

ANALYSIS OF INCOME & EXPENDITURE OF NATIONAL POLITICAL PARTIES FOR FY- 2016-2017

A Report by
Association for Democratic Reforms

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Analysis of Income & Expenditure of National Political Parties for FY- 2016-2017

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 19th 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 2016-17, 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**).

Submission of audited reports by the National Parties

- The due date for submission of annual audited accounts for the parties was **30th Oct, '17**.
- **BSP, CPM and AITC** submitted their audit reports on time while **CPI** submitted its audit report **22 days after the due date** for submission.
- **NCP** submitted its audited report on 19th January, 2018, more than two months after the due date for submission.
- As on 7th February, 2018, **BJP and INC have not yet** submitted their audited reports to the ECI, more than three months after the due date for submission.

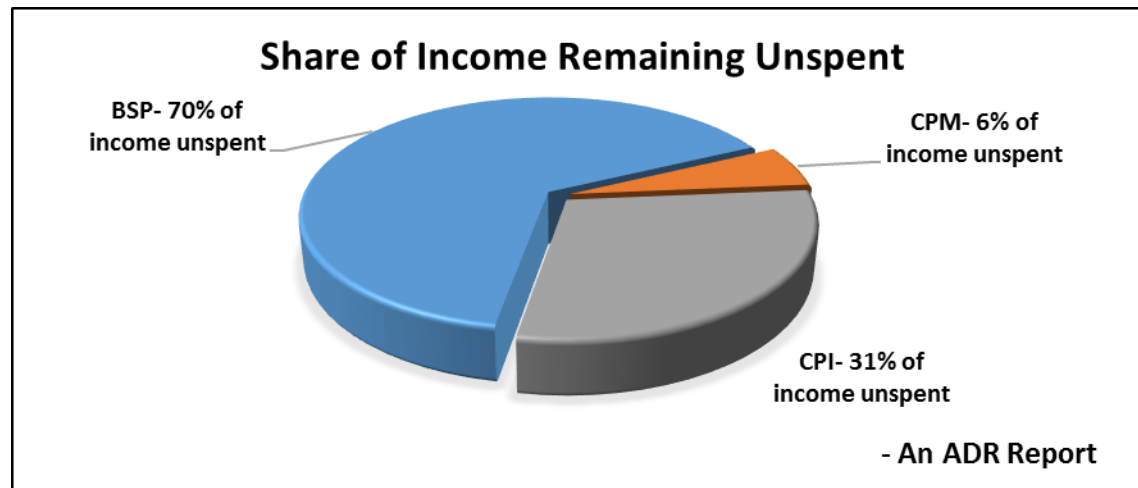
Due date for submission: 30 th Oct, '17		
Party	Date of submission	Delay in submitting their report
BSP	26th October, '2017	-
CPM	26th October, '2017	-
AITC	27th October, '2017	-
CPI	23rd, November, '2017	22 days
NCP	19th, January, '2018	79 days
BJP	Not submitted	99 days, (As on 07-02-2018)
INC	Not submitted	99 days, (As on 07-02-2018)

Total Income and Expenditure of National Political Parties for - FY-2016-2017

- BSP declared a total income of Rs 173.58 cr during FY- 2016-17, but **spent only 30% (Rs 51.83 cr) of the total income.**
- AITC declared a total income of Rs 6.39 cr during FY- 2016-17, but **spent an excess of Rs 17.87 cr (280%)** over total income.
- NCP also incurred an excess expenditure of Rs 7.732 cr over its total income of Rs 17.235 cr, during FY 2016-17.

Total income and expenditure declared by National Parties, FY 2016-17 (Rs in cr)				
Party	Total declared Income	Total declared Expenditure	Excess of income over expenditure	Share of income remaining unspent
BSP	173.58	51.83	121.75	70%
CPM	100.256	94.056	6.2	6%
NCP	17.235	24.967	-7.732	-45%
AITC	6.39	24.26	-17.87	-280%
CPI	2.079	1.426	0.653	31%
Total	Rs 299.54 cr	Rs 196.54 cr	Rs 103.00 cr	34%

Table: Total income and expenditure declared by National Parties in their audit reports for FY 2016-17 (All over India)



