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ANALYSIS OF SOURCES OF FUNDING OF REGIONAL PARTIES: FY 2018-19

A Report by
Association for Democratic Reforms

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Analysis of Sources of Funding of Regional Parties of India, FY 2018-19

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. As a result, **a substantial amount of 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.

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

- For this report, **known sources** have been defined as donations above and below Rs 20,000, whose donor details are available through contribution reports as submitted by regional parties to the ECI.
- The **unknown sources** are income declared in the Annual Audit reports 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 & immovable 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.
- Association for Democratic Reforms (ADR), in its previous [report dated 22nd August, 2019](#), analysed **28** Regional parties who filed both their Annual Audit and Contribution reports. For FY 2017-18, total income of Regional parties amounted to **Rs 183.39 cr**. **Rs 31.82 cr** or **17.35%** of this came from **unknown sources**.
- For this analysis, **52** Regional (recognized) parties were initially considered, but out of them only **26** have filed both their Annual Audit and Contribution reports (refer Annexure 1), remaining **11** had not submitted either one of the reports (refer Annexure 2). **15** Regional parties' none of the two reports are available on the ECI website at the time of preparation of this report.
- The Annual Audit and Contribution reports of Regional parties such as **TRS, SAD** and **LJP** are available on the website, but parties' donations declaration show discrepancies between data in the both reports for FY 2018-19. Therefore, these parties have not been analyzed in this report.
- Total income of 23 Regional political parties** in FY 2018-19: **Rs 885.956 cr** (refer Annexure 3).
- Total income of political parties from known donors** (details of donors as available from Contribution report submitted by parties to Election Commission): **Rs 257.14 cr**, which is **29.02%** of the total income of the parties.
- Total income of political parties from other known sources** (e.g., Membership fees, bank interest, sale of publications, party levy etc.): **Rs 147.54 cr**, or **16.65%** of total income.
- Total income of political parties from unknown sources** (income specified in the audit reports whose sources are unknown): **Rs 481.276 cr**, which is **54.32%** of the total income of the parties.

Sources of income of Regional parties during FY 2018-19				
Regional Political 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
	Rs 257.14 cr	Rs 147.54 cr	Rs 481.276 cr	Rs 885.956 cr
Percentage share	29.02%	16.65%	54.32%	100%

