

ANALYSIS OF SOURCES OF FUNDING OF REGIONAL PARTIES: FY 2017-18

A Report by
Association for Democratic Reforms

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Analysis of Sources of Funding of Regional Parties of India, FY 2017-18

Political Parties play a key role in democracies as they contest elections, form governments, formulate policies and are responsible for providing governance and improve the lives of the common man. Political parties need access to money in order to reach out to the electorate, explain their goals/policies and receive inputs from people. But where do they collect their funds from?

An analysis of their Income Tax Returns and donations statements filed with the Election Commission of India (ECI) shows that the **sources remain largely unknown**. At present, political parties are not required to reveal the name of individuals or organizations giving less than Rs. 20,000. As a result, **a substantial amount of funds cannot be traced and are from 'unknown' sources**. While the National Political Parties were brought under the RTI Act by the CIC ruling in June 2013, they have still not complied with the decision. Full transparency is, unfortunately, not possible under the current laws, and it is only the RTI that can keep citizens informed.

Income of Political Parties from Known, Other Known and Unknown Sources

- For this report, **known sources** have been defined as donations above and below Rs 20,000, whose donor details are available through contributions report as submitted by regional parties to the ECI.
- The **unknown sources** are income declared in the Annual Audit reports but **without giving source of income for donations below Rs. 20,000**. Such unknown sources include 'Donations via Electoral Bonds', 'sale of coupons', '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.
- Other known sources** of income include sale of moveable & immoveable assets, old newspapers, membership fees, delegate fee, bank interest, sale of publications and levy whose details would be available in the books of accounts maintained by political parties.
- Association for Democratic Reforms (ADR), in its previous [report dated 9th August, 2018](#), analysed **29** Regional parties who filed both their Annual Audit and Contributions reports. For FY 2016-17, total income of Regional Parties amounted to **Rs 347.74 cr. Rs 77.08 cr** or **22.17%** of this came from **unknown sources**.
- For this analysis, **48** Regional recognised parties were initially considered, but out of them only **28** have filed both their Annual Audit and Contributions reports (refer Annexure 1), rest **17** had not submitted either one of the reports (refer Annexure 2) including **SP** whose Annual Audit report doesn't contain schedules detailing its sources of funds. For regional parties **PDA, RSP** and **UDP**, none of the two reports are available on the ECI website.
- Total income of 28 Regional political parties** in FY 2017-18: **Rs 183.39 cr** (refer Annexure 3).
- Total income of political parties from known donors** (details of donors as available from Contributions report submitted by parties to Election Commission): **Rs 54.04 cr**, which is **29.47%** of the total income of the parties.
- Total income of political parties from other known sources** (e.g., sale of assets, membership fees, bank interest, sale of publications, party levy etc.): **Rs 97.53 cr**, or **53.18%** of total income.
- Total income of political parties from unknown sources** (income specified in the audit reports whose sources are unknown): **Rs 31.82 cr**, which is **17.35%** of the total income of the parties.

Sources of income of Regional parties during FY 2017-18				
Regional Political Parties	Income from Known Sources (donations details declared to ECI)	Income from Other Known Sources	Income from Unknown Sources (as per audit reports)	Total Income
	Rs 54.04 cr	Rs 97.53 cr	Rs 31.82 cr	Rs 183.39 cr
Percentage share	29.47%	53.18%	17.35%	100%