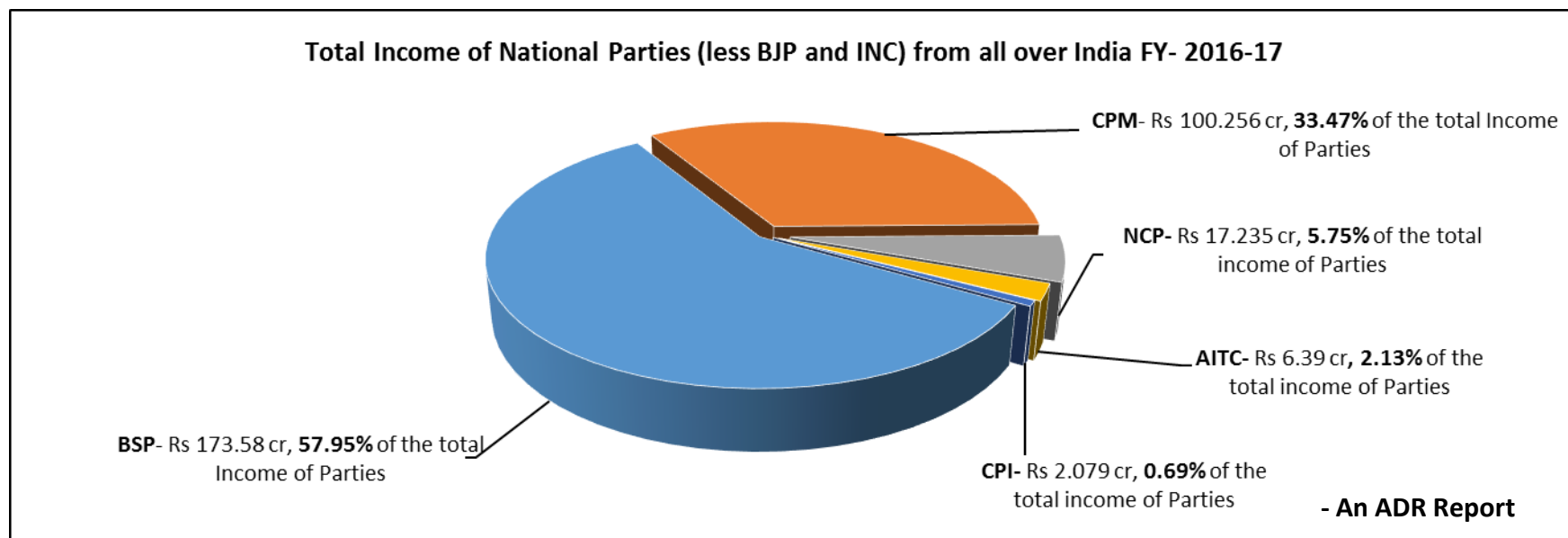
Graph: Share of income remaining unspent, as declared by National Parties in their audit reports for FY 2016-17 (All over India)

Total Income of National Parties FY 2016-2017

- 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. 299.54 cr**, collected from all over India.
- **BSP** has shown the highest income amongst the National Parties with a **total income of Rs 173.58 cr** during FY 2016-17. This forms **57.95% of the total income National Parties, together** during FY 2016-17.
- **CPM** declared the second highest income of **Rs 100.256 cr** which forms **33.47%** of the total income of the 5 National Parties.
- **CPI** declared the least income of **Rs 2.079 cr** which forms a mere 0.69% of the total income of the 5 National Parties during the FY 2016-17.

Income of National Parties for FY-2016-17 (Rs. in cr)					
National Party	BSP	CPM	NCP	AITC	CPI
Total Income	Rs 1,73,58,26,754 (Rs 173.58 cr)	Rs 1,00,25,65,371 (Rs 100.256 cr)	Rs 17,23,53,989 (Rs 17.235 cr)	Rs 6,39,48,999 (Rs 6.39 cr)	Rs 2,07,92,330 (Rs 2.079 cr)
% Share in total Income	57.95%	33.47%	5.75%	2.13%	0.69%
Grand Total	Rs 2,99,54,87,443 (Rs 299.54 cr)				

