

ANALYSIS OF SOURCES OF FUNDING OF REGIONAL PARTIES: FY 2016-17

A Report by
Association for Democratic Reforms

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Analysis of Sources of Funding of Regional Parties of India, FY 2016-17

Political Parties play a key role in democracies as they contest elections, form governments, formulate policies and are responsible for providing governance and improve 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?

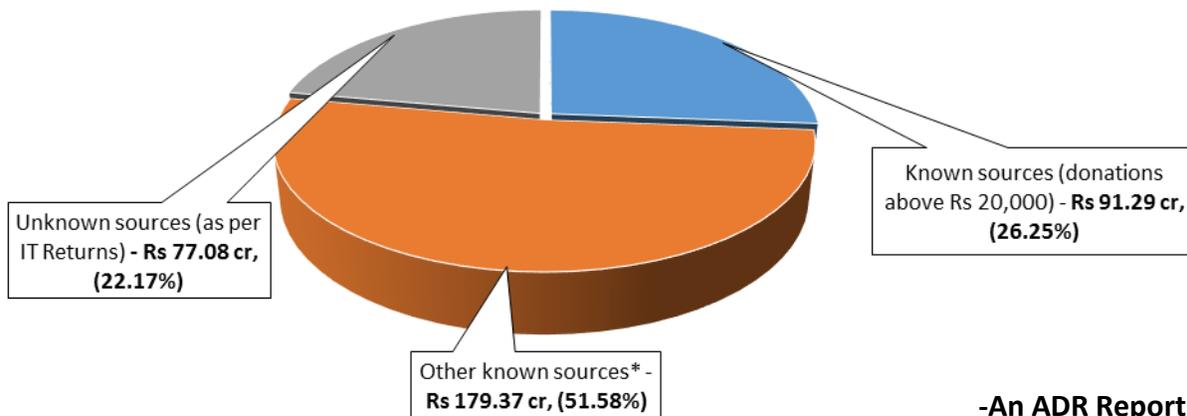
An analysis of their Income Tax returns and donations statements filed with the Election Commission of India (ECI) shows that the **sources remain largely unknown**. At present, political parties are not required to reveal the name of individuals or organizations giving less than Rs. 20,000. As a result, **about 25% of the 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 20,000, whose donor details are available through contributions report as submitted by regional parties to the ECI.
- The **unknown sources** are income declared in the IT returns but **without giving source of income for 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.
- Other known sources** of income include sale of moveable & immoveable 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.
- For this analysis, **37** Regional recognised parties were initially considered, but out of them only **29** have filed both their Income Tax Return and Contributions report (Refer: Annexure 1), rest **8** had not submitted either one of the reports (Refer: Annexure 2).
- Total income of 29 Regional political parties** in FY 2016-17: **Rs 347.74 cr.**
- Total income of political parties from known donors** (details of donors as available from contribution report submitted by parties to Election Commission): **Rs 91.29 cr**, which is **26.25%** of the total income of the parties.
- Total income of political parties from other known sources** (e.g., sale of assets, membership fees, bank interest, sale of publications, party levy etc.): **Rs 179.37 cr**, or **51.58%** of total income.
- Total income of political parties from unknown sources** (income specified in the IT Returns whose sources are unknown): **Rs 77.08 cr**, which is **22.17%** of the total income of the parties.

| Sources of income of Regional parties during FY 2016-17 | | | | |
|---|---|----------------------------------|---|--------------|
| Regional Political Parties | Income from Known sources (donations details declared to ECI) | Income from Other known sources* | Income from Unknown Sources (as per IT Returns) | Total Income |
| | Rs 91.29 cr | Rs 179.37 cr | Rs 77.08 cr | Rs 347.74 cr |
| Percentage share | 26.25% | 51.58% | 22.17% | 100.00% |

