

ANALYSIS OF SOURCES OF FUNDING OF NATIONAL PARTIES: FY 2019-20

A Report by

Association for Democratic Reforms

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Analysis of Sources of Funding of National Parties of India, FY 2019-20

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 Income Tax Returns and donations statements filed with the Election Commission of India (ECI) 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 nor those who donated via Electoral Bonds. As a result, **more than 70% 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.

Observations of ADR

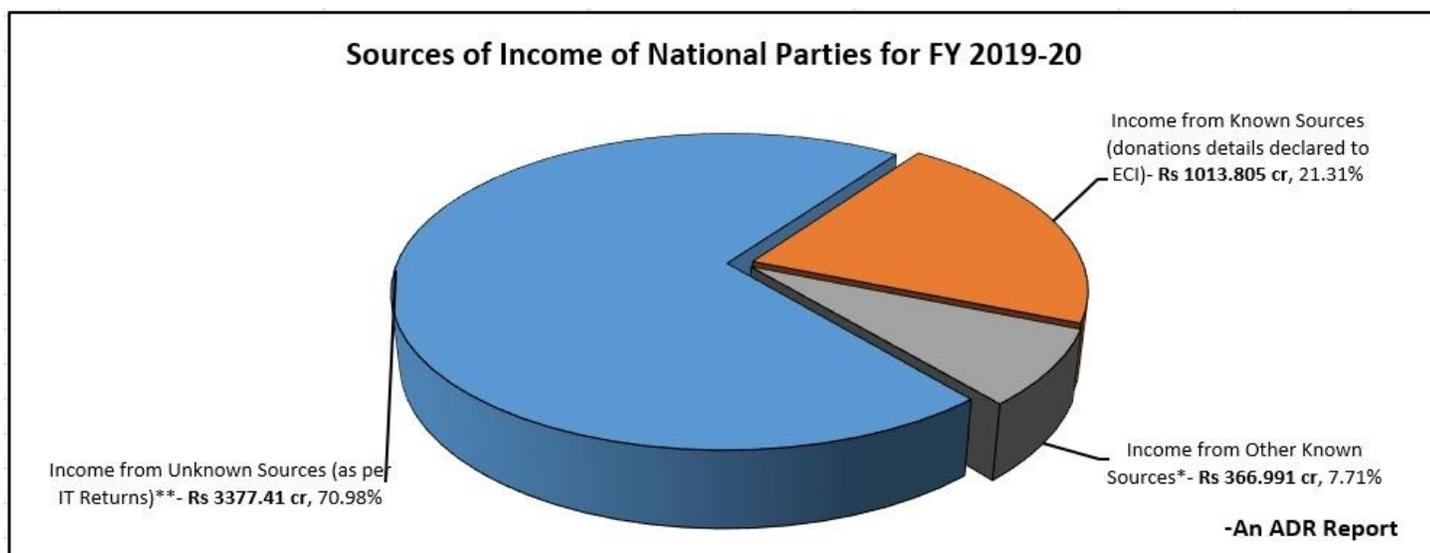
- Between **FY 2004-05 and 2019-20**, the National Parties have collected **Rs 14,651.53 cr from unknown sources** (links to reports given in 'References').
- During FY 2019-20, **BJP** declared **Rs 2642.63 cr** as income **from unknown sources** which is **78.24%** of the total income of National Parties from unknown sources (Rs 3377.41 cr). This income of **BJP** is **3.5 times more** the aggregate of income from unknown sources declared by the other 6 National Parties (**Rs 734.78 cr**).
- **INC** declared **Rs 526 cr** as income from unknown sources which is **15.57%** of the total income of National Parties from unknown sources.
- Out of **Rs 3377.41 cr** as income from unknown sources, share of income from Electoral Bonds was **Rs 2993.826 cr** or **88.643%**.
- **Combined income of INC and NCP from sale of coupons** between FY 2004-05 and 2019-20 stands at **Rs 4096.725 cr**.
- According to the donations reports (containing details of donations above Rs 20,000) of FY 2019-20, **Rs 3.18 lakhs** was received in cash by the National Parties.

