

ELECTION COMMISSION OF INDIA

Nirvachan Sadan, Ashoka Road, New Delhi – 110001

No.76/PPEMS/2013

Dated : Aug, 2013

To

The President/Secretary of
all Recognized Political parties

Subject: - Consultation with the political parties for Guidelines on transparency and accountability in party funds – matter regarding.

Sir/Madam,

As you are aware, under article 324 of the Constitution of India, 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. The Commission feels that 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 enable the Commission to formulate the guidelines, the Commission hereby seeks comments/suggestions/inputs of the political parties on following issues:

(i) The responsibility of maintaining the books of accounts of the party at all levels should be vested in the Treasurer of the party or in such person as may be authorized by the Party, as provided in the memorandum/Rules and Byelaws/constitution of the party.

(ii) The Treasurer of the political party or such person authorized by the party should maintain consolidated accounts at the central party headquarters (including all State and local units) in such books of accounts and in such accounting methods as required for audit purpose, conforming to the accounting standards issued by the Institute of Chartered Accountants of India (ICAI).

(iii) The authorized office bearer of each registered political party should issue appropriate acknowledgment/ receipt to persons or companies or others for every amount of contribution or donation or sum received from them and to maintain such details, as required for audit purpose, conforming to the accounting standards.

(iv) All such donations/contributions/sum received should be deposited in the bank account(s) of political party within a reasonable time.

(v) The Treasurer or the authorized office bearer of the party should ensure that all funds raised for the party are used only for activities, as enshrined in its memorandum/Rules and Byelaws/constitution.

(vi) Where the party provides any lump sum amount to its candidates for meeting their election campaign expenses, it should be ensured that such amount is given only by crossed account payee cheque or draft or by RTGS or NEFT or internet transfer; that the amount does not exceed the ceiling prescribed for such candidates; and that before filing its election expenditure statement with the Commission, the party obtains utilization certificate from such candidates for funds disbursed to them that it has been spent for defraying their election expenses.

(vii) The Treasurer or authorized office bearer of the party should ensure that any payment or aggregate of payments made from the party account to any person or company or agency, exceeding Rs.20,000/- in a day is done only by crossed a/c payee cheque or draft or by RTGS or NEFT or through internet transfer.

(viii) The party should ensure that any donation or contribution from a person or company or entity exceeding Rs 20,000/- in a financial year is received by crossed a/c payee cheque or draft or by RTGS or NEFT or through internet transfer

(ix) During the election process, the political parties may ensure that any party candidate, party functionary or party worker does not carry party funds in cash, exceeding a specified amount.

(viii) The political party should get their accounts audited for every financial year and submit copy of the audited accounts to the Election Commission of India before 30th September, or before the due date for furnishing return of income of that financial year, along with their contribution reports referred to in Section 29C of the R.P. Act, 1951.

4. I am directed to request you to forward your comments/suggestions/inputs to the undersigned before 20th Sept, 2013.

Yours faithfully,

(Varinder Kumar)
Secretary