

# From Implementation to Public Interest Litigation: Investigating the Electoral Bond Scheme in India

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## Abstract

Election finance has long been a contentious issue in democracies around the world, with concerns about transparency, accountability and the potential influence of money on political processes. This abstract examines the concept of electoral communication in India, examines its impact on electoral climate and assesses its effectiveness in promoting transparency and accountability. Ballot papers were introduced as a way for individuals and corporations to donate money anonymously to political parties. Supporters say the scheme will reduce the impact of black money and promote transparency by channelling donations through banking channels. However, critics have raised several concerns about the lack of transparency in the system. A key criticism revolves around the anonymity of donors, which undermines transparency and public accountability. Unlike traditional political donations, electoral rolls protect donors, raising questions about the possibility of quid pro quo arrangements between political parties and an aid is provided among wealthy. Furthermore, the lack of disclosure requirements exacerbates these concerns, as citizens remain unaware of political sources of funding. Also, large-scale buying of ballot papers in selected companies has raised suspicions of crony capitalism and undue influence on policy making. Reports indicate that a small number of companies bought a significant portion of the ballot papers, providing the debate about the fairness and integrity of the elections has grown way.

Furthermore, the lack of rules and procedures for verifying electoral documents further undermined confidence in the electoral budget. The lack of stringent disclosure standards and oversight mechanisms undermines the goal of transparency and accountability in political economy. The conclusion was that when ballot papers were introduced with the intention of improving political economy in India, their use has achieved the desired objective. Far from increasing transparency and calculation, electoral rolls have introduced new complications and loopholes in the electoral process. Comprehensive reforms that prioritize transparency, accountability and the integrity of the electoral process to address these shortcomings.

**Keyword:** Transparency, Accountability, Bonds and Electoral Politics

## Introduction

Election finance has long been a controversial issue in Indian politics, including concerns about the impact of money on the democratic process and the lack of political investment. The concept of electoral ballots marked a significant departure from traditional forms of political donations, which tended to involve cash

and lacked proper documentation. The Government aimed to curb the influence of black money and curb undisclosed finances on elections by requiring donors to purchase bonds from authorized banks and transfer them to political parties. Fear of reprisals or undue scrutiny. In the absence of political parties, they will be encouraged to contribute. However, the introduction of electoral ties generated heated debate among policymakers, political analysts and civil society organisations. While proponents of the initiative emphasized its potential to increase transparency and accountability in the political economy, critics voiced numerous concerns about its effectiveness and potential shortcomings. These mainly included the anonymity granted to donors, and were argued to potentially facilitate quid pro quo arrangements between political parties and wealthy individuals or corporations. Furthermore, the lack of disclosure requirements for donors and the amount of donations has raised questions about the transparency of the ballot system. Unlike traditional political donations, ballot papers shield donors from public scrutiny, raising fears about the influence of interested parties in the political process in 2010. Following that, reports that focusing on the purchase of electoral tickets in selected companies raised concerns about crony capitalism and its undue influence. Regulation with the use of ballot papers, it became clear that the system posed significant challenges to the integrity of the electoral process. The absence of strong laws and censorship systems compounded these challenges, and made the electoral budget vulnerable to exploitation and abuse. Given these controversies, it is important to examine the impact of electoral rolls in India's electoral landscape more closely. This paper aims to examine the impact of electoral rolls on the transparency, accountability and overall health of India's democratic institutions. By examining the strengths and weaknesses of the electoral process, this study seeks to provide insights into the future of political funding in India and the need for meaningful reforms to create an electoral system that protects the integrity of the donor.

### Literature Review

Electoral finance mechanisms are essential components of democratic governance and reflect a transparent and honest electoral process. Among the various tools that have been introduced to monitor political finance, electoral ballots have emerged as an area of intense scholarly research. Initially introduced in India in 2017 and subsequently explored in other countries, electoral communication has sparked controversy over its effectiveness in fighting corruption, providing transparency and democratizing elections.

The origins and development of electoral rolls begin with India's efforts to reform its campaign finance system. Mishra and others. (2019) provide a comprehensive analysis of the legal and policy framework for the introduction of ballot papers in India, focusing on the motivations behind their implementation, and the subsequent policy discourse. This specialist work establishes a foundational understanding of the historical context and institutional dynamics of the adoption of electoral communication.

A central controversy in the discourse on electoral ballots relates to its impact on transparent political economy and accountability. Gupta and Kapoor (2020) argue that although the ballot papers are intended to increase transparency by channelling donations through banking channels, their anonymous nature raises concerns in terms of accountability and finance of possible illegality. This approach highlights the subtle trade-offs inherent in electoral finance reform, where gains in one sector can lead to compromises in another. The introduction of ballot papers has dramatically changed the landscape of political finance and party funding. Bhushan (2021) examines the impact of electoral ties on the financial structure of political parties in India, focusing on changes in donation patterns and funding of elected institutions.

