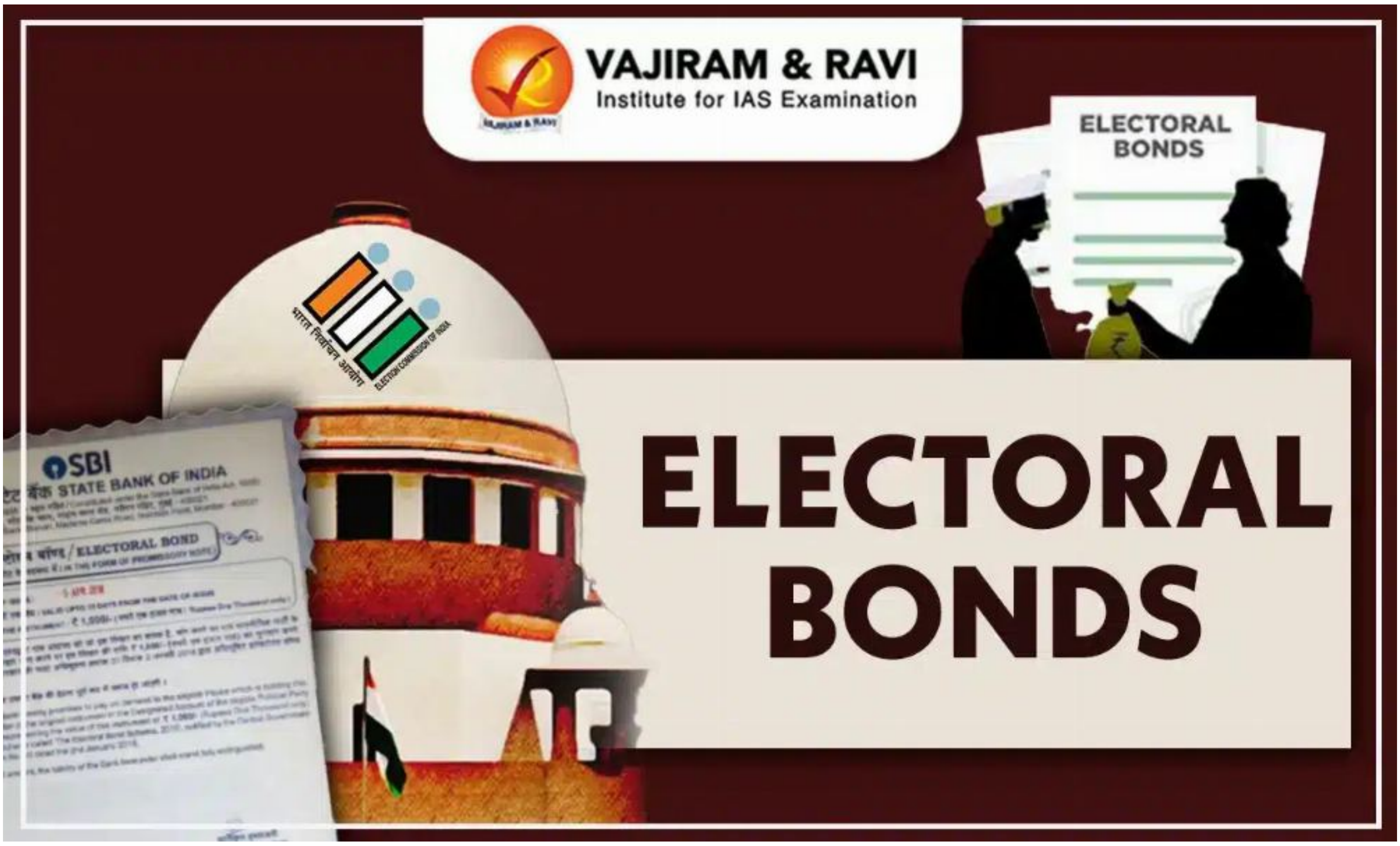
Electoral Bonds: Supreme Court's Verdict

August 24, 2025 • vajiramandravi.com



In a landmark judgment, the **Supreme Court of India** has declared the electoral bonds scheme as unconstitutional and violative of the right to information under Article 19(1)(a) of the Constitution. The court has also struck down the amendments made to the Companies Act, the Income Tax Act, and the Representation of Peoples Act that enabled the scheme. The court has directed the State Bank of India (SBI) to furnish the details of electoral bonds encashed by the political parties to the Election Commission of India (ECI) by March 31, 2024. The ECI will publish such details on its website for public scrutiny.

What are Electoral Bonds?

Electoral bonds are a form of anonymous donations to political parties that were introduced by the Finance Bill 2017 and notified on January 29, 2018. The scheme allows any individual or entity to purchase electoral bonds from SBI in denominations of Rs 1,000, Rs 10,000, Rs 1 lakh, Rs 10 lakh, and Rs 1 crore and donate them to any registered political party. The name of the donor is kept confidential and the bonds are valid for 15 calendar days from the date of issue. The political parties have to create a specific account which is verified by the ECI to receive the electoral bonds. Only those parties that 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.

Why are Electoral Bonds Unconstitutional?

The court has held that the scheme is unconstitutional because:

- **It violates the right to information:** The scheme hides the source of funding of political parties from the public, which is a fundamental right under Article 19(1)(a). The scheme also enables black money, foreign funding, and corporate influence in politics, which harm the public interest and the sovereignty of the nation.
- **It violates the principle of equality:** The scheme discriminates between different political parties based on their vote share, giving an unfair advantage to the ruling party and the major opposition parties, while excluding the smaller and regional parties. The scheme also creates a disparity between the donors and the voters, as the former can sway the policies and decisions of the political parties, while the latter are kept in the dark.
- **It violates the constitutional scheme of electoral reforms:** The scheme goes against the constitutional aim of curbing corruption and criminalization of politics. The scheme is also contrary to the recommendations of various committees and commissions that have called for more transparency and disclosure in political funding. The scheme is also in conflict with the Representation of Peoples Act, 1951, that requires the political parties to disclose their contributions and expenditure.

What are the Implications of the Judgment?

The judgment has significant implications for the future of electoral politics and democracy in India. Some of the possible implications are:

- **It will enhance the transparency and accountability of political funding:** The judgment will ensure that the public will have access to the information about the source and amount of funding received by the political parties through electoral bonds. This will enable the public to scrutinize and hold the political parties accountable for their performance and conduct.
- **It will reduce the influence of money and corporate power in politics:** The judgment will curb the influence of money and corporate power in politics, as the donors will no longer be able to hide their identity and agenda behind the veil of anonymity. This will prevent the political parties from being influenced by the vested interests of the donors and ensure that they serve the public interest and the common good.
- **It will level the playing field for all political parties:** The judgment will level the playing field for all political parties, as they will no longer be discriminated against based on their vote share or popularity. This will enable the smaller and regional parties to compete with the ruling party and the major opposition parties on an equal footing and offer a genuine choice to the voters.

The Supreme Court’s judgment on electoral bonds is a historic and landmark verdict that upholds the constitutional rights and values of the citizens and the democracy. The judgment strikes down the electoral bonds scheme as unconstitutional and violative of the right to information, the principle of equality, and the constitutional scheme of electoral reforms. The judgment also directs the SBI to furnish the details of electoral bonds encashed by the political parties to the ECI, which will publish them on its website by March 31, 2024. This decision will enhance the transparency and accountability of political funding, reduce the influence of money and corporate power in politics, and level the playing field for all political parties.