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ANALYSIS OF INCOME AND EXPENDITURE OF NATIONAL POLITICAL PARTIES FOR FY 2019-20

A Report by

Association for Democratic Reforms

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Analysis of Income & Expenditure of National Political Parties for FY 2019-20

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 2019-20, 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**), All India Trinamool Congress (**AITC**) and National People's Party (**NPEP**).

Status of submission of audited reports by the National Parties, FY 2019-20

- The due date for submission of annual audited accounts for the parties was **30th June,'21**, which was an extended deadline keeping in view the Covid-19 pandemic.
- **INC, NCP, CPI, AITC, CPM** and **BSP** submitted their audit reports on time while **BJP** submitted after **21 days**, while the **audit report of NPEP is still not available** in public domain – **57 days** have passed since the due date for submission.

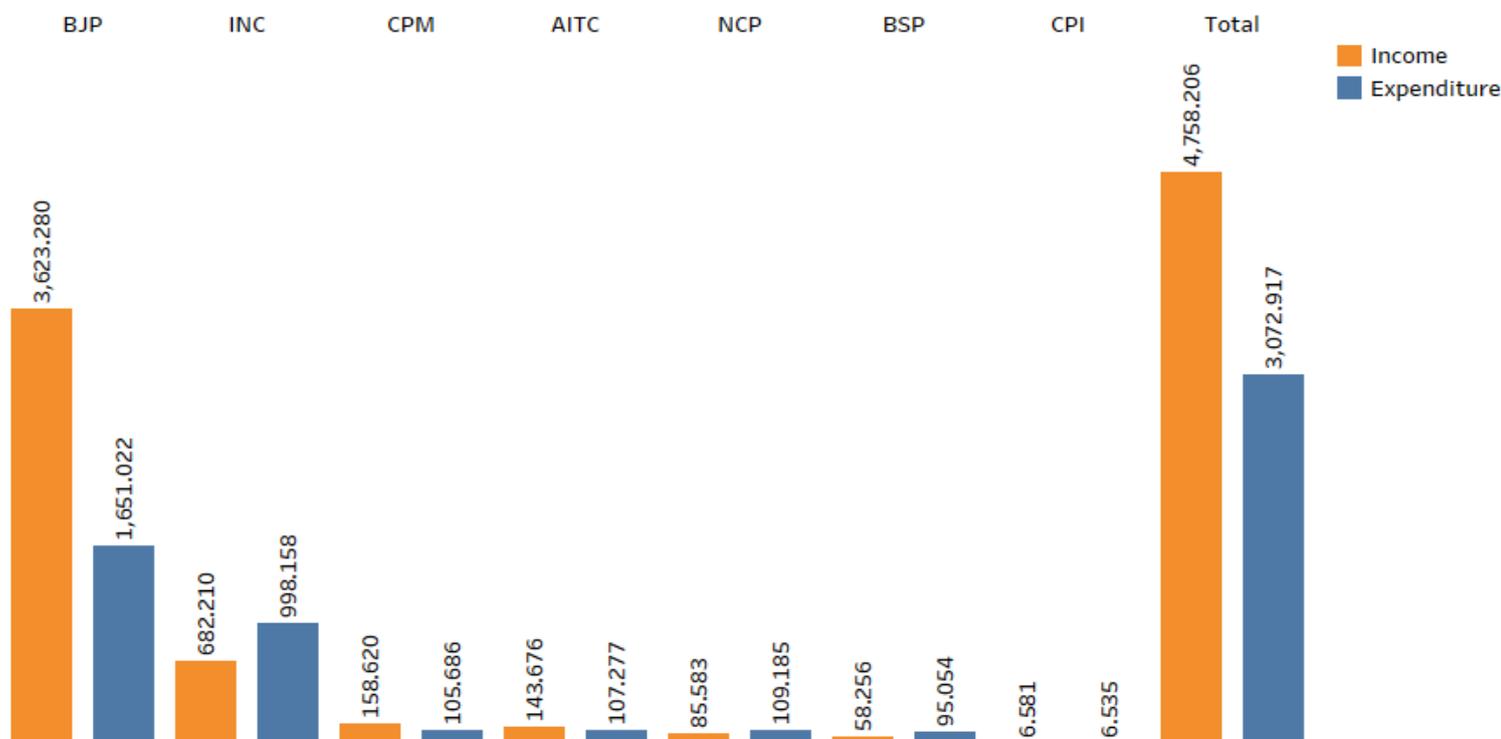
National Parties due date for submission: 31st Oct,'20 - Commission in view of Covid19 Pandemic extended the submission date of Annual Audit Report to 30-06-2021					
National Political Parties					
S. No.	Political Party	Party Code	Status of submission	Date of submission	No. of days by which delayed
1	Bahujan Samaj Party	BSP	Submitted with on time	29 December, 2020	-
2	All India Trinamool Congress	AITC	Submitted with on time	18 January, 2021	-
3	Communist Party of India (Marxist)	CPM	Submitted with on time	3 February, 2021	-
4	Communist Party of India	CPI	Submitted with on time	2 March, 2021	-
5	Indian National Congress	INC	Submitted with on time	5 April, 2021	-
6	Nationalist Congress Party	NCP	Submitted with on time	30 June, 2021	-
7	Bharatiya Janata Party	BJP	Submitted with delay	22 July, 2021	21 days delay
8	National People's Party	NPEP	Statement is not available on the ECI website		57 days delay

