

# **ANALYSIS OF INCOME AND EXPENDITURE OF RAJASTHAN'S MAJOR POLITICAL PARTIES**

**A Report by  
National Election Watch  
&  
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## Analysis of Income and Expenditure of Rajasthan's Major Political Parties

### Executive Summary

- **Total Income of Political Parties:**

- The total Income of political parties considered have been calculated from the income to the parties from various sources all over India as submitted in their Income Tax Returns.
- INC has shown the highest income amongst the National Parties. Its total income for the 7 financial years is Rs 2,00,871.74 lakhs.
- Total income of BJP between FY 2004-05 and FY 2010-11 is Rs 99,476.67 lakhs and that of BSP is Rs 48,428.51 lakhs
- Of the State parties, SP has shown the maximum income of Rs 27, 855.65 lakhs during the seven financial years followed by JD(U) with Rs 2667.81 lakhs

- **Sources of Income:**

- INC party has declared maximum income from Sale of Coupons (Rs 1,55,377.18 lakhs) providing 77.35% of the total income between F.Y. 2004-2005 & 2010-2011.
- Rajasthan Parties have Donations/Contributions as one of their 3 main sources of income INC – Rs 27,250.48 lakhs, BJP – Rs 82,000.50 lakhs, BSP – Rs 30,731, CPM-Rs 17,546.15 lakhs, SP-Rs 21,266.84 lakhs and JDU-Rs 2600.59 lakhs.
- Share of income from voluntary contribution for INC is 13.57%, BJP is 82.43%, BSP is 70.10%, CPM-42.05%, SP-76.35% and JDU-97.48%.

- **Items of Expenditure:**

- The maximum expenditure for INC has been towards Election expenses (Rs 92,506.40 lakhs) followed by expenses towards Aid to Other Expenses (Rs 17,116.47 lakhs) and travelling (Rs 10,749.25 lakhs)
- The maximum expenditure of BJP has been towards Advertising & publicity (Rs 35,720.64 lakhs) followed by travelling (Rs 18,889.46 lakhs) and meeting (Rs 10,456.60 lakhs)

## Analysis of Income and Expenditure of Rajasthan's Major Political Parties

### Importance of financial transparency

Political parties act as a link between the citizens and the government and therefore it is a given that the parties must be accountable to the public at large. Political parties are the major stakeholders in a democracy and they seek to undertake activities that are in the interest of the general public. As per the records available with the Election Commission of India, there are 6 national parties and 46 recognized state parties in India. In addition to this, there are 1392 unrecognized parties in India.

Political parties have multiple sources of funding and thus accountability and transparency becomes all the more important. It is essential to have comprehensive and transparent accounting methods and systems which would reveal the true financial position of the parties.

Central Information Commission's order number CIC/AT/A/2007/01029 & 1263-1270, according to which public authorities (Income Tax Departments) holding Income Tax returns of political parties, were directed to make these returns available to the appellant (ADR). Association for Democratic Reforms (ADR) had obtained copies of the IT Returns and Assessment Orders of various political parties through the filing of RTI applications.

### Total Income of Major Parties of Rajasthan (FY 2004-05 to FY 2010-11)

- The total Income of political parties considered have been calculated from the income to the parties from various sources all over India as submitted in their Income Tax Returns.
- Major political parties from the State of Rajasthan are Indian National Congress (INC), Bharatiya Janata Party (BJP), Bahujan Samaj Party (BSP), Communist Party of India (Marxist) (CPM), Samajwadi Party and Janata Dal United (JDU).
- INC has shown the highest income amongst the National Parties. Its total income for the 7 financial years is Rs 2,00,871.74 lakhs.
- This followed by total income of BJP between FY 2004-05 and FY 2010-11 being Rs 99,476.67 lakhs and that of BSP being Rs 48,428.51 lakhs
- Of the State parties, SP has shown the maximum income of Rs 27, 855.65 lakhs during the seven financial years followed by JD(U) with Rs 2667.81 lakhs

