



KLE Society's Law  
College, Bengaluru

# NMCC 2021

National Constitutional Law  
Moot Court Competition, 2021

**13, 14 and 15 August 2021**

**VIRTUAL | ZOOM VIDEO CONFERENCING**

**Last date to register: 20 July, 2021**

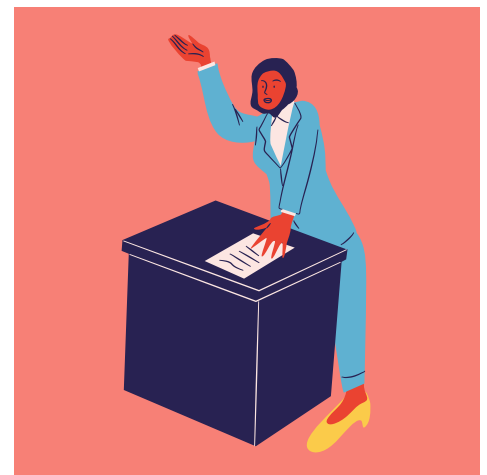


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# ORGANISERS

K.L.E. Society's Law College, Bengaluru was established in 1975 under the umbrella of Karnataka Lingayat Education Society and has been conceived as a nursery and training ground for those seeking to enter the legal profession. It is recognized by the Bar Council of India and is affiliated to the Karnataka State Law University, Hubballi. K.L.E. Society's Law College Bengaluru is ranked as one of the top law colleges across the country by the leading national media houses.



# NMCC 2021

The National Constitutional Law Moot Court Competition, 2021 has been conceived with the aim of creating opportunities for learning the development of jurisprudence on emerging trends in Constitutional Law besides developing cutting edge skills in research, writing and advocacy.

## ABOUT THE MOOT PROPOSITION:

In this year's competition, an attempt is made to drive the focus of budding legal intellects towards the intricacies involved in electoral laws and the potential repercussions of achieving transparency in the system. The moot proposition highlights the aspects of this electoral democracy, where despite the acclaimed successes; the system faces a serious challenge in the form of its party funding regime. The intention behind the proposition is to direct the focus towards the scant attention being paid to these regimes and laws despite its complexities, importance and relevance to democratic governance.

# **RULES AND REGULATIONS**

## **I. ELIGIBILITY:**

- Only Law Colleges/Universities recognized by the Bar Council of India are eligible to participate.
- Only bona fide students pursuing LL.B Three Year/Five Year Degree programmes in the aforementioned institutions, during the current academic year are eligible to participate.

## **II. VENUE AND DATE:**

- Virtual Venue: Zoom Video Conferencing.
- The Competition shall be held from 13th – 15th August 2021.

## **III. TEAM COMPOSITION:**

- Each team should consist of a minimum of 2 and maximum of 3 members. This number cannot be modified under any circumstances.
- There shall be 2 speakers and 1 researcher designated for each team. The researcher shall be allowed to argue with prior permission of the court and Organizing Committee in case of illness of the designated speakers.
- Each team will be provided a team code pursuant to confirmation of registration. Teams should not disclose the identity of their institution; such disclosure shall invite penalties including disqualification. The decision for the same shall be at the discretion of the Organizing Committee.

# RULES AND REGULATIONS

## IV. REGISTRATION

- Participation is limited to 40 teams that have successfully completed the application (by duly filling the registration form and making the payment) before the deadline on a first-come first-serve basis.
- Teams are required to duly fill the registration form by 20th July, 2021 using the form provided here:  
<https://bit.ly/NMCC21Registration>
- After filling the form, the team will receive an acknowledgement email from the Organizing Committee along with two links: payment link and payment proof upload link.
- Teams shall make a payment of Rs. 2000/- (Rupees Two Thousand Only) using the payment link and upload the proof of payment on or before 22nd July, 2021.
- Registration will be considered complete only when the host institution has received the payment from the registering team.
- Teams who have successfully completed the registration and have made the payment will receive an email from the Organizing Committee confirming their participation in the competition.
- The participating institution shall also send an email to [nmcc21@klelawcollege.org](mailto:nmcc21@klelawcollege.org) through its official email address confirming that the registered participants are bona fide students of the institution and are selected / nominated to represent the institution in the competition.
- Upon completion of the registration within the stipulated time limit, the team will be assigned a team code.