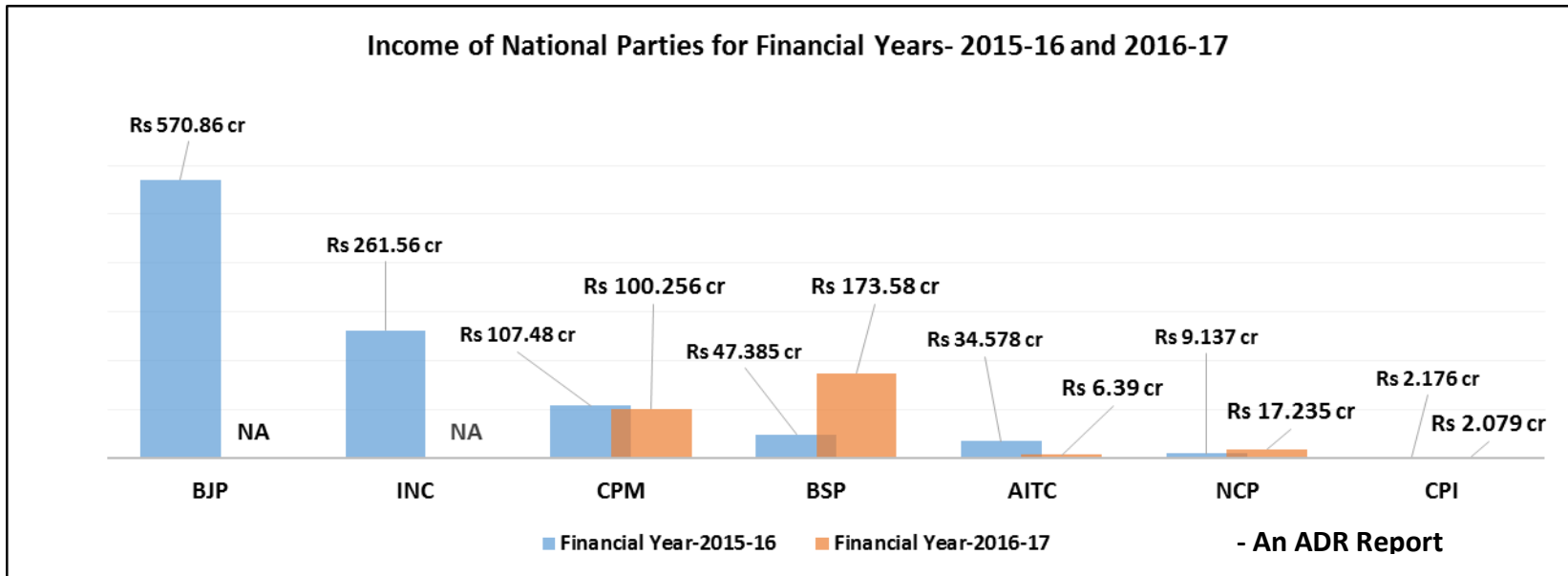
Table: Total income declared by National Parties in their ITR for FY 2016-17 (All over India)



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 2015-16 and 2016-17

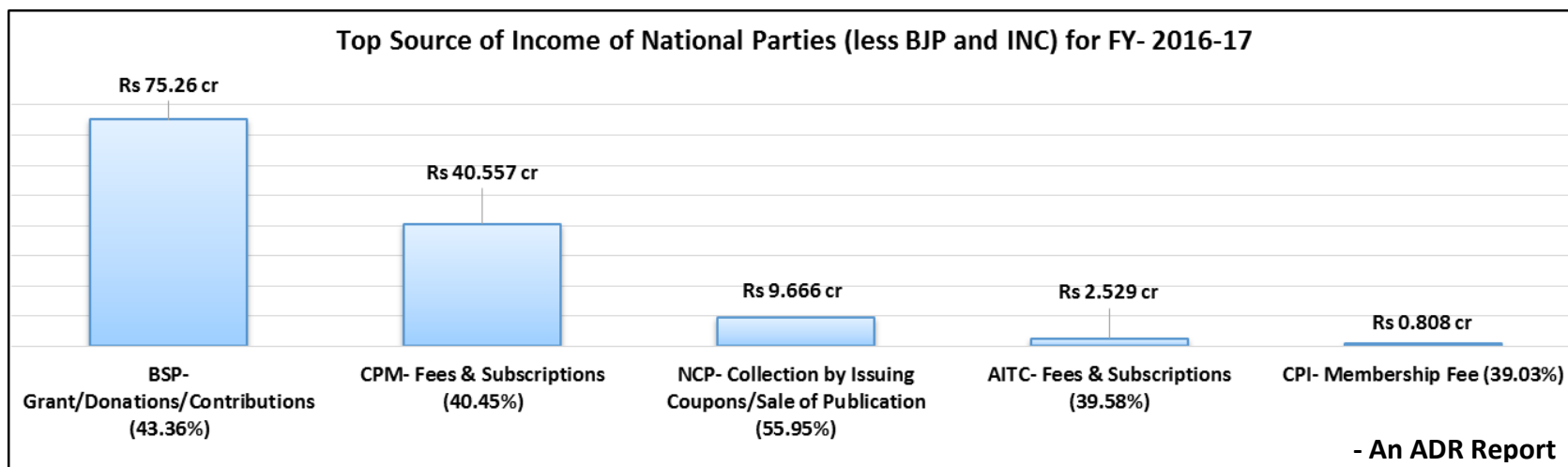
- The income of BJP during FY 2015-16 was highest among all the National Parties. The party had declared a total income of Rs 570.86 cr but is yet to submit its copy of Income Tax returns for FY 2016-17 to the Election Commission of India.
- Income of INC was second highest during FY 2015-16 with Rs 261.56 cr but the party is yet to submit a copy of its IT returns with the ECI for FY 16-17.
- Between FY 2015-16 and 2016-17, the income of **BSP increased** by **266.32%** (Rs 126.195 cr) from Rs 47.385 cr during FY 2015-16 to Rs 173.58 cr during FY 2016-17 while the income of **NCP increased** by **88.63%** (Rs 8.098 cr) from Rs 9.137 cr during FY 2015-16 to Rs 17.235 cr during FY 2016-17.
- It is to be noted that between FY 2015-16 and 2016-17, the income of **AITC decreased** by **81.52%** (Rs 28.188 cr) from Rs 34.578 cr during FY 2015-16 to Rs 6.39 cr during FY 2016-17 while the income of **CPM decreased** by **6.72%** (Rs 7.224 cr) from Rs 107.48 cr during FY 2015-16 to Rs 100.256 cr during FY 2016-17.



