

ANALYSIS OF INCOME, EXPENDITURE AND DONATIONS RECEIVED BY MAJOR POLITICAL PARTIES OF CHHATTISGARH

A Report by
National Election Watch
&
Association for Democratic Reforms

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Analysis of income, expenditure and donations received by major political parties of Chhattisgarh [FY 2012-13]

This report focuses on various sources of income and items of expenditure of National Political Parties and the regional parties of Chhattisgarh during the Financial Year 2012-13. The National Parties include Indian National Congress (INC), Bharatiya Janata Party (BJP), Nationalist Congress Party (NCP), Communist Party of India (CPI) and Communist Party of India (Marxist) (CPM). The regional parties include Shiv Sena (SHS), Samajwadi Party (SP), Janata Dal (United) (JDU), Lok Jan Shakti Party (LJP) and National People's Party (NPP).

Executive summary

The key observations drawn from the report are as under:

I. Availability of IT Returns and donations reports of major political parties of Chhattisgarh

Party	IT Returns	Donations report
INC	Submitted to IT Dept.	Submitted to ECI
BJP		
NCP		
BSP		
CPI		
CPM		
SP	RTI response awaited	Not submitted to the ECI
SHS		
JDU		
LJP		
NPP		

II. Total income versus total expenditure of political parties:

- The total income and expenditure of political parties is calculated from their IT returns filed with the Income Tax Department annually.

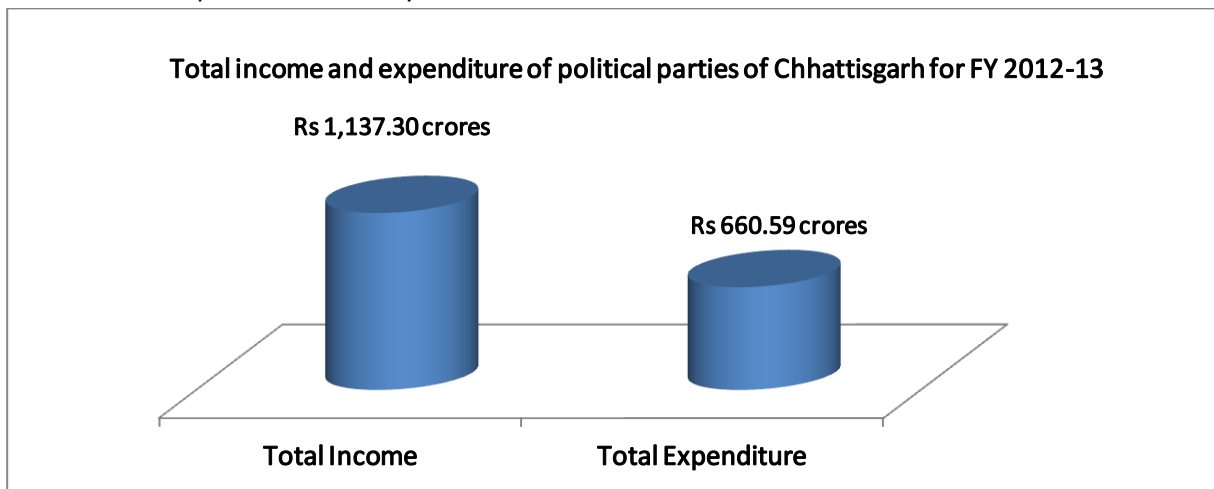


Chart: Comparison of total income received and expenditure incurred by political parties of Chhattisgarh during FY 2012-13

III. Total income of political parties of Chhattisgarh:

- The total income of National Parties for FY 2012-13 was Rs. 991.21 crores. INC declared the highest total income of Rs. 425.69 crores, followed by BJP with Rs. 324.16 crores and BSP with a declared total income of Rs. 87.63 crores. NCP a declared total income of Rs. 26.56 crores, CPI, Rs. 1.07 crores and CPM declared a total income of Rs. 126.09 crores for FY 2012-13.

