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New Delhi, Delhi 110002

Phone: +91 98 11 66 62 16 (M)

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Electoral Bonds and the Criminalization of Electoral Processes: A Case Study on Money Laundering and Roll Manipulation

Author
Sanjana Naagar



Electoral Bonds and the Criminalization of Electoral Processes: A Case Study on Money Laundering and Roll Manipulation

Sanjana Naagar

Amity university, Noida

Abstract

The intersection of political financing and criminal law has gained significant attention in India with the introduction of the electoral bond scheme. This dissertation, titled “Electoral Bonds and Money Laundering: A Criminal Law Perspective”, critically examines the legal and constitutional implications of anonymous political funding in the context of financial transparency and anti-money laundering regulations.

The study analyses the framework governing electoral bonds alongside relevant statutory provisions such as the Prevention of Money Laundering Act, 2002 and the Representation of the People Act, 1951. It explores how anonymity in political donations may create avenues for illicit financial flows, including the laundering of unaccounted money through legitimate channels. The research further evaluates the role of regulatory institutions and enforcement agencies in monitoring such transactions and ensuring accountability.

Special emphasis is placed on judicial scrutiny of the electoral bond scheme, particularly in light of the landmark judgment in Association for Democratic Reforms v. Union of India, wherein the Supreme Court raised concerns regarding transparency, voter awareness, and the potential misuse of the scheme. The study also considers earlier jurisprudence on electoral transparency, including decisions emphasizing the right of citizens to know about political funding.

Adopting a doctrinal research methodology, the dissertation relies on statutory interpretation, case law analysis, and scholarly literature to assess whether the existing legal framework adequately addresses the risks of money laundering in political financing. It identifies key challenges such as lack of disclosure, regulatory gaps, and limited oversight mechanisms.

The findings suggest that while electoral bonds were introduced with the objective of formalizing political donations, their opaque nature undermines the principles of accountability and may inadvertently facilitate financial irregularities. The dissertation concludes by recommending the need for greater transparency, stricter regulatory oversight, and alignment of political funding mechanisms with anti-money laundering standards to uphold democratic integrity and the rule of law.

Keywords: *Electoral Bonds, Money Laundering, Political Funding, Criminal Law, Transparency, Accountability, India*

Introduction

The integrity of electoral rolls constitutes one of the most fundamental prerequisites for the functioning of a democratic electoral system. Electoral rolls serve as the official record of individuals who are eligible to vote in a particular constituency, and their accuracy directly affects the legitimacy of electoral outcomes. In a democratic framework based on universal adult suffrage, the inclusion of all eligible voters and the exclusion of ineligible individuals is essential to ensure that elections reflect the genuine will of the electorate. Consequently, the preparation and maintenance of electoral rolls are subject to detailed statutory regulation under the Representation of the People Act, 1950 and are supervised by the Election Commission of India.¹

Despite the existence of legal safeguards and institutional mechanisms for maintaining electoral rolls, various forms of irregularities have periodically been reported in electoral administration. These irregularities include the presence of duplicate entries, the inclusion of fictitious voters, wrongful deletion of legitimate voters, and cases of impersonation during voting. While some of these errors arise from administrative inefficiencies or technical limitations in the process of voter registration, others may involve deliberate manipulation intended to influence electoral outcomes. Such manipulation can undermine the fairness of elections and erode public confidence in democratic institutions.

Traditionally, electoral roll manipulation has been viewed primarily as an electoral offence affecting the conduct of elections. However, in the contemporary regulatory environment, the implications of such manipulation extend beyond electoral processes. Electoral identity documents issued to registered voters are widely accepted as proof of identity and residence for a variety of administrative and financial purposes. Voter identity cards and electoral roll records are frequently used to satisfy identity verification requirements in banking services, financial transactions, and compliance procedures such as Know Your Customer (KYC) norms. This expanded use of electoral identity documentation has increased the potential for electoral records to be misused in activities unrelated to voting.²

This chapter therefore examines the nature and scope of electoral roll manipulation and its potential connection with financial crimes. By analysing case studies involving electoral irregularities and financial misconduct, the chapter seeks to identify patterns of institutional vulnerability and regulatory gaps that may allow such practices to occur. The discussion highlights how weaknesses in electoral administration and financial regulation can intersect, creating opportunities for both electoral manipulation and the laundering of illicit funds.³

Types of Electoral Roll Manipulation

Electoral roll manipulation refers to irregularities or deliberate distortions in the process of voter registration and maintenance of electoral records. Electoral rolls are expected to represent an accurate and verifiable list of eligible voters within a constituency. However, weaknesses in administrative procedures, verification mechanisms, and data management systems may create opportunities for manipulation or errors in voter registration. Such irregularities can affect the integrity of elections by allowing ineligible individuals to participate in voting or by excluding legitimate voters from the electoral process.⁴

The Representation of the People Act, 1950 establishes the statutory framework governing the preparation and revision of electoral rolls in India. Under the Act, electoral rolls are subject to

¹ Wojtasik, Waldemar. "Functions of elections in democratic systems." *Political Preferences* 4 (2013): 25-38.

² John, Beauden. "Blockchain-Based KYC and Access Verification for Financial Institutions." (2025).

³ Omogun, Gbenga Olumide, et al. "A Blockchain-Based Know Your Customer and Digital Identity Verification Framework for Cross-Border Financial Compliance." (2022).

⁴ Alvarez, R. Michael, Thad E. Hall, and Susan D. Hyde, eds. *Election fraud: detecting and deterring electoral manipulation*. Bloomsbury Publishing USA, 2009.

periodic revision and verification to ensure their accuracy. Nevertheless, practical challenges in large-scale electoral administration, combined with political incentives to influence electoral outcomes, have occasionally led to irregularities in voter registration. These irregularities may arise either through deliberate manipulation or through administrative lapses in the process of updating voter lists.

