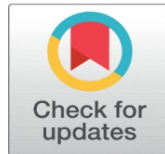
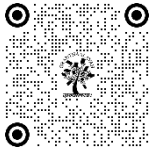


THE ELECTORAL BONDS DILEMMA: BALANCING POLITICAL FUNDING WITH ELECTION FAIRNESS

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ABSTRACT

The concept of electoral bonds offers a difficult conundrum at the junction of fair elections and political finance openness. Originally meant to simplify political contributions in India, electoral bonds enable supporters of political parties to remain anonymous, therefore presumably lowering uncontrolled cash flow. Proponents of this financing strategy claim it allows a simpler, more direct approach for donations without violating donor privacy, which may be particularly important in a politically sensitive climate that has polarizing public opinion. Critics counter that by letting unreported sums into political campaigns, it lessens democratic responsibility and shifts the balances in favor of those with more financial support.

Keywords: Political Funding, Election Transparency, Election Fairness, Political Influence, Campaign Financing



1. INTRODUCTION

The public stays in the dark about possible impacts on policy choices without the need of parties revealing their contributors. This transparency begs questions about whether elected representatives are really serving the interests of their voters or serving the agendas of unidentified donors with significant financial capability. This might so endanger the ideas of a free and fair election, in which results mirror voter preferences instead of financial influence. The difficulty is changing political financing in a manner that preserves the integrity of elections and the necessary function of responsibility, thereby guaranteeing a fair road that lets democracy flourish free from undue influence by latent financial interests. But because it restricts public knowledge of the origins and quantities of money political parties get, the same anonymity that makes donating easier has drawn questions among supporters of open government.¹ This lack of openness can allow a concentration of financial influence that might affect policies and results in favor of certain interest groups or rich contributors or both. Emphasizing the careful balance between openness and donor anonymity, the electoral bonds framework marks a major change in the attitude to political fundraising.² By channeling contributions

¹ Government of India. (2018). **Electoral Bond Scheme Notification**. Ministry of Finance, Department of Economic Affairs. Retrieved from <https://dea.gov.in>

² Transparency International. (2020). **The Role of Political Funding in Electoral Integrity**. Transparency International. Retrieved from <https://transparency.org>

into a controlled, bank-mediated mechanism that decreases the movement of unexplained cash and, presumably, helps to lower corruption, proponents of the system regard it as a step forward in modernizing political funding. This framework begs important issues on the part of openness in preserving a strong democracy. Proponents contend that by shielding funders from possible reprisals or unnecessary attention, the anonymity of contributors motivates more political financial involvement. However, without knowledge of who supports political parties, people are left with little knowledge of the factors maybe influencing laws and policies. Although private money is essential for political campaigns—especially in big democracies—the anonymity provided by electoral bonds may create an unfair playing field, favoring parties with rich supporters and thereby reducing the competitiveness of smaller or grassroots political organizations. This dynamic runs the danger of widening the gulf between powerful elites and average citizens as policy agendas could turn toward the interests of big contributors instead of the requirements of the larger population. Therefore, the conundrum goes beyond financing methods to also concern maintaining public confidence in democratic institutions. Should political financing be seen as opaque or biased, people might lose faith in the voting system and believe that money dominance overcomes their voices. Political funding lies at the heart of democratic elections, providing candidates with the resources needed to communicate their policies and engage with voters. However, the introduction of electoral bonds has sparked a complex debate on how to balance the financial needs of political campaigns with the need for transparency and fairness in elections.³

Electoral bonds were introduced as a means to bring legitimacy and security to political donations, especially by reducing the reliance on cash contributions.⁴ By allowing individuals, corporations, and entities to contribute anonymously, proponents believe electoral bonds discourage black money from circulating in elections. However, this anonymity has also led to serious concerns about accountability, as large sums can now flow to political parties without public scrutiny, potentially influencing policies and undermining democratic ideals. This explores the dual nature of electoral bonds, weighing their intended benefits against the risks they pose to electoral integrity. It raises critical questions: Are electoral bonds a step toward cleaner campaign financing, or do they compromise the fairness of elections by enabling opaque contributions? Through this analysis, the paper aims to shed light on whether electoral bonds are a viable solution to the challenges of political funding in democracies.⁵

Stopping Corruption and Undue Influence Big financial gifts, especially if they are hidden, foster a situation wherein contributors could anticipate or demand preferential treatment in return. Setting restrictions on donations and encouraging openness would help democracies lower the possibility of quid pro quo agreements erasing public confidence.

