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ANALYSIS OF SOURCES OF FUNDING OF REGIONAL PARTIES: FY 2019-20

A Report by
Association for Democratic Reforms

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Analysis of Sources of Funding of Regional Parties of India, FY 2019-20

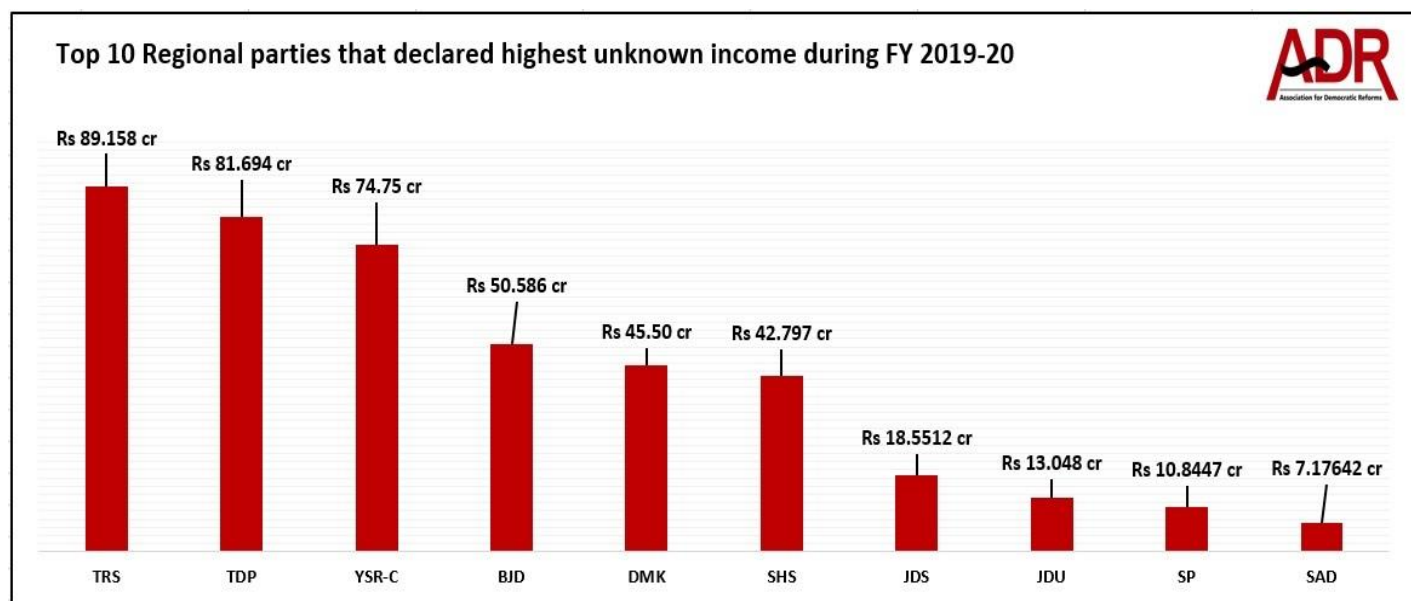
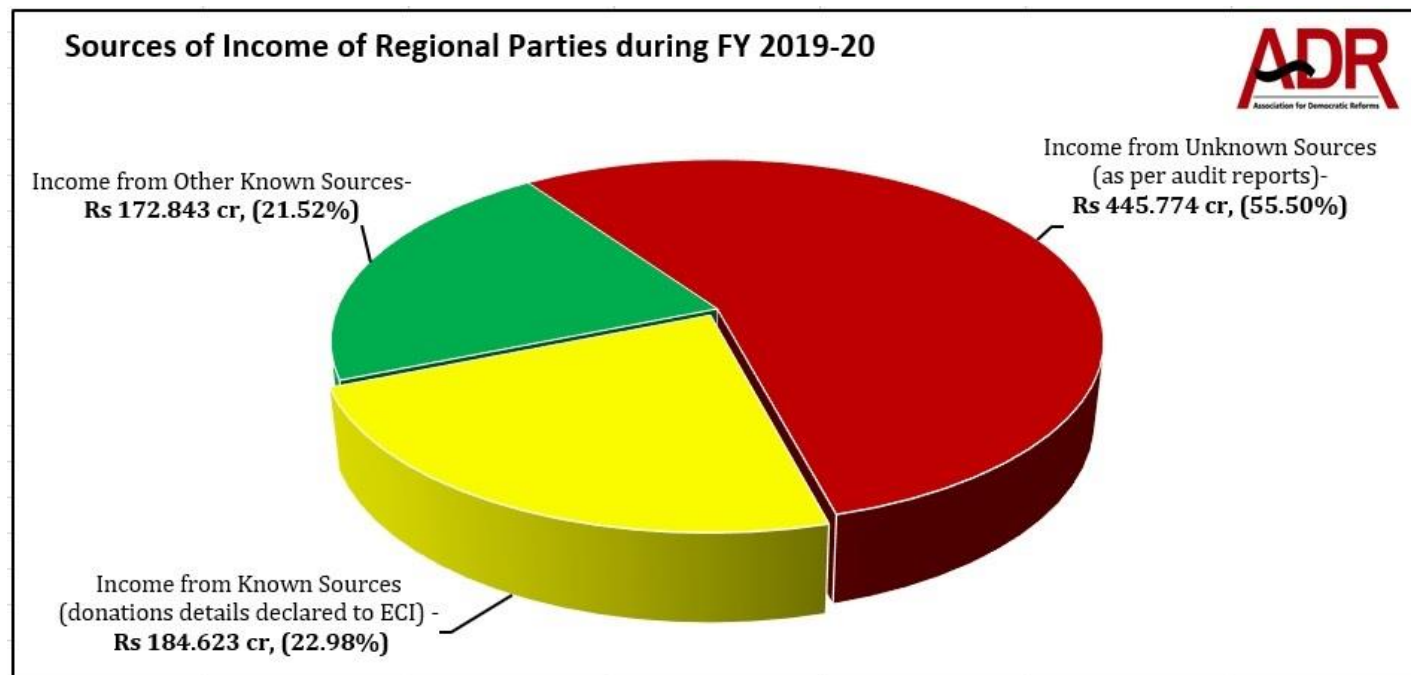
Political Parties play a key role in democracies as they contest elections, form governments, formulate policies and are responsible for providing governance and improving the lives of the common man. Political parties need access to money in order to reach out to the electorate, explain their goals/policies 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 contribution reports 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 & immovable 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 18th May, 2020](#), analysed **23** Regional parties which filed both their Annual Audit and Contribution reports. For FY 2018-19, total income of Regional parties amounted to **Rs 885.956 cr, of which Rs 481.276 cr or 54.32%** came from **unknown sources**.
- For this analysis, **53** Regional (recognized) parties were initially considered, but out of them only **28** have filed both their Annual Audit and Contribution reports (refer Annexure 1), remaining **16** had not submitted either of the reports (refer Annexure 2). None of the two reports of **9** Regional parties are available on the ECI website at the time of preparation of this report.
- The Annual Audit and Contribution reports of Regional parties such as **AAP, LJP and IUML** are available on the website, but parties' donation declarations show discrepancies between data in the both reports for FY 2019-20. Therefore, these parties have not been analyzed in this report.
- **Total income of 25 Regional political parties in FY 2019-20: Rs 803.24 cr** (refer Annexure 3).
- **Total income of political parties from known donors** (details of donors as available from Contribution report submitted by parties to Election Commission): **Rs 184.623 cr**, which is **22.98%** of the total income of the parties.
- **Total income of political parties from other known sources** (e.g. Membership fees, bank interest, sale of publications, party levy etc.): **Rs 172.843 cr**, or **21.52%** of total income.
- **Total income of political parties from unknown sources** (income specified in the audit reports whose sources are unknown): **Rs 445.774 cr**, which is **55.50%** of the total income of the parties.

