

MONEY AND POWER

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

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Without doubt, political funding in India needs to be made more transparent. Attempts to alter the mechanism of political funding, to move it away from opaque cash donations, need to be at the forefront of political finance reform in India. Yet, the manner in which the [electoral bonds](#) scheme was first introduced, and then implemented, raises grave questions over whether the instrument, in its current form, can facilitate a shift towards a more transparent system.

A disturbing picture of the government riding roughshod over the concerns voiced by the Reserve Bank of India and the Election Commission has come to light. Reservations were expressed on whether providing anonymity to the donor was in line with the intended objective of the scheme to clean up political funding. Concerns were also voiced that the scheme could lead to unlimited and untraceable corporate donations, including by foreign companies, through shell companies to political parties. An argument can be made that anonymity shields donors from future retribution. But, in a democracy, in which transparency should be the guiding principle, voters should be aware of the contributions to parties by various entities. No public purpose is served by protecting the confidentiality of donors. Further, allowing the SBI, a government-owned bank, rather than the RBI, to be the issuer of these bonds raises questions over the influence the government can exert on the functioning of this rather opaque system. As the bank has to maintain details of the donor, and has to furnish these details to enforcement agencies upon request, it invites the charge that these details can be accessed by the government and used to its advantage. The ad hoc manner in which the rules of the scheme were tweaked to change the time-period when these bonds can be purchased and deposited lends further credence to the narrative of an uneven playing field — of a system that has been geared to give the ruling party enormous and unfair advantage. Data compiled by the Association for Democratic Reforms shows that the [BJP](#) garnered 95 per cent of the Rs 222 crore bonds issued in the first tranche. The lopsided nature of the scheme is further revealed in a report in this paper which showed that electoral bonds with denominations of Rs 1 crore accounted for more than 91 per cent of the Rs 5,896 crore raised in the first 11 phases over which the bonds were sold.

Reforms to address the nature of political funding should pass the basic tests of transparency and accountability. In this case, it would seem that these basic tenets have not been adhered to. This has serious repercussions for the functioning of democracy, and therefore warrants a clearer and deeper look at political funding and its instruments.

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