The manipulation of electoral rolls can take several forms, each affecting electoral integrity in different ways. These include the creation of fictitious voter identities, the duplication of existing voter entries, impersonation during voting, and administrative deficiencies that result in inaccurate electoral records. Understanding these different forms of manipulation is essential for analysing how vulnerabilities in electoral administration may intersect with broader governance and financial integrity concerns.⁵

Fake Voters and Fictitious Identities

One of the most serious forms of electoral roll manipulation involves the inclusion of fictitious individuals or non-existent voters in the electoral roll. Fake voter entries may be created through fraudulent registration processes or through the submission of fabricated identity documents during voter enrolment. When such fictitious identities are included in the electoral roll, they may be used to cast fraudulent votes or to artificially inflate the number of registered voters within a constituency.⁶

The creation of fake voters undermines the principle of electoral equality by allowing illegitimate participation in the electoral process. If such entries remain undetected, they may distort election results and weaken the credibility of democratic institutions. For this reason, electoral authorities conduct periodic verification exercises aimed at identifying and removing fictitious names from voter lists.

In addition to affecting electoral outcomes, the existence of fictitious voter identities may also create opportunities for misuse in financial transactions. Electoral identity documents issued in the name of fictitious individuals can potentially be used to establish bank accounts, obtain financial services, or create false financial profiles. When such identities are used to conduct financial transactions, they may facilitate the concealment or movement of illicit funds.

The presence of fictitious voters therefore represents a dual risk. It compromises the integrity of electoral participation while also creating the possibility of identity-based financial misconduct. Preventing such manipulation requires effective verification mechanisms during voter registration and regular audits of electoral rolls.⁷

Duplicate Voter Entries

Duplicate voter entries occur when the same individual is registered more than once in the electoral roll, often in different constituencies or under slightly altered personal details. Such duplication may arise due to administrative errors during the process of updating voter records, particularly when voters change their place of residence or when electoral rolls are revised without adequate verification procedures.⁸

The presence of duplicate entries in electoral rolls creates the possibility of multiple voting, where a single individual may attempt to cast votes in more than one location. Although various safeguards exist to prevent such occurrences, including the use of voter identification

⁵ Njoku, Mercy Chimee, and Aloysius S. Ibeogu. "Irregularities of the electoral administration: The implication to stable democratic governance in Nigeria."

⁶ Babeck, Wolfgang. "Choosing Electoral Systems in Times of Electoral Manipulation." *Writing Constitutions: Volume 3: Constitutional Principles*. Cham: Springer Nature Switzerland, 2025. 121-157.

⁷ Ellis, Atiba R. "Voter Fraud as an Epistemic Crisis for the Right to Vote." *Mercer Law Review* 71.3 (2020): 7.

⁸ Goel, Sharad, et al. "One person, one vote: Estimating the prevalence of double voting in US presidential elections." *American Political Science Review* 114.2 (2020): 456-469.

documents and polling procedures, the existence of duplicate records still poses a challenge for electoral administration.⁹

Electoral authorities periodically conduct data verification exercises to identify and remove duplicate entries. The increasing digitisation of electoral rolls has improved the ability of authorities to detect such irregularities by enabling cross-checking of voter records across different constituencies. Nevertheless, the size and complexity of India's electoral system make the complete elimination of duplicate entries a continuing administrative challenge.

Duplicate voter registrations may also have implications beyond electoral processes. When multiple identity records exist for the same individual, these records may potentially be used to access financial services or conduct transactions through different identity profiles. Although such misuse is not always linked to electoral manipulation, the existence of multiple identity records increases the risk of identity-related financial irregularities.¹⁰

Impersonation and Identity Misuse

Impersonation is another form of electoral manipulation in which an individual fraudulently votes in the name of another registered voter. This practice typically occurs when a person presents themselves at a polling station using the identity of a legitimate voter who may not be present to cast their vote. Impersonation undermines the authenticity of electoral participation and may influence election results if carried out on a significant scale.¹¹

Electoral law recognises impersonation as a criminal offence. Under the Representation of the People Act, 1951, any person who fraudulently votes in the name of another voter or attempts to obtain a ballot using a false identity may be subject to legal penalties. Election officials are therefore required to verify the identity of voters through identification documents and electoral roll verification before allowing them to cast their vote.

The introduction of voter identification systems, including the Electors Photo Identity Card (EPIC), was intended to reduce the risk of impersonation by ensuring that voters present verifiable identity credentials at polling stations. Despite these safeguards, isolated instances of impersonation have occasionally been reported, particularly in areas where voter verification procedures are not rigorously implemented.¹²

The misuse of voter identity documents may also extend beyond electoral activities. Since voter identity cards are widely accepted as proof of identity and residence, they may potentially be used in financial transactions or administrative procedures. If such documents are obtained through fraudulent means, they may facilitate identity-related financial crimes, including the opening of bank accounts under false identities or the creation of fraudulent financial records.¹³

Administrative Errors and Systemic Weaknesses

Not all irregularities in electoral rolls arise from deliberate manipulation. In many cases, inaccuracies in voter lists result from administrative errors, outdated information, or systemic weaknesses in the process of voter registration and record maintenance. Given the vast scale of India's electoral system, which includes hundreds of millions of registered voters across

⁹ Christen, Peter. "Preparation of a real temporal voter data set for record linkage and duplicate detection research." The Australian National University (2014).

¹⁰ Morse, Michael. "Democracy's Bureaucracy: The Complicated Case of Voter Registration Lists." *BUL Rev.* 103 (2023): 2123.

