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# **ANALYSIS OF IT RETURNS (INCOME AND EXPENDITURE) OF MADHYA PRADESH'S MAJOR POLITICAL PARTIES – An All India Report**

**A Report by  
Madhya Pradesh Election Watch  
&  
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# Analysis of IT Returns (Income and Expenditure) of Madhya Pradesh's Major Political Parties – An All India Report

## Executive Summary

- **Total Income of Political Parties:**

- The total income of political parties considered have been calculated from the income to the parties from various sources all over India as submitted in their Income Tax Returns.
- INC has shown the highest income amongst the National Parties. Its total income for the 7 financial years is Rs 2,00,871.74 lakhs.
- Total income of BJP between FY 2004-05 and FY 2010-11 is Rs 99,476.67 lakhs and that of BSP is Rs 48,428.51 lakhs
- SP has shown a total income of Rs 27, 855.65 lakhs during the seven financial years

- **Sources of Income:**

- INC party has declared maximum income from Sale of Coupons (Rs 1,55,377.18 lakhs) providing 77.35% of the total income between F.Y. 2004-2005 & 2010-2011.
- Madhya Pradesh parties have Donations/Contributions as one of their 3 main sources of income INC – Rs 27,250.48 lakhs, BJP – Rs 82,000.50 lakhs, BSP – Rs 30,731 and SP-Rs 21,266.84 lakhs
- Share of income from voluntary contribution for INC is 13.57%, BJP is 82.43%, BSP is 70.10% and SP- 76.35%

- **Items of Expenditure:**

- The maximum expenditure for INC has been towards Election expenses (Rs 92,506.40 lakhs) followed by expenses towards Aid to Other Expenses (Rs 17,116.47 lakhs) and travelling (Rs 10,749.25 lakhs)
- The maximum expenditure of BJP has been towards Advertising & publicity (Rs 35,720.64 lakhs) followed by travelling (Rs 18,889.46 lakhs) and meeting (Rs 10,456.60 lakhs)

## Analysis of IT Returns (Income and Expenditure) of Madhya Pradesh's Major Political Parties – An All India report

### Importance of financial transparency

Political parties act as a link between the citizens and the government and therefore it is a given that the parties must be accountable to the public at large. Political parties are the major stakeholders in a democracy and they seek to undertake activities that are in the interest of the public. As per the records available with the Election Commission of India, there are 6 national parties and 45 recognized state parties in India. In addition to this, there are 1392 registered but unrecognized parties in India.

Political parties have multiple sources of funding and thus accountability and transparency becomes all the more important. It is essential to have comprehensive and transparent accounting methods and systems, which would reveal the true financial position of the parties.

Central Information Commission's order number CIC/AT/A/2007/01029 & 1263-1270, according to which public authorities (Income Tax Departments) holding Income Tax returns of political parties, were directed to make these returns finally available in the public domain. Association for Democratic Reforms (ADR) had obtained copies of the IT Returns and Assessment Orders of various political parties through the filing of RTI applications.

### Total Income of Major Parties of Madhya Pradesh from all over India (FY 2004-05 to FY 2011-2012)

- The total Income of political parties considered have been calculated from the income to the parties from various sources all over India as submitted in their Income Tax Returns.
- Major political parties from the State of Madhya Pradesh are Indian National Congress (INC), Bharatiya Janata Party (BJP), Bahujan Samaj Party (BSP) and Samajwadi Party (SP)
- INC has shown the highest income amongst the National Parties. Its total income for the 7 financial years is Rs 2,00,871.74 lakhs.
- This followed by total income of BJP between FY 2004-05 and FY 2010-11 being Rs 99,476.67 lakhs and that of BSP being Rs 48,428.51 lakhs
- SP has shown a total income of Rs 27, 855.65 lakhs during the seven financial years

Party	Total Income (Rs. In Lakhs)							Total (Rs. In Lakhs)
	FY- 2004-2005	FY- 2005-2006	FY- 2006-2007	FY- 2007-2008	FY- 2008-2009	FY- 2009-2010	FY- 2010-2011	
Indian National Congress (INC)	22,207	12,493	16,936	22,081	49,688	46,757.87	30,708.87	<b>2,00,871.74</b>
Bharatiya Janata Party (BJP)	10,412	3,834	8,249	12,378	22,002	25,800.75	16,800.92	<b>99,476.67</b>
Bahujan Samaj Party (BSP)	420.00	976.00	4,588.67	6,974.00	18,202.00	5,697.50	11,570.34	<b>48,428.51</b>
Samajwadi Party (SP)	2,854.00	4,835.00	8,705.00	3,230.00	3,900.00	2,810.43	1,521.22	<b>27,855.65</b>

Table: Total Income declared by Major Parties of Madhya Pradesh in their (ITR) from FYs 2004-2005 to 2010-2011 from all over India

## Top 3 sources of income of Major Political Parties of Madhya Pradesh as declared in their IT Returns (FY 2004-05 to FY 2011-2012)

