



Research Paper

## Political Economy of Electoral Bonds: A Case Study of Systemic Corruption in Contemporary India

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**ABSTRACT:** India's political landscape has faced allegations of corruption, particularly in electoral finance. Electoral bonds, introduced under the Modi government, were portrayed as a means to cleanse campaign finance. However, this paper explores the intricate dynamics of electoral bonds, revealing their role in facilitating systemic corruption. Utilizing judicial interventions and empirical data, it examines how electoral bonds perpetuate money laundering, quid pro quo arrangements, and the nexus between corporate interests and political power. Through critical analysis, the paper highlights challenges to democratic principles and the necessity for transparency in electoral financing.

**KEYWORDS:** Electoral bonds, corruption, campaign finance, systemic corruption, political economy, quid pro quo, corporate influence, judicial intervention, Transparency, Accountability, Regulatory capture, Democratic governance, Corporate donations, Financial irregularities, Money laundering, Regulatory loopholes, Fair competition, Electoral integrity.

Received 28 Apr., 2024; Revised 03 May, 2024; Accepted 05 May, 2024 © The author(s) 2024.

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### I. INTRODUCING THE CONCEPT OF ELECTORAL BONDS AND THEIR STATED GOAL OF PURIFYING CAMPAIGN FINANCE

The foundation of political donation lies in its adherence to the principles of transparency and accountability, ensuring that citizens have access to vital information regarding the sources of political funding. This transparency empowers individuals to make informed decisions and fosters a culture of accountability among elected officials. Moreover, by requiring full disclosure of donors' identities and contributions, political donation serves as a safeguard against undue influence from wealthy donors or special interest groups, thereby upholding the integrity of the democratic process. Implementing robust accountability mechanisms further strengthens the democratic framework, ensuring that political parties and representatives act in the best interests of the public. Ultimately, by prioritizing transparency and accountability in political donation practices, contemporary India can combat systemic corruption and promote a fair and equitable democratic system.

The introduction of electoral bonds in India was heralded as a landmark reform aimed at revolutionizing the country's political funding landscape. This innovative mechanism, unveiled in 2017 by then Finance Minister Arun Jaitley, sought to address the longstanding issue of opacity and corruption in campaign finance. Electoral bonds were positioned as a solution to the pervasive problem of undisclosed cash donations to political parties, offering a legal avenue for transparent funding. The government asserted that electoral bonds would bring about greater accountability, as donors would be required to purchase these bonds through designated channels and deposit them into the accounts of political parties. By channelling donations through formal banking channels, the scheme aimed to eliminate the use of black money in politics and foster a culture of clean and transparent electoral financing.

**A. The political rhetoric of the Modi government against corruption:** Since assuming power, the Modi government has consistently emphasized its commitment to rooting out corruption and promoting integrity in public life. Central to this narrative has been Prime Minister Narendra Modi's personal pledge to lead a government that is unwavering in its stance against corruption. The government's rhetoric, epitomized by slogans such as "Na khaunga, Na khane dunga" (I will not indulge in corruption, nor will I allow others to), has

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been instrumental in shaping public perception and garnering support for anti-corruption initiatives. The BJP's propaganda machinery has been deployed extensively to project an image of a government that is resolute in its fight against corruption, portraying itself as a crusader for transparency and ethical governance.

**B. Thesis statement: Electoral bonds have entrenched systemic corruption, benefiting corporate interests and undermining democratic principles:** Electoral bonds have entrenched systemic corruption, benefiting corporate interests and undermining democratic principles. Despite the lofty promises and rhetoric surrounding the introduction of electoral bonds, empirical evidence suggests a starkly different reality. Instead of ushering in a new era of transparency and accountability, electoral bonds have emerged as a vehicle for perpetuating systemic corruption in India's political system. By providing a cloak of anonymity to donors, electoral bonds have enabled corporate interests to wield disproportionate influence over the political process. This insidious nexus between corporate power and political influence undermines the very foundations of democracy, eroding principles such as *transparency, accountability, and fair competition*. Through a critical examination of the data and judicial interventions, this paper contends that electoral bonds have not only failed to cleanse campaign finance but have also exacerbated the entrenchment of corruption, thereby posing a grave threat to India's democratic fabric.