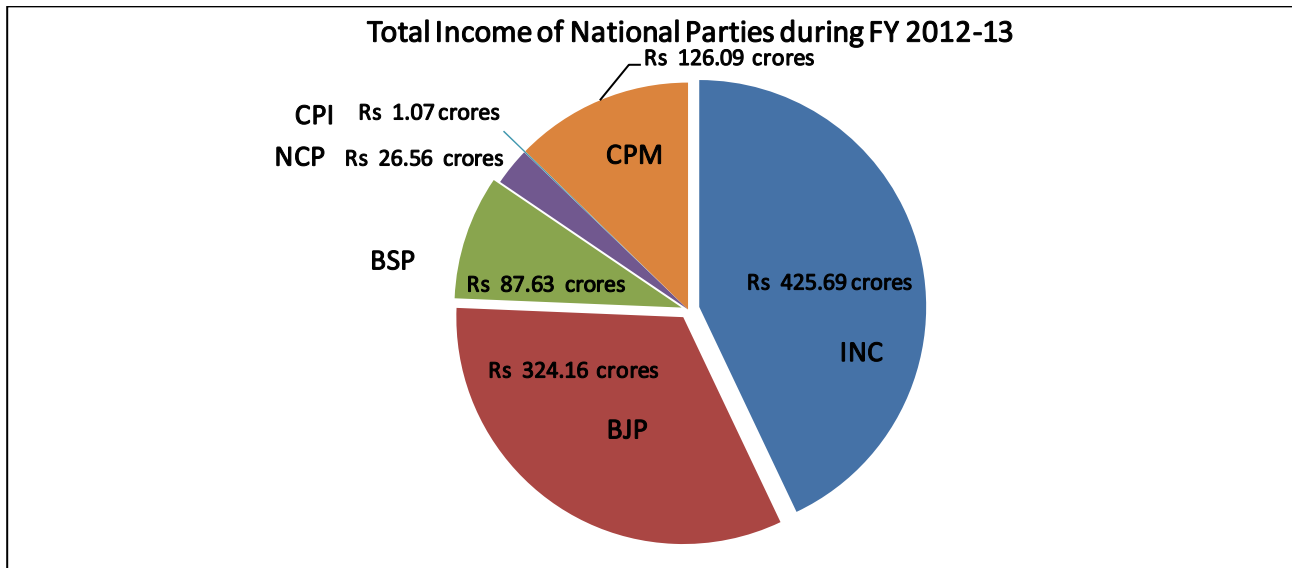


Chart: Total income of national political parties [FY 2012-13]

- The total income for the regional parties of Chhattisgarh is Rs 146.09 crores. SP declared the highest income of Rs 146.09 crores.
- RTI responses are awaited for the IT Returns of SHS, JDU, LJP and NPP.

IV. Number of donors contributing above Rs. 20,000 to political parties (FY 2012-13):

- The total amount of donations received above Rs. 20,000 by political parties of Chhattisgarh during FY 2012-13 is calculated from the donations report submitted to the Election Commission annually.
- The total donations above Rs 20,000 declared were **Rs. 99.14 crores**, from **3777** donors.
- BSP declared that the party received no donations above Rs 20,000 during FY 2012-13.

