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# ANALYSIS OF INCOME & EXPENDITURE OF NATIONAL POLITICAL PARTIES FOR FY- 2015-2016

A Report by

**National Election Watch** 

&

Association for Democratic Reforms

Association for Democratic Reforms

T-95A, I floor, C.L. House, Gautam Nagar New Delhi – 110 049

Email: adr@adrindia.org; Phone: 011-4165 4200





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# Analysis of Income & Expenditure of National Political Parties for FY- 2015-2016

# **Detailed Report**

#### Introduction

Political parties have multiple sources of funding and thus accountability and transparency should be an important aspect of their functioning. It is essential to have comprehensive and transparent accounting methods and systems which should reveal the true financial position of the parties.

The Election Commission of India (ECI), in its letter dated 19<sup>th</sup> November,'14 addressed to the Presidents/General Secretaries of all political parties, stated that it was mandatory for the parties to submit details of their audited reports to the Commission. This report analyses the total income and expenditure incurred, all over India, by the **National Parties** during FY 2015-16, as declared by the parties in their IT Returns submitted to the ECI

The National Parties include Bharatiya Janata Party (BJP), Indian National Congress (INC), Bahujan Samaj Party (BSP), Nationalist Congress Party (NCP), Communist Party of India (CPI), Communist Party of India (Marxist) (CPM) and All India Trinamool Congress (AITC). It is to be noted that AITC was declared a National Party by the Election Commission of India based on the party being recognised as a State Party of West Bengal, Manipur, Tripura and Arunachal Pradesh.

#### **Submission of audited reports by the National Parties**

- The due date for submission of annual audited accounts for the parties was 31<sup>st</sup> Oct,'16.
- AITC, CPM and BSP were the only three National Parties to submit the audit reports on time.
- **CPI** submitted its audited report on 17<sup>th</sup> November, '2016, 16 days after the due date for submission.
- NCP submitted its audited report on 1<sup>st</sup> March,'2017, almost four months after the due date for submission.
- As on 1<sup>st</sup> May, 2017, **BJP and INC have not yet** submitted their audited reports to the ECI, almost six months after the due date for submission.

Due date for submission: 31st Oct,'16				
Party	Date of submission	Delay in submitting their report		
CPM	14 <sup>th</sup> October,'2016	-		
AITC	22 <sup>nd</sup> Sep,'2016	-		
BSP	23 <sup>rd</sup> August,'16	-		
СРІ	17 <sup>th</sup> Nov,'2016	16 days		
NCP	1st March, '2017	120 days		
BJP	Not submitted	180 days, (As on 01-05-2017)		
INC	Not submitted	180 days, (As on 01-05-2017)		



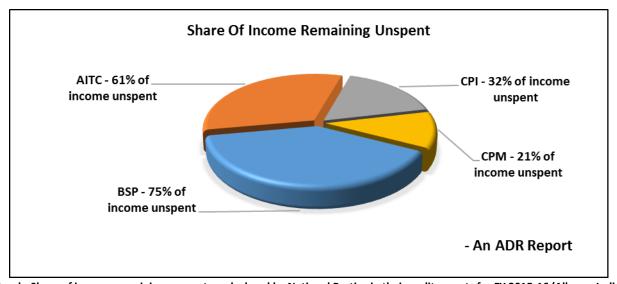


#### Total Income and Expenditure of National Political Parties for - FY-2015-2016

- BSP declared a total income of Rs 47.385 cr during FY- 2015-16, but spent only 25% (Rs 11.90 cr) of the total income.
- AITC declared a total income of Rs 34.578 cr during FY- 2015-16, but spent only 39% (Rs 13.35 cr) of the total income.
- NCP is the only party which has spent 19% more than its total income during FY- 2015-16. While the party's income was Rs 9.14 cr, it incurred a total expenditure of Rs 10.84 cr.