# RULES AND REGULATIONS

## Registration Process

### STEP 1

Fill the online registration form. The registering team will receive an email acknowledgement along with two links:

- 1.Payment link
- 2.Payment proof upload link,

on the email ID entered in the form during the registration process.

### STEP 2

Make payment using the payment link received on email ID.

### STEP 3

Confirm bonafide status by sending email to [nmcc21@klelawcollege.org](mailto:nmcc21@klelawcollege.org) through institution's official email ID

### STEP 4

Upload payment proof on Payment proof upload link received along with the acknowledgement.

### STEP 5

Teams who have successfully completed registration and payment will receive an email from the Organising Committee confirming their participation in the Competition and a team code shall be assigned to them.

# RULES AND REGULATIONS

## **V. ORIENTATION PROGRAMME:**

- An Orientation Session will be held on 12th August, 2021 where the participants will be briefed on the details (including fixtures/draw of lots) of the competition; the participants are welcome to seek clarifications.
- All participating teams must mandatorily attend the orientation session. If a team fails to attend the orientation session, its participation in the competition may be forfeited by the host institution.

## **VI. TECHNICAL REQUIREMENTS:**

- There will also be a technical orientation on 12th August, 2021 to brief the teams about technical aspects of the competition, the Zoom Manual and other allied matters.
- After the technical orientation, if teams have further queries regarding technical issues or the Zoom Manual, they may contact the IT Team of the host institution to clarify the same.
- Members of the IT Team will, within their discretion, have one-to-one sessions with Selected Teams regarding the technical aspects of the competition, if the IT Team deems it necessary for the purpose of resolving technical difficulties.
- A Manual regarding the usage of the Zoom Platform for the competition sessions will be uploaded on the official Website. This Zoom Manual will guide teams and participants on using the platforms, as well fixes for technical errors that might arise.

# RULES AND REGULATIONS

- Every selected team is required to have an internet connection with a speed of at least 2 MBPS and a UPS/Battery Backup for the Electronic Gadget [Either a laptop or a desktop computer] being used to participate in the competition.
- Every team will be required to keep a backup internet connection in case their primary connection fails for whatever reason.
- Every team shall participate in the competition by being seated in a room with a solid colour background and the camera of the device being used by the team shall clearly show the participants and the surroundings of the room they are seated in.
- In the event of any of the participants in a round facing technical/ audio-video/ network issues, such that they exit the competition room, or are unable to engage properly, a maximum time of 10 minutes will be provided for said participants to reconnect with alternative internet connection.
- The affected team must immediately contact the host institution in case of any such issue, and provide updates regarding the problem at their respective end.
- During the oral proceedings, the judges are vested with the discretion to inspect the surrounding environment of the participants to ensure adherence of integrity towards rules of the competition.



# RULES AND REGULATIONS

## **VII. CODE OF CONDUCT:**

- All the participants must be dressed in a dignified manner befitting the legal profession for the competition.
- Friendly and healthy interaction among the participating teams and with the students of the host institution is encouraged and expected.
- Use of mobile phones is restricted to purposes of research and online participation only.
- Participants shall not reveal the identity of his/her college/university at any point of time during the competition.
- Scouting or any other unethical/unprofessional conduct is strictly prohibited.
- Any member of the team found to have deviated from any rule may be disqualified at the discretion of the organizers and the decision will be final.
- The language that will be followed throughout the course of the competition is English.

## **VIII. COMPETITION ROUNDS:**

- There will be an Orientation Program for all the participants on 12th August 2021 followed by a draw of lots & exchange of memorials.
- The competition will be conducted virtually on Zoom Video Conferencing platform. The competition will be conducted in four rounds namely: Preliminary Rounds, Octa-Final / Quarter Final, Semi-Final Round and Final Round.
- No researchers' test will be conducted.

