HOW ELECTORAL BONDS OPEN THE DOOR FOR LEGALIZING CORRUPTION IN INDIA?

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ABSTRACT
Money is at the heart of India’s political corruption problem, with political parties suspected of being the main and most direct beneficiaries. Accountability, inaccurate representation, and asymmetry in governance and policymaking are all harmed by electoral misconduct. That one the major problem takes through the electoral bonds in India. The bonds conspire to perpetuate the fundamental fraud in Indian political funding: the expenses that are shown and accounted for in some way are only a fraction of the actual money spent, and the majority of this actual spending comes from funding drawn entirely off the books of companies as the proceeds of corruption.

The democracy demands free and fair elections and woven around the concept of transparency and accountability and the Indian Election Commission (ECI) has been recognized for performing out its constitutional role. However, obstacles persist, and each difficulty overcome generates other difficulties, the complexity of which is limited only by human creativity and the appeal of elected office. However, during recent elections, cash power has posed the most immediate threat, and if not successfully regulated, it has the potential to vitiate the entire Indian democracy.

There are several examples of elections being fuelled by unneeded funds in order to win elections. The overall value of the previous general election is projected to be 14.6 billion rupees (€189 million, $212 million). With an anticipated cost of nearly $5 billion, the 2014 Lok Sabha elections are said to be one of the most costly in democratic history.

According to pollsters and experts, the electoral bond programme, which allows firms and people to secretly give to political parties, opens the door to legalized money laundering. The identities of the receivers and contributors are not revealed in electoral bonds. Money is obtained from shady sources. Moreover, the general public will never know who, what, or how much has been donated to which political party. There are just a few exceptional occasions where the ECI attempts to address the issue. The researcher will look at the issue of electoral bonds and how they have contributed to corruption in India.

INTRODUCTION TO ELECTORAL BONDS
With the passage of the Finance Bill, electoral bonds were introduced (2017). In January, An electoral bond has been issued as a promissory note, which any Indian individual or company created in India from the designated State Bank of India may acquire. After complying with know your customer (KYC) requirements, a person or a group will be able to acquire these bonds
The bonds must be lent to every qualified political party in 1,000, 10,000, 1 lakh, 10 lakh and 1 crore increases in the person or business. The bonds are similar to banknotes in that they are non-interest bearing and receivable to the bearer on demand. It must be redeemed by political parties in their designated account within 15 days. The conditions attached to the electoral bonds are available to any registered political party that received at least one per cent of the vote in the most recent General or Assembly elections. The donor's name will not appear on the electoral bonds. As a result, the political party may be unaware of the donor's identity and the reason behind introducing this system in the elections to keep an eye on how black money is used to support elections. Donors would have no choice but to provide cash if electoral bonds were not available. Election bonds have been created to ensure that all donations to a political party are included in the balances without the personal identity of the donor being disclosed to the public.

Despite this, an amendment to the Finance Act of 2017 was passed, combining the introduction of election bonds with changes to the Company Act of 2013, lifting the ceiling on political parties' corporate contributions and removing the obligation to record those payments on the company's profit and loss reports. In 2013, a recognisable opacity layer was requested by the Central Government; however, businesses were still required to declare political donations.

The electoral trusts may make donations and spread them to several parties, which company has channeled funds to political party, making it opaque for the general public and avoiding quid pro quo transactions. The method has been reversed to enhance transparency in time.

These were mostly backward steps from India's major electoral changes, and they emphasize the special obstacles of legislative reforms, such as those faced by legislators who are members of political parties and who benefit from the existing legal framework and its gaps in-laws.