Total income and expenditure declared by National Parties, FY 2015-16 (Rs in cr)					
Party	Total declared Income	Total declared Expenditure	Excess of income over expenditure	Share of income remaining unspent	
СРМ	107.48	84.82	22.66	21%	
BSP	47.385	11.90	35.485	75%	
AITC	34.578	13.35	21.228	61%	
NCP	9.137	10.84	(1.703)	-19%	
СРІ	2.176	1.48	0.696	32%	
Total	Rs 200.76 cr	Rs 122.39 cr	Rs 78.37 cr	39%	

Table: Total income and expenditure declared by National Parties in their audit reports for FY 2015-16 (All over India)



Graph: Share of income remaining unspent, as declared by National Parties in their audit reports for FY 2015-16 (All over India)



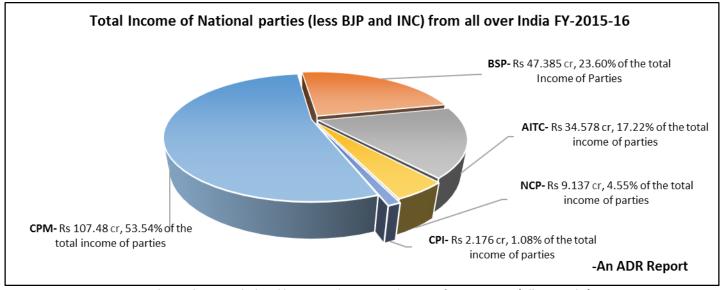


#### **Total Income of National Parties FY 2015-2016**

- The total Income of the National Parties has been compiled from the income from various sources pan India, as submitted in their Income Tax Returns.
- 5 out of 7 National Parties (BSP, NCP, CPM, CPI and AITC) have declared a total income of Rs. 200.76 cr, collected from all over India.
- **CPM** has shown the highest income amongst the National Parties with a **total income** of **Rs 107.48 cr** during FY 2015-16. This forms **53.34% of the total income National Parties, together** during FY 2015-16.
- BSP declared the second highest income of Rs 47.385 cr which forms 23.60% of the total income of the 5 National Parties.
- CPI declared the <u>least income</u> of Rs 2.176 cr which forms a mere 1.08% of the total income of the 5 National Parties during the FY 2015-16.

Income of National Parties for FY-2015-2016 (Rs. in cr)							
National Party	National Party CPM BSP AITC NCP CPI						
Total Income	Rs 107,48,21,606 (Rs 107.48 cr)	Rs 47,38,59,177 (Rs 47.385 cr)	Rs 34,57,86,458 (Rs 34.578 cr)	Rs 9,13,74,181 (Rs 9.137 cr)	Rs 2,17,67,309 (Rs 2.176 cr)		
% Share in total Income	53.54%	23.60%	17.22%	4.55%	1.08%		
Grand Total	Rs 200,76,08,731 (Rs 200.76 cr)						

Table: Total income declared by National Parties in their ITR for FY 2015-16 (All over India)



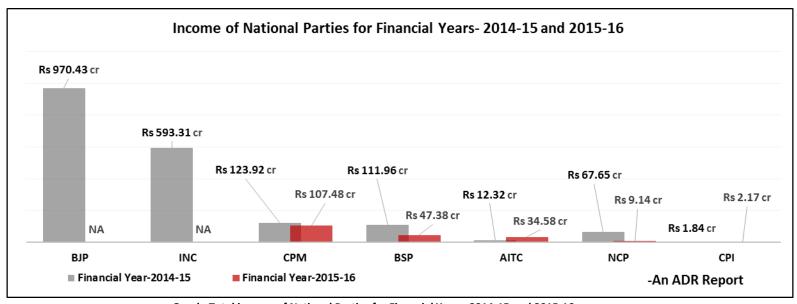
Graph: Total income declared by National Parties in their ITRs for FY 2015-16 (All over India)