Additionally, Singh and Tyagi (2019) examine the effects of electoral rolls on electoral processes, examining their impact on campaign spending, candidate selection, and party competition. These studies highlight the multidimensional impact of electoral networks on the dynamics of electoral politics.

### **Purpose/objective of the Research.**

**Understanding the impact:** The impact of electoral ballots on Indian politics, including implications for political parties, electoral contests and governance.

**Evaluating transparency and accountability:** Examining the level of transparency and accountability in the electoral communication process, examining whether it adequately discloses sources of political funding and prevents illegal activities such as the edge of money laundering .

**Exploring corporate influence:** An examination of the extent of corporate influence in the political process through electoral ties, including corporate supply motives and implications for democracy and public policy. Evaluating legal and constitutional implications: Analysing the legal and constitutional aspects of electoral transactions, including their compliance with the principles of transparency, fairness and equity in electoral finance.

**Identify loopholes and challenges:** Identify potential loopholes and weaknesses in the electoral voucher system, such as shell companies or benami modes of donation, and propose ways to address them . . .

**.Public perception and awareness survey:** An assessment of public knowledge, attitudes and perceptions of electoral relations, including trust in the electoral process, and perceptions of fairness and integrity.

**Seeking international comparisons:** Comparing electoral systems in India with similar systems in other countries, looking for best practices, lessons and areas for improvement. Propose policy recommendations:

Provide evidence-based policy recommendations to improve the efficiency, transparency, and accountability of the electoral communication process or explore alternative approaches to political economy reform. Overall, this study aims to contribute to a better understanding of electoral relations in India, their implications for democracy and governance, and the ways in which they can be adapted to foster electoral integrity and public trust in politics.

### **Historical Context**

Ballot papers were introduced in India as part of the Finance Act, 2017, and subsequently announced by the Government of India on February 2, 2018. Ballot papers marked a significant departure from the traditional modes of political access in the country. And he relied heavily on monetary donations from other organizations, often leading to ambiguity and allegations of corruption in the elections. The electoral policy concept aimed to address these long-standing issues by providing a more transparent and accountable framework for political finance. Under this scheme, individuals and businesses can purchase electoral tickets from authorized banks using legal funds. This mortgage is then issued in the name of the buyer but with no details of the payer, ensuring anonymity. Once obtained, electoral ballots can be issued to registered political parties, and funds can be received through a specific account for a specified period of time. The bonds can only be issued by political parties, preventing nonprofits, trusts, and other entities from benefiting from the program Furthermore, the ballot papers are subject to a fixed maximum term, thus discourage hoarding or abuse.

Proponents of ballot papers argue that it promotes transparency through banks' political contributions, thus eliminating the use of cash, and reducing the risk of black money entering the electoral process. However, the introduction of the electoral system has received scepticisms and criticism from various groups. Critics argue that the anonymity of donors undermines the transparency and accountability of

political funding, because it obscures the real sources of funding for political parties. They argue that volunteers can have used their influence on policy decisions and undermine the democratic process without conducive to disclosure. Additionally, concerns were raised about the increased buying of electoral tickets in selected companies, raising suspicions that crony capitalism was the undue influence on policy making, with strong legal framework and policy a besides lack of surveillance. In summary, when ballot papers were introduced with a view to improving the political economy in India, their use has been praised and criticized. The controversy over ballot papers continues to develop, with stakeholders recommending changes to address inherent challenges.

### **The use of electoral bonds by political parties.**

The use of ballot papers by political parties in India has been the subject of scrutiny and debate since the beginning of 2018 but the use of political parties has raised many concerns and controversies. Donor opacity: One of the key issues with ballot papers is the anonymity they provide to donors. While this was intended to protect donors from possible backlash or coercion, critics say it undermines the transparency of political funding. Political parties are not required to disclose donors who make donations through ballot papers, raising questions about the impact of underfunding on policy decisions and political processes. Savings: Reports indicate that ballot papers have raised funds in select companies. Some big corporations have been identified as major buyers of ballot papers, raising concerns about disproportionate influence over political parties and policy-making. This accumulation of wealth has led to accusations of crony capitalism and potential schemes for the quid pro quo arrangements between donors and politicians have come to parties which are at advantage. Lack of accountability: Another criticism of ballot papers is the lack of accountability in their use. Unlike traditional political donations, which are subject to disclosure laws and scrutiny, ballot papers can raise substantial amounts of money without revealing the identities of the political parties they donate to. This lack of transparency makes it difficult for citizens to hold political parties accountable for their revenue sources.

Legal challenges: Electoral rolls have been faced with legal challenges in Indian courts, with petitions arguing that they violate the principles of transparency and fairness in elections. Critics say ballot papers allow them to circumvent campaign finance laws and create an unchecked influence of money in politics. While the Supreme Court of India has upheld the legality of electoral rolls, their ethical and democratic implications are still debated.

