

Sources of Funding of National Political Parties for FY 2004-05 to 2011-12

Where do the National Political parties get their funds from? An analysis of their Income Tax returns and statements filed with the Election Commission 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, over 75% of the funds cannot be traced and are from 'unknown' sources. This becomes very relevant in the light of recent events when the National Political Parties were brought under the RTI Act by a CIC ruling. There is an ongoing public debate on this issue. Unfortunately, full transparency is not possible under the current laws, and it is only the RTI that can keep citizens informed.

However, this is not the case in other leading democracies around the world. According to an analysis by the Stockholm-based International Institute of Democracy and Electoral Assistance (IDEA), 'India is ... among a mere 10% of countries in the world to allow either political parties or candidates to receive anonymous donations'. Another study of 40 countries shows that anonymity in the source of funding is not permitted in any of them. Some countries that have more transparency include our neighbours, Nepal and Bhutan.

Highlights:

- National parties considered for this analysis are: INC, BJP, BSP, NCP, CPI and CPM
- **Total income of political parties between FY 2004-05 and 2011-12: Rs 4,895.96 crores**
- **Total income of political parties as donations from Electoral trusts: Rs 105.86 crores, which is 2.16%** of the total income of the parties
- **Total income of political parties from known donors** (details of donors as available from contribution report submitted by parties to Election Commission): **Rs 435.85 crores, which is 8.90%** 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 785.60 crores, or 16.05%** of total income
- **Total income of political parties from unknown sources** (income specified in the IT Returns whose sources are unknown): **Rs 3,674.50 crores, which is 75.05%** of the total income of the parties
- **The funds that can be classified as coming from 'unknown' sources are shown below:**

Funds from 'unknown' sources between FY 2004-05 and 2011-12							
	INC	BJP	BSP	NCP	CPI	CPM	Total
Percent of 'unknown' funds	82.5%	73.0%	61.8%	91.58%	14.7%	53.8%	75.1%
Amount (Rs. Crore)	1951.07	952.58	307.31	181.48	1.47	280.59	3677.97
No of unknown donors [#]	9,75,535	4,76,290	1,53,655	90,740	735	1,40,295	18,38,985

[#]Assuming each donor gives Rs.20,000, it shows the minimum number of donors required to give the total amount of unknown donations.

- There are a total of 6 Electoral Trusts who have made contributions to political parties between 2004 and 2012, as per the statements provided by the political parties to the Election Commission of India.
- These trusts include the General Electoral Trust of the Aditya Birla Group, Electoral Trust of Tata Sons, Bharti Electoral Trust of Bharti Enterprises, Satya Electoral Trust, Harmony Electoral Trust and Corporate Electoral Trust
- It is to be noted that these trusts make contributions to the political parties more than once in a financial year
- FY 2004-05: Rs 20.82 crores
 - **General Electoral Trust and Electoral Trust** are the only two donors to INC and BJP donating a **combined total of Rs 20.82 crores**. Donations of General Electoral Trust to INC (Rs 11.21 crores) was **more than 4 times the donations made by the trust to BJP** (Rs 2.61 crores)
- FY 2005-06: Rs 35 lakhs
 - BJP is the only beneficiary to the donations made by **General Electoral Trust** amounting to **Rs 35 lakhs**. These donations were made **in 7 installments of Rs 5 lakhs each** over the FY 2005-06
- FY 2006-07: Rs 10 crores
 - Only **General Electoral Trust** contributed to political parties and INC is the only beneficiary of the contribution. A total of **Rs 10 crores** was donated by the trust to the party in a single donation
- FY 2007-08: Rs 5.76 crores
 - INC and BJP were both beneficiaries to the donation by **General Electoral Trust**, receiving a total of **Rs 5.76 crores**. It is to be noted that BJP received Rs 5.51 crores which is **22 times more than the donation received by INC** (Rs 25 lakhs)
- FY 2008-09: Rs 19 crores
 - **General Electoral Trust and Bharti Electoral Trust** contributed a total of **Rs 19 crores** to INC and BJP. It is to be noted than General Electoral Trust gave **Rs 1 crore each to INC and BJP while Bharti Electoral Trust gave Rs 11 crores and 6 crores** respectively to the two national parties
- FY 2009-10: Rs 47.93 crores
 - As Lok Sabha Elections were held during the financial year 2009-10, a total of **Rs 47.93 crores** was donated by the major electoral trusts of India, **General Electoral Trust, Electoral Trust, Satya Electoral Trust, Harmony Electoral Trust, Corporate Electoral Trust and Bharti Electoral Trust**. These donations were made not only to INC and BJP but also to NCP
- FY 2010-11: No donations were made by any Electoral Trust to either national parties during the financial year 2010-11