Total Income and Expenditure of National Political Parties for FY 2019-20

- **BJP** declared a total income of **Rs 3,623.28 cr** during FY 2019-20, but spent only 45.57% (Rs 1,651.022 cr) of the total income. **INC's total income** was **Rs 682.21 cr** while the party spent Rs 998.158 cr, which exceeds its income for that year by 46.31%.
- **CPM's** total income was **Rs 158.62 cr** of which the party spent 62.63% (Rs 105.686 cr).
- **AITC** declared a total income of **Rs 143.676 cr** during FY 2019-20, and **spent Rs 107.277 cr** (74.67%) of it.
- **NCP and BSP spent more than their income** in the FY 2019-20 by **27.58%** and **63.17%**, respectively.

Party	Total income and expenditure declared by Political Parties, FY 2019-20 (in Rs cr)			
	Total declared Income (A)	Total declared Expenditure (B)	Excess of income over expenditure (A-B=C)	Share of income remaining unspent (C/A*100)
BJP	3623.28	1651.022	1972.258	54.43%
INC	682.21	998.158	-315.948	-46.31%
CPM	158.62	105.686	52.934	33.37%
AITC	143.676	107.277	36.399	25.33%
NCP	85.583	109.185	-23.60	-27.58%
BSP	58.256	95.054	-36.798	-63.17%
CPI	6.581	6.535	0.046	0.70%
Total	Rs 4758.206 cr	Rs 3072.917 cr	Rs 1685.29 cr	35.42%

Total Income & Expenditure declared by National Parties, FY 2019-20 (in Rs Cr)

