

Analysis of Income & Expenditure of National Political Parties for FY- 2014-2015

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 report to the Commission. This report analyses the total income and expenditure incurred by the **National Parties** during FY 2014-15, as declared by the parties in their IT Returns submitted to the ECI.

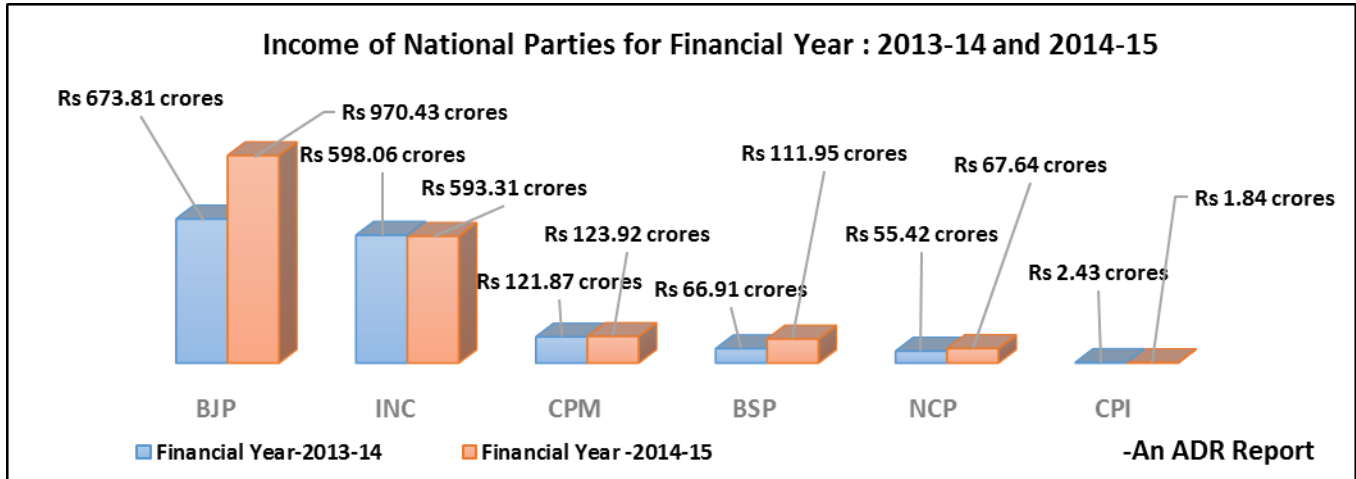
Submission of audited reports by the National Parties

- The due date for submission of annual audited accounts for the parties was **30th Nov, '15**.
- **CPI, CPM and BSP** were the only three National Parties to submit the audit reports on time.
- **NCP** submitted its audited report on 02 Feb, '2016, almost 2 months after the due date for submission.
- **BJP** submitted its audited report on 14th March, '16, almost three months after the due date for submission.
- **INC submitted its audited report on 4th April, '16, almost four months after the due date for submission.**

Due date for submission: 30 th Nov, '15		
Party	Date of submission	Delay in submitting their report
CPM	28 th Sep, '2015	-
BSP	12 th Oct, '15	-
CPI	18 th Nov, '2015	-
NCP	2 nd Feb, '2016	63 days
BJP	14 th March, '2016	104 days
INC	4 th April, ' 2016	125 days

Comparison of total income of National Parties between FY 2013-14 and 2014-15

- Between FY 2013-14 and 2014-15, the income of BJP increased by **44.02%** (Rs 296.62 crores) while that of **BSP** increased by **67.31%** (Rs 45.04 crores)
- The total income of NCP during the same period increased by Rs 12.22 crores (22.05%) while that of CPM rose by Rs 2.05 crores (1.68%)
- It is to be noted that amongst the National parties, **INC's income has decreased by Rs 4.74 crores (0.79%)** from FY 2013-14 to 2014-15. **CPI's income has also decreased by Rs 59 lakhs (24.28%)** during the same period.