- **FY 2011-12: Rs 2 crores**
 - **Satya Electoral Trust and General Electoral Trust** made a total contribution of **Rs 2 crores** to INC and BJP. While General Electoral Trust did not contribute to INC, it donated Rs 1 crore to BJP while INC was the recipient of Rs 1 crore from Satya Electoral Trust
- Between FY 2004-05 and 2011-12, **INC** received a total of Rs 63,37,83,194 (**63.37 crores**), **BJP**- Rs 41,49,49,457 (**Rs 41.49 crores**), **NCP** – Rs 1,00,00,000 (**Rs 1 crore**)

Recommendations of ADR

- Since a very large percent of the income of political parties (75.1% for National 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 75% of the source of funds to be unknown, but at present it is so in India.
- Details of donors who make donations to the Electoral Trusts should be available in the public domain for increasing transparency in funding of political parties
- According to the Finance Bill introduced in 2009, 95% of the income of Electoral Trusts should be donated to political parties. Details of donations made by the electoral trusts to political parties has to be verified against the Income Tax Returns submitted by the electoral trusts so as to determine whether 95% of the Trusts' income has been donated
- The Law explicitly prohibits foreign funding to political parties. Electoral Trusts should also not be allowed to accept foreign funds. Subsidiaries of foreign companies, who get around the law by registering in India, but receive their funding from overseas, should also not be allowed to fund political parties.
- Any organization that receives foreign funding should not be allowed to support or campaign for any candidate or political party.
- **The National and other political parties must therefore continue to provide all information under the Right to Information Act.** This will only strengthen political parties, elections and democracy.

Contributions received from various sources by political parties between FY 2004-05 and 2011-12

Income of Political Parties from Known and Unknown sources

The contribution statements, submitted by the political parties declaring names and other details of donors who contribute above Rs 20,000, are the only **known source**. 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', 'Aajivan Sahayog Nidhi', '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.

Name of the Electoral Trust	Donations from various sources to political parties between FY 2004-05 to 2011-12						
	INC	BJP	BSP	NCP	CPI	CPM	Total
General Electoral Trust	Rs 36.41 crores	Rs 27.07 crores	–	–	–	–	Rs 63.48 crores
Electoral Trust	Rs 9.96 crores	Rs 6.82 crores	–	–	–	–	Rs 16.78 crores
Bharti Electoral Trust	Rs 11 crores	Rs 6.1 crores	–	–	–	–	Rs 17.1 crores
Satya Electoral Trust	Rs 3 crores	-	–	Rs 1 crore	–	–	Rs 4 crores
Harmony Electoral Trust	Rs 2 crores	Rs 1.5 crores	–	–	–	–	Rs 3.5 crores
Corporate Electoral Trust	Rs 1 crore	-	–	–	–	–	Rs 1 crore
Total income from Electoral Trusts	Rs 63.37 crores	Rs 41.49 crores	Rs 0 crores	Rs 1 crore	Rs 0 crores	Rs 0 crores	Rs 105.86 crores
Known sources (donations above Rs 20,000)	Rs 187.55 crores	Rs 226.45 crores	Nil	Rs 12.34 crores	Rs 3.80 crores	Rs 5.71 crores	Rs 435.85 crores
Other known income*	Rs 226.40 crores	Rs 125.19 crores	Rs 190.13 crores	Rs 4.35 crores	Rs 4.74 crores	Rs 234.80 crores	Rs 785.60 crores
Unknown Sources (as per IT Returns)**	Rs 1951.07 crores	Rs 952.58 crores	Rs 307.31 crores	Rs 181.48 crores	Rs 1.47 crores	Rs 280.59 crores	Rs 3674.50 crores
Total Income	Rs 2,365.02 crores	Rs 1304.22 crores	Rs 497.44 crores	Rs 198.17 crores	Rs 10.01 crores	Rs 521.10 crores	Rs 4,895.96 crores

Table: Amounts received as donations from Electoral Trusts by various political parties between FY 2004-05 and 2011-12

* Other known income include: 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 - I

Amounts received as contributions from Electoral Trusts in FY 2004-05

Financial Year- 2004-2005				
S.No	Party	Trust	Total Contribution (Rs)	Amount Contribution (Rs)
1	INC	General Electoral Trust	112,100,000	10,00,00,000
				1,00,00,000
				10,00,000
				9,00,000
				2,00,000
		Electoral Trust	43,269,913	2,67,85,406
		1,64,84,507		
2	BJP	General Electoral Trust	26,100,000	45,00,000
				45,00,000
				45,00,000
				45,00,000
				20,00,000
				9,00,000
				9,00,000
				5,00,000
				5,00,000
				5,00,000
				5,00,000
				5,00,000
				5,00,000
		5,00,000		
3,00,000				
Electoral Trust	26,787,324	2,67,87,324		
Total Donation (Rs)				Rs 20.82 crores

