

ANALYSIS OF SOURCES OF FUNDING OF NATIONAL PARTIES: FY 2023-24

A Report by
Association for Democratic Reforms

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Analysis of Sources of Funding of National Parties of India, FY 2023-24

Political Parties play a key role in democracies as they contest elections, form governments, formulate policies and are responsible for providing governance and improving 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 audit reports and donation statements filed with the Election Commission of India (ECI) reveals that some part of these sources remains unknown. At present, political parties are not required to reveal the names of individuals or organizations giving less than Rs. 20,000. As a result, **3.425% or Rs 199.3683 cr 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.

However, since the public disclosure of electoral bond data last year, there has been a noticeable decline in the proportion of political parties' income from 'unknown' sources. This development has contributed to a gradual increase in financial transparency and accountability among political parties. **It must be noted that with the availability of the electoral bonds data in public domain after the Supreme Court's judgement last year, the donations via electoral bonds will be categorized under known sources of donations for the purpose of this report.** As per the current law, donations below Rs 20,000 remain the only source of income whose details are not required to be disclosed by political parties. Additionally, donation details disclosed under the partially opaque Electoral Trusts Scheme do not reveal (to the general public) which company/individual contributes to which party through the trusts.

Observations of ADR

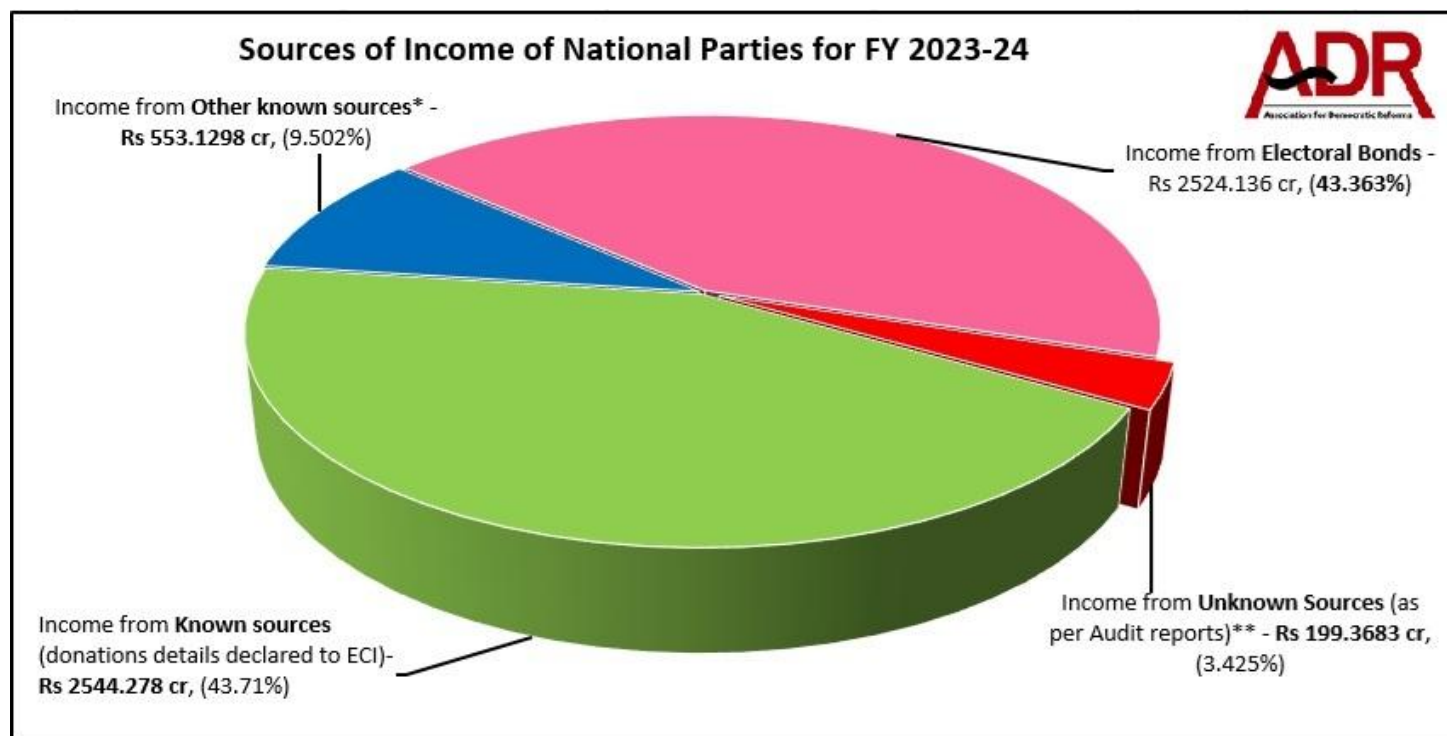
- Between **FY 2004-05 and 2023-24**, the National Parties collected **Rs 10,753.09 cr from unknown sources (excluding electoral bonds)**.
- During the financial year 2023-24, **CPI(M)** declared the highest income from 'unknown sources' at Rs 82.0759 cr, followed by **INC** with Rs 78.7298 cr, **BJP** with Rs 37.6037 cr, **AAP** with Rs 0.93 cr, and **NPEP** with Rs 0.0289 cr. These figures reflect that a certain share of political funding for major parties still originates from undisclosed sources.
- In the financial year 2023-24, INC and CPI(M) together earned a total income of Rs 69.8816 cr from the sale of coupons.

