

ANALYSIS OF INCOME & EXPENDITURE OF NATIONAL POLITICAL PARTIES FOR FY- 2017-18

A Report by
Association for Democratic Reforms

Association for Democratic Reforms
T-95, II floor, C.L. House, Gautam Nagar
New Delhi – 110 049
Email: adr@adrindia.org; Phone: 011-4165 4200

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Analysis of Income & Expenditure of National Political Parties for FY- 2017-2018

Detailed Report

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 reports to the Commission. This report analyses the total income and expenditure incurred, all over India, by the **National Parties** during FY 2017-18, as declared by the parties in their IT Returns submitted to the ECI

The National Parties include Bharatiya Janata Party (**BJP**), Indian National Congress (**INC**), Bahujan Samaj Party (**BSP**), Nationalist Congress Party (**NCP**), Communist Party of India (**CPI**), Communist Party of India (Marxist) (**CPM**) and All India Trinamool Congress (**AITC**).

Submission of audited reports by the National Parties

- The due date for submission of annual audited accounts for the parties was **30th Oct, '18**.
- **AITC, CPM and BSP** submitted their audit reports on time while **CPI** submitted after one day, **NCP** submitted after **20 days** and **BJP**, **24 days after the due date** for submission.
- As on 17th December, 2018, **INC has not yet** submitted its audited reports to the ECI, more than 48 days after the due date for submission.

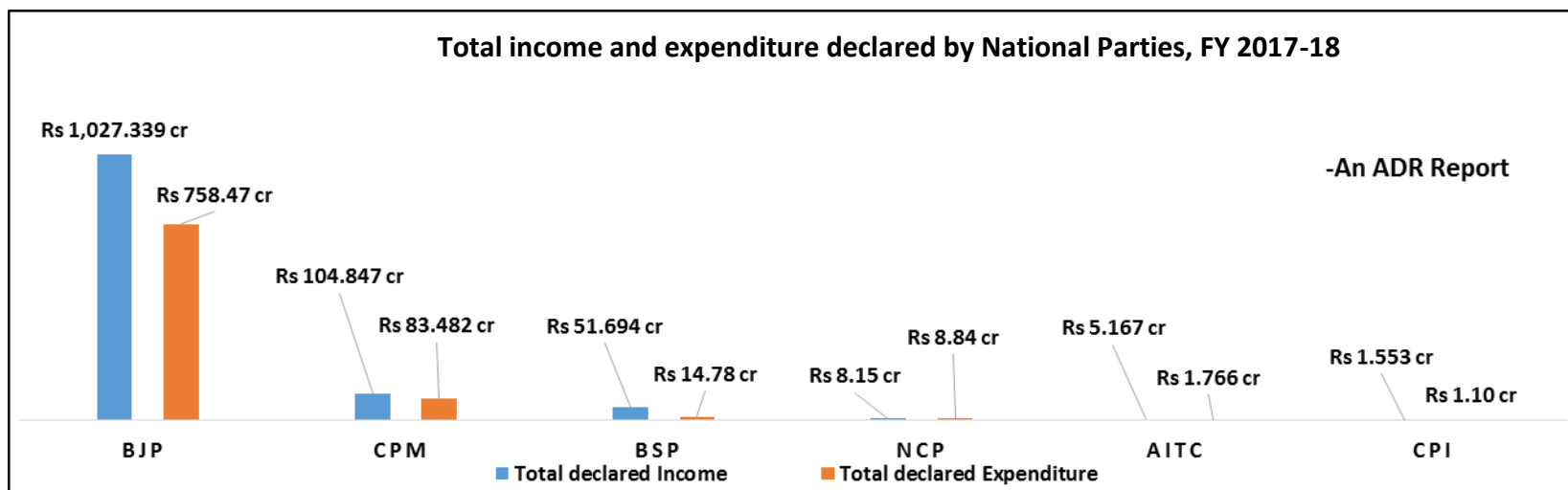
Party	Due date for submission: 30 th Oct, '18	
	Date of submission	Delay in submitting their report
AITC	24th September, '2018	-
CPM	9th October, '2018	-
BSP	12th October, '2018	-
CPI	31st October, '2018	1 day
NCP	20th December, '2018	20 days
BJP	24th November, '2018	24 days
INC	-	48 days (As on 17-12-2018)

