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ANALYSIS OF INCOME & EXPENDITURE OF BJP & INC: FY- 2016-2017

A Report by
Association for Democratic Reforms

Association for Democratic Reforms

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

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

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 jchhokar@gmail.com	Prof Trilochan Sastry IIM Bangalore Founder Member, National Election Watch, Association for Democratic Reforms +91 94483 53285 trilochans@iimb.ernet.in
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Analysis of Income & Expenditure of BJP & INC: FY- 2016-2017

Detailed Report

Introduction

Political parties have multiple sources of funding and therefore 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.

It is to be noted that ADR had released the “Analysis of Income & Expenditure of National Political Parties for FY- 2016-2017” on **07-02-2018** without the details of BJP and INC as the audit reports of these National Parties were not available in the public domain. For a copy of the report released earlier, with details of BSP, NCP, CPI, CPM and AITC, please visit: <https://bit.ly/2EovSdN>

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.
- **BJP** submitted its audited report on 8th Feb, 2018 (**99 days delayed**) and **INC** submitted its audited report on 19th March, 2018 (**138 days delayed**).

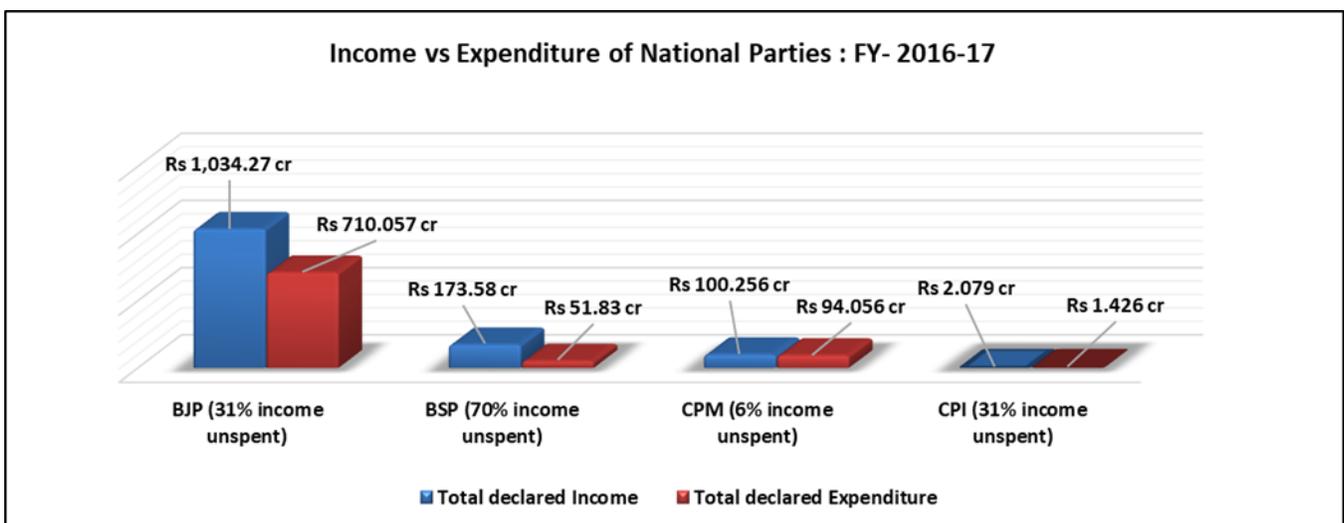
Due date for submission: 30 th Oct,'17		
Party	Date of submission	Delay in submitting their report
BSP	26th October,'2017	-
CPM	26th October,'2017	-
AITC	27th October,'2017	-
CPI	23rd, November,'2017	22 days
NCP	19th,January,'2018	79 days
BJP	8th, Feb, 2018	99 days
INC	19th, March, 2018	138 days

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

- **7 National Parties** (BJP, INC, BSP, NCP, CPM, CPI and AITC) have declared a **total income of Rs. 1,559.17 cr**, collected from all over India.
- The 7 National Parties declared a total expenditure of **Rs 1,228.26 cr**.
- **BJP** declared the maximum expenditure of **Rs 710.057 cr** during FY-2016-17 while **INC** incurred a total expenditure of **Rs 321.66 cr** (Rs 96.30 cr more than its total income).
- **70%** of total income of **BSP**, **31%** of the total income of **BJP & CPI** and **6%** of the total income of **CPM** during FY 2016-17 was declared unspent.