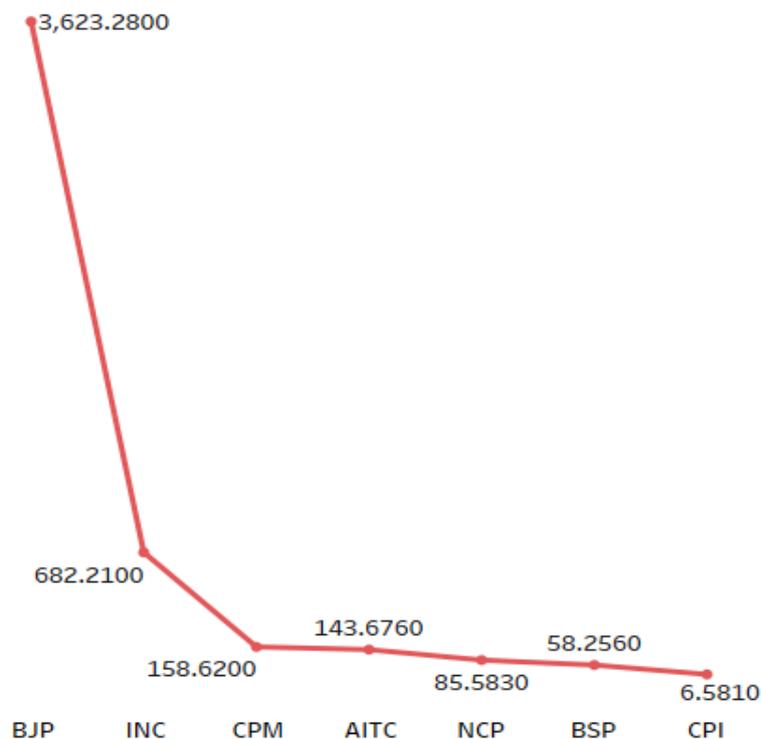


Total Income of National Parties for FY 2019-20

- 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.
- 7 National Parties** (BJP, INC, CPM, NCP, BSP, AITC and CPI) have declared a **total income of Rs 4758.206 cr**, collected from all over India.
- BJP** has shown the highest income amongst the National Parties, an **income of Rs 3623.28 cr** during FY 2019-20. This forms **76.15% of the total income of 7 National Parties** during FY 2019-20.
- INC** declared the second highest income of **Rs 682.21 cr** which forms **14.34%** of the total income of the 7 National Parties.
- CPI** declared the least income of **Rs 6.581 cr** which forms a mere 0.14% of the total income of the 7 National Parties during the FY 2019-20.

Income of National Parties for FY 2019-20							
National Party	BJP	INC	CPM	AITC	NCP	BSP	CPI
Total Income	Rs 3623.28 cr	Rs 682.21 cr	Rs 158.62 cr	Rs 143.676 cr	Rs 85.583 cr	Rs 58.256 cr	Rs 6.581 cr
% Share of total Income	76.15%	14.34%	3.33%	3.02%	1.80%	1.22%	0.14%
Grand Total	Rs 4758.206 cr						

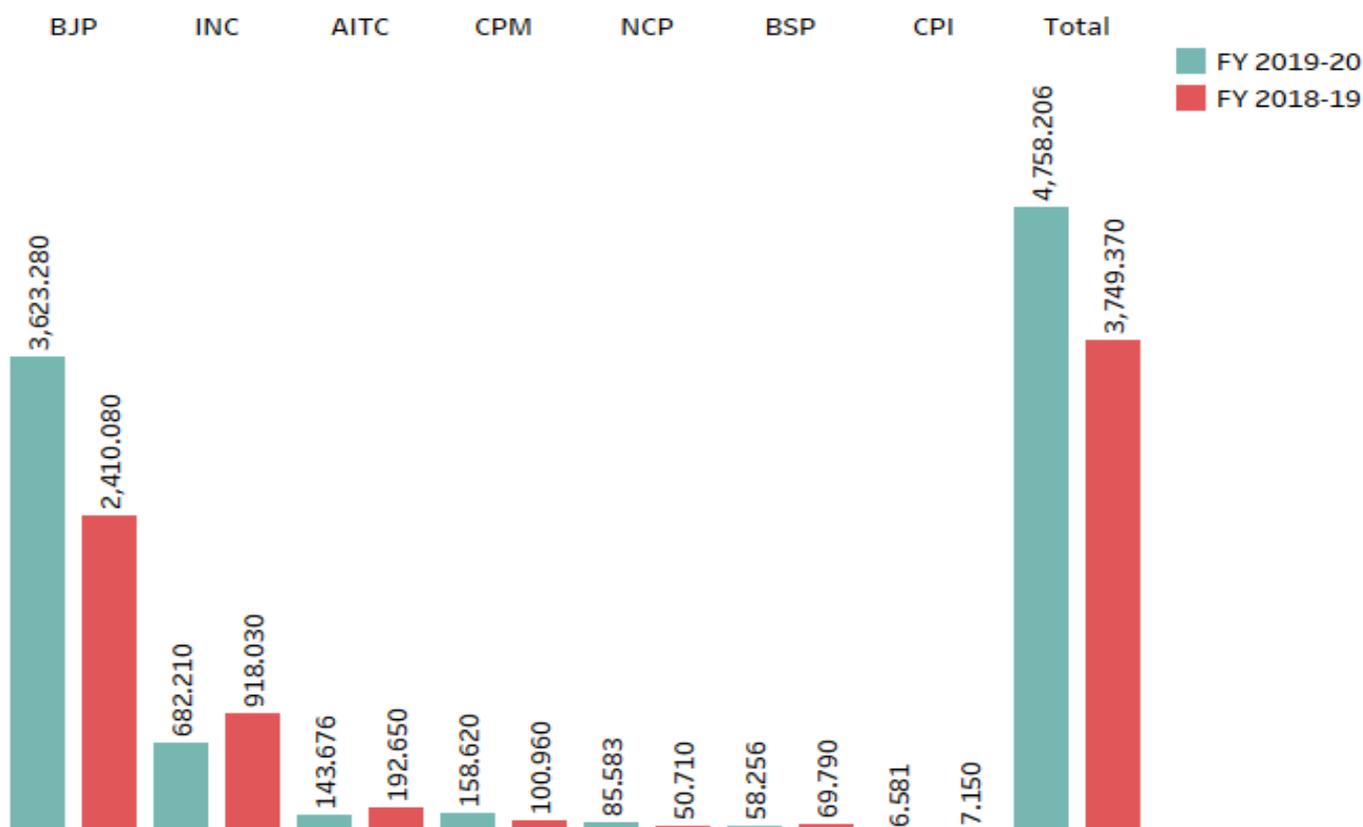
Total Annual Income declared by National Parties, FY 2019-20 (in Rs Cr)