Transparency in Political financing: Voters must be able to know, from clear financing sources, who financially supports a candidate or party and why. Transparency guarantees fair elections and candidate openness about their financial supporters, therefore improving responsibility and enabling voters to make informed decisions. Encouragement of small donor participation helps a wider section of society to finance political campaigns, therefore lessening dependency on major contributors and improving grassroots engagement.

2. ELECTORAL BONDS AND POLITICAL FUNDING

This anonymity has raised questions about the growing power of affluent contributors who may donate big amounts free from public view, therefore upsetting the balance of political competitiveness.⁶ Critics argue that people are left uninformed of the organizations that could have significant impact over elected politicians and decisions without knowledge of funding sources. This opacity blurs the distinction between reasonable political support and lobbying by strong interest groups, thus casting doubt on whether public interest shapes policies or financial incentives shapes them, so undermining democratic accountability. The difficulty establishing electoral connections is therefore derived in juggling two basic democratic values: privacy and openness. Protecting donor names may, on one hand, help to create

³ Supra note 2

⁴ Ibid

⁵ The Wire Staff. (2023). **Electoral Bonds: A Step Forward or Backward for Democracy?** The Wire. Retrieved from <https://thewire.in>

⁶ Supra note 2

an atmosphere where people and companies feel free to support political agendas without thinking about consequences.⁷ Conversely, the lack of information can jeopardize the voters' capacity to completely grasp the processes of political power and hold politicians responsible.

Aimed at tackling the long-standing problem of unexplained funds in elections and also modernizing the contribution procedure, the electoral bonds system marks a radical, if controversial, change in India's attitude to political fundraising.⁸ Originally used as a banking tool, electoral bonds let businesses and people support political parties through registered channels, providing an apparently better substitute for conventional, cash-based donations linked with corruption and opaque financial practices. Critics contend that the anonymity of donors tilts the playing field, giving well-established parties with stronger donor networks an advantage over smaller, younger, or independent candidates lacking the same financial clout in a terrain where political competition is essential for healthy democracy. Under this program, proponents contend that the anonymity of contributors may promote democracy by raising involvement in the fundraising process—especially for individuals who value privacy.⁹ Without public transparency channels, however, this system runs the danger of encouraging too much influence from elite financial circles and therefore erasing the voice of the average voters.¹⁰ The ongoing debate on electoral bonds emphasizes the pressing necessity of political finance reform that carefully balances donor privacy with electoral openness, thereby assuring that political financing methods conform with the democratic values of responsibility and equitable representation. Only by striking this equilibrium will democratic institutions be able to maintain public trust and uphold the integrity of the voting process in face of contemporary political and financial complexity.

Though meant to provide a simple and safe way of financing, the usage of electoral bonds has generated strong discussion on their influence on openness, responsibility, and election fairness.¹¹

3. MAIN CONCERNS ABOUT ELECTORAL BONDS IN POLITICAL FINANCING:

One of the most divisive features of electoral bonds is their lack of openness and anonymity they provide to contributors. Political finance suffers from less responsibility when contributions made via electoral bonds are concealed from public view and parties may feel less responsible to voters. This lack of responsibility could erode the connection between political leaders and their voters. Anonymously sponsored campaigns provide an unfair playing field wherein parties with more financial means may control election discourse.

Large, unreported gifts run the natural danger of favoring the interests of donors. Policies resulting from this might favor certain groups at the cost of the whole population, therefore compromising the integrity of the democratic process.

Public confidence and trust in elections may be undermined by the opaque nature of electoral ties, hence raising public doubts about the fairness of elections. Voters' confidence in the electoral system and political leadership may be undermined when they believe that secret contributors influence policy, therefore deterring voter participation.

