

Government of India
Ministry of Finance
Department of Economic Affairs

LOK SABHA
STARRED QUESTION NO.*9
TO BE ANSWERED ON FRIDAY, 2nd February 2018
MAGHA 13, 1939 (SAKA)

ELECTORAL BOND SCHEME

*9. SHRI TEJ PRATAP SINGH YADAV:
SHRI OM BIRLA:

Will the Minister of FINANCE (वित्त मंत्री) be pleased to state:

- (a) whether the Government has launched the electoral bond scheme to regulate and cleanse the system of political funding/donations and if so, the details including the aims, objectives and the salient features thereof;
- (b) the mechanism that will be followed by the Government to maintain the transparency and effectiveness of the electoral bond scheme;
- (c) whether various stakeholders including political parties have raised concerns regarding the lacunae in the scheme that make election funding more opaque rather than transparent and if so, the details thereof;
- (d) whether some tax benefit will be provided to the donor and the recipient under the said scheme, if so, the details thereof and if not the reasons therefor; and
- (e) whether the Government also intends to introduce the mandatory use of Aadhaar card under the scheme, if so, the details thereof and if not, the reasons therefor?

ANSWER

FINANCE MINISTER

(SHRI ARUN JAITLEY)

- (a) to (e): A statement is placed on the Table of the House.

Statement referred to in reply to Lok Sabha Starred Question No.*9 for answer on February 02, 2018 raised by SHRI TEJ PRATAP SINGH YADAV AND SHRI OM BIRLA Regarding ELECTORAL BOND SCHEME

(a) The Government notified the Electoral Bond Scheme, 2018 to cleanse the system of political funding in the country on January 02, 2018. Broad features of Electoral Bond Scheme, 2018 are:

1. Electoral Bond (EB) would be a bearer instrument in the nature of a Promissory Note and an interest free banking instrument. A citizen of India or a body incorporated in India is eligible to purchase the bond.
2. Electoral bond would be issued for a certain value denominations from the specified branches of the State Bank of India (SBI).
3. Tenor of the Electoral Bonds is for 15 days during which it can be used for making donation only to the political parties registered under section 29A of the Representation of the Peoples Act, 1951 (43 of 1951) and which have secured not less than one per cent of the votes polled in the last general election to the House of the People or a Legislative Assembly. It will not carry the name of payee or the donor.
4. The bonds under the Scheme shall be available for purchase for a period of 10 days each in the months of January, April, July and October, as may be specified by the Central Government. An additional period of 30 days shall be specified by the Central Government in the year of the General election to the House of People.

(b) The scheme of EB is to provide anonymity to the donors but at the same time establish a transparent political funding system. Bonds can be purchased only after making payment through a KYC compliant account. Further, the bond shall be encashed by an eligible political party only through a designated bank account with the authorised bank. Electoral Bond is envisaged as an additional banking instrument for giving donations to registered political parties.

(c) No such concern has been received so far by the Government.

(d) There is no specific provision in the scheme to grant any special tax benefit to the donor. The Income Tax Act, 1961, however, provide for tax deduction on the amount of contribution to a political party or an electoral trust subject to the condition that such contributions shall not be made in cash and to such other conditions as specified under sections 80GGB and 80GGC. Further exemption from income-tax is available to a political party (i.e. the recipient) under section 13A of the Act on any income received in the nature of voluntary contributions, subject to the conditions specified in the said section.

(e) There is no proposal to make use of Aadhaar mandatory under the Scheme.
