

ELECTORAL TRUST

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Context:

Two electoral trusts have distributed corporate donations to political parties through the electoral bonds route.

Background:

These details were disclosed by the Election Commission. While the electoral bonds scheme offered full secrecy to donors until the Supreme Court intervened and directed full details to be made public, electoral trusts need to disclose their donors and their donations.

About ELECTORAL TRUST:

1. An Electoral Trust is a non-profit organization established to systematically collect voluntary contributions from individuals or companies. These funds are then distributed to registered political parties in India.
2. The concept of Electoral Trusts aims to enhance transparency in political funding by ensuring that donations are channelled through a regulated mechanism.

Purpose and Establishment:

1. Electoral Trusts serve as intermediaries between donors (individuals or companies) and political parties.
2. They were introduced in 2013 to streamline the process of political funding and promote transparency.

Eligibility and Registration:

1. An Electoral Trust must be a non-profit company registered under Section 29A of the Representation of People Act, 1951.
2. It acts as a conduit for collecting contributions and distributing them to political parties.

Donation Distribution:

1. 95% of the contributions received by an Electoral Trust in a financial year must be donated to registered political parties.
2. Unlike the Electoral Bonds (EB) Scheme, which allowed anonymous donations, Electoral Trusts prioritize disclosure by reporting contributors and beneficiaries to the Election Commission of India.

Reporting and Transparency:

1. Electoral Trusts are required to submit contribution reports to the Election Commission,

- detailing their donors and the parties they supported.
2. These reports are available for public scrutiny.

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