4. TRANSPARENCY VS. ANONYMITY: THE CORE CONFLICT IN ELECTORAL BONDS

⁷ Supreme Court of India. (2019). *Manohar Lal Sharma v. Union of India*, Writ Petition (Civil) No. 880 of 2017.

⁸ The Wire Staff. (2023). **Electoral Bonds and Democratic Accountability**. The Wire. Retrieved from <https://thewire.in>.

⁹ Association for Democratic Reforms (ADR). (2021). **Electoral Bonds: Promoting Democracy or Opaqueness?** ADR Report.

¹⁰ Financial Express. (2024). **Supreme Court's Verdict on Electoral Bonds**. Retrieved from <https://financialexpress.com>.

¹¹ Supreme Court of India. (2024). *Manohar Lal Sharma v. Union of India*. Financial Express.

The fundamental contradiction in the electoral bonds system is the conflict between openness and anonymity, which determines the possible advantages and possible negatives of this political financing change.¹² Transparency is at the core of democratic government as it guarantees that people may get knowledge on the factors influencing political choices and party programs.¹³ Though meant to shield contributors from any backlash or societal consequences, electoral bonds include an element of secrecy in contributions, therefore impeding complete transparency. Advocates contend that this anonymity motivates more people and businesses to engage in the political process, particularly in a contested political atmosphere when disclosing one's political beliefs might result in either personal or professional fallout.¹⁴ Citizens cannot adequately evaluate whether certain legislative actions or policies reflect public interest or financial donors with particular agendas without disclosure of donor names. This lack of awareness of funding sources can open a route for major and maybe disproportionate influence by businesses, wealthy people, or interest groups, so distorting political results in favor of those with the means to support their chosen parties. This implies that for voters, their views might be conflicting with strong, anonymous contributors with a much more financial influence on the political environment. This conflict between openness and anonymity also emphasizes a major obstacle in maintaining fair competitiveness in elections. Big, established political parties with strong donor networks might find it simpler to draw significant contributions via electoral bonds, hence perhaps excluding independent candidates and smaller parties without such means. The argument over openness over anonymity in electoral ties also touches national security and foreign influence. Electoral bonds, however, reduce this visibility by allowing contributors anonymity, hence increasing the likelihood of hidden objectives that can bias policy in favor of rich or strong supporters. Proponents of anonymity contend that in a divisive political environment when affiliation with a certain party might have social or economic repercussions, hiding donations from public disclosure is very necessary. Anonymity, they contend, makes it more friendly for many sources of political funding—including from people or companies that may otherwise be reluctant to donate. However, this lack of openness has made some doubt if electoral bonds support democracy or weaken it by allowing the public view of financial power concentration to stay secret. Lack of donor transparency may lead to a situation wherein the interests of anonymous donors shape political parties more than those of the citizens they represent. This dynamic can cause the political emphasis to move from public welfare to agendas driven by powerful financial sponsors who go unseen to the voters. This mismatch runs the danger of producing a political atmosphere in which financial support—rather than necessarily public support—becomes the main engine of a party's power and reach, therefore weakening the democratic ideal of representation based on popular desire.¹⁵ The possibility of foreign influence entering the political fundraising system unnoticed raises even another important issue in the transparency vs anonymity argument. While shielding local contributors, anonymity might inadvertently provide access for foreign influence, therefore complicating regulatory control and increasing levels of danger to the democratic process. In the end, the contradiction between openness and anonymity in the framework of electoral bonds begs more fundamental issues about democratic principles, voter rights, and the moral aspects of political financing.¹⁶

Transparency is the pillar of democratic government as it promotes responsibility and confidence. Erosion of Democratic Transparency Norms Critics contend that by erasing these standards, anonymity in electoral bonds compromises monitoring of excessive influence and raises the possibility of political fund corruption.¹⁷

This financial benefit might result in an unfair playing field when rich interests have an exaggerated impact on the political terrain.¹⁸

Reduced Voter Confidence in Political Processes: The secret nature of electoral bond donations might inspire mistrust among voters because they could believe that hidden money supporters rather than democratic values are progressively shaping politics.¹⁹

¹² Ibid

¹³ Election Commission of India. (2021). Recommendations for Electoral Reforms. New Delhi: ECI.