Total Income and Expenditure of National Political Parties for - FY-2017-2018

- BJP declared a total income of Rs 1,027.339 cr during FY- 2017-18, but **spent only 74%** (Rs 758.47 cr) of the total income while BSP's total income was Rs 51.694 cr of which the party **spent only 29%** (Rs 14.78 cr).
- CPM declared a total income of Rs 104.847 cr during FY- 2017-18, and **spent Rs 83.482 cr** (80%) of it.
- NCP is the only party to have spent more than its total income during FY- 2017-18. While declaring an income of **Rs 8.15 cr**, the party spent **Rs 8.84 cr**, an excess of Rs 69 lakhs.

Party	Total income and expenditure declared by National Parties, FY 2017-18 (Rs in cr)			
	Total declared Income	Total declared Expenditure	Excess of income over expenditure	Share of income remaining unspent
BJP	1,027.339	758.47	268.869	26%
CPM	104.847	83.482	21.365	20%
BSP	51.694	14.78	36.914	71%
NCP	8.15	8.84	-0.69	-8%
AITC	5.167	1.766	3.401	66%
CPI	1.55	1.10	0.45	29%
Total	Rs 1,198.75 cr	Rs 868.44 cr	Rs 330.31 cr	27.55%

Table: Total income and expenditure declared by National Parties in their audit reports for FY 2017-18 (All over India)



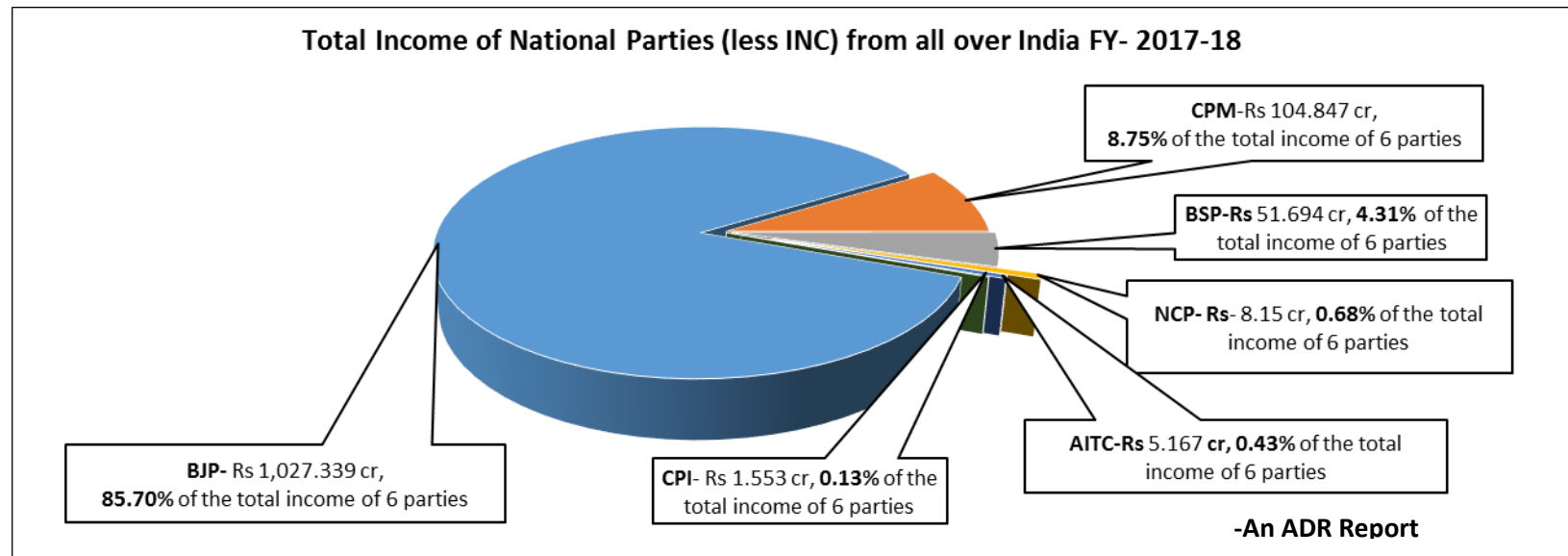
Graph: Total income and expenditure, as declared by National Parties in their audit reports for FY 2017-18 (All over India)