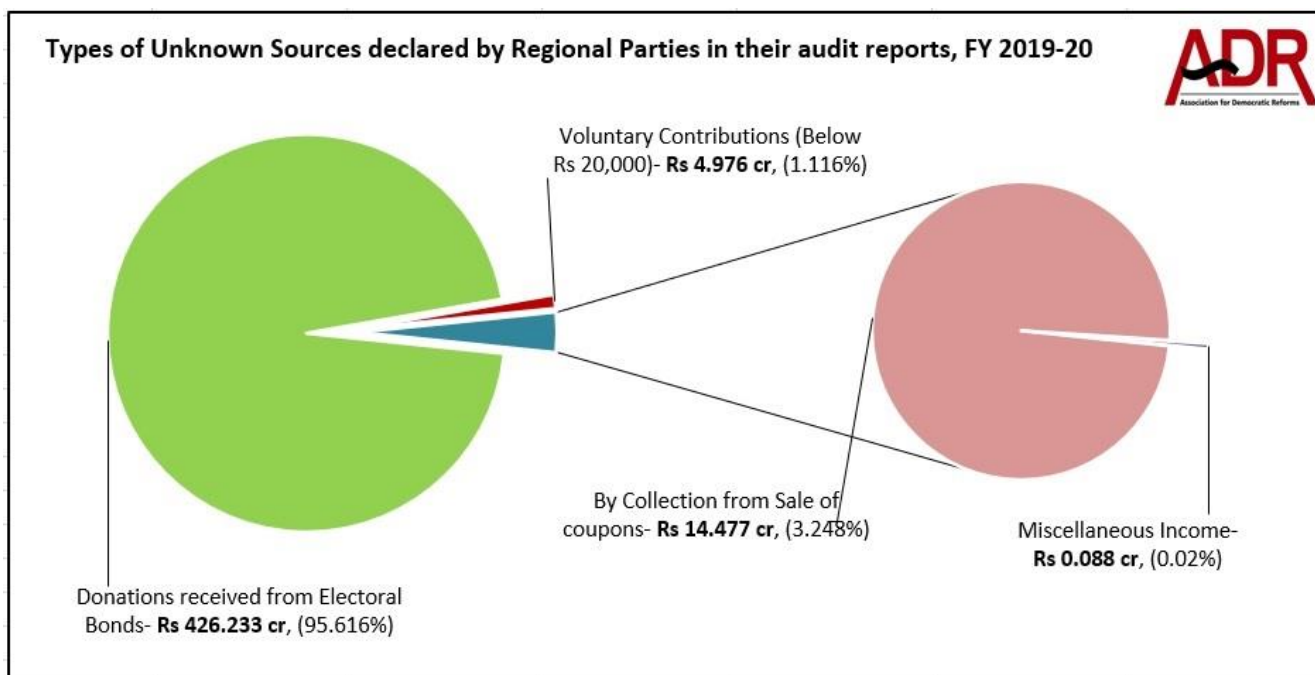
Sources of income of Regional Parties during FY 2019-20 (in Rs Cr)				
Regional Political Parties	Income from Known Sources (donations details declared to ECI)	Income from Other Known Sources	Income from Unknown Sources (as per audit reports)	Total Income
	184.623	172.843	445.774	Rs 803.24 cr
Percentage share	22.98%	21.52%	55.50%	100%



Income from Unknown Sources

- Rs 445.774 cr of the total income of Regional Parties came from **unknown sources**, 95.616% or Rs 426.233 cr of this came from **Electoral Bonds**.
- Income from **Voluntary contributions** (below Rs 20,000) formed 1.116% (Rs 4.976 cr) and **sale of coupons** formed 3.248% (Rs 14.477 cr) in income from unknown sources of **25 Regional parties**. Refer to Annexure- 4.