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 IT returns but **without giving source of income for donations below Rs. 20,000**. Such unknown sources include 'donations via Electoral Bonds', '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.
- **Other known sources** of income include 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, **7 National parties** were considered – **BJP, INC, AITC, CPM, NCP, BSP** and **CPI**. 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 audit report of **NPEP** is not available on the website of ECI at the time of preparation of this report. Hence, the sources of funding data of the party have not been analysed.

- **Total income of 7 National political parties** in FY 2019-20: **Rs 4758.206 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 1013.805 cr**, which is **21.31%** 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 366.991 cr**, or **7.71%** of the total income.
- **Total income of political parties from unknown sources** (income specified in the IT Returns whose sources are unknown): **Rs 3377.41 cr**, which is **70.98%** of the total income of the parties.
- Out of **Rs 3377.41 cr** as income from unknown sources, share of income from Electoral Bonds: **Rs 2993.826 cr** or **88.643%**.

Sources of Income of National Parties for FY 2019-20					
National Political Parties	Income from Unknown Sources (as per IT Returns)**	Income from Known Sources (donations details declared to ECI)	Income from Other Known Sources*	Other	Total Income
	Rs 3377.41 cr	Rs 1013.805 cr	Rs 366.991 cr		Rs 4758.206 cr
Percentage share	70.98%	21.31%	7.71%		100.00%



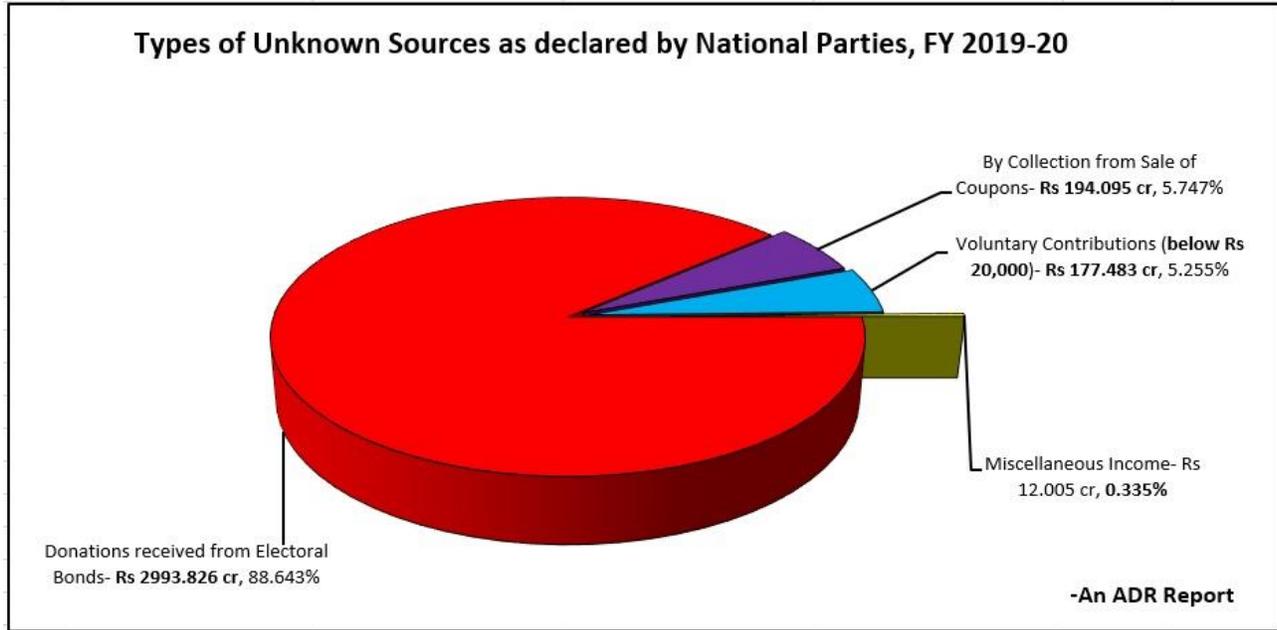
*Other known income includes: sale of moveable & immoveable assets, old newspapers, membership fees, delegate fee, bank interest, sale of publications and levy

**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 total income of **Rs 3377.41 cr** of 7 National Parties from unknown sources, **88.643 %** or **Rs 2993.826 cr** came from **Electoral Bonds**.
- Income from **sale of coupons** declared by INC, NCP & CPM formed **5.747% (Rs 194.095 cr)** of income from unknown sources while **Donations from Voluntary Contributions** (below Rs 20,000) formed **5.255%** (Rs 177.483 cr) in income from unknown sources of the 7 National Parties.