# RULES AND REGULATIONS

## **PRELIMINARY ROUNDS:**

- There will be two preliminary rounds of arguments per team, once for applicant & another for respondent.
- No team will face each other more than once in the preliminary rounds.
- Each team will face a different bench in their second round of arguments.
- Preliminary Rounds will be held on 13th August 2021, and top sixteen / eight teams from the Preliminary Rounds will advance to the Octa-Final / Quarter Final round.
- The dress code shall be advocate's attire during the competition rounds.

## **OCTA-FINAL / QUARTER-FINAL / SEMI-FINAL / FINAL ROUND:**

- Lots / power matching will decide the side of the arguments in Octa-Final / Quarter Final Round, Semi-Final Round and Final Round.
- Octa-Final / Quarter-Final Round will take place on 14th August, 2021.
- Semi-Final Round and Final Round will take place on 15th August 2021.
- The Preliminary Rounds / Octa-Final Round / Quarter-Final Round / Semi-Final Round are knockout rounds.

# RULES AND REGULATIONS

## **RESULTS (ANNOUNCEMENT):**

- Results will be announced at the earliest after the completion of the Preliminary Rounds / Quarter-Final Round / Semi-Final Round along with the exchange of memorials.
- The results of the Final Round and the winners of the various categories will be announced only during the valedictory / prize distribution ceremony.

## **ORAL ROUNDS:**

- For Preliminary Rounds / Octa-Final / Quarter-Final Round, each team will get a total of 30 minutes to present their case. This time will include rebuttal and sur-rebuttal time.
- The division of time is at the discretion of the team members, subject to a maximum of 15 minutes per speaker. Division of time shall be informed to the court officer before arguments begin.
- The researcher shall not be permitted to speak unless as mentioned under (Clause III. ii) at the time of the oral arguments.
- For Semi-Final Round and Final Round, each team will get 45 minutes to present their case that will include rebuttal and sur-rebuttal time. The division of time is at the discretion of the team, with a maximum of 25 minutes per speaker. Division of time shall be informed to the court officer before arguments begin.

# RULES AND REGULATIONS

## IX. MEMORIALS

- The following requirements for memorials must be strictly followed. Non-conformities will be penalised:
- Each team must prepare memorials for both parties to the dispute (Petitioners/Appellants and Respondents).
- All the teams are required to submit the final soft copy of the memorials each for both Petitioner/Appellant and Respondent. The soft copy of the memorials each shall be sent by the team on or before 5th August 2021 via submission through the form here <https://bit.ly/NMCC21MemorialSubmission>. The memorials must be submitted in both **MS WORD (.doc) format and PDF format**. The memorials' document should be named in the following format (TC Petitioner/Respondent).
- The copies of the memorials must bear cover page in conformity with the following scheme:
  - Light Blue- Appellant/ Petitioner
  - Light Red – Respondent
  - Team code on the top right-hand corner of the cover page. Memorials without the team code will not be evaluated.
  - The cause title.
  - Identify brief as Petitioners / Respondents as is applicable.
- No amendment to the memorial will be permitted after submission.

# RULES AND REGULATIONS

- Teams are not permitted to raise arguments in the oral rounds that are not present in the memorial.
- Each memorial shall consist of and only of the following details.
  - Cover Page
  - Table of Contents
  - List of Abbreviations
  - Index of Authorities
  - Statement of Jurisdiction.
  - Statement of Facts
  - Issues Raised
  - Summary of Arguments
  - Arguments Advanced
  - Prayer
- The following content specification must be adhered to:
  - Language – English
  - Font and Size (Body) - Times New Roman, 12 pts
  - Line Spacing (Body) - 1.5 lines
  - Font and Size (Footnotes) - Times New Roman, 10 pts
  - Line Spacing (Footnotes) - Single line
  - Page Margins - 1 inch on all sides
  - Page Limit (i) Entire Memorial - 35 pages maximum
  - Body of Arguments – 20 pages maximum
  - Paper Specification - White A4 Sized Paper
  - Body of the Memorial – Justified
  - Citation style - Harvard Bluebook (20thedn.)