Total Income of National Parties FY 2017-18

- 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.
- **6 out of 7 National Parties** (BJP, CPM, BSP, NCP, AITC and CPI) have declared a **total income of Rs. 1,198.75 cr**, collected from all over India.
- **BJP** has shown the highest income amongst the National Parties, an **income of Rs 1,027.339 cr** during FY 2017-18. This forms **85.70% of the total income of 6 National Parties, together** during FY 2017-18.
- **CPM** declared the second highest income of **Rs 104.847 cr** which forms **8.75%** of the total income of the 6 National Parties.
- **CPI** declared the least income of **Rs 1.553 cr** which forms a mere 0.13% of the total income of the 6 National Parties during the FY 2017-18.

Income of National Parties for FY-2017-18						
National Party	BJP	CPM	BSP	NCP	AITC	CPI
Total Income	Rs 10,27,33,96,540 (Rs 1,027.339 cr)	Rs 104,84,74,032 (Rs 104.847 cr)	Rs 51,69,43,528 (Rs 51.694 cr)	Rs 8,15,12,963 (Rs 8.15 cr)	Rs 516,78,114 (Rs 5.167 cr)	Rs 155,31,710 (Rs 1.553 cr)
% Share in total Income	85.70%	8.75%	4.31%	0.68%	0.43%	0.13%
Grand Total	Rs 11,98,75,36,887 (Rs 1,198.75 cr)					

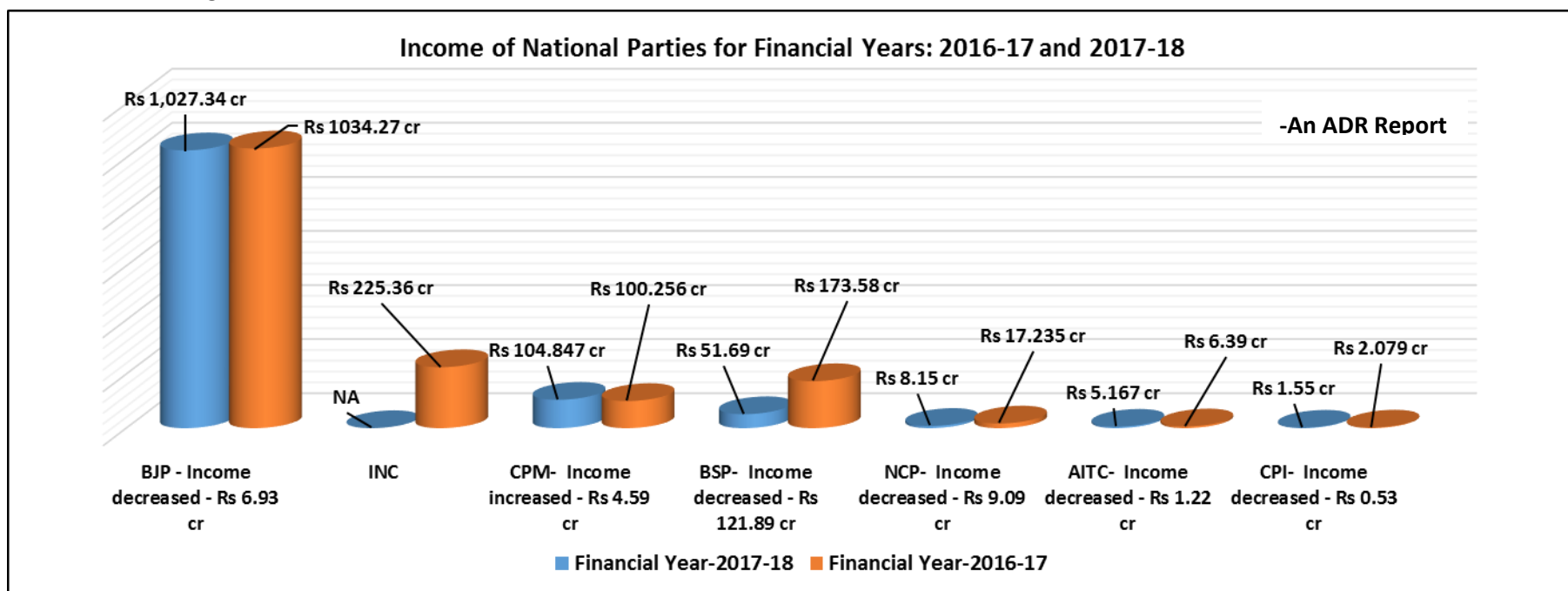
Table: Total income declared by National Parties in their ITR for FY 2017-18 (All over India)