Comparison of total income of National Political Parties between FY 2018-19 & FY 2019-20

- Between FY 2018-19 and 2019-20, the **income of BJP increased by 50.34%** (Rs 1213.20 cr) from Rs 2410.08 cr during FY 2018-19 to Rs 3623.28 cr during FY 2019-20.
- Income of **INC decreased by 25.69%** (Rs 235.82 cr) from **Rs 918.03 cr** during FY 2018-19 to **Rs 682.21 cr** during FY 2019-20.
- Between FY 2018-19 and 2019-20, the **highest percentage increase in income** was declared by **NCP of 68.77%** (Rs 34.873 cr) from Rs 50.71 cr during FY 2018-19 to Rs 85.583 cr during FY 2019-20.
- Between FY 2018-19 and 2019-20, the **income of AITC, BSP and CPI decreased by 25.42%** (Rs 48.974 cr), **16.53%** (Rs 11.534 cr) and **7.96%** (Rs 56.90 lakhs), respectively.

Comparison of Income of Political Parties, FY 2018-19 and FY 2019-20 (in Rs Cr)

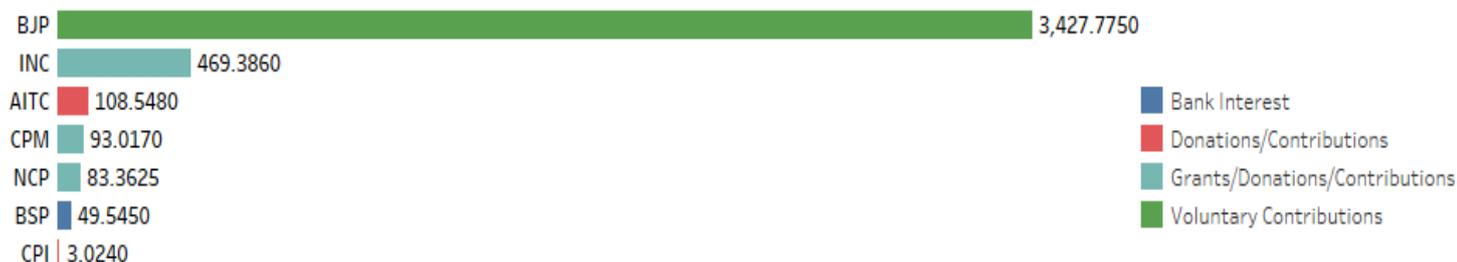


Top 3 sources of income of National Parties for FY 2019-20

- National Parties have declared donations/contributions as one of their 3 main sources of income.
National Parties that received **highest income from donations/contributions** include BJP – Rs 3427.775 cr, INC – Rs 469.386 cr, AITC – Rs 108.548 cr, CPM – Rs 93.017 cr and CPI – Rs 3.024 cr.
- Voluntary Contributions of **Rs 3427.775 cr declared by BJP** forms 94.60% of its total income during FY 2019-20.

- Declaration of **Rs 469.386 cr** under Grants/ donations/ contributions by **INC** forms the top most income of the party, contributing 68.80% of its total income during FY 2019-20.
- **AITC, CPM, NCP** and **CPI** declared the highest income from grants/donations/voluntary contributions worth **Rs 108.548 cr, Rs 93.017 cr, Rs 83.3625 cr** and **Rs 3.024 cr**, respectively.
- **BSP** received highest income from Bank Interest (**Rs 49.545 cr**).