Sources of income of Regional parties during FY 2017-18

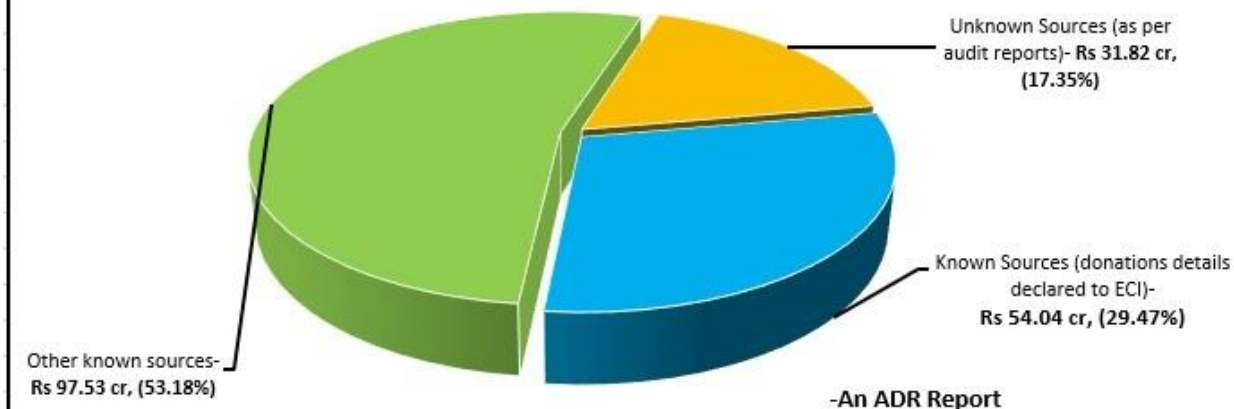


Chart: Source of Income of Regional Parties, FY 2017-18

Top 10 Regional parties that declared highest unknown income during FY 2017-18

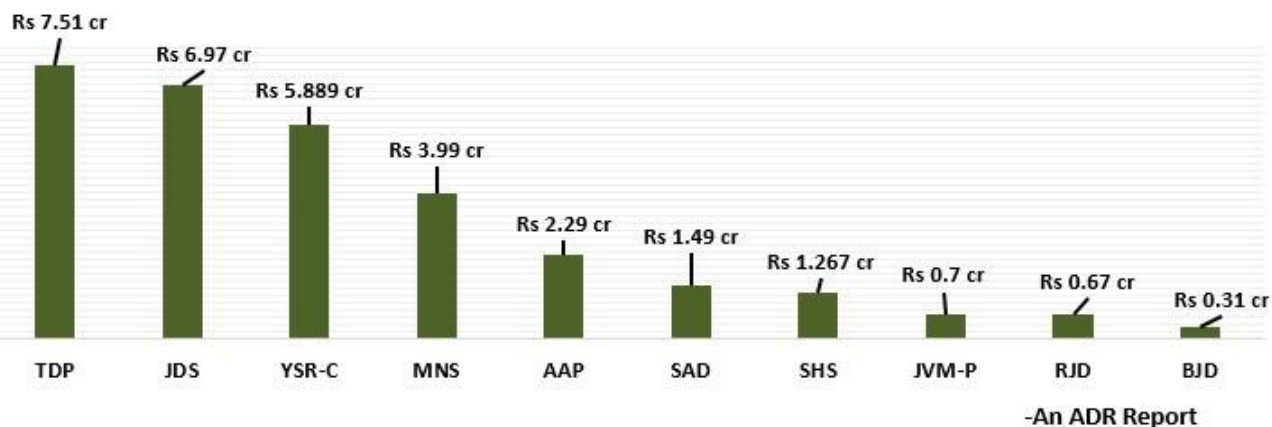


Chart: Top 10 Regional Parties with highest unknown income declared during FY 2017-18

Income from Unknown Sources

- Rs 31.82 cr of the total income of Regional Parties came from **unknown sources**, 75.22% or Rs 23.934 cr of this came from **Voluntary contributions**.
- Among Regional Parties, only JDS collected Rs 6.03 cr from **Electoral Bonds** and under Collection from Sale of coupons, Regional Parties collected Rs 1.77 cr.

Unknown Sources, as per the audit reports of Regional Parties, FY 2017-18					Total Unknown Income
Regional Political Parties	Voluntary Contributions (Below Rs 20,000)	Donations received from Electoral Bonds	By Collection from Sale of coupons	Miscellaneous Income	
	23.934	6.03	1.77	0.086	Rs 31.82 cr
Percentage share	75.22%	18.95%	5.56%	0.27%	100%

