

Analysis of Income & Expenditure of National Political Parties for FY- 2013-2014

This report has been updated to include details provided by BJP in their audit report for FY 2013-14. For the earlier version of the report, released on 18th Aug,'15, please [click here](#).

Introduction

Political parties have multiple sources of funding and thus accountability and transparency should be an important aspect of their functioning. It is essential to have comprehensive and transparent accounting methods and systems which should reveal the true financial position of the parties.

The Election Commission of India (ECI), in its [letter](#) dated 19th November,'14 addressed to the Presidents/General Secretaries of all political parties, stated that it was mandatory for the parties to submit details of their audited report to the Commission. This report analyses the total income and expenditure incurred by the **National Parties** during FY 2013-14, as declared by the parties in their IT Returns submitted to the ECI.

Submission of audited reports by the National Parties

- The due date for submission of annual audited accounts for the parties was **30th Nov,'14**.
- Out of the six National Parties, BSP, CPI, CPM and NCP submitted their audited report while INC submitted its report [under protest](#) stating that unless necessary amendments were made in the RP Act, 1951, the ECI did not have the power to demand such reports from the parties.
- **CPM and BSP** were the only two National Parties to submit the audit reports on time.
- **BJP** submitted its audited report on 25th Sept,'15, almost 10 months after the due date for submission.

Due date for submission: 30 th Nov,'14		
Party	Date of submission	Remarks made by the parties
CPM	29 th Sept,'14	-
BSP	9 th Oct,'14	-
NCP	17 th March,'15	In pursuance of the reminder letter from ECI dated 16 th March,'15
CPI	19 th March,'15	In pursuance of the reminder letter from ECI dated 16 th March,'15
INC	10 th July,'15	Under protest
BJP	25 th Sept,'2015	Requested for 4 weeks' time in the letter dated 9 th July,'15

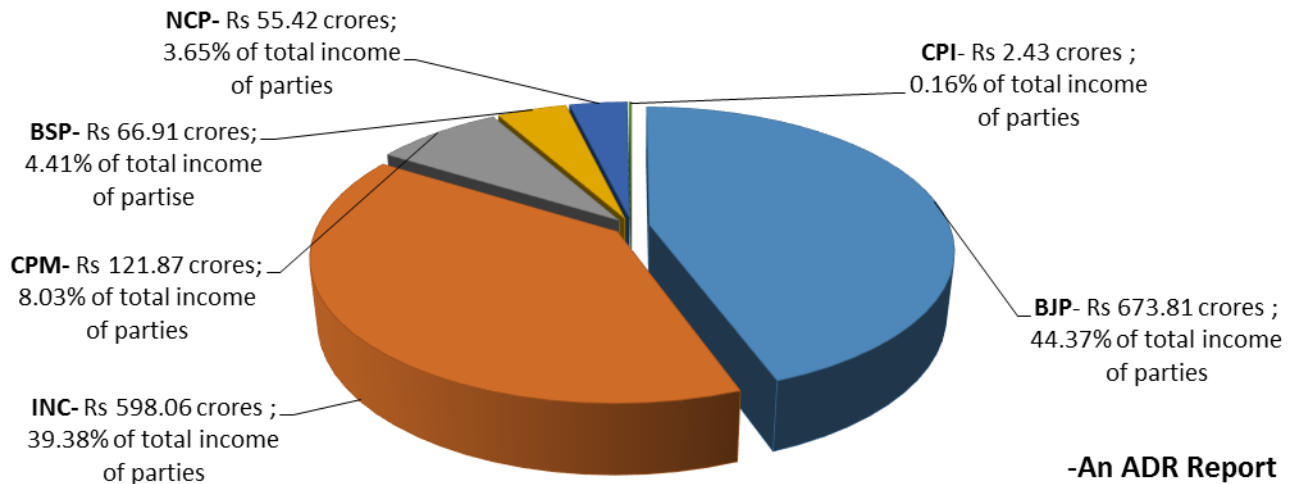
Total Income of National Parties FY 2013-2014

- The total Income of the National Parties has been compiled from the income from various sources pan India, as submitted in their Income Tax Returns.
- The **National Parties** have declared a **total income of Rs 1,518.52 crores**, collected from all over India.
- BJP has shown the highest income amongst the National Parties with a total income of Rs 673.81 crores during FY 2013-14. This forms **44.37% of the total income National Parties, together** during FY 2013-14.
- **INC** declared the second highest income of **Rs 598.06 crores** which forms **39.38%** of the total income of the National Parties.
- **CPI** declared the least income of **Rs 2.43 crores** which forms a mere 0.16% of the total income of the National Parties during the FY 2013-14.

