

ANALYSIS OF SOURCES OF FUNDING OF NATIONAL PARTIES: FY 2021-22

A Report by
Association for Democratic Reforms

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Analysis of Sources of Funding of National Parties of India, FY 2021-22

Political Parties play a key role in democracies as they contest elections, form governments, formulate policies and are responsible for providing governance and improve 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 65% 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 2021-22**, the National Parties collected **Rs 17,249.45 cr from unknown sources** (click [here](#) for access).
- During FY 2021-22, **BJP** declared **Rs 1161.0484 cr** as income **from unknown sources** which is **53.45%** of the total income of National Parties from unknown sources (Rs 2172.231 cr). This income of **BJP** is Rs 149.8658 cr **more** than the aggregate of income from unknown sources declared by the other 6 National Parties (**Rs 1011.1826 cr**).
- AITC declared **Rs 528.093 cr** as income from unknown sources which is **24.3111 %** of the total income of National Parties from unknown sources.
- Out of **Rs 2172.231 cr** as income from unknown sources, share of income from Electoral Bonds was **Rs 1811.9425 cr** or **83.414 %**.
- **Combined income of INC and NCP from sale of coupons** between FY 2004-05 and 2021-22 stands at **Rs 4398.51 cr**.
- It is to be noted that **AITC's** total donations as per the audit report are worth **Rs 38 lakhs** (excluding donations via Electoral bonds) but the party has declared donations worth **Rs 43 lakhs** in the donations statement (details of donations above Rs 20,000). Hence, there is a discrepancy in the party's statement for FY 2021-22.
- **CPI** has declared donations through Levy, Membership fee, Party funds and Election funds.

Income of Political Parties from Known, Other Known and Unknown Sources

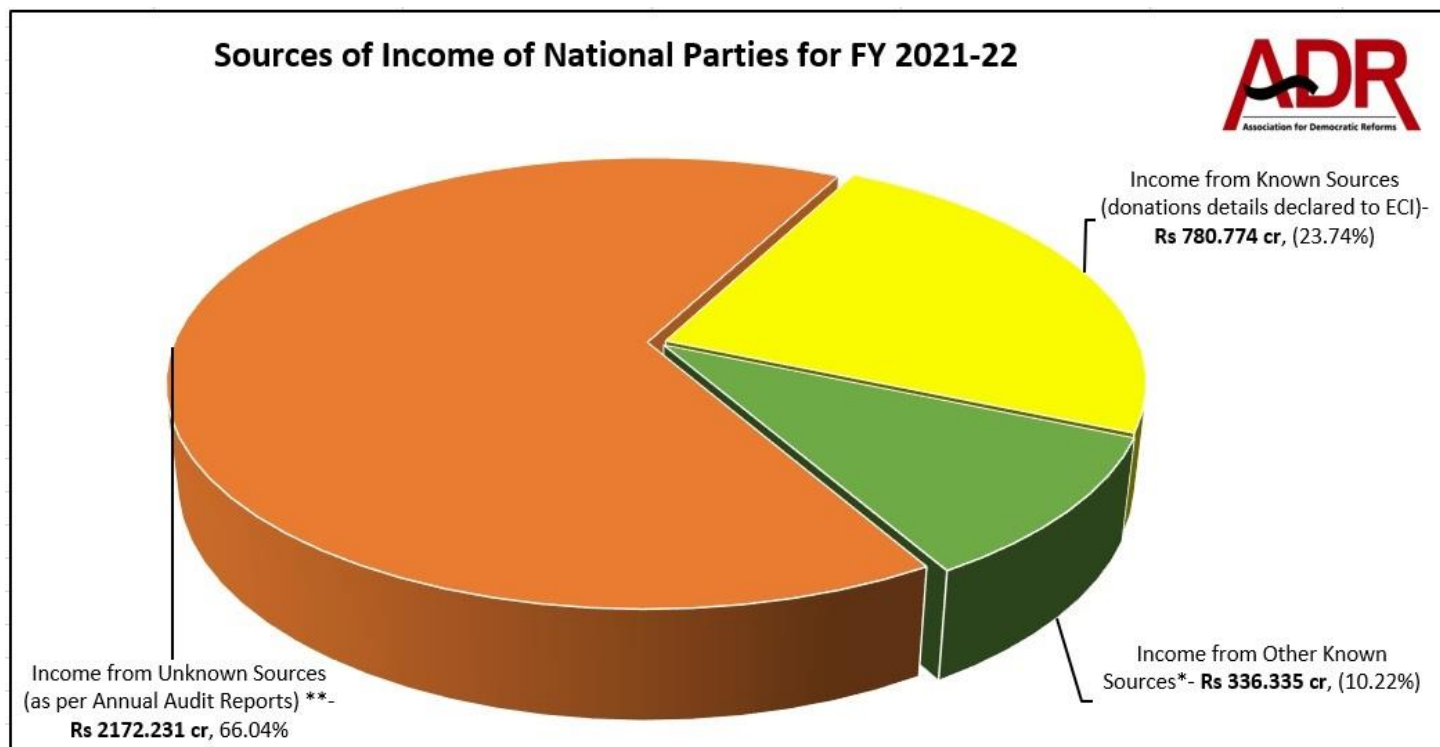
- For this report, **known sources** have been defined as donations above Rs 20,000, whose donor details are available through contributions report as submitted by National parties to the ECI.
- The **unknown sources** are income declared in the annual audit report but **without giving source of income 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, **8 National parties** were considered – **BJP, INC, AITC, CPI(M), NCP, BSP, CPI and NPEP**. 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.

