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Electoral Bonds and Political Funding in India: Transparency, Corruption, and Democratic Implications

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This Article seeks to understand the dynamics between corporate donations to political parties via electoral bonds and their potential impact on democratic processes and governance. It questions the motivations behind corporate contributions and whether such financial support influences government policy-making. The feasibility of conducting elections without corporate funding is examined, alongside the implications of such donations on governance corruption. The role of the electoral bond scheme in ensuring transparency in political funding is scrutinized, as well as the possibility of its reform in alignment with Supreme Court decisions to better serve democratic interests. Concerns are raised about the misuse of government agencies in securing electoral bond donations and the cessation of investigations into corporates post-donation. The potential establishment of an independent agency by the Supreme Court to investigate political corruption is contemplated. The overarching theme explores whether political donations compromise democracy by encouraging malpractice and corruption, and whether accepting donations from corporates under investigation is justifiable. Finally, the validity of selective probes targeting specific shareholders within a corporate entity is questioned.

Keywords: Corporate donations, electoral bonds, democracy, governance.

Introduction: The interplay between corporate financial contributions to political parties and the integrity of democratic institutions is a complex and multifaceted issue (Hansen W. & Mitchell N., 2000). At the heart of this discourse lies the mechanism of electoral bonds, a financial instrument that allows corporations to anonymously donate to political parties. This system raises several questions about the motivations and implications of such contributions S Z. & Paul J., 2019). Corporations may be motivated to donate to political parties for a variety of reasons, including the desire to influence policy decisions, gain access to lawmakers, or ensure a favorable business environment. However, the opacity of electoral bonds obscures the true intentions behind these donations, making it difficult to ascertain whether they serve public or private interests (Powell E. & Grimmer J., 2016). The potential influence of corporate donations on government policy is a significant concern. If policies are swayed by the interests of major donors rather than the public good, it undermines the democratic process and may lead to governance that favors a select few at the expense of the many (Evertsson N., 2012). Investigating the correlation between donations and policy outcomes is crucial to maintaining the integrity of governance. The feasibility of contesting elections without corporate funding is another critical issue (Wang C., 2022). In an era where election campaigns require substantial financial resources, the absence of corporate funding could level the playing field and reduce the risk of undue influence. However, it also poses challenges for political parties in mobilizing sufficient resources to engage with the electorate effectively (Dendere C., 2021). The link between election donations and corruption in governance is perhaps the most alarming aspect of political financing. When donations become a prerequisite for favorable policy decisions or government contracts, it not only breeds corruption but also erodes public trust in government institutions (Gokcekus O. & Sonan S., 2017). The electoral bond scheme was introduced with the promise of enhancing transparency in political funding. However, the anonymity it provides to donors has been criticized for reducing accountability and allowing for potential misuse of funds (S Z., & Paul J., 2019). Whether the scheme can be reformed to serve the interests of democracy remains a contentious issue. The misuse of government agencies to secure donations through electoral bonds is another area of concern. Allegations of government agencies being used to pressure corporations into making donations undermine the rule of law and the principle of fair play. The closure of investigations into corporations following their donations to ruling political parties raises questions about the independence and impartiality of investigative bodies (Joo T., 2002). It suggests a quid pro quo that could shield wrongdoers from accountability and justice (Sarakinsky I., 2007). The Supreme Court's role in establishing an independent agency to investigate political corruption is pivotal. Such an agency could ensure fair and impartial investigations into matters related to government tenders and policy-making, thereby strengthening the foundations of democracy (Chowdhury D. & Keane J., 2021).

Electoral Bond Scheme: In January 2018, the Indian government introduced the electoral bond scheme. Under this scheme, individuals and domestic companies can purchase interest-free bearer bonds from the State Bank of India (SBI) in specific denominations. Electoral bonds are interest-free financial instruments issued in fixed denominations (ranging from 1,000 to 10 million rupees). These bonds can be donated to any political party, and the parties must redeem them

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within 15 days. Importantly, the beneficiary is not required to reveal the names of the entities that donated the bonds. Proponents of electoral bond scheme argued that electoral bonds promote transparency by ensuring that political parties receive donations through formal banking channels. These transactions can be audited by government authorities. The identity of donors remains confidential, reducing the risk of retaliation or intimidation based on political affiliations. On the other hand, opponent claimed that these bonds allowed anonymous donations by individuals and organizations to all political parties through banking channels, the scheme promised transparency by way of donations and faced criticism due to its premise of anonymity (Chowdhury D. & Keane J., 2021). Free and fair elections are essential for democracy. The level playing field among political parties should be the same for all contestants. Secrecy of bonds or donor identities disturbed this balance. Voters have a fundamental right to know the sources of funding for political parties. Without this information, making an informed choice becomes challenging (Aparicio D. & Avenancio-León C., 2022).