National Party	BJP	INC	CPM	BSP	NCP	CPI
Total Income	Rs 6,73,81,67,776 <i>(Rs 673.81 crores)</i>	Rs 5,98,06,19,472 <i>(Rs 598.06 crores)</i>	Rs 1,21,87,38,362 <i>(Rs 121.87 crores)</i>	Rs 66,91,38,004 <i>(Rs 66.91 crores)</i>	Rs 55,42,55,886 <i>(Rs 55.42 crores)</i>	Rs 2,43,54,022 <i>(Rs 2.43 crores)</i>
Share of Income	44.37%	39.38%	8.03%	4.41%	3.65%	0.16%
Grand Total	Rs 15,18,52,73,522 (Rs 1,518.52 crores)					

Table: Total income declared by National Parties in their ITR for FY 2013-14 (All over India)

Total Income of National Parties from all over India, FY- 2013-2014



Graph: Total income declared by National Parties in their ITR for FY 2013-14 (All over India)

Declaration of sale of coupons and donations by National parties: FY-2013-2014

- The audit report of political parties contains information on the various sources of income and items of expenditure of the parties over a financial year.
- Grant/ donations/ contributions or funds collected by the parties was the top source of income of the national parties, forming 53.58% of their total income.
- BJP** declared the maximum income from donations which amounted to **Rs 625.38 crores** followed closely by **INC** with Rs 64.23 crores, **CPM** with **Rs 60.53 crores** and **BSP**, with **Rs 48.60 crores**.

Share of donations/ sale of coupons in total income of the parties – FY 2013-14 (Rs in crores)

Income Details	BJP	INC	BSP	NCP	CPI	CPM	Total	Share in total income
Grant/Donation/Contributions/ Funds	625.38	64.233	48.6	14.02	0.84	60.53	Rs 813.60 crores	53.58%
Collection by Issuing Coupons/Sale of Publications	0.15	477.316	0	8.32	0	0	Rs 485.79 crores	31.99%
Other sources of Income	48.28	56.51	18.313	33.083	1.595	61.345	Rs 219.13 crores	14.43%

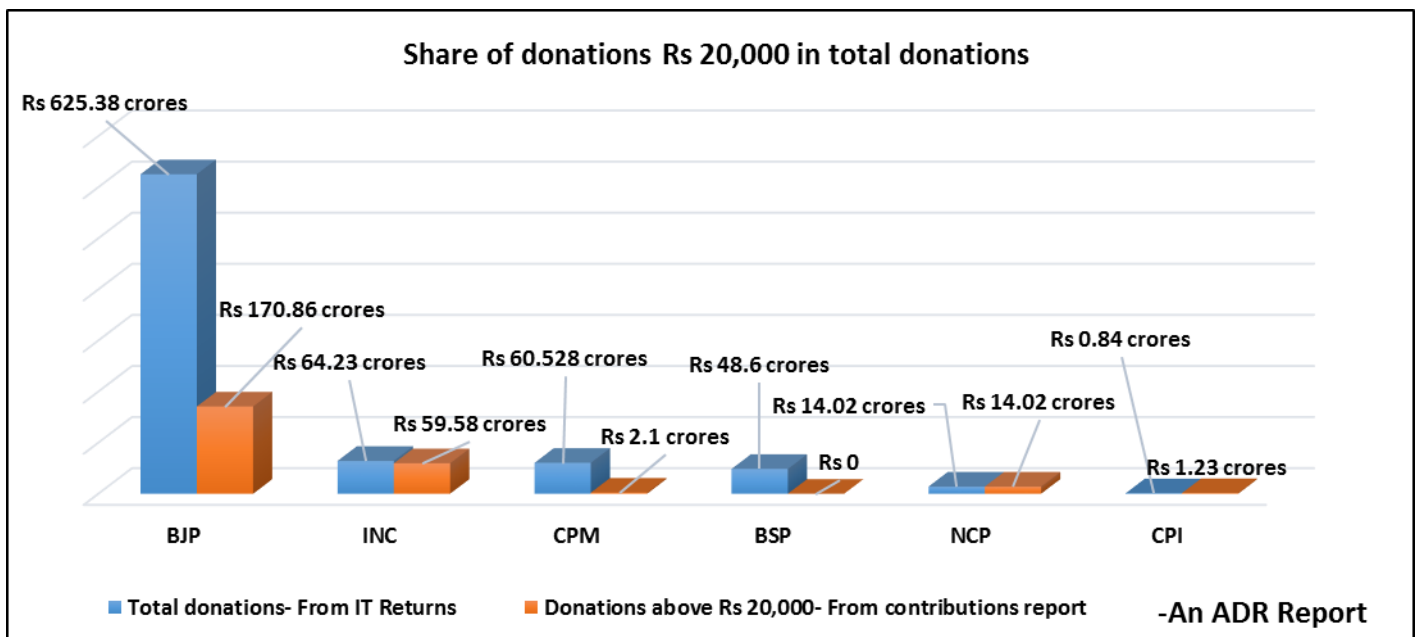
- Collection from sale of coupons** was one of the major sources of income where **INC** declared collection of **Rs 477.316 crores** while **NCP** declared collection of **Rs 8.32 crores** from the sale of such coupons.
- Out of the total income of **Rs 1,518.52 crores** declared by the National Parties during FY 2013-14, other remaining sources of income amounted to **Rs 219.13 crores** which formed only **14.43% of the total income of the parties**.