#### Comparison of total income of National Parties between FY 2014-15 and 2015-16

- The income of BJP during FY 2014-15 was highest among all the National Parties. The party had declared a total income of Rs 970.43 cr but is yet to submit its copy of Income Tax returns for FY 2015-16 to the Election Commission of India.
- Income of INC was second highest during FY 2014-15 with Rs 593.31 cr but the party is yet to submit a copy of its IT returns with the ECI for FY 15-16.
- Between FY 2014-15 and 2015-16, the income of AITC increased by 180.68% (Rs 22.26 cr) from Rs 12.32 cr during FY 2014-15 to Rs 34.58 cr during FY 2015-16 while the income of CPI increased by 17.93% (Rs 33 lakhs) from Rs 1.84 cr during FY 2014-15 to Rs 2.17 cr during FY 2015-16.
- It is to be noted that between FY 2014-15 and 2015-16, the income of **NCP decreased** by **86.49%** (Rs 58.51 cr) from Rs 67.65 cr during FY 2014-15 to Rs 9.14 cr during FY 2015-16 while the income of **BSP decreased** by **57.68%** (Rs 64.58 cr) from Rs 111.96 cr during FY 2014-15 to Rs 47.38 cr during FY 2015-16.



Graph: Total income of National Parties for Financial Years: 2014-15 and 2015-16





#### Unknown sources of income of National parties for FY- 2015-2016

- 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 sources of income parties**.
- The <u>unknown sources</u> are income declared in the IT returns but <u>without giving source of income from donations below Rs.20,000</u>. Such unknown sources include 'sale of coupons', '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.
- Total income of five National parties during FY 2015-16: Rs 200.76 cr.
- **Total income of political parties from known donors** (details of donors as available from contribution report submitted by parties to Election Commission): **Rs 4.75 cr**, which is **2.37** % of the total income of the National parties during FY 2015-16.
- 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 134.35 cr, or 66.92% of total income.
- Total income of political parties from unknown sources (income specified in the IT Returns whose sources are unknown), for the FY 2015-16 is <u>Rs</u> 61.66 cr, which is 30.71% of the total income of the parties from all over India.

**Note: Donations above Rs 20,000** have been deducted from the **total donations/ voluntary contributions** declared by the parties and total income derived by the parties from **unknown sources** is given in the table below.

Donations from various sources to National Political Parties during FY 2015-16 (Rs in cr)							
Sources of Income CPM BSP AITC NCP CPI Total							
Known sources (donations above Rs 20,000)	1.81	0	0.65	0.71	1.58	Rs 4.75 cr	
Other known income*	60.53	47.385	24.208	0.987	1.24	Rs 134.35 cr	
Unknown Sources (as per IT Returns)	45.14	0	9.72	7.444	-0.644#	61.66 cr	
Total Income	Rs 107.48 cr	Rs 47.385 cr	Rs 34.578 cr	Rs 9.137 cr	Rs 2.176 cr	Rs 200.76 cr	

Table: Amounts received as donations from various sources by National parties during FY 2015-16

<sup>\*</sup> Other known income include: sale of moveable & immoveable assets, old newspapers, membership fees, delegate fee, bank interest, sale of publications and levy #Details of donations above Rs 20,000 given by the party in the statement to the ECI is more than the total donations declared in the IT Returns of the party for FY 2015-16. Hence the figures are in negative





#### Details of unknown sources of income as declared by the parties in their IT Returns

- Among the unknown sources of funding, maximum funds were collected under "Voluntary Contributions" by the five National Parties during FY 2015-16. A total of Rs 37.565 cr was collected under "Voluntary Contributions" which formed 60.92% of the total income from unknown sources of the National Parties.
- The second most preferred unknown source of funding was "Miscellaneous Income" under which the National Parties collected a total of Rs 15.89 cr which formed 25.77% of their total income from unknown sources during FY 2015-16.
- BSP has not declared any income under voluntary contributions, miscellaneous income or any collection from sale of coupons/ publications.

Unknown Sources, as per the income-expenditure statements of the Party, FY 2015-16 (Rs in cr)						
Political Parties	Voluntary Contributions         Miscellaneous Income         By Collection from Sale of coupons/Sale of Publications         Balance Written Off					
СРМ	29.255	15.83	0.056	0	Rs 45.14 cr	
AITC	8.92	0	0.8	0	Rs 9.72 cr	
NCP	0.07	0.024	4.6	2.75	Rs 7.444 cr	
СРІ	-0.68	0.036	0	0	Rs -0.644 cr	
BSP	0	0	0	0	Rs 0	
Total	Rs 37.565 cr	Rs 15.89 cr	Rs 5.456 cr	Rs 2.75 cr	Rs 61.66 cr	