Unknown Sources, as per the income-expenditure statements of National Parties, FY 2019-20 (in Rs cr)					
National Political Parties	Donations received from Electoral Bonds	By Collection from Sale of Coupons	Voluntary Contributions (below Rs 20,000)	Miscellaneous Income	Total Unknown Income
		2993.826	194.095	177.483	12.005
Percentage share	88.643%	5.747%	5.255%	0.355%	100.00%



Unknown sources of Income of National Parties, FY 2019-20 (in Rs Cr)



Recommendations of ADR

- Since a very large 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. Some countries where this is done include Bhutan, Nepal, Germany, France, Italy, Brazil, Bulgaria, the US and Japan. In none of these countries it is possible for more than **70%** of the source of funds to be unknown, but at present it is so in India.
- 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 public domain. ADR supports ECI for its strong stand to enforce reforms in 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.

References

For other research reports on political party funding, kindly visit <http://adrindia.org/research-and-report/political-party-watch>

Sources of funding of National and Regional Parties between FY 2004-05 and 2014-15:

<https://adrindia.org/content/analysis-sources-funding-national-and-regional-parties-fy-2004-05-2014-15>

Sources of funding of National Parties, FY 2015-16: <https://adrindia.org/content/analysis-income-expenditure-bjp-inc-fy-2015-2016>

Sources of funding of National Parties, FY 2016-17: <https://adrindia.org/content/analysis-donations-received-national-political-parties-%E2%80%93-fy-2016-17>

Sources of funding of National Parties, FY 2017-18: <https://adrindia.org/content/analysis-sources-funding-national-parties-india-fy-2017-18-0>

Sources of funding of National Parties, FY 2018-19: <https://adrindia.org/content/analysis-sources-funding-regional-parties-fy-2018-19>

Disclaimer

Source for the data used in the report are the Audited Accounts and 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 <https://eci.gov.in/candidate-political-parties/annual-audit-reports/annual-audit-reports/>

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.

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Annexure - 1

Unknown Sources of Income of National Parties during FY 2019-20 (in Rs cr)					Total Unknown Income
National Parties	Donations received from Electoral Bonds	By Collection from Sale of coupons	Voluntary Contributions (Below Rs 20,000)	Miscellaneous Income	
BJP	2555.0001	-	87.005	0.6234	Rs 2642.63 cr
INC	317.861	192.4577	12.509	3.1744	Rs 526.00 cr
CPM	0	0.0062	73.324	7.988	Rs 81.32 cr
AITC	100.4646	-	0	0	Rs 100.4646 cr
NCP	20.50	1.6308	2.9165	0.0105	Rs 25.058 cr
BSP	0	-	0	0	Rs 0
CPI	0	-	1.7283	0.2085	Rs 1.937 cr
Total	Rs 2993.826 cr	Rs 194.095 cr	Rs 177.483 cr	Rs 12.005 cr	Rs 3377.41 cr

Annexure - 2

Party-wise sources of income of National Parties, FY 2019-20

Sources of income of National Parties during FY 2019-20 (in Rs cr)					
National Parties	Income from Known sources (donations details declared to ECI)	Income from Other known sources*	Income from Unknown Sources (as per Audit reports)	Total Income	Share of Unknown income
BJP	785.77	194.88	2642.63	Rs 3623.28 cr	72.93%
INC	139.016	17.19	526	Rs 682.21 cr	77.10%
CPM	19.6935	57.61	81.32	Rs 158.62 cr	51.27%
AITC	8.0835	35.13	100.4646	Rs 143.676 cr	69.92%
NCP	59.946	0.579	25.058	Rs 85.583 cr	29.28%
BSP	0	58.26	0	Rs 58.256 cr	0%
CPI	1.296	3.35	1.937	Rs 6.581 cr	29.43%
Total	Rs 1013.805 cr	Rs 366.991 cr	Rs 3377.41 cr	Rs 4758.206 cr	70.98%