Overall, the use of ballot papers by political parties in India has been mired in controversy and has raised fundamental questions about the nature of political funding in the country. While advocates say ballot papers promote transparency and encourage fair donations to political parties, critics say they undermine principles of accountability and fairness in the electoral process. The ongoing debate underscores the need for meaningful reforms to ensure the authenticity and transparency of political funding in India.

### **Birth of electoral bond.**

Launching the Election Bond Scheme in mid-2017 in the wake of important economic events like demonetisation, implementation of Goods and Services Tax (GST) raised questions about its timing and potential significance, in particular companies in India concerned.

The twin shocks of demonetisation and implementation of GST had a significant impact on the Indian economy, especially small, medium and micro enterprises. Already dealing with challenges, these sectors faced new challenges when they are struggling to adapt to the new economic environment. Meanwhile,

larger companies seemed to benefit from these problems, seizing opportunities to strengthen their market share at the expense of smaller players and report analysis shows that many larger companies failed to be affected if demonetisation has achieved its GST even openly acknowledged that they can capture a larger market share and celebrated it.

Amidst this economic boom, Prime Minister Narendra Modi's government introduced another important policy in September 2019, which also supported corporate interests Cutting base corporate tax rate from 30% to 22% for existing companies and 15% from 25 % for new companies starting fresh capital investment projects By reducing it to %, more leeway was given to companies India This move added about Rs 1,45,000 crore of tax revenue sacrificed by the finance ministry.

The combination of these policies—the introduction of ballot papers in 2017 and a corporate tax cut in 2019—raises questions about aligning government action with corporate interests Critics say the steps up would help large infrastructure disproportionately, potentially increasing inequality in the economy and further strengthening the power of large infrastructure and impact In the wake of economic shocks that have had a disproportionate impact, the timing of these policies has there has been uncertainty about the government's priorities in meeting the needs of all sections of society.

In this context, the electoral voucher system has been under scrutiny, as there has been concern about its potential to weaken the influence of corporate interests in politics especially the lack of transparency in terms of donor anonymity. require careful consideration and scrutiny to ensure fairness and equity.

The decision by the Ministry of Finance to offer a substantial corporate tax incentive in 2019 was ostensibly intended to encourage new capital investment and job creation but the consequences of this policy dragged on detached from its original concept. Rather than using tax cuts to encourage greater investment and expand capacity, many large corporations have chosen to bolster their profit margins without contributing significantly to economic growth or job creation Reports in the years following the corporate tax cut showed that the companies made huge profits, saving the companies an estimated Rs 6 crore due to the tax cuts Despite this, there was there is no corresponding investment in capacity expansion or operations In this context the importance of large corporations buying electoral rolls especially those favouring the ruling regime is an important resource available after tax cuts, corporations may find that the acquisition of electoral rolls is the next logical step towards achieving appropriate treatment or policies that best match government policy. The corporation of the company, the accumulated profits, then the negotiation of the planning bond, the company, the budget, the possibility of their influence and influence, the application of the electoral law, especially to support the electoral process and decision making possible systems and possible decision-making processes. Nonetheless, the confluence of monetary policy, corporate interests, and political economy underscores the need for greater transparency, accountability, and oversight in economics and politics.

The argument presented here follows the assumption that government policies helped large corporations directly profit, perhaps those corporations generously supporting political parties through ballot papers This situation is seen as a quid pro quo.

Under the previous system, there were restrictions on how much companies could donate profits to political parties, and it was mandatory for these donations to be disclosed in annual reports however the ballot system eliminated all restrictions and transparency requirements, allowing companies to make unlimited donations anonymously.

The concern is that this lack of anonymity and restrictions can create an environment where companies support political parties in exchange for favourable policies or decisions, thereby creating a quid pro quo.



**Eradication of Black**

The concerns raised here highlight the potential mechanisms and mechanisms of abuse in the electoral process. A major concern is the possibility that companies making a loss or engaging in fraudulent activities may use shell companies or benami channels to purchase electoral tickets These companies are not for profit, they can be used to launder money or to only the real source of income has been hidden There are also fears that companies that defaulted on bank loans and benefited from critical lighting may still have their own money and have used it to buy electoral tickets through anonymous shell companies . The vagueness of the ballot system makes it difficult to ascertain whether such situations have materially The question asked by the chief justice on the purchase of ballot papers by loss-making companies about highlights the uncertainty surrounding the scheme.