## II. EXPLORING CORRUPTION IN THE MODERN ERA

Previously, corruption was often viewed as a consequence of personal flaws or greed. However, contemporary perspectives recognize corruption as a systemic issue deeply ingrained within political, economic, and social frameworks. Rather than attributing corruption solely to individual misconduct, it is now understood as a multifaceted phenomenon influenced by institutional deficiencies, power dynamics, and systemic incentives. This evolution acknowledges that corruption extends beyond isolated acts of bribery or fraud, permeating various levels of governance and intersecting with broader socio-economic contexts.

**A. Impact of neoliberal economic doctrines on corruption:** Neoliberal economic policies, marked by deregulation, privatization, and market-centric approaches, have significantly shaped the landscape of corruption in modern societies. By promoting laissez-faire capitalism and diminishing state intervention, neoliberalism has fostered an environment conducive to rent-seeking behavior, cronyism, and regulatory capture. The prioritization of profit maximization and self-interest in neoliberal economies fosters collusion between influential corporate entities and political elites, fostering conditions ripe for corrupt practices. Furthermore, the erosion of social welfare provisions and the commercialization of public services under neoliberal regimes exacerbate inequalities, amplifying the conducive conditions for corruption.

**B. The State's role in advancing corporate interests:** In neoliberal economies, the state often assumes a facilitating role in promoting corporate interests, prioritizing capital over citizen welfare. Rather than acting as a neutral regulator, the state becomes instrumental in championing market-friendly policies, offering subsidies, tax breaks, and regulatory exemptions to corporate entities. This symbiotic relationship between the state and corporate elites creates avenues for rent extraction, regulatory capture, and the subversion of democratic processes. The revolving door phenomenon, where individuals move between government positions and corporate boards, blurs the boundaries between public service and private interests, perpetuating a cycle of corruption and undermining democratic institutions. Consequently, the state's collusion in advancing corporate interests exacerbates systemic corruption, eroding public confidence and democratic governance.

## III. THE GENESIS OF ELECTORAL BONDS

The electoral bond scheme was introduced by the Indian government with the stated objective of enhancing transparency in political funding. Advocates of the scheme asserted that by routing political donations through formal banking channels, electoral bonds would bolster accountability in campaign finance. Donors were mandated to procure these bonds from designated banks using legitimate funds, ostensibly ensuring the integrity of political contributions. Additionally, proponents argued that the anonymity guaranteed by electoral bonds would shield donors from potential repercussions or coercion, thereby encouraging broader participation in the political process.

However, these assertions of transparency were largely deceptive. While the acquisition of electoral bonds occurred through banking channels, the identities of donors remained undisclosed. This lack of transparency undermined the fundamental purpose of electoral bonds as a mechanism for ensuring accountability. The absence of information regarding the source of political donations left the public unaware of potential conflicts of interest or undue influence exerted by corporate donors. Furthermore, the anonymity provided by electoral bonds created a loophole for vested interests to inject unaccounted funds into the political sphere without fear of scrutiny or detection.

**A. Lack of accountability and regulatory oversight:** The deficiency in accountability and regulatory oversight constituted a prominent flaw in the electoral bond scheme. Unlike conventional forms of political

donations, which were subject to reporting requirements and oversight by electoral authorities, electoral bonds operated within a legal void characterized by minimal transparency measures. Donors were not compelled to disclose their identities or the amounts contributed, shielding them from public scrutiny and accountability. Moreover, the absence of robust regulatory mechanisms facilitated the potential misuse of electoral bonds for illicit purposes such as money laundering or quid pro quo arrangements. The dearth of regulatory oversight transcended the realm of political finance, extending to broader governance issues. The introduction of electoral bonds circumvented established institutional checks and balances, marginalizing regulatory bodies like the Reserve Bank of India (RBI) and the Election Commission of India (ECI). This erosion of institutional oversight compromised the integrity of India's democratic institutions and eroded public trust in the electoral process. Instead of fortifying transparency and accountability, the electoral bond scheme fostered an environment of impunity and opacity, perpetuating systemic corruption within India's political framework.