# RULES AND REGULATIONS

- The memorial must not contain any identification, mark or symbol identifying the team apart from the team code. Any such identifying mark/ symbol may lead to disqualification of the team.
- The participating teams are at liberty to submit compendiums (not mandatory) through the form here:

<https://bit.ly/NMCC21CompendiumSubmission>.

The compendiums must not contain any identification, mark or symbol identifying the team apart from the team code. Any such identifying mark/ symbol may lead to disqualification of the team. The compendium document (**PDF Format only**) should be named in the following format (TC Petitioner/Respondent).

## X. SCOUTING

- Teams will not be allowed to observe the orals of any other teams. Scouting is strictly prohibited. Scouting by any of the team members shall result in disqualification.

# RULES AND REGULATIONS

## **XI. SCORING:**

### **ORAL ROUNDS:**

- The parameters for judging the oral presentation on a scale of 0 – 100 points are:
  - Knowledge of facts
  - Logic and reasoning
  - Organisation and clarity
  - Persuasiveness
  - Deference to the court
  - Proper and articulate analysis of the issues arising out of facts
  - Understanding of the legal principles directly applicable to the issues
  - Ability to explain clearly the legal principles in general keeping to the time allotted
  - Knowledge and use of legal sources and authorities and general principles of national law
  - Ingenuity (ability to argue by analogy from related aspects of law)

# RULES AND REGULATIONS

## **WRITTEN SUBMISSION (MEMORIALS):**

- The memorials shall be marked on a scale of 1-100 points each.
- Any revisions, supplements or additions to the memorials after submission shall attract severe penalties subject to the discretion of the Organizing Committee.
- Award of the points shall be based on the following parameters:
  - Neatness, legibility, no typographical errors or format errors
  - Logical progression of ideas
  - Effective use of headings to outline arguments
  - Understanding essential legal issues presented
  - Focus on essential (not collateral) issues
  - Clear, concise and unambiguous writing style
  - Forceful and persuasive presentation
  - Integration of facts into legal argument
  - Understanding of strengths and weaknesses of case
  - Discussion of viable alternative arguments
  - Understanding and analysis of authority
  - Proper use of citations and citation form
  - Effective use of authority to support arguments
  - Ability to distinguish adverse cases
- Non- compliance of the rules mentioned herein shall attract severe penalties.



# RULES AND REGULATIONS

## **XII. AWARDS:**

- Winner – Cash Prize of Rs. 20,000/-
- Runner up – Cash Prize of Rs.10,000/-
- Best Memorial – Cash Prize of Rs. 5,000/-
- Best Student Advocate – Cash Prize of Rs. 5,000/-
- All participants will be issued participation certificates.

## **XIII. ANONYMITY:**

- Student counsels may introduce her/him to the court in the usual manner and may also state her/his names. However, the team's college / institution affiliation may not be mentioned at any time before the awards ceremony.
- Further, all team members, coaches, advisors, and observers shall refrain from identifying a team's institution at any time and in any manner, including, but not limited to, wearing any identifying items, such as clothing, ties, patches, or pins or carrying identifying material (such as a books with a college logo, or college seal).

# RULES AND REGULATIONS

## **XIV. VIDEO RECORDING:**

- The Organizing Committee reserves the liberty to record all the rounds of the competition, however only the final round of the competition will be streamed live on the YouTube page of the host institution.

## **XV. DECISION OF THE JUDGES IS FINAL**

## **XVI. CLARIFICATIONS:**

- All queries may be addressed to the Organizing Committee through email sent to: [nmcc21@klelawcollege.org](mailto:nmcc21@klelawcollege.org).