Primary sources of income of National Parties which have declared highest income, FY 2019-20 (In Rs Cr)



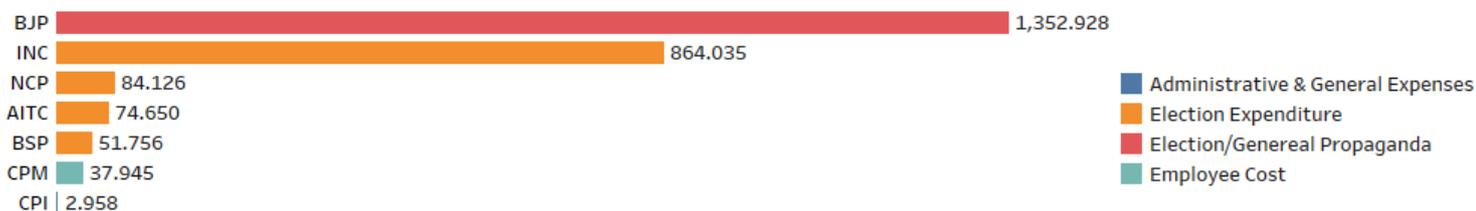
Political Party	Total Income	Political Parties top 3 sources of Income : Financial Year 2019-20		
		Top 3 Sources of Income	Amount (in Rs Cr)	Share of Income
BJP	Rs 3623.28 cr	Voluntary Contributions	3427.775	94.60%
		Interest From Banks	172.732	4.77%
		Fee & Subscription	21.708	0.60%
		Other Income	1.065	0.03%
INC	Rs 682.21 cr	Grants/Donations/Contributions	469.386	68.80%
		Collection by Issuing Coupons	192.457	28.21%
		Fee & Subscriptions	5.29	0.78%
		Other Income	15.077	2.21%
CPM	Rs 158.62 cr	Grants/Donations/Contributions	93.017	58.64%
		Fees & Subscriptions	39.225	24.73%
		Interest From Banks	18.07	11.39%
		Other Income	8.308	5.24%
AITC	Rs 143.676 cr	Donations/Contributions	108.548	75.55%
		Fees & Subscriptions	32.43	22.57%
		Collections From Issuance Coupons & Mukhopatra	0.166	0.12%
		Other Income	2.532	1.76%
NCP	Rs 85.583 cr	Grants/Donations/Contributions	83.3625	97.405%
		Collection from Issuance of Coupons	1.6308	1.906%
		Fees & Subscriptions	0.3923	0.458%
		Other Income	0.1975	0.231%
BSP	Rs 58.256 cr	Bank Interest	49.545	85.05%
		Fees & Subscriptions	8.245	14.15%
		Interest on Income Tax Refund (AY-2016-17 & AY 2017-18)	0.466	0.80%
		Other Income	0	0%

Political Party	Total Income	Political Parties top 3 sources of Income : Financial Year 2019-20		
		Top 3 Sources of Income	Amount (in Rs Cr)	Share of Income
CPI	Rs 6.581 cr	Donations/Contribution	3.024	45.95%
		Fees & Subscription	2.077	31.56%
		Bank Interest/FD Interest	1.121	17.03%
		Other Income	0.359	5.46%
Total Income declared			Rs 4758.206 cr	

Top 3 items of expenditure of National Parties for FY 2019-20

- The maximum expenditure for **BJP** has been towards **Election/General Propaganda** which amounted to **Rs 1352.928 cr** followed by expenses towards **Administrative Costs**, **Rs 161.54 cr**.
- INC** spent the maximum of **Rs 864.035 cr** on **Election Expenditure** followed by expenditure of **Rs 99.393 cr** on **Administrative and General Expenses**.
- NCP, AITC and BSP** also incurred the maximum spending on **Election Expenditure** of **Rs 84.126 cr**, **Rs 74.65 cr** and **Rs 51.756 cr**, respectively.
- CPM** declared to have spent **35.90%** of its total expenditure during FY 2019 -20 on **Employee Cost** (Rs 37.945 cr) while **CPI** spent Rs 2.958 cr or **45.264%** of its total expenditure on **Administrative and General Expenses**.