Unknown Sources, as per the audit reports of Regional Parties, FY 2019-20 (in Rs Cr)					Total Unknown Income
Regional Political Parties	Donations received from Electoral Bonds	Voluntary Contributions (Below Rs 20,000)	By Collection from Sale of coupons	Miscellaneous Income	
	426.233	4.976	14.477	0.088	Rs 445.774 cr
Percentage share	95.616%	1.116%	3.248%	0.020%	100%



Observations of ADR

- 23** Regional Parties have **not submitted their Contribution reports** for FY 2019-20. For **9** regional parties, none of the two reports are available on the ECI website.
- The contribution reports of **AAP, IUML and LJP** are available on the website, but parties' donations data show discrepancies as declared in their Annual Audit report and Contribution report (donations above Rs 20,000) for FY 2019-20, as shown below. Therefore, these parties have not been analyzed in this report.
- The amount of total contributions declared by **AAP, IUML and LJP** in their audit reports is **less** than the amount of total donations (above Rs 20,000 only) declared in their contribution reports by **Rs 6.105 cr, Rs 31.20 lakhs and Rs 4.16 lakhs, respectively**. This is an example of disregard of the parties towards the guidelines formulated for transparency and disclosure requirements.
- During FY 2019-20, total income of Regional Parties from Unknown Sources amounted to **Rs 445.774 cr** and constituted **55.50%** of their total income as declared in their audit reports. **95.616%** or **Rs 426.233 cr** of this came from **Electoral Bonds**, and Regional Parties collected **Rs 4.976 cr** from **Voluntary contributions**.

- Some of the **top Regional Parties to declare highest unknown income** include TRS (Rs 89.158 cr), TDP (Rs 81.694 cr), YSR-C (Rs 74.75 cr), BJD (Rs 50.586 cr) and DMK (Rs 45.50 cr).
- Regional Parties such as the **IUML, DMK, PMK, MNS, JVM-P, SDF** and **NPF** 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 2019-20**, total income of [National Parties](#) from **unknown sources** totaled **70.98%**.
- 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/ State 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 Contribution 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 the links from ECI website: <https://eci.gov.in/files/category/1509-recognized-state-parties/> and <https://eci.gov.in/files/category/1487-recognized-state-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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Annexure – 1

Regional Parties whose Audit and Contributions reports are available

Regional Parties whose Audit and Contributions reports are available – FY 2019-20 (in Rs Cr)				
S. No.	Regional Party	Party Code	Total Income (according to audit reports)	Income from known sources (according to contributions report)
1	Telangana Rashtra Samithi	TRS	130.46	0.399
2	Shiv Sena	SHS	111.403	62.859
3	Yuvajana Sramika Rythu Congress Party	YSR-C	92.739	8.924
4	Telugu Desam Party	TDP	91.53	2.606
5	Biju Janata Dal	BJD	90.35	28.20
6	All India Anna Dravida Munnetra Kazhagam	AIADMK	89.606	52.17
7	Dravida Munnetra Kazhagam	DMK*	64.904	2.81
8	Samajwadi Party	SP	47.276	4.392
9	Janata Dal (United)	JDU	23.354	6.082
10	Janata Dal Secular	JDS	19.79	1.0088
11	Shiromani Akali Dal	SAD	16.47	4.134
12	Jharkhand Mukti Morcha	JMM	8.33	6.442
13	Jharkhand Vikas Morcha (Prajantrik)	JVM-P*	3.474	0.2308
14	Jannayak Janta Party	JJP	3.40	2.087
15	Rashtriya Lok Dal	RLD	3.377	0.15
16	All India Majlis-e-Ittehadul Muslimeen	AIMIM	1.683	0.138
17	Desiya Murpokku Dravida Kazhagam	DMDK	1.504	0
18	Nationalist Democratic Progressive Party	NDPP	1.125	0
19	All India United Democratic Front	AIUDF	0.568	0.455
20	Indian National Lok Dal	INLD	0.5578	0.515
21	Pattali Makkal Katchi	PMK*	0.556	0.3429
22	Goa Forward Party	GFP	0.3304	0.33
23	Sikkim Democratic Front	SDF*	0.244	0.2084
24	Asom Gana Parishad	AGP	0.17	0.10
25	Naga People Front	NPF*	0.0392	0.0392
Total			Rs 803.24 cr	Rs 184.623 cr
1	Lok Jan Shakti Party	LJP**	3.398	2.629
2	Aam Aadmi Party	AAP**	49.651	37.37
3	Indian Union Muslim League	IUML**	9.02	8.818