Motivations behind corporate donations to political parties through electoral bonds:
Avoiding Direct Association: Corporations often prefer electoral bonds because they allow an arm's-length distance from political parties. When corporations contribute to political parties through electoral bonds, they intentionally create a legal separation or "distance" between themselves and the recipient party (Aparicio D. & Avenancio-León C., 2022). Electoral bonds allow corporations to donate without revealing their identity publicly. The issuing bank (usually the State Bank of India) is the sole entity aware of the donor's details (S Z. & Paul J., 2019). Corporations often have diverse stakeholders, including customers, investors, and employees. Directly aligning with a particular party can be risky, as it may alienate some stakeholders who hold differing political views. Publicly supporting a party can lead to controversies or negative perceptions. By donating through electoral bonds, corporations minimize reputational risks. Maintaining legal distance allows companies to adapt to changing political landscapes. If a party's policies shift, the corporation can adjust its support without being tied to past affiliations. These bonds provide a legal channel for donations (Chowdhury D. & Keane J., 2021).

Corporations can contribute without direct disclosure, ensuring independence. Corporations seek access to policymakers for favorable decisions. By maintaining legal distance, they can engage with multiple parties without appearing biased (Lohmann S., 1995). Donations indirectly influence policy decisions. Corporations hope that their contributions will lead to policies beneficial to their industry or business (Austen-Smith D., 1995). Critics argue that this legal distance undermines transparency. Citizens have a right to know who funds political parties. Anonymity may lead to crony capitalism, where businesses unduly influence policies. The Supreme Court's verdict declaring the Electoral Bonds Scheme unconstitutional highlights these concerns legal distance through electoral bonds allows corporations to support political parties discreetly while safeguarding their independence and reputation. However, striking a balance between transparency and anonymity remains a critical challenge in political financing (Fang H. Shapiro D. & Zillante A., 2016).
Business interests: Corporate involvement in political funding is a multifaceted phenomenon. While some companies contribute to political parties out of civic responsibility or ideological alignment, others do so strategically to advance their business interests. Corporations operate within a complex ecosystem of laws, regulations, and policies. These legal and regulatory frameworks significantly impact business operations, profitability, and growth (Alzola M., 2012). By supporting political parties, companies aim to align policy decisions with their specific interests. These interests can vary widely across industries, including taxation, trade, labor laws, environmental regulations, and intellectual property rights. Corporate donations serve as a strategic tool to influence policy outcomes. Companies strategically allocate resources to parties or candidates who are likely to champion their cause. Corporations seek favorable tax policies that reduce their financial burden. Donations to parties advocating for tax reforms can directly benefit the company's bottom line. Companies operating in sectors like pharmaceuticals, energy, or technology may donate to parties that promise industry-friendly regulations (Allen L. Wigley S. & Holmer H., 2022). Multinational corporations often support parties that promote open markets, trade agreements, and ease of doing business. Companies with infrastructure interests (e.g., construction, transportation) may donate to parties emphasizing infrastructure development. Technology firms support parties that protect patents, copyrights, and intellectual property rights. Corporations seek flexibility in labor laws. Donations to parties advocating for business-friendly labor reforms can serve this purpose (Leonard H., 1980). Corporate donations are a form of lobbying. Companies use financial contributions to gain access to policymakers, participate in policy discussions, and advocate for their interests. Lobbying can occur through direct interactions, participation in industry associations, or financial support to political parties. Corporations carefully evaluate the risks associated with political involvement. Public perception matters, and companies want to avoid negative associations (Tesler L. & Malone R., 2008).

Donations are often discreet, as overt political alignment can alienate customers, investors, and other stakeholders. Balancing strategic interests with reputational risks is crucial. While strategic donations are legitimate, transparency is essential. Investors and the public should know about corporate political contributions. The International Corporate Governance Network (ICGN) emphasizes ethical and transparent political engagement by companies. Companies must disclose their political donations and articulate the reasons behind them. Striking a balance between strategic interests and ethical behavior is challenging. Companies must avoid unethical practices, such as bribes or quid pro quo arrangements (Vaccaro A. & Madsen P., 2009). Ethical corporate citizenship involves contributing to the overall well-being of society while safeguarding shareholder value.