¹⁴ *Kesavananda Bharati v. State of Kerala*, AIR 1973 SC 1461, Supreme Court of India.

¹⁵ Election Commission of India. (2021). **Need for Political Finance Reforms**.

¹⁶ Election Commission of India. (2021). **Strengthening Democratic Accountability**.

¹⁷ Transparency International. (2020). **Corruption Risks in Electoral Bonds**.

¹⁸ *Indira Nehru Gandhi v. Raj Narain*, AIR 1975 SC 2299.

¹⁹ Association for Democratic Reforms (ADR). (2020). **Electoral Bonds and Voter Trust**.

5. THE INFLUENCE OF WEALTH ON ELECTORAL FAIRNESS

Long a cause of worry, the role of wealth in elections has become more important with the advent of electoral bonds as they may magnify the impact of rich contributors on political results. Richer people, businesses, and interest groups now have a simplified, anonymous route by which to donate significant amounts to political parties, therefore augmenting their influence over the political terrain.²⁰ Although political money is necessary for parties to run a successful campaign, the disproportionate impact of high-value contributions may lead to an unfair playing field, therefore favoring parties that can draw affluent supporters over those depending on grassroots support. This wealth-driven approach runs the danger of causing political leaders to concentrate more on the interests of their strong financial backers than on the needs of the broader public, therefore distorting public policy in favor of elite interests.²¹

The following are the main spheres in which money influences political fairness:

Financially rich politicians and parties have a great advantage as they can commit more significantly in outreach, advertising, and voter mobilization campaigns. This sometimes ignores candidates with less means, therefore lessening the variety of voices on the electoral scene.²²

High-value gifts may provide means for rich people and businesses to influence political agendas. This financial might may influence policy choices to benefit certain interests, therefore perhaps excluding the requirements of the general people.²³ Richer campaigns may dominate media space, therefore influencing public opinion via focused advertising and mass media. This anonymity lowers responsibility and makes it difficult for people to find the sources of political support.²⁴

Rich people and businesses may donate large sums of money to political campaigns, therefore acquiring great control over candidates and parties. Policies resulting from this may serve the interests of large contributors rather than those of the wider public.²⁵ Financial constraints might restrict candidates with less means from competing successfully, therefore reducing accessibility for grassroots candidates. This narrows the political terrain as grassroots candidates and those speaking for underprivileged areas fight to get the exposure required to attract votes.²⁶ Candidate Dependency on affluent Interests: Candidates that mostly depend on affluent sponsors may give their contributors first priority above the public interest.

6. LEGAL AND CONSTITUTIONAL CHALLENGES SURROUNDING ELECTORAL BONDS

Since electoral relationships cross fundamental democratic rights and safeguards, they have drawn close legal and constitutional examination. The case that electoral ties compromise the transparency necessary for a good democracy form one of the main legal problems.²⁷ Critics argue that letting contributors stay anonymous compromises voters' right to be informed about the financial forces forming their legislators. Rooted in the right to freedom of information, this right to know has been routinely confirmed by the court as fundamental component of informed voting. Lack of knowledge on the funding of political campaigns might prevent voters from gaining important insights required to decide on the possible impact of candidates or policy motives. The constitutional discussion also addresses issues related to foreign influence as the anonymity of bonds hinders attempts to guarantee that political money stays only in the hands of local players, thereby preserving national interests and sovereignty.²⁸ Beyond openness, one wonders whether electoral connections are constitutional based on equality before the law. The method seems to provide an unequal field wherein bigger political parties with established donor networks have easier access to financial resources than smaller

²⁰ Supra note 2

²¹ Supra note 19

²² Association for Democratic Reforms (ADR). (2020). **Electoral Bonds and Democratic Integrity**. ADR Report.