# ORGANISING COMMITTEE

## **Faculty Coordinators**

Dr. Manojkumar Hiremath, Assistant Professor of Law

Mr. Ashwary Sharma, Assistant Professor of Law

Mr. Ayush Jha, Assistant Professor of Law

Ms. Simona Waheed, Assistant Professor of Law

Ms. Ankita Rituraj, Assistant Professor of Law

## **Student Coordinators**

Ms. Niharika Shukla

Ms. Shriraja S

Ms. Athira Ramesh

Ms. Akhila Wali



# IMPORTANT DATES

Last Date for completing Registration Form	20 <sup>th</sup> July, 2021
Last date to complete payment towards Registration	22 <sup>nd</sup> July, 2021
Assignment of Team Codes to participating teams	26 <sup>th</sup> July, 2021
Last Date for Memorial Submission	5 <sup>th</sup> August, 2021
Last Date for Compendium Submission (if any)	8 <sup>th</sup> August, 2021
Orientation Session & Draw of Lots	12 <sup>th</sup> August, 2021
Inaugural Ceremony, Preliminary Rounds	13 <sup>th</sup> August, 2021
Octa-Final / Quarter-Final Round	14 <sup>th</sup> August, 2021
Semi-Final Round, Final Round, Valedictory Ceremony	15 <sup>th</sup> August, 2021

*In case of any eventuality not contemplated in the rules, the decision of the Organising Committee will be final.*



# MOOT PROPOSITION

## **The Democratic Reform Project and Ors.**

**vs**

## **The Union of Bharat Nadu**

1. Bharat Nadu is a federal country with a multiparty system and parliamentary form of government. Bharat Nadu is the second most populated country in the world, with nearly a fifth of the world's population. It is the largest democracy in the world in terms of the number of voters.
2. Elections are a regular exercise in Bharat Nadu. There has not been a single year since its independence where election either for the State Assemblies or Parliament has not been held. The superintendence, direction, and control of Parliamentary elections as well as Assembly elections of the States and the Union Territories is vested in a body called the Election Commission of Bharat Nadu by virtue of Article 324 of the Constitution of Bharat Nadu.
3. Organising a political party in such a vast country takes a substantial amount of financial resources as the parties have to run their offices throughout the country, pay staff salaries, travelling expenses, election campaigns, publicity, rallies, tours, and other election-related establishments. Expenditure for an election campaign runs into hundreds of crores. Parties rely on donations to fund their election campaigns. These donations come from different sources like the general public, political workers, small businesses, large industrialists, and corporate houses. The main statutory provisions which deal with donations to political parties are Section 29B of the Representation of the People Act, 1951 (RoPA) which entitles parties to accept voluntary contributions by any person or company, except a Government Company, and Section 29C of the RoPA which, inter alia, provides that every political party shall furnish a report to the Election Commission of Bharat Nadu concerning the details of contributions received by it in excess of Rs 20,000 from any person in order to avail the income-tax relief as per the provisions of Income-tax Act, 1961.

4. This system had resulted in the opaqueness of political funding, thereby giving rise to a plethora of issues. Since political parties were not required to disclose the name of the person or company if such donation does not exceed Rs.20,000, the parties used to break up the donations from various questionable sources into parts not exceeding Rs.20,000 and therefore escape from the obligation of disclosing the names. A report published by an independent civil society organisation called The Democratic Reform Project revealed that more than 50% of funds received by the political parties came from unknown sources.

5. The 20th Law Commission of Bharat Nadu while highlighting the necessity for more transparency and accountability in political party funding and expenditure noted, “money, often from illegitimate sources, results in “undisguised bullying” when it is used (both authorised and unauthorised) to buy muscle power, weapons, or to unduly influence voters through liquor, cash, gifts. Currency notes come first in containers, then in truckloads, moving to wholesale/small retail forms, and finally to suitcases and in people's pockets.”

6. Bharat Nadu People's Party (BNPP) is one of the two major political parties in Bharat Nadu along with the United National Congress Party (UNC). It is also the largest political party in the world in terms of membership. The BNPP leaders in recent times have come into the news for their favorable ties with the major industrialists and corporate houses of Bharat Nadu.

7. BNPP is the largest political party in terms of representation in the Union Parliament. BNPP, along with its allies, has formed a political alliance called the National Democratic Front (NDF), which holds 282 out of 545 seats in the Lower House of the Union Parliament. Though the NDF has a substantial majority in the Lower House, they do not hold a majority in the Upper House in which they hold 80 out of 245 seats.

