



Study of Latest Election reforms as Electoral Bond, its Significance and Denominations

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Abstract : Electoral Bond is a financial instrument for making donations to political parties. These are issued by Scheduled Commercial banks upon authorisation from the Central Government to intending donors, but only against cheque and digital payments (it cannot be purchased by paying cash). These bonds shall be redeemable

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in the designated account of a registered political party within the prescribed time limit from issuance of bond. Electoral Bond is an effort made to cleanse the system of political funding in India. The scheme of electoral bonds addresses the concerns of donors to remain anonymous to the general public or to rival political parties.

Further, in accordance with the suggestion made by the Election Commission, the maximum amount of cash donation that a political party can receive is stipulated at Rs. 2000/- from one person, pursuant to the announcement in Union Budget 2017-18. However, Political parties will be entitled to receive donations by cheque or digital mode from their donors. Every political party would have to file its return within the time prescribed in accordance with the provision of the Income-tax Act. Existing exemption to the political parties from payment of income-tax would be available only subject to the fulfilment of these conditions.

As per Section 29C(1) of The Representation of People Act, 1951, the political party needs to disclose the details of non-governmental corporations and persons who donate more than Rs. 20,000 to it in a financial year. Vide the Finance Bill 2017, it has been specified that no report needs to be prepared in respect of the contributions received by way of an electoral bond.

This reform is expected to bring about greater transparency and accountability in political funding, while preventing future generation of black money.

Electoral Bond :

Electoral bonds will be issued by a notified bank for specified denominations. If you are keen to donate to a political party, you can buy these bonds by making payments digitally or through