



KAMARAJ IAS ACADEMY
Only IAS Academy by Grandson of "Perunthalsivam Kamarajar"

Electoral Bonds

Published On: 09-11-2022

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.

Kamaraj IAS Academy

Plot A P.127, AF block, 6 th street, 11th Main Rd, Shanthi Colony, Anna Nagar, Chennai, Tamil Nadu 600040

Phone: **044 4353 9988 / 98403 94477 / Whatsapp : 09710729833**

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