Corporate Social Responsibility (CSR) and Political Donations:
Corporate Social Responsibility (CSR) refers to a company's voluntary commitment to integrate social and environmental concerns into its business operations and interactions with stakeholders (Swathi R., 2018). CSR initiatives go beyond profit generation and aim to create positive impacts on society, the environment, and local communities. Some companies view political donations as a form of strategic philanthropy (Plessis N. & Grobler A., 2014). By supporting political parties, they align their interests with broader societal goals. These donations are not purely transactional; they serve a dual purpose: advancing business interests and contributing to community development. Aligning with political parties allows companies to advocate for policies that benefit society (Rafi S. & Saritha D., 2018). Political donations become part of this broader commitment. Companies perceive them to influence policy decisions that impact society at large. Companies may donate to parties advocating for educational reforms, scholarships, and skill development programs. Supporting parties that prioritize healthcare infrastructure, disease prevention, and access to medical services aligns with CSR goals. Corporations concerned about environmental conservation may donate to parties promoting sustainable practices and conservation policies (Vlastelica-Bakić T. Krstovic J. & Cicvarić-Kostić S. 2012). Donations can indirectly address poverty by supporting policies that create jobs, improve livelihoods, and enhance social safety nets. Companies should disclose their political contributions to maintain trust with stakeholders. Some companies publish annual CSR reports, detailing their donations, initiatives, and impact. While CSR-driven political donations are well-intentioned, companies must strike a balance. Donations should not compromise ethical standards or involve quid pro quo arrangements. Companies must ensure that their political affiliations align with stakeholder expectations (Scheidler S. Schons L. & Spanjol J., 2016). Critics argue that political donations can lead to undue influence, especially if companies expect favors in return. Balancing genuine social impact with strategic interests is challenging. Countries have varying regulations regarding corporate political donations. Some require transparency, while others allow anonymity. Companies must navigate legal complexities while adhering to their CSR commitments. Public perception matters. Companies risk backlash if their donations are perceived as self-serving or unethical. Striking the right balance is essential (Chernev A. & Blair S., 2015).

Electoral Competitiveness and Financial Resources in India: Electoral competitiveness refers to the degree of competition among political parties during elections. It encompasses factors such as party strength, voter mobilization, campaign effectiveness, and financial resources. In India, a vibrant multi-party system exists, with several parties vying for power at the national, state, and local levels (Dash B. Ferris J. & Winer S., 2019).

Financial resources play a crucial role in shaping electoral competitiveness. It allows parties to build an extensive campaign infrastructure. This includes rallies, advertisements, social media outreach, and ground-level mobilization. Well-funded campaigns enhance the party's visibility, reaching voters across diverse regions. This visibility translates into votes during elections. Financial resources enable parties to field strong candidates in various constituencies (Gross, D. Goidel R. & Shields T., 2002). High-profile candidates attract attention and influence voter choices. Funds facilitate logistics, such as transportation, accommodation, and organizing events. Efficient logistics boost campaign effectiveness. Parties donor base includes corporate entities, business leaders, and individual contributors. Corporate donations align with the party's pro-business stance (Hogan R., 2013). Corporate interests often intersect with policy decisions. Donations may seek favorable policies, tax reforms, or industry-specific benefits. India's multi-party system comprises regional, national, and ideological parties. Each party caters to specific constituencies and issues. Regional parties, have strong regional support. Regional parties rely on local donors, community leaders, and grassroots supporters. Their funding often reflects regional interests. Left-leaning parties receive contributions from labor unions, intellectuals, and activists who share their ideology. Some parties thrive on small individual donations, emphasizing mass participation (Blarel N. & willigen n., 2020).

Over the past 20 years, corporate funding of electoral campaigns has surged in India. Large sums of money are donated by corporate groups to political parties. Corporate donations have increased dramatically, according to a research published by the Observer Research Foundation. For example: Corporate organizations contributed Rs. 621.4 million during the 2004–05 Fiscal Year (FY). The total amount donated by FY 2009–10 was about Rs. 1.6 billion. Corporate donations increased to Rs. 5.7 billion in the fiscal year 2014–15 (Sahoo Niranjan, 2019). Corporate power has an outsized influence over the democratically elected government, as seen by their financing of political parties.