- Total income of 8 National political parties** in FY 2021-22: **Rs 3289.34 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 780.774 cr**, which is **23.74%** 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 336.335 cr**, or **10.22%** of the total income.
- Total income of political parties from unknown sources** (income specified in the annual audit report whose sources are unknown): **Rs 2172.231 cr**, which is **66.04 %** of the total income of the parties.
- Out of **Rs 2172.231 cr** as income from unknown sources, share of income from Electoral Bonds: **Rs 1811.9425 cr** or **83.414%**.

Sources of Income of National Parties for FY 2021-22

National Political Parties	Income from Unknown Sources (as per audit report) **	Income from Known Sources (donations details declared to ECI)	Income from Other Known Sources*	Total Income
	Rs 2172.231 cr	Rs 780.774 cr	Rs 336.335 cr	Rs 3289.34 cr
Percentage share	66.04%	23.74%	10.22%	100.00%



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

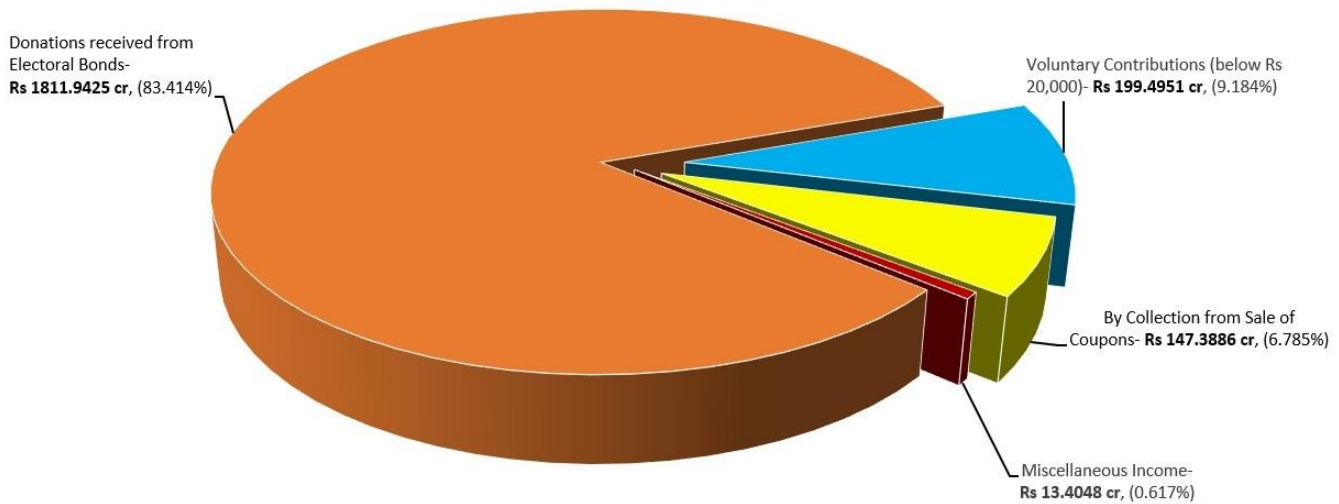
**Details of income from unknown sources is given in Annexure – 1; Party-wise sources of income are given in Annexure – 2