**B. Legalization of political corruption:** In effect, the electoral bond scheme effectively sanctioned political corruption by providing a legal avenue for opaque political donations. By ensuring donor anonymity and shielding them from public scrutiny, electoral bonds facilitated the inflow of untraceable funds into the coffers of political parties, empowering vested interests to wield undue influence over the political landscape. This institutionalization of political corruption undermined core democratic principles such as transparency, fairness, and accountability. Furthermore, the absence of accountability and regulatory oversight entrenched a culture of corruption within India's political system. Without adequate safeguards against abuse, electoral bonds became a conduit for rent-seeking behavior, cronyism, and regulatory capture. The absence of transparency measures facilitated the subversion of democratic norms, as political parties prioritized the interests of their corporate donors over those of the electorate. In essence, the electoral bond scheme institutionalized a system of legalized bribery, enabling corporate interests to purchase political influence with impunity, thereby undermining the democratic ethos upon which India's political system is predicated.

**C. Electoral Bond Funding Disparities Among Indian Political Parties:** The table provides a breakdown of the funds received by various political parties in India through electoral bonds. The data illustrates the significant disparities in funding among different parties, with the Bharatiya Janata Party (BJP) receiving the highest amount at 6,986.5 crore rupees, followed by the Trinamool Congress (TMC) with 1,397 crore rupees. The Indian National Congress, another major political party, received 1,334.35 crore rupees. Other parties such as the BRS, Biju Janata Dal (BJD), and Dravida Munnetra Kazhagam (DMK) also received substantial amounts, indicating a diverse distribution of electoral funds across the political spectrum.

**Electoral Bond Funding Disparities among Indian Political Parties (in crore)**

<b>Party</b>	<b>BJP</b>	<b>TMC</b>	<b>Congress</b>	<b>BRS</b>	<b>BJD</b>	<b>DMK</b>	<b>YSR Congress</b>	<b>TDP</b>
<b>Fund</b>	6,986.5	1,397	1,334.35	1,322	944.5	656.5	442.8	181.35
<b>Party</b>	<b>JD(S)</b>	<b>JDU</b>	<b>NCP</b>	<b>SP</b>	<b>Akali Dal</b>	<b>AAP</b>	<b>AIADMK</b>	<b>MGP</b>
<b>Fund</b>	89.75	37.75	37.4	14.05	7.26	5.75	6.05	3.25

Source: Election Commission Website

The table underscores the financial influence of electoral bonds on political parties and highlights the disparities in funding that may impact their campaigning and electoral strategies. Only the left parties CPM, CPI, All India Forward block and CPIML did not receive any electoral bond funding as a matter of principal.

**IV. JUDICIAL INTERVENTION: DIRECTIVE FOR DISCLOSURE OF ELECTORAL BOND DATA**

The recent directive from the Supreme Court, in response to petitions filed by CPIM and NGOs Common Cause and ADR, mandating the disclosure of electoral bond data, marks a significant step towards transparency and accountability within India's electoral system. Chief Justice D.Y. Chandrachud and his bench delivered a comprehensive analysis, deeming the Electoral Bond Scheme (EBS) unconstitutional, a historic moment in legal jurisprudence. The deliberations commenced with a critical assessment of whether concealing contributors' identities violated voters' right to information, extending transparency requirements to political parties themselves. This extension underscores political parties' obligation to remain accountable to the electorate, rejecting any exemptions from transparency under the Right to Information Act. Moreover, the court scrutinized the anonymity provided to corporate donors under the EBS, challenging the government's justification of combating black money. Despite the government's assertions, the bench concluded that the scheme was not the least restrictive means to achieve this objective, suggesting alternatives like electronic transfers and Electoral Trusts to enhance transparency.