Graph: Total income of National Parties for Financial Years: 2015-16 and 2016-17

Top 3 sources of income of National Parties for FY-2016-2017

- National Parties have declared **donations/contributions** as one of their 3 main sources of income. BSP- Rs 75.26 cr, CPM- Rs 36.727 cr, NCP – Rs 6.62 cr and AITC- Rs 2.17 cr.
- Grant/ donations/ contributions of **Rs 75.26 cr** declared by **BSP** forms **43.36% of the total income of the party** during FY 2016-17. Declaration of **Rs 9.666 cr** under **Collection by issuing coupons/ sale of publication** by **NCP** forms the top most income of the party, contributing **55.95% of the total income of the party** during FY 2016-17.



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

Top 3 sources of income of National Parties for FY-2016-2017

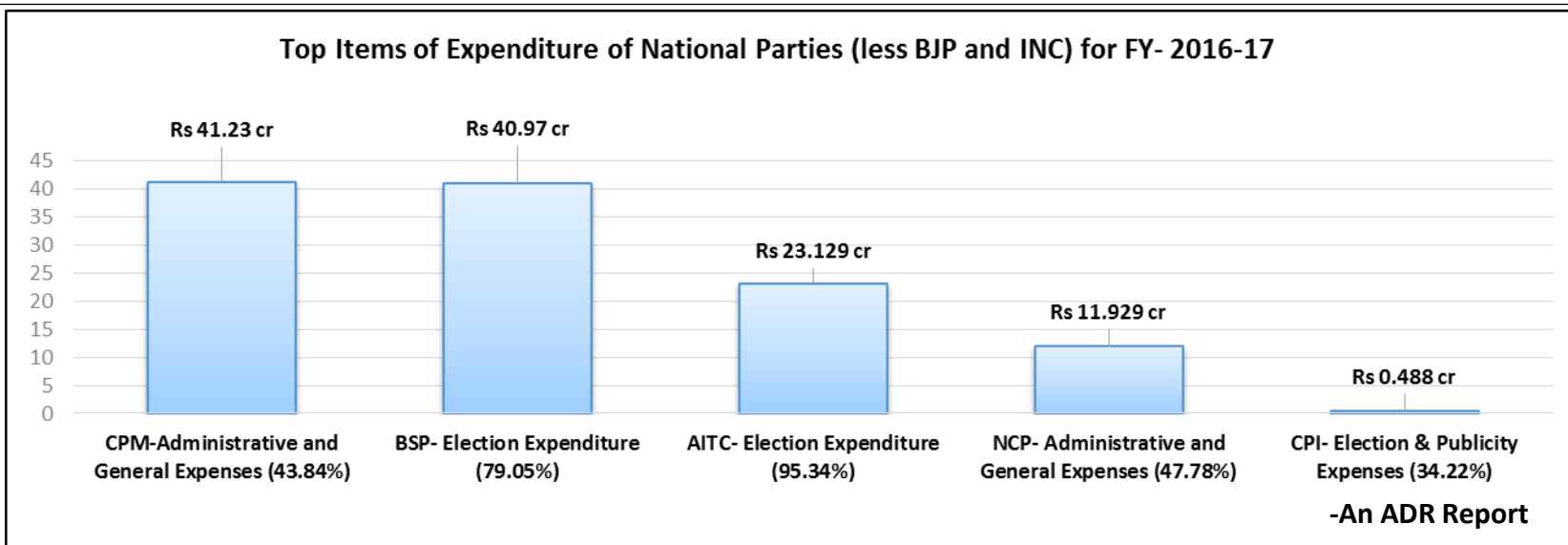
National Party	Total Income	Financial Year- 2016-17		
		Top 3 Sources of Income	Amount (Rs in cr)	Share of Income
BSP	Rs 173.58 cr	Grant/Donations/Contributions	75.26	43.36%
		Fee & Subscriptions	64.62	37.23%
		Bank Interest	33.698	19.41%
		Other Income	0.002	0.001%
CPM	Rs 100.256 cr	Fees & Subscriptions	40.557	40.45%
		Voluntary Contributions	36.727	36.63%
		Bank Interest	18.22	18.17%