Redeemed electoral bonds totaling Rs. 62 billion were made by recognized national political parties in FY 2017–18 and FY 2019–20, according to the Association for Democratic Reforms (ADR). The ruling party in the center redeemed about 67.98 percent of these bonds, or about Rs. 42 billion (Association for democratic change report, 2021). Even though lobbying is illegal in India, there is proof that different industries trade favors with political parties. Corporate donations, especially untraceable cash flows from groups and individuals with business interests, have played a disquieting role in

Indian elections (Krishna Yadul, 2024). Approximately 89% of the contributions collected by political parties between 2012 and 2016 came from corporations (Association for Democratic Reform report, 2017). The impact of corporations on politics is not exclusive to India. It happens all across the world. Companies frequently support laws that suit their interests by contributing to political campaigns. While outwardly endorsing racial equality, several companies fund organizations and political politicians who advocate for racial gerrymandering (Palazzo G. & Scherer A., 2008).

Challenges Faced by Smaller Parties:
Smaller parties struggle to match the big parties financial clout. Limited funds affect their campaign reach and organizational capacity. Lesser-known parties face challenges in gaining media attention and reaching voters beyond their strongholds. There must be a Balance between financial Dominance and democratic Pluralism. Transparency and Accountability is the basic feature of democracy, it must be maintained. All parties must disclose their funding sources transparently. This ensures accountability and prevents undue influence. The recent Supreme Court ruling declaring the Electoral Bonds Scheme unconstitutional underscores the need for transparency. Electoral reforms can promote fairness. Measures like state funding of elections or expenditure limits aim to level the playing field. Encouraging small donations and grassroots fundraising can empower smaller parties.

Nexus between corruption and political funding: Election-related corruption produces inequalities in government and policymaking, distorts representation, and reduces accountability. The way political campaigns are currently funded creates a significant deal of pressure for corruption in the public realm. Commissions on contracts, unreported illicit gains, and bribes from corporate associations are common sources of funding for elections. The concealment of party financial sources facilitates corruption. When parties primarily rely on the financial support of a small number of contributors, their interests may influence policy decisions. Numerous committees have suggested that the state cover election costs since 1998. State funding could lead to more openness and less reliance on private contributions. According to the Legislative Department Ministry of Law and Justice Government of India Electoral Reforms (2010), reforming the financing of political parties must happen right away. Restoring the Finance Act of 2017 to its pre-Passage state is a wise move. Transparency and accountability procedures are essential for preventing corruption and preserving just government (State bank of India v. Association for democratic change and others, 2024).

Tracing nexus between investigations and Political Donations: The issue of investigations against corporates being closed after they donate to ruling political parties has raised concerns about transparency, accountability, and the influence of money in politics. Recent data reveals that several companies investigated for tax evasion, fraud, or other corporate malfeasance donated significant amounts through electoral bonds (Radhakrishnan Vignesh, 2024). At least $94 million was donated by 17 such companies after facing investigations. These investigations were conducted by agencies like the Central Bureau of Investigation (CBI), Enforcement Directorate (ED), and Income Tax department (Pandey Munish, 2024). Electoral bonds allow donors to remain anonymous, making it difficult to trace the source of funds. Corporates facing investigations may exploit this anonymity to donate without scrutiny. The lack of transparency raises questions about the motives behind such donations. However, assumptions about the timing of donations and investigations might not always align. It's possible that donations occurred before investigations, but the perception of influence remains. The public perceives a nexus between corporate donations and political favors. Closing investigations after donations erodes public trust in the system. A healthy democracy requires transparency, accountability, and equal representation (Kothari Jayna, 2024).

Other issue is that whether argument is valid that investigations target only specific shareholders within a corporate entity, rather than all shareholders, therefore, accepting donations from a company with an investigated shareholder is not illegal. The investigation may focus on specific actions related to that shareholder. When one shareholder is under investigation for a scam, it raises concerns about the company's integrity and potential wrongdoing. It creates a potential conflict of interest. The political parties must weigh the benefits of the donation against the ethical implications. Legally, accepting donations from a company with an investigated shareholder may not be prohibited. However, legality doesn't always align with ethics. Ethical considerations go beyond legality. Accepting such donations could be perceived as compromising integrity. Accepting donations from a company with an ongoing investigation may erode trust among stakeholders. While legality may not explicitly prohibit accepting such donations, ethical standards demand transparency, fairness, and accountability. The political parties should carefully weigh the implications and consider the broader impact on public perception and trust.

