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Association for Democratic Reforms v. Union of India [(2024) 5 SCC 1] (The Electoral Bonds Case)

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Introduction

The Association for Democratic Reforms (ADR) and other petitioners challenged the scheme before the Supreme Court, arguing that it was a grave threat to democratic principles. Their core arguments were:

- Violation of the Right to Information: The petitioners contended that the scheme's anonymity violated the voter's fundamental right to information under Article 19(1)(a) of the Constitution. They argued that to make an informed choice, a voter has the right to know who is funding the political parties that seek their vote. This information is crucial to identify potential conflicts of interest and quid pro quo arrangements.
- Enabling Quid Pro Quo Corruption: The anonymity was seen as a veil for corporate-political nexus. The scheme allowed corporations to make unlimited, secret donations, creating a perfect environment for quid pro quo (a favor for a favor) arrangements. A company could secretly fund a party in power in exchange for favorable policies or contracts.
- Arbitrariness and Inequality: The removal of the cap on corporate donations and the lack of transparency were argued to be manifestly arbitrary, violating Article 14 (Right to Equality). It created an unequal playing field, giving corporations with deep pockets disproportionate influence over policy-making compared to ordinary citizens.

The Government's Defence: Curbing Black Money

The Union of India defended the scheme, presenting it as a major reform aimed at cleaning up political funding. The government's main justifications were:

- Curbing Black Money: By channeling donations through the official banking system, the scheme aimed to eliminate the use of unaccounted cash in politics.
- Protecting Donor Privacy: The government argued that anonymity protected donors from harassment or coercion by political parties they did not donate to. This, they claimed, was a part of the donor's right to privacy.

The Supreme Court's Verdict: A Triumph for Transparency

On February 15, 2024, a five-judge Constitution Bench led by Chief Justice D.Y. Chandrachud unanimously struck down the Electoral Bonds Scheme as unconstitutional. The Court's reasoning was a masterclass in balancing fundamental rights.

Right to Information is Paramount

The Court held that the voter's right to know under Article 19(1)(a) is paramount in a democracy and is not a lesser right than the donor's right to privacy. The Court found that the scheme's complete non-disclosure of information about political funding was **neither necessary nor proportionate**.

The Flaw in the "Privacy" Argument

The Court rejected the government's argument that the scheme protected donor privacy. It astutely pointed out that while the public was kept in the dark, the anonymity was not absolute. The ruling party could potentially access donor information through government-controlled agencies. This created an information asymmetry that favored the party in power and did little to prevent the risk of political retribution.

Failed Proportionality Test

The judgment applied the doctrine of proportionality to test whether the violation of the fundamental right to information was justified. The Court concluded that the scheme failed this test. While the stated purpose of curbing black money was important, the method chosen (anonymous bonds) was not the least restrictive one. In fact, the Court found that the scheme's primary effect was not to curb black money but to legalize secret corporate funding.

The Supreme Court did not stop at declaring the scheme unconstitutional. It issued a series of directives to ensure full transparency:

1. The State Bank of India was ordered to immediately stop issuing electoral bonds.
2. SBI was directed to submit all details of electoral bonds purchased and redeemed since April 12, 2019, to the Election Commission of India (ECI).
3. The ECI was ordered to publish this information on its official website for public access.

Why This Case Matters – The Implications

The ***ADR v. Union of India [(2024) 5 SCC 1]*** judgment is a landmark moment for Indian democracy for several reasons:

- Strengthens Transparency: It firmly establishes that transparency in political funding is non-negotiable and is a core component of a free and fair election.
- Checks Corporate Influence: By lifting the veil of anonymity, it aims to reduce the unchecked influence of big money in politics and policy-making.
- Upholds the Voter's Power: The judgment empowers the voter by reaffirming that their right to make an informed choice is central to the democratic process.

Conclusion

The Electoral Bonds case is a powerful lesson in constitutional law, demonstrating the judiciary's role as the guardian of the democratic framework. It teaches us that while the goals of clean money in politics are laudable, they cannot be achieved by sacrificing the fundamental right of citizens to know who funds their political leaders. For law students, this case is a crucial study of how fundamental rights are interpreted, balanced, and ultimately upheld to protect the very soul of democracy.