AN EXTREMELY EARLY JUDICIAL ADVISORY

In a 1957 decision, a court led by Justice M. Chagla of the Bombay High Court cautioned Parliament of the grave dangers of permitting corporations to contribute to political party coffers, which may “overwhelm and even stir up democracy.”

include a donation to political parties. According to the Court of Appeal, “Any proposal or suggestion likely to overshadow that democracy almost in its cage has to be considered not only with considerable hesitation but with considerable consideration, and democracy in this country is emerging and that democracy must be maintained, cultivated, and nurtured to ensure that it is fully and correctly established, and any proposal or suggestion likely to overshadow that democracy almost in its cage has to be considered not only with considerable hesitation but with considerable consideration.”

The following was also mentioned by the Court: “Any attempt to fund a political party is likely to taint the basic foundations of democracy. If outcomes were not attained solely based on merit, democracy would be tainted since the money had a factor in these decisions. Democracy may continue to exist in various forms but the very idea of democracy will disappear. The history of democracy has shown that big business and money bags play a significant role in the functioning of democratic institutions and that it is not only the responsibility of politicians and citizens but also the responsibility of a Court of Justice to prevent any undue influence on voters.”

Even when the Central Government announced the electoral bonds plan on January 2, 2018. The Communist Party of India (Marxist) and two non-governmental organisations (NGOs) — Common Cause and Association for Democratic Reforms (ADR)— filed before the Supreme Court to overturn the programme According to the petition, “the current electoral bonds scheme was implemented through the Finance Acts of 2016 and 2017, which amended four statutes: the Foreign Contribution Regulation Act of 2010 (FCRA), the Representation of the People Act of 1951 (ROPA), the Income Tax Act of 1961, and the Companies Act of 2013. The petitioners claim that the plan should not have been implemented through the Finance Acts since it avoids Rajya Sabha oversight. They believe that the Rajya Sabha should have looked at the four modifications. ADR, the petitioner, has also filed a stay motion on the plan, citing two reasons:

1. The political party in charge of the Union Government has received almost all electoral bond donations.
2. The most common bond denominations are one million and one crores. This shows that companies (who benefit from anonymity under the arrangement) rather than people are the primary users of the plan.”

The Election Commission (EC) filed an affidavit in the Supreme Court stating that the plan is discordant with the objectives of political financing transparency. It says that “changing the Companies Act will result in the flow of dark money through shell companies and expose political parties to foreign corporate control. It further said that

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7 Association for Democratic Reforms v. Union of India, WP (C) 333/2015
the revisions to the Foreign Corrupt Practices Act of 2010 allow foreign firms with majority shares in Indian corporations to give to political parties.\textsuperscript{8} The RBI was sceptical of the plan, according to a report published by HuffPost India on November 18, 2019. The government had been warned by the central bank that “the bonds would undermine confidence in Indian currency and facilitate money laundering.”\textsuperscript{9}

HISTORICAL PERSPECTIVE SINCE INDEPENDENCE

Political parties in India have always relied heavily on private contributions and membership dues to support their operations. The Indian National Congress became the largest political party in the country without any strong competitors in the absence of the Muslim League. In this environment, the Constituent Assembly approved the Representation of Peoples Acts of 1950 (“RPA 1950”) and 1951 (“RPA 1951”), which focused on individual candidate regulation while leaving no provision for political party regulation. The Election Expense rules in Chapter VIII of the RPA 1951 were the sole laws dealing with political fundraising. By requiring shareholder approval at the general meeting for donations over Rs 25,000 or 5 percent of the average net profit in preceding 3 years, the Corporates Act of 1956 aimed to implement some control concerning the policy funding of corporations.

The Santhanam Committee on Corruption Prevention (1964) had raised the issue of black money being channelled back to political parties and candidates to influence policy choices in their favour. By amending the Companies Act, 1956, the Indira Gandhi administration chose to fully prohibit corporate funding to political parties. While the ostensible reason for this was to prevent large corporations from wielding undue political power, there is ample evidence that this, along with bank nationalisation, was done by the government to target the funding of the free-market-oriented Swatantra Party led by C. Rajagopalachari and the Congress (O).\textsuperscript{10} In 1974, the Supreme Court took a risk and sought to close a gap in the RPA 1951 that was becoming widely exploited, declaring that a party's expenditure on behalf of a candidate should be included in the computation of a candidate's election expenditures.