8. In order to “cleanse the corruption in political funding,” the Government of Bharat Nadu enacted the Political Donations (Regulation) Act, 2017 (PDR Act) [Annexed]. The Act provided for the creation of Electoral Bonds as a new instrument for political donations, and the constitution of a bank called the 'Bharat Nadu Daan Bank' to process political donations. Additionally, some other significant changes were made to four legislations through the PDR Act, which was passed as a money bill by the Union Parliament. The provisions in four legislations which were amended to enable the 'Electoral Bond Scheme' are as follows (See Annexure for details of the Amendments) –

- i. Section 31 of the Reserve Bank of Bharat Nadu Act, 1934, through Section 3 of the PDR Act;
- ii. Section 29C of the Representation of the People Act, 1951 (RoPA), through Section 4 of the PDR Act;
- iii. Section 13A of the Income Tax Act, 1961, through Section 5 of the PDR Act; and
- iv. Section 182 of the Companies Act, 2013, through Section 6 of the PDR Act.

9. The overall effect of these amendments is

- i. It introduced 'Electoral Bond' as a new instrument to make donations to political parties. An electoral bond is an instrument that can be used by individuals and corporations incorporated in Bharat Nadu to make donations to political parties. Bonds can be purchased in denominations ranging from Rs 1,000 to Rs 1 crore from the Bharat Nadu Daan Bank using a KYC compliant bank account, with no upper limit on the donation amount. Political parties can encash the electoral bond within 15 days. The identity of the donor has to be kept anonymous and known only to the Bank.
- ii. No donation above Rs 2000 can be made otherwise than by an Account Payee cheque drawn on a bank on an Account Payee bank draft or use of electronic clearing system through a bank account or an electoral bond.
- iii. A bank called the 'Bharat Nadu Daan Bank' was constituted exclusively to handle donations to political parties by giving it the power to issue Electoral Bonds.

10. This enactment was met with mixed responses from the public and institutional stakeholders. It was lauded by one section of the public as the scheme would ensure traceability of the money. On the other hand, some expressed that the scheme had the potential to increase black money circulation and money laundering.

11. The Democratic Reform Project raised objections on the nature of the scheme introduced by the enactment. They expressed that the Electoral Bond scheme had paved the way for anonymous donations to political parties, which is going to have severe repercussions for transparency in political funding. It could provide a channel to convert black money into white. Additionally, keeping the source secret would lead to big corporate houses trying to extract favours from the ruling party. In this way, private interests would take precedence over the public interest in the Government's policies. Therefore, they filed a petition in the Supreme Court of Bharat Nadu praying for the PDR Act to be declared unconstitutional as it is an obstruction to holding free and fair elections.

12. Mr. Ramakant, a journalist and a keen political observer, raised questions on the certification of the PDR Act as a money bill. He contended that the Act had not met the conditions specified in Article 110 of the Constitution of Bharat Nadu to be certified as a money bill by the Speaker of the House. Furthermore, the bill was passed as a money bill in order to bypass the scrutiny by the Upper House as the ruling party does not have numbers in the Upper House to get the bill passed. He added that the successive governments have misused the Money Bill provision in order to avoid scrutiny of the Upper house and have adopted similar tactics to pass some other enactments, thereby undermining the bicameral nature of the Bharat Nadu Parliament. Similar questions were also raised in various other media platforms. On being asked about this question in an interview, the Attorney General of Bharat Nadu said, "certification of a particular Act as a Money Bill is an internal function of the Parliament. If there is any dispute, the Speaker applies his mind and takes a decision. No one can question the bonafide decision of the Speaker, and all members abide by the decision." Finding the justification to be unsatisfactory, Mr. Ramakant filed a petition in the Supreme Court of Bharat Nadu challenging the certification of Political Donations (Regulation) Act as a Money Bill by the Speaker of the Lower House and consequently quashing the Act.



13. Ms. Vishrutyi, an RTI activist, filed an RTI application with the Bharat Nadu Daan Bank asking the names of the individuals and corporations who have purchased an electoral bond and the amount of each bond. The Bank denied her request citing “the information sought by the applicant cannot be disclosed as it is in a fiduciary capacity, disclosure of which is exempted under 8(1)(e) and 8(1)(j) of RTI Act, 2005.” After exhausting all appeal mechanisms and having received no satisfactory reply, she filed a petition in the Supreme Court of Bharat Nadu, contending that denial of the information about donors is a violation of peoples' right to know about a matter of public interest.