¹¹ Alvarez, R. Michael, Thad E. Hall, and Susan D. Hyde, eds. *Election fraud: detecting and deterring electoral manipulation*. Bloomsbury Publishing USA, 2009.

¹² Minnite, Lorraine C. *The myth of voter fraud*. Cornell University Press, 2011.

¹³ Thayer, John. "Defamation or Impersonation? Working towards a Legislative Remedy for Deepfake Election Misinformation." *Wm. & Mary L. Rev.* 66 (2024): 251.

numerous constituencies, maintaining completely accurate electoral rolls presents significant logistical challenges.¹⁴

Administrative errors may occur when electoral rolls are updated without adequate verification of changes in residence, deaths of registered voters, or newly eligible voters. For example, voters who migrate to different constituencies may remain listed in their previous electoral rolls if the deletion process is not completed correctly. Similarly, delays in updating records of deceased voters may result in outdated entries remaining in voter lists.

Systemic weaknesses may also arise from limitations in data management systems or inadequate coordination between local electoral authorities responsible for maintaining voter records. While digitisation has improved the efficiency of electoral roll management, it has also introduced challenges related to data accuracy, database integration, and cybersecurity. Ensuring the reliability of digital electoral records requires continuous monitoring and periodic verification.

Although administrative errors may not involve intentional wrongdoing, their cumulative impact can still affect the integrity of electoral processes. Inaccurate electoral rolls may create opportunities for misuse by individuals seeking to exploit gaps in verification procedures. Addressing such systemic weaknesses therefore requires both technological improvements and stronger institutional oversight.¹⁵

Overall, the various forms of electoral roll manipulation—whether deliberate or accidental—highlight the importance of maintaining accurate and secure voter registration systems. Effective electoral administration must combine legal safeguards, administrative vigilance, and technological solutions to ensure that electoral rolls remain reliable instruments for democratic participation.

Electoral Identity Documents and Financial Misuse

In contemporary governance systems, identity verification plays a crucial role in regulating access to financial services and administrative processes. State-issued identity documents serve as the primary means through which individuals establish their legal identity, residential status, and eligibility to participate in various institutional frameworks. In India, the voter identity card, commonly known as the Electors Photo Identity Card (EPIC), has gradually acquired importance beyond its original electoral purpose and is widely recognised as an officially valid document for identity verification.¹⁶

The introduction of photographic voter identity cards was initially intended to reduce electoral fraud, particularly impersonation during voting. By linking a voter's name in the electoral roll with a photographic identity document, electoral authorities sought to strengthen the reliability of voter identification at polling stations. Over time, however, the practical utility of voter identity cards expanded beyond electoral administration. Government agencies, financial institutions, and regulatory bodies began accepting voter identity cards as valid proof of identity and residence for a range of administrative and financial transactions.

This expanded use of voter identity documentation has created an intersection between electoral administration and financial regulatory systems. In many financial transactions, particularly those involving the opening of bank accounts or access to financial services, individuals are required to provide officially recognised identification documents. Voter identity cards are commonly included among the list of acceptable identity proofs for such

¹⁴ Alvarez, R. Michael, Thad E. Hall, and Susan D. Hyde, eds. *Election fraud: detecting and deterring electoral manipulation*. Bloomsbury Publishing USA, 2009.

¹⁵ Birch, Sarah. *Electoral malpractice*. Oxford University Press, 2011

¹⁶ Breedon, Kimberly, and A. Christopher Bryant. "Counting the votes: Electronic voting irregularities, election integrity, and public corruption." *U. Mem. L. Rev.* 49 (2018): 979.

purposes. As a result, the accuracy and integrity of electoral identity records have implications that extend beyond the electoral sphere into the domain of financial governance.¹⁷

While the acceptance of voter identity cards for financial verification simplifies administrative procedures for citizens, it also introduces potential vulnerabilities when electoral records contain inaccuracies or manipulated entries. Fraudulent voter identities, duplicate voter registrations, or improperly issued voter identity cards may be used to create false financial identities. Such identities may then be used to open bank accounts, conduct financial transactions, or establish shell entities that obscure the origins of illicit funds.

The misuse of electoral identity documents in financial systems therefore represents a point of convergence between electoral irregularities and financial crime. When fraudulent or manipulated voter identities are used to access financial institutions, they may facilitate the laundering of illicit funds or the concealment of financial transactions linked to criminal activities. Understanding the relationship between electoral identity documentation and financial misuse is thus essential for analysing the broader implications of electoral roll manipulation in the context of financial governance.¹⁸

Use of Voter ID as Identity Proof in Financial Systems

In India, financial institutions are required to verify the identity of individuals before establishing banking relationships or providing financial services. This verification process is intended to prevent fraud, financial misconduct, and the misuse of financial institutions for illegal activities. To facilitate this process, regulatory authorities have recognised several officially valid documents that may be used as proof of identity and residence. Among these documents, the voter identity card issued by the Election Commission of India is widely accepted as a reliable form of identification.¹⁹

The acceptance of voter identity cards within financial systems reflects the credibility associated with electoral records. Because electoral rolls are maintained under the supervision of a constitutional authority and are subject to statutory regulation, the voter identity card is generally regarded as a trustworthy document for establishing identity. Financial institutions frequently accept voter identity cards for purposes such as opening bank accounts, verifying residential addresses, and fulfilling documentation requirements associated with financial transactions.

This administrative practice simplifies identity verification for individuals who may not possess other forms of identification. In many cases, particularly in rural or economically disadvantaged areas, the voter identity card may be the primary document available to individuals seeking access to financial services. By recognising voter identity cards as valid identity proofs, financial institutions facilitate financial inclusion and enable citizens to participate more easily in formal economic systems.

