What are Electoral Bonds (EBs)?

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About Electoral Bonds (EBs)

- Electoral bonds are interest-free bearer bonds or money instruments that can be purchased by companies and individuals in India from authorised branches of the State Bank of India (SBI).
- The bonds are similar to bank notes that are payable to the bearer on demand and are free of interest.
- These bonds are sold in multiples of Rs 1,000, Rs 10,000, Rs 1 lakh, Rs 10 lakh, and Rs 1 crore.
- They can be purchased through a KYC-compliant account to make donations to a political party.
- EBs have a life of only 15 days during which it can be used for making donations to political parties.
- The name and other information of the donor are not entered on the instrument and thus electoral bonds are said to be anonymous.
- There is no cap on the number of electoral bonds that a person or company can purchase.
- Under the Income Tax act, one’s electoral bond donations are considered tax-exempt under Section 80 GG and Section 80 GGB.
- Who can receive funding via electoral bonds?
    - Only political parties registered under Section 29A of the Representation of the People Act, 1951 and which secured not less than 1% of votes polled in the last general election to the House of the People

or the Legislative Assembly of the State, are eligible to receive electoral bonds.

- The political parties have to encash them within a stipulated time.
- The bond can be encashed by an eligible political party only through a designated bank account with the authorized bank.
- The political parties have to disclose the amount to the Election Commission.

Q1) What is the Election Commission of India (ECI)?

The Election Commission of India (ECI) is an autonomous and permanent constitutional body responsible for organizing free and fair elections in the Union and States of India. The Constitution grants the ECI with the power of direction, superintendence, and control of elections to Parliament, state legislatures, the office of president of India and the office of vice-president of India. The ECI does not deal with the elections to the urban bodies such as Municipalities and Panchayats in the states and hence, a separate State Election Commission.

Source: Supreme Court calls electoral bonds ‘quid pro quo’, asks SBI to stop issuing them ‘immediately’
