

# Invalidation of India's Electoral Bonds Scheme by the Supreme Court: A Constitutional Analysis

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**Abstract:** *This article examines the Supreme Court of India's ruling against the Electoral Bonds Scheme, introduced in 2017 to finance political parties anonymously. The Court's unanimous decision highlighted the scheme's violation of the right to information, its inadequacy in curbing black money in electoral financing, and its breach of free and fair election principles. This analysis explores the constitutional arguments, the impact on political donations, and the broader implications for transparency and democracy in India.*

**Keywords:** Electoral Bonds Scheme, Supreme Court of India, Political Financing, Transparency, Constitutional Law

## 1. Purpose

The purpose of this article is to analyze the Supreme Court of India's decision to strike down the Electoral Bonds Scheme, focusing on the constitutional grounds for the verdict and its implications for political financing and transparency. This article is significant as it sheds light on a pivotal legal decision affecting political financing in India, discussing the balance between donor privacy and the public's right to information in the context of democratic integrity.

### What is Electoral Bonds Scheme?

- The government introduced the Electoral Bond Scheme in the Finance Bill 2017 and implemented this scheme in 2018.
- They are instruments of securities that are used to donate funds to political parties.
- They are similar to bearer bonds and hence they remain anonymous.
- The concept was introduced to reduce the flow of black money in the economy and to provide a transparent and legal mechanism for individuals and entities to contribute to political parties.

### Why the Supreme Court struck down the Electoral Bonds Scheme?

- A five-judge Constitution Bench of the Supreme Court on Thursday unanimously struck down the Centre's electoral bond scheme which facilitates anonymous political donations for being unconstitutional. It underscored that the scheme violates the right to information under Article 19 (1) (a) of the Constitution.
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- It is not proportionally justified to curb black money in electoral financing.
- Right to donor privacy does not extend to contributions made as a quid pro quo measure.
- Unlimited corporate donations violate free and fair elections.
- The court also struck down the amendments made to the Income Tax Act and the Representation of People Act which enabled such anonymous political contributions.

## 2. Conclusion

In conclusion, the Supreme Court of India's decision to strike down the Electoral Bonds Scheme marks a significant moment for transparency and democracy in the country. By emphasizing the importance of the right to information and critiquing the scheme's potential to obscure political financing, the ruling sets a dimension for scholarly discussion. The critical examination of its implications for democracy, transparency, and governance aligns well with the interests of a broad academic readership. Therefore, the subject matter is both timely and pertinent.

## References

- [1] IN THE SUPREME COURT OF INDIA CIVIL ORIGINAL JURISDICTION - 2024 INSC 113