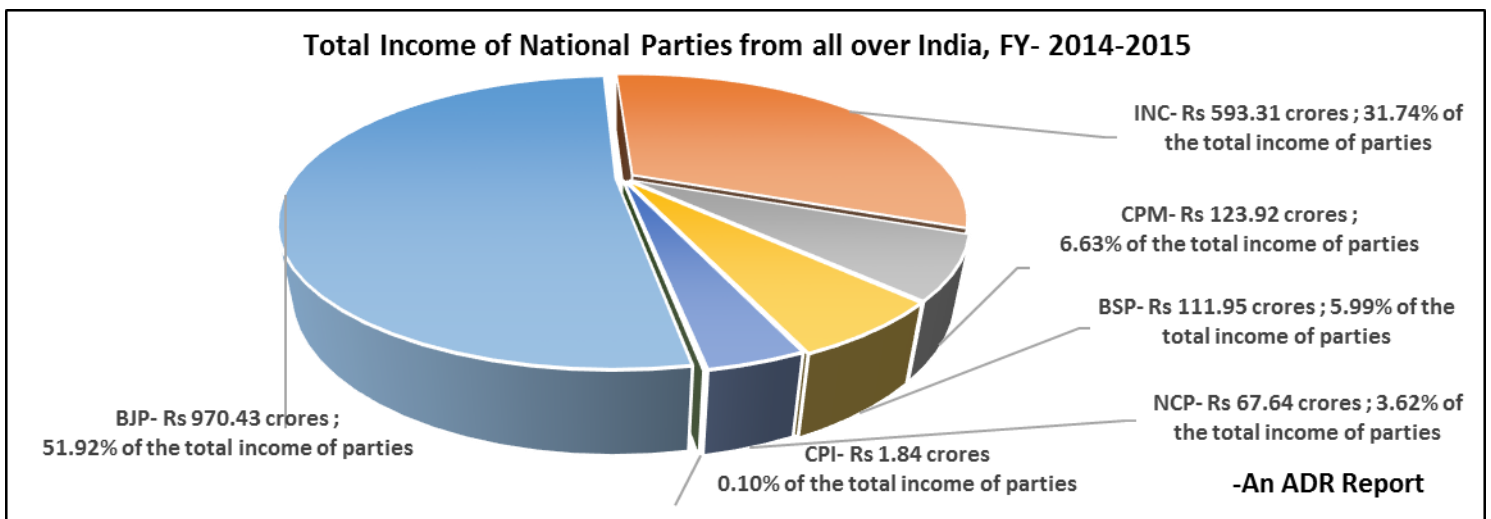


Total Income of National Parties FY 2014-2015

- 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.
- The **6 National Parties** (BJP, INC, BSP, NCP, CPM and CPI) have declared a **total income of Rs. 1,869.11 crores**, collected from all over India.
- BJP** has shown the highest income amongst the National Parties with a **total income of Rs 970.43 crores** during FY 2014-15. This forms **51.92% of the total income National Parties, together** during FY 2014-15.
- INC** declared the second highest income of **Rs 593.31 crores** which forms **31.74%** of the total income of the National Parties.
- CPI** declared the least income of **Rs 1.84 crores** which forms a mere 0.10% of the total income of the National Parties during the FY 2014-15.

National Parties for FY-2014-2015 (Rs. in crores)						
National Party	BJP	INC	CPM	BSP	NCP	CPI
Total Income	Rs 970,43,08,511 <i>(Rs 970.43 crores)</i>	Rs 593,31,48,495 <i>(Rs 593.31 crores)</i>	Rs 123,92,17,997 <i>(Rs 123.92 crores)</i>	Rs 111,95,53,509 <i>(Rs 111.95 crores)</i>	Rs 67,64,78,085 <i>(Rs 67.64 crores)</i>	Rs 1,84,13,593 <i>(Rs 1.84 crores)</i>
Share of Income	51.92%	31.74%	6.63%	5.99%	3.62%	0.10%
Grand Total	Rs 18,69,11,20,190 (Rs 1,869.11 crores)					

Table: Total income declared by National Parties in their ITR for FY 2014-15 (All over India)



Graph: Total income declared by National Parties in their ITRs for FY 2014-15 (All over India)

Declaration of sale of coupons and donations by National Parties: FY-2014-2015

- The audit report of political parties contains information on the various sources of income and items of expenditure of the parties over a financial year.
- Grant/ donations/ contributions or funds collected by the parties was the top source of income of the **National Parties**, forming **71.66%** of their total income.
- **BJP** declared the maximum income from donations which amounted to **Rs 940.39 crores** followed by **INC** with **Rs 207.407 crores**, **BSP** with **Rs 92.80 crores** and **NCP** with **Rs 38.82 crores**.
- **CPM** declared 'voluntary donations' of **Rs 59.27 crores** but the party's Income Tax annexure claimed that they received **Rs 59.12 crores as voluntary contributions** and **Rs 15 lakhs via sale of coupons**.
- **INC** and **NCP** are the only two political parties which have declared "sale of coupon" as their source of income in their audit statements. **INC** declared Rs 323.15 crores and **NCP** declared collecting Rs 27.16 crores from the sale of coupons.