*Contains details of donations declared below Rs 20,000

** These parties' donations amounts show discrepancy in their declared statements

Annexure – 2

Regional Parties whose IT Returns/ Contribution reports were unavailable

Regional Parties whose Audit reports and Contributions reports are available - FY 2019-20				
S. No.	Regional Party	Party code	Total Income (according to audit reports) (in Rs Cr)	Income from known sources (according to contributions report)
1	Rashtriya Janata Dal	RJD	6.003	Not available on the ECI website
2	AJSU Party	AJSU	3.70	Not available on the ECI website
3	Sikkim Krantikari Morcha	SKM	1.667	Not available on the ECI website
4	Maharashtrawadi Gomantak Party	MGP	0.465	Not available on the ECI website
5	Mizo National Front	MNF	0.1697	Not available on the ECI website
6	All India Forward Bloc	AIFB	0.13	Not available on the ECI website
7	Kerala Congress (M)	KC-M	0.13	Not available on the ECI website
8	Zoram Nationalist Party	ZNP	0.1184	Not available on the ECI website
9	Indigenous People's Front of Tripura	IPFT	0.0555	Not available on the ECI website
10	People's Democratic Alliance	PDA	0.0518	Not available on the ECI website
11	All India N.R. Congress	AINRC	0.05045	Not available on the ECI website
12	Mizoram People's Conference	MPC	0.03661	Not available on the ECI website
13	Jammu and Kashmir Peoples Democratic Party	JKPDP	0.036	Not available on the ECI website
14	Rashtriya Loktantrik Party	RLP	0.0342	Not available on the ECI website
15	Maharashtra Navnirman Sena	MNS	Not available on the ECI website	0.2458
16	Jammu & Kashmir National Conference	JKNPP	Not available on the ECI website	0
17	Rashtriya Lok Samta Party	RLSP	Not available on the ECI website	Not available on the ECI website
18	Bodoland Peoples Front	BPF	Not available on the ECI website	Not available on the ECI website
19	Hill State People's Democratic Party	HSPDP	Not available on the ECI website	Not available on the ECI website
20	Jammu & Kashmir National Panthers Party	JKNC	Not available on the ECI website	Not available on the ECI website
21	People's Democratic Front	PDF	Not available on the ECI website	Not available on the ECI website
22	People's Party of Arunachal	PPA	Not available on the ECI website	Not available on the ECI website
23	Revolutionary Socialist Party	RSP	Not available on the ECI website	Not available on the ECI website
24	United Democratic Party	UDP	Not available on the ECI website	Not available on the ECI website
25	Janta Congress Chhattisgarh (J)	JCC (J)	Not available on the ECI website	Not available on the ECI website