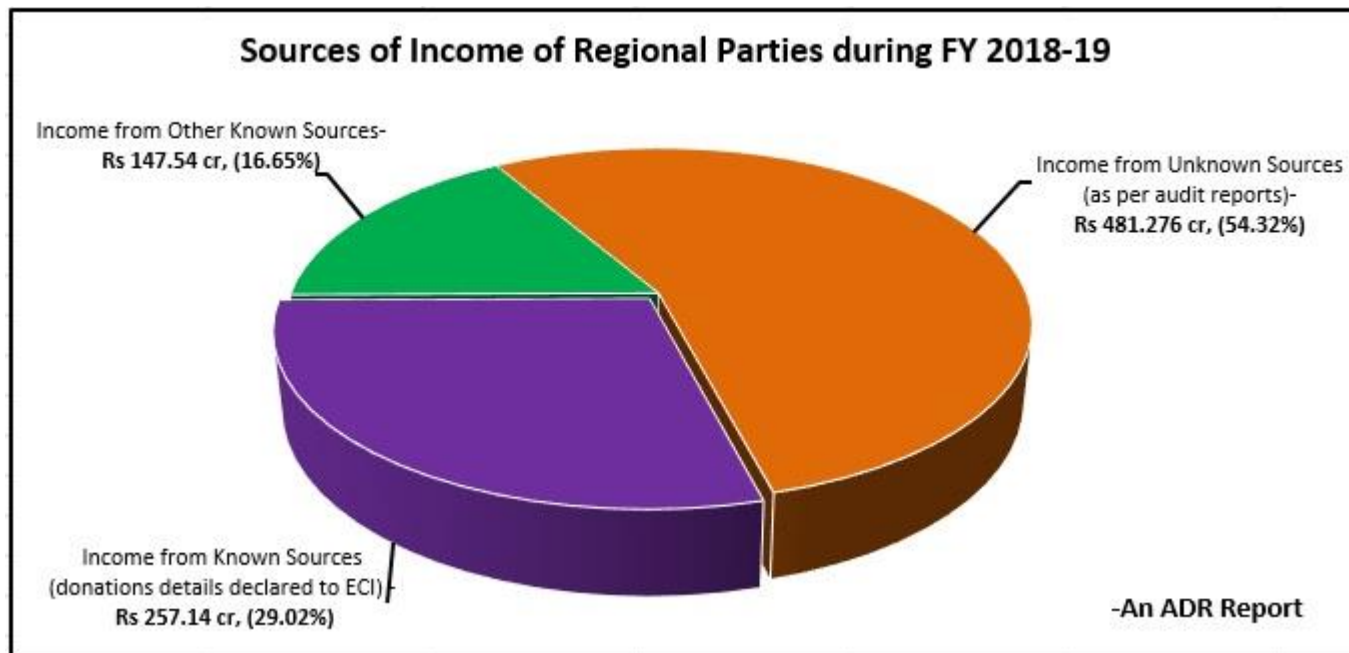


Chart: Source of Income of Regional Parties, FY 2018-19

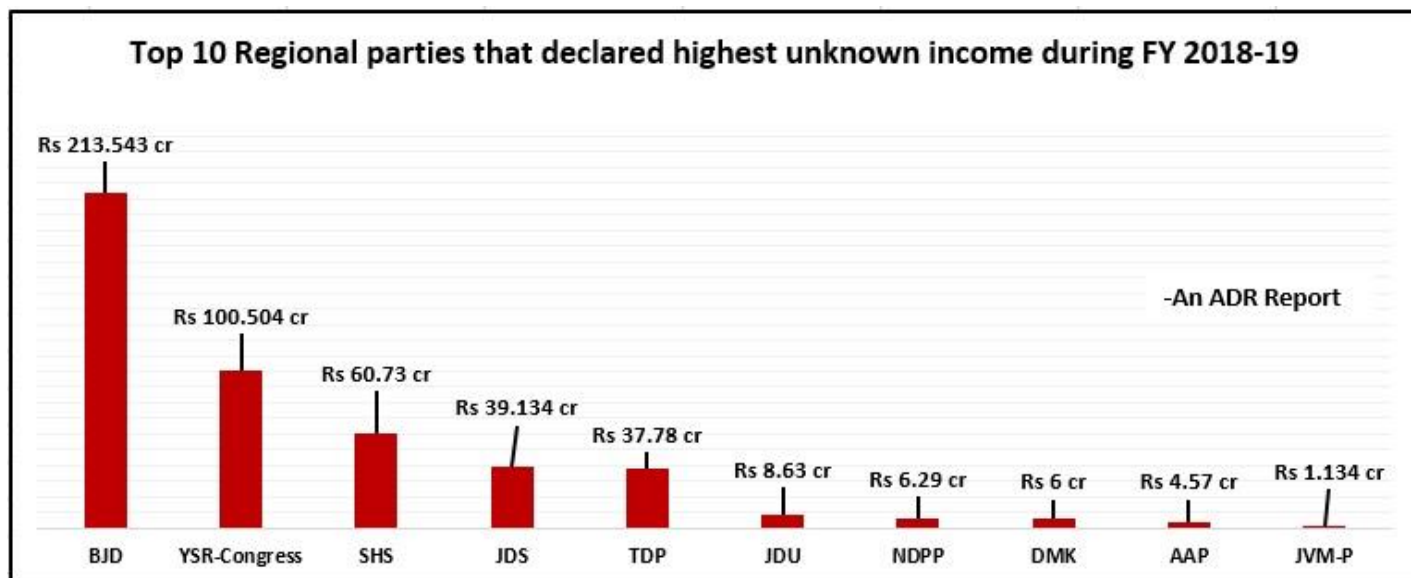


Chart: Top 10 Regional Parties with highest unknown income declared during FY 2018-19

Income from Unknown Sources

- Rs 481.276 cr of the total income of Regional Parties came from **unknown sources**, **90.798%** or Rs 436.99 cr of this came from **Electoral Bonds**.
- Income from **Voluntary contributions** (below Rs 20,000) formed **7.72%** (Rs 37.14 cr) and **sale of coupons** formed **1.48%** (Rs 7.134 cr) in income from unknown sources of the 23 Regional parties. (Annexure- 4)

