

FAQs Donations/ Contribution

1. What are 'donations' or 'contributions' to political parties?

Donations or contributions are amounts contributed above Rs 20,000 to the political parties by individuals. Companies, electoral trusts and unions/ associations. The details of donors such as Name, address, PAN number, Mode of payment and date of donation have to be shown by the political party in the 'Donations report' filed by the party to the Election Commission of India . Contributions could be made in the form of cash, Cheque, Demand draft or an Electronic transfer. Details of Cheque or Demand Draft should be made available by the political party.

2. How often should the political parties submit their 'Contributions report'?

According to the rules laid down by the Election Commission of India (ECI), Contribution Report containing details of the donors who donated above Rs 20,000 have to be made available with the ECI on an annual as prescribed under Section 29-C of the RPA in Form 24A. If the parties do not submit an annual report stating donations received above Rs 20,000, then such party shall not be eligible for tax relief under Section 29-C of the Representation of People's Act.

3. Is the Contribution Reports of Political Parties available for public scrutiny?

Yes, the contribution reports of political parties, once submitted to the ECI, is uploaded into the Election Commission Website (<http://eci.nic.in>) and hence in the public domain. The reports are uploaded based on the financial year for which the reports were submitted. Details of the donors and the amount contributed by them can be thus scrutinised by the public.

4. What is the purpose behind making the contribution reports public?

Contribution reports, when made public, increases the transparency in the political system and also makes the donor and the recipient more accountable. Contribution reports throw light on the huge amounts donated by companies and industries to political parties.

5. Is there a limit on the amount of contribution an individual or a company/ trust can make?

According to Section 293A of the Companies Act, donations made by Companies should not exceed 5% of its average net profit over the past 3 years. But there is no restriction of the number of times contribution can be made either by an individual or a company/ trust.

6. Can companies registered abroad contribute to Indian Political Parties?

According to the Foreign Contribution Regulation ACT (FCRA), no candidate standing for election is authorised to receive contribution from companies registered outside India whereas Under **Sections 3 & 4 of Foreign Contributions (Regulation) Act (FCRA), 1976**, political parties are not permitted to accept contributions from foreign companies or companies controlled in India by foreign companies unless a special permission is sought from the Central Board of Direct Taxes (CBDT) by the party to receive such funding.

7. What other organisations/ companies cannot contribute to political parties?

No Government organisation or a company can donate to a political party. Similarly, no company which has been in existence for less than three financial years can donate, directly or indirectly to any political party or a candidate standing for election.