“The goal of restricting expenditure is to reduce, as far as possible, the influence of huge money in the election process,” the Court stated, “If there was no restriction on spending, political parties would go all out to raise funds, and the wealthy and affluent, who make up a small percentage of the voters, would undoubtedly contribute the most. The harmful effect of large money would thus play a crucial role in stifling the country's democratic process. This would certainly result in the worst kind of political corruption, which would ultimately spread to other vices at all levels.” Explanations 1 and


\textsuperscript{9} Ibid

2 to RPA 1951 Section 77(1) have been added, in particular the expense of the candidate for elections in illegal expenses from the political party or supporters should not be included in this statement. This would effectively grant the applicant a. Overview of the Past Since then, Independence has had ultimate say on what may and cannot be included in his election costs, negating the purpose of this clause in large part. The Supreme Court, on the other hand, upheld the challenge to this amendment. Political parties were exempt in 1979 from income and wealth taxes when annual forms with financial audits were filed, Rs. 10,000 and more donations declared and the identity of contributors identified. By revising Section 293A of the Companies Act, 1956 in 1985, the Rajiv Gandhi administration lifted the bar on corporate gifts, subject to specified conditions. The change from the pre-1969 rule was that donations were only required to be made during a board of directors meeting, rather than a general meeting. Part IVA of the RPA 1951 was added by Parliament in 1989, allowing political parties to be registered. The courts nevertheless found that this power does not include registration of the parties or an ECI inquiry into a political party's activities.

The Supreme Court ruled in 1996, “that political parties must file returns to benefit from the exemptions provided under the Income Tax Act of 1961 and Section 77 of the RPA 1951. It's worth noting that, although submitting returns is required by law, no political party had presented audited accounts at the time. Partially financing elections was advocated by both the Goswami Committee on Electoral Reforms (1990) and the Indrajit Gupta Committee on State Funding of Elections (1998).” It's worth noting that both investigations were commissioned by coalition administrations at the time when minor national and regional parties were in power.

The NDA administration approved the Election and Other Related Laws (amendment) Act, 2003 and made all corporate and individual gifts tax-deductible in accordance with Sections 80 GGB and 80 GGC in the 1961 Revenue Tax Act. It also mandated that a declaration and report to the ECI be included to any donation exceeding Rs. 20,000. In its 170th Electoral Law Reform Report (1999), the Law Committee had stated that this method was inappropriate.

By amending the Income Tax Rules of 1962 in 2013, the government created electoral trusts. The purported objective of these trusts was to guarantee that contributors, particularly corporate contributors, remained anonymous while yet being able to claim income tax benefits for donations to political parties. The inadequacy of the scheme is demonstrated by the fact that in 2015-2016 90 percent of contributions via electoral trusts came from the central ruling party. The ECI set guidelines for submitting donation reports to electoral trusts that avoided much of the damage that they may have done. This was done in accordance with Article 324 of their plenary powers.

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12 Ibid
13 S.R. Bommai vs Union Of India, Appeal (civil) 3645 of 1989
15 Sanjay Hegde & Pranjal Kishore, Democracy abjures secrecy: Electoral bonds go to the heart of democracy (April 12th, 2019) available at
The administration established electoral bonds in 2017 and reduced the ceiling on anonymous donations from Rs. 20,000 to Rs. 2,000. The former is a step backwards designed to protect the donor's identity, while the latter is meaningless without the second part of the Law Commission of India's (LCI) recommendation in its 255th report to cap total donations from anonymous sources at Rs. 20 crores, or 20% of a political party's total funding. Political parties will be able to avoid the Rs. 2000 anonymous donation limit established by the Finance Act, 2017 to the Income Tax Act, 1961, with the help of electoral bonds.