Unknown Sources, as per the audit reports of Regional Parties, FY 2018-19 (in Rs Cr)					Total Unknown Income
Regional Political Parties	Donations received from Electoral Bonds	Voluntary Contributions (Below Rs 20,000)	By Collection from Sale of coupons	Miscellaneous Income	
	436.99	37.14	7.134	0.012	Rs 481.276 cr
Percentage share	90.798%	7.72%	1.48%	0.002%	100%

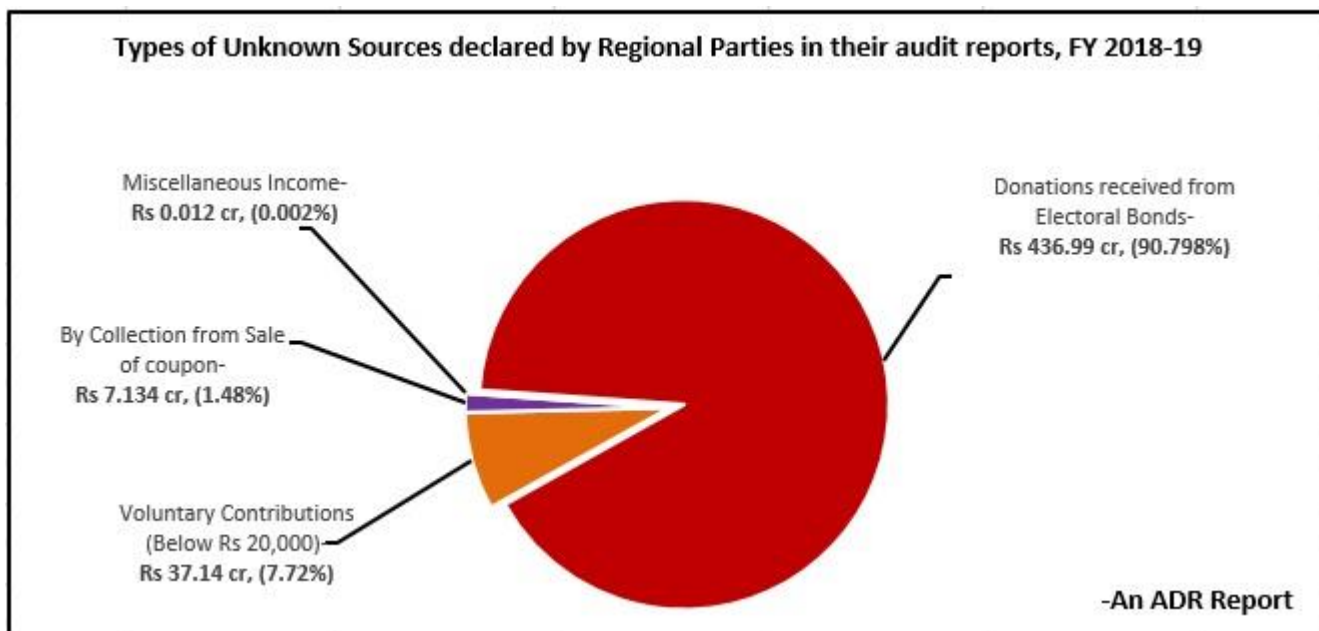


Chart: Types of Unknown Sources declared by Regional Parties in their audit reports, FY 2018-19

Observations of ADR

- Out of a total of 52 Regional Parties, **11** Regional Parties have **not submitted their Contribution reports** for FY 2018-19. For **15** Regional parties', none of the two reports are available on the ECI website.
- TRS, SAD** and **LJP** parties' both statements are available on the website, but parties' donations data show discrepancies as declared in their Annual Audit report and Contribution report (donations above Rs 20,000) for FY 2018-19 as shown below. Therefore, these parties have not been analyzed in this report.

