

## Need to enhance transparency and accountability in political parties

Political Parties constitute one of the most important institutions in a constitutional democracy. Their uniqueness lies in the fact that in spite of being nongovernmental, political parties come to wield or directly or indirectly influence, exercise of governmental power.

While political parties have always claimed to be transparent and accountable in their functioning, they organize and operate in very different ways. An analysis of Income Tax Returns and Contribution Reports of Political Parties filed with the Election Commission of India revealed that 75% of the income of the political parties comes from unknown sources. India is among a mere 10% of countries to allow either political parties or candidates to receive anonymous donations. In view of such obfuscated finances, it becomes even more important to move towards greater transparency.

### Computation of Tax on Total Income

The following figures show the tax payable (2006 to 2009) by respective parties had there been no exemption provided owing to provisions of section 13 A of the Income Tax Act

Political Party	Tax Payable	Total Income
BJP	Rs.141.25 crores	426.30 crores
INC	Rs.300.92 crores	887.07 crores
BSP	Rs.39.84 crores	298.83 crores
CPI(M)	Rs. 18.13 crores	185.93 crores
CPI	Rs. 0.24 crores	3.15 crores
NCP	Rs. 9.64 crores	73.19 crores
<b>Total</b>	<b>Rs. 510.02 crores</b>	<b>1874.47 crores</b>

Political Parties are substantially funded by the tax payer's money and receive 100% tax exemption on their income from the government under Section 13A of the Income Tax Act. This coupled with the fact that the sources of more than 75% of the income of political parties is unknown, begs the question; where does their funding really come from? There has been a lot of academic interest in the nature of vested interests and quid pro quo that may be involved in the financing of political parties. Public policy

and governance is influenced by political parties through their functionaries and so it becomes paramount that such information is made readily available in the public domain.

The level of transparency and accountability of political parties to the general public can also be determined by the level of compliance to existing regulations. In a landmark judgment on the 3<sup>rd</sup> of June, 2013 by the CIC, it ruled that Political Parties fall under the definition of 'Public Authority' in the Right to Information Act and directed the National Parties to appoint CPIOs. Even after the passage of 20 months of the CIC's order, none of the six political parties have complied with the CIC's order. The commission issued show-cause notices to the political parties for non-

### Degree of Compliance to Existing Regulations

Political Parties were required to file their **Lok Sabha** election expenditure by the **13<sup>th</sup> of August, 2014** i.e. 90 days from the election result date.

**The ECI received the information on the following dates:**

Political Party	Date Received	Days Late
BJP	12 <sup>th</sup> Jan, 15	146 days late
INC	22 <sup>nd</sup> Dec, 14	130 days late
BSP	8 <sup>th</sup> Aug, 14	before time
CPI(M)	25 <sup>th</sup> Aug, 14	12 days late
CPI	27 <sup>th</sup> Oct, 14	74 days late
NCP	22 <sup>nd</sup> Aug, 14	9 days late

compliance hearings on November 21, 2014 and consequently on the 7<sup>th</sup> of January, 2015, but all the parties were conspicuously absent from both the hearings.

### **Why is greater transparency in the interest of political parties?**

Political Parties have much to gain in paving the way towards transparency and accountability in their functioning. The loss of public trust in the political establishment has a lot to do with inaccessibility of political parties other than during election campaigns, their opaque finances, and the monopolizing of party tickets to candidates with serious criminal cases. These political parties influence – directly or indirectly – the policies undertaken by the government at the centre, state and now in local bodies as well.

It is difficult to be persuaded by the argument that though political parties control the political executive – who are their appointees – they should be allowed to escape the obligations or norms that transparency imposes, and escape accountability.

Intra-party democracy is intricately linked with inclusiveness i.e. the extent to which all members are involved in key decisions such as how party candidates, leaders and office bearers are selected and how the party defines its programme and policy positions. The key issue of accountability is linked with how closely the constitution of the party matches its actual organization and its activities and how the manifesto of the party released before the elections is reflected in the performance of the party when in power.

Intra-party democracy has the potential to promote a ‘virtuous cycle’ linking ordinary citizens to government, benefitting the parties that adopt it and more generally contributing to the stability and legitimacy of the democracies in which these parties compete for power. It plays an important role in bringing in competition, participation and representation inside the party<sup>1</sup>.

A lot of academic attention has been paid to the citizen dissatisfaction with political parties that are viewed as overly hierarchical and dynastic. Greater internal democracy would engage all members of the political party giving space to a mix of ideas and providing incentives to the members.

ADR hopes this panel discussion will provide a platform to political party representatives and experts and other stakeholders to examine these and other related issues and provide ways to increase the transparency and accountability of political parties. A healthy democracy is intricately linked to how democratic its most important constituents are; i.e. its political parties.

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<sup>1</sup> Singh, Ruchika: “Intra-party Democracy and Indian Political Parties”, Hindu Centre for Politics and Public Policy, 2014