

## Press Release: Assets and Liabilities of BJD (FY 2005-06 to 2015-16)

Date: 8<sup>th</sup> Nov, 2017

**Bhubaneswar:** Along with providing details of **income** and **expenditure** during a financial year, a political party is also required to declare details of their **assets** and **liabilities** as part of their audit reports, a copy of which is uploaded on the website of the Election Commission of India (ECI) for public consumption. Based on the information on **Biju Janata Dal (BJD)** available with **Association for Democratic Reforms (ADR)** between FY 2005-06 and 2015-16, it is seen that the **assets** of the party **increased from Rs 24 lakhs** during FY 2005-06 to **Rs 18.77 cr** during FY 2015-16 and the **liabilities** of BJD **increased from Rs 20,000** during FY 2005-06 to **Rs 20.6 lakhs** during FY 2015-16.

**Balance sheet** contains information on **three main financial aspects** of the entity, which is a political party in this case. i) The **“Assets”** of the party are resources such as cash, their bank investments, moveable and immovable properties, vehicles, etc.; ii) The **“Capital”** or **“Reserve Fund”** portion of the balance sheet is the accumulated wealth of the political party which is essentially assets minus any liabilities of the party; iii) The **“Liabilities”** of a political party includes borrowings from banks, unsecured loans, access to overdraft facilities, etc. The **accounting standards** were created keeping in mind the **nature of activities** of the entities, be it commercial, industrial or business. While political parties **do not perform** any commercial activities, the purpose of the accounting standard i.e. maintain uniformity in presentation, is kept intact by merely **modifying the terminology** such as **“Income and Expenditure”** in place of **“Profit and Loss”**.

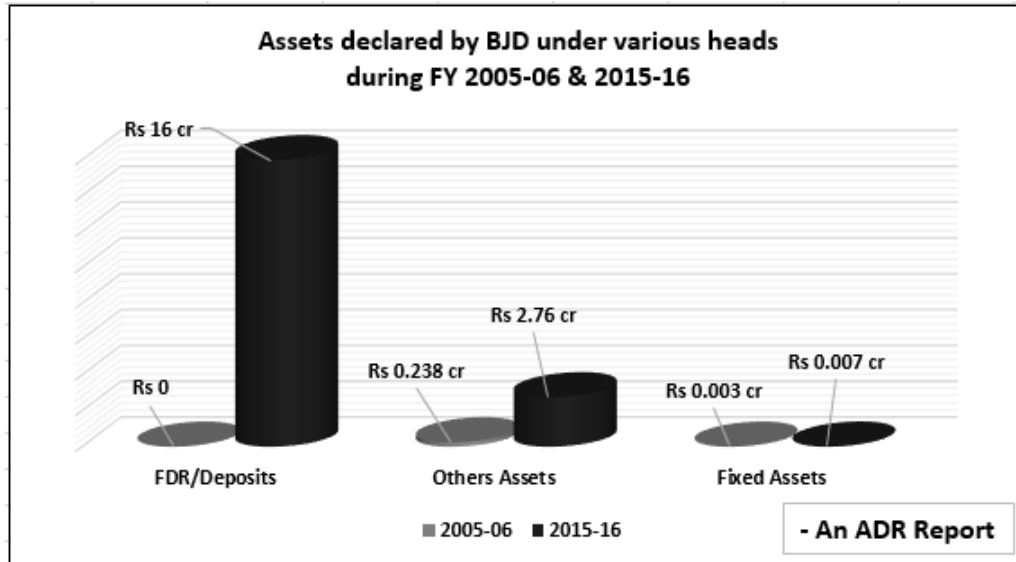
### Declaration of assets by the BJD – FY 2005-06 to 2015-16

Despite filing multiple RTI applications with the Income Tax department responsible for collecting audit report of BJD for FY 2006-07 to 09-10 and FY 2011-12 to 12-13 (6 years), the department has **declined to provide the information** in spite of the Central Information Commission (CIC) directing them to make the data available to ADR. This report is based on the **IT Returns of BJD for 5 years** which are available with the ECI for the 11 years between FY 2005-06 and 2015-16. Based on the information available, it is seen that BJD has declared an **increase in overall assets** of the party by **7,721%** between FY 2005-06 and 2015-16 while declaring an **overall increase in liabilities** of the party by **10,200%** between FY 2005-06 and 2015-16.