Party	Total Voluntary Donations/Contributions declared in audit report		Contribution Report (in Rs Cr)	Total Difference (A-B=C)
	Voluntary Donations/Contributions received from	Amounts (in Rs Cr) (A)	Form 24 A (Above Rs 20,000) (B)	
TRS	Electoral Bonds	141.5	141.5	0
	Others Donations	41.175	41.275	Rs - 0.10 cr
	Total	Rs 182.675 cr	Rs 182.775 cr	Rs - 0.10 cr
SAD	Grants/Donations/Contributions	1.652	1.754	Rs - 0.102 cr
LJP	Donations	0.085	0.515	Rs - 0.43 cr

- The amount of total contributions declared by **TRS, SAD and LJP** in their audit reports is **less** than the amount of total donations (above Rs 20,000 only) declared in their contribution reports by **Rs 10 lakhs, Rs 10.20 lakhs and Rs 43 lakhs, respectively**. This is an example of disregard of the parties towards the guidelines formulated for transparency and disclosure requirements.
- During FY 2018-19, total income of Regional Parties from Unknown Sources amounted to **Rs 481.276 cr** and constituted **54.32%** of their total income as declared in their audit reports. **90.798%** or **Rs 436.99 cr** of this came from **Electoral Bonds**, and Regional Parties collected **Rs 37.14 cr** from **Voluntary contributions**.
- Some of the **top Regional Parties to declare highest unknown income** include BJD (Rs 213.543 cr), YSR-C (Rs 100.504 cr), Shivsena (Rs 60.73 cr), JDS (Rs 39.134 cr) and TDP (Rs 37.78 cr).
- Regional Parties such as the **SP, DMK, AAP, GFP, MNS and NPF** provided **details of donations below Rs 20,000** also.

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 50% of the source of funds to be unknown, but at present it is so in India. During **FY 2018-19**, total income of **National Parties** from **unknown sources** totaled **67%**.
- Any organization that receives foreign funding should not be allowed to support or campaign for any candidate or political party.
- 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/ State 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.

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 the links from ECI website: <https://eci.gov.in/files/category/1187-recognized-state-parties/> and <https://eci.gov.in/files/category/1181-recognized-state-parties/>

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

Regional Parties whose Audit and Contributions reports are available

Regional Parties whose Audit and Contribution reports are available – FY 2018-19			
S. No.	Regional Parties	Total Income (according to audit reports) (in Rs Cr)	Income from known sources (according to contribution report) (in Rs Cr)
1	BJD	249.31	29.317
2	YSR-Congress	181.082	80.575
3	SHS	135.5	70.23
4	TDP	114.96	26.179
5	JDS	42.896	3.75
6	SP*	33.8	1.054
7	AIADMK	28.1	0
8	DMK*	26.347	3.506
9	JDU	23.57	13.18
10	AAP*	19.314	14.61
11	NDPP	7.985	1.67
12	PMK	6.27	4.198
13	SDF	4.55	2.857
14	GFP*	2.257	2.257
15	INLD	1.93	1.754
16	AIMIM	1.675	0.55
17	MNS*	1.655	0.792
18	RLD	1.28	0.18
19	JVM-P	1.135	0
20	DMDK	0.88	0.06
21	JMM	0.75	0.017
22	AIUDF	0.63	0.325
23	NPF*	0.081	0.079
Total		Rs 885.956 cr	Rs 257.14 cr
24	TRS**	188.71	41.275
25	SAD**	4.88	1.754
26	LJP**	0.434	0.515

*Contains details of donations declared below Rs 20,000

** These parties' donations amounts show discrepancy in their declared statements

Annexure – 2

Regional Parties whose IT Returns/ Contribution reports were unavailable

Regional Parties whose Audit reports and Contributions reports are available - FY 2018-19			
S. No.	Regional Party	Total Income (according to audit reports) (in Rs Cr)	Income from known sources (according to contributions report)
1	IUML	5.3	Not available on the ECI website
2	AJSU	1.36	Not available on the ECI website
3	RLSP	1.258	Not available on the ECI website
4	RJD	1.059	Not available on the ECI website
5	MGP	0.184	Not available on the ECI website
6	MNF	0.1666	Not available on the ECI website
7	ZNP	0.094	Not available on the ECI website
8	JKNPP	0.06	Not available on the ECI website
9	AINRC	0.055	Not available on the ECI website
10	PDA	0.0498	Not available on the ECI website
11	MPC	0.03052	Not available on the ECI website
12	AIFB	Not available on the ECI website	Not available on the ECI website
13	AGP	Not available on the ECI website	Not available on the ECI website
14	BPF	Not available on the ECI website	Not available on the ECI website
15	HSPDP	Not available on the ECI website	Not available on the ECI website
16	IPFT	Not available on the ECI website	Not available on the ECI website
17	JKNC	Not available on the ECI website	Not available on the ECI website
18	JKPDP	Not available on the ECI website	Not available on the ECI website
19	JCC (J)	Not available on the ECI website	Not available on the ECI website
20	KC-M	Not available on the ECI website	Not available on the ECI website
21	NPP	Not available on the ECI website	Not available on the ECI website
22	PDF	Not available on the ECI website	Not available on the ECI website
23	PPA	Not available on the ECI website	Not available on the ECI website
24	RSP	Not available on the ECI website	Not available on the ECI website
25	SKM	Not available on the ECI website	Not available on the ECI website
26	UDP	Not available on the ECI website	Not available on the ECI website