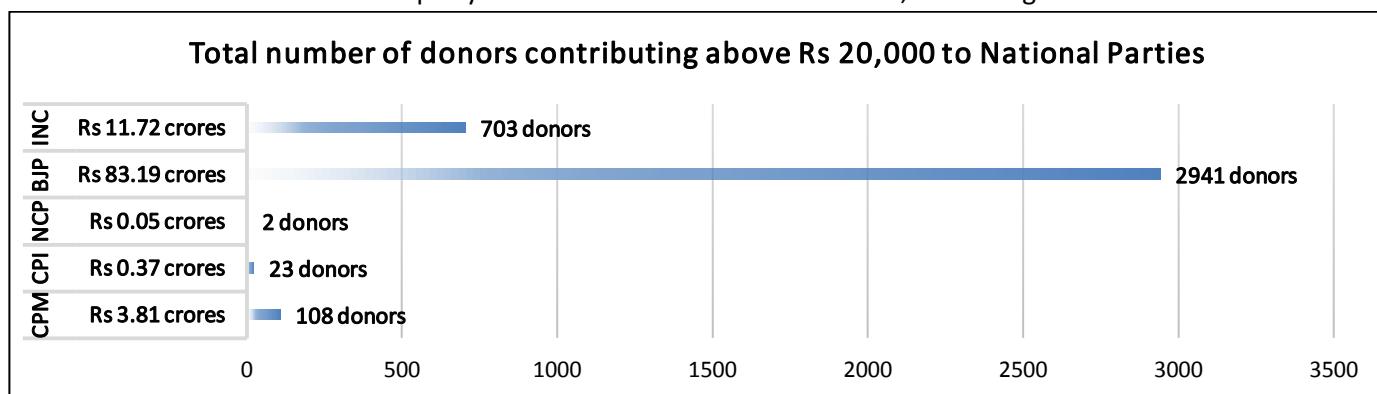


Chart: Total number of donors from all over India donating above Rs 20,000 to national political parties in FY 2012-13

- Parties received a sum of **Rs 1.01 lakhs** from donors in Chhattisgarh. While BJP received **Rs 0.51 lakhs** from 1 donor, CPI received **Rs 0.27 lakhs** from 1 donor based in Chhattisgarh. INC received **Rs 0.23 lakhs** from 1 donor.

- NCP, CPM, SP and SHS received no donations from Chhattisgarh.

V. **Sector-wise donations:**

- Individual donations were the only form of donations received by political parties from Chhattisgarh.
- All three political parties which received donations from Chhattisgarh – INC, BJP and CPI – received only individual donations.

VI. **Donors who have not declared details of PAN:**

- A total of **2 out of 3 donors (or 66.66%) contributing Rs 0.5 lakhs** to the political parties **have not declared their PAN details** in the contribution form.
- 1 donor donating Rs. 0.27 lakhs to CPI and 1 donor donating 0.23 lakhs to INC have not revealed their PAN details.

Party	Name of the donor from Chhattisgarh	Address	PAN	Amount of contribution	Mode of contribution
CPI	Com RDCP Rao (Secretary)	Chhattisgarh State Council Communist Party Of India D-32, 1st floor Sec-2, Debendra Nagar Raipur 492001 Chhattisgarh	Not Given	Rs 27,660	Cash
INC	Smt Kamala Manhar	7, MIG Nehru Nagar Bilaspur Chhattisgarh	Not Given	Rs 23,000	Cash

Recommendations of ADR

- The Supreme Court gave a judgment on September 13, 2013 declaring that no part of a candidate’s affidavit should be left blank. Similarly, **no part of the Form 24A submitted by political parties providing details of donations above Rs 20,000 should be blank.**
- Full details of all **donors should be made available for public scrutiny under the RTI.** Some countries where this is done include Bhutan, Nepal, Germany, France, Italy, Brazil, Bulgaria, the US and Japan. In none of these countries is it possible for 75% of the source of funds to be unknown, but at present it is so in India.
- Details of donors who make **donations to the Electoral Trusts should be available in the public domain** for increasing transparency in funding of political parties.
- Any party which does not submit its donation statement to the ECI on or before 31st Oct **should be heavily penalized** and its income should not be tax-exempted. Strict action must also be taken against parties which do not file their IT returns.
- IT Returns of those parties not following the ICAI guidelines for auditing of reports should be scrutinized by the IT department.
- **The National and regional political parties must provide all information of their finances under the Right to Information Act.** This will strengthen political parties, elections and democracy.

Detailed Report

Political parties represent citizens of the country at various levels of the government, voice people's demands and concerns to the administrative and legislative machinery, and therefore serve as a link between citizens and the government.

Apart from collecting donations / voluntary contributions, it is seen from the IT Returns of political parties that a few parties are collecting funds by issuing coupons in lieu of receipts to donors for cash contributions. Being cash donations, it is difficult to establish the identity of the donor. It is possible that a lot of cash donations received, remain unaccounted for in the books of accounts as only those amounts would be recorded for which a receipt has been issued. Thus, it is imperative to have a strict regulatory mechanism wherein political parties have to report the correct quantum and the source of donations received.