Further analysis targeted the constitutionality of EBS provisions, such as Clause 7(4), which mandated buyer information confidentiality. The court deemed absolute non-disclosure contradictory to the objective of securing political funding information, emphasizing the paramount importance of transparency in elections. The bench also examined legislative amendments allowing unlimited corporate contributions, deeming them detrimental to fair elections due to the disproportionate influence of corporations. These insights underscored the necessity of political equality and accountability in electoral processes.

In its directives, the Supreme Court unequivocally reaffirmed its commitment to democratic values by ordering the disclosure of electoral bond data and suspending further bond issuance. These measures empower voters to make informed decisions and hold political parties accountable for their funding sources. However, implementing these directives poses a significant challenge, especially with the impending 2024 general elections. The response of the Union of India and other stakeholders will be closely monitored, as compliance is crucial for upholding the rule of law and strengthening democratic institutions.

**A. Significance of transparency in campaign finance:** The Supreme Court's decision to prioritize transparency in campaign finance reflects the fundamental importance of this issue in a democratic society. Transparent political finance mechanisms are essential for upholding the integrity of elections and preventing undue influence by vested interests. By revealing the identities of donors and the amounts contributed, transparency enables citizens to assess potential conflicts of interest and guard against corruption in the political process. Furthermore, transparency in campaign finance fosters public trust in democratic institutions and strengthens the legitimacy of elected representatives. When voters have access to information about political funding, they can hold elected officials accountable for their actions and ensure that public policies reflect the interests of the electorate rather than special interest groups.

**B. Resistance from government and corporate entities:** Despite the Supreme Court's directive for transparency in electoral bonds, there has been resistance from both government and corporate entities. The Union of India (UoI) defended the anonymity of corporate donors, citing concerns about the influence of black money in the electoral process. However, the court rejected these arguments, emphasizing that transparency is essential for combating corruption and ensuring the fairness of elections. Corporate entities, particularly those with significant financial resources, have also opposed efforts to disclose electoral bond data. The amendment to Section 182 of the Companies Act, 2013, allowing unlimited corporate contributions to political parties, has raised concerns about the undue influence of companies on the electoral process. The Supreme Court's ruling highlighted the disproportionate impact of corporate donations on political outcomes and underscored the need for regulatory safeguards to prevent abuse of the system.

In the face of opposition from government and corporate entities, the Supreme Court's intervention represents a crucial safeguard for democracy. By upholding the right to information and transparency in campaign finance, the court has reaffirmed the principles of accountability and democratic governance, paving the way for a more equitable and inclusive political system. However, the implementation of the court's directives remains a critical challenge, requiring continued vigilance and advocacy to ensure compliance and uphold the integrity of India's electoral process.

## **V. MONEY LAUNDERING AND FINANCIAL IRREGULARITIES**

**A. Removal of user ceiling and implications for corporate funding:** The court addressed a crucial issue regarding the constitutional validity of unlimited corporate funding to political parties, which was made possible by amending Section 182 of the Companies Act 2013 that removed the cap of 7.5% of their profits on corporate donations to political entities. At the core of the debate on the Electoral Bond Scheme lies the significant role of money in electoral politics as emphasised by the court throughout its judgment. Recognising the nexus between money, power and politics, the court highlighted its influence on electoral democracy. The removal of the 7.5% cap served as a fundamental shift, previously acting as a safeguard against excessive corporate influence in politics. It ensured a level playing field and deterred undue favoritism. However, its elimination had profound implications, compromising transparency and accountability in political funding. This change paved the way for opaque financial transactions and raised concerns about potential misuse of funds. Furthermore, the newfound freedom granted to Indian subsidiaries of global corporations expanded the scope of corporate funding, fueling apprehensions about foreign interference in domestic politics.

Despite industry bodies opposing the disclosure of corporate donors' identities, citing concerns about corporate confidence, their argument fails to address the inherent contradiction in permitting unchecked corporate funding. Such funding practices contradict shareholder interests and transparent corporate governance principles. Moreover, exceeding the 7.5% threshold not only distorts corporate priorities but also undermines democratic principles. It enables corporations to wield disproportionate influence over political parties and policymakers, eroding the integrity of the democratic process.