The majority of legislative or government-initiated electoral reforms have been designed to protect the anonymity of donors, protect the interests of political parties, and overturn specific judicial decisions, indicating that the dangers predicted by Chief Justice Chagla in 1957 have largely manifested themselves. The ECI, with the assistance of the courts, has functioned as a counter-majoritarian check on backward measures, ensuring that the electoral process is still recognised as mostly free and fair.

Therefore through the various phases, the concept of electoral bonds came into the picture that after due deliberation and through the opinion of luminaries over time moulded the concept of electoral bonds and its existence in India.

TOOl FOR POLITICS & POLITICAL PARTIES: MONEY IN ELECTIONS

“The flood of money that gushes into politics today is a pollution of democracy.”

Money has flowed from daily activities of the Party to the candidate, to day-to-day government operations, manipulation of policies for the private profit, control of the party infrastructure and the impact of defeats. The number of businesspeople and affluent individuals in political parties and legislatures has risen at such a rapid rate in recent years that political life has become heavily influenced by money. Entrance hurdles are formidable for well-intentioned political parties and individuals who are otherwise public-spirited and desire to enter politics.

Money is required to keep parties afloat, compete in elections, and run election campaigns. However, the amount of money needed for political involvement has grown dramatically over time. At the same time, governance failure, ironically, leads to a rise in spending. Furthermore, money is utilised for unlawful vote-buying reasons. Uneven access to financial resources and the growing importance of money can have negative consequences for democratic health, such as a loss of trust and legitimacy.

According to the amount of money spent, it appears that money is a need for contesting elections. This is why political parties and

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candidates are always on the lookout for financial backing. In a democracy, citizens' financial capacities have an impact on their equality. The quality of deliberations in the legislature can only increase if the talents of elected members increase. A national discussion is needed if big election reforms are to be implemented. Money should not be used to influence voters in any way.  

**Electioneering cost**

To appreciate the structure of the political process, it is necessary to investigate the role of campaign money in the election process. Candidates for parliamentary seats compete with other candidates and parties, as well as political parties who endorse them (if they are not running as independents), to persuade voters to vote for them. Many information points that are considered important in political election campaigns are conveyed using this manner. These campaigns will have to spend money to approach voters directly and via other channels of communication unless they intend to depend only on unpaid staffers and supporters to convey information. And this money extracted from different sources through finances and the money is inculcated in the election process to get victory in elections.

The sheer cost of doing so effectively is the driving force behind the phenomenon of election finance in the first place. Calculating the number of campaign expenditures needed to give the information needed to make an election decision is difficult. Increased expenditure may just be an indication of competitiveness between competing parties, rather than a legitimate estimate of the expenditure required.  

In many long-established democracies, campaign funding is strictly regulated, with the majority of cash coming from the party or third-party sources such as lobbyists and corporations, and the candidate's money playing a minor role. However, in Indian politics, it leads to corruption and parties being more dependent on such wealthy candidates as well as the fundraising method. To tackle this issue, we need to first understand how policymaking works in India's democratic system.

Recent amendments in electoral financial regulations, however, to eliminate the obligation for public disclosure under the Companies Act of 1956 (as well as contributors' anonymity under the electoral bond system), were hailed as crucial to encourage the requisite contributions.

**Competition electorates**

Significantly, one of the ways incumbency benefits electoral competition the most, and
one of the most bothersome ways incumbent political parties seek to entrench themselves is by changing election law in their favour. The implementation of contribution limitations is a strategy commonly proposed that challenges have a high probability. Electoral finance legislation must be constructed in order to reduce entrance barriers and promote competition in order to increase a range of voting choices.

**Vertical integration in India’s crime-politics nexus**

Candidates and political parties both run election campaigns. Because the two are frequently linked in the eyes of voters, election law should at the very least consider the consequences of party campaigns on the chances of its candidates in general. Candidates may find financial assistance to be a useful instrument in integrating with parties. Parties may therefore keep candidates in line and choose which ideas are stated in their campaigns and then retained in power, gaining trust in their investment and maintaining the coherence of various candidate campaigns.  