Income of Political Parties from Known, Other Known and Unknown Sources

- For this report, **known sources** have been defined as donations above Rs 20,000, whose donor details are available through contributions reports as submitted by National parties to the ECI.
- The **unknown sources** are income declared in the annual audit report 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. Prior to February 2024, it also included 'donations via Electoral Bonds' (which are now prohibited). The details of donors of such voluntary contributions are not available in the public domain.
- Other known sources** of income include the 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, **6 National parties** were considered – **BJP, INC, CPI(M), BSP, AAP** and **NPEP**. However, **BSP** declared that it did not receive any funds from voluntary contributions (above or below Rs 20,000), Sale of Coupons, Electoral Bonds or Unknown Sources of income. The BSP party received a total income of Rs 64.7798 crore from other known sources, which includes **Rs 38.1893 cr** from bank interest, **Rs 26.59 cr** from membership fees, and **Rs 5,000** from interest income on security.
- Total income of 6 National political parties** in FY 2023-24: **Rs 5820.912 cr**.
- Total income of political parties from known donors** (details of donors as available from contribution report submitted by parties to Election Commission and analysed by ADR [here](#)): **Rs 2544.278 cr**, which is **43.71%** 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 553.1298 cr**, or **9.502%** of the total income.
- Total income of political parties from Electoral Bonds**: **Rs 2524.136 cr**, of **43.363%** of the total income.
- Total income of political parties from unknown sources** (income specified in the annual audit report whose sources are unknown): **Rs 199.3683 cr**, which is **3.425 %** of the total income of the parties.

Sources of income of National Parties for FY 2023-24					
National Parties	Income from Known sources (donations details declared to ECI)	Income from Other known sources*	Income from Electoral Bonds	Income from Unknown Sources (as per Audit reports)	Total Income
	Rs 2544.278 cr	Rs 553.1298 cr	Rs 2524.136 cr	Rs 199.3683 cr	Rs 5820.912 cr
Percentage share	43.71%	9.502%	43.363%	3.425%	100%



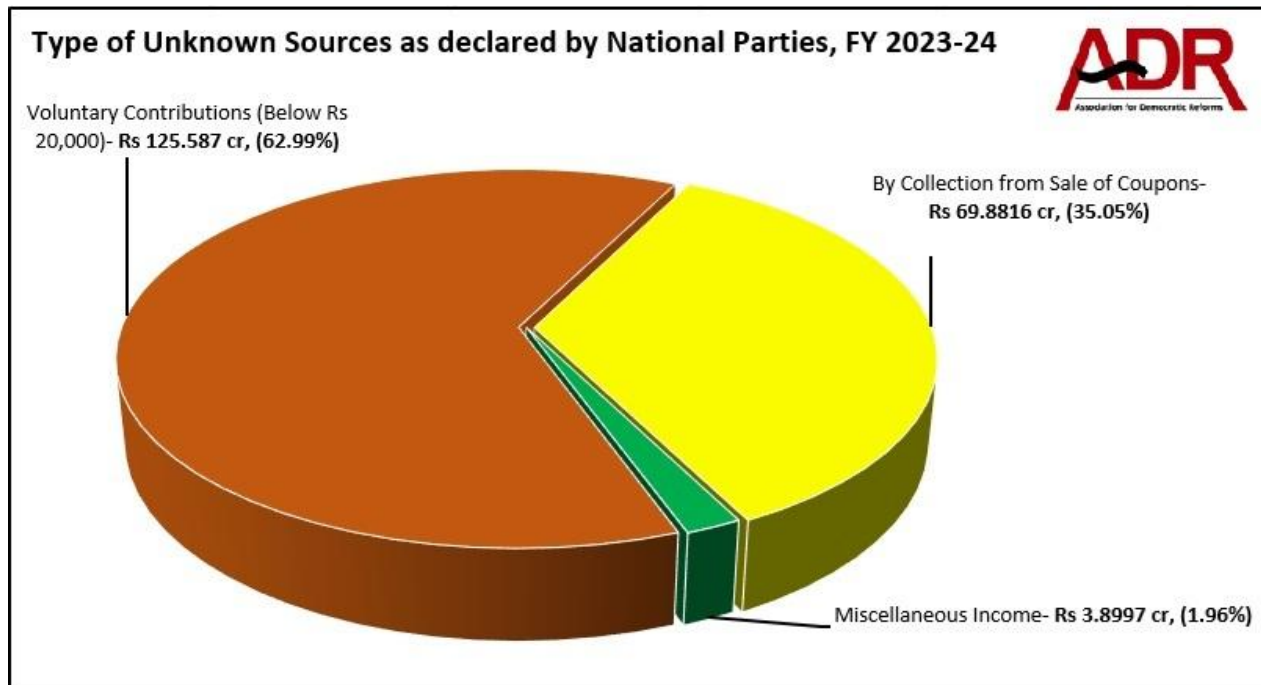
*Other known income includes: sale of moveable & immoveable assets, old newspapers, membership fees, delegate fee, bank interest, sale of publications and levy

