Electoral Reforms – Drawbacks

Why in news?

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- Instead of bringing transperancy and accountability, the Finance Minister's proposal in Budget on electoral reforms will bring in just the opposite.
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What are the four elements that was announced?

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- The four elements of Electoral reforms were announced to **"cleanse the system of funding of political parties"**, while also preventing the generation of black money. They are,\n\n
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  - Proposing a ceiling of Rs 2,000 on the amount of cash donation that a political party can receive from one person in a year.
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  - Political parties would be "entitled to receive" donations by cheque or digital mode from their donors.
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  - Every political party would have to file its Income Tax (IT) return within the prescribed time limit in order to enjoy exemption from payment of IT.
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  - **A new scheme of Electoral Bonds was announced.**
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What are the drawbacks?

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- The second and the third proposal of this scheme are redundant, as they are no different from what the existing law provides for.
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- Instead, what we needed is a new law which mandates that the parties would be “required” to receive donations by cheque or digitally. But, the Finance Minister did not propose such a thing.
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- Similarly, the existing law already requires the political parties to file their IT returns to enjoy tax exemption. The Finance Bill now proposes a new section, that explicitly says that the return should be filed within the stipulated time limit.
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- So far, all the major parties have never followed this condition. But, no one gets penalised for this non-compliance.
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- And, EC wanted to reduce the anonymous donations from Rs 20,000 to Rs 2,000 in its **revised compendium of Proposed Electoral Reforms**.
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- The Finance Minister’s speech claimed to follow the EC’s advice. But in reality, the existing limit of Rs 20,000 on anonymous donation as per Section 23 of the RPA has been left untouched.
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- The Minister has merely proposed a new clause that limits cash donation from one source to Rs 2,000 in one year. And, there is no requirement to disclose a contribution by cheque or digital transfer up to Rs 20,000. Also, there is no limit to how much a party can receive from anonymous donations.
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- The EC had also proposed that no party should be allowed to receive more than Rs 20 crore or 20% of its overall donations from anonymous sources. The Minister, again, did not pay heed to this. Now, there is no limit to how much overall a party can receive in cash from all sources put together.
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What about Electoral Bonds?

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- **Anyone who wants to donate to a political party would be able to purchase Electoral Bonds from authorised banks.**
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- Once purchased, these bonds will be like bearer bonds and will not contain the name of the eventual beneficiary.

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- The IT authorities and the EC would not know anything - like reporting of donor, beneficiary, the amount of contribution. All are exempted via amending the IT Act and the RPA, Section 29C.
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- The net effect of the Bonds will be that no one except the fund giver and the fund receiver would know about this exchange.
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- Once introduced, **these bonds will mask whatever little transparency exists** in the current system.
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Source: The Hindu

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