Amendments in the Foreign Contribution (Regulation) Act (FCRA), 2010 and the Companies Act,, 2013:
The Foreign Contribution (Regulation) Act (FCRA) was enacted in 1976 to regulate the acceptance and utilization of foreign contributions by individuals, associations, and companies in India. In 2010, it was repealed and re-enacted as a separate piece of legislation with minor changes. In 2016, an amendment was made to section 236 of the Finance Act, 2016 which allowed national political parties to accept donations from foreign-controlled companies. This change condoned all donations or grants given by such companies since September 26, 2010. The amendments raised concerns

about foreign influence on Indian politics and the lack of transparency regarding the specific companies making these donations. Foreign entities with vested interests may now fund political parties, potentially influencing policy decisions. The Companies Act, 2013, which governs corporate governance and business operations, also impacts political contributions. The Finance Act, 2017 amended the Companies Act, 2013 and removed the requirement for declaring disaggregated donations to political parties, allowing loss-making companies to contribute. These changes increased the influence of anonymous corporate funding in elections and potentially led to foreign companies influencing Indian policies. The lack of transparency undermines democratic principles, as citizens have a right to know who funds political parties. Allowing loss-making companies to contribute raises concerns about crony capitalism and undue influence. When corporate interests align with political parties, it can distort policy priorities and hinder genuine representation. Strengthening disclosure norms is crucial, as parties should reveal all donations transparently. Exploring state funding models can reduce reliance on corporate donations. Educating citizens about the impact of corporate funding can foster demand for cleaner politics. Regular review and reform of electoral laws are essential to maintain the integrity of the democratic process.

Supreme Court Approach:
The Supreme Court declared the Electoral Bond Scheme and the Finance Act, 2017, which amended the Companies Act, 2013, and the Representation of People Act 1951 and Income Tax Act 1961, unconstitutional on 15 February 2024. The court argued that the non-disclosure of information about political party funding violates citizens' right to information under Article 19(1)(a) of the Constitution. The amendments, which allowed unlimited funding of political parties by corporate entities, were deemed arbitrary and violative of Article 14 of the Constitution. Supreme Court decision striking down the Electoral Bond Scheme (EBS) and associated amendments has significant implications for political financing and transparency in India. The Supreme Court declared the EBS and related amendments unconstitutional, emphasizing the importance of transparency in political funding. Before the amendments, political parties were required to disclose donations exceeding Rs, 20,000. The EBS exempted donations via electoral bonds from this requirement. By striking down this exemption, the court restored transparency by ensuring that political parties must disclose all contributions, including those received through electoral bonds. The Finance Act, 2017, had removed the cap and disclosure obligations for corporate donations. This raised concerns about unchecked corporate influence on elections. The court's verdict reinstated the cap on corporate donations (7.5% of average profits of the preceding three fiscal years) and the disclosure requirements. This move aims to prevent undue corporate influence and maintain a level playing field for all political parties. The court applied the proportionality test to examine whether the scheme violated voters' right to information and the transparency of the electoral process. The proportionality test evaluates the balance between state action and individual fundamental rights. In this case, it upheld voters' right to information. By nullifying the amendments that allowed corporate donations without disclosure, the court reinforced citizens' right to know who funds political parties. The Supreme Court expressed concern over the possible misuse of funds received through electoral bonds for ulterior purposes, such as funding terror or violent protests. The opacity surrounding electoral bonds raised suspicions that they could be used to launder illicit money into the political system. Electoral bonds allow investors to remain anonymous, which poses a risk of quid pro quo arrangements. The Supreme Court ruled that there's a danger that these financial instruments could lead to such arrangements. The lack of transparency makes it difficult to trace the source of funds and raises questions about the motives behind large donations (Chowdhury D. & Keane J., 2021).

Feasibility of elections being contested without corporate funding:
The introduction of electoral bonds in 2017 introduced anonymity to political donations, allowing only the ruling party to know about them. This system distorts the principle of one voter-one vote, as it grants political power to companies, wealthy individuals, and foreign entities, affecting the functioning of Parliament, the Election Commission, and opposition parties. This highlights the need for more transparent and accountable political systems.

Corporate funding often lacks transparency, making it difficult for citizens to know who is financing political parties. State funding could address this issue by providing public money to parties based on their electoral performance (Sridharan E., 1999). Public funding can increase transparency in party and candidate finance, curbing corruption and reducing reliance on corporate donations. However, implementing state funding may face several challenges like allocating funds fairly among parties, ensuring accountability and preventing misuse, balancing state funding with other essential expenditures (Legislative department ministry of law and Justice government of India electoral reforms, 2010). Countries like Germany, France, and Brazil have successfully implemented partial state funding models. Other alternatives to Corporate Funding could be Encouraging small individual donations i.e. promoting grassroots support can reduce reliance on corporate contributions, crowdfunding that is leveraging technology for political fundraising, public financing that is allocating state funds based on party performance, strict disclosure norms i.e. requiring parties to reveal all donations transparently (Schmitz T., 2019).