Share of donations/ sale of coupons in total income of the parties – FY 2014-2015 (Rs in crores)							
Income Details	BJP	INC	BSP	NCP	CPI	CPM	Total
Grant/Donation/Contributions/ Funds	940.39	207.407	92.8	38.82	0.72	59.27	Rs 1,339.41 cr
Collection by Issuing Coupons/Sale of Publications	0	323.15	0	27.165	0	0	Rs 350.31 cr
Other sources of Income	30.04	62.76	19.155	1.66	1.12	64.65	Rs 179.39 cr
*Includes Voluntary contributions, contributions from Morchas, Contributions from Meetings and Aajiwan Sahayog Nidhi							

- Out of the total income of **Rs 1,869.11 crores** declared by the National Parties during FY 2014-15, other remaining sources of income amounted to **Rs 179.39 crores** which formed only **9.60%** of the total income of the parties.

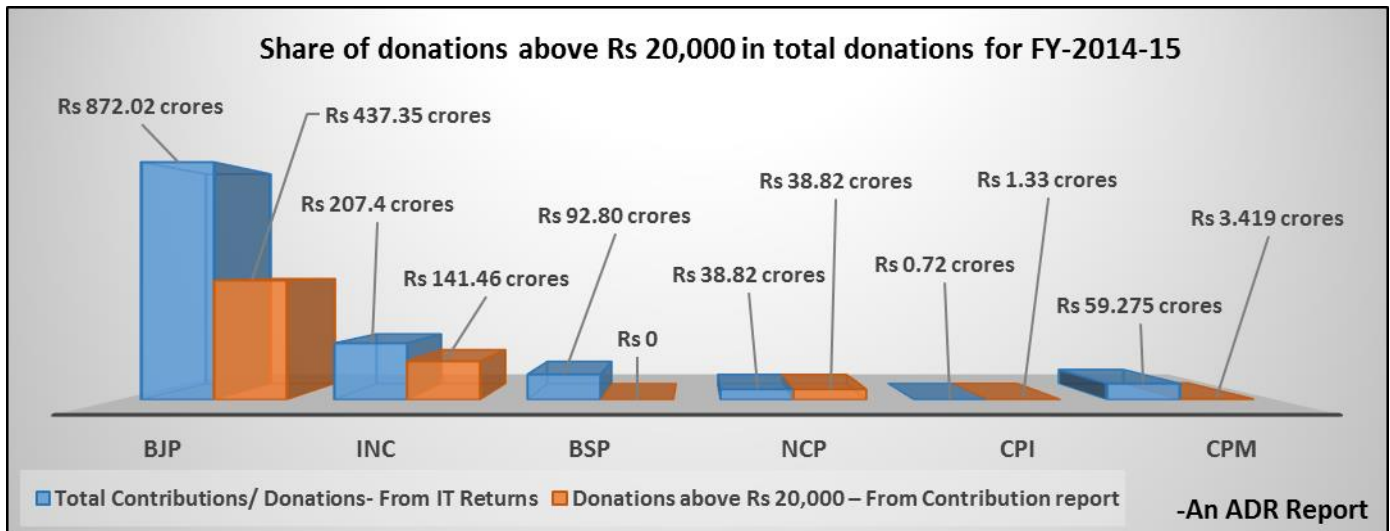
Share of donations above Rs 20,000 in total donations

- Apart from submitting details of their audit report to the Election Commission of India, political parties are also required to annually provide details of donors who contributed **above Rs 20,000** to the parties in a financial year.
- A **comparison of total donations** declared by the parties in their **IT returns** (both above and below Rs 20,000) and that declared in the **donations report** shows that only **49%** of the total donations of the parties came from **voluntary contributions above Rs 20,000**.
- **NCP** is only party which has not received donation below Rs 20,000 during FY 2014-15. Thus all voluntary contributions are available in the public domain.
- It is to be noted that **BSP claims not having received any donation above Rs 20,000 hence no donations details of the party are in public domain**.
- A total of **Rs 648.66 crores (51% of total donations)** of the total donations to National Parties was collected during FY 2014-15 from donors whose **details are not available in the public domain**.
- **BJP**, which declared the highest total income and highest income from donations above Rs 20,000 amongst the National Parties, had collected **Rs 434.67 crores (50% of total donations)** from donors whose details are unavailable.
- Out of **Rs 59.275 crores** declared by **CPM** as total donations of the party, only **Rs 3.419 crores**, or a mere **6%**, came from donors whose details are declared in the donations report of the party.