²³ Supra note 2

²⁴ Supra note 11

²⁵ The Wire Staff. (2023). **The Impact of Big Money on Political Fairness**. The Wire.

²⁶ *Lok Prahari v. Union of India*, Writ Petition (Civil) No. 507 of 2015, Supreme Court of India.

²⁷ Supra note 14

²⁸ Supra note 3

or newly formed parties, therefore compromising the democratic ideal of equal representation. This benefit for well-funded parties may distort competition and restrict the variety of opinions in the political arena, therefore undermining the democratic fairness ethos. Moreover, there are questions about whether electoral bonds follow accepted guidelines controlling election integrity as they can contradict current law clauses meant to control political money. Many petitions requesting judicial review in response to these issues strive to reassess the legitimacy of electoral bonds and their effect on the democratic process. The result of the court's evaluation of these issues will have broad consequences for the direction of political openness, electoral fairness, and the harmony between privacy and responsibility in political financing.²⁹

Anti-corruption initiatives suffer further from the lack of visibility into political contributions via electoral bonds as the anonymity of contributors affects the capacity of regulatory authorities to look at any undue influences and conflicts of interest. This lack of openness compromises control, which makes it hard to find anomalies and creates a climate where corruption might go unpacked. Although meant to provide structure to political financing, the electoral bonds system has also brought layers of complexity that compromise the openness, fairness, and responsibility fundamental to democratic elections. It has essentially kept important financial transactions out of public view by letting contributors stay anonymous, therefore creating an atmosphere in which money may subtly influence political results. Such factors not only change the emphasis of political leaders toward servicing well-funded interests but also produce an imbalance in governance that runs against the fundamental democratic concept of equality.³⁰

Apart from distortion of representation, the transparency of electoral bonds affects voter assurance on voting integrity. Transparency in political fundraising is thus essential for democracy to run properly so that people may hold their representatives responsible and have hope that their government gives the public good top priority.³¹ The method reduces the democratic concept of wide, representative choice by limiting the variety of possible candidates, therefore restricting the capacity of the voters to investigate and support various political viewpoints. The possibility for foreign interference raises even another important issue about electoral relationships. Although the method is intended for domestic contributions, the anonymity of contributors hinders regulatory attempts to guarantee compliance and makes money source verification difficult. This has national security ramifications as under the cover of anonymous domestic contributions, foreign interests might be gently influenced throughout the voting process. Electoral bonds provide a structure wherein parties may spend outrageous amounts of money, hence raising campaign expenses and depending more on high-value contributors without restrictions on donations. This financing arms race disproportionately hurts parties with less financial means, therefore supporting the predominance of money in politics and so erasing a fair, equal playing field.

Electoral Bonds and the Basic Structure Doctrine: A Democratic Perspective

7. FREE AND FAIR ELECTIONS AS A CORNERSTONE OF DEMOCRACY

Free and fair elections are the cornerstone of democracy as they guarantee the legitimacy of the government and the responsibility of the elected officials. Article 324 of the Indian Constitution gives the Election Commission of India authority to organize elections and maintain their dignity. This is naturally related to the idea that democracy is a component of the fundamental framework of the Constitution, as stated in seminal decisions such as *Kesavananda Bharati v. State of Kerala* (1973). This system depends critically on free and fair elections, which also provide the foundation upon which democratic government is built.

8. THE PREAMBLE AND DEMOCRATIC IDEALS

²⁹ Supra note 11

³⁰ The Hindu. (2023). *Electoral Bonds and Voter Trust*.

³¹ Transparency International. (2020). *Barriers to Grassroots Representation in Electoral Finance*.

The Preamble of the Indian Constitution explicitly envisions India as a "Sovereign, Socialist, Secular, Democratic Republic."³² This enshrinement of democratic ideals emphasizes the need for a political system that operates transparently and equitably, ensuring every citizen's voice is heard equally. The introduction of electoral bonds, however, raises significant questions about whether this mechanism aligns with the democratic ethos envisioned in the Preamble.

ELECTORAL BONDS: A THREAT TO ELECTION FAIRNESS?