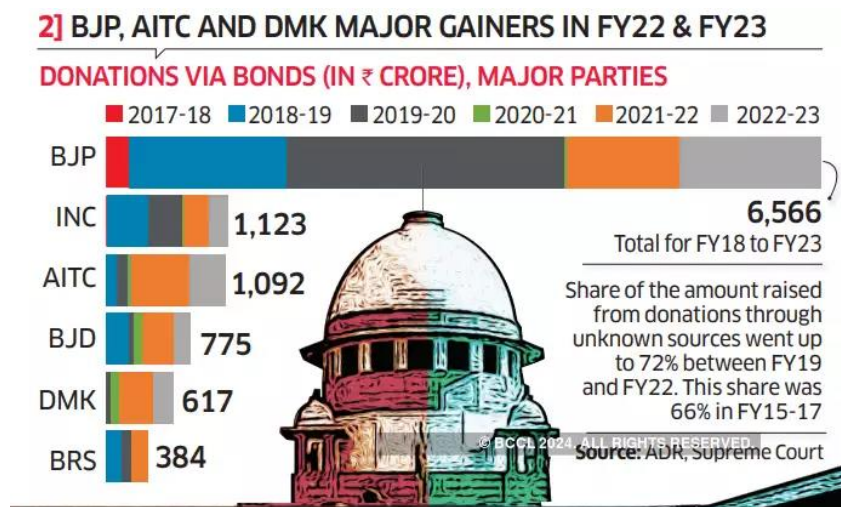
**Controversies surrounding electoral bonds.**

Lack of transparency: Critics argue that the anonymity provided by electoral rolls makes it difficult to trace sources of political funding and can open the door to illegal activities such as money laundering illicit or black money flow into the political system Corporate Influence: There is concern that ballot papers can influence the political process disproportionately for corporations and wealthy individuals, as they can provide substantial support to political parties without publicity.

Potential for Quid Pro Quo: The lack of clarity around donors has raised fears of quid pro quo arrangements between political parties and their financial backers, where good policies or decisions are made in exchange for funding in the animals.

Impact on democracy: Some argue that electoral restrictions undermine democratic principles, giving the wealthy disproportionate influence over the electoral process and potentially marginalizing the voices of ordinary citizens While there may not yet be specific conclusions drawn about electoral relations, this broader discussion and analysis offers valuable insights into the potential implications and challenges associated with the process.

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Source – The Economic Times

**Public Interest litigation and Electoral bonds.**

Public Interest Litigation (PIL) plays an important role in addressing concerns about electoral tie-ups in India. Here's how the PIL could impact electoral rolls:

**Legal Challenges:** PILs can be filed in courts challenging the legality and constitutionality of the electoral rolls. By raising legal issues, the PIL could prompt the judiciary to scrutinize the electoral roll system and monitor its compliance with constitutional principles such as transparency, fairness and equity. **Judicial review:** PILs can seek judicial review of government policies and practices relating to electoral rolls. Courts have jurisdiction to review the legality and reasonableness of executive decisions, including the use of ballot papers, and issue guidelines or guidelines to ensure compliance with legal norms and constitutionality standards of the universe. **Transparency and Accountability:** PILs can advocate for greater transparency and accountability in the political economy, including electoral rolls. By emphasizing the importance of public disclosure and oversight mechanisms, PILs can promote transparency reforms, reduce the potential for abuse, and promote democratic governance in the dense Public awareness and advocacy: PILs can serve as a platform to raise public awareness of the implications of electoral communication and mobilize support for reform efforts. Through the media coverage and public debate generated by PILs, citizens can become more informed about the issues at stake and actively participate in advocating policy reforms **Monitoring and Enforcement:** PILs can monitor the implementation of court judgments and orders relating to ballot papers, ensure that government agencies and political parties comply with legal obligations. By holding authorities accountable for their actions, PIL contributes to effective application of legal protections and promotes the rule of law.

Overall, PILs can be a powerful tool for promoting transparency, accountability and democratic values in the binding of elections in India. By effectively exercising judicial oversight powers and engaging the public, PILs can contribute to ongoing discourse and efforts aimed at improving and regulating political finance practices strength of democratic institutions.

## Conclusion

In conclusion, the introduction of ballot papers in India has generated considerable controversy and debate on its impact on transparency, accountability and fair political economy. The anonymity offered by electoral ballots has raised important transparency issues, making it difficult to trace sources of political funding and raising fears of financial infiltration into the political process the illegitimacy of the rise Critics argue that this lack of transparency undermines democratic principles by allowing for potentially influential business and quid pro quo arrangements between political parties and donors Moreover, concerns about the erosion of democratic values by corporate interests perceived to encourage political funding through ballot papers, the privileging of the rich and powerful in shaping public policy arise in importance the need for electoral negotiation reform is reaffirmed. While ballot papers have faced legal challenges, including having their constitutionality challenged in the courts, broader opinion points to radical change needed to address the shortcomings of the current system Change is needed such prioritizes transparent political economy, accountability and fairness. In conclusion, the controversy surrounding electoral rolls highlights the importance of respecting and protecting democratic principles.

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