Income from Unknown Sources

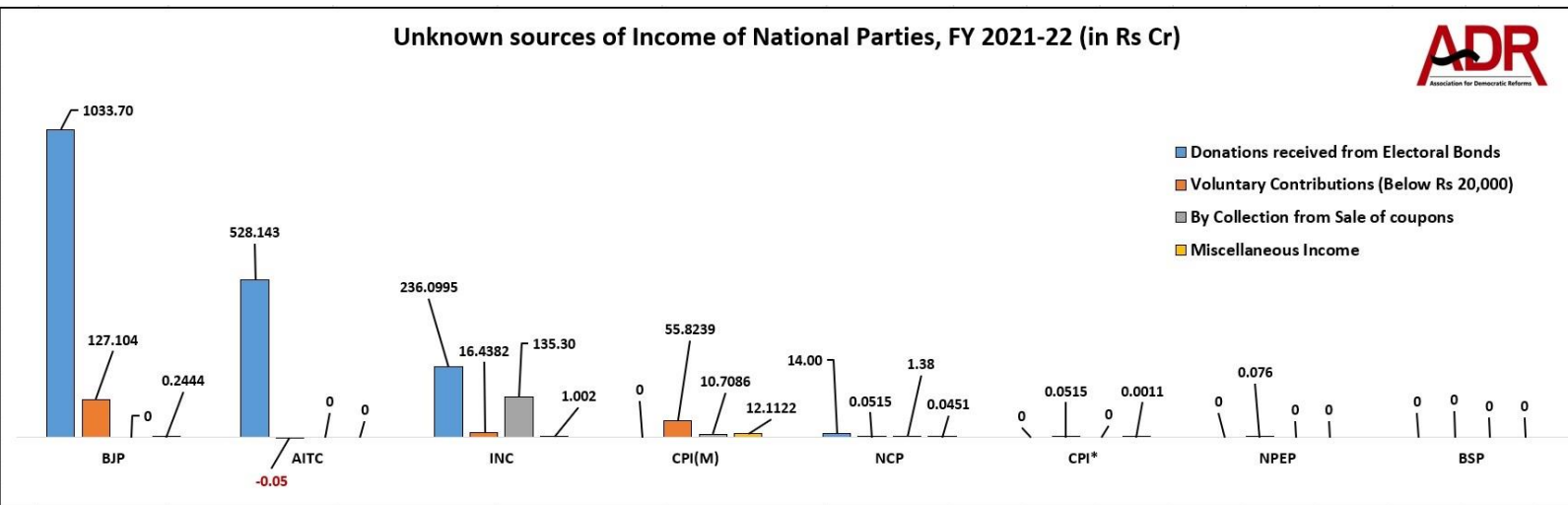
- Out of total income of **Rs 2172.231 cr** of 7 National Parties from unknown sources, **83.414 %** or **Rs 1811.9425 cr** came from **Electoral Bonds**.
- Income from **sale of coupons** declared by INC, CPI(M) & NCP) formed **6.785% (Rs 147.3886 cr)** of income from unknown sources while **Donations from Voluntary Contributions** (below Rs 20,000) formed **9.184%** (Rs 199.4951 cr) in income from unknown sources of the 7 National Parties.

Unknown Sources as per the income-expenditure statements of National Parties, FY 2021-22 (in Rs cr)					
National Political Parties	Donations received from Electoral Bonds	Voluntary Contributions (below Rs 20,000)	By Collection from Sale of Coupons	Miscellaneous Income	Total Income from Unknown sources
	1811.9425	199.4951	147.3886	13.4048	Rs 2172.231 cr
Percentage share	83.414%	9.184%	6.785%	0.617%	100%

Types of Unknown Sources as declared by National Parties, FY 2021-22



Unknown sources of Income of National Parties, FY 2021-22 (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 **65%** 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.

Disclaimer

Source for the data used in the report are the Annual Audit Reports and Contribution Reports 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 from the Election Commission of India's website (annual audit report and contribution report) [here](#).

ADR does not add or subtract any information, unless the EC changes the data. In particular, no unverified information from any other source is used. The data can be accessed from the websites of the ECI. 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 parties should be treated as correct. Association for Democratic Reforms (ADR), National Election Watch (NEW) and their volunteers are not responsible or liable for any direct, indirect special, or consequential damages, claims, demands, losses of any kind whatsoever, made, claimed, incurred or suffered by any party arising under or relating to the usage of data provided by ADR through this report.

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Annexure – 1

Party-wise unknown Sources of Income of National Parties during FY 2021-22

Unknown Sources of Income of National Parties during FY 2021-22 (in Rs cr)					Total Income from unknown sources
National Parties	Donations received from Electoral Bonds	Voluntary Contributions (Below Rs 20,000)	By Collection from Sale of coupons	Miscellaneous Income	
BJP	1033.70	127.104	0	0.2444	Rs 1161.0484 cr
AITC	528.143	-0.05	0	0	Rs 528.093 cr
INC	236.0995	16.4382	135.30	1.002	Rs 388.8397 cr
CPI(M)	0	55.8239	10.7086	12.1122	Rs 78.6447 cr
NCP	14.00	0.0515	1.38	0.0451	Rs 15.4766 cr
CPI*	0	0.0515	0	0.0011	Rs 0.0526 cr
NPEP	0	0.076	0	0	Rs 0.076 cr
BSP	0	0	0	0	Rs 0
Total	Rs 1811.9425 cr	Rs 199.4951 cr	Rs 147.3886 cr	Rs 13.4048 cr	Rs 2172.231 cr

* CPI has declared donations through Levy, Membership fee, Party funds and Election funds.

Annexure – 2

Party-wise sources of income of National Parties, FY 2021-22

Sources of income of National Parties during FY 2021-22 (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 income from unknown sources
BJP	614.626	141.4456	1161.0484	1917.12	60.56%
AITC	0.43	17.222	528.093	545.745	96.77%
INC	95.459	56.9763	388.8397	541.275	71.84%
CPI(M)	10.055	73.5363	78.6447	162.236	48.48%
NCP	57.905	2.4614	15.4766	75.843	20.41%
BSP	0	43.778	0	43.778	0%
CPI*	1.945	0.8734	0.0526	2.871	1.83%
NPEP	0.354	0.042	0.076	0.472	16.10%
Total	Rs 780.774 cr	Rs 336.335 cr	Rs 2172.231 cr	Rs 3289.34 cr	66.04%

* CPI has declared donations through Levy, Membership fee, Party funds and Election funds.