

Association for Democratic Reforms and Another v. Union of India and Others

Interlocutory Application No. 183625 of 2019 / Interlocutory Application No. 36653 of 2021 / In Writ Petition (Civil) No. 880 of 2017

[2021] 2 SCR 851 | 2021-03-26

Whether sale of electoral bonds should be stayed, including the impending April 2021 window, while the constitutional challenges to the Scheme and associated statutory amendments remained pending.

13A

Three-judge bench | S.A. Bobde, CJI | A.S. Bopanna, J. | V. Ramasubramanian, J.

Assessment years: See the source-scope notes; no year inferred.

Historical stay refusal; Scheme later held unconstitutional

This 26 March 2021 order only refused interim restraint. The 15 February 2024 final judgment held the Electoral Bond Scheme and the electoral-bond exception in amended section 13A(b) unconstitutional and ordered bond issuance to stop. Its matching-of-accounts rationale was revisited in the final reasoning. Do not display this interim order as continuing approval of the Scheme.

[Read the reviewed 2024-02-15 final judgment; paragraphs 126-129 / PDF pages 98 / later judgment / D.Y. Chandrachud CJI for four judges; paragraphs 213-221 / PDF pages 137, 138, 139 / later judgment / D.Y. Chandrachud CJI for four judges; paragraphs 73-80 / PDF pages 185, 186, 187, 188 / later judgment / Sanjiv Khanna J., separate concurrence](#)

01 FACTS OF THE CASE

ADR and Common Cause brought a constitutional petition challenging amendments associated with political funding. The pleaded relief expressly included Finance Act 2017 section 11's amendment to Income-tax Act section 13A, alongside the RBI, representation-of-the-people and company-law changes. The underlying petition's broader prayers were not themselves finally disposed of by this order (paragraphs 1-2).

In April 2019 the Court had adopted an interim arrangement requiring political parties to submit specified donor and bond details to the Election Commission in sealed covers and adjusting the then issue-window schedule. ADR later sought a stay of the Scheme in a 2019 application and filed a fresh 2021 application to prevent further sale windows, particularly the expected 1 April 2021 opening. The two applications sought materially the same relief and were heard together (paragraphs 3-9).

The applicants argued that donor anonymity impaired democratic accountability and relied on RBI and Election Commission correspondence. The Union defended the banking-channel design as a safeguard against unaccounted money, and counsel for the Election Commission supported the Scheme at this hearing. Those are recorded litigation positions, not independent findings of political conduct (paragraphs 11-12).

Source: [reported order / paragraphs 1-9 / PDF pages 2, 3, 4, 5, 6 / judgment](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court first noted that a recurring sale window did not justify repeatedly seeking the same interim relief after an earlier interim arrangement. It nevertheless heard the applications because the issues were serious (paragraphs 10-11).

At this interim stage, it read the RBI correspondence as advocating safeguards and an electronic rather than physical form, rather than opposing the Scheme in principle. It identified eligibility limits, KYC, payment through banking channels, redemption through designated accounts and short validity as features supporting the existing arrangement. Paragraph 17(vii) recited the Scheme's treatment of the bond face value as voluntary-contribution income for section 13A exemption purposes; that recital was not a final adjudication of the challenged statutory exception or a particular party's tax entitlement (paragraphs 13-18).

The Court took account of the Election Commission's report of sealed-cover submissions under the 2019 order. Non-submission of some audited accounts was outside these particular applications. It reasoned that SBI would have purchaser information and that company accounts and political-party statements could permit the public to relate contributions and receipts. It also relied on the Scheme's non-tradability and Indian-citizenship/incorporation conditions in rejecting the specific apprehensions advanced for interim restraint (paragraphs 19-27). These conclusions must be understood as the reasoning for the 2021 stay refusal, not as the final constitutional resolution or a verified contemporary description of disclosure effectiveness.

Given the Scheme's operation since 2018, prior sale windows and the safeguards already ordered, the Court found no justification for a stay at that stage (paragraph 28).