On the other hand, criminals with considerable personal wealth may seek vertical integration into the legislative process in order to safeguard against government intrusion and law enforcement.

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**Policy access and black money access**

Money's involvement in erecting political barriers may be viewed in two ways. The first barrier has already been mentioned. If candidates must raise large quantities of money to run for office, this might reduce the number or quantity of candidates in elections, limiting the range of options accessible to voters. Another way to look at this issue is via the prism of financial restrictions on Indian politics. If an aspiring politician's political goals need significant funding, they may just have to match their beliefs with their funders' expectations rather than the electorate's.  

The existence of candidates running for office in India based on illegally obtained and unlawfully kept unreported wealth and black money has attracted a lot of attention. The modifications to the Finance Act of 2017 aimed at abolishing political finance have raised worries about the use of dark money in politics. The issue, however, is not new; it was previously connected to the low campaign expenditure cap.  

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Apart from that, companies make significant donations to political parties in a variety of ways. Foreign aid, with the exception of any gift from a foreign source as defined in clause (e) of section 2 of the Foreign Contribution (Regulation) Act, 1976, is another source. As a result, there are no restrictions on contributions to political parties.  

As a result, the Representation of People Act 1951 was revised in 2003, adding provisions 29B and 29C. Political parties may take contributions of any size from any person or corporation, excluding a government corporation or a foreign source, according to Section 29B.  

According to Section 29C, “every political party that receives such money must make a report on contributions of more than 20,000 dollars from people and businesses and submit it to the Election Commission before filing their income tax returns. If a party fails to do so, it will not be eligible for a tax exemption under the Income Tax Act for that year.”  

Such a party is free from paying income fiscal tax on any voluntary donations received by the political party in accord with section 13A of the 1961 Income Tax Act. However, such exemption depends upon preserving books and papers by the receiving party, which enable IT department employees to deduct appropriately from the revenue received by the recipient and retain records, including donor names and names, as well as sums above 20,000.  

This provision further says that the exemption in respect of taxes will not be granted if the parties fail to submit the report required by Section 29C of the RPI Act 1951.  

The Finance Act of 2017, in which electoral bonds are exempted from Article 29C of the RP Act 1951 and Section 13A of the IT Act 1961, amended both of these acts. In other words, money acquired through electoral bonds must not be reported in the report on the electoral committee.  

Furthermore, political parties are not obligated to keep any records of the bonds, including the names and addresses of the bond givers. The bonds programme is based on this principle.  

The electoral bonds programme is set up in such a way that the donor's name is kept completely hidden. The licenced bank will not reveal any information regarding the purchaser of the bonds to any authority for any reason, according to paragraph 7(4) of the notification.  

Secondly, the spending on the elections according to section 77(3) of the RPA 1951 establishes limits on the total amount of money that can be spent on an electoral parties-under-section-29a-of-the-representation-of-the-people-act-1951.html (Last accessed June 08, 2021, 8:36 PM)  


31 *Ibid*
campaign. Article 90 of the Rules of Procedure of 1961 established this requirement for parliamentary and assembly seats. These restrictions differ from one state to the next. Such expenses do not include travel expenditures for the dissemination of the political party's platform, according to Section 77(1) Explanation 1(a) of the RPA 1951.\textsuperscript{32}

Political parties are required, under section 29C of the RPA 1951, to report any gift above Rs. 20,000 received in the financial year from any individual or firm, as stipulated by Part VIIA of the Election Rules, 1961, in a report as defined by Part VIIA of the Election Rules, 1961. Although the allowable amount of monetary donations has been reduced from Rs. 20,000 to Rs. 2,000, the confession required in a party's donation report remains at Rs. 20,000. The level to which that was necessary for respect to openness pertaining to donations received from a candidate is a requirement under Form 26 of the Election Rules of 1961 to disclose assets. A 2017 amendment further requested that information on the source of these assets be included.\textsuperscript{33}