By filing RTI applications, Association for Democratic Reforms (ADR) had obtained copies of the IT Returns and Assessment Orders of the National Parties and has analyzed the income and expenditure incurred during the Financial Year 2012-13.

Total income of political parties during FY 2012-13

- The income of political parties during FY 2012-13 is calculated from their IT returns filed annually with the Income Tax Department.
- The **total income of INC was Rs 425 crores** while that of **BJP was Rs 324 crores** in FY 2012-13.
- The least annual income was declared by CPI (Rs 1 crore) followed by NCP (Rs 26 crores) and BSP (Rs 87 crores).
- SP declared the highest income of Rs 146.09 crores for a regional party.
- IT Returns of SHS, JDU, LJP and NPP are awaited. RTIs have been filed for all the aforementioned parties.

Party	INC	BJP	BSP	NCP	CPI	CPM
Total Income	Rs 425,68,99,823 (~ Rs 425 crores)	Rs 324,16,32,181 (~ Rs 324 crores)	Rs 87,63,06,849 (~ Rs 87 crores)	Rs 26,56,67,570 (~ Rs 26 crores)	Rs 107,33,677 (~ Rs 1 crore)	Rs 126,09,06,552 (~ Rs 126 crores)
Grand Total	Rs 991,21,46,652 (~ Rs 991 crores)					

Table: Total income of national political parties declared in their IT Returns, FY 2012-13

Party	SP
Total Income	146,09,22,239 (~ Rs 146 crores)
Grand Total	Rs 146,09,22,239 (~ Rs 146 crores)

Table: Total income of regional political parties declared in their IT Returns, FY 2012-13

Top sources of income of political parties between during FY 2012-13

- From the table below, it can be noted that there is neither standardization nor consistency in the parties' declaration of their sources of funds.
- Of the major sources of income, sale of coupons has been listed by most of the major political parties. Income for INC from the sale of coupons/publication amounted to Rs 312.24 crores (73.35% of total income) while NCP received Rs. 3.76 crores from the sale of coupons (14.16% of total income).
- Voluntary contributions and donations have been listed as the next major source of income by the National Parties. Bahujan Samaj Party declared that it did not receive any donations above Rs 20,000 during FY 2012-13, though the party's total income declared in its ITR was Rs 87.63 crores. 83.76% of BJP's income is declared to be from donations.
- Voluntary contributions and donations also formed the topmost source of income for SP – 83.11% of its total income (Rs 121.41 crores).

Party	Total Income (Rs in Lakhs)	Financial Year 2012-2013		
		Top 3 Sources of Income	Amount (Rs in Lakhs)	Share of Income
INC	42,568.99	Collection by issuing coupons/Sale of Publication	31,224.85	73.35%
		Grant/Donation/Contributions	6990.83	16.42%
		Other Income	3266.9	7.67%
		Others	1086.41	2.55%
BJP	32,416.26	Voluntary Contributions	27,152.96	83.76%
		Interest From Banks	2,496.80	7.70%
		Membership fees	1,698.73	5.24%
		Others	1,067.77	3.29%
BSP	8,763.06	Sale of Land & Building (2, SP Marg)	7700.00	87.87%
		Bank Interest	563.05	6.43%
		Membership	495.00	5.65%
		Others	5.01	0.06%
NCP	2,656.67	Sale of Forms & Purse Money	2,130.14	80.18%
		Coupen Receipts	376.23	14.16%
		Membership & Subscriptions	103.27	3.89%
		Others	47.03	1.77%
CPI	107.33	By Interest Received	48.58	45.26%
		Membership fee	32.58	30.35%
		By Levy Received	14.05	13.09%
		Others	12.12	11.29%
CPM	12,609.06	Voluntary Contributions	7,200.62	57.11%
		Levy	3,912.19	31.03%
		Interest & dividend	1,273.18	10.10%
		Others	223.07	1.77%

