, 2017).

People who were afraid to donate publicly through electoral bonds can now do so up to Rs 20,000 when the anonymity is lifted. The BJP, which benefited disproportionately from funding for anonymous bonds, is more negatively impacted by the broader financial ramifications (Section 29C of the Representation of People Act, 1951). The verdict might affect the party's approach to future election spending because its finances might be expected to decrease. Certain observers contend that the effect might not be as severe because the ruling party and major industry already had established patronage networks (SBI v. Association for Democratic

Reforms and Others, 2017). Businesses with a stake in influencing legislation may be able to continue funding while projecting a façade of conformity. However, the scale and transparency of electoral bonds had been unmatched. (Finance Acts 2016 & 2017).

Legislative provisions

- (a) Before the amendment of Section 31 of the RBI Act, a bill of exchange or promissory note for payment of money to the bearer of the note or bond could only be drawn, accepted, made, or issued by the Central Government or the RBI. Any scheduled bank was authorized to issue EBs under Section 31 Clause 3 (Agarwal, 2019)
- (b) The section 182 of the Companies Act, 2013 established multiple checks on corporate donations to political parties and to any individual or body for any political purpose that included an amount greater than Rs 25,000. The first restriction on contributions was a maximum of 7.5% of the three-year average annual income (The Firms Act, 2013). The Board of Directors should approve a resolution authorizing the contribution for a specific purpose, and the donor organization should have been in existence for at least three years. The rules establishing the parameters for political donations carried legal ramifications. Any money the business gave to any political party during the course of the fiscal year had to be disclosed in its profit and loss statement (Union of India v. Association for Democratic Reforms, 2002).
- (c) The top maximum or limit on corporate funding was removed by amending Section 182. The identities of political parties that receive donations were not required to be disclosed; instead, only a restricted amount of the total amount contributed to all political parties collectively, rather than the specific, individualized details, was to be disclosed. The Central Government's program might be used by businesses to solicit donations (PUCL v. Union of India, 2003).
- (d) The section 13-A of the 1961 Income Tax Act stipulated that political parties had to meet certain criteria in order to claim an exemption from income earned from financial contributions. Books, accounts, and other documentation were needed to keep records of all gifts and contributions over Rs 20,000. A certified accountant was to audit these books and accounts after they were submitted to the Election Commission of India (Anuradha Bhasin v. Union of India, 2020).
- (e) The Act revising it from 2017 eliminated the need to keep a record of contributions that included the contributors' name, address, and other information if the donation was made through an EBs. Donations exceeding Rs. 2000 could only be accepted via an electoral bond, bank draft, check, or online transfer (Election Commission of India, 2020).
- (f) The aforementioned report, which included all the donor/contributor's individualized details and revealed all the specifics of the donations received, was required by section 29-C of the Representation of the People Act, 1951, prior to its amendment. The person filing the claim loses their right to the IT Act exemption if they fail to provide the report (The Hindu Business Line, 2024).
- (g) The 2017 amendment disallowed political parties from disclosing the specifics of contributions made through EBs to ECI (SSRN, n.d.). The Union's 2018 Election Bonds (EB) Scheme was tossed out by a five-judge Constitution Bench, headed by Chief Justice D.Y. Chandrachud, on February 15, 2024. The Court found that the Plan violated the stipulation in Article 19(1)(a) of the Constitution guaranteeing information to voters (Ministry of Law and Justice, 2020). A voter needs to know about political party funding in

(h) order to exercise their right to vote, they claimed. Corporations were able to make anonymous donations to political parties. The Communist Party of India (Marxist), Common Cause, the Association for Democratic Reforms (ADR) and the petitioners argued that the plan allowed massive election corruption and obfuscated political funding (Achary, 2019). Economic measures brought about by the Finance Acts of 2016 and 2017 and the Scheme that followed, according to the Union government. They argued that, since the legislature and executive have a significant say in economic policy issues, the court should exercise caution when making decisions (Moneycontrol Staff, 2020). The Court concluded that this Scheme was not an economic policy. All similarities to an economic policy end with the change to Section 31 of the Reserve Bank of India Act, 1934. The tribunal was delighted to have the chance to resolve this issue (Chaudhary & Rodrigues, 2019).