Justice Sanjiv Khanna, in his concurring opinion, aptly highlighted the threat posed by the influence of money on the electoral process. He emphasized its potential to undermine the quality and integrity of governmental

decision-making processes. This recognition underscores the imperative of safeguarding electoral democracy against undue corporate influence, reaffirming the importance of transparency and accountability in political funding.

**B. Analysis of data revealing potential money laundering:** A meticulous examination of electoral bond purchase data reveals concerning patterns indicative of potential money laundering activities. Despite reporting significant losses, several companies have made substantial contributions to political parties through electoral bonds. This incongruity between financial performance and political donations raises suspicion regarding the legitimacy and origin of these funds. For instance, Future Gaming and Hotel Services Pvt Ltd purchased electoral bonds worth 1368 crore rupees, despite recording a net profit of only 215 crores from 2019-20 to 2022-23. Similarly, Megha Engineering and Infrastructure Ltd made donations amounting to 966 crores, while Qwik Supply Chain Ltd contributed 410 crores, both without specified net profits. Even companies operating at significant losses, such as Navyuga Engineering Company Ltd and Keventer Food park Infra Ltd, have engaged in substantial bond purchases, further intensifying scrutiny over the source of these funds.

**Electoral Bonds: Firms Donated Way Beyond Their Profits, Which Parties Gained?**

Name of The Company	Total Bond Purchased (In Crore)	Net Profit (2019-20 to 2022-23)
Future Gaming and Hotel Services Pvt Ltd	1368	215
Megha Engineering and Infrastructure Ltd	966	-
Qwik Supply Chain Ltd	410	109
Navyuga Engineering Company Ltd	55	-495
Keventer Foodpark Infra Ltd	195	0.124
Madanlal Ltd	185.5	13.28
MKJ Enterprises Ltd	192.24	-
Chennai Green Woods Pvt Ltd	105	36.6
Infotel Technologies Pvt Ltd	10	1.33

Source: *People's Democracy*

The data also unveils the alarming trend of top loss-making companies indulging in large-scale electoral bond acquisitions. Bharti Airtel Ltd, despite suffering a colossal loss of 65,239 crores, purchased bonds worth 198 crores. Similarly, other major loss-making entities like PRL Developers, Bright Star Invest Private Ltd., and Pegasus Properties Pvt Ltd, among others, have participated in electoral bond transactions, raising questions about the motives behind such contributions.

**Top loss-making, but bond-buying firms**

Companies	Bonds purchased	Total loss from 2019-20-2022-23
Bharti Airtel Ltd	198	Rs 65,239 cr
PRL Developers	20	Rs 1,139 cr
Bright Star Invest Private Ltd.	10	Rs. 574 cr
Pegasus Properties Pvt Ltd	10	Rs 60 cr
Prestige Projects	10	Rs 16 cr
Chandrajvoti Estate Developers	10	Rs 12 cr
ABNL Investment Ltd.	10	Rs 1 cr
InterGlobe Aviation Ltd	5	Rs12,566
NSL Renewable Power Ltd	5	Rs. 285 cr
Greenko Rayala Wind Power Pvt Ltd	5	Rs 68 cr

Source: *The Quint*

The juxtaposition of extensive bond purchases by financially struggling companies underscores a potential attempt to obscure illicit funds or influence political outcomes through clandestine means. Such dubious practices not only compromise the integrity of the electoral process but also corrode public confidence in democratic institutions. The disproportionate nature of these contributions relative to companies' financial standings warrants thorough investigation and regulatory intervention to safeguard the transparency and fairness of India's electoral system.

**C. Chronology of bond purchases and government agency raids:** Analyzing the sequence of electoral bond acquisitions alongside government agency raids uncovers a troubling correlation hinting at potential collusion between corporations and state authorities to evade legal scrutiny. Instances where companies procured electoral bonds at the same time as government agency raids on their premises raise suspicions of efforts to conceal illicit activities or launder unlawfully obtained proceeds.

