Electoral Bond Scheme

Syllabus subtopic: Important aspects of governance, transparency and accountability, e-governance- applications, models, successes, limitations, and potential; citizens charters, transparency & accountability and institutional and other measures.

News:

- Electoral bonds worth ₹232 crore were sold in October, taking the total number of bonds sold from March 2018 till October 2019 to 12,313 and the total value to ₹6,128 crore, according to data shared by the Association for Democratic Reforms (ADR).

- Mumbai had the highest amount of bonds at ₹1,880 crore, followed by Kolkata at ₹1,440 crore, Delhi at ₹919 crore and Hyderabad at ₹838 crore, while all other cities accounted for ₹1,051 crore from March 2018 till October 2019.

Prelims Focus: About Electoral bonds

Mains focus: Arguments for and against the issue of Electoral bonds

About Electoral bonds:

- Electoral bonds are bonds that allow donors to pay political parties using banks as an intermediary.

Key features:

1. Although called a bond, the banking instrument resembling promissory notes will **not carry any interest**.
2. It will be a **bearer instrument**.
3. It will **not carry the name of the payee**.
4. It can be bought for any value, in multiples of Rs 1,000, Rs 10,000, Rs 1 lakh, Rs 10 lakh or Rs 1 crore.

Eligibility:

- May be purchased by a citizen of India, or entities incorporated or established in India.
- A person being an individual can buy electoral bonds, either singly or jointly with other individuals.
- Only the registered Political Parties which have secured not less than one per cent of the votes polled in the last Lok Sabha elections or the State Legislative Assembly are eligible to receive the Electoral Bonds.

Need:

The electoral bonds are aimed at rooting out the current system of largely anonymous cash donations made to political parties which lead to the generation of black money in the economy.

How can Bonds help?

- Encourage political donations of clean money from individuals, companies, HUF, religious groups, charities, etc.
- After purchasing the bonds, these entities can hand them to political parties of their choice, which must redeem them within the prescribed time.

What is the controversy?

- The introduction of the electoral bond scheme is part of what appears to be a growing trend away from transparency and accountability, two values which were already sparse in relation to Indian political parties.
- Opponents to the scheme allege that since the identity of the donor of electoral bonds has been kept anonymous, it could lead to an influx of black money.
- Others allege that the scheme was designed to help big corporate houses donate money without their identity being revealed.