Table: Top items of income for political parties during FY 2012-13

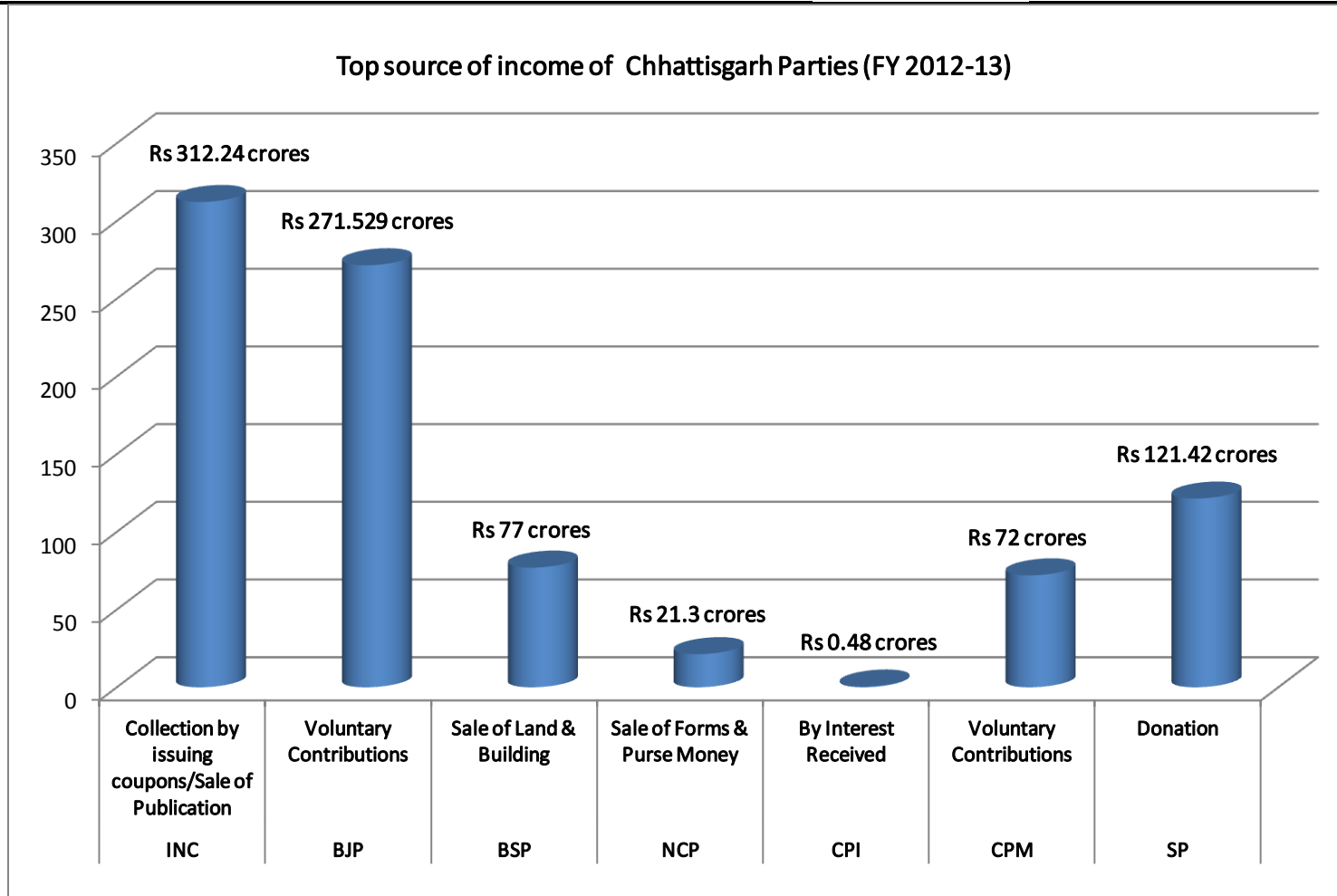


Chart: Top source of income for political parties of Chhattisgarh (FY 2012-13)

Top items of expenditure of National Parties during FY 2012-13

- The maximum expenditure for INC has been towards administrative and general expenses (Rs 206.99 crores) followed by election expenditure (Rs 89.95 crores). The maximum expenditure of BJP has been towards advertisement & publicity (Rs 131.87 crores) followed by travelling (Rs 36.62 crores).
- Expense towards tours and travel (Rs 1.75 crores) is the top item of expenditure for BSP during FY 2012-13.
- SP spent Rs 4.10 crores (34.5%) on advertisement.