Share of donations above Rs 20,000 in total donations

- Apart from submitting details of their audit report to the Election Commission of India, political parties are also required to annually provide details of donors who contributed **above Rs 20,000** to the parties in a financial year.

- A **comparison of total donations** declared by the parties in their **IT returns** (both above and below Rs 20,000) and that declared in the **donations report** shows that only **30%** of the total donations of the parties came from **voluntary contributions above Rs 20,000**.
- A total of **Rs 565.81 crores (70% of total donations)** of the total donations to National Parties was collected during FY 2013-14 from donors whose **details are not available in the public domain**.
- **BJP**, which declared the highest total income and highest income from donations above Rs 20,000 amongst the National Parties, had collected **Rs 454.52 crores (73% of total donations)** from donors whose details are unavailable.
- Out of **Rs 60.528 crores** declared by **CPM** as total donations of the party, only **Rs 2.1 crores**, or a mere **3%**, came from donors whose details are declared in the donations report of the party.
- **CPI** had declared **Rs 84 lakhs** as donations received in its **IT returns** while the party declared receiving **Rs 1.23 crores** from donors who donated above Rs 20,000 in its **contributions report** to the ECI. Hence the share is **146%**.

% share of contributions in total Income of National Parties for FY-2013-2014 (Rs. in crores)						
Party	Total Income	Source of Income – IT Returns	Total Contributions/ Donations	Share of Contributions in total income	Donations above Rs 20,000 – Contribution report	Share of Contributions above Rs 20,000 in total donations
BJP	673.81	Voluntary Contributions	625.38	93%	170.86	27%
INC	598.06	Grant/Donation/ Contributions	64.23	11%	59.58	93%
BSP	66.91	Voluntary Contributions / Coupon Sale	48.6	73%	0	0%
NCP	55.42	Donations Received	14.02	25%	14.02	100%
CPI	2.43	Party Fund, Education Fund, Election Fund and Donations	0.84	34%	1.23	146%
CPM	121.87	Donations	60.528	50%	2.1	3%
Grand Total	Rs 1,518.52 crores		Rs 813.60 crores	54%	Rs 247.79 crores	30%