Voters' Right to Information extends to Political Parties

The Union government attributes economic developments to the Financial Acts of 2016 and 2017 and the subsequent Scheme. They said that, since the legislature and executive have a significant say in economic policy decisions, the court should be cautious when making decisions (Prasoon & Brunner, 2019). Given the nature of the statute, the Court concluded that this Scheme was not an economic policy. The alteration to Section 31 of the Reserve Bank of India Act, 1934, ends all resemblances to a fiscal policy. This chance to resolve this issue thrilled the tribunal (Rajagopal, 2019). A simple sum was considered sufficient after the firms Act of 2013 was amended to eliminate the requirement for firms to keep track of their contributions to political parties (Business Standard, 2019).

The Union of India v. Association for Democratic Reforms (2002) and PUCL v. Union of India (2003) held that voters have a right to information about candidates since it enables them to vote effectively. The right applies to political parties since they play a significant role in the democratic electoral process (Chhibber, 2016). In India, he observed, voters tend to identify candidates with the party's philosophies. The Union claimed that the confidentiality system was impenetrable and unfailable, but the Judgement strongly rejected this claim (Centre for Media Studies, 2019). Anuradha Bhasin v. The Union of India, 2020, the Court would have to undertake an overall comparison between the measure and its feasible alternatives, which the Court would have to do. He insisted that the balance test should be backed up by actual facts and proof (Mishra, 2020). An objective assessment of competing values is required for the proportionality inquiry to be successful. Statistic would provide a more solid foundation for normative reasoning and comprehension of the methods used to achieve the desired results, according to Justice Khanna (Chaturvedi, 2019).

In a democratic system, it is far too vital to restrict and deny "essential" information to voters under the guise of privacy concerns and the need to stop the flow of unreported funds to political parties. The Court's directives:

1. The State Bank of India would no longer issue election bonds (Bhatnagar, 2020).
2. SBI will provide the Election Commission of India (ECI) with information on the electoral bonds it has purchased between April 12, 2019, and the present. The information must include the buyer's name, the date each bond was acquired, and the denomination of each bond (Tripathi, 2019).

3. Starting on April 12, 2019, SBI will provide the ECI with a list of political parties that have received donations via Electoral Bonds. This has to contain information about each Election Bond that political parties have cashed, along with the bond's denomination and the date it was cashed (National Election Watch, 2020).

Within three weeks of the date of this judgment (by March 6, 2024), SBI is required to provide the ECI with the aforementioned information. Within a week of receiving the information, the ECI will post the information given by SBI on its official website (by March 13, 2024) (Rashid, 2019). Political parties that have not yet cashed electoral bonds, which are still within their 15-day validity period, will return the bonds and credit the buyer's account (Kumar, 2019).

Comparisons to Political Donation Rules in Other Democracies

International discussions on the regulation of political financing in democracies have been sparked by the controversy surrounding electoral bonds in India. All the time, comparisons were drawn to the US, UK, Canadian, German, and other national conventions (Jain, 2019). Unlike bonds issued in India, most democracies require public disclosures of transparency regarding political donations at a fair level. As an example, US law mandates that campaigns report to the Federal Election Commission on a regular basis all contributions (Arun, 2019) above \$200, as well as contributions' specifics. Donors who prefer to remain anonymous must still submit this reporting. In the UK, individual annual contributions are limited to a maximum of £2500, depending on the organization, and international donations are prohibited (Vishnoi, 2018). The Electoral Commission must be notified of any donations made to national or constituency political parties that exceed £500. With the exception of citizens and permanent residents, contributions are forbidden in Canada (Moneycontrol, 2020), Foreign entities, unions, and corporations are not permitted to give. A party may only receive a maximum of \$1600 in annual individual donations. Disclosure is required for any contributions exceeding \$200 (Chaudhary, 2019). The maximum annual donation to a party in France is €7500 for individuals and €15,000 for corporations. Over €150 donations need to be disclosed openly. Penalties for violating the stringent enforcement of the ban on anonymous and foreign contributions are imposed (Prasoon and Brunner, 2019). In Germany, a single person's annual cumulative donation cannot surpass €1 million from all parties combined. It can't be more than €1.5 million per year for corporations. Over €50,000 in donations must be declared in public and subject to investigation. A maximum of €500 can be donated in cash anonymously (Rajagopal, 2019). When it comes to political donations from foreign corporations, India's electoral bonds scheme allowed for complete anonymity, unlike in these countries. This was declared to be in violation of international transparency standards by the Supreme Court. India is now in line with other democracies thanks to this ruling (Business Standard, 2019). Mandating transparency for all major contributions, while yet allowing reasonable constraints to minimize harassment of legitimate individual donors, may still be necessary. In order to meet democratic responsibility, the comparisons emphasize how crucial it is to have balanced regulation and openness (The Indian Express, 2016).