Source: [reported order / paragraphs 10-18 / PDF pages 6, 7, 8, 9 / judgment](#); [reported order / paragraphs 19-27 / PDF pages 9, 10, 11 / judgment](#)

03 JUDICIAL DECISION

Both applications for stay were dismissed. The Court neither finally upheld the Scheme's constitutional validity nor dismissed the underlying writ petition. It issued no new taxpayer exemption, quantified relief or fresh costs direction in the operative paragraph (paragraph 28). The prior 2019 safeguards were discussed as the existing interim arrangement, not recharacterised as a new 2021 merits decree.

Source: [reported order / paragraphs 28 / PDF pages 12 / judgment](#); [official signed order / paragraphs 28 / PDF pages 19, 20 / judgment](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Respondents on these interim applications only

Both stay applications dismissed; underlying constitutional merits remained pending

Historical interlocutory refusal of stay, followed by a separately verified adverse final constitutional decision in 2024

This is not authority that the Scheme or amended section 13A exception was ultimately upheld. The later final judgment must accompany any account of this interim order.

Source: [official signed order / paragraphs 28 / PDF pages 19, 20 / judgment](#)

05 AKHB REVIEW POINT

Always identify the procedural stage before relying on this order. A refusal to stop a sale window while a challenge remains pending is not a final validation of the legislation. Attribute the 2021 discussion of KYC, banking channels and accounting transparency to this interim decision, rather than repeating it as a current factual conclusion.

A bounded later check was performed against the 15 February 2024 final judgment. The CJI's paragraph 216(a), with Khanna J.'s concurring paragraphs 74 and 79, held the Scheme and the electoral-bond disclosure exception in amended section 13A(b) unconstitutional. Issuance was ordered to stop. Khanna J.'s paragraph 76 expressly refers to the 26 March 2021 interim matching rationale; the CJI's paragraph 126 explains why aggregate company and party figures cannot identify particular donations. This is a material later development and defeats any suggestion that the 2021 refusal supplies ongoing approval. It does not mean all of section 13A or every political-party exemption was abolished.

For any historical tax or disclosure question, read the final judgment and the applicable statute and procedures. This note does not verify all later disclosure/implementation orders, reopen assessments, grant refunds or make an Income-tax Act, 2025 crosswalk.

Source: [reported order / paragraphs 28 / PDF pages 12 / judgment](#); [reported later judgment bounded check / paragraphs 126-129 / PDF pages 98 / later judgment / D.Y. Chandrachud CJI for four judges](#); [reported later judgment bounded check / paragraphs 213-221 / PDF pages 137, 138, 139 / later judgment / D.Y. Chandrachud CJI for four judges](#); [reported later judgment bounded check / paragraphs 73-80 / PDF pages 185, 186, 187, 188 / later judgment / Sanjiv Khanna J., separate concurrence](#)

PROVISION-SPECIFIC SCOPE

1.

Act: Income-tax Act, 1961

Section: 13A

Role: challenged statutory amendment and scheme treatment in interim proceedings

Basis: Paragraph 1(iii) identifies Finance Act 2017 section 11 amendment; paragraph 17(vii) recounts voluntary-contribution treatment. Constitutional validity and particular tax claims were not finally decided in 2021.

2.

Act: Finance Act, 2017

Section: 11;135;137;154

Role: underlying challenge

Basis: Amendments to tax, RBI, political-disclosure and company-contribution law form the constitutional petition.

3.

Act: Electoral Bond Scheme, 2018

Section: Clauses 3;7;8;14 and scheme features

Role: interim safeguards assessment

Basis: Eligibility, KYC/confidentiality, periodic windows and non-tradability described for the stay request.

4.

Act: Companies Act, 2013

Section: 2(40);128(1);129(1);137

Role: accounting/disclosure rationale at interim stage

Basis: Paragraphs 22-25 relied on accounts and publicly filed statements; later2024 merits reasoning expressly revisited the sufficiency of matching aggregate information.