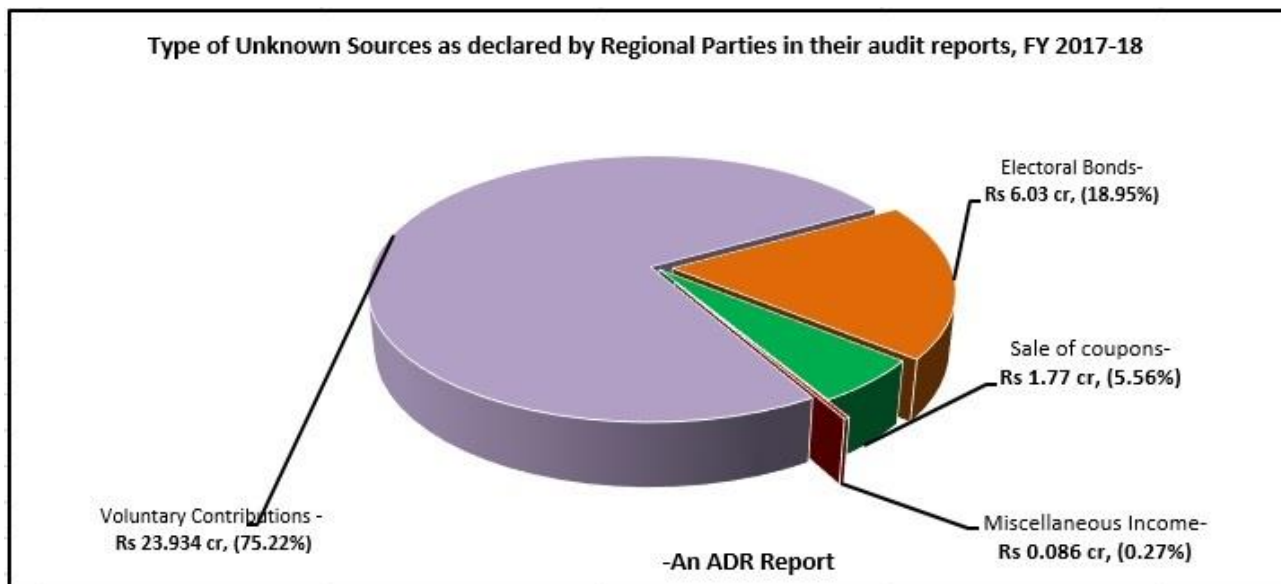


Chart: Types of Unknown Sources declared by Regional Parties in their audit reports, FY 2017-18

Observations of ADR

- Out of a total of 48 Regional Parties, **17** Regional Parties have **not submitted either their audit reports or their Contributions reports for FY 2017-18** including **SP** whose Annual Audit report doesn't contain schedules detailing its sources of funds. As a result of which, either their total income or income from Known Sources could not be analysed.
- During FY 2017-18, total income of Regional Parties from Unknown Sources amounted to **Rs 31.82 cr** and constituted **17.35%** of their total income as declared in their audit reports. **75.22%** or **Rs 23.934 cr** of this came from **Voluntary contributions**, and Regional Parties (JDS only) collected **Rs 6.03 cr** from **Electoral Bonds**.
- Some of the **top Regional Parties to declare highest unknown income** include TDP (Rs 7.51 cr), JDS (Rs 6.97 cr), YSR-C (Rs 5.889 cr), MNS (Rs 3.99 cr) and AAP (Rs 2.29 cr).
- Regional Parties such as the **DMK, AAP, MNS, SAD, DMDK** etc. provided **details of donations below Rs 20,000** also.

Recommendations of ADR

- Since a very large percentage of the income of political parties cannot be traced to the original donor, 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 it is possible for more than 50% of the source of funds to be unknown, but at present it is so in India. During **FY 2017-18**, total **income of National Parties** from **unknown sources** totaled **53%**.
- Any organization that receives foreign funding should not be allowed to support or campaign for any candidate or political party.
- Mode of payment of all donations (above and below Rs 20,000), income from sale of coupons, membership fees, etc. should be declared by the parties in the 'Schedules' of their audit reports, submitted annually to the Income Tax department and the ECI.
- The ECI has recommended that tax exemption be awarded only to those political parties which contest and win seats in Lok Sabha/ Assembly elections. The Commission has also recommended that details of all donors who donate above Rs 2,000 be declared in public domain. ADR supports ECI for its strong stand to enforce reforms

in funding of political parties and hopes that these reforms are proactively taken up by the Government for implementation.

- Scrutiny of financial documents submitted by the political parties should be conducted annually by a body approved by CAG and ECI so as to enhance transparency and accountability of political parties with respect to their funding.
- The National and Regional political parties must provide all information under the Right to Information Act. This will only strengthen political parties, elections and democracy.

Disclaimer

Source for the data used in the report are the Audited Accounts and Contributions Statements 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/candidate-political-parties/annual-audit-reports/annual-audit-reports/>

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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Annexure – 1