Conclusion

The need for accountability and openness in political fundraising for free and fair elections has been highlighted by the Supreme Court's historic decision to invalidate electoral bonds. In order to bolster India's electoral democracy, the Court has defended citizens' fundamental right to

information by outlawing donor anonymity (Centre for Media Studies, Poll Expenditure: The 2019 Elections). Given that elections are essential to democratic institutions, this conclusion is important. The degree of democracy and good administration is determined by how fair elections are and how much trust the public places in them (The Wire, 2020). If opaque political finance continues unchecked, it has the potential to gradually erode public trust. The financial platform that political parties and politicians use to win elections and take control of legislation and government is something that the public has a right to know. Election finance transparency allows voters to examine whether elected politicians are advancing the agendas of large contributors ('2019 - The year of fake news', The Economic Times, India, 20 December 2019). This kind of oversight promotes responsibility and protects against favor-exchange agreements between the wealthy and the political elite. As a result, openness becomes essential to democratic processes that are just, moral, and free (Kaur, 2016). The Indian election finance system now adheres to fundamental transparency norms, thanks to the Supreme Court's strong mandate requiring disclosure of donor details for electoral bonds and all substantial contributions. This preserves the citizens' right to information and their capacity to evaluate the interests vying for control over politics (The Wire, 2020). Another example of how opacity in the name of change might be more harmful than the status quo is the electoral bonds issue. Bonds were designed conceptually to increase the cleanliness of funding, but in practice, they crippled transparency and allowed black money to operate at scale (Deccan Herald, 2019). This demonstrates why democratic ideals must be strengthened rather than weakened by election reforms. In conclusion, the integrity and fairness of India's electoral democracy would be strengthened by the Supreme Court's praiseworthy decision to invalidate electoral bonds (National Election Watch, 2020). It restates the indisputable fact that openness in political fundraising is necessary for democratic processes to be free, moral, and responsible. The need to create a fair regulatory framework for political fundraising in India has been brought to light by the electoral bonds case (Outlook, 2019). Fair play and the avoidance of harassing sincere donors require balanced principles, even though the Supreme Court has appropriately emphasized transparency as essential. Because elections require finance, this delicate balancing act is necessary. In order to avoid conflicts of interest and undue influence, election funding must be supervised concurrently (Kumar, 2019). Transparency without going too far is therefore necessary, as are reasonable limitations. For example, unrestricted disclosure standards may deter legitimate, small donors from supporting the parties they support, even though the Court ordered the anonymity of electoral bonds to be lifted because it violated voters' right to information (Sanjeev Kumar HM, 2016). Therefore, the election law's Rs 20,000 barrier, below which donor information is not required to be revealed, serves a justifiable purpose. Small individual donors may require protection from possible harassment by political opponents, even though opacity for large donations is rightfully prohibited (Jain, 2018). Similarly, there is a case to be made for appropriately expanding the 7.5% corporate gift limitation to between 10% and 15% of profits, even though the Supreme Court upheld the previous level. Lifting the cap permits corporations to receive genuine investment that serves their objectives, while preventing undue influence from spreading (T.K. Arun, 2019). These complex regulations distinguish between expanding the base through smaller donations from individuals, professionals, and other groups and the transparency required in large donor funding, which might influence policies (Vishnoi, 2019). In general, striking a balance between fairness, freedom, and transparency in political fundraising is crucial. The historic decision regarding electoral bonds moved the focus back towards openness, which is essential to preserving electoral integrity (Election Commission of India, Measures to check

'Paid News' during elections - publicizing the confirmed paid news cases). Conclusively, the electoral bonds ruling brought to light the necessity of carefully balancing democratic responsibility, acceptable constraints, and openness in election funding rules. Fair and impartial standards are also necessary to preserve free and fair democratic processes, even if the Court has consistently emphasized the need for voter transparency (Mohanty, 2017).

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