Annexure – 3

Sources of income of Regional Parties during FY 2019-20

Sources of income of Regional Parties during FY 2019-20 (in Rs 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
TRS	0.399	40.903	89.158	Rs 130.46 cr	68.34%
SHS	62.859	5.747	42.797	Rs 111.403 cr	38.42%
YSR-C	8.924	9.065	74.75	Rs 92.739 cr	80.60%
TDP	2.606	7.23	81.694	Rs 91.53 cr	89.25%
BJD	28.2	11.564	50.586	Rs 90.35 cr	55.99%
AIADMK	52.17	31.361	6.075	Rs 89.606 cr	6.78%
DMK	2.81	16.594	45.5	Rs 64.904 cr	70.10%
SP	4.392	32.0393	10.8447	Rs 47.276 cr	22.94%
JDU	6.082	4.224	13.048	Rs 23.354 cr	55.87%
JDS	1.0088	0.23	18.5512	Rs 19.79 cr	93.74%
SAD	4.134	5.1596	7.1764	Rs 16.47 cr	43.57%
JMM	6.442	1.443	0.445	Rs 8.33 cr	5.34%
JVM-P	0.2308	0.0012	3.242	Rs 3.474 cr	93.32%
JJP	2.087	1.3	0.013	Rs 3.40 cr	0.38%
RLD	0.15	3.22667	0.00033	Rs 3.377 cr	0.01%
AIMIM	0.138	1.103	0.442	Rs 1.683 cr	26.26%
DMDK	0	1.504	0	Rs 1.504 cr	0%
NDPP	0	0	1.125	Rs 1.125 cr	100%
AIUFD	0.455	0	0.113	Rs 0.568 cr	19.89%
INLD	0.515	0.0428	0	Rs 0.5578 cr	0%
PMK	0.3429	0	0.2137	Rs 0.5566 cr	38.39%
GFP	0.33	0.0004	0	Rs 0.3304 cr	0%
SDF	0.2084	0.0356	0	Rs 0.244 cr	0%
AGP	0.10	0.070	0	Rs 0.17 cr	0%
NPF	0.0392	0	0	Rs 0.0392 cr	0%
Total	Rs 184.623 cr	Rs 172.843 cr	Rs 445.774 cr	Rs 803.24 cr	55.50%

Annexure – 4

Unknown sources of income of Regional Parties during FY 2019-20

Unknown Sources, as per the audit reports of Regional Parties, FY 2019-20 (in Rs Cr)					Total Unknown Income
Regional Political Parties	Donations received from Electoral Bonds	Voluntary Contributions (Below Rs 20,000)	By Collection from Sale of coupons	Miscellaneous Income	
TRS	89.1529	0.0051	0	0	Rs 89.158 cr
TDP	81.6	0.094	0	0	Rs 81.694 cr
YSR-C	74.35	0.40	0	0	Rs 74.75 cr
BJD	50.50	0	0	0.086	Rs 50.586 cr
DMK	45.5	0	0	0	Rs 45.5 cr
SHS	40.98	1.817	0	0	Rs 42.797 cr
JDS	7.50	0.0462	11.005	0	Rs 18.5512 cr
JDU	13.00	0.048	0	0	Rs 13.048 cr
SP	10.84	0.004	0	0.0007	Rs 10.8447 cr
SAD	6.76	0.185	0.23	0.00142	Rs 7.17642 cr
AIADMK	6.05	0.025	0	0	Rs 6.075 cr
JVM-P	0	0	3.242	0	Rs 3.242 cr
NDPP	0	1.125	0	0	Rs 1.125 cr
JMM	*	0.445	0	0	Rs 0.445 cr
AIMIM	0	0.442	0	0	Rs 0.442 cr
PMK	0	0.2137	0	0	Rs 0.2137 cr
AIUDF	0	0.113	0	0	Rs 0.113 cr
JJP	0	0.013	0	0	Rs 0.013 cr
RLD	0	0	0	0.00033	Rs 0.00033 cr
DMDK	0	0	0	0	Rs 0 cr
INLD	0	0	0	0	Rs 0 cr
GFP	0	0	0	0	Rs 0 cr
SDF	0	0	0	0	Rs 0 cr
AGP	0	0	0	0	Rs 0 cr
NPF	0	0	0	0	Rs 0 cr
Total	Rs 426.233 cr	Rs 4.976 cr	Rs 14.477 cr	Rs 0.088 cr	Rs 445.774 cr

*JMM has declared Rs 1 crore through Electoral Bond but party has given the donor's name