Party	Total Expenditure (Rs in Lakhs)	Financial Year 2012-2013		
		Top 3 Items of Expenditure	Amount (Rs in Lakhs)	% of Expenditure
INC	31,416.64	Administrative and General Expenses	20,699.24	65.89%
		Election Expenditure	8,995.50	28.63%
		Employee Cost	1,063.32	3.38%
		Others	658.58	2.10%
BJP	22,338.13	Advertisement & Publicity	13,186.94	59.03%
		Travelling	3,662.08	16.39%
		Meeting Expenses	1,008.00	4.51%
		Others	4,481.11	20.06%
BSP	867.28	Tours and Travels (Elections)	175.54	20.24%
		Organizational Expenses	171.18	19.74%
		Building Repair & Maintenance	107.90	12.44%
		Others	412.66	47.58%
NCP	2,762.56	Publicity & Advertisement	844.83	30.58%
		Rashtrawadi Welfare Expenses	484	17.52%
		Meeting Expenses	300.74	10.89%
		Others	1,132.99	41.01%
CPI	93.86	Salaries & Allowances	33.93	36.15%
		Election & publicity	13.58	14.47%
		Travelling & conveyance	11.37	12.11%
		Others	34.87	37.15%
CPM	7,392.03	Salaries & Allowances	1,858.46	25.14%
		Relief & Donation	1,278.31	17.29%
		Meeting & Conference	729.30	9.87%
		Others	3,525.96	47.70%
SP	1,189.12	Advertisement	410.21	34.50%
		Travelling & conveyance	191.53	16.11%
		Printing & Stationary	171.54	14.43%
		Others	415.84	34.97%

Table: Top items of expenditure for political parties during FY 2012-13

Analysis of Voluntary Contributions Received by Political Parties

Political parties rely heavily on donations for contesting elections and running their daily affairs. They receive huge sums of money in the form of donations and contributions from corporate, trusts and individuals. Section 29C of the Representation of People Act, 1951 states that political parties submit details of contribution received in excess of Rs 20,000 from any person or a company to the ECI annually.

Named contributions seem to be very small i.e. single contributions above Rs. 20,000 seem to be very few in numbers for all the parties when compared with the total income of the party as declared in their IT Returns. While only 2.75% of total income of INC came from donations above Rs 20,000, BJP declared 25.66% of its total income from known sources of funding.

Party	Total Income (from IT Returns)	Total Voluntary Contributions	Named contributions above Rs 20,000 (known sources)	% share of funds from known sources in total income
INC	Rs 425.69 crores	Rs 69.9 crores	Rs 11.72 crores	2.75%
BJP	Rs 324.16 crores	Rs 271.53 crores	Rs 83.19 crores	25.66%
NCP	Rs 26.56 crores	Rs 0.053 crores	Rs 0.05 crores	0.19%
CPM	Rs 126.09 crores	Rs 72 crores	Rs 3.81 crores	3.02%
CPI	Rs 1.07 crores	Rs 0.12 crores	Rs 0.369 crores	34.49%
SP	Rs 146.09 crores	Rs 121.42 crores	Rs 2.24 crores	1.53%
Total	Rs 1,049.67 crores	Rs 535.03 crores	Rs 101.38 crores	9.66%

Total number of named donors who contributed to political parties from Chhattisgarh

The number of named donors to political parties from Madhya Pradesh (i.e. contributors who made donations above Rs. 20,000 which is to be mandatorily declared by political parties in their donations report) is remarkably low (only 9.66% of total income of the political parties).

(If a donor has made multiple contributions during FY 2012-13, each contribution has been individually counted. Hence, if a donor has donated twice, the number of contributors would be counted as 2).