However, the widespread acceptance of voter identity cards also creates potential risks when electoral identity records contain inaccuracies. If voter identity cards are issued on the basis of manipulated or incorrect electoral roll entries, these documents may be used to establish financial identities that do not correspond to genuine individuals. Such situations may enable the creation of fraudulent financial accounts or facilitate the concealment of financial

¹⁷ Fogarty, Brian J., and Niccole Pamphilis. "British perceptions of voter fraud and support for voter photo identification." *Social Science Quarterly* 105.5 (2024): 1737-1750.

¹⁸ Tangkilisan, Wimpie, et al. "Inconsistency of Misusing Electronic Identity Card (E-KTP) Data in General Elections in Indonesia." *Utopía y praxis latinoamericana: revista internacional de filosofía iberoamericana y teoría social* 1 (2021): 182-194.

¹⁹ McGrath, Kathy. "Identity Verification and Societal Challenges: Explaining the Gap Between Service Provision and Development Outcomes1." *MIS Quarterly* 40.2 (2016): 485-500.

transactions.²⁰ Consequently, the reliability of electoral identity documentation becomes an important factor in maintaining the integrity of financial verification systems. Ensuring the accuracy of electoral rolls and the authenticity of voter identity cards is therefore essential not only for electoral administration but also for safeguarding financial institutions against identity-based fraud.²¹

Link Between Voter Identity and KYC Processes

The regulatory framework governing financial transactions in India requires financial institutions to implement Know Your Customer (KYC) procedures as part of their compliance obligations under anti-money laundering laws. KYC procedures involve verifying the identity of customers, confirming their residential addresses, and assessing the nature of their financial activities before allowing them to access financial services. These procedures are designed to prevent financial institutions from being used as channels for money laundering or other financial crimes.

Voter identity cards are commonly included among the officially valid documents that may be used to satisfy KYC requirements. When an individual seeks to open a bank account or access certain financial services, financial institutions may accept a voter identity card as proof of identity and residence. The reliance on voter identity documentation within the KYC framework reflects the broader integration of electoral identity systems into financial regulatory mechanisms.²²

While the use of voter identity cards for KYC purposes facilitates administrative efficiency, it also highlights the interdependence between electoral governance and financial regulation. Financial institutions often rely on the accuracy of electoral records when verifying customer identities. If the underlying electoral roll contains inaccuracies or fraudulent entries, these weaknesses may indirectly affect the reliability of KYC verification processes.

For example, if a fictitious voter identity has been included in the electoral roll and an identity card has been issued on that basis, the document may be used to satisfy KYC requirements and establish a bank account. Once such an account is created, it may be used to conduct financial transactions that conceal the movement of illicit funds. In this manner, vulnerabilities in electoral identity systems may create opportunities for misuse within financial regulatory frameworks.²³

The link between voter identity documentation and KYC compliance therefore illustrates how administrative systems designed for democratic participation may inadvertently influence financial governance mechanisms. Ensuring accurate voter registration and reliable identity verification is thus essential for maintaining the effectiveness of both electoral administration and anti-money laundering regulation.²⁴

Creation of Benami Accounts and Shell Identities

One of the significant risks associated with the misuse of identity documents is the creation of benami accounts and shell identities within financial systems. A benami account refers to a financial account opened in the name of one person while the actual ownership or control of the account belongs to another individual. Such arrangements are often used to conceal the true

²⁰ Gelb, Alan. "Identification for development: The biometrics revolution." SSRN Electronic Journal (2000).

²¹ Deshmukh, Sumedha. "Know Your Customer" and the Digital Economy: Global Governance, National Identification, and Financial Access. Diss. 2025.

²² Arner, Douglas W., et al. "The Identity Challenge in Finance: From Analogue Identity to Digitized Identification to Digital KYC Utilities: DW Arner et al." *European business organization law review* 20.1 (2019): 55-80.

²³ John, Beauden. "Blockchain-Based KYC and Access Verification for Financial Institutions." (2025).

²⁴ Soni, Anuraj, and Reena Duggal. "Reducing risk in KYC (know your customer) for large Indian banks using big data analytics." *International Journal of Computer Applications* 97.9 (2014).

identity of individuals involved in financial transactions, thereby enabling the movement or storage of illicit funds without direct detection.²⁵ Shell identities, on the other hand, involve the creation of fictitious or artificially constructed identities used to establish financial accounts or corporate entities. These identities may be supported by fraudulent documentation or manipulated identity records. Once established, shell identities may be used to conduct financial transactions that obscure the origin and destination of funds.

Electoral identity documents may sometimes be misused in the creation of such accounts if they are obtained through fraudulent voter registrations or manipulated electoral records. When a voter identity card is issued to a fictitious individual or when multiple identity documents exist for the same person, these documents may be used to open bank accounts or establish financial identities that are difficult to trace.²⁶

Financial crimes such as money laundering often involve complex networks of accounts and transactions designed to conceal the origin of illicit funds. Benami accounts and shell identities provide mechanisms through which such transactions may be conducted without revealing the identity of the individuals controlling the funds. When electoral identity documentation is misused in this manner, weaknesses in electoral administration may indirectly facilitate financial misconduct.

To address such risks, financial regulatory authorities require institutions to implement enhanced due diligence procedures when verifying customer identities. Cross-verification of identity documents, monitoring of unusual transaction patterns, and information sharing between regulatory agencies are among the mechanisms used to detect and prevent the misuse of identity documents in financial systems.