Electoral bonds were introduced as an instrument for political funding to address concerns about unregulated cash contributions to political parties.³³ While they aimed to enhance transparency, their opaque nature in terms of donor anonymity has sparked debates about their impact on election fairness. Critics argue that the lack of public scrutiny over large corporate or individual contributions could skew political influence, favoring parties backed by wealthier donors.³⁴ This undermines the equitable electoral process, challenging the democratic principle of equal representation.

RELATING ELECTORAL BONDS TO THE BASIC STRUCTURE

Consistently upholding democracy as a crucial component of the basic framework of the Constitution is the Supreme Court.³⁵ This trait is threatened by an election system allowing disproportionate influence via unreported financing. In *Manohar Lal Sharma v. Union of India* (2019), the Court noted the possible contradiction with the people's right to know³⁶ which is a feature of Article 19(1)(a), therefore acknowledging the worries of electoral ties.³⁷

Shielding the identity of contributors helps electoral bonds to create an impression of imbalance wherein entities wielding economic power instead of the will of the voters shapes policy choices. This secrecy runs counter to the openness required for free and fair elections, therefore hindering the democratic process the Preamble and the fundamental framework doctrine envisioned..³⁸

A CALL FOR REFORM

Reforms requiring more openness help to guarantee that electoral relationships complement democratic values. Public disclosure of donor names and contribution values would support the integrity of elections and assist to rebuild faith in the voting system. Only by addressing these concerns can India maintain its commitment to the democratic ideals enshrined in its Constitution and ensure that elections remain free, fair, and reflective of the people's will.³⁹

9. JUDICIAL PERSPECTIVE

ELECTORAL BOND SCHEME, 2018

Introduced by the Indian government in order to overhaul political financing, the Electoral Bond Scheme, 2018 Under this program, individuals, businesses, or other organizations may anonymously give electoral bonds bought from certain State Bank of India branches to political parties. Although the program sought to fight illegal money in elections, its opaque framework and possibility to benefit governing parties and richer contributors attracted criticism.

Key provisions of the scheme include:

- The plan guaranteed that the identities of contributors would not be revealed to the public, therefore raising questions about openness.
- Political Party Eligibility: Only registered political parties qualified to receive contributions using electoral bonds that obtained at least 1% of votes in the last Lok Sabha or state assembly elections.
- Election bonds are valid for fifteen days starting on the day of issuing.
- Contributions made via electoral bonds free both donors and beneficiaries from income tax.

³² Preamble to the Constitution of India, 1950.

³³ Ministry of Finance, "Introduction of Electoral Bonds," Government of India Notification, 2018.

³⁴ Association for Democratic Reforms (ADR), "Analysis of Electoral Bonds Scheme and Its Impact," ADR Report, 2020.

³⁵ Supra note 19

³⁶ *Manohar Lal Sharma v. Union of India*, Writ Petition (Civil) No. 880 of 2017.

³⁷ Article 19(1)(a), Constitution of India, 1950.

³⁸ Supreme Court of India, "Observations on Electoral Transparency," *Lok Prahari v. Union of India*, 2018.

³⁹ Election Commission of India, "Recommendations for Electoral Reforms," ECI Report, 2021.

- Although the program aimed to modernize political financing systems, its implementation resulted in multiple judicial challenges alleging non-compliance with constitutional values of free and fair elections.

While the scheme sought to modernize political funding mechanisms, its execution led to several legal challenges, questioning its compliance with constitutional principles of free and fair elections.

10. LEADING CASES ON ELECTORAL BONDS

1. MANOHAR LAL SHARMA V. UNION OF INDIA (2019)⁴⁰

- The petitioner contested the constitutional legitimacy of the Electoral Bond Scheme, claiming that it breached Article 19(1)(a) basic right to knowledge.
- The Supreme Court allowed the plan to run temporarily, but it ordered political parties to provide the Election Commission sealed cover with specifics of contributions made via electoral bonds.
- **Significance:** The case prepared ground for further court investigation by stressing the tension between donor privacy and openness in political fundraising.