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Order of the Court; no individual author identified

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

CONSTITUTIONAL PROVISIONS CONSIDERED

Article 32

SPECIFIED LATER DECISION AND LIMITS OF THE CHECK

Case id: sc-2024-02-15-association-for-democratic-reforms

Date: 2024-02-15

Status: specific final merits relationship verified

Finding: The later final decision struck down the Scheme and amended section 13A(b) electoral-bond exception; it expressly revisited the interim transparency rationale. The 2021 order remains a historical interlocutory disposition, not continuing constitutional approval.

Pinpoints

1.

Source url: [Open cited source](#)

Paragraphs: 126-129

Pdf pages: 98

Source role: later judgment

Opinion: D.Y. Chandrachud CJI for four judges

2.

Source url: [Open cited source](#)

Paragraphs: 213-221

Pdf pages: 137; 138; 139

Source role: later judgment

Opinion: D.Y. Chandrachud CJI for four judges

3.

Source url: [Open cited source](#)

Paragraphs: 73-80

Pdf pages: 185; 186; 187; 188

Source role: later judgment

Opinion: Sanjiv Khanna J., separate concurrence

Limits: No claim of a comprehensive search of subsequent orders or implementation.

SOURCE & VERIFICATION

[Hon'ble Supreme Court source PDF \(official signed order\)](#)

Identified source rendition: 20 PDF pages; SHA-256

4155f1c2e3cb2b35f0d3e00e2ecfbc015cb276ef55690b9215906e0e3c345cb5. Original bytes preserved.

One reportable common order on two IAs in the same writ petition; paragraphs 1-28, pages 1-20; signatures/date on page 20.

Official identity, opening pleaded tax challenge and terminal reasoning/disposition checked against the fully read reported judicial text. No independent full rereading of every official page claimed.

[Open cited source rendition](#)

No individual author is named in the 2021 order; authorship is not inferred from bench composition.

The section 13A statement in paragraph 17(vii) describes the Scheme at the interim stage and is not a final grant of exemption to a named political party.

The earlier 2019 sealed-cover directions are quoted history. Their schedules are not new 2021 directions or currently certified obligations.

The 2024 CJI paragraph 126 labels the matching observation as from 31 October 2023, while Khanna paragraph 76 expressly refers to 26 March 2021. This note does not silently reconcile those dates; the actual 2021 paragraph 25 and Khanna's express reference support the bounded relationship.

The final decision invalidated the electoral-bond exception in amended section 13A(b); it did not abolish the whole section 13A exemption.

Later implementation and disclosure compliance are not verified; no view on individual political donations or tax assessments is added.

Reported citation and date verified; no unprinted neutral citation inferred.

No taxpayer assessment year or quantified section 13A claim is adjudicated.

STATUTORY SCOPE

Scheme and challenged 2017 amendment as discussed at the 2021 interim stage, with the specified 2024 merits outcome separately checked.

No automatic 2025 Act mapping or complete implementation/citator verification.

LATER TREATMENT

Source checked 2026-10-04. A specifically bounded later-treatment check of the 15 February 2024 final judgment is recorded below. That does not certify all later implementation orders, legislation or comprehensive citator status.

IDENTIFIED SOURCE LINKS

[official signed order - PDF pages: 20](#)

SHA-256: 4155f1c2e3cb2b35f0d3e00e2ecfbc015cb276ef55690b9215906e0e3c345cb5

[reported order - PDF pages: 12](#)

SHA-256: 4ccb44a42462e1cd617987273f81ff809ae6de80a6a7d80f103cb2a807100ad9

[reported later judgment bounded check - PDF pages: 197](#)

SHA-256: f7bac4d88acab0ece5f82a51366cc4440ff241af00d327568d8b934dc47137cd

[Related note: Association for Democratic Reforms & Anr. v. Union of India & Ors.](#)

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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