- The voluntary donations declared by a party in its IT Returns should be higher than the donations received by the party above Rs 20,00 as the IT Returns should include all donations (irrespective of the amount) from donors. But **CPI** had declared **Rs 72 lakhs** as donations received in its **IT returns** while the party declared receiving **Rs 1.33 crores** from donors who donated above Rs 20,000 in its **contributions report** to the ECI. Hence the share of donations above Rs 20,000 in total donations of the party appears to be **185%**.

% share of contributions in total Income of National Parties for FY-2014-2015 (Rs. in crores)						
Party	Total Income (A)	Source of Income – IT Returns	Total Contributions/ Donations- From IT Returns (B)	Share of Contributions in total income (B/A)	Donations above Rs 20,000 – From Contribution report (C)	Share of Contributions above Rs 20,000 in total donations (C/B)
BJP	970.43	Voluntary Contributions	872.02	90%	437.35	50%
INC	593.314	Grant/Donation/Contributions	207.04	35%	141.46	68%
BSP	111.955	Voluntary Contributions / Coupon Sale	92.80	83%	0	0%
NCP	67.647	Grant/ Donation/Contribution	38.82	57%	38.82	100%
CPI	1.84	Party Fund, Education Fund, Election Fund and Donations	0.72	39%	1.33	185%
CPM	123.92	Voluntary Contributions	59.275	48%	3.419	6%
Grand Total		Rs 1,869.11 crores	Rs 1,271.04 crores	68%	Rs 622.38 crores	49%

Table: % share of contributions in total Income of National Parties for FY-2014-2015 (Rs. in crores)



* - The donations above Rs 20,000 declared by CPI was more than total donations declared by the party in its IT Returns

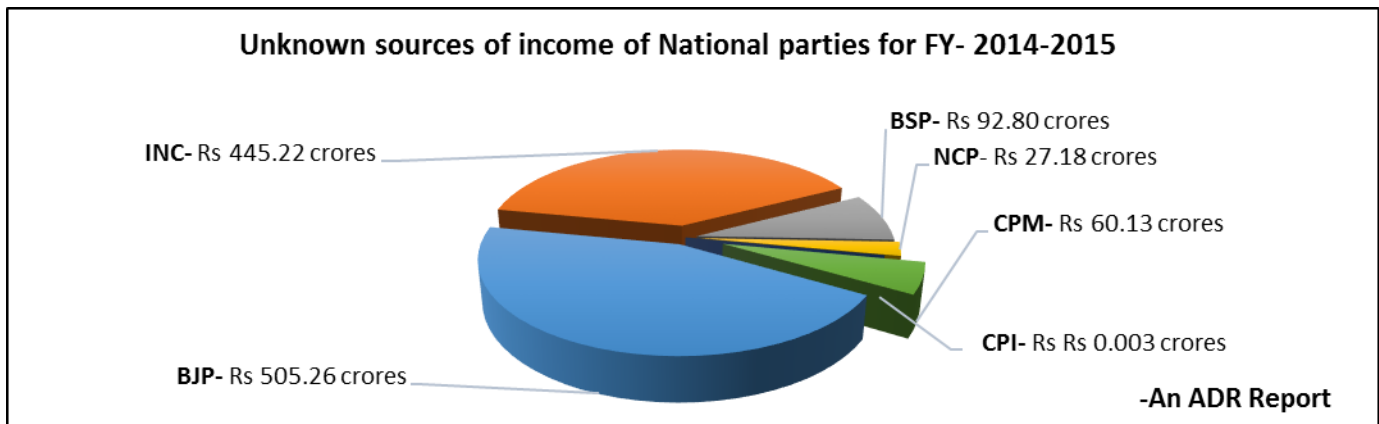
Unknown sources of income of National parties for FY- 2014-2015

- The contribution statements, submitted by the political parties declaring names and other details of donors who contribute above Rs 20,000, are the only **known sources of income parties**.
- The **unknown sources** are income declared in the IT returns but **without giving source of income from donations below Rs.20,000**. Such unknown sources include '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.
- Total income of political parties from unknown sources** (income specified in the IT Returns whose sources are unknown), for the FY 2014-15 is **Rs 1,130.59 crores**, which is **60%** of the total income of the parties.

