

INTERNATIONAL

Supreme Court

India donations ruling deals blow to Modi

Judges quash electoral bonds said to favour BJP months before polling

JOHN REED — NEW DELHI

India's Supreme Court has struck down the main mechanism for donations to political parties, in a decision seen as unfavourable to Prime Minister Narendra Modi ahead of national elections.

The court, led by chief justice DY Chandrachud, ruled yesterday that "electoral bonds" were unconstitutional in response to petitions by opposition politicians and a non-governmental organisation.

"It's a historic verdict," said Zoya Hasan, professor emerita at the Centre

for Political Studies at Jawaharlal Nehru University. "It's a big blow to the [Bharatiya Janata party] because so much of their political control has depended on money power and much of this money has come through anonymous electoral bonds."

Modi's BJP is widely expected to defeat a divided opposition to secure a third five-year term in a staggered election to be held during April and May.

The Supreme Court ruled that the funding scheme violated the right to information and could lead to "quid pro quo" arrangements between donors and political parties. It ordered the State Bank of India, which oversees the scheme, not to issue any more electoral bonds, effective immediately.

Electoral bonds have long been

attacked by civil society groups for allowing corporations and individuals to make anonymous political donations, and for permitting money unaccounted for to reach parties, including from abroad. Parties were required to declare how much they had received through electoral bonds but not from whom.

Critics also argued that the system, though anonymised, favoured the BJP because the government could access information about donors via the SBI,

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which kept an audit trail of donations. This could discourage donations to opposition parties, they said.

The Supreme Court asked the SBI yesterday to release details about submitted electoral bonds dating back to 2019.

The Indian National Congress, India's largest opposition group, has been canvassing the public for individual donations ahead of the elections. It welcomed the striking down of what it called a "black money conversion scheme of the Modi government".

"We hope that [the] Modi govt will stop resorting to such ideas in future and listens to the Supreme Court, so that democracy, transparency and a level playing field exists," Mallikarjun Kharge, the Congress party's president, wrote on X.

The BJP did not respond to the ruling.

According to the Association for Democratic Reforms, an NGO that was among the petitioners, the BJP received nearly 90 per cent of large corporate donations to five national political parties, including Congress, in recent years.

Analysts and critics of the Modi government praised the court's decision. "This is a welcome judgment," said Nitin Sethi, founding editor of the Reporters' Collective, which has reported extensively on the bonds. "It undoes the BJP government's attempt to legalise corruption and weaken Indian democracy."

The BJP introduced electoral bonds in 2017. However, one analyst said the system had been "breaking the opposition", especially the Congress party, and "no one knew who was funding whom".