2. 2019 ASSOCIATION FOR DEMOCRATIC REFORMS (ADR) V UNION OF INDIA)⁴¹

- **Issue:** ADR said that because the program allowed anonymous contributions, so enabling disproportionate influence of corporate and foreign organizations in Indian elections, so compromising citizens' right to know.
- **Observation of the Supreme Court:** Although it refrained from denouncing the program, it expressed worries about its possible abuse. It gave the Election Commission monitor their implementation instructions carefully following the plan. Supreme Court Strikes Down the Scheme as Unconstitutional (2024)

3. SUPREME COURT STRIKES DOWN THE SCHEME AS UNCONSTITUTIONAL (2024)⁴²

- **Case Details:**
- **Case Details:** Under Chief Justice D.Y. Chandrachud the Supreme Court ruled in February 2024 the Electoral Bond Scheme illegal.
- **Reasoning:** The proposal broke free and fair elections, therefore violating some of the basic principles of the Constitution. The anonymity clause compromised openness, therefore maybe enabling unfair influence on the voting process. The court directed the Election Commission to provide information on every electoral bond transaction by March 13, 2024.
- **Significance:** Emphasizing that concealing political donations compromises the democratic process, this historic decision reinforced the importance of transparency and accountability in election fundraising.
- **Source:** Financial Express reported the judgment on February 15, 2024, emphasizing the court's stance on maintaining electoral integrity.⁴³

11. IMPLICATIONS OF THE 2024 JUDGMENT

1. **Transparency in Funding:** By mandating disclosure of donor identities and transactions, the judgment seeks to ensure accountability.
2. **Strengthening Democracy:** The choice supports the democratic values stated in the Preamble by line with the constitutional obligation for free and fair elections.
3. **Impact on Political Parties:** The decision forces political parties to function honestly, therefore balancing public responsibility with donor donations

12. CONCLUSION

⁴⁰ Manohar Lal Sharma v. Union of India, Writ Petition (Civil) No. 880 of 2017, Supreme Court of India (2019).

⁴¹ Association for Democratic Reforms (ADR) v. Union of India, Writ Petition (Civil) No. 333 of 2018, Supreme Court of India (2019).

⁴² Supreme Court of India. (2024). Supreme Court strikes down electoral bonds scheme as unconstitutional, directs EC to publish details by March 13. *Supreme Court of India*.

⁴³ "Supreme Court Strikes Down Electoral Bonds Scheme as Unconstitutional, Directs EC to Publish Details by March 13," *The Financial Express*, February 15, 2024.

After receiving an overwhelming amount of donations in the 2019 Lok Sabha elections, the incumbent government changed their mind by extending the Electoral Bonds Scheme as a medium for donations in the subsequent State Assembly elections. With this government being unwilling to give up on its incumbent's advantage, it seems the time for deciding on where to go next with the electoral bonds scheme with respect to restoring the equilibrium in the electoral donations should be imminent. But, the options for reform remain drastically limited and potentially fatally flawed. So, we may be stuck with this imbalanced electoral equilibrium of donations received by the political parties until either the Parliament or the Court invents a way to work with, or around, the Court's jurisprudence on Electoral Bonds Scheme. The electoral bonds system in India aims to address unexplained funds in elections and modernize the contribution procedure. Originally used as a banking tool, electoral bonds allow businesses and people to support political parties through registered channels, providing an alternative to conventional, cash-based donations linked with corruption and opaque financial practices. The continuous discussion on electoral bonds highlights the urgent need of political finance reform that precisely balances donor privacy with electoral transparency, thereby assuring that political funding approaches fit democratic norms of accountability and fair representation. The primary worries concerning electoral bonds are their lack of transparency and anonymity, which can lead to less accountability, an unbalanced playing field, and the possibility of hidden donors influencing policy, therefore discouraging voter engagement. The tension between transparency and anonymity that defines the probable benefits and drawbacks of this political finance modification defines the basic paradox in the electoral bonds system. Democratic governance depends on openness, hence the decline in democratic transparency standards in election bonds raises questions about too strong influence and political fund corruption.

CONFLICT OF INTERESTS

None.

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None.