But the petitioners, the ADR and the CPI (M) allege that the Finance Act was improperly approved as a Money Bill, allowing alterations to numerous laws to be introduced without the Rajya Sabha's supervision. They argue that for a bill to be enacted as a Money Bill, all of its provisions must address the issues addressed in Article 110 (a) to (g) of the Constitution. They contended that the Finance Act 2017 could not be enacted as a Money Bill just because it contains provisions relating to the Consolidated Fund of India, especially when the rest of the bill does not deal with government spending.\textsuperscript{34}

That the kind of structure constructed through the amendments in law for promoting funding has entrenched the democracy and its norms as The Reserve Bank of India Act (1934), Companies Act (2013), Income Tax Act (1961), Representation of Peoples Act (1951), and Foreign Contribution Regulation Act (FCRA) were altered by the government through the Finance Act of 2017 in the budget to push through electoral bonds in India.

Even both the Reserve Bank of India and the Election Commission of India has previously released statements condemning these bonds. The ECI warned in a letter to the Ministry of Law and Justice that electoral bonds and the resulting legislative reforms would permit large sums of illegal donations and lead to a proliferation of offshore entities funnelling black money into the system.

COMPARATIVE STUDY BETWEEN THE UK, USA AND INDIA Each country has its

\begin{itemize}
\item Section 77 of the Representation of the People Act, 1951 (No. 43 of 1951).
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own set of regulations that govern which parties/candidates receive public financing, how much they receive, and how they spend it.

A. United Kingdom

There are no limitations on the number of donations political parties can receive; however, regulations are governing who can be a contributor, as well as spending limitations for political parties on campaign expenditures, as mentioned above. The law's goal is to control political donations via openness since political parties are required to publish their financial information. Political parties are only allowed to take donations from “permissible contributors” who give more than £200 (about US$280). “Gifts of wealth and assets; membership and affiliation fees; sponsorship; money spent on behalf of a party; the giving of property, services, or facilities; or the loan of money at rates besides commercial rates,” according to the Political Parties, Elections and Referendums Act 2000 (PPERA): Individuals registered on the UK electoral register, political parties registered in the UK, companies registered in the UK, trade unions registered in the UK, building societies registered in the UK, limited liability partnerships registered in the UK, friendly/building societies registered in the UK, and unincorporated associations registered in the UK are all considered permissible donors.

Donors to political parties were obliged legally to report donations by January 31 of the year after the contribution to the Electoral Commission if they were donating over £5,000 (about US$7,000) before the Electoral Administration Act of 2006. This was removed because this provision has been of little value in practice. “Other than registered British voters residing overseas, foreign donors are not regarded as permissible donors. If a political party receives a gift from a donor who does not fit into one of these classifications, the gift must be returned or, if the donor cannot be recognized, the money should be returned to the Electoral Commission.”

B. United States of America

The amount that different individuals and entities may contribute to a decision is restricted. Foreign nationals are barred from making contributions or donations to elections, either directly or indirectly. Entities like corporations and labour unions are likewise forbidden from contributing to or spending in federal elections. Political committees, on the other hand, are authorized to donate to Hybrid PACs' non-contribution accounts and to form distinct, distinct funds from the autonomous spending on funds (e.g., Super PCs) (SSFs).


With the use of these resources, corporate and labour PACs may only raise voluntary donations from a small group of people to federal politicians and political organizations. The prevention of corruption (or the impression of corruption) is widely regarded as a viable constitutional purpose for election financial management, but not for equal electoral conditions (which is seen as an unconstitutional restriction of free speech protections). In the former's rule, this distinct contribution from spending is authorized for anti-corruption aims. The disparity has been masked by a Supreme Court judgment from 2014, which imposes overall limits on the amount of money spent on political campaigns over two years. The prevention of corruption (or the impression of corruption) is widely regarded as a viable constitutional purpose for election financial management, but not for equal electoral conditions (which is seen as an unconstitutional restriction of free speech protections). In the former's rule, this distinct contribution from spending is authorized for anti-corruption aims. The disparity has been masked by a Supreme Court judgment from 2014, which imposes overall limits on the amount of money spent on political campaigns over two years.