Major items of Expenditure of National Parties which have incurred highest expenses, FY 2019-20



Political Party	Total Expenditure	Political Parties Top 3 Items of Expenditure: Financial Year 2019-20		
		Top 3 items of Expenditure	Amount (in Rs Cr)	% of Expenditure
BJP	Rs 1651.022 cr	Election/General Propaganda	1352.928	81.945%
		Administrative Costs	161.54	9.784%
		Depreciation	82.51	4.998%
		Other Expenditure	54.044	3.273%
INC	Rs 998.158 cr	Election Expenditure	864.035	86.56%
		Administrative and General Expenses	99.393	9.96%
		Employee Costs	19.376	1.94%
		Other Expenditure	15.354	1.54%
NCP	Rs 109.185 cr	Election Expenditure	84.126	77.05%
		Administrative and General Expenses	23.327	21.36%
		Employee Costs	1.115	1.02%

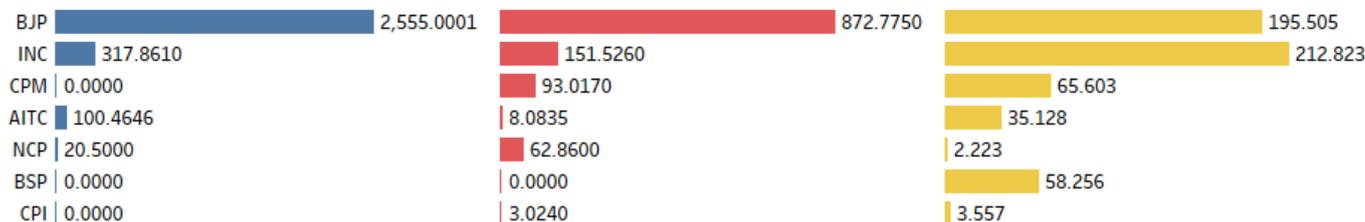
		Other Expenditure	0.617	0.57%
AITC	Rs 107.277 cr	Election Expenditure	74.65	69.59%
		Depreciation, Amortisation & Other Expenses	31.68	29.53%
		Administrative and General Expenses	0.57	0.53%
		Other Expenditure	0.377	0.35%
CPM	Rs 105.686 cr	Employee Cost	37.945	35.90%
		Administrative & General Expenses	33.472	31.67%
		Election Expenditure	34.207	32.37%
		Other Expenditure	0.062	0.06%
BSP	Rs 95.054 cr	Election Expenditure	51.756	54.45%
		Administrative & General Expenses	16.084	16.92%
		Employee Cost	0.054	0.06%
		Other Expenditure	27.16	28.57%
CPI	Rs 6.535 cr	Administrative & General Expenses	2.958	45.264%
		Allowance Exp.	2.069	31.66%
		Election Expenditure	1.304	19.954%
		Other Expenditure	0.204	3.122%
Total Expenditure declared			Rs 3072.917 cr	

All sources of income declared by National Parties, FY 2019-20

- **4 National parties** namely BJP, INC, AITC and NCP collected **62.92%** (Rs 2993.826 cr) of their total **income from** donations through **Electoral Bonds** for FY 2019-20. **BJP** received donations through Electoral Bonds worth **Rs 2555.0001 cr**, **INC** received **Rs 317.861 cr**, **AITC** received **Rs 100.4646 cr** and **NCP** received **Rs 20.50 cr**.
- During FY 2019-20, 6 National Parties, declared receiving an income from **Donations/Contributions**, a total of **Rs 1191.285 cr**.
- **Rs 573.095 cr** was income generated through **other sources of income** by National parties during FY 2019-20.

Party	Share of income of political parties through Electoral Bonds, Donations/Contributions & other income, FY 2019-20						
	Share of donations through Electoral Bonds	Share	Share of donations/contributions other than EBs	Share	Share of other sources of income	Share	Total declared income
BJP	2555.0001	70.516%	872.775	24.088%	195.505	5.396%	3623.28
INC	317.861	46.59%	151.526	22.21%	212.823	31.20%	682.21
CPM	0	0%	93.017	58.64%	65.603	41.36%	158.62
AITC	100.4646	69.92%	8.0835	5.63%	35.128	24.45%	143.676
NCP	20.50	23.95%	62.86	73.45%	2.223	2.60%	85.583
BSP	0	0%	0	0%	58.256	100%	58.256
CPI	0	0%	3.024	45.95%	3.557	54.05%	6.581
Total	Rs 2993.826 cr	62.92%	Rs 1191.285 cr	25.04%	Rs 573.095 cr	12.04%	Rs 4758.206 cr

