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Electoral Bonds: Ruling from the Shadows

Introduction:

India is the world's biggest democracy with over 96 crore voters eligible to vote in the year 2024¹. However, does being the biggest democracy in the world also make us the best democracy? The sheer amount of electors or the number of parties does not indicate the health and quality of the democracy in a nation, rather it is indicated by free and fair elections, actual choices available to the voters, and a transparent and robust election system.

The Chandigarh mayor election scandal and the Electoral Bonds scheme have both asked a significant question - How democratic is the world's biggest democracy? Is it even truly a democracy?

This blog analyzes the Electoral Bond scheme and the biggest questions that arise due to it which are the commercialization of elections and the failure of free and fair elections.

Electoral Bonds Scheme:

The Electoral Bond scheme was introduced in the year 2018 by the Ministry of Finance² to allow parties to receive funding through a special type of document called an Electoral Bond which acted

¹ The Hindu Bureau, *India has nearly 97 crore voters now, says EC*, The Hindu (30 March, 2024, 10:00 am), <https://www.thehindu.com/news/national/india-has-nearly-97-crore-voters-now-says-ec/article67828780.ece>

² Supreme Court Observer, *Constitutionality of the Electoral Bond Scheme*, Supreme Court Observer (30 March, 2024, 10:30 am), <https://www.scobserver.in/cases/association-for-democratic-reforms-electoral-bonds-case-background/>

similar to a promissory note. This created a seamless funding system that allowed parties to receive funding without many issues.

Political funding is not a new thing invented by the electoral Bond scheme, rather it was a scheme that aimed to address the long-standing issue of transparency in political funding. However, the scheme itself was riddled with such issues and loopholes that instead of creating transparency in political funding, it created an opaque veil that covered up the funding be it legal or illegal.

The issues with the electoral bond scheme:

The biggest issue with the electoral bond scheme was its lack of transparency. While the ministry claimed that it had introduced the scheme intending to reduce and prevent illegal funding, black money, and other nefarious means of funding, in reality, it only created more issues. The identity of the funding party was kept anonymous and all such data was confidentially kept with the SBI³.

While the privacy and security of donors are used as reasons for such measures, they seem to stand in opposition to accountability and democracy. Allowing anonymous donors to fund political campaigns allows them to manipulate the party's policy for their own profit which is not healthy for a democracy. This system of anonymous funding essentially allows the donors to control and affect the working of the government which could result in biased laws, preferential treatment, and other such actions which are contrary to democracy. Electoral bonds thus allow donors to act as a shadow government, one which is not elected nor represents the citizens, but rather a system that controls governmental actions to achieve private profit.

Electoral bonds thus allow for corporate intervention into politics along with the influence of foreign groups or interests. Thus killing the democracy of the world's biggest democracy.

Political commercialization:

³ *id*

The commercialization of politics refers to the increasing influence of money and commercial interests in political processes and decision-making. This occurs in various forms like the rising cost of political campaigns and rallies, and the influence of wealthy individuals and corporations on policymaking and legislation.

A major component of political commercialization is the huge costs associated with election campaigns. Politicians rely heavily on fundraising to finance their campaigns and buy party tickets, resulting in a situation where those who have access to more financial resources are better placed. Such reliance on fundraising provides incentives for politicians to prioritize the interests of wealthy donors rather than those of the general public.

The control that individuals and corporations exert over politics can also erode democratic principles since they manipulate policy outcomes for business interests. Legislation, legislative calendars, and regulatory judgments can all be influenced by lobbying, campaign donations, or corporate sponsorships thereby ignoring the public interest.

Another issue arising from political commercialization is huge concerns about accountability and transparency. Political decisions made based on financial considerations may lead to corruption as well as conflicts of interest.

Supreme Court judgment:

On 15 February 2024, the Supreme Court unanimously struck down the Electoral Bond Scheme, citing violations of voters' right to information under Article 19(1)(a) of the Constitution. The Court ordered the immediate cessation of bond sales and directed the State Bank of India to submit details of all bonds purchased since April 2019 to the Election Commission for publication on its website⁴.

Conclusion:

⁴ Association for Democratic Reforms v Union of India (2024) 243 Comp Cas 115 : 2024 SCC OnLine SC 150

The electoral Bond scheme might have been struck down and the Chandigarh mayor election scandal might have been dealt with but the root issue of commercialization of politics, corruption, and suppression of democracy for private interests persist in the shadows. The undue influence of money and corporate interests in shaping political decisions threatens to compromise the integrity of our democracy.

As India stands as the biggest democracy in the world, it is not only our duty but rather an obligation to follow the democratic principles and protect and foster a democratic election system. Therefore, it is necessary for us as citizens to be watchful in preserving democratic attributes. This way by demanding greater transparency in elections from our elected representatives we can thereby hold them accountable thus ensuring a democratic system that would withstand all odds.