The Need for an Independent Agency: Political corruption, misuse of government tenders, and corporate influence on policy-making are critical challenges in any democracy. Existing investigative agencies (such as the Central Bureau of

Investigation (CBI) and the Enforcement Directorate (ED)) often face allegations of political interference and lack of autonomy. An independent agency could address these concerns by ensuring impartiality, transparency, and accountability. An independent agency would probe corruption cases involving politicians, public officials, and political parties. Ensuring fair and unbiased investigations without political pressure (Xu J. & Xu J., 2023). They would be examining the awarding of contracts, tenders, and public projects detecting irregularities, favoritism, and kickbacks. Assessing corporate lobbying, campaign financing, and policy formulation. Identifying undue influence on legislation and regulatory decisions (Lindstedt C. & Naurin D., 2010). However, the agency's mandate, powers, and jurisdiction would require clear legal provisions to balance investigative autonomy with accountability to prevent misuse. Adequate funding and protection from political interference are crucial. The agency should be financially self-sufficient and insulated from political pressures (M. & James C., 1988). Appointments to the agency's leadership (such as the director) should be transparent and merit based. Diverse expertise (legal, financial, and investigative) is essential. Collaboration with existing bodies (like the CBI and ED) is necessary to avoid duplication (Koop C., 2011). It is important to build public confidence through transparency, regular reporting, and accountability and avoid any perception of bias or political vendetta. Several countries have established independent agencies for example United States have the Federal Bureau of Investigation (FBI) investigates federal crimes independently. In United Kingdom the Serious Fraud Office (SFO) handles complex fraud and corruption cases. In Hong Kong there is an independent Commission Against Corruption (ICAC) focuses on anti-corruption efforts. These agencies operate autonomously, ensuring impartial investigations (Sekkat K., 2018). An independent agency would inspire public trust and confidence. This would have deterrent effect as fear of investigation would discourage corruption and malpractices. It would also set the level playing field, corporates and politicians would be held accountable equally (Passas N., 2010). It could help in systematic reforms as the agency's findings could drive policy changes and legal reforms.

Conclusion: The practice of political donations, particularly through electoral bonds, presents a dilemma for democratic governance. While financial contributions are necessary for political engagement, they must not compromise the principles of transparency, accountability, and fairness. Ensuring that political donations do not become a conduit for corruption or a threat to democratic values is imperative for the health of any democratic society. The debate over electoral bonds and political donations is not just about financing; it's about the soul of democracy itself. The dominant share of donations received by the ruling party highlights its significant financial resources. These resources can impact electoral competitiveness. Other parties receive varying amounts, reflecting the diverse financial bases supporting India's multi-party system. corporate donations to political parties are driven by strategic interests, lobbying efforts, and the desire to shape policies that directly impact business operations. Balancing these motivations with transparency and ethical conduct remains a critical challenge for corporations worldwide. CSR-driven political donations reflect a company's commitment to societal well-being. When aligned with genuine social impact, these contributions can positively influence policy decisions and community development. However, transparency, ethical conduct, and stakeholder alignment remain critical considerations. Party's financial resources significantly impact electoral competitiveness, striking a balance between financial dominance and democratic pluralism remains essential for India's vibrant multi-party democracy. Corporate donations to political parties can significantly impact policy decisions, election campaigns, and ultimately serve the interests of those who wield financial influence. However, it's essential to maintain transparency and accountability to ensure a healthy democratic process. The FCRA and Companies Act amendments have significant implications for election funding. While they provide legal pathways for corporate contributions, they also raise concerns about transparency, foreign influence, and the integrity of democratic institutions. While it is challenging to eliminate corporate funding entirely, a combination of state funding, transparency measures, and alternative financing methods can reduce dependence on corporate donations and promote fair elections. Achieving this balance is crucial for maintaining the integrity of democratic processes. while election donations are necessary for political parties to function, their association with corruption underscores the need for transparency, accountability, and urgent reforms in political funding. The Supreme Court's ruling on the EBS strengthens the constitutional ideal of free and fair elections, promotes transparency, and safeguards democratic principles and the right to information. It marks a significant milestone in Indian jurisprudence and contributes to a healthier democratic process. The controversy surrounding electoral bonds highlights the need for continuous scrutiny and reforms to ensure that political funding serves the interests of democracy without compromising transparency and integrity.

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