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
BJP	1,034.27	710.057	324.213	31%
INC	225.36	321.66	-96.3	-43%
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 1,559.17 cr	Rs 1,228.26 cr	Rs 330.91 cr	21.22%

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



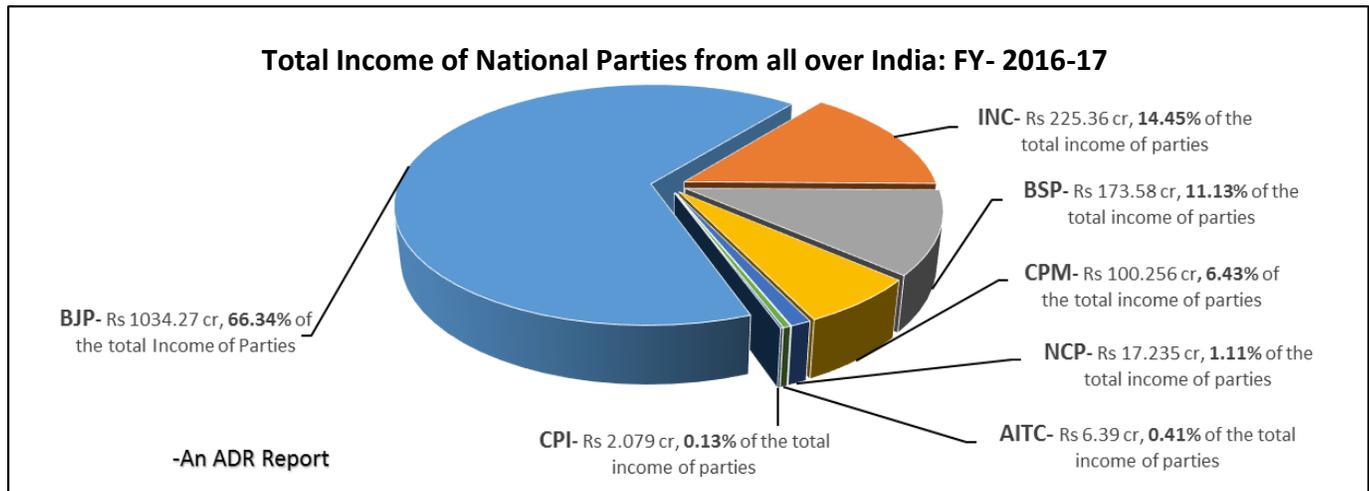
Graph: Share of income remaining unspent, as declared by National Parties in their audit reports for FY 2016-17 (All over India)

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.
- BJP** has shown the highest income amongst the National Parties with a **total income of Rs 1,034.27 cr** during FY 2016-17. This forms **66.34% of the total income of National Parties added together** during FY 2016-17.
- INC** has shown the second highest income amongst the National Parties with a **total income of Rs 225.36 cr** during FY 2016-17. This forms **14.45% of the total income of National Parties added together** during FY 2016-17.
- CPI** declared the lowest income of **Rs 2.079 cr** which forms a mere 0.13% of the total income of the 7 National Parties during the FY 2016-17.

National Party	Income of National Parties for FY-2016-17 (Rs. in cr)						
	BJP	INC	BSP	CPM	NCP	AITC	CPI
Total Income	Rs 10,34,27,20,346 (Rs 1,034.27 cr)	Rs 2,25,36,19,797 (Rs 225.36 cr)	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	66.34%	14.45%	11.13%	6.43%	1.11%	0.41%	0.13%
Grand Total	Rs 1,559.17 cr						

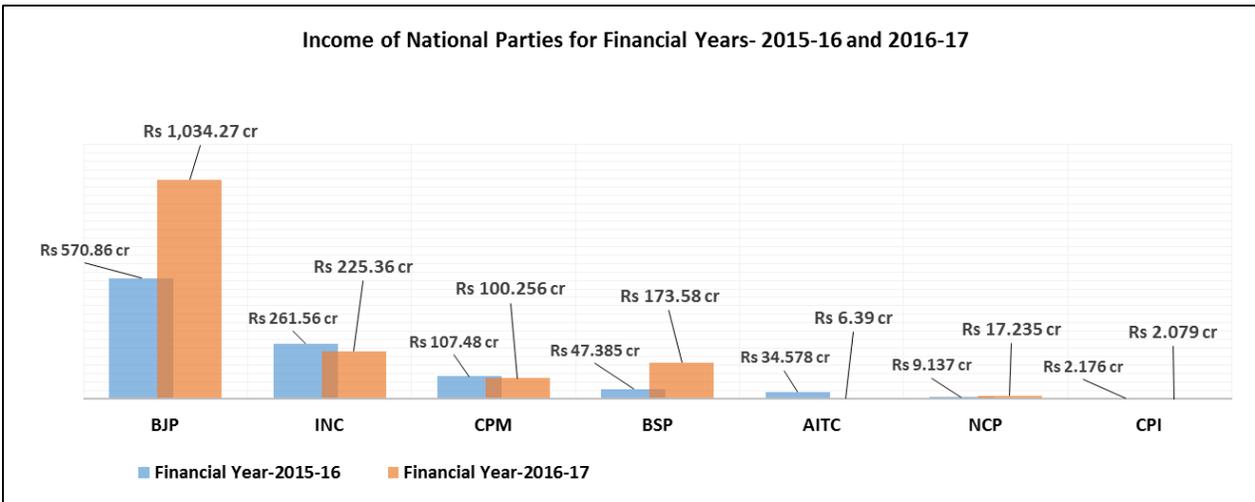
Table: Total income declared by National Parties in their ITR for FY 2016-17 (All over India)