National Party	Total Income	Financial Year- 2016-17		
		Top 3 Sources of Income	Amount (Rs in cr)	Share of Income
		Other Income	4.752	4.74%
NCP	Rs 17.235 cr	Collection by Issuing Coupons/Sale of Publication	9.666	55.95%
		Grant/Donation/Contribution	6.62	38.32%
		Fee & Subscriptions	0.619	3.58%
		Other Income	0.33	2.14%
AITC	Rs 6.39 cr	Fees & Subscriptions	2.529	39.58%
		Grants/Donations/Contributions	2.17	33.96%
		Collection by Coupons/Sale of Publication	0.84	13.15%
		Other Income	0.851	13.32%
CPI	Rs 2.079 cr	Membership Fee	0.808	39.03%
		Party Fund and Election Fund	0.56	27.05%
		Interest Received	0.529	25.56%
		Other Income	0.182	8.36%

Table: Top 3 sources of income of National Parties as declared in their audit reports for FY 2016-17

Top 3 items of expenditure of National Parties for FY 2016-2017

- The maximum expenditure for **CPM** has been towards **Administrative and General Expenses** which amounted to **Rs 41.23 cr** followed by expenses towards **Employee Cost, Rs 29.91 cr**.
- **BSP** spent the maximum of **Rs 40.97 cr** on **Election Expenditure** followed by expenditure of **Rs 10.809 cr** on **Administrative and General Expenses**.
- **AITC** declared to have spent 95.34% of its total expenditure during FY 2016-17 on **Election Expenditure** (Rs 23.129 cr) while **NCP** spent 47.78% of its total expenditure on **Administrative and General Expenses** (Rs 11.929 cr).



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

Top 3 items of expenditure of National Parties for FY 2016-2017

National Party	Total Expenditure	Financial Year- 2016-17		
		Top 3 Items of Expenditure	Amount (Rs in cr)	% of Expenditure
BSP	Rs 51.83 cr	Election Expenditure	40.97	79.05%
		Administrative & General Expenses	10.809	20.85%
		Employee Costs	0.05	0.10%
		Other Expenditure	0.001	0.002%
CPM	Rs 94.056 cr	Administrative and General Expenses	41.23	43.84%
		Employee Cost	29.91	31.80%
		Election Expenditure	22.8	24.24%
		Other Expenditure	0.116	0.12%
NCP	Rs 24.967 cr	Administrative and General Expenses	11.929	47.78%
		Election Expenditure	11.017	44.13%
		Depreciation and Amortisation Expenses	1.08	4.33%
		Other Expenditure	0.941	3.77%

National Party	Total Expenditure	Financial Year- 2016-17		
		Top 3 Items of Expenditure	Amount (Rs in cr)	% of Expenditure
AITC	Rs 24.26 cr	Election Expenditure	23.129	95.34%
		Employee Costs	0.59	2.43%
		Administrative and General Expenses	0.38	1.57%
		Other Expenditure	0.161	0.66%
CPI	Rs 1.426	Election & Publicity Expenses	0.488	34.22%
		Salary and Allowances	0.426	29.87%
		Electricity & Water Charges	0.116	8.13%
		Other Expenditure	0.396	27.77%

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.
- According to the **Finance Bill, 2017**, Section 13A of the IT Act was amended to state that tax exemption will be given to registered political parties *“Provided also that such political party furnishes a return of income for the previous year in accordance with the provisions of sub-section (4B) of section 139 on or before the due date under that section.”* Thus, any party which does not submit its IT returns 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 2015-16**, kindly visit: <https://goo.gl/Crd3k6> and <https://goo.gl/KJk22T>

Disclaimer

Source for the data used in the report are the Audited accounts 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 http://eci.nic.in/eci_main1/PolPar/annualauditreport2017.aspx

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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