Graph: Total income declared by National Parties in their ITRs for FY 2017-18 (All over India)

Comparison of total income of National Parties between FY 2016-17 and 2017-18

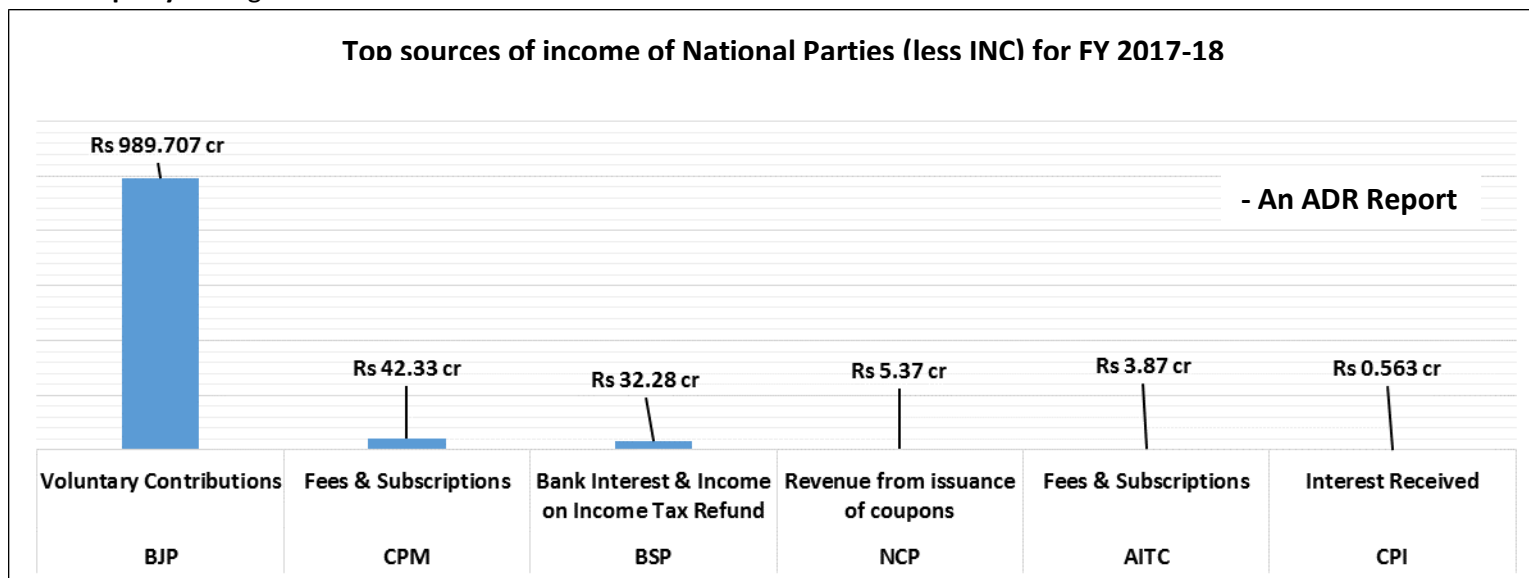
- The income of INC during FY 2016-17 was second highest among all the National Parties. The party had declared a total income of Rs 225.36 cr but is yet to submit its copy of Income Tax returns for FY 2017-18 to the Election Commission of India.
- Between FY 2016-17 and 2017-18, the income of **BJP decreased** by **0.67%** (Rs 6.93 cr) from Rs 1034.27 cr during FY 2016-17 to Rs 1027.34 cr during FY 2017-18.
- Between FY 2016-17 and 2017-18, the income of **BSP decreased** by **235.78%** (Rs 121.88 cr) from Rs 173.58 cr during FY 2016-17 to Rs 51.694 cr during FY 2017-18 while the income of **NCP decreased** by **111.47%** (Rs 9.085 cr) from Rs 17.235 cr during FY 2016-17 to Rs 8.15 cr during FY 2017-18.
- It is to be noted that between FY 2016-17 and 2017-18, the income of **CPM increased** by 4.38% (Rs 4.59 cr) from Rs 100.256 cr during FY 2016-17 to Rs 104.847 cr during FY 2017-18