Table: Donations by Electoral Trusts to political parties in the FY 2004-05

Amounts received as contributions from Electoral Trusts in FY 2005-06

Financial Year- 2005-2006				
S.No	Party	Trust	Total Contribution (Rs)	Amount Contribution (Rs)
2	BJP	General Electoral Trust	35,00,000	5,00,000
				5,00,000
				5,00,000
				5,00,000
				5,00,000
				5,00,000
				5,00,000
Total Donation (Rs)				(Rs 35 lakhs)

Table: Donations by Electoral Trusts to political parties in the FY 2005-06

Disclaimer: Source for the data used in the reports is the Contribution Statement submitted by the political parties to the Election Commission of India which can be accessed from http://eci.nic.in/eci_main1/political_parties.aspx

Amounts received as contributions from Electoral Trusts in FY 2006-07

Financial Year- 2006-2007				
S.No	Party	Trust	Total Contribution (Rs)	Amount Contribution (Rs)
1	INC	General Electoral Trust	100,000,000	100,000,000
Total Donation (Rs)				Rs 10 crores

Table: Donations by Electoral Trusts to political parties in the FY 2006-07

Amounts received as contributions from Electoral Trusts in FY 2007-08

Financial Year- 2007-2008				
S.No	Party	Trust	Total Contribution (Rs)	Amount Contribution (Rs)
1	INC	General Electoral Trust	2,500,000	2,500,000
2	BJP	General Electoral Trust	55,100,000	50,000,000
				5,100,000
Total Donation (Rs)				Rs 5.76 crores

Table: Donations by Electoral Trusts to political parties in the FY 2007-08

Amounts received as contributions from Electoral Trusts in FY 2008-09

Financial Year- 2008-2009				
S.No	Party	Trust	Total Contribution (Rs)	Amount Contribution (Rs)
1	INC	General Electoral Trust	1,00,00,000	1,00,00,000
		Bharti Electoral Trust	11,00,00,000	10,00,00,000
				1,00,00,000
2	BJP	General Electoral Trust	1,00,00,000	1,00,00,000
		Bharti Electoral Trust	6,00,00,000	1,00,00,000
				3,00,00,000
				2,00,00,000
Total Donation (Rs)				Rs 19 crores

Table: Donations by Electoral Trusts to political parties in the FY 2008-09

Amounts received as contributions from Electoral Trusts in FY 2009-10

Financial Year- 2009-2010				
S.No	Party	Trust	Total Contribution (Rs)	Amount Contribution (Rs)
1	INC	General Electoral Trust	13,95,00,000	10,00,00,000
				2,50,00,000
				1,00,00,000
				25,00,000
				20,00,000
		Electoral Trust	5,64,13,281	2,99,77,612
				1,62,31,343
				53,77,292
				33,39,894
		Satya Electoral Trust	2,00,00,000	14,87,140
				1,00,00,000
		Harmony Electoral Trust	2,00,00,000	1,00,00,000
				2,00,00,000
Corporate Electoral Trust	1,00,00,000	1,00,00,000		
2	BJP	General Electoral Trust	16,60,00,000	5,00,00,000
				5,00,00,000
				2,50,00,000
				1,00,00,000
				1,00,00,000
				1,00,00,000
				1,00,00,000
				5,00,000
		Electoral Trust	4,14,62,133	5,00,000
				1,68,80,597
				1,54,47,761
				51,17,698
		Bharti Electoral Trust	10,00,000	31,78,659
8,37,418				
Harmony Electoral Trust	1,50,00,000	10,00,000		
1	NCP	Satya Electrol Trust	1,00,00,000	1,50,00,000
				1,00,00,000
Total Donation (Rs)				Rs 47.93 crores

Table: Donations by Electoral Trusts to political parties in the FY 2009-10

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Amounts received as contributions from Electoral Trusts in FY 2011-12

Financial Year- 2011-2012				
S.No	Party	Trust	Total Contribution (Rs)	Amount Contribution (Rs)
1	INC	Satya Electoral Trust	1,00,00,000	1,00,00,000
2	BJP	General Electoral Trust	1,00,00,000	50,00,000
				50,00,000
Total Donation (Rs)				Rs 2 crores

Table: Donations by Electoral Trusts to political parties in the FY 2011-12

Need for transparency in the funding of political parties by Electoral Trusts

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. The source of funding of Electoral Trusts is of utmost importance. Though the rules formed by the Central Bureau of Direct Taxes (CBDT) specify that electoral trusts are not permitted to receive foreign funding, these rules were formed only on 31st January, 2013. Hence, the details of all donors who made any contribution to the political parties through electoral trusts should be made public so as to ensure transparency in the financial aspect of functioning of political parties.

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