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

Comparison of total income of National Parties between FY 2015-16 and 2016-17

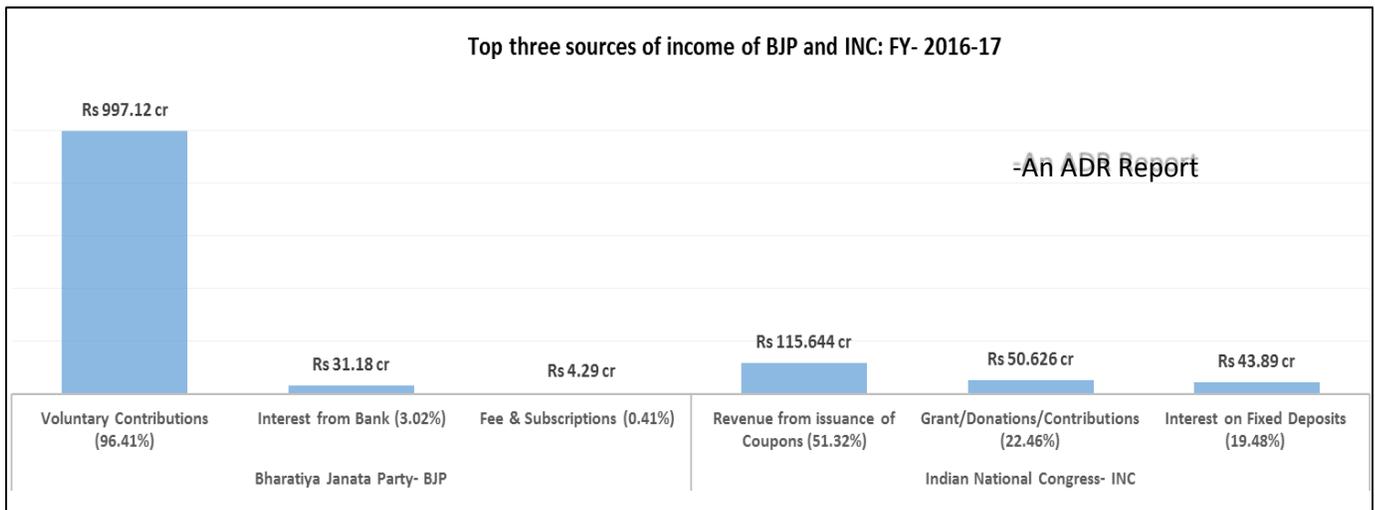
- Between FY 2015-16 and 2016-17, the income of **BJP increased by 81.18%** (Rs 463.41 cr) from **Rs 570.86 cr** during FY 2015-16 to **Rs 1,034.27 cr** during FY 2016-17 while the income of **INC decreased by 14%** (Rs 36.20 cr) from **Rs 261.56 cr** during FY 2015-16 to **Rs 225.36 cr** during FY 2016-17.
- 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), **CPM decreased by 6.72%** (Rs 7.224 cr).



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

Top 3 sources of income of BJP and INC for FY-2016-2017

- BJP and INC have declared **donations/contributions** as one of their 3 main sources of income. **BJP**- Rs 997.12 cr and **INC**- Rs 50.626 cr.
- Grant/ donations/ contributions of **Rs 997.12 cr** declared by **BJP** forms **96.41% of the total income of the party** during FY 2016-17. Declaration of **Rs 115.644 cr** under **Revenue from issuance of Coupons** by **INC** forms the top most income of the party, contributing **51.32% of the total income of the party** during FY 2016-17.