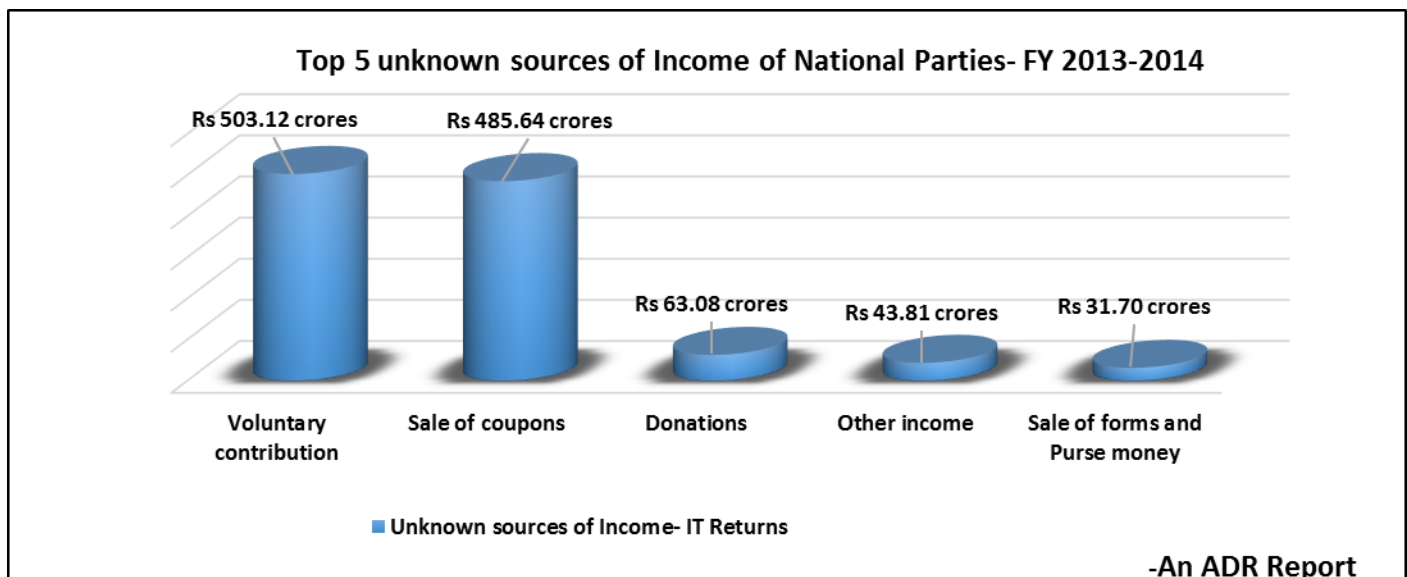


Unknown sources of income of National parties for FY- 2013-2014

- The contribution statements, submitted by the political parties declaring names and other details of donors who contribute above Rs 20,000, are the only **known sources of income parties**.
- The **unknown sources** are income declared in the IT returns but **without giving source of income from donations below Rs.20,000**. Such unknown sources include 'sale of coupons', 'Purse money', 'relief fund', 'miscellaneous income', 'voluntary contributions', 'contribution from meetings/ morchas' etc. The details of donors of such voluntary contributions are not available in the public domain.
- **Total income of political parties from unknown sources** (income specified in the IT Returns whose sources are unknown), for the FY 2013-14 is **Rs 1,145.46 crores**, which is **75%** of the total income of the parties.
- **Donations/ voluntary contributions** declared in the table below has been computed **after adjusting for donations above Rs 20,000**.

Unknown sources of Income	BJP	INC	BSP	NCP	CPI	CPM	Total
Voluntary contribution	454.52	0	48.6	0.0003	0	0	503.12
Sale of coupons	0	477.32	0	8.32	0	0	485.64
Donations	0	4.65	0	0	-0.39*	58.43	63.08
Other income	0	42.02	0	0	0	1.79	43.81
Sale of forms and Purse money	0	0	0	31.7	0	0	31.70
Aajiwani Sahayog Nidhi	15.06	0	0	0	0	0	15.06
Relief Funds	1.605	0	0	0	0	0	1.61
Miscellaneous Income	0.79	0	0	0	0.0032	0	0.79
Advertising money	0	0	0	0.56	0	0	0.56
Flags and badges	0	0	0	0.08	0	0	0.08
Contributions for Morchas	0.01	0	0	0	0	0	0.01
Total	Rs 471.99 crores	Rs 523.99 crores	Rs 48.6 crores	Rs 40.66 crores	Rs -0.39 crores	Rs 60.22 crores	Rs 1,145.46 crores

* - The donations above Rs 20,000 declared by CPI was more than total donations declared by the party in its IT Returns



Top 3 sources of income of National Parties for FY-2013-2014

- National Parties have declared **donations/contributions** as one of their 3 main sources of income. BJP- 625.38 crores, INC – Rs 64.23 crores, BSP- Rs 48.60 crores, NCP – Rs 14.02 crores, CPM- Rs 60.52 lakhs and CPI – Rs 84 lakhs.
- Interest collected** is the also one of the highest sources of income for the parties. BJP collected Rs 27.27 crores, CPM Rs 14.32 crores, and BSP Rs 6.67 crores, followed by CPI which collected Rs 76 lakhs.
- The third highest income declared by BJP was **Rs 15.06 crores** from collection from **Aajiwan Sahayog Nidhi**. This formed 2.24% of the total income of the party.