Donations to Political Parties from Chhattisgarh during FY 2012-13		
Political Party	Number of donors from Chhattisgarh	Donations from Chhattisgarh (In Rs)
BJP	1	51,000
CPI	1	27,660
INC	1	23,000
NCP	0	0
CPM	0	0
SP	0	0
SHS	0	0
Total Donations (Rs)		101,660

Table: Number of donors from Chhattisgarh contributing to political parties during FY 2012-13

Sector-wise donations to political parties from Chhattisgarh (FY 2012-13)

- The only three parties which received donations from Chhattisgarh are INC, BJP and CPI.
- Individual donations were the only form of donations received by political parties from Chhattisgarh.

Party-wise donations without declaration of PAN details

- Of the three political parties which received donations from donors based in Chhattisgarh, INC and CPI's donors have not revealed details of their PAN in their contribution form.
- INC has 1 donor donating Rs 0.23 lakhs and CPI has 1 donor donating Rs 0.27 lakhs without PAN details.

Party	Name of the donor from Chhattisgarh	Address	PAN	Amount of contribution	Mode of contribution
CPI	Com RDCP Rao (Secretary)	Chhattisgarh State Council Communist Party Of India D-32, 1st floor Sec-2, Debendra Nagar Raipur 492001 Chhattisgarh	Not Given	Rs 27,660	Cash
INC	Smt Kamala Manhar	7, MIG Nehru Nagar Bilaspur Chhattisgarh	Not Given	Rs 23,000	Cash

Table: Donors from Chhattisgarh donating to INC and CPI who have not revealed their PAN details

Donations to political parties from Chhattisgarh

Bharatiya Janata Party

S. No.	Name	Complete address of the contributing person/company	Amount of contribution (Rs)	Mode of Contribution (Cheque/DD/Cash)
1	Sanjay Kumar Modi	Korba Chhattisgarh	51,000	Cash

Table: Donations to BJP from Chhattisgarh

Indian National Congress

S. No.	Name	Complete Address of the Contributing Person/Company	PAN (if any) and Income Tax Ward/Circle	Amount of Contribution (in Rs.)	Mode of Contribution (Cheque/DD/Cash)
1	Smt Kamala Manhar	7, MIG Nehru Nagar Bilaspur Chhattisgarh	Not given	23,000	Cash

Table: Donations to INC from Chhattisgarh

Communist Party of India

S. No.	Name	Complete Address of the Contributing Person/Company	PAN (if any) and Income Tax Ward/Circle	Amount of Contribution (in Rs.)	Mode of Contribution (Cheque/DD/Cash)
1	Com RDCP Rao Secretary	Chhattisgarh State Council Communist Party Of India D-32, 1st floor Sec-2, Debendra Nagar Raipur 492001 Chhattisgarh	Not given	27,660	Cash

Table: Donations to CPI from Chhattisgarh

Conclusion

To ensure that there is **financial transparency and accountability** on the part of the political parties, there must be a strict mechanism for reporting financial information. The **procedures and reporting framework** must be **standardized** to ensure that a true picture of the financial position of political parties is revealed to the general public. **Institute of Chartered Accounts of India (ICAI)** has put forward a set of recommendations on the request of the Election Commission of India (ECI). These recommendations relate to a standardized and **comprehensive reporting framework of financial statements of political parties**. ADR feels that there is a dire need for these recommendations to be implemented at the earliest.

Disclaimer

Source for the data used in the report are the Contribution Statements submitted by the political parties to the Election Commission of India. These can be accessed from http://eci.nic.in/eci_main1/PolPar/ContributionReports.aspx and their IT Returns which can be accessed from myneta.info/party.

While all effort has been made to ensure that the information is in keeping with what is mentioned in the statements submitted by the political parties, in case of discrepancy between information in this report and that given in their statements, the information reported by the political parties should be treated as correct. Association for Democratic Reforms, National Election Watch and their volunteers are not responsible or liable for any damage arising directly or indirectly from the publication of this report.

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