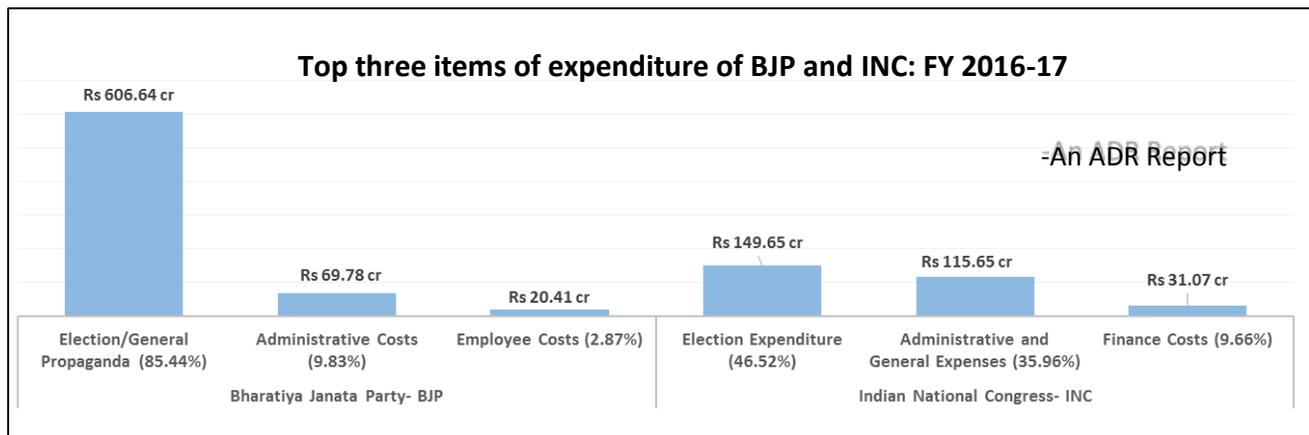
Graph: Top 3 sources of income of BJP & INC Parties for FY 2016-17

National Party	Total Income	Financial Year- 2016-17		
		Top 3 Sources of Income	Amount (Rs in cr)	Share of Income
BJP	Rs 1,034.27 cr	Voluntary Contributions	997.12	96.41%
		Interest from Bank	31.18	3.02%
		Fee & Subscriptions	4.29	0.41%
		Other Income	1.68	0.16%
INC	Rs 225.36 cr	Revenue from issuance of Coupons	115.644	51.32%
		Grant/Donations/Contributions	50.626	22.46%
		Interest on Fixed Deposits & Saving Bank Interest	43.20	19.48%
		Other Income	15.79	6.74%

Table: Top 3 sources of income of BJP and INC as declared in their audit reports for FY-2016-17

Top 3 items of expenditure of BJP and INC Parties for FY 2016-2017

- The maximum expenditure for **BJP** during FY 2016-17 was towards **Election/ General Propaganda**, which amounted to **Rs 606.64 cr** followed by expenses towards Administrative Cost, **Rs 69.78 cr**.
- **INC** spent the maximum of **Rs 149.65 cr** on **Election Expenditure** followed by expenditure of **Rs 115.65 cr** on **Administrative and General Expenses**.



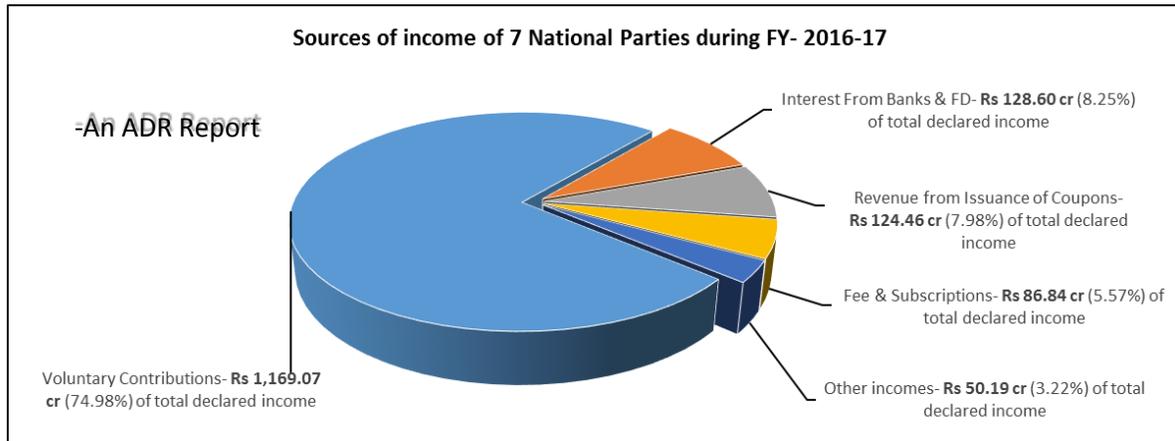
Top 3 items of expenditure of BJP and INC Parties for FY 2016-17