Table: Unknown sources of income of National parties for FY- 2015-2016

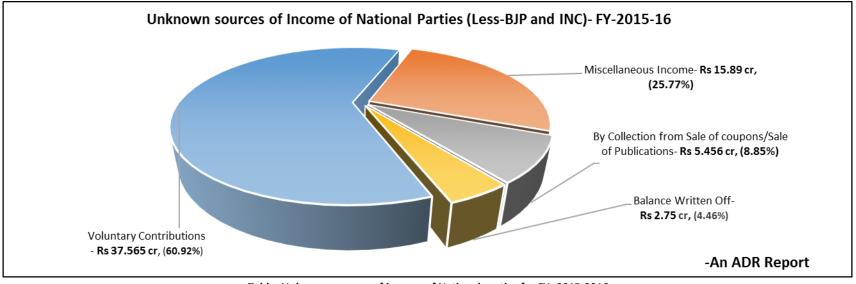


Table: Unknown sources of income of National parties for FY- 2015-2016





#### Share of donations above Rs 20,000 in total donations

- Apart from submitting details of their audit report to the Election Commission of India, political parties are also required to annually provide details of donors who contributed **above Rs 20,000** to the parties in a financial year.
- A **comparison of total donations** declared by the parties in their **IT returns** (both above and below Rs 20,000) and that declared in the **donations report** shows that only **11.23**% of the total donations of the parties came from **voluntary contributions above Rs 20,000**.
- It is to be noted that BSP is the only party to claim that it did not receive any voluntary contribution at all (above or below Rs 20,000) during FY 2015-16. Thus, there are no donations details of the party are in public domain.
- Rs 37.56 cr (89% of total donations) of the total donations to 5 National Parties were collected during FY 2015-16 from donors whose details are not available in the public domain.
- CPM, which declared the <u>highest total income</u> and <u>highest income from donations above Rs 20,000</u> amongst the 5 National Parties, had collected **Rs 29.25 cr (94% of total donations)** from donors whose details are unavailable.
- Out of **Rs 9.57 cr** declared by **AITC** as total donations of the party, only **Rs 0.65 cr**, or a mere **7%**, came from donors whose details are declared in the donations report of the party.

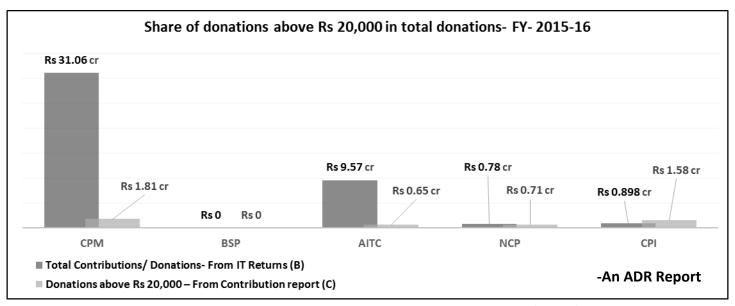
The voluntary donations declared by a party in its IT Returns should be higher than the donations received by the party above Rs 20,000 as the IT Returns should include all donations (irrespective of the amount) from donors. But **CPI** had declared **Rs 89.8 lakhs** as donations received in its **IT returns** while the party declared receiving **Rs 1.58 cr** from donors who donated above Rs 20,000 in its **contributions report** to the ECI. Hence the share of donations above Rs 20,000 in total donations of the party appears to be **176**%.

	% share of contributions in total Income of National Parties for FY-2015-2016 (Rs. in cr)							
Party	Total Income (A)	Source of Income – IT Returns	Total Contributions/ Donations- From IT Returns (B)	Share of Contributions in total income [(B/A)*100]	Donations above Rs 20,000  - From Contribution report (C)	Share of Contributions above Rs 20,000 in total donations [(C/B)*100]		
BJP	NA	•	-	-	76.85	-		
INC	NA	-	-	-	20.42	-		
СРМ	107.48	Voluntary Contributions	31.06	28.90%	1.81	5.83%		
BSP	47.385	Voluntary Contribution/Coupon Sale	0	0%	0	0%		
AITC	34.578	Grants/Donations/Contributions	9.57	27.68%	0.65	6.79%		
NCP	9.137	Grants/Donation/Contribution	0.78	8.54%	0.71	91.03%		
СРІ	2.176	Party Fund, Education Fund, Election Fund and Donation	0.898	41.27%	1.58	175.95%		
Total	Rs 200.76 cr	•	Rs 42.31 cr	21.07%	Rs 4.75 cr	11.23%		