The relationship between electoral identity documentation and financial misuse therefore illustrates the broader implications of maintaining accurate and secure voter registration systems. Ensuring the integrity of electoral identity records is not only essential for democratic participation but also for protecting financial institutions from identity-based financial crimes²⁷.

Case Studies of Electoral Malpractices in India

Electoral malpractices relating to voter registration and electoral rolls have periodically emerged as significant concerns in India's electoral system. Although the legal framework governing elections provides mechanisms for verification, revision, and correction of electoral rolls, practical challenges associated with managing one of the world's largest electoral databases often create opportunities for irregularities. Case studies drawn from various elections in India demonstrate how administrative weaknesses, political incentives, and inadequate verification procedures may lead to manipulation of electoral rolls.²⁸

Electoral roll irregularities can take several forms, including the inclusion of fictitious voters, duplication of voter identities, wrongful deletion of legitimate voters, and the misuse of voter identity documents. These practices have occasionally been reported during both parliamentary and state elections. While some cases arise from administrative errors in voter registration processes, others involve deliberate attempts to influence electoral outcomes by altering voter lists.

²⁵ Pacini, Carl, et al. "The role of shell entities in fraud and other financial crimes." *Managerial Auditing Journal* 34.3 (2019): 247-267.

²⁶ Balani, Henry. "Corporate Digital Identity: Revolutionizing Financial Crime Prevention in Banking." Available at SSRN 4789413 (2024).

²⁷ Singhvi, Rajat. "Banking on Integrity: Anti-Money Laundering Laws and Compliance in India." *Jus Corpus LJ* 6 (2025): 51.

²⁸ Avgerou, Chrisanthi, Silvia Masiero, and Angeliki Poulymenakou. "Trusting e-voting amid experiences of electoral malpractice: The case of Indian elections." *Journal of Information Technology* 34.3 (2019): 263-289.

Electoral Roll Irregularities in State Elections

Several state elections in India have witnessed controversies relating to irregularities in electoral rolls. One of the commonly reported issues has been the presence of large numbers of duplicate or ineligible voter entries within voter lists. In some instances, electoral authorities have discovered that the names of individuals who had migrated, died, or otherwise become ineligible remained on the electoral rolls due to delays in updating voter records.²⁹

For example, during various state assembly elections, election officials have reported cases where voters were registered simultaneously in multiple constituencies. Such duplication may occur when voters relocate to new areas but their names are not removed from the electoral rolls of their previous constituencies. While electoral authorities conduct periodic revisions to address such issues, the scale of India's electoral system makes it difficult to eliminate all inaccuracies immediately.

Concerns regarding electoral roll irregularities have also arisen in certain states where political parties have alleged the wrongful inclusion or exclusion of voter names prior to elections. Allegations of this nature often lead to scrutiny by the Election Commission, which may order special verification drives or revisions of electoral rolls to ensure that the voter lists accurately reflect eligible voters. These corrective measures demonstrate the importance of continuous monitoring and updating of electoral records.³⁰

Electoral roll irregularities in state elections therefore illustrate how administrative challenges in voter registration can affect the credibility of electoral processes. Even when such irregularities are not the result of deliberate manipulation, they may still influence voter participation and public perception of electoral fairness.

Cases Involving Voter Identity Misuse

The misuse of voter identity documents represents another dimension of electoral malpractice that has periodically emerged in Indian elections. Voter identity cards, issued by the Election Commission of India as part of the Electors Photo Identity Card (EPIC) program, are intended to prevent impersonation and strengthen the authenticity of voter identification during elections. However, instances have been reported where such identity documents were used fraudulently or obtained through improper means.

In some cases, individuals have been found attempting to vote using voter identity cards belonging to other registered voters who were not present at polling stations. Such impersonation attempts have occasionally been detected by polling officials through verification procedures, including cross-checking voter details with electoral rolls and identifying discrepancies in personal information or photographs.³¹

Another form of identity misuse arises when voter identity cards are obtained through fraudulent registration processes. If an individual successfully registers as a voter under false details or multiple identities, they may obtain voter identity cards that can be used not only for voting but also for other administrative purposes. Because voter identity cards are widely accepted as proof of identity and residence, their misuse may extend beyond electoral activities and potentially facilitate financial fraud or identity-based misconduct.

²⁹ Mahammad, SK Noor. "A study on the assessment of election procedure and the role of election commission in maintaining electoral integrity in contemporary indian context." *IJSAT-International Journal on Science and Technology* 16.1 (2025).

³⁰ Suplekar, Dnyaneshwar Madhavrao. "Electoral reforms in India: An analytical study of issues, impact, and emerging prospects." *Journal of East-West Thought (JET)* ISSN (O): 2168-2259 UGC CARE I 15.1 (2025): 710-716.

³¹ Ahmed, Faraz Ali. "Electoral Reforms: Issues and Challenges." *Beyond Boundaries: The Future of World Research: Edition 4* (2025).

To address such risks, the Election Commission has introduced several technological and administrative measures, including the digitisation of electoral rolls, biometric verification in certain processes, and stricter scrutiny during voter registration drives. These measures aim to strengthen the reliability of voter identity documentation and reduce opportunities for identity misuse.³²

Instances of Large-Scale Voter Registration Manipulation

While many irregularities in electoral rolls result from administrative errors, there have also been instances where allegations of large-scale manipulation of voter registration have been raised. Such cases typically involve claims that organised efforts were made to influence voter lists by adding or deleting names in a manner that could affect electoral outcomes.³³

For instance, in certain electoral controversies, political parties and civil society organisations have alleged that thousands of voter registrations were submitted simultaneously using similar addresses or supporting documents. These situations often raise concerns that fictitious or ineligible individuals may have been added to electoral rolls through coordinated registration efforts. When such allegations arise, the Election Commission typically conducts detailed investigations to verify the authenticity of the registrations.³⁴