Sources of income of Regional Parties during FY 2016-17



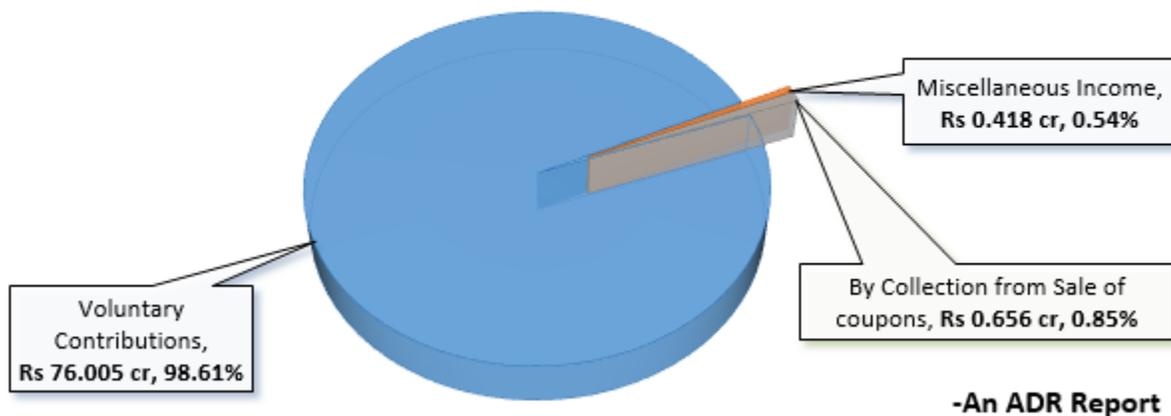
Income from unknown sources

- Out of total income of **Rs 77.08 cr** of Regional Parties from unknown sources, **98.61%** or **Rs 76.005 cr** came from **Voluntary contributions**.
- Through collection from sale of coupons, Regional Parties collected **Rs 65.60 lakhs** and from miscellaneous income they collected **Rs 41.80 lakhs**.

Unknown Sources, as per the income-expenditure statements of Regional Parties, FY 2016-17

| Regional Political Parties | Voluntary Contributions | Miscellaneous Income | By Collection from Sale of coupons | Total Unknown Income |
|----------------------------|-------------------------|----------------------|------------------------------------|----------------------|
| | Rs 76.005 cr | Rs 0.418 cr | Rs 0.656 cr | Rs 77.08 cr |
| Percentage share | 98.61% | 0.54% | 0.85% | 100% |

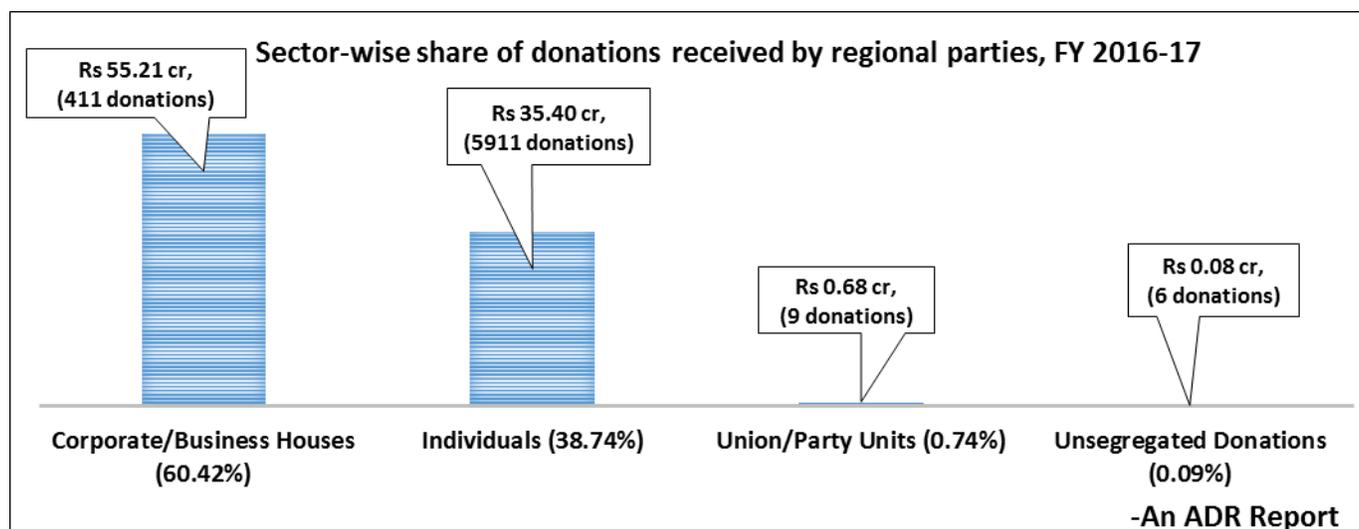
Types of Unknown Sources as declared by Regional Parties in their IT Returns, FY 2016-17



