

GOVT POLICY ON FUNDING POLITICAL PARTIES BAD NEWS FOR DEMOCRACY

Relevant for: Indian Polity | Topic: Elections, Election Commission and the Electoral Reforms in India Incl. Political Parties

The scheme may almost completely choke the flow of funds to all opposition parties

The government decided to issue electoral bonds as a money bill. This was unconstitutional because electoral bonds are not covered by the definition of 'money bill' in the Constitution. The Reserve Bank of India (RBI), the sole authority to issue currency under Section 31 of the RBI Act, was approached four days before the announcement of electoral bonds, "requesting early comments", not agreement.

RBI advised against it, saying it would result in "encouraging money laundering". The scheme was announced on 1 February 2017, against the views of the RBI. Multiple meetings between the finance ministry and RBI were held, right up to the finance minister and the RBI governor, in July and August, when RBI repeatedly highlighted problems with the electoral bonds scheme.

According to RTI documents, RBI's views were overruled by the finance ministry, which said that the central bank had not understood the proposed mechanism and that RBI's repeated opinion was overruled just because the Finance Bill had "already (been) printed!".

The Election Commission (EC) wrote to the law ministry in May 2017 also saying that the electoral bonds as proposed would have serious impact on the transparency aspect of funding of political parties, with the possibility of shell companies being created only for making donations and warned it could increase the use of black money.

A series of meetings later, a secretary in the finance ministry recorded on 22 September 2017, the EC was "reasonably satisfied about the electoral bonds being a fair and more transparent system of political donations" albeit with nothing on record to show this was true. On the contrary, the EC filed an affidavit in the Supreme Court in March 2019 saying that electoral bonds, in their current form, should be scrapped.

Misleading, or lying to the Parliament also took place when then minister of state for finance, P. Radhakrishnan informed in response to a question in Rajya Sabha that the government had not received "any concerns from the Election Commission on the issue of Electoral Bearer Bonds".

Why a government would resort to such actions. Despite this clear stipulation of "general elections to the House of People", the Prime Minister's Office ordered that the scheme be opened for state assembly elections. This was a case of the government breaking a rule that it had itself made.

Rules were broken again when the finance ministry ordered the State Bank of India to encash expired bonds worth 10 crore. Out of the bonds worth 220 crore sold in 2017-18, as much as 210 crore (95%) was donated to the BJP.

The third point is critical. Observers had expressed an apprehension, at the introduction of the scheme, that it had the potential of choking the funding for all opposition parties, and may give a huge undue advantage to the ruling party. This has been proved to be true.

To summarise, it is a scheme which two constitutional authorities—EC and RBI—have said will encourage money laundering and lead to increased use of black money for political funding through shell companies. It is also a scheme which was introduced despite such opposition from constitutional authorities just because the Finance Bill was “already printed”, in defence of which a minister misled Parliament and, finally a scheme which enables the ruling party to corner all the political donations and almost completely choke the flow of funds to all opposition parties.

If this is not bad for democracy, one wonders what is!

Jagdeep S. Chhokar is a former professor at IIM-Ahmedabad and a founding member of the Association of Democratic Reforms, one of the petitioners in the Supreme Court. Views are personal.

Log in to our website to save your bookmarks. It'll just take a moment.

Your session has expired, please login again.

You are now subscribed to our newsletters. In case you can't find any email from our side, please check the spam folder.

END

Downloaded from **crackIAS.com**

© **Zuccess App** by crackIAS.com

CrackIAS