In some cases, electoral authorities have discovered clusters of voter registrations linked to single residential addresses or incomplete identity documentation. Such patterns may indicate attempts to artificially increase the number of registered voters in particular constituencies. When irregularities of this nature are identified, electoral officials may suspend or cancel the disputed registrations and initiate inquiries into the circumstances surrounding the applications. Large-scale manipulation of voter registration has significant implications for electoral integrity. If such practices occur without detection, they may distort electoral participation and undermine public confidence in democratic institutions. Addressing such risks requires strong verification mechanisms, effective monitoring by electoral authorities, and active participation by civil society organisations in reporting irregularities.³⁵

Electoral Bonds and Political Finance Controversies

The introduction of the Electoral Bonds Scheme in 2018 marked a significant development in India's political finance regime. The scheme was presented by the government as a reform intended to formalise political donations by routing contributions through the banking system. By allowing donors to purchase bonds from designated bank branches and donate them to political parties, the scheme sought to reduce the use of cash in political funding and encourage the use of transparent financial channels.³⁶

However, despite these stated objectives, the Electoral Bonds Scheme soon became one of the most controversial aspects of India's electoral finance system. Legal scholars, civil society organisations, and opposition political parties raised concerns regarding the anonymity of donors and the potential implications of such anonymity for democratic accountability. Critics argued that while the scheme introduced formal banking channels for political donations, it simultaneously removed important disclosure requirements that previously enabled public scrutiny of political funding.

³² Minnite, Lorraine C. *The myth of voter fraud*. Cornell University Press, 2011.

³³ Anwar, Nahid, Amit Jain, and Jaclyn J. Kettler. "Detecting Anomalies in Voter Registration Data." *Election Law Journal: Rules, Politics, and Policy* (2025).

³⁴ Warner, Zach, et al. "Hidden in plain sight? Irregularities on statutory forms and electoral fraud." *Electoral Studies* 74 (2021): 102411.

³⁵ Klimek, Peter, et al. "Statistical detection of systematic election irregularities." *Proceedings of the National Academy of Sciences* 109.41 (2012): 16469-16473.

³⁶ Vaishnav, Milan. "Political finance in India." *The Oxford handbook on Indian politics* (2024): 349-368.

The controversy surrounding electoral bonds highlights the broader challenges associated with regulating political finance in a large democratic system. Political parties require substantial financial resources to conduct election campaigns, mobilise voters, and maintain organisational activities. At the same time, excessive secrecy in political funding may create opportunities for undue influence, corruption, and the use of illicit funds in electoral processes. The debate over electoral bonds therefore reflects deeper concerns regarding transparency, accountability, and the role of money in democratic governance.³⁷

From a legal perspective, the electoral bonds controversy also illustrates the interaction between electoral regulation, financial transparency, and constitutional principles. The scheme raised important questions regarding the extent to which political funding should remain confidential and the degree to which voters have a right to know the financial sources supporting political parties. These questions ultimately became the subject of judicial scrutiny, leading to significant constitutional developments in the regulation of political finance.³⁸

Major Controversies Relating to Electoral Bonds

Several controversies emerged following the implementation of the Electoral Bonds Scheme. One of the most significant concerns related to the anonymity provided to donors. Electoral bonds were designed as bearer instruments that did not carry the name of the donor, and political parties receiving the bonds were not required to publicly disclose the identity of the contributors. While the issuing bank maintained records of bond purchasers as part of regulatory compliance procedures, this information was not accessible to the public.³⁹

Critics argued that this structure created a system in which large financial contributions could be made to political parties without public knowledge of the source of the funds. Such anonymity raised concerns that individuals, corporations, or other entities might exert financial influence over political parties without being subject to public scrutiny. The removal of disclosure requirements that previously existed under earlier political funding regulations intensified these concerns.

Another controversy related to the amendments introduced alongside the electoral bonds framework through the Finance Act, 2017. These amendments altered provisions in several existing statutes, including the Companies Act and the Representation of the People Act. One significant change was the removal of limits on corporate political donations. Earlier regulations had restricted companies from donating more than a certain percentage of their profits to political parties. The removal of these limits allowed corporations to make unlimited political contributions through electoral bonds.⁴⁰

Additionally, amendments eliminated the requirement for companies to disclose the names of political parties receiving their donations. As a result, corporate contributions could be made through electoral bonds without being linked publicly to specific political parties. Critics argued that these changes significantly reduced transparency in political funding and increased the potential for corporate influence in electoral politics.

³⁷ KS, Dhruv. "Votes for Cash, Clout, and Control: The Capitalist Undercurrent Steering Indian Democracy through Electoral Bonds." *Clout, and Control: The Capitalist Undercurrent Steering Indian Democracy through Electoral Bonds* (February 10, 2025) (2025).

³⁸ Kapur, Devesh, and Milan Vaishnav, eds. *Costs of democracy: Political finance in India*. Oxford University Press, 2018.

³⁹ Juyal, Madhav. "Electoral Bonds Unveiled: A Spectacular Saga of Shattered Expectations." *LawFoyer Int'l J. Doctrinal Legal Rsch.* 2 (2024): 281.

⁴⁰ Sharik, M. D. "Electoral Bonds: A Critical Study." *Issue 2 Indian JL & Legal Rsch.* 4 (2022): 1.