- **Donations above Rs 20,000** have been deducted from the **total donations/ voluntary contributions** declared by the parties and total income derived by the parties from **unknown sources** is given in the table below.

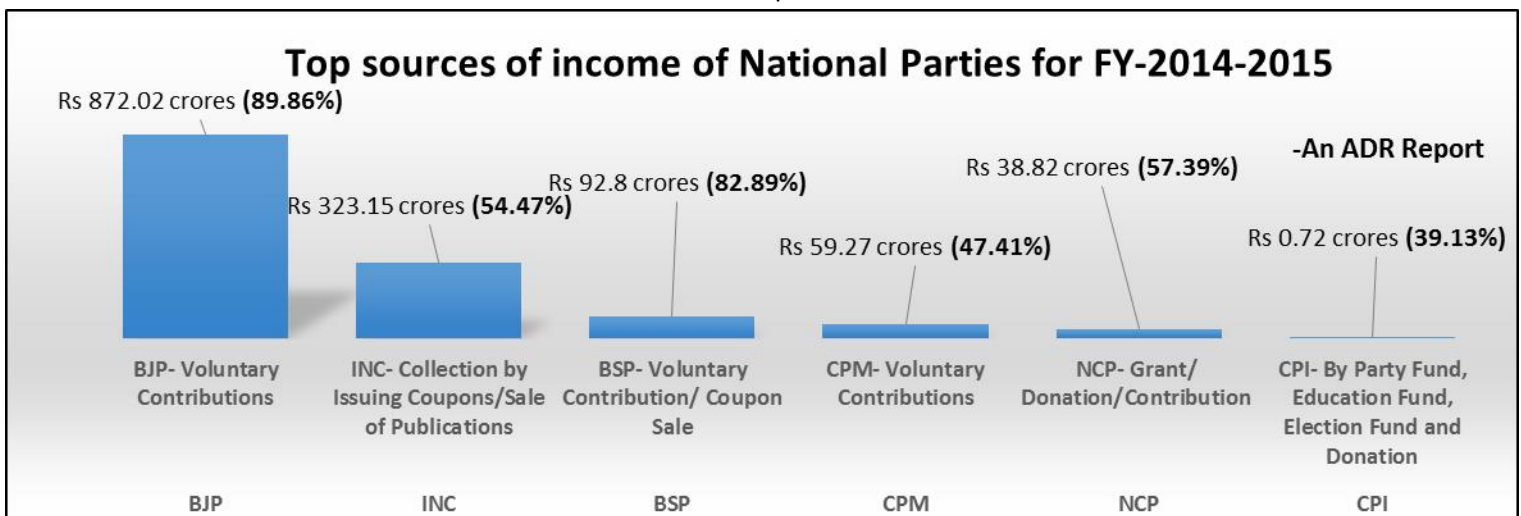
Unknown sources of Income	BJP	INC	BSP	NCP	CPI	CPM	Total
Voluntary Contributions	434.67	65.94	92.8	0	0	55.856	Rs 649.27 crores
Aajiwani Sahayog Nidhi	67	0	0	0	0	0	Rs 67.00 crores
Coupon sale	0	323.15	0	27.165	0	0	Rs 350.31 crores
Miscellaneous Income/Others	0.977	56.13	0.0002	0.01	0.003	4.27	Rs 61.39 crores
Contributions for Morchas	1.266	0	0	0	0	0	Rs 1.27 crores
Relief Fund	1.247	0	0	0	0	0	Rs 1.25 crores
Contributions from Meetings	0.095	0	0	0	0	0	Rs 0.10 crores
Total	Rs 505.26 crores	Rs 445.22 crores	Rs 92.80 crores	Rs 27.18 crores	Rs 0.003 crores	Rs 60.13 crores	Rs 1,130.59 crores

Table: Unknown sources of income of National parties for FY- 2014-2015



Top 3 sources of income of National Parties for FY-2014-2015

- National Parties have declared **donations/contributions** as one of their 3 main sources of income. BJP- 872.02 crores, BSP- Rs 92.80 crores, NCP – Rs 38.82 crores, CPM- Rs 59.27 crores and CPI – Rs 72 lakhs.
- INC has declared Rs 323.15 crores from sale of coupons of its main source of income.