Regional Parties whose Audit and Contributions reports are available

Regional Parties whose Audit and Contributions reports are available – FY 2017-18			
S.No	Regional Parties	Total Income (according to audit reports)	Income from known sources (according to contributions report)
1	DMK*	35.748	1.269
2	TRS	27.27	3.307
3	TDP	19.4	1.737
4	YSR-C	14.239	8.35
5	BJD	14.116	13.04
6	AIADMK	12.72	0
7	JDU	12.03	11.19
8	AAP*	10.7	8.326
9	JDS	8.2	0.787
10	SHS	6.85	1.676
11	MNS*	4.52	0.107
12	SAD*	3.91	2.289
13	IUML	2.94	0.157
14	RLD	2.65	0
15	SDF*	1.268	0.85
16	AIMIM	1.206	0
17	PMK*	1.17	0.0456
18	RJD	1.09	0.005
19	DMDK*	0.878	0.008
20	JVM-P	0.737	0.035
21	NPF*	0.652	0.652
22	JMM	0.52	0
23	AIUDF	0.157	0.07
24	LJP	0.12	0.069
25	AINRC*	0.099	0.042
26	AIFB	0.08	0
27	SKM	0.07	0
28	ZNP	0.05	0.033
Total		Rs 183.39 cr	Rs 54.04 cr

*Contains details of donations declared below Rs 20,000

Annexure – 2

Regional Parties whose IT Returns/ Contributions reports were unavailable

Regional Parties whose Audit reports and Contributions reports are available - FY 2017-18			
S.No	Regional Party	Total Income (according to audit reports) (Rs in cr)	Income from known sources (according to contributions report) (Rs in cr)
1	NPP	1.04	Not available on the ECI website
2	INLD	1.038	Not available on the ECI website
3	RLSP	0.5	Not available on the ECI website
4	JKPDP	0.306	Not available on the ECI website
5	AJSU	0.285	Not available on the ECI website
6	MNF	0.149	Not available on the ECI website
7	AGP	0.09	Not available on the ECI website
8	GFP	0.056	Not available on the ECI website
9	KCM	0.045	Not available on the ECI website
10	JKNPP	0.04	Not available on the ECI website
11	MPC	0.035	Not available on the ECI website
12	HSPDP	0.023	Not available on the ECI website
13	BPF	0.0095	Not available on the ECI website
14	PPA	0.02	Not available on the ECI website
15	JKNC	Not available on the ECI website	0
16	MGP*	Not available on the ECI website	0.107
17	SP**	47.19	0.66

* Contains details of donations declared below Rs 20,000

** Complete audit report is not available on the ECI website.

Annexure – 3

Sources of income of Regional Parties during FY 2017-18

Sources of income of Regional Parties during FY 2017-18 (Rs in cr)					
Regional Political Parties	Income from Known sources (donations details declared to ECI)	Income from Other known sources	Income from Unknown Sources (as per Audit reports)	Total Income	Share of Unknown income
DMK	1.269	34.479	0	35.748	0%
TRS	3.307	23.963	0	27.27	0.00%
TDP	1.737	10.152	7.511	19.4	38.72%
YSR-C	8.35	0	5.889	14.239	41.36%
BJD	13.04	0.766	0.31	14.116	2.20%
AIADMK	0	12.71983	0.00017	12.72	0.00%
JDU	11.19	0.631	0.209	12.03	1.74%
AAP	8.326	0.08	2.294	10.7	21.44%
JDS	0.787	0.44	6.973	8.2	85.04%
SHS	1.676	3.907	1.267	6.85	18.50%

Sources of income of Regional Parties during FY 2017-18 (Rs in cr)					
Regional Political Parties	Income from Known sources (donations details declared to ECI)	Income from Other known sources	Income from Unknown Sources (as per Audit reports)	Total Income	Share of Unknown income
MNS	0.107	0.421	3.992	4.52	88.32%
SAD	2.289	0.131	1.49	3.91	38.11%
IUML	0.157	2.9025	- 0.12	2.94	-4.06%
RLD	0	2.64	0.01	2.65	0.38%
SDF	0.85	0.26	0.158	1.268	12.46%
AIMIM	0	1.1226	0.0834	1.206	6.92%
PMK	0.0456	0.96	0.164	1.17	14.02%
RJD	0.005	0.415	0.67	1.09	61.47%
DMDK	0.008	0.87	0	0.878	0.00%
JVM-P	0.035	0.002	0.7	0.737	94.98%
NPF	0.652	0	0	0.652	0.00%
JMM	0	0.52	0	0.52	0.00%
AIUDF	0.07	0	0.087	0.157	55.41%
LIP	0.069	0.02	0.031	0.12	25.83%
AINRC	0.042	0	0.057	0.099	57.58%
AIFB	0	0.0696	0.0144	0.084	17.14%
SKM	0	0.05	0.02	0.07	28.57%
ZNP	0.033	0.008	0.009	0.05	18.00%
Total	Rs 54.04 cr	Rs 97.53 cr	Rs 31.82 cr	Rs 183.39 cr	17.35%