

Immediate Release

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Press Note on Analysis of Donations received by Political Parties in India

- Section 29-C of the Representation of People Act 1951 says that it is mandatory for political parties to submit details of contributions/donations received in excess Rs. 20,000 every year to the Election Commission of India (ECI).
- Any political party which fails to submit the donation reports every year is not entitled to any tax relief under the provisions of Income Tax Act and Companies' Act.
- Political Parties are not eligible to accept any contributions from any foreign source.
- ADR had filed RTIs to the ECI as well as Income Tax authorities across the country to obtain the contribution reports filed by the 6 national parties and 36 regional parties for FY 2003-2004 till FY 2010-2011.
- The analysis and the report have been prepared on the basis of the records thus collected till 10th July, 2012.

Highlights of this report

Analysis of Donations and Income

- The top 5 political parties with the highest total income between FY 2004-05 and FY 2010-11 (last 7 years) are: INC: Rs 2008 Cr followed by BJP: Rs 994 Cr, BSP: Rs 484 Cr, CPM: Rs 417 Cr and SP: Rs 279 Cr.
- Donations and Voluntary Contributions seem to be one of the major sources of income for most of the political parties.
- However, donations from named contributors (i.e. contributors who made donations above Rs 20,000 which is to be mandatorily declared) form a very small percentage of total Income of political parties. Of the National Parties for FY 2009-2010 and FY 2010-2011, BJP's donations from named donors amount to 22.76% of the total income. INC has shown a mere 11.89% of their income from contributions, followed by NCP with 4.64% and CPM, 1.29%
- Bahujan Samaj Party has declared that it has not received any donations above Rs 20,000 in FY 2009-2010 and FY 2010-2011 even though its total income for the two years is Rs 172.67 Cr.
- CPI has shown 57.02% of total Income from donations above Rs 20,000
- Out of the Regional Parties analyzed for FY 2009-2010 and 2010-2011, Telangana Rashtra Samiti (TRS) has 99.98% of its income coming from donations followed by Janata Dal (United) with 95.96% and Lok Janshakti Party with 89.88%.
- Rashtriya Janata Dal (56.13%) and Telugu Desham Party (37%) derive maximum income from donations above Rs 20,000.
- BJP had the maximum number of donors donating above Rs 20000 for FY 2009-2010 (279) and FY 2010-2011 (502) while for INC it was 226 in 2009-2010 and 417 in 2010-2011.

Donations from Electoral Trusts

- Several Electoral Trusts are now making contributions to Political Parties. They include trusts like the General Electoral Trust, the Public and Political Awareness Trust, Bharti Electoral Trust, Electoral Trust, Harmony Electoral Trust, Satya Electoral Trust, Chowgule Charitable Trust and the Corporate Electoral Trust
- The trust which has made the maximum contributions to the political parties is the General Electoral Trust with contributions of Rs 36.46 Cr to INC between FY 2003-04 and 2010-11 and Rs 26.07 Cr to the BJP during the same time.
- Bharti Electoral Trust has made a contribution of Rs 11.00 Cr to INC during FY 2008-09 and Rs 6.10 Cr to BJP during the same period.
- This is followed by The Public and Political awareness Trust making an overall contribution of Rs 9.5 Crores to BJP during the FYs 2003-04 and 2004-05.
- The trust, Electoral trust made contributions amounting to Rs 9.96 Cr to INC in FY 2004-05 & FY 2009-10, Rs 6.82 Cr to BJP in FY 2004-05 & 2009-10, Rs 0.30 Cr to JD(U) in 2009-10, Rs 1.58 Cr to SP in FY 2004-05 & 2009-10.
- Harmony Electoral Trust made a contribution of Rs 2.00 Cr to INC and Rs 1.50 Cr to BJP during the FY 2009-10 while Satya Electoral Trust had made donations amounting to Rs 2.00 Cr to INC and Rs 1.00 Cr to NCP during the FY 2009-10.

Donations from Corporates/Companies

- Similar to the Electoral Trusts, several companies/corporates have donated to the Political Parties between the FYs 2003-04 and 2010-11 a few of which are Torrent Power Ltd, Asianet TV Holding Pvt.Ltd., Sterlite Industries, ITC Ltd, Videocon Industries Ltd, Larsen & Tubro Ltd, Infrastructure Development & Consultant (I) (P) Ltd, Russel Credit Ltd
- The top ten companies which made the maximum contributions are the Torrent Power Ltd donating Rs 14.15 Cr to INC during the FYs 2003-04, 2007-08, 2009-10 and 2010-11 and Rs 13.00 Cr to BJP during the FYs 2007-08 to 2010-11.
- Asianet V Holding Pvt. Ltd donating Rs 10.00 Cr to BJP during the FY 2009-10 and Rs 2.50 Cr to INC during the FY 2009-10.
- Sterlite Industries, a subsidiary of the Vedanta Group, donated Rs 6.00 Cr to INC during FY 2004-05 and FY 2009-10 while The Madras Aluminium Co Ltd, also a subsidiary of the Vedanta Group had contributed Rs 3.50 Cr to BJP.
- Southern Engineering Works (SEW) Constructions, SEW Infrastructure and Videocon Industries are other major donors who contributed to INC, BJP, CPI and NCP. ITC is also a major donor making contributions to SP (Rs 78 lacs), AIADMK (Rs 55 Lacs) and to RJD (Rs 33 lacs) between FY 2003-04 and FY 2010-11