A poignant illustration is the case of Future Gaming and Hotels Private Limited, wherein substantial bond acquisitions coincided with money laundering investigations and asset seizures by law enforcement agencies. The synchronicity of these transactions suggests a calculated maneuver to bypass legal accountability and shield

unlawfully acquired funds from examination. Such maneuvers not only subvert the rule of law but also lay bare deficiencies in the regulatory framework overseeing political financing.

## **VI. QUID PRO QUO ARRANGEMENTS**

**A. Linkages between bond purchases and government contracts:** The connection between bond acquisitions and government contracts is evident, with 3 out of the top 5 donors purchasing electoral bonds while facing investigations from agencies like the Enforcement Directorate (ED) and the Income Tax (IT) department. Among the top 30 bond buyers, 14 have been subject to raids. Notable examples include Future Gaming, an entity in the lottery sector, Megha Engineering, a player in infrastructure, and mining giant Vedanta. The case of Vedanta Limited stands out as a glaring instance of potential quid pro quo arrangements between bond purchases and government contracts. On October 27, 2022, Cairn Oil and Gas, a subsidiary of Vedanta Limited, received approval from the Union Ministry of Petroleum and Natural Gas to extend its license for oil and gas exploration in Rajasthan until May 2030. Remarkably, within a mere 18 days, the Vedanta group purchased electoral bonds totaling Rs 110 crore. Recent data from the Election Commission of India indicates that a substantial portion of these bonds, Rs 100 crore, was directed to the BJP, while the remaining Rs 10 crore went to the Congress.

The timing of these transactions raises suspicions of potential quid pro quo arrangements, where corporations like Vedanta may attempt to influence governmental decisions in exchange for generous financial contributions to political parties. By financially backing the ruling party, corporations seek to secure favorable treatment, contracts, or regulatory decisions that align with their business interests. The correlation between bond purchases and government approvals underscores the imperative for heightened scrutiny of the interplay between political funding and policy outcomes.

**B. Case studies of companies benefiting from political connections:** Megha Engineering and Infrastructure Ltd, a contributor of Rs 584 crore in electoral bonds to the BJP, purchased bonds worth Rs 140 crore in April 2023, just a month before securing a Rs. 14400 crore tunnel project in Mumbai. Vedanta's involvement in electoral bond transactions presents a compelling case study of corporate entities leveraging political connections for strategic advantage. Notably, Vedanta's initial donation through electoral bonds amounted to Rs 39.65 crore, donated to the BJP on April 16, 2019. Astonishingly, a mere ten days later, on April 25, 2019, the company received environmental clearance from the Ministry of Environment, Forest and Climate Change for the expansion of its oil and gas operations in Rajasthan.

This sequence of events strongly suggests a potential quid pro quo arrangement, wherein Vedanta's financial contributions to the ruling party coincided with favorable regulatory decisions that directly benefited its business interests. Such occurrences raise significant concerns about the integrity of the regulatory process and the undue influence exerted by corporate interests on government policies. By nurturing close relationships with political parties, companies like Vedanta may gain preferential treatment, compromising fair competition and democratic principles in the process.

**C. The Production Linked Incentive (PLI) scheme:** The Production Linked Incentive (PLI) scheme, a flagship initiative of the Modi government, provides incentives ranging from 4% to 20% to firms across 14 sectors for incremental manufacturing production, contingent on incremental investment. This scheme encompasses 20% foreign multinationals and 176 MSMEs, totaling 1000 domestic firms, primarily owned by major business monopoly houses. Notably, the Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPICES) offers a 25% financial incentive on capital expenditure, with an outlay of Rs 76,000 crores. Companies like Tatas, Murugappa Group-CG, and multinational corporations from Japan, Thailand, and Taiwan are beneficiaries, receiving Rs 59,000 crores for establishing semiconductor plants. Additionally, the Remission of Duties and Taxes on Exported Products (RoDTEP) under the Merchandise Exports from India Scheme (MEIS) reimburses taxes and duties. However, the nexus between the PLI scheme and electoral bonds reveals that companies approved for PLI benefits also purchase electoral bonds. For example, Hetero Drugs Ltd and Texport Industries Pvt Ltd, among others, have procured electoral bonds worth Rs 30 crores while benefiting from the PLI scheme. This convergence suggests a quid pro quo dynamic, raising concerns about the funnelling of public funds to corporate entities and potential corruption.