Graph: Total income of National Parties for Financial Years: 2016-17 and 2017-18

Top 3 sources of income of National Parties for FY-2017-18

- National Parties have declared **donations/contributions** as one of their 3 main sources of income. BJP- Rs 989.707 cr, CPM- Rs 39.02 cr, BSP – Rs 10.676 cr, NCP- Rs 2.088cr and AITC- Rs 30 lakhs.
- Grant/ donations/ contributions of **Rs 989.707 cr** declared by **BJP** forms **96.34% of the total income of the party** during FY 2017-18. Declaration of **Rs 5.37 cr** under **Collection by issuing coupons/ sale of publication** by **NCP** forms the top most income of the party, contributing **65.89% of the total income of the party** during FY 2017-18.



Top sources of income of National Parties for FY 2017-18

Top 3 sources of income of National Parties for FY-2017-18

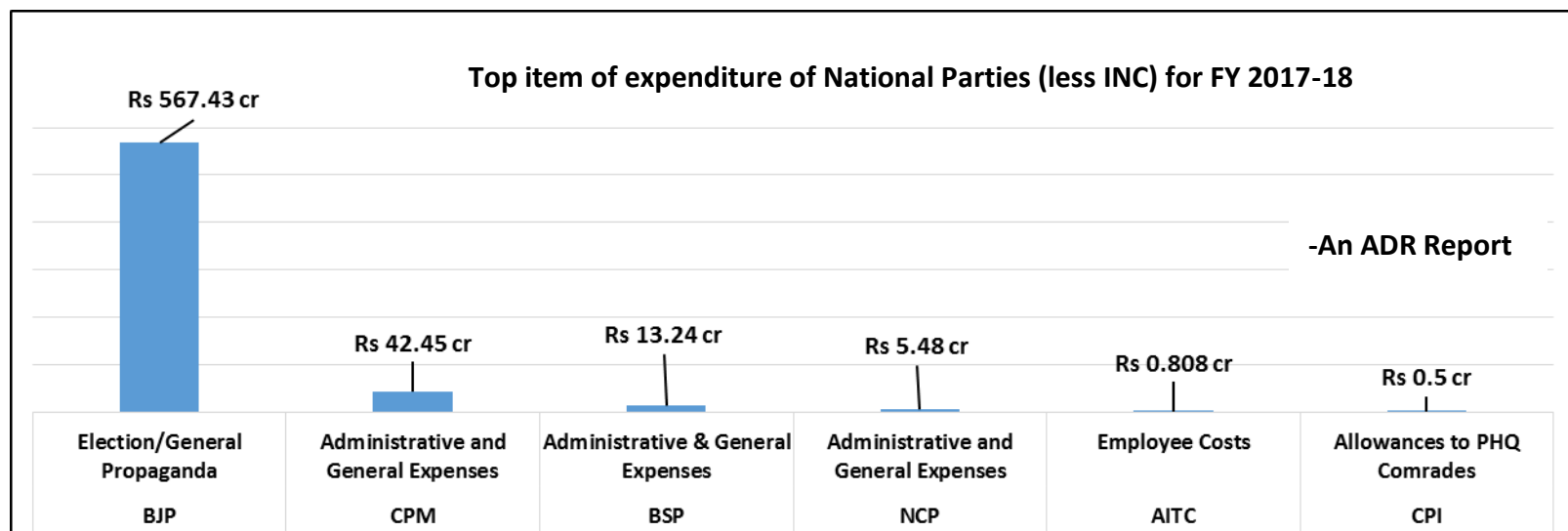
National Party	Total Income	Financial Year- 2017-18		
		Top 3 Sources of Income	Amount (Rs in cr)	Share of Income
BJP	Rs 1,027.34 cr	Voluntary Contributions	989.707	96.34%
		Interest From Banks	31.207	3.04%
		Fee & Subscription	5.589	0.54%
		Other Income	0.837	0.08%
CPM	Rs 104.847 cr	Fees & Subscriptions	42.33	40.37%
		Grants/Donations/Contributions	39.02	37.22%

