Electoral Bonds Part II

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What is the issue?

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The Government is set to introduce a scheme **offering political bonds as bearer instruments** which will conceal the identity of the bond buyers and enable a process of political donations that will make funding political parties transparent.

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Electoral Bond:

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- Electoral Bond is a **financial instrument for making donations to political parties.**
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- These are issued by Scheduled Commercial banks upon authorisation from the Central Government to intending donors, but only against cheque and digital payments (cannot be purchased by cash).
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- These bonds shall be redeemable in the designated account of a registered political party within the prescribed time limit from issuance of bond.
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- **Electoral bond was announced in the Union Budget 2017-18.**
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What is the problem with the electoral bonds?

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- Electoral bonds as envisaged here open up yet another route to **further the unholy nexus between corporate houses and political parties,** which

have been at the root of high level corruption in the country.
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- Consider a situation: A large corporate, ‘A’, plans to donate a very large sum to a party, ‘B’, in power but wants no attention from regulators, anti-corruption laws or the judiciary.
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- The Government enacts a law that blacks out the identity of the donor ‘A’. Neither ‘A’, the donor, nor ‘B’, the receiver, is required to share details of the so-called donation.
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- This comes within the realm of possibility, indeed probability, with no upper limit set of the donations that can be made by a donor entity.
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- The scheme says nothing about the kind of nexus that will drive such donations.
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Could it promote transparency?

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- It is true that businesses and their associations and federations do not want the donors named but then the transparency of a system cannot be achieved when donations have no upper limits and names of groups making the payment are blacked out.
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- To enforce transparency in political funding: We need to **ban cash altogether and disclose all sources**.
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- The only message we can draw is that political will is singularly lacking to cleanse the system.
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Source: Business Line

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