- The third highest income declared by BJP was **Rs 67.00 crores** from collection from **Aajiwan Sahayog Nidhi**. This formed 6.90% of the total income of the party.
- **Interest collected** is the also one of the highest sources of income for the parties. BJP collected Rs 20.65 crores, CPM Rs 15.58 crores, and BSP Rs 7.688 crores, followed by CPI which collected Rs 0.64 lakhs.

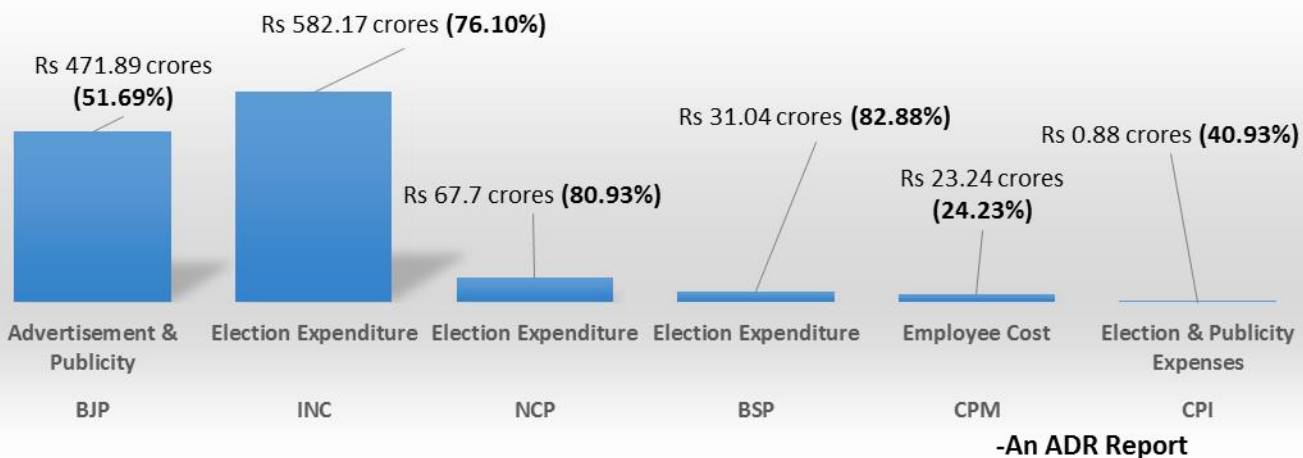
National Party	Total Income	Financial Year- 2014-2015		
		Top 3 Source of Income	Amount (Rs in crores)	Share of Income
BJP	Rs 970.43 crores	Voluntary Contributions	872.02	89.86%
		Aajiwan Sahayog Nidhi	67.00	6.90%
		Interest from Banks	20.65	2.13%
		Other Income	10.76	1.11%
INC	Rs 593.31 crores	Collection by Issuing Coupons/Sale of Publications	323.15	54.47%
		Grant/Donation/Contributions	207.40	34.96%
		Fee & Subscriptions	6.62	1.12%
		Other Income	56.13	9.46%
BSP	Rs 111.95 crores	Voluntary Contribution/ Coupon Sale	92.80	82.89%
		Membership Fee	11.466	10.24%
		Bank Interest	7.688	6.87%
		Other Income	0.0002	0.00%
NCP	Rs 67.64 crores	Grant/ Donation/Contribution	38.82	57.39%
		Collection By Issuing Coupons/Sale of Publications	27.78	41.07%
		Fee & Subscriptions	0.70	1.03%
		Other Income	0.34	0.50%
CPI	Rs 1.84 crores	By Party Fund, Education Fund, Election Fund and Donation	0.72	39.13%
		By Interest received	0.64	34.62%
		By Membership Fee	0.44	23.86%
		Other Income	0.04	2.17%
CPM	Rs 123.92 crores	Voluntary Contributions	59.27	47.83%
		Levy	44.57	35.97%
		Bank Interest	15.58	12.57%
		Other Income	4.50	3.63%