National Party	Total Income	Financial Year- 2017-18		
		Top 3 Sources of Income	Amount (Rs in cr)	Share of Income
		Other Income	22.98	21.92%
		Other Income	0.517	0.49%
BSP	Rs 51.69 cr	Bank Interest & Income on Income Tax Refund	32.28	62.45%
		Grant/Donations/Contributions	10.676	20.65%
		Fee & Subscriptions	8.736	16.90%
		Other Income	0	0%
NCP	Rs 8.15 cr	Revenue from issuance of coupons	5.37	65.89%
		Grants/Donations/Contributions	2.088	25.62%
		Fees & Subscriptions	0.487	5.98%
		Other Income	0.205	2.52%
AITC	Rs 5.167 cr	Fees & Subscriptions	3.87	74.90%
		Bank Interest	0.9	17.42%
		Donations/Contributions	0.3	5.81%
		Other Income	0.097	1.88%
CPI	Rs 1.55 cr	Interest Received	0.563	36.32%
		Membership Fee	0.42	27.10%
		Party Fund and Election Fund	0.263	16.97%
		Other Income	0.304	19.61%

Table: Top 3 sources of income of National Parties as declared in their audit reports for FY 2017-18

Top 3 items of expenditure of National Parties for FY 2017-18

- The maximum expenditure for **BJP** has been towards **Election/General Propaganda** which amounted to **Rs 567.43 cr** followed by expenses towards **Administrative Costs, Rs 143.23 cr**.
- **CPM** spent the maximum of **Rs 42.45 cr** on **Administrative and General** Expenses followed by expenditure of **Rs 31.81 cr** on **Employee Cost**.
- **BSP** declared to have spent **89.58%** of its total expenditure during FY 2017-18 on **Administrative & General Expenses** (Rs 13.24 cr) while **NCP** spent **61.99%** of its total expenditure on **Administrative and General Expenses** (Rs 5.48 cr).



Top item of expenditure of National Parties for FY 2017-18

Top 3 items of expenditure of National Parties for FY 2017-18

National Party	Total Expenditure	Financial Year- 2017-18		
		Top 3 Items of Expenditure	Amount (Rs in cr)	% of Expenditure
BJP	Rs 758.47 cr	Election/General Propaganda	567.43	74.81%
		Administrative Costs	143.23	18.88%
		Employee Costs	22.79	3.00%
		Other Expenditure	25.02	3.30%
CPM	Rs 83.482 cr	Administrative and General Expenses	42.45	50.85%
		Employee Cost	31.81	38.10%
		Election Expenditure	9.04	10.83%
		Other Expenditure	0.182	0.22%
BSP	Rs 14.78 cr	Administrative & General Expenses	13.24	89.58%
		Election Expenditure	1.46	9.88%
		Employee Costs	0.069	0.47%
		Other Expenditure	0.011	0.07%

National Party	Total Expenditure	Financial Year- 2017-18		
		Top 3 Items of Expenditure	Amount (Rs in cr)	% of Expenditure
NCP	Rs 8.84 cr	Administrative and General Expenses	5.48	61.99%
		Election Expenditure	1.47	16.63%
		Employee Cost	0.98	11.09%
		Other Expenditure	0.91	10.29%
AITC	Rs 1.766 cr	Employee Costs	0.808	45.75%
		Depreciation, Amortization & Other Expenses	0.68	38.51%
		Election Expenditure	0.18	10.19%
		Other Expenditure	0.098	5.55%
CPI	Rs 1.10 cr	Allowances to PHQ Comrades	0.5	45.45%
		Travelling & Conveyance	0.137	12.45%
		Electricity & Water Charges	0.09	8.18%
		Other Expenditure	0.373	33.91%