- The total Income of political parties considered have been calculated from the income to the parties from various sources all over India as submitted in their Income Tax Returns
- INC has declared maximum income from Sale of Coupons (Rs 1,55,377.18 lakhs) providing 77.35% of the total income between FY 2004-05 & 2010-11.
- BJP has declared maximum income from voluntary contributions (Rs 82,000.50 lakhs) proving for 82.43% of the total income to the party between FY 2004-05 and 2010-11
- Madhya Pradesh Parties have Donations/Contributions as one of their 3 main sources of income INC – Rs 27,250.48 lakhs, BJP – Rs 82,000.50 lakhs, BSP – Rs 30,731 lakhs and SP-Rs 21,266.84 lakhs
- Share of income from voluntary contribution for INC is 13.57%, BJP is 82.43%, BSP is 70.10% and SP - 76.35%
- Interest collected is the also one of the highest sources of income for the parties: INC Rs 10,473.33 lakhs, BJP Rs 7,527.83 lakhs, BSP Rs 1,898.27 lakhs, SP Rs 5,350.11 lakhs

Party	Total Income (Rs. In Lakhs)	FY 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 (combined)		% share of donations from total income
		Top 3 Source of Income	Amount (Rs in Lakhs)	
Indian National Congress (INC)	<b>2,00,871.74</b>	Sale of coupons	1,55,377.18	77.35%
		Donations	27,250.48	13.57%
		Interest	10,473.33	5.21%
Bharatiya Janata Party (BJP)	<b>99,476.67</b>	Voluntary contributions	82,000.50	82.43%
		Interest	7,527.83	7.57%
		Aajwan Sahayog Nidhi	6,280.64	6.31%
Bahujan Samaj Party (BSP) )- FY- 2006-07 ITR not available	<b>43,839.84</b>	Contributions	30,731.00	70.10%
		Membership	9,233.80	21.06%
		Interest	1,898.27	4.33%
Samajwadi Party (SP)	<b>27,855.65</b>	Donation	21,266.84	76.35%
		Interest	5,350.11	19.21%
		Membership fees	1,177.18	4.23%

Table: Top 3 sources of income of Major Parties of Madhya Pradesh as declared in their (ITR) from FYs 2004-2005 to 2010-2011.

## Top 3 items of expenditure of Political Parties of Madhya Pradesh as declared in their IT Returns (FY 2004-05 to FY 2011-2012)

- The total expenditure of the political parties considered have been calculated from the expenses incurred by the parties on various items, all over India as submitted in their Income Tax Returns
- The maximum expenditure for INC has been towards Election expenses (Rs 92,506.40 lakhs) followed by expenses towards Aid to Other Expenses (Rs 17,116.47 lakhs) and travelling (Rs 10,749.25 lakhs).
- The maximum expenditure of BJP has been towards Advertising & publicity (Rs 35,720.64 lakhs) followed by travelling (Rs 18,889.46 lakhs) and meeting (Rs 10,456.60 lakhs)
- The maximum expenditure for SP has been towards Travelling & conveyance (Rs 6,030.35 lakhs) followed by expenses towards Aid to Advertisement (Rs 3,361.93 lakhs) and Election (Rs 868.06 lakhs)

- It is seen from the percentage shares that INC has spent 55.74% on election expenses while BJP has spent 44.09% on advertising and publicity, BSP 32.69% on Publicity Expenses and SP 49.16% on Travelling & Conveyance

Party	Total Expenses (Rs in Lakhs)	FY 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 (combined)		% share of items of expenditure from total expenses
		Top 3 Items of Expenditure	Amount (Rs in Lakhs)	
Indian National Congress (INC)	1,65,971.67	Election Expenses	92,506.40	55.74%
		Aid to Other Expenses	17,116.47	10.31%
		Travelling & Lodging	10,749.25	6.48%
Bharatiya Janata Party (BJP)	81,025.12	Advertising & Publicity	35,720.64	44.09 %
		Travelling	18,889.46	23.31 %
		Meeting	10,456.60	12.91 %
Bahujan Samaj Party (BSP) )- FY-2006-07 ITR not available	8,732.72	Publicity Expenses	2,855.03	32.69%
		Tours and Travels	833.03	9.54%
		Organisational	610.15	6.99%
Samajwadi Party (SP)	12,267.87	Travelling & conveyance	6,030.35	49.16%
		Advertisement	3,361.93	27.40%
		Election	868.00	7.08%

Table: Top 3 items of expenditure of Major Parties of Madhya Pradesh declared in their (ITR) from FYs 2004-2005 to 2010-2011

## Issues related to disclosure of financial statements by political parties

ADR, while gathering the income tax returns of political parties by filing of RTIs in the respective Income Tax department/circle, has come across various instances where many state/regional parties recognized by ECI have not filed their income tax returns.

Political parties have been exempted from paying tax, however, to claim such exemption, they have to maintain audited accounts and comply with provisions of the Income Tax Act. Some regional parties have defaulted on this account on a regular basis. They have been openly flouting the provisions of the Income Tax Act and are not filing their annual income returns, which is a violation of the mandatory provisions laid down in law. Many of these parties are major regional parties in their respective state/region and their financial position is not known.

## Need for a strict mechanism for reporting financial information

To ensure that there is financial transparency and accountability on the part of the political parties, there must be a strict mechanism with respect to reporting of financial information. The procedures and reporting framework must be standardized to ensure that a true picture of the financial position of the 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.

## Contact Details

### National Election Watch/Association for Democratic Reforms

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