Share of income of political parties through Electoral Bonds, Donations/Contributions & other income, FY 2019-20 (in Rs Cr)



Share of donations through Electoral Bonds

Share of donations/contributions

Share of other sources of income

Observations of ADR

- **Audit report of BJP** was available on the ECI website after a **delay of 21 days** from the extended deadline. **Audit report of NPEP** for FY 2019-20 is still **unavailable** on the ECI website even though **57 days have passed** since the **due date** (June 30, 2021).
- The **most common** and popular **items of expenditure** for National parties for FY 2019-20 are **election expenses/general propaganda and administrative/general expenses**.
- Given the anonymity provided to donors by the scheme, it is seen that Electoral Bonds have emerged as the most popular mode of donations to National Political parties for FY 2019-20. **More than 62% of the total income of seven National Parties came from Donations through Electoral Bonds (Rs 2993.826 cr)**, wherein identity of the donor is not disclosed to the public. Of the Regional parties that have submitted their audit reports, **14 Regional Parties** (TRS, TDP, YSR-C, BJD, DMK, SHS, AAP, JDU, SP, JDS, SAD, AIADMK, RJD & JMM) have **declared receiving donations through Electoral Bonds worth Rs 447.498 cr**.
- As per the data shared by SBI in response to ADR's RTI application, Electoral Bonds worth **Rs 3429.5586 cr were redeemed by parties in FY 2019-20**. Of this, **87.29% was received by four National Parties – BJP, INC, AITC & NCP**. The total amount of Electoral Bonds declared by **National and Regional parties for FY 2019-20** so far is **Rs 3441.324 cr**. The **difference in the amount declared by political parties** and data on **EBs redeemed** received from SBI could be due to the manner in which parties report in their audit report. For example: AAP declared donations from electoral bonds under the head **"Others (Electoral Bonds/Electoral Trust)"**. It may also be noted that audit reports of many other Regional parties are not yet available in public domain. Once this data is available and subsequently if these parties declare receiving donations via Electoral Bonds, the total share of donations received from Electoral Bonds may increase further.
- **Some of the National parties** have expressed great concern and have been **highly critical of the Electoral Bonds Scheme, 2018**. They criticize the scheme at every public debate possible. In its election manifesto for the 2019 Lok Sabha elections, INC declared that it would scrap the Electoral Bonds Scheme if it is voted to power. **However**, it is ironic that the same **parties**

continue to accept donations via Electoral Bonds. This displays the double standards adopted by some political parties.

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 70% of the source of funds to be unknown.
- According to the **Finance Act, 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.**
- Electoral Bonds infringe the citizen's fundamental 'Right to Know' by withholding crucial information regarding electoral funding. Such opaqueness is at the cost of larger public interest and is a severe blow to the very fundamentals of transparency and accountability. Serious concerns have been raised by civil society as well as constitutional authorities such as EC and RBI that **anonymous donations through Electoral Bonds will encourage money laundering** and lead to increased **use of black money** for political funding through **shell companies.** Therefore, **Electoral Bonds Scheme, 2018 should be entirely scrapped.**
- In the case of continuance of the Scheme, **the principle of anonymity of the bond donor** enshrined in the Electoral Bond Scheme, 2018 **must be done away with.** All political **parties which receive donations through Electoral Bonds should declare in their Contributions Reports the total amount of such donations received in the given financial year,** along with the detailed particulars of the donors as against each Bond; the amount of each such bond and the full particulars of the credit received against each bond. The procedures and reporting framework for the above must be standardized to ensure that a true picture of the financial position of the political parties is revealed to the general public.
- The **ECI/CBDT/CAG or any other relevant institution should be entrusted with the responsibility to oversee** that there is **no discrepancy between the value of Electoral Bonds redeemed** and the **value of donations received through Electoral Bonds by the political parties,** and whether only entitled political parties are receiving funding via Electoral Bonds.
- Those parties not following the ICAI guidelines for auditing of reports should be scrutinized by the IT department.

- **All 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 & Regional Political parties reports, kindly visit: <https://adrindia.org/content/income-and-expenditure-report>

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/1185-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.

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