



**KAMARAJ IAS ACADEMY**  
Only IAS Academy by Grandson of "Perunthalaivar Kamarajar"

# Electoral Bonds

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**Why is in news?** 23rd tranche of electoral bonds opens for sale till 15th Nov

**State Bank of India** has been authorized to issue and encash Electoral Bonds through its **29 authorized branches**.

The Ministry of Finance said, the Electoral Bonds shall be **valid for fifteen calendar days** from the date of issue.

The authorised SBI branches include Delhi, Haryana, Punjab, Himachal Pradesh, Jammu and Kashmir, Uttarakhand, Gujarat, Madhya Pradesh, Rajasthan, Maharashtra, Uttar Pradesh, Odisha and West Bengal.

## Electoral Bond Scheme:

Electoral bonds are an instrument through which anyone can **donate money to political parties**.

Electoral bonds can be **purchased by Indian citizens**. A person can buy Electoral Bonds, **either singly or jointly** with other individuals.

Only the political parties **registered under Section 29A of the Representation of the People Act, 1951** and which, **secured not less than one per cent of the votes polled in the last general election or a legislative assembly**, shall be eligible to receive the Electoral Bonds.

The bonds, which are sold in multiples of Rs 1,000, Rs 10,000, Rs 1 lakh, Rs 10 lakh, and Rs 1 crore, can be bought from authorised branches of the State Bank of India **via cheque or digital mechanism** (cash is not allowed).

The donor can then give this bond to the parties of their choice. **Donor's name is not mentioned on the bond**.

The political parties can choose to encash such bonds **within 15 days of receiving them** and fund their electoral expenses.

**Objective of the scheme: Transparency in political funding:** To ensure that the funds being collected by the political parties is accounted money or clean money.

## Issues with the Scheme:

**Opaque funding:** While the identity of the donor is captured, it is not revealed to the party or public. So transparency is not enhanced for the voter.

**No IT break:** Also income tax breaks may not be available for donations through electoral bonds. This pushes the donor to choose between remaining anonymous and saving on taxes.

**No anonymity for donors:** The privacy of the donor is compromised as the bank will know their identity.

**Differential benefits:** These bonds will help any party that is in power because the government can know who donated what money and to whom.

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# Benefits of Electoral Bonds



**WILL BRING** substantial transparency in political donations against the present system of contributions in the election funding mechanism



**HOW MUCH** funding comes, what kind of funding it is, the source of funding and where it will be spent will be known clearly



**NON DISCLOSURE** of recipients will ensure people are free to donate to any political party of their choice

**WILL REINFORCE** the idea of moving away from a cash system towards clean money which cheque system could not achieve

**15 DAYS** between buying and selling will ensure they don't turn into a parallel economy