Status of filing of Contribution reports by political parties to Election Commission

- ADR had filed RTI to the ECI to obtain the contribution reports filed by the 6 national parties and 36 recognized regional/state parties for FY 2004-2005 till FY 2010-2011.

- As per the records maintained with the ECI and the response received from the CPIO/Appellate Authority, five national parties (INC, BJP, BSP, CPI and CPM) have filed their contribution reports from 2004-2005 till 2010-2011. NCP is the only national party who has not submitted its contribution reports from FY 2004-2005 till FY 2006-2007. However, it has submitted its contribution reports from FY 2007-2008 till 2010-2011.
- As per ECI records, only 5 regional/state parties have regularly filed their contribution reports from FY 2004-2005 till FY 2010-2011. These are Samajwadi Party, AIADMK, Janata Dal (United), Shiv Sena and Telugu Desham Party.**
- 18 regional/state parties have never filed their contribution reports to the Election Commission from FY 2004-2005 till FY 2010-2011. Many of these defaulting political parties who have never filed their contribution reports for the mentioned time period are ruling parties/major opposition parties in their respective states. These are:**

Party	State
J&K National Conference	Jammu & Kashmir
J&K Peoples Democratic Party	Jammu & Kashmir
All India Trinamool Congress	West Bengal
Indian National Lok Dal	Haryana
Asom Gana Parishad	Assam
Bodoland Peoples Front	Assam
Manipur State Congress Party	Manipur
Maharashtrawadi Gomantak	Goa
Save Goa Front	Goa
Jharkhand Mukti Morcha	Jharkhand
Jharkhand Vikas Morcha	Jharkhand
Kerala Congress	Kerala
Muslim League Kerala State Committee	Kerala
United Democratic Party	Meghalaya
Mizo National Front	Mizoram
Mizoram Peoples Conference	Mizoram
Zoram Nationalist Party	Mizoram
Nagaland Peoples Front	Nagaland

- In addition to the above, many of the major regional/state parties have not filed their contribution reports for all the years with the ECI. These are Shiromani Akali Dal, DMK, Rashtriya Janata Dal, Lok Janshakti Party and Janata Dal Secular who filed only from FY 2008-2009 till 2010-2011 while some have filed only once across the seven year period considered. These are Biju Janata Dal (2010-2011), Telangana Rashtra Samiti (2010-2011) and Sikkim Democratic Front (2009-2010).

Laws relating to donations to Political Parties

Section 29C of the Representation of People Act, 1951 states that Political Parties are required to submit contribution details received in excess of Rs 20,000 from any individual or a company. This section has been interpreted by Political Parties as to include every single donation made only above Rs 20,000 by any person at one time. However, as per the provisions of this section, it must also include in it, multiple donations made by the same person, entity or company aggregating to Rs 20,000 or above during the said financial year.

In addition to this, the coupon system adopted by Political Parties makes it difficult to establish the identity of the donor since coupons are issued in lieu of receipts and transactions are made in cash. This implies that a lot of cash donations received remain unaccounted for in the books of accounts since only those amounts for which a receipt has

been issued would be accounted for. These donation coupons are ostensibly below Rs 20,000 though these may aggregate to be more than Rs 20,000.

Thus, it is vital to have a strict regulatory mechanism wherein political parties have to report the correct quantum and source of donations received.

ADR demands the following steps to be taken

- As several large donations have also been made in cash, ECI should issue directive to political parties to accept donations above Rs 20,000 only through cheques
- Provisions of the RPA relating to filing of contribution reports by parties should be strictly followed.
- Parties who fail to abide by the provisions of the Act must not be allowed to avail tax relief under the Income Tax Act.
- Section 29C of RPA must include all donations made by any individual or company amounting to over Rs 20,000 during the said financial year and not only single donations made over Rs 20,000.
- There should be a strict mechanism for donations received in cash through sale of coupons.
- Investigate the role of corporate and foreign entities in setting up of electoral trusts for making donations to political parties.
- More transparency is needed in the functioning of Electoral Trusts.
- Political Parties must be declared as public authorities

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