National Party	Total Income	Financial Year- 2013-2014		
		Top 3 Source of Income	Amount (Rs in crores)	Share of Income
BJP	Rs 673.81 crores	Voluntary Contributions	625.38	92.81%
		Interest From Banks	27.27	4.05%
		Aajiwan Sahayog Nidhi	15.06	2.24%
		Other Income	6.10	0.91%
INC	Rs 598.06 crores	Collection by Issuing Coupons/Sale of Publications	477.32	79.81%
		Grant/Donation/Contributions	64.23	10.74%
		Fee & Subscriptions	14.49	2.42%
		Other Income	42.03	7.03%
BSP	Rs 66.91 crores	Voluntary Contribution/Coupon Sale	48.6	72.63%
		Bank Interest	6.67	9.97%
		Profit on Sale of Property	5.41	8.09%
		Other Income	6.23	9.31%
NCP	Rs 55.42 crores	Collection from Sale of Forms & Purse Money	31.7	57.20%
		Donation Received	14.02	25.30%
		Coupon Receipts	8.32	15.01%
		Other Income	1.38	2.49%
CPI	Rs 2.43 crores	Party Fund Education Fund, Election Fund and Donation	0.84	34.57%
		Interest Received	0.76	31.28%
		Membership Fee	0.50	20.58%
		Other Income	0.33	13.58%
CPM	Rs 121.87 crores	Donation	60.52	49.66%
		Levy	44.85	36.80%
		Bank Interest	14.35	11.77%
		Other Income	2.15	1.76%

Table: Top 3 sources of income of National Parties in their ITR from FY 2013-14

Top 3 items of expenditure of National Parties for FY 2013-2014

- The maximum expenditure for **INC** was towards **Election expenses** where the party declared spending a total of **Rs 347.25 crores** followed by **expenses towards administrative and general expenses** of **Rs 264.79 crores**.
- The maximum expenditure for **BJP** has been towards **Advertisement & Publicity** which amounted to **Rs 118.71 crores** followed by expenses towards **Travelling**, **Rs 86.22 crores**.
- CPM** spent the maximum of **Rs 19.91 crores** on **allowance and wages** followed by expenditure of **Rs 8.45 crores** on **depreciation** and **Rs 7.76 crores** on **meeting expenses**.

National Party	Total Expenditure	Financial Year- 2013-2014		
		Top 3 Items of Expenditure	Amount (Rs in crores)	% of Expenditure
BJP	Rs 328.59 crores	Advertisement & Publicity	118.71	36.13%
		Travelling	86.22	26.24%
		Meetings Expenses	51.42	15.65%
		Other Expenditure	72.24	21.98%
INC	Rs 644.33 crores	Election Expenditure	347.25	53.89%
		Administrative and General Expenses	264.79	41.10%
		Employee Costs	13.43	2.08%
		Other Expenditure	18.86	2.93%
BSP	Rs 19.98 crores	Election Expenditure	16.2	81.08%
		Office Maintenance Expenses	1.33	6.66%
		Organisation Expenses	1.27	6.36%
		Other Expenditure	1.18	5.91%
NCP	Rs 35.94 crores	Lok Sabha Election Exp	11.8	32.83%
		Rashtrawadi Welfare Trust	3.58	9.96%
		Publicity & Advertisement	3.13	8.71%
		Other Expenditure	17.43	48.50%
CPI	Rs 1.31 crores	Election & Publicity Expenses	0.38	29.01%
		Salary and Allowances	0.34	25.95%
		Travelling & Conveyance	0.16	12.21%
		Other Expenditure	0.43	32.82%
CPM	Rs 72.61 crores	Allowance and Wages	19.91	27.42%
		Depreciation	8.45	11.64%
		Meeting Expenses	7.76	10.69%
		Other Expenditure	36.49	50.25%

Table: Top 3 items of expenditure of National Parties in their ITR for FY-2013-14

Issues related to disclosure of financial statements by political parties

Sections 13A of the Income Tax Act clearly indicates that the object is to ensure that there is transparency in the process of financial functioning of the 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.

Recommendations of ADR

- While the ECI had **issued guidelines** to the political parties in order to **promote transparency** in the parties' functioning and to aid the Commission **to conduct free and fair elections**, INC submitting its details **under protest** displays a **lack of enthusiasm** from the party in **promoting and practicing** the desired quality of transparency and accountability in its functioning. Those parties playing a decisive role at the national political arena should **lead by example** rather than curtailing any attempt at transparency.
- 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.
- 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 on their finances under the Right to Information Act.** This will only strengthen political parties, elections and democracy.

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