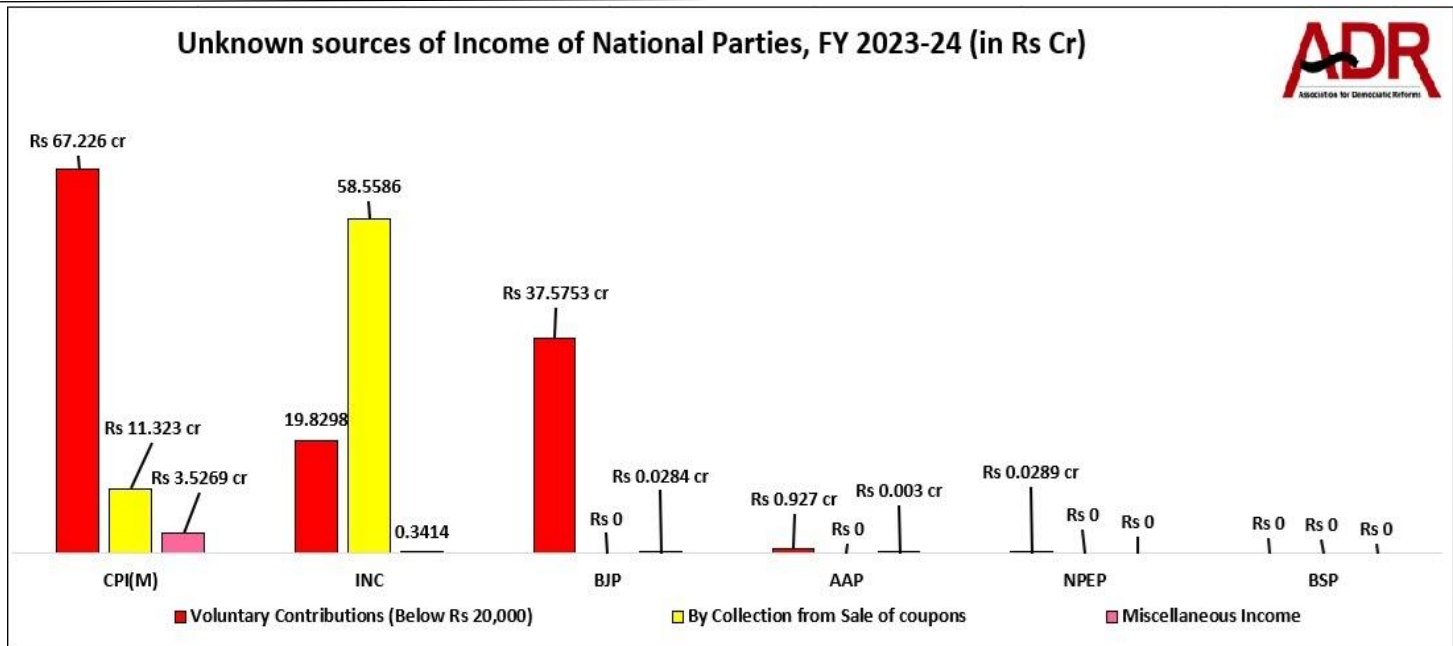
**Details of income from unknown sources is given in Annexure – 1; Party-wise sources of income are given in Annexure – 2

Income from Unknown Sources

- Out of the total income received by 6 national parties, **Rs 199.3683 cr** was received from **unknown sources**, which is **3.425%** of the total amount.
- Income from the **sale of coupons** declared by INC and CPI(M) formed **35.05% (Rs 69.8816 cr)** while **Donations from Voluntary Contributions** (below Rs 20,000) formed **62.99%** (Rs 125.587 cr) in income from unknown sources of the 6 National Parties.