The assets declared by **BJD** fall under **6 major heads**: fixed assets, loans & advances, FDR/ deposits, TDS, Investments and other assets. **During FY 2005-06**, BJD declared maximum assets under **Other Assets** which amounted to **Rs 23.8 lakhs**. This constituted **99%** of total assets declared by the party under various heads. **During FY 2015-16**, the highest asset category is **FDR/ Deposits** under which BJD has declared holding **Rs 16 cr** which forms **85%** of the total assets declared under various heads by the party.

It is to be noted that the **party has not declared** holding any assets under the categories of **loans & advances, TDS and investments** based on the data available in the public domain.

Assets of Biju Janata Dal (BJD) between FY 2005-06 and 2015-16 (Rs in crores)							
Financial Year	Fixed Assets	Loans and Advance	FDR/Deposits	TDS	Investments	Others Assets	Total Assets
2005-06	0.003	0.00	0.00	0.00	0	0.238	Rs 0.24 cr
2010-11	0.009	0	0	0	0	3.163	Rs 3.17 cr
2013-14	0.009	0	0	0	0	9.25	Rs 9.26 cr
2014-15	0.008	0	16.00	0	0	1.99	Rs 17.998 cr
2015-16	0.007	0	16.00	0	0	2.76	Rs 18.77 cr



### Declaration of liabilities by the BJD – FY 2005-06 to 2015-16

The liabilities declared by BJD fall under **2 major heads**: borrowings (from banks, overdraft facilities and sundry creditors) and other liabilities. It is to be noted that **BJD has declared nil liabilities** under “**borrowings**” for all years for which data is available in public domain. **During FY 2005-06**, the Regional Party of Odisha declared liabilities of **Rs 20,000** under “**other liabilities**” while **during FY 2015-16**, the party declared “**other liabilities**” of **Rs 20.6 lakhs**.

Liabilities of Biju Janata Dal (BJD) between FY 2005-06 and 2015-16 (Rs in crores)			
Financial Year	Borrowings (Banks, Overdraft and sundry Creditors)	Other Liabilities	Total Liabilities
2005-06	0	0.002	0.24
2010-11	0	0.005	3.17
2013-14	0	0.587	9.26
2014-15	0	0.0064	17.998
2015-16	0	0.206	18.77

### Capital declared by BJD – FY 2005-06 to 2015-16

The total **Capital/ Reserve fund** set aside by **BJD** during **FY 2005-06** was **Rs 23.9 lakhs**, and **Rs 18.564 cr** for **FY 2015-16**. Thus, the reserve funds of **BJD**, between **FY 2005-06** and **2015-16** **increased by 7,667%**.

General/Reserve Fund of Biju Janata Dal- BJD	
Financial Year	General/Reserve Fund (Rs in cr)
2005-06	0.239
2010-11	3.167
2013-14	8.673
2014-15	17.992
2015-16	18.564

## Recommendations of ADR

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 **standardized procedures** and **reporting framework** recommended by the Institute of Chartered Accounts of India (ICAI) on the request of Election Commission of India (ECI) must be followed so as to ensure that a **true picture** of the financial position of the political parties is **revealed** to the general public. ADR feels that there is a **dire need** for these recommendations to be **implemented at the earliest**.

1. As the income-expenditure statements of political parties are **assessed rarely** (even those of National Parties), authenticity of the accounts submitted **remains doubtful**. When the authenticity is not verified, the auditors who might be **under-reporting** the accounts, remain **out of purview of punishment**. With online submission of IT Returns, political parties do not submit details of income, expenditure and assets and liabilities as attachments. Thus, the IT department too does not have enough information on the finances of political parties! **Annual scrutiny by CBDT/ CAG nominated audit team of the documents submitted by political parties is recommended.**
2. The 170<sup>th</sup> Law Commission report recommended introduction of **Section 78A** in the RPA and proposed penalties for political parties defaulting in the maintenance of accounts. This needs to be introduced and implemented.
3. **Section 276CC of the IT Act** penalizes individuals who fail to submit their IT returns. Similar **legal provisions** should be applicable to political parties too. Supreme Court judgement in Common Cause vs. Union of India & ors. had stated that when parties default in filing their returns, prima facie they violate provision of IT Act.

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