As mentioned above, a verdict in 1976 of the Supreme Court removed restrictions on campaign spending because it restricted guarantees of constitutional freedom of speech.\(^\text{38}\) Political parties shall not be restricted to independent campaign expenditures. The expenditure that can be made in coordination with their candidates shall be subject to limits.\(^\text{39}\) Independent expenditure by third parties is not limited and has become increasingly unlimited as above. The money collected and spent by the applicant committees, party committees, and PACs must be reported regularly. These committees must select a treasurer as the nodal person for all donations and expenditure. When the gift exceeds $50, the contributions received by the Commission must be forwarded to the treasurer within a stipulated timeframe, together with information on the necessary names, addresses, and recipient dates. A treasurer is responsible for keeping track of all donations, including the identity of anyone who has contributed more than $200 in total, the identity of any political committee contributors to the donations, and the identity of anyone receiving the distribution, as well as receipts, invoices, and other documentation for disbursements exceeding $200. The treasurer will be subject to strict reporting obligations to the FEC in regards to recorded facts, which the Commission will make public.

If we compare the process of electoral funding in India USA and the UK there is no transparency in India the donor's name is kept secret, it might lead to a flood of illicit money, and that the plan was created to assist huge business companies to give money without their identities being exposed, and therefore this idea of donor “anonymity” challenges democracy's basic ethos. Even though the United States has stringent reporting standards and painstakingly records spending data, information about contributors is not always readily available.


\(^{39}\) Federal Election Commission, United States of America, “Coordinated party expenditure”, available at https://www.fec.gov/help-candidates-and-

PIF 6.242
The FEC has a flaw: its members are selected on a political basis, which means their independence isn't assured.

In the UK, anyone can give to a political party, a person, or another organization additionally, there is no limit to the amount that may be donated, but donors must register in some circumstances. Parties must declare financing if it exceeds £7,500 to the central party or £1,500 to accounting units (parts of a party whose finances are not overseen directly by the party's headquarters), according to the UK Electoral Commission's website. If an unincorporated association donates more than £25,000 to a political party, individual, or other organisation in a year, they must register and declare their donations. The Commission publishes a list of all donations and loans that each political party has taken regularly. They include information such as the donor's name, the amount paid, and whether or not the money came from the government.

In India, there is no transparency regarding the donation and identity of the individual which can be seen in the UK and USA not completely but to a greater extent than in India. That can be the reason for money politics and opaqueness in the election when one considers the system of political funding in India.

CONCLUSION AND SUGGESTIONS

Electoral bonds were taken into consideration by the government to uplift the democratic values and to cherish the elections to make them more transparent but the present scenario and process have made it opaque which led to political corruption and creating an obstacle for the smooth functioning of democracy as there is no limit on the donations even the names are not disclosed remains anonymous of the donors as there are more chances that the government will fulfil the needs and desire of the donors’ instead of working for the welfare of the states.

In countries like the USA and UK, their electoral funding is liberal still there is a cap on donation and maintenance of the proper record of maintenance and the contribution are recorded properly.

In India, there is a need that a political donor must register themselves with the competent authority to maintain transparency of donation. RTI should apply to the parties and they should be brought within the scope of RTI in view of influence and the significant role that political parties play in democracy. There is also a need for the prohibition of corporate donations as those who are unable to vote must not be allowed to create imbalance and influence the electoral process.

Even National Election Fund or any such relevant body should be created to which all the party fund could be diverted and income tax deduction should not be given as it turns into the icing on the cake to the donors. This type of political funding also violates the rules of law as it develops to enhance the powerful parties that can even use funds for violent protests, illegal funding and misappropriation of funds.