| Party                                    | Total Income (Rs. In Lakhs) |               |               |               |               |               |               | Total (Rs. In Lakhs) |
|--|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------------|
|  | FY- 2004-2005               | FY- 2005-2006 | FY- 2006-2007 | FY- 2007-2008 | FY- 2008-2009 | FY- 2009-2010 | FY- 2010-2011 |                      |
| Indian National Congress (INC)           | 22,207                      | 12,493        | 16,936        | 22,081        | 49,688        | 46,757.87     | 30,708.87     | <b>2,00,871.74</b>   |
| Bharatiya Janata Party (BJP)             | 10,412                      | 3,834         | 8,249         | 12,378        | 22,002        | 25,800.75     | 16,800.92     | <b>99,476.67</b>     |
| Bahujan Samaj Party (BSP)                | 420.00                      | 976.00        | 4,588.67      | 6,974.00      | 18,202.00     | 5,697.50      | 11,570.34     | <b>48,428.51</b>     |
| Communist Party of India (Marxist) (CPM) | 3,988.00                    | 4,160.00      | 6,340.00      | 5,970.00      | 6,283.00      | 7,328.15      | 7,657.00      | <b>41,726.15</b>     |
| Samajwadi Party (SP)                     | 2,854.00                    | 4,835.00      | 8,705.00      | 3,230.00      | 3,900.00      | 2,810.43      | 1,521.22      | <b>27,855.65</b>     |
| Janata Dal United (JDU)                  | 50.95                       | 133.84        | 54.51         | 21.84         | 931.47        | 1,133.04      | 342.16        | <b>2,667.81</b>      |

Table: Total Income declared by Major Parties of Rajasthan in their (ITR) from FYs 2004-2005 to 2010-2011 from all over India

## Top 3 sources of income of Political Parties of Rajasthan as declared in their IT returns (FY 2004-05 to FY 2010-11)

- INC has declared maximum income from Sale of Coupons (Rs 1,55,377.18 lakhs) providing 77.35% of the total income between FY 2004-05 & 2010-11.
- BJP has declared maximum income from voluntary contributions (Rs 82,000.50 lakhs) proving for 82.43% of the total income to the party between FY 2004-05 and 2010-11
- Rajasthan Parties have Donations/Contributions as one of their 3 main sources of income INC – Rs 27,250.48 lakhs, BJP – Rs 82,000.50 lakhs, BSP – Rs 30,731 lakhs, CPM-Rs 17,546.15 lakhs, SP-Rs 21,266.84 lakhs and JDU-Rs 2600.59 lakhs.
- Share of income from voluntary contribution for INC is 13.57%, BJP is 82.43%, BSP is 70.10%, CPM - 42.05 %, SP - 76.35% and JDU - 97.48%.
- Interest collected is the also one of the highest sources of income for the parties: INC Rs 10,473.33 lakhs, BJP Rs 7,527.83 lakhs, BSP Rs 1,898.27 lakhs, SP Rs 5,350.11 lakhs, and JDU Rs 39.66 lakhs.

| Party   | Total Income (Rs. In Lakhs) | FY 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 (combined) |                      | % share of donations from total income |
|---|-----------------------------|---|----------------------|--|
|   |                             | Top 3 Source of Income  | Amount (Rs in Lakhs) |  |
| Indian National Congress (INC)                            | <b>2,00,871.74</b>          | Sale of coupons   | 1,55,377.18          | 77.35%                                 |
|   |                             | Donations   | 27,250.48            | 13.57%                                 |
|   |                             | Interest  | 10,473.33            | 5.21%                                  |
| Bharatiya Janata Party (BJP)                              | <b>99,476.67</b>            | Voluntary contributions   | 82,000.50            | 82.43%                                 |
|   |                             | Interest  | 7,527.83             | 7.57%                                  |
|   |                             | Aajwan Sahayog Nidhi  | 6,280.64             | 6.31%                                  |
| Bahujan Samaj Party (BSP) )- FY-2006-07 ITR not available | <b>43,839.84</b>            | Contributions   | 30,731.00            | 70.10%                                 |
|   |                             | Membership  | 9,233.80             | 21.06%                                 |
|   |                             | Interest  | 1,898.27             | 4.33%                                  |
| Communist Party of India (Marxist) (CPM)                  | <b>41,726.15</b>            | Voluntary contributions   | 17,546.15            | 42.05%                                 |
|   |                             | Levy  | 15,698.98            | 37.62%                                 |
|   |                             | Election Fund   | 4,834.92             | 11.59%                                 |
| Samajwadi Party (SP)                                      | <b>27,855.65</b>            | Donation  | 21,266.84            | 76.35%                                 |
|   |                             | Interest  | 5,350.11             | 19.21%                                 |
|   |                             | Membership fees   | 1,177.18             | 4.23%                                  |
| Janata Dal United (JDU)                                   | <b>2,667.81</b>             | Receipt from contribution Coupon sales & Membership Fees                    | 2,600.59             | 97.48%                                 |
|   |                             | Interest from Bank  | 39.66                | 1.49%                                  |
|   |                             | Sale of Publications  | 26.91                | 1.01%                                  |

Table: Top 3 sources of income of Major Parties of Rajasthan as declared in their (ITR) from FYs 2004-2005 to 2010-2011.