Sector-wise classification of known donations to Regional parties

- For the analysis of sector-wise classification of donations, the contributions reports of all **31 Regional Parties** have been considered, which have filed their contributions report to the ECI for FY 2016-17.
- ADR has done a sector wise analysis and created four categories of donations: a) donations from Corporates/Business houses; b) donations from individual donors; c) donations from union/party units and d), unsegregated donations (donations with incomplete details) (Refer: Annexure 3).
- 60.42%** of all known donations amounting to **Rs 55.21 cr** were received via **411 donations** to Regional Parties from corporate/business houses in FY 2016-17. **38.74%** amounting to **Rs 35.4 cr** were received via **5911 donations** from Individual donors during the same time.
- Shiv Sena, SAD, SP, MNS, RLD** and **KC-M** have declared receiving **more than 83% of their donations from corporate/business houses**.
- 16 regional parties** have declared that they have received **more than 84% of their donations from individuals**.
- Shiv Sena, AAP** and **JDS** are the only three regional parties that have reported receiving donations from **Union/Party units**.
- There were **6 unsegregated donations** from which **DMK, MGP & AAP** collected a total of **Rs 8 lakhs** in FY 16-17.
- Union/Party units** gave **Rs 0.68 cr** via **9 donations** during FY 2016-17.

| Sector-wise donations declared by Regional Parties for FY 2016-17 (Rs in cr) | | | | |
|--|---------------------------|-------------|-------------------|------------------------|
| Sector-wise | Corporate/Business Houses | Individuals | Union/Party Units | Unsegregated Donations |
| Contributions (Rs in cr) | 55.21 | 35.40 | 0.68 | 0.08 |
| No. of Donations | 411 | 5911 | 9 | 6 |
| Share of donations | 60.42% | 38.74% | 0.74% | 0.09% |



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 is it possible for almost 25% of the source of funds to be unknown, but at present it is so in India.
- Any organization that receives foreign funding should not be allowed to support or campaign for any candidate or political party.
- Recently, the ECI has recommended that tax exemption be awarded only to those political parties which contest and win seats in Lok Sabha/ 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 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 http://eci.nic.in/eci_main1/PolPar/ContributionReports.aspx

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 IT Returns and Donations reports are available

| S.No | Regional Party | Total Income (according to IT Returns) (Rs in cr) | Income from known sources (according to donations report) (Rs in cr) |
|--------------|----------------|---|--|
| 1 | Shivsena | 31.82 | 25.65 |
| 2 | AAP | 30.78 | 24.73 |
| 3 | SAD | 21.89 | 15.45* |
| 4 | SP | 82.76 | 6.91 |
| 5 | JDS | 7.138 | 4.209 |
| 6 | MGP | 3.64 | 3.64* |
| 7 | TDP | 72.92 | 1.89 |
| 8 | MNS | 11.67 | 1.427 |
| 9 | JDU | 3.59 | 1.4 |
| 10 | RLD | 7.08 | 1.257 |
| 11 | DMK | 3.78 | 0.757* |
| 12 | AINRC | 0.68 | 0.68* |
| 13 | SDF | 2.53 | 0.479 |
| 14 | AGP | 0.505 | 0.437* |
| 15 | LJP | 0.75 | 0.43 |
| 16 | YSR-Congress | 0.94 | 0.42 |
| 17 | NPF | 0.41 | 0.41* |
| 18 | TRS | 3.79 | 0.34 |
| 19 | BPF | 0.336 | 0.33 |
| 20 | AIUDF | 0.327 | 0.195 |
| 21 | KC-M | 0.23 | 0.187 |
| 22 | PMK | 3.58 | 0.047 |
| 23 | ZNP | 0.024 | 0.019 |
| 24 | DMDK | 0.83 | 0.0006* |
| 25 | JKNC | 3.99 | 0 |
| 26 | JVM-P | 0.67 | 0 |
| 27 | AIADMK | 48.88 | 0 |
| 28 | BJD | 1.88 | 0 |
| 29 | JMM | 0.319 | 0 |
| Total | | Rs 347.74 cr | Rs 91.30 cr |