Annexure – 3

Sources of income of Regional Parties during FY 2018-19

Sources of income of Regional Parties during FY 2018-19 (in Rs Cr)					
Regional Political 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
BJD	29.317	6.45	213.543	249.31	85.65%
YSR-Congress	80.575	0.003	100.504	181.082	55.50%
SHS	70.23	4.54	60.73	135.5	44.82%
TDP	26.179	51.001	37.78	114.96	32.86%
JDS	3.75	0.012	39.134	42.896	91.23%
SP	1.054	31.963	0.783	33.8	2.32%
AIADMK	0	28.1	0	28.1	0.00%
DMK	3.506	16.841	6	26.347	22.77%
JDU	13.18	1.76	8.63	23.57	36.61%
AAP	14.61	0.134	4.57	19.314	23.66%
NDPP	1.67	0.025	6.29	7.985	78.77%
PMK	4.198	1.632	0.44	6.27	7.02%
SDF	2.857	1.129	0.564	4.55	12.40%
GFP	2.257	0	0	2.257	0.00%
INLD	1.754	0.176	0	1.93	0.00%
AIMIM	0.55	1.1044	0.0206	1.675	1.23%
MNS	0.792	0.607	0.256	1.655	15.47%
RLD	0.18	1.084	0.016	1.28	1.25%
JVM-P	0	0.001	1.134	1.135	99.91%
DMDK	0.06	0.762	0.058	0.88	6.59%
JMM	0.017	0.05	0.683	0.75	91.07%
AIUFD	0.325	0.1665	0.1385	0.63	21.98%
NPF	0.079	0	0.002	0.081	2.47%
Total	Rs 257.14 cr	Rs 147.54 cr	Rs 481.276 cr	Rs 885.956 cr	54.32%

Annexure – 4

Unknown sources of income of Regional Parties during FY 2018-19

Unknown Sources, as per the audit reports of Regional Parties, FY 2018-19 (in Rs Cr)					Total Unknown Income
Regional Political Parties	Donations received from Electoral Bonds	Voluntary Contributions (Below Rs 20,000)	By Collection from Sale of coupons	Miscellaneous Income	
BJD	213.5	0.043	0	0	Rs 213.543 cr
YSR-Congress	99.84	0.664	0	0	Rs 100.504 cr
SHS	60.4	0.33	0	0	Rs 60.73 cr
JDS	35.25	3.884	0	0	Rs 39.134 cr
TDP	27.5	10.281	0	0	Rs 37.78 cr
JDU	0	8.63	0	0	Rs 8.63 cr
NDPP	0	6.29	0	0	Rs 6.29 cr
DMK	0	0	6.00	0	Rs 6.00 cr
AAP	0	4.568	0	0.0013	Rs 4.57 cr
JVM-P	0	0	1.134	0	Rs 1.134 cr
SP	0	0.776	0	0.007	Rs 0.783 cr
JMM	0	0.683	0	0	Rs 0.683 cr
SDF	0.5	0.064	0	0	Rs 0.564 cr
PMK	0	0.441	0	0	Rs 0.44 cr
MNS	0	0.254	0	0.002	Rs 0.256 cr
AIUDF	0	0.1385	0	0	Rs 0.1385 cr
DMDK	0	0.058	0	0	Rs 0.058 cr
AIMIM	0	0.019	0	0.0016	Rs 0.0206 cr
RLD	0	0.016	0	0	Rs 0.016 cr
NPF	0	0.002	0	0	Rs 0.002 cr
GFP	0	0	0	0	Rs 0
INLD	0	0	0	0	Rs 0
AIADMK	0	0	0	0	Rs 0
Total	Rs 436.99 cr	Rs 37.14 cr	Rs 7.134 cr	Rs 0.012 cr	Rs 481.276 cr