

Government of India
Ministry of Finance
Department of Economic Affairs

LOK SABHA
UNSTARRED QUESTION NO.3652
TO BE ANSWERED ON FRIDAY, 16TH MARCH 2018
PHALGUNA 25, 1939 (SAKA)

'TRANSPARENT POLITICAL FUNDING SYSTEM'

Question

3652. DR. MANOJ RAJORIA

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

- (a) whether the Government has taken meticulous steps for establishing a transparent political funding system in the country; and
- (b) if so the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI P. RADHAKRISHNAN)

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

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.
5. 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.