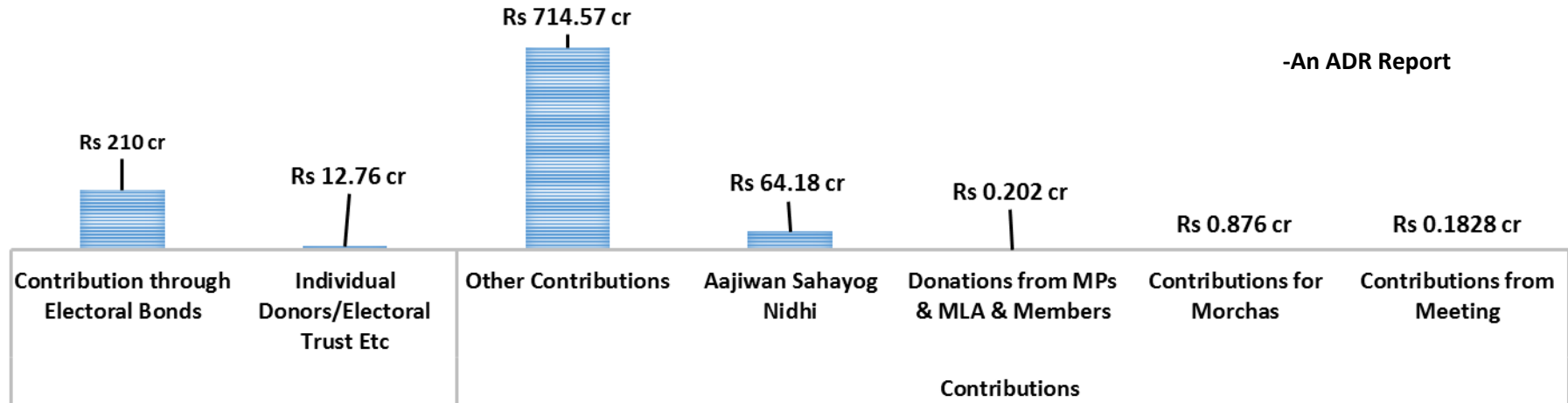
Table: Top 3 items of expenditure of National Parties as declared in their audit reports for FY-2017-18

All sources of income declared by National Parties: FY 2017-18

- 6 National parties collected **86.91%** (Rs 1,041.80 cr) of their total income from **Voluntary contributions** for FY- 2017-18.
- During FY- 2017-18, out of the 6 National Parties, only BJP declared receiving an income of **Rs 210 cr** from **Contribution through Electoral Bonds**.
- **Rs 714.57 cr** was income generated through **other contributions** by National parties during FY- 2017-18.

Declarations of Contributions under various Heads: National Parties, FY- 2017-18

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Graph: Declarations of Contributions under various Heads: National Parties, FY- 2017-18

All sources of income declared by National parties		National Party : FY- 2017-18						Total
Main Income	Sub Income	BJP	CPM*	BSP	NCP	AITC	CPI	
Voluntary Contributions	Other Contributions	714.467	39.023	0	0	0.1016	0	Rs 714.57 cr
	Contribution through Electoral Bonds	210		0	0	0	0	Rs 210.00 cr
	Aajiwani Sahayog Nidhi	64.18		0	0	0	0	Rs 64.18 cr
	Individual Donors/Electoral Trust Etc	0		10.676	2.088	0	0	Rs 12.764 cr
	Contributions for Morchas	0.8765		0	0	0	0	Rs 0.876 cr
	Contributions from Meeting	0.1828		0	0	0	0	Rs 0.1828 cr
	Donations from MPs & MLA & Members	0		0	0	0.2025	0	Rs 0.202 cr
Sub Total		Rs 989.707 cr	Rs 39.023 cr	Rs 10.676 cr	Rs 2.088 cr	Rs 0.304 cr	Rs 0	Rs 1,041.80 cr
Interest from Banks	Interest from Banks	31.207	0	32.28	0.179	0.9	0.563	Rs 65.13 cr
Party Fund and Election Fund	Party Fund and Election Fund	0	0	0	0	0	0.263	Rs 0.263 cr