Table: % share of contributions in total Income of National Parties for FY-2015-2016 (Rs. in cr)



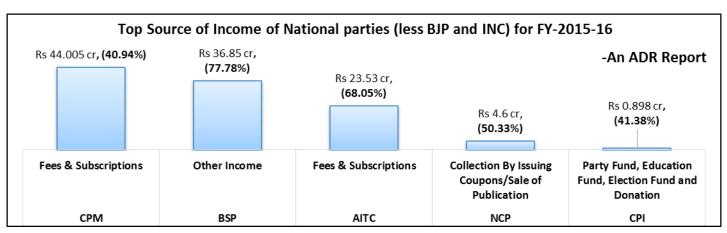




Share of contributions in total Income of National Parties for FY-2015-2016 (Rs. in cr)

# Top 3 sources of income of National Parties for FY-2015-2016

• National Parties have declared **donations/contributions** as one of their 3 main sources of income. CPM- 31.12 cr, AITC- Rs 9.57 cr, CPI – Rs 89.8 lakhs and NCP- Rs 78 lakhs.



Top sources of income of National Parties for FY 2015-16





National Doub	Total Income	Financial Yea	r- 2015-2016	
National Party	l otal income	Top 3 Source of Income	Amount (Rs in cr)	Share of Income
		Fees & Subscriptions	23.53	68.05%
AITC	Rs 34.58 cr	Grants/Donations/Contributions	9.57	27.67%
AIIC	KS 34.38 CF	Collection by Coupons/Sale of Publications	0.80	2.31%
		Other Income	0.68	1.97%
		Other Income	36.85	77.78%
BSP	Rs 47.38 cr	Membership Fee	10.53	22.22%
ВЭР	KS 47.38 CF	Voluntary Contribution/Coupon Sale	0	0%
		Other Income	0	0%
	Rs 9.14 cr	Collection By Issuing Coupons/Sale of Publication	4.6	50.33%
NCP		Other Income	3.2	35.01%
		Grants/Donation/Contribution	0.78	8.53%
		Other Income	0.56	6.13%
		Party Fund, Education Fund, Election Fund and Donation	0.898	41.38%
СРІ	Rs 2.17 cr	Interest Received	0.49	22.58%
		Membership Fee	0.46	21.20%
		Other Income	0.322	14.84%
		Fees & Subscriptions	44.005	40.94%
СРМ	Rs 107.48 cr	Other Incomes	32.36	30.10%
CPIVI	Rs 107.48 cr	Voluntary Contributions	31.12	28.95%
		Other Income	0	0%

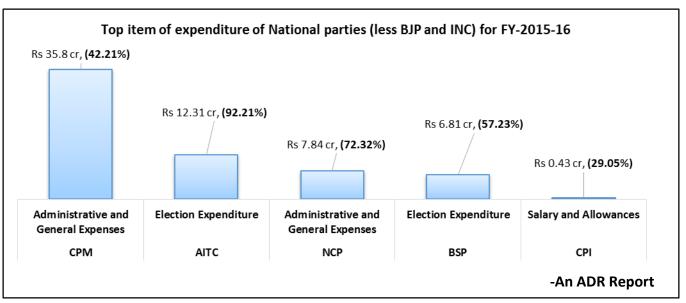
Table: Top 3 sources of income of National Parties as declared in their audit reports for FY 2015-16





## Top 3 items of expenditure of National Parties for FY 2015-2016

- The maximum expenditure for CPM has been towards Administrative and General Expenses which amounted to Rs 35.80 cr followed by expenses towards Employee Cost, Rs 25.79 cr.
- AITC spent the maximum of Rs 12.31 cr on Elections followed by expenditure of Rs 54 lakhs on Employee Cost and Rs 32.7 lakhs on Administrative and General Expenses.