## Top 3 items of expenditure of Political Parties of Rajasthan as declared in their IT Returns (FY 2004-05 to FY 2010-11)

- The maximum expenditure for INC has been towards Election expenses (Rs 92,506.40 lakhs) followed by expenses towards Aid to Other Expenses (Rs 17,116.47 lakhs) and travelling (Rs 10,749.25 lakhs).
- The maximum expenditure of BJP has been towards Advertising & publicity (Rs 35,720.64 lakhs) followed by travelling (Rs 18,889.46 lakhs) and meeting (Rs 10,456.60 lakhs)
- Publicity Expenses (Rs 2,855.03 lakhs), Tours and Travels (Rs 833.03 lakhs) and Organisational expenses (Rs 610.15 lakhs) are the top three items of expenditure for the Nationalist Congress Party between FY 2004-05 and 2010-11
- Salaries is one of the three major expenses of CPM (Rs 6,587.81 lakhs) followed by Relief & Donation (Rs 4,491.91 lakhs) and meeting & conference (Rs 4,477.59 lakhs)
- The maximum expenditure for SP has been towards Travelling & conveyance (Rs 6,030.35 lakhs) followed by expenses towards Aid to Advertisement (Rs 3,361.93 lakhs) and Election (Rs 868.06 lakhs)
- It is seen from the percentage shares that INC has spent 55.74% on election expenses while BJP has spent 44.09% on advertising and publicity, BSP 32.69% on Publicity Expenses, CPM 21.91% on Salaries, SP 49.16% on Travelling & Conveyance, JDU 30.42% on Contribution to candidates/ Donation.

| Party   | Total Expenses (Rs in Lakhs) | FY 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 (combined) |                      | % share of items of expenditure from total expenses |
|---|------------------------------|---|----------------------|---|
|   |                              | Top 3 Items of Expenditure  | Amount (Rs in Lakhs) |   |
| Indian National Congress (INC)                            | 1,65,971.67                  | Election Expenses   | 92,506.40            | 55.74%  |
|   |                              | Aid to Other Expenses   | 17,116.47            | 10.31%  |
|   |                              | Travelling & Lodging  | 10,749.25            | 6.48%   |
| Bharatiya Janata Party (BJP)                              | 81,025.12                    | Advertising & Publicity   | 35,720.64            | 44.09 %   |
|   |                              | Travelling  | 18,889.46            | 23.31 %   |
|   |                              | Meeting   | 10,456.60            | 12.91 %   |
| Bahujan Samaj Party (BSP) )- FY-2006-07 ITR not available | 8,732.72                     | Publicity Expenses  | 2,855.03             | 32.69%  |
|   |                              | Tours and Travels   | 833.03               | 9.54%   |
|   |                              | Organisational  | 610.15               | 6.99%   |
| Communist Party of India (Marxist) (CPM)                  | 30,069.93                    | Salaries  | 6,587.81             | 21.91%  |
|   |                              | Relief & Donation   | 4,491.91             | 14.94%  |
|   |                              | Meeting & Conference  | 4,477.59             | 14.89%  |
| Samajwadi Party (SP)                                      | 12,267.87                    | Travelling & conveyance   | 6,030.35             | 49.16%  |
|   |                              | Advertisement   | 3,361.93             | 27.40%  |
|   |                              | Election  | 868.00               | 7.08%   |
| Janata Dal United (JDU)                                   | 2,228.66                     | Contribution to candidates/ Donation  | 678.06               | 30.42%  |
|   |                              | Helicopter Hiring Charges   | 581.35               | 26.09%  |
|   |                              | Election Material   | 197.18               | 8.85%   |

Table: Top 3 items of expenditure of Major Parties of Rajasthan declared in their (ITR) from FYs 2004-2005 to 2010-2011

## 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.

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