National Party	Total Expenditure	Financial Year- 2016-17		
		Top 3 Items of Expenditure	Amount (Rs in cr)	% of Expenditure
BJP	Rs 710.057 cr	Election/ General Propaganda	606.64	85.44%
		Administrative Costs	69.78	9.83%
		Employee Costs	20.41	2.87%
		Other Expenditure	13.227	1.86%
INC	Rs 321.66 cr	Election Expenditure	149.65	46.52%
		Administrative and General Expenses	115.65	35.96%
		Finance Costs	31.07	9.66%
		Other Expenditure	25.29	7.86%

Table: Top 3 items of expenditure of BJP and INC Parties as declared in their audit reports for FY-2016-17

All sources of income declared by National Parties: FY 2016-17

- 7 National parties have collected maximum **74.98%** (Rs 1,169.07 cr) income from **Voluntary contributions** for FY- 2016-17.
- During FY- 2016-17, National Parties have received **Rs 128.60 cr** income from **Interest from Banks & FD**.
- **7.98%** or **Rs 124.46 cr** was income generated through **Revenue from Issuance of coupons** by National parties during FY- 2016-17.



Graph: All sources of income declared by National parties in their audit reports during FY-2016-17

All sources of income declared by National parties	National Party : FY- 2016-17							Total
	BJP	INC	BSP	CPM	NCP	AITC	CPI	
Voluntary Contributions	997.12	50.626	75.26	36.663	6.621	2.17	0.615	Rs 1,169.074 cr
Interest From Banks & FD	31.18	43.89	33.696	18.225	0.235	0.847	0.5297	Rs 128.603 cr
Revenue from Issuance of Coupons	-	115.644	0	0.063	8.752	0	-	Rs 124.46 cr
Fee & Subscriptions	4.29	13.437	64.624	0.5349	0.619	2.529	0.8087	Rs 86.843 cr
Levi Received	-	-	-	40.022	-	-	0.121	Rs 40.143 cr
Miscellaneous Income/Other income	0.093	1.761	0.0013	3.96	0.0007	0	0.0045	Rs 5.821 cr
Sale of Publications	1.17	0	-	0.787	-	-	-	Rs 1.96 cr
Revenue from subscription/ Advt.	-	-	-	-	0.914	-	-	Rs 0.914 cr
Sale of Newspapers, Mukhopatra, Hawker & Sarad Sankhya	0.041	-	-	-	-	0.843	-	Rs 0.884 cr
Rent Received	0.223	-	-	-	-	-	-	Rs 0.223 cr
Interest on Income Tax Refund	0.15	-	-	-	-	0.001	-	Rs 0.151 cr
Sundry Balance Written Off	-	-	-	-	0.0927	-	-	Rs 0.093 cr
Revenue from sale of flags & badges	-	-	-	-	0	-	-	Rs 0
Grand Total	Rs 1,034.27 cr	Rs 225.36 cr	Rs 173.58 cr	Rs 100.256 cr	Rs 17.236 cr	Rs 6.39 cr	Rs 2.079 cr	Rs 1,559.17 cr

Table: All sources of income declared by National parties in their audit reports during FY-2016-17

Observations and Recommendations of ADR

Observations

- 4 out of 7 National Parties (BJP, INC, NCP and CPI) have consistently delayed submitting their audit reports for the past five years. The top major parties, BJP and INC, have **delayed** submitting their audit reports by an average of almost **6 months**.
- It is observed that the 7 National Parties' total income has **increased by 51%**, in other words by Rs 525.99 cr. The total income of the 7 National Parties increasing **from Rs 1,033.18 cr during FY- 2015-16 to Rs 1,559.17 cr during FY- 2016-17**.
- 7 National parties have collected maximum **74.98%** (Rs 1,169.07 cr) income from **voluntary contributions** for FY- 2016-17. In contrast, the parties had have received 60% (Rs 616.05 cr) of their income from voluntary contributions during FY- 2015-16.

Recommendations

- 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.

For details of **Income and Expenditure** declared by the **National Political parties** during **FY 2016-17**, kindly visit:
<https://bit.ly/2uQ6ESc> and <http://myneta.info>

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.