Top item of expenditure of National Parties for FY 2015-16

National Dauty	Total Evnanditura	Financial Year- 2015-2016			
National Party Total Expenditure	Top 3 Items of Expenditure	Amount (Rs in cr)	% of Expenditure		
		Election Expenditure	12.31	92.21%	
AITC	Rs 13.35 cr	Employee Cost	0.54	4.04%	
AIIC	KS 13.35 CI	Administrative and General Expenses	0.327	2.45%	
		Other Expenditure	0.173	1.30%	
		Election Expenditure	6.81	57.23%	
BSP	D- 44 00	Administrative and General Expense	5.01	42.10%	
DSP	Rs 11.90 cr	Employee Cost	0.05	0.42%	
		Other Expenditure	0.03	0.25%	





Notice of Doub.	Total Franco dituna	Financial Year- 2015-2016			
National Party	Total Expenditure	Top 3 Items of Expenditure	Amount (Rs in cr)	% of Expenditure	
		Administrative and General Expenses	7.84	72.32%	
NCP	Rs 10.84 cr	Depreciation and Amortisation Expenses	1.258	11.61%	
NCP	KS 10.84 CF	Election Expenditure	0.92	8.49%	
		Other Expenditure	0.822	7.58%	
		Salary and Allowances	0.43	29.05%	
CPI	Rs 1.48 cr	Election & Publicity Expenses	0.37	25.00%	
CPI	KS 1.46 CI	Electricity & Water Charges	0.13	8.78%	
		Other Expenditure	0.55	37.16%	
		Administrative and General Expenses	35.8	42.21%	
СРМ	Rs 84.82 cr	Employee Cost	25.79	30.41%	
CPIVI	NS 04.02 CI	Election Expenditure	14.48	17.07%	
		Other Expenditure	8.75	10.32%	

Table: Top 3 items of expenditure of National Parties as declared in their audit reports for FY-2015-16

## **Recommendations of ADR**

- The Supreme Court gave a judgment on September 13, 2013 declaring that no part of a candidate's affidavit should be left blank. Along the same lines, we recommend that the Election Commission India impose rules that no part of the Form 24A submitted by political parties providing details of donations above Rs 20,000 should be left blank.
- 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.
- Any party which does not submit its IT returns or donation statement to the ECI on or before the due date, their income should not be tax-exempted and defaulting parties should be derecognized.
- Those parties not following the ICAI guidelines for auditing of reports should be scrutinized by the IT department.
- The National political parties must provide all information on their finances under the Right to Information Act. This will only strengthen political parties, elections and democracy.





# 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.

For details of Income and Expenditure declared by the National Political parties during FY 2014-15, kindly visit: https://goo.gl/1ml2o2

For details of donations declared above Rs 20,000 by National Parties during FY 2015-16, kindly visit: <a href="https://goo.gl/s4lGvz">https://goo.gl/s4lGvz</a>

# **Disclaimer**

Source for the data used in the report are the Audited accounts Contribution Statements 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 <a href="http://eci.nic.in/eci\_main1/PolPar/ContributionReports.aspx">http://eci.nic.in/eci\_main1/PolPar/ContributionReports.aspx</a>

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 political parties should be treated as correct. Association for Democratic Reforms, National Election Watch and their volunteers are not responsible or liable for any damage arising directly or indirectly from the publication of this report.

# **Contact Details**

Media and Journalist Helpline +91 80103 94248 Email: adr@adrindia.org	Maj. Gen Anil Verma (Retd.)  Head  National Election Watch, Association for Democratic Reforms +91 11 4165 4200 +91 88264 79910 anilverma@adrindia.org	Prof Jagdeep Chhokar IIM Ahmedabad (Retd.) Founder Member National Election Watch, Association for Democratic Reforms +91 99996 20944	Prof Trilochan Sastry IIM Bangalore Founder Member, National Election Watch, Association for Democratic Reforms +91 94483 53285 trilochans@iimb.ernet.in
		jchhokar@gmail.com	