Table: Top 3 sources of income of National Parties in their ITR from FY 2014-15

Top 3 items of expenditure of National Parties for FY 2014-2015

- The maximum expenditure for **INC** has been towards Elections Expenditure which amounted to **Rs 582.17 crores** followed by expenses towards Administrative and General Expenses **Rs 79.10 crores**.
- **BJP** has been expenses towards **Advertisement & Publicity** which amounted to **Rs 471.89 crores** followed by expenses towards **Travelling, Rs 209.57 crores**.
- **NCP** spent the maximum of **Rs 67.70 crores** on **Election Expenditure** followed by expenditure of **Rs 13.36 crores** on **Administrative and General Expenses** and **Rs 1.30 crores** on **Depreciation and Amortisation Expenses**.

Top items of expenditure of National Parties for FY 2014-2015



National Party	Total Expenditure	Financial Year- 2014-2015		
		Top 3 Items of Expenditure	Amount (Rs in crores)	% of Expenditure
BJP	Rs 913.01 crores	Advertisement & Publicity	471.89	51.69%
		Travelling	209.57	22.95%
		Morcha/Rally/Andolan Expenses	101.59	11.13%
		Other Expenditure	129.96	14.23%
INC	Rs 765.02 crores	Election Expenditure	582.17	76.10%
		Administrative and General Expenses	79.10	10.34%
		Finance Costs	33.77	4.41%
		Other Expenditure	69.98	9.15%
BSP	Rs 37.45 crores	Election Expenditure	31.04	82.88%
		Administrative and General Expenses	6.35	16.96%
		Employee Cost	0.05	0.13%
		Other Expenditure	0.01	0.03%
NCP	Rs 83.65 crores	Election Expenditure	67.7	80.93%
		Administrative and General Expenses	13.36	15.97%
		Depreciation and Amortisation Expenses	1.3	1.55%
		Other Expenditure	1.29	1.54%
CPI	Rs 2.15 crores	Election & Publicity Expenses	0.88	40.93%
		Salary and Allowances	0.36	16.74%
		Repair & Maintenance to Building	0.229	10.65%
		Other Expenditure	0.681	31.67%
CPM	Rs 95.90 crores	Employee Cost	23.24	24.23%
		Election Expenditure	20.78	21.67%
		Meeting Expenses	15.30	15.95%
		Other Expenditure	36.58	38.14%

Table: Top 3 items of expenditure of National Parties in their ITR for FY-2014-15

Issues related to disclosure of financial statements by political parties

Sections 13A of the Income Tax Act clearly indicates that the object is to ensure that there is transparency in the process of financial functioning of the political parties. ADR, while gathering the income tax returns of political parties by filing of RTIs in the respective Income Tax department/circle, has come across various instances where many state/regional parties recognized by ECI have not filed their income tax returns.

Political parties have been exempted from paying tax, however, to claim such exemption, they have to maintain audited accounts and comply with provisions of the Income Tax Act. Some regional parties have defaulted on this account on a regular basis. They have been openly flouting the provisions of the Income Tax Act and are not filing their annual income returns, which is a violation of the mandatory provisions laid down in law. Many of these parties are major regional parties in their respective state/region and their financial position is not known.

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.

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 75% of the source of funds to be unknown.
- Any party which does not submit its donation statement to the ECI on or before the due date, **their income should not be tax-exempted and defaulting parties should be derecognized.**
- Those parties not following the ICAI guidelines for auditing of reports should be scrutinized by the IT department.
- **The National political parties must provide all information on their finances under the Right to Information Act.** This will only strengthen political parties, elections and democracy.

Contact Details

<p>Media and Journalist Helpline +91 80103 94248 Email: adr@adrindia.org</p>	<p>Maj Gen Anil Verma (Retd.) Head National Election Watch and Association for Democratic Reforms +91 8826479910 anilverma@adrindia.org</p>	<p>Prof Jagdeep Chhokar IIM Ahmedabad (Retd.) Founder Member National Election Watch, Association for Democratic Reforms +919999620944 jchhokar@gmail.com</p>	<p>Prof Trilochan Sastry IIM Bangalore Founder Member, National Election Watch, Association for Democratic Reforms +919448353285, trilochans@iimb.ernet.in</p>
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For details of Income and Expenditure declared by the National Political parties during FY 2013-14, kindly visit:
<http://goo.gl/DHLHqq>