*Contains details of donations declared below Rs 20,000

Annexure – 2

Regional Parties whose IT Returns/ Donations reports were unavailable

| S.No | Regional Party | Total Income (according to IT Returns) (Rs in cr) | Income from known sources (according to donations report) (Rs in cr) |
|------|----------------|---|--|
| 1 | PDA# | 0.044 | 0.0115* |
| 2 | AIMIM | 7.42 | - |
| 3 | RJD | - | 0.07 |
| 4 | AIFB | - | 0 |
| 5 | JKPDP | 0.49 | - |
| 6 | INLD | 0.303 | - |
| 7 | RLSP | 0.235 | - |
| 8 | MNF | 0.149 | - |

#PDA not considered in the analysis as donations report was not filed in the required format

*Contains details of donations declared below Rs 20,000

Annexure – 3

Sector-wise income from donations to Regional Parties

| Sector-wise donations declared by Regional Parties for FY 2016-17 | | | | | | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------|---------------------|
| Party | Corporate/Business Houses | Individuals | Union/Party Units | Unsegregated | Grand Total | |
| | Contributions (Rs in cr) | Contributions (Rs in cr) | Contributions (Rs in cr) | Contributions (Rs in cr) | Total No. of Donations | Total Contributions |
| Shiv Sena | 22.77 | 2.366 | 0.516 | 0 | 297 | Rs 25.65 cr |
| AAP | 3.83 | 20.83 | 0.068 | 0.007 | 3865 | Rs 24.73 cr |
| SAD | 14.26 | 1.19 | 0 | 0 | 115 | Rs 15.45 cr |
| SP | 6.65 | 0.26 | 0 | 0 | 26 | Rs 6.91 cr |
| JDS | 2.5 | 1.609 | 0.1 | 0 | 46 | Rs 4.209 cr |
| MGP | 2.12 | 1.516 | 0 | 0.003 | 437 | Rs 3.64 cr |
| TDP | 0.28 | 1.61 | 0 | 0 | 59 | Rs 1.89 cr |
| MNS | 1.27 | 0.16 | 0 | 0 | 21 | Rs 1.427 cr |
| JDU | 0 | 1.4 | 0 | 0 | 35 | Rs 1.4 cr |
| RLD | 1.045 | 0.212 | 0 | 0 | 21 | Rs 1.257 cr |
| DMK | 0.05 | 0.638 | 0 | 0.07 | 22 | Rs 0.757 cr |
| AINRC | 0.02 | 0.66 | 0 | 0 | 437 | Rs 0.68 cr |
| SDF | 0.125 | 0.35 | 0 | 0 | 46 | Rs 0.479 cr |
| AGP | 0.027 | 0.41 | 0 | 0 | 537 | Rs 0.437 cr |
| LJP | 0.062 | 0.37 | 0 | 0 | 27 | Rs 0.43 cr |
| YSR-C | 0 | 0.42 | 0 | 0 | 3 | Rs 0.42 cr |
| NPF | 0 | 0.41 | 0 | 0 | 243 | Rs 0.41 cr |
| TRS | 0.01 | 0.33 | 0 | 0 | 26 | Rs 0.34 cr |
| BPF | 0.01 | 0.32 | 0 | 0 | 27 | Rs 0.33 cr |

Sector-wise donations declared by Regional Parties for FY 2016-17

| Party | Corporate/Business Houses | Individuals | Union/Party Units | Unsegregated | Grand Total | |
|--------------------|---------------------------|--------------------------|--------------------------|--------------------------|------------------------|------------------------|
| | Contributions (Rs in cr) | Contributions (Rs in cr) | Contributions (Rs in cr) | Contributions (Rs in cr) | Total No. of Donations | Total Contributions |
| AIUDF | 0 | 0.2 | 0 | 0 | 4 | Rs 0.195 cr |
| KC-M | 0.187 | 0 | 0 | 0 | 6 | Rs 0.187 cr |
| RJD | 0 | 0.07 | 0 | 0 | 8 | Rs 0.07 cr |
| PMK | 0 | 0.047 | 0 | 0 | 22 | Rs 0.047 cr |
| ZNP | 0 | 0.019 | 0 | 0 | 5 | Rs 0.019 cr |
| DMDK | 0 | 0.0006 | 0 | 0 | 2 | Rs 0.0006 cr |
| Grand Total | Rs 55.21 cr | Rs 35.40 cr | Rs 0.68 cr | Rs 0.08 cr | 6337 donations | Rs 91.37 crores |