Unknown Sources as per the audit reports of National Parties, FY 2023-24 (in Rs cr)				
National Political Parties	Voluntary Contributions (below Rs 20,000)	By Collection from Sale of Coupons	Miscellaneous Income	Total Income from Unknown sources
	125.587	69.8816	3.8997	Rs 199.3683 cr
Percentage share	62.99%	35.05%	1.96%	100%





Recommendations of ADR

- Since a certain 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.
- Mode of payment of all donations (above and below Rs 20,000), income from sale of coupons, membership fees, etc. should be declared by the parties in the 'Schedules' of their audit reports, submitted annually to the Income Tax department and the ECI.
- 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 the public domain. ADR supports ECI for its strong stand to enforce reforms in the 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. However, RTI or not, political parties should voluntarily account for every rupee that they get or spend.

Disclaimer

Source for the data used in the report are the Annual Audit Reports and Contribution Reports 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 from the Election Commission of India's website ([annual audit report](#) and [contribution report](#)) here. ADR does not add or subtract any information, unless the EC changes the data. In particular, no unverified information from any other source is used. The data can be accessed from the websites of the ECI. 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 parties should be treated as correct. Association for Democratic Reforms (ADR), National Election Watch (NEW) and their volunteers are not responsible or liable for any direct, indirect special, or consequential damages, claims, demands, losses of any kind whatsoever, made, claimed, incurred or suffered by any party arising under or relating to the usage of data provided by ADR through this report.

It is to be noted that ADR undertakes great care and adopts utmost due diligence in analysing and dissemination of the audit and reports of the political parties submitted with the Election Commission of India. Such information is only aimed at **highlighting the increased misuse of money in our electoral and political process so as to facilitate a system of transparency, accountability and good governance and to enable voters to form an informed choice**. Therefore, it is expected that anyone using this report shall undertake due care and utmost precaution while using the data provided by ADR. ADR is not responsible for any *mishandling, discrepancy, inability to understand, misinterpretation or manipulation*, distortion of the data in such a way so as to *benefit or target a particular political party or politician or candidate*.

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Annexure – 1

Party-wise unknown Sources of Income of National Parties during FY 2023-24

Unknown Sources of Income of National Parties during FY 2023-24 (in Rs Cr)				Total Income from unknown sources
National Parties	Voluntary Contributions (Below Rs 20,000)	By Collection from Sale of Coupons	Miscellaneous Income	
BJP	37.5753	0	0.0284	Rs 37.6037 cr
INC	19.8298	58.5586	0.3414	Rs 78.7298 cr
CPI(M)	67.226	11.323	3.5269	Rs 82.0759 cr
AAP	0.927	0	0.003	Rs 0.93 cr
NPEP	0.0289	0	0	Rs 0.0289 cr
BSP	0	0	0	Rs 0 cr
Total	Rs 125.587 cr	Rs 69.8816 cr	Rs 3.8997 cr	Rs 199.3683 cr

Annexure – 2

Party-wise Sources of income of National Parties, FY 2023-24

Sources of income of National Parties during FY 2023-24 (in Rs Cr)						
National Parties	Income from Known sources (donations details declared to ECI)	Income from Other known sources*	Donations received from Electoral Bonds	Income from Unknown Sources (as per Audit reports)	Total Income	Share of income from unknown sources
BJP	2243.947	373.2962	1685.6261	37.6037	Rs 4340.473 cr	0.866%
INC	281.48	36.5492	828.36	78.7298	Rs 1225.119 cr	6.426%
CPI(M)	7.641	77.9191	0	82.0759	Rs 167.636 cr	48.961%
BSP	0	64.7798	0	0	Rs 64.7798 cr	0%
AAP*	11.06	0.538	10.15	0.93	Rs 22.68 cr	4.101%
NPEP	0.148	0.0475	0	0.0289	Rs 0.2244 cr	12.879%
Total	Rs 2544.278 cr	Rs 553.1298 cr	Rs 2524.136 cr	Rs 199.3683 cr	Rs 5820.912 cr	3.425%

*Party has declared Rs 10.15 cr donations under others (Electoral Bond/Electoral Trust), hence the consolidated amount includes donations from both and the separate amount for Electoral Bonds is not known.