14. Mr. X, who has purchased Electoral Bonds, filed an intervening application contending that revealing the identity of the purchaser of the electoral bond violates his right to privacy.

15. The Supreme Court admitted all the petitions and clubbed them together for a common hearing. The Court also added Mr. X as an intervener. The matter is posted for final hearing on 14th and 15th August 2021. The following are the issues for consideration before the Court:

- i. Whether the electoral bond scheme violates the basic structure of the Bharat Nadu Constitution.
- ii. Whether the denial of information about purchasers of Electoral Bonds by Bharat Nadu Daan Bank is justified.
- iii. Whether the decision of the Speaker of the Lower House certifying a bill as 'Money Bill' amenable to judicial review.
- iv. Whether the impugned legislation is a money bill under Article 110 of the Bharat Nadu Constitution.

Note:

1. Laws and the Constitution of Bharath Nadu are similar to Laws and the Constitution of India. The Supreme Court of Bharath Nadu considers the precedents of the Supreme Court of India as binding.
2. Participants may frame any other issue(s) and/or sub-issue(s) in addition to the ones listed above.
3. Participants are not allowed to use events after 2nd July 2021.

## Annexure

### The Political Donations (Regulation) Act, 2017

*An act to amend the law relating to donations to political parties and to provide a new transparent and traceable instrument to operationalise donations to political parties.*

**1. Short Title and Commencement** – (1) This Act may be called the Political Donations (Regulation) Act, 2017.

(2) This Act shall come into force on 1st of April 2017.

**2. Definition.** - In this Act, unless the context otherwise requires,

(a) “electoral bond” means a bond issued in the nature of promissory note which shall be a bearer banking instrument and shall not carry the name of the buyer or payee;

(b) “authorised bank” means the Bharat Nadu Daan Bank or any other bank which may be notified by the Central Government to issue and encash the electoral bonds in the branches specified;

(c) “person” includes-

(i) an individual;

(ii) a Hindu undivided family;

(iii) a company;

(iv) a firm;

(v) an association of persons or a body of individuals, whether incorporated or not;

(vi) every artificial juridical person, not falling within any of the preceding sub-clauses; and

(vii) any agency, office or branch owned or controlled by such person.

## **PART I: AMENDMENTS TO EXISTING STATUTES**

**3. Amendment to Section 31 of the Reserve Bank of Bharat Nadu Act, 1934.** - In the Reserve Bank of Bharat Nadu Act, 1934, in section 31, after sub-section (2), the following sub-section shall be inserted, namely:—  
'(3) Notwithstanding anything contained in this section, the Central Government may authorise any bank to issue electoral bond.

**4. Amendment to Section 29C of the Representation of the People Act, 1951.** - In the Representation of the People Act, 1951, in section 29C, in sub-section (1), the following shall be inserted, namely:—  
'Provided that nothing contained in this sub-section shall apply to the contributions received by way of an electoral bond.

**5. Amendment to Section 13A of the Income Tax Act, 1961.** - In section 13A of the Income-tax Act, with effect from the 1st day of April, 2017—

(I) in the first proviso,—

(i) in clause (b),—

(A) after the words “such voluntary contribution”, the words “other than contribution by way of electoral bond” shall be inserted;

(B) the word “and” occurring at the end shall be omitted;

(ii) in clause (c), the word “; and” shall be inserted at the end;

(iii) after clause (c), the following clause shall be inserted, namely:—

'(d) no donation exceeding two thousand rupees is received by such political party otherwise than by an Account Payee cheque drawn on a bank or an Account Payee bank draft or use of electronic clearing system through a bank account or through electoral bond.

(II) after the second proviso, the following proviso shall be inserted, namely:—

“Provided also that such political party furnishes a return of income for the previous year in accordance with the provisions of sub-section (4B) of section 139 on or before the due date under that section.”.

