



भारत निर्वाचन आयोग
Election Commission of India

निर्वाचन सदन
NIRVACHAN SADAN
अशोक रोड, नई दिल्ली - 110 001
ASHOKA ROAD, NEW DELHI - 110 001

829-835CSPLM
13-67

No.76/PPEMS/Transparency/2013

Dated: 26th February, 2014

To

The President/Secretary of
all Recognized Political parties

Subject: - Guidelines on transparency and accountability in party funds and
election expenditure matter -regarding.

Sir/Madam,

I am directed to state that the Commission had forwarded, vide its letter 30 August, 2013, draft 'Transparency Guidelines' for your comments /suggestions. The Commission received valuable comments/suggestions from a number of recognized political parties. Having considered the same, the Commission has revised the 'Transparency Guidelines' and a copy of the draft is enclosed for your comments/suggestion, within two weeks from receipt of the letter. In case of non-receipt of any feedback within the said time, it will be presumed that you have no comments to offer.

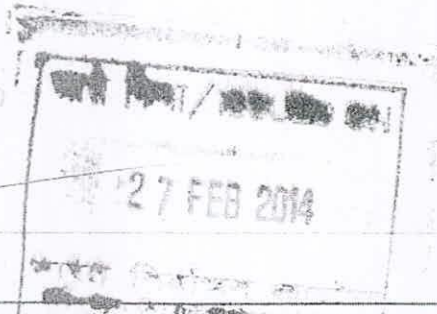
Yours faithfully,

(Signature)

(Malay Mallick)

Under Secretary

(Handwritten initials)



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Draft

ELECTION COMMISSION OF INDIA

Nirvachan Sadan, Ashoka Road, New Delhi – 110001

No.76/PPEMS/Transparency/2013

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The President/Secretary of
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Subject: - Guidelines on transparency and accountability in party funds and
election expenditure matter regarding.

Sir/Madam,

Under article 324 of the Constitution, Election Commission of India is vested with the responsibility to conduct free and fair elections. Inputs have been received from various quarters that money power is disturbing the level playing field, and vitiating the purity of elections. To curb the abuse of money power during elections, the Election Commission in the past, has issued several instructions to the candidates and political parties from time to time.

2. It is desirable for the political parties to observe transparency and accountability in respect of funds raised and expenditure incurred both during elections and in other times. Further, in the interest of conduct of free and fair elections, it is necessary and expedient to provide guidelines for bringing transparency and accountability with regard to funds of political parties.

3. In order to formulate the guidelines, the Commission sought comments/suggestions/inputs from all recognized political parties and some parties supported the issue of transparency guidelines, while some others had a different view. Having regard to the inputs received from the political parties and the purity of election process, the Commission hereby issues the following guidelines under Article 324 of constitution, to bring transparency in funding and expenditure of political parties:

- (i) Proviso (a) to Section 13A of Income Tax Act 1961, inter alia, provides that political party shall keep and maintain such books of accounts and other documents as would enable proper deduction of its income therefrom. Therefore, the treasurer of the political party or such person as authorized by the party shall, besides maintaining the accounts at all State and local units, maintain consolidated accounts at the central party headquarters as required under the afore said provision and the account so maintained by him/her shall conform to the accounting standards issued by the Institute of Chartered Accountants of India (ICAI).
- (ii) The political party shall submit to the Commission a copy of the audited annual accounts with auditor's report for each financial year, before 30th October of each year.
- (iii) Section 77(3) of the R.P. Act, 1951 provides for a ceiling of election expenditure for a candidate and if the party desires to provide any amount to its candidates for their election expenses, it shall make such payment, not exceeding the prescribed ceiling, and only through crossed account payee cheque or draft or through bank account transfer and not in cash.
- (iv) Section 40A (3) of Income Tax Act, 1961, provides that all payments exceeding Rs 20,000/- by any business entity are required to be made by account payee cheque/draft, except the exempted category as provided in Rule 6 DD of IT Rule, 1962. Therefore, it is advised that the party shall not make any payment, in excess of Rs.20, 000/- in a day to any person or company or entity in cash, except where the payment is made in a village or town, which is not served by a bank; or the payment is made to any employee or party functionary towards salary, pension or for reimbursement of his expenses; or in cases where cash payment is required to be made mandatorily.

(v-a) All contributions/amounts in excess of Rs.1000/- received from an individual or company or entity under Section 29B of the R.P. Act, 1951 shall be duly acknowledged by issuing receipt to such individual or company or entity and the party shall maintain name and address of such individuals, companies or entities. Further, any person or office bearer authorized by the party to receive the amount/contribution shall not keep such amount with him for more than a week and shall deposit the same in the party's bank account.

(v- b) The provisos to section 80GGB and 80GGC of I.T. Act 1961, inter alia, state that no deduction shall be allowed on the contributions made in cash by any person or company to political party. Therefore, it is advised that the party shall not receive any contribution in cash in excess of Rs 20,000/- from a person or company other than by crossed a/c payee cheque or draft or through bank account transfer.