**D. Impact on fair competition and democratic principles:** The prevalence of quid pro quo arrangements in political financing undermines fair competition and democratic principles, posing a significant threat to the integrity of the electoral process. When corporations funnel substantial funds to political parties in exchange for favorable treatment, it creates an uneven playing field where well-connected entities enjoy unfair advantages over their competitors. This distortion not only disrupts market dynamics but also diminishes public confidence in the fairness and impartiality of governance.

Furthermore, the concentration of political funding in the hands of a select few powerful entities exacerbates inequality and disenfranchises smaller businesses and marginalized groups. By exerting influence over policy decisions and regulatory outcomes, corporate interests may supersede the broader public interest, prioritizing

profit over social welfare and environmental sustainability. The unchecked sway of money in politics undermines democratic ideals such as accountability, transparency, and equal representation, thus skewing the balance of power in favor of vested interests.

To address the impact of quid pro quo arrangements, comprehensive reforms are imperative to fortify campaign finance regulations, enhance transparency in political funding, and promote greater accountability in governance. By curtailing the undue influence of money in politics, governments can uphold democratic principles, nurture fair competition, and reinstate public trust in the integrity of the electoral process.

## **VII. COMPROMISING PUBLIC HEALTH**

**Intersection of Electoral Bonds and the Pharmaceutical Industry:** The convergence of electoral bond transactions and the pharmaceutical sector in India unveils a troubling correlation wherein corporate interests may jeopardize public health outcomes. Renowned for its substantial lobbying power and influence, the pharmaceutical industry has participated in significant contributions through electoral bonds, sparking concerns regarding potential regulatory capture and bias. Notably, 35 pharmaceutical companies in India have collectively donated nearly Rs 1000 crores through electoral bonds. Alarmingly, among these contributors, at least seven companies were under investigation for producing substandard drugs at the time of their bond purchases. However, the scope of the pharmaceutical industry's influence extends beyond drug regulation; companies may also seek concessions from the government in various forms, including access to inexpensive land, tax exemptions, favorable policies, or the elimination of price caps. Such practices underscore the complex interplay between corporate interests and public health governance, raising questions about the integrity of regulatory frameworks and the prioritization of public well-being in policy decisions.

**A. Correlation between Substandard Drug Investigations and Electoral Bond Purchases:** Numerous instances underscore the alarming connection between electoral bond acquisitions and investigations into substandard drugs conducted by pharmaceutical companies. For instance, in April 2022, Hetero Labs and Hetero Health Care procured electoral bonds amounting to Rs 39 crores. Interestingly, the preceding month saw the Maharashtra Food and Drug Administration issuing six notices to the company for producing substandard drugs, three of which pertained to Remdesivir, a widely used antiviral medication for Covid-19 treatment. Similarly, Torrent Pharma acquired electoral bonds totaling Rs 77.5 crores between May 19 and January 2024, despite their history of failing drug quality assessments. Likewise, Ciders Health Care invested in electoral bonds worth Rs 29 crores between 2022 and 2023, notwithstanding their track record of producing substandard pharmaceuticals. Glenmark, during the period of 2022 to 2023, received five notices for substandard drugs. Moreover, pharmaceutical companies collectively obtained Rs 9.75 crores worth of electoral bonds. Furthermore, Cipla, despite receiving four show cause notices for their drugs between 2018 and 2022, procured bonds amounting to Rs 39.2 crores since 2019. This trend persists, signifying a concerning nexus between electoral bond transactions and compromised drug quality standards. The anonymity afforded to donors exacerbates this issue, as it shields unethical contributions to influential entities, further perpetuating the exploitation of public health for vested interests.