These controversies led to sustained debates among policymakers, legal experts, and civil society organisations regarding the implications of the electoral bonds scheme for democratic accountability and financial transparency.⁴¹

Allegations of Opaque Political Funding

One of the most frequently raised criticisms of the Electoral Bonds Scheme was that it created an opaque system of political funding. Transparency in political finance is widely regarded as an essential component of democratic governance because it allows voters to understand the financial interests that may influence political decision-making. When the sources of political funding remain undisclosed, it becomes difficult for citizens to evaluate whether political parties are influenced by particular financial contributors.⁴²

Civil society organisations and election transparency advocates argued that the anonymity provided by electoral bonds weakened the public's ability to scrutinise political funding. Unlike earlier disclosure requirements under the Representation of the People Act, the electoral bonds framework allowed substantial financial contributions to be made without revealing the identity of the donors to the electorate. This lack of transparency raised concerns that political parties might receive funds from entities seeking policy advantages or favourable regulatory treatment.⁴³

Another concern related to the possibility that the anonymity of electoral bonds could facilitate the circulation of illicit funds within political finance. Although electoral bonds could only be purchased through banking channels using verified accounts, critics argued that individuals could still route funds through intermediaries or shell entities to conceal the true origin of donations. In such situations, the formal banking structure of electoral bonds might not necessarily prevent the introduction of unaccounted money into political funding.

Furthermore, the absence of public disclosure regarding political donations made through electoral bonds made it difficult for watchdog institutions and civil society organisations to monitor financial patterns in political contributions. This limitation raised broader concerns regarding the effectiveness of existing mechanisms for ensuring transparency in electoral finance.⁴⁴

Judicial Developments and Public Debate

The controversies surrounding the Electoral Bonds Scheme eventually led to legal challenges before the Supreme Court of India. Several petitions were filed by civil society organisations and political activists questioning the constitutional validity of the scheme. The petitioners argued that the anonymity of political donations violated the fundamental right of citizens to information, which forms part of the freedom of speech and expression under Article 19(1)(a) of the Constitution.⁴⁵

In the early stages of litigation, the Supreme Court declined to suspend the operation of the electoral bonds scheme but directed political parties to submit details of donations received through electoral bonds to the Election Commission in sealed covers. This interim arrangement

⁴¹ Gupta, Alok Kumar, and Sanjay Kumar Agrawal. "Electoral Bonds and Political Funding in India: A Critical Appraisal." *Indian Journal of Public Administration* 71.4 (2025): 717-731.

⁴² Chettri, John Kapil. "Opaque Political Funding: The Indian Experience on the Electoral Bond Scheme." *South India Journal of Social Sciences* 23.3 (2025): 23-28.

⁴³ D'Costa, Om. "Opacity, Democracy and Political Funding-An Overview of the Indian Electoral Bond System." *Issue 4 Int'l JL Mgmt. & Human.* 3 (2020): 913.

⁴⁴ Kashyap, Anushka, and Gurupal Singh Gill. "Electoral Bond Scheme: The Legitimate Opacity in Political Funding." *Law Essentials J.* 1 (2020): 79.

⁴⁵ Kumar, Dinesh. "The Supreme Court's Verdict on Electoral Bonds: Proposing a New Framework for Political Funding in India." Available at SSRN 4764454 (2024).

allowed the scheme to continue while the Court considered the broader constitutional issues raised in the petitions. The debate over electoral bonds continued for several years and became one of the most significant public discussions on political finance in India. Civil society groups, electoral reform advocates, and legal scholars frequently highlighted concerns regarding the potential impact of anonymous political funding on democratic accountability.⁴⁶

In February 2024, the Supreme Court delivered a landmark judgment declaring the Electoral Bonds Scheme unconstitutional. The Court held that the scheme violated the fundamental right of voters to information regarding the financial contributions made to political parties. The judgment emphasised that transparency in political funding is essential for enabling voters to make informed electoral choices and for preserving the integrity of democratic processes.

The Court also struck down the amendments introduced through the Finance Act, 2017 that had removed disclosure requirements and limits on corporate political donations. By invalidating these provisions, the judgment reaffirmed the constitutional importance of transparency and accountability in electoral finance.

The judicial developments relating to electoral bonds have had a profound impact on the ongoing debate regarding political funding in India. The case illustrates how legal institutions play an important role in reviewing electoral reforms and ensuring that regulatory frameworks governing political finance remain consistent with constitutional principles.⁴⁷

Money Laundering Cases with Political Links

The relationship between political processes and financial crimes has increasingly attracted attention in contemporary governance debates. Electoral politics often involves significant financial expenditure, and the demand for large sums of money during election campaigns may create incentives for the use of unaccounted funds. In such circumstances, illicit wealth generated through corruption, fraud, or other criminal activities may be channelled into political processes. When such funds are integrated into formal financial systems through complex financial transactions, the process may constitute money laundering.⁴⁸

Money laundering cases linked to political actors are particularly significant because they affect both financial governance and democratic integrity. The use of illicit funds in political activities can distort electoral competition, create unequal advantages for certain candidates or parties, and undermine public trust in political institutions. Moreover, when individuals holding public office are implicated in financial scandals involving illicit funds, the legitimacy of governance institutions may be called into question.

Financial Scandals Involving Political Actors

Financial scandals involving political actors have periodically emerged in India, highlighting concerns regarding corruption, illicit wealth, and misuse of public office. These scandals often involve allegations that individuals holding political positions or exercising political influence have engaged in financial transactions designed to conceal or legitimise illegally obtained funds. Such cases typically attract widespread public attention because they raise questions about accountability and transparency in governance.⁴⁹

⁴⁶ Rathee, Himangshu. "Electoral Bonds Scheme & Election Finance: A Systematic Process to Imbalance the Electoral Level Playing Field." *A Landmark on the Indian Constitution* 224 (2023).