All sources of income declared by National parties		National Party : FY- 2017-18						Total
Main Income	Sub Income	BJP	CPM*	BSP	NCP	AITC	CPI	
Levi received from Members/Ex Members of Parliament	Levi received from Members/Ex Members of Parliament	0	0	0	0	0	0.184	Rs 0.184 cr
90th Anniversary of CPI-Fund Collect	90th Anniversary of CPI-Fund Collect	0	0	0	0	0	0.1	Rs 0.10 cr
Levi received from Party Members	Levi received from Party Members	0	0	0	0	0	0.0059	Rs 0.0059 cr
Sub Total		Rs 31.207 cr	Rs 0	Rs 32.282 cr	Rs 0.179 cr	Rs 0.90 cr	Rs 1.116 cr	Rs 65.682 cr
Fee & Subscription	Membership Fees	1.9585	42.331	8.736	0.212	0	0.432	Rs 11.338 cr
	Application Fees	3.6305		0	0	0	0	Rs 3.63 cr
	Primary Members	0		0	0	2.798	0	Rs 2.80 cr
	Subscription from MP/MLA/Councilor	0		0	0.274	0.822	0	Rs 1.096 cr
	Bucket Collections	0		0	0	0.25	0	Rs 0.25 cr
	Delegate Fees	0		0	0	0	0	Rs 0
	Life Members	0		0	0	0	0	Rs 0
Sub Total		Rs 5.589 cr	Rs 42.331 cr	Rs 8.736 cr	Rs 0.486 cr	Rs 3.87 cr	Rs 0.432 cr	Rs 61.44 cr
Other Income	Miscellaneous Income	0.724	22.983	0	0.026	0	0.0032	Rs 0.753 cr
	Rent Received	0.0806		0	0	0	0	Rs 0.0806 cr
	Sale of old Newspapers	0.0308		0	0	0	0	Rs 0.0308 cr
	Interest on Income Tax Refund	0		0	0	0	0	Rs 0
Sub Total		Rs 0.835 cr	Rs 22.983 cr	Rs 0	Rs 0.026 cr	Rs 0	Rs 0.0032 cr	Rs 23.85 cr
Collection from Issuance Coupons & Mukhopatra	Revenue From Issuance of Coupons	0	0.5099	0	5.37	0	0	Rs 5.37 cr
	Mukhoptra	0		0	0	0.093	0	Rs 0.093 cr
	Revenue from subscription/Advt.	0		0	0	0	0	Rs 0
	Revenue from sale of flags & Badges	0		0	0	0	0	Rs 0
Sub Total		Rs 0	Rs 0.5099 cr	Rs 0	Rs 5.37 cr	Rs 0.093 cr	Rs 0	Rs 5.973 cr
Grand Total		Rs 1,027.339 cr	Rs 104.847 cr	Rs 51.694 cr	Rs 8.15 cr	Rs 5.167 cr	Rs 1.55 cr	Rs 1198.75 cr

*Annexure containing 'Schedules' of audit report of CPM is unavailable in public domain. Thus, the various sources of income have not been categorized for the party.

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. Along the same lines, we recommend that the Election Commission India impose rules that **no part of the Form 24A submitted by political parties providing details of donations above Rs 20,000 should be left 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.
- According to the **Finance Bill, 2017**, Section 13A of the IT Act was amended to state that tax exemption will be given to registered political parties *“Provided also that such political party furnishes a return of income for the previous year in accordance with the provisions of sub-section (4B) of section 139 on or before the due date under that section.”* Thus, any party which does not submit its IT returns on or before the due date, **their income should not be tax-exempted and defaulting parties should be derecognized.**
- Those parties not following the ICAI guidelines for auditing of reports should be scrutinized by the IT department.
- **The National political parties must provide all information on their finances under the Right to Information Act.** This will only strengthen political parties, elections and democracy.

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.

For details of **Income and Expenditure** declared by the **National Political parties** during FY 2016-17, kindly visit: <https://goo.gl/xJVx97> and <https://goo.gl/R1YSmY>

Disclaimer

Source for the data used in the report are the Audited accounts submitted by the political parties to the Income Tax Department and the Election Commission of India. These can be accessed from myneta.info/party and <https://eci.gov.in/files/category/324-recognized-national-parties/>

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.

Contact Details

Media and Journalist Helpline +91 80103 94248 Email: adr@adrindia.org	Maj. Gen Anil Verma (Retd.) Head National Election Watch, Association for Democratic Reforms +91 11 4165 4200 +91 88264 79910 anilverma@adrindia.org	Prof Jagdeep Chhokar IIM Ahmedabad (Retd.) Founder Member National Election Watch, Association for Democratic Reforms +91 99996 20944 jchhokar@gmail.com	Prof Trilochan Sastry IIM Bangalore Founder Member, National Election Watch, Association for Democratic Reforms +91 94483 53285 trilochans@iimb.ac.in
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