Tiny political outfits that don't fight polls receiving donations from small companies in far-flung cities

NEW DELHI: It's a business-politics relationship that even Arvind Kejriwal couldn't have imagined — Delhi's National Youth Party receives Rs 15 lakh from Itanagar-based event management company Phoenix Rising. Why would a small Itanagar company donate money to a Delhi-based party most don't know exist? Or consider this, Mumbai-based political party, Forum for Presidential Democracy, gets Rs 1.15 lakh from Mumbai-based Neptune Resorts and Developers.

Forum for Presidential Democracy and National Youth Party, and Neptune and Phoenix represent the untold story of India's colourful politics - there are almost 1,600 parties registered with EC, most never fight elections but many of these receive business donations from small businesses that vary from as little as Rs 11,000 to a whopping Rs 5 crore.

Records accessed by ET from the Election Commission under the RTI Act show Delhi and Mumbai seem to be fertile grounds for this curious relationship - 48 of 75 such parties that have submitted donation records over the past decade, are from NCR and Mumbai. The sums they received varied from Rs 1 lakh to Rs 5 crore. EC's threshold for declaration of donations is Rs 20,000.

So, why do these parties exist and why do businesses contribute to them? Answers to the first question from office bearers of these parties tend towards the incredible. Answers to the second question are more prosaic. Of the first kind is this example: Madhusudan Acharya, secretary, Forum for Presidential Democracy, which has also received Rs 25,000 from Associated Estate & Investment Corporation and Rs 50,000 from a Mumbai-based real estate company, told ET his party "was interested in elections...we just want to change this rotten system."

As for why these parties receive any money at all, the explanation may be quite prosaic. EC officials said, on the condition they not be identified, that tax rebates may be one reason why small businesses contribute to such parties. When asked whether getting tax rebates may be one of the reasons such parties exist, EC officials said such probes are outside the scope of the commission. "We can't probe such donations...we can ask for records," an EC official said.

EC's records show, whatever the motives, small-scale business-politics relationship is flourishing. Delhi-based Hindusthan Nirman Dal, formed in 2010, received Rs 11,000 in 2011 from real estate company Vardhman Promoters. Shailendra Jain, founder of the party, told ET he "hopes to bring about change."

The geography of this relationship is sometimes as confounding. One can perhaps fathom Delhi-based Combics Global Property donating Rs 75 lakh to Delhi-based Parmarth Party. Or Delhi-based party Manav Jagriti Manch receiving Rs 1.7 lakh from Delhi-based Interocian Shipping Company. But there's also Ahmedabad-based Zavari and Co Exports donating a handsome Rs 2 crore to Rashtriya Vikas Party, which practises its politics in faraway Faridabad. And this party has takers - it received donations from other companies in other areas as well. Perhaps, the most geographically confounding is this — Bangalore-based IBC Knowledge Park and GPS Associates of Mumbai donated Rs 20 lakh and Rs 10 lakh, respectively, to the All India United Democratic front of Guwahati in 2011-12.