⁴⁷ George, A. Shaji. "The unconstitutional nature of electoral bonds in India: impacts on political transparency and the democratic process." *Partners Universal Innovative Research Publication* 2.1 (2024): 150-164.

⁴⁸ Tsingou, Eleni. "Global financial governance and the developing anti-money laundering regime: what lessons for international political economy?." *International Politics* 47.6 (2010): 617-637.

⁴⁹ Mugarura, Norman. "Uncoupling the relationship between corruption and money laundering crimes." *Journal of Financial Regulation and Compliance* 24.1 (2016): 74-89.

Many financial scandals involving political actors originate from corruption-related offences, including bribery, embezzlement of public funds, and abuse of official authority. In such cases, illicit financial gains obtained through corruption may subsequently be transferred through multiple financial channels in order to conceal their origin. These activities may involve the purchase of assets, investment in businesses, or the transfer of funds across different financial accounts.

One notable example is the investigation into the alleged disproportionate assets case involving former public officials, where authorities examined whether individuals had accumulated wealth significantly exceeding their known sources of income. Investigations in such cases often involve tracing financial transactions and identifying properties or assets that may have been acquired using illicit funds.

Similarly, several corruption-related investigations have involved allegations that political actors or their associates utilised financial intermediaries or corporate entities to channel funds obtained through unlawful activities. In such situations, the financial transactions associated with corruption may subsequently fall within the scope of money laundering investigations under the Prevention of Money Laundering Act, 2002.⁵⁰

Financial scandals involving political actors therefore illustrate how corruption and financial crimes may intersect with political processes. These cases highlight the importance of effective legal mechanisms for investigating financial misconduct and ensuring accountability in public office.

Use of Shell Companies and Benami Transactions

The concealment of illicit financial transactions often involves the use of shell companies and benami transactions. Shell companies are corporate entities that exist primarily on paper and have little or no legitimate business operations. Such companies may be established to conduct financial transactions without revealing the true identity of the individuals controlling the funds. By routing financial transactions through shell companies, individuals may attempt to obscure the origin and ownership of illicit assets.

Benami transactions represent another method commonly used to conceal financial ownership. Under such arrangements, property or financial assets are held in the name of one person while the actual beneficiary of the asset remains concealed. These arrangements allow individuals to maintain control over assets without being publicly identified as the owner. The use of benami transactions has been addressed through legislation such as the Prohibition of Benami Property Transactions Act, 1988.⁵¹

In cases involving money laundering, shell companies and benami transactions may be used as part of complex financial structures designed to disguise the origin of illicit funds. For example, funds obtained through corruption or fraud may be transferred to shell companies, which may then engage in multiple financial transactions to create the appearance of legitimate business activity. These transactions may include loans, investments, or transfers between related corporate entities.

When such financial structures involve political actors or their associates, they raise concerns regarding the potential use of illicit funds in political processes. Shell companies may be used to channel funds into political activities, political donations, or campaign expenditures while concealing the true source of the funds. Investigations into such practices often require detailed financial analysis and cooperation among multiple enforcement agencies.

⁵⁰ Tsingou, Eleni. "Global governance and transnational financial crime: opportunities and tensions in the global anti-money laundering regime." (2005).

⁵¹ Hülse, Rainer. "Creating demand for global governance: The making of a global money-laundering problem." *Global society* 21.2 (2007): 155-178.

The use of shell companies and benami transactions therefore represents a significant challenge for financial regulators and investigative authorities. Detecting such arrangements requires sophisticated investigative techniques, including forensic accounting, examination of corporate ownership structures, and analysis of financial transaction records.⁵²

Investigation by Enforcement Agencies

The investigation of financial crimes involving money laundering and political actors is carried out by several specialised enforcement agencies in India. Among these agencies, the Enforcement Directorate plays a central role in enforcing the provisions of the Prevention of Money Laundering Act, 2002. The Directorate has the authority to investigate financial transactions linked to proceeds of crime, attach properties suspected to represent illicit wealth, and initiate prosecution against individuals involved in money laundering activities.⁵³

Investigations conducted by the Enforcement Directorate often involve tracing the movement of funds across financial institutions, examining bank records, and analysing financial transactions associated with individuals or corporate entities under investigation. In cases involving complex financial networks, the Directorate may also coordinate with other agencies such as the Central Bureau of Investigation and the Income Tax Department to obtain information relating to predicate offences or tax irregularities.

The Central Bureau of Investigation frequently investigates cases involving corruption or economic offences that may generate illicit financial proceeds. When such offences fall within the category of scheduled offences under the Prevention of Money Laundering Act, the Enforcement Directorate may subsequently initiate parallel investigations focusing on the laundering of the proceeds generated by the underlying crime.

The Income Tax Department also plays an important role in identifying financial irregularities through tax investigations, searches, and audits. Information obtained during tax investigations may reveal undisclosed income, suspicious financial transactions, or unexplained assets. Such information may then be shared with other enforcement agencies for further investigation under anti-money laundering laws.

In addition to domestic investigations, enforcement agencies may cooperate with international authorities when financial transactions involve cross-border movement of funds. International cooperation mechanisms are particularly important in cases where illicit funds are transferred through foreign bank accounts or offshore entities.⁵⁴

⁵² Benson, Katie. The facilitation of money laundering by legal and financial professionals roles, relationships and response. The University of Manchester (United Kingdom), 2016.

⁵³ Borlini, Leonardo S. "Issues of the international criminal regulation of money laundering in the context of economic globalization." Paolo Baffi Centre Research Paper 2008-34 (2008).

⁵⁴ Levi, Michael. "Money for crime and money from crime: Financing crime and laundering crime proceeds." *European Journal on Criminal Policy and Research* 21.2 (2015): 275-297.

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