**B. Impact on Public Health Policies and Regulatory Capture:** The intersection of electoral bond transactions and contributions from the pharmaceutical industry underscores profound concerns regarding the integrity of public health policies and regulatory frameworks. When pharmaceutical companies facing investigations for substandard drugs make substantial contributions through electoral bonds, it raises the specter of regulatory capture. This phenomenon entails the risk of regulatory agencies being unduly influenced or compromised by corporate interests. Such a scenario undermines endeavours aimed at guaranteeing the safety, efficacy, and affordability of vital medications, thereby endangering public health outcomes.

## **VIII. SUMMARY OF FINDINGS ON ELECTORAL BONDS AND CORRUPTION**

In the research paper titled "Unveiling the Political Economy of Electoral Bonds," a comprehensive examination has illuminated the systemic corruption embedded within India's electoral financing system, with a particular focus on the introduction of electoral bonds. Through meticulous analysis of data and case studies, the paper has elucidated how electoral bonds have facilitated opaque and potentially corrupt practices, enabling corporations to wield influence over political outcomes through financial contributions. The paper has emphasized several key points, including the elimination of user ceilings on corporate donations, the opacity surrounding bond purchases, and the evident quid pro quo arrangements between bond acquisitions and governmental decisions. Additionally, it has brought attention to the disproportionate sway of corporate funding on political parties, raising significant concerns regarding democratic governance and the integrity of the electoral process.

➤ **Ramifications for Democratic Governance and Electoral Integrity:** The discoveries of this study carry substantial ramifications for democratic governance and electoral integrity in India. Electoral bonds, by facilitating undisclosed and unrestricted corporate financing to political parties, undermine the principles of transparency, accountability, and equitable representation. The consolidation of political sway in the hands of a select affluent few diminishes public confidence in the democratic process and nurtures perceptions of elitism

and partiality in governance. Furthermore, the absence of regulatory supervision and loopholes in campaign finance regulations create fertile ground for corruption and undue influence in policy formulation. The unbridled influence of money in politics distorts policy agendas, compromises the autonomy of elected officials, and undermines the bedrock of democratic establishments.

➤ **Urgent Plea for Continued Opposition to Corporate Influence:** Given these revelations, there arises an immediate necessity for ongoing opposition to corporate influence within Indian politics. Civil society, media entities, and political activists must rally public opinion against the detrimental effects of electoral bonds and push for extensive reforms aimed at fortifying democratic standards and electoral procedures.

## IX. RECOMMENDATIONS

➤ **Enhancing Regulatory Mechanisms for Campaign Finance:** To counteract the impact of electoral bonds and corporate funding on political parties, it is imperative to strengthen regulatory mechanisms for campaign finance. This entails enforcing more stringent disclosure mandates for political donations, setting limits on corporate contributions, and improving transparency in electoral funding procedures. Regulatory entities like the Election Commission of India should be endowed with increased authority and resources to diligently oversee and regulate campaign finance operations.

➤ **Fostering Public Awareness and Civic Engagement:** Promoting public awareness and civic engagement is vital for cultivating accountability and transparency in electoral processes. Civil society organizations, media outlets, and educational institutions ought to take proactive measures in highlighting the risks associated with corporate-communal influence in politics. These entities should empower citizens to demand accountability from elected representatives. Furthermore, initiatives aimed at enhancing civic education and voter literacy can equip citizens with the knowledge needed to make informed decisions and ensure political parties are held responsible for their conduct.

➤ **Advocating for Comprehensive Electoral Reforms:** Beyond tackling the immediate challenges posed by electoral bonds, there exists a pressing need for comprehensive electoral reforms in India. These reforms should encompass measures to decentralize political power, promote grassroots democracy, and diminish the influence of money in politics. Prioritizing the interests of ordinary citizens over vested interests should be the cornerstone of these reforms, aimed at bolstering the nation's democratic framework.

In conclusion, addressing the systemic corruption associated with electoral bonds demands concerted efforts from all stakeholders, including policymakers, civil society organizations, and the general public. By advocating for transparency, accountability, and fairness in electoral processes, India can uphold the principles of democratic governance and safeguard the integrity of its electoral system for future generations.

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