**6. Amendment to Section 182 of the Companies Act, 2013.** -In the Companies Act, 2013, in section 182—

(i) in sub-section (1),—

(a) first proviso shall be omitted;

(b) in the second proviso, —

(A) the word "further" shall be omitted;

(B) the words "and the acceptance" shall be omitted;

(ii) for sub-section (3), the following shall be substituted, namely:—

"(3) Every company shall disclose in its profit and loss account the total amount contributed by it under this section during the financial year to which the account relates.

(3A) Notwithstanding anything contained in sub-section (1), the contribution under this section shall not be made except by an Account Payee cheque drawn on a bank or an Account Payee bank draft or use of electronic clearing system through a bank account:

Provided that a company may make a contribution through any instrument, issued pursuant to any scheme notified under any law for the time being in force, for contribution to the political parties."



## **PART II: ELECTORAL BOND SCHEME**

**7. Eligibility for purchase and encashment of electoral bond.**-(1) the electoral bond under this Scheme may be purchased by a person, who is a citizen of Bharat Nadu or incorporated or established in Bharat Nadu.

(2) A person being an individual can buy electoral bonds, either singly or jointly with other individuals.

(3) Only the political parties registered under section 29A of the Representation of the People Act, 1951 (43 of 1951) and secured not less than one per cent of the votes polled in the last general election to the House of the People or the Legislative Assembly, as the case may be, shall be eligible to receive the electoral bond.

(4) the electoral bond shall be encashed by an eligible political party only through a bank account with the authorised bank.

**8. Applicability of Know Your Customer Norms.**-(1)The extant instructions issued by the Reserve Bank of Bharat Nadu regarding Know Your Customer norms of a bank's customer shall apply for buyers of the electoral bonds.

(2) The authorised bank may call for any additional Know Your Customer documents, if it deems necessary.

**9. Denomination.**—the electoral bonds shall be issued in the denomination of Rs 1000, Rs 10,000, Rs 1,00,000, Rs 10,00,000 and Rs 1,00,00,000.

**10. Validity of Bond.**-(1) the electoral bond shall be valid for fifteen days from the date of issue and no payment shall be made to any payee political party if the electoral bond is deposited after expiry of the validity period.

(2) the electoral bond deposited by any political party to its account shall be credited on the same day.

**11. Periodicity of issue of electoral bonds.-** (1) the electoral bonds under this Scheme shall be available for purchase by any person for a period of ten days each in the months of January, April, July and October as may be specified by the Central Government.

(2) An additional period of thirty days shall be specified by the Central Government in the year of general elections to the House of People.

**12. Interest.-** No interest shall be payable on the electoral bond.

**13. Issuing offices and commission payable.-**No commission, brokerage or any other charges for issue of electoral bond shall be payable by the buyer against purchase of the electoral bond.

**14. Payment options.-**(1) All payments for the issuance of the electoral bond shall be accepted in Bharat Nadu rupees, through demand draft or cheque or through Electronic Clearing System or direct debit to the buyer's account.

(2) Where payment is made through cheque or demand draft, the same shall be drawn in favour of the issuing bank at the place of issue such electoral bond.

**15. Encashment of the electoral bond.-**(1) the electoral bond can be encashed only by an eligible political party by depositing the same in their designated bank account.

(2) The amount of electoral bonds not encashed within the validity period of fifteen days shall be deposited by the authorised bank to a separate account called the un-encashed deposit account.

**16. Tax treatment. -** The face value of the electoral bonds shall be counted as income by way of voluntary contributions received by an eligible political party, for the purpose of exemption from Income-tax under section 13A of the Income tax Act, 1961.

**17. Trading of bonds. -** the electoral bonds shall not be eligible for trading.

### **PART III: BHARAT NADU DAAN BANK**

**18. Establishment of the Bharat Nadu Daan Bank.** - A Bank to be called the Bharat Nadu Daan Bank shall be constituted to issue instruments in the nature of Electoral Bonds and carry on other business in accordance with the provisions of this Act and for the purpose of giving effect to the Electoral Bond Scheme.

**19. Power to make rules.** – The Central Government is empowered to make rules relating to the procedure for making application for purchase of electoral bonds and any other rule incidental and ancillary to give effect to the provisions of this act.