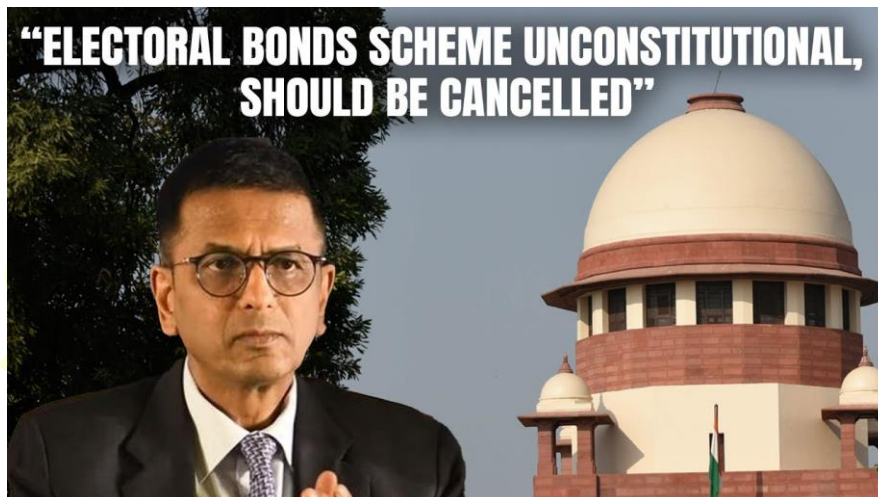


Supreme Court Strikes Down Electoral Bonds Scheme

Why In News

- In a landmark unanimous judgment, the Supreme Court struck down as “**unconstitutional and manifestly arbitrary**” the electoral bonds scheme, which provides blanket anonymity to political donors, as well as critical legal amendments allowing rich corporations to make unlimited political donations.



What Are Electoral Bonds

- An **electoral bond** is an instrument through which anyone can donate money to political parties.
- Such bonds are sold in **multiples of Rs 1,000, Rs 10,000, Rs 1 lakh, Rs 10 lakh,** and Rs 1 crore and can be bought from authorised branches of the State Bank of India, providing anonymity to the donors.
- These bonds were **introduced in 2017 to bring transparency** in electoral funding and were formally launched in 2018.
- Political parties can **encash these bonds within 15 days** of receipt to fund their electoral expenses.



- **One can buy these electoral bonds** during the first 10 days of January, April, July and October, as specified by the government. An additional 30-day period will be set by the Centre in a general election year.
- The bonds can be **availed of only by political parties registered under the Representation of the People Act, 1951.**
- The parties should have secured not less than 1 percent of the votes polled in the last General Election to the **Lok Sabha or Legislative Assembly of a State.** The electoral bonds can be encashed by an eligible political party only through an account in an authorised bank.

Political Parties Received Anonymous Donations

- The annual audit reports over the last six years revealed that the ruling **Bharatiya Janata Party (BJP)** received the highest amount of anonymous donations - **over ₹6,566 crore.**
- The **Indian National Congress** is second on the list, with a comparatively lower amount of **₹1,123 crore** in its kitty.
- All India **Trinamool Congress** also received **₹1,092 crore** since 2017.
- The **Communist Party of India (Marxist)** was the only national party which did not accept donations through electoral bonds

PARTY-WISE DONATION THROUGH BONDS (IN RS. CR)

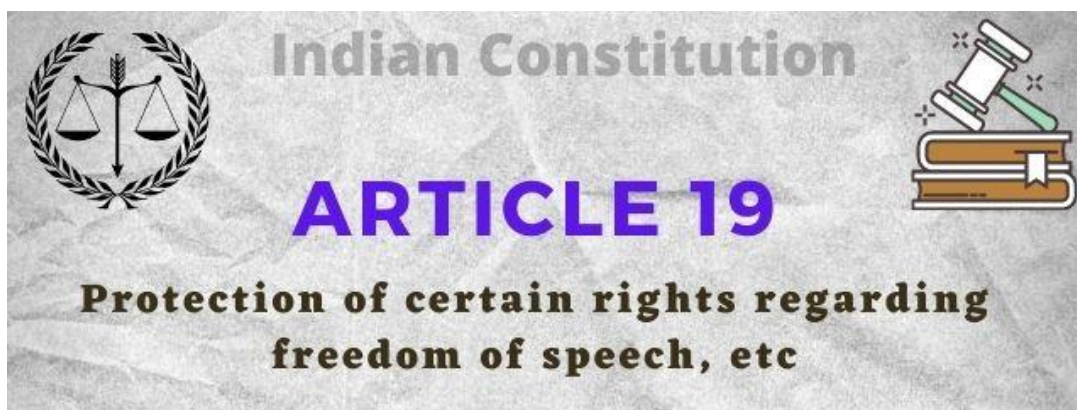
Party	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
BJP	210.00	1,450.890	2,555.000	22.385	1,033.7000	1294.1499
INC	5.00	383.260	317.861	10.075	236.0995	171.0200
AITC	0.00	97.280	100.4646	42.000	528.1430	325.1000
NCP	0.00	29.250	20.500	0.000	14.0000	--
TRS	0.00	141.500	89.153	0.000	153.0000	--

Supreme Court Verdict

- A unanimous verdict was delivered by a **five-judge bench** comprising Chief Justice **Inda DY Chandrachud** and Justices Sanjiv Khanna, BR Gavai, JB Pardiwala, and Manoj Misra, effectively dismantling the scheme that allowed for anonymous funding to political parties.



- The **bench was ruling** on a batch of pleas challenging the legal validity of the Central government's **Electoral Bonds Scheme**, which allows for anonymous funding to political parties.
- A **five-judge Bench** headed by Chief Justice of India DY Chandrachud, in a unanimous judgment, held that the electoral bonds scheme and preceding amendments made to the Representation of People Act, Companies Act and the Income Tax Act violate the voters' right to information about political funding under **Article 19(1)(a) of the Constitution**.



- The apex court ordered the State of Bank of India to stop issuance of electoral bonds herewith.
- Holding the **scheme “violative” of the constitutional right** to freedom of speech and expression and right to information, the court did not agree with the Centre’s contention that it was meant to bring about transparency and curb black money in political funding.
- The bank was directed to submit details of bonds purchased from **April 12, 2019, till date to the Election Commission of India (ECI)**. On April 12, 2019, the top court had ordered the ECI to submit, in a sealed cover, the records of bonds purchased till then.



- The “details” would include date of purchase of each bond, the name of the buyer and the denomination of the bond.
- The **bank would make a full disclosure** to the ECI of political parties that had received contributions and **encashed the electoral bonds** from April 12, 2019.
- The bank would furnish the information to the **ECI by March 6, 2024**.

- The poll body, in turn, has to publish the entire information given by the State Bank of India on its **website by March 13, 2024**.
- The SBI has also been directed to submit the details of the purchase of electoral bonds along with the details regarding their encashment by political parties to the Election Commission (EC) by March 6.



- The EC has been directed to publish all the details on its website one week after it has received such information.
- **"Voters have a right to information to cast votes.** Right to information is not restricted to info about state affairs," said the apex court.
- The **SC had reserved the case for judgement**—taken time to weigh the facts of the case after hearing arguments by both sides—in November 2023. The Supreme Court had also directed the EC to furnish all data on donations that political parties had received through the scheme until September 30, 2023.

Conclusion

- All the **electoral bonds within the 15-day** validity period shall be returned by political parties to the purchasers.
- The Election Commission of India (ECI) will make all donations public within one week of the receipt of information.
- The State Bank of India (SBI) should stop issuing electoral bonds immediately and submit all details to the ECI by March 6.