

Sources of Funding of Jharkhand's Major Political Parties

For FY 2004-05 to 2011-12

Where do the political parties get their funds from? An analysis of their Income Tax returns and statements filed with the Election Commission 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, about 75% of the funds of political parties cannot be traced and are from 'unknown' sources. This becomes very relevant in the light of recent events when the National Political Parties were brought under the RTI Act by a CIC ruling. There is an ongoing public debate on this issue. Unfortunately, full transparency is not possible under the current laws, and it is only the RTI that can keep citizens informed.

However, this is not the case in other leading democracies around the world. According to an analysis by the Stockholm-based International Institute of Democracy and Electoral Assistance (IDEA), 'India is ... among a mere 10% of countries in the world to allow either political parties or candidates to receive anonymous donations'. Another study of 40 countries shows that anonymity in the source of funding is not permitted in any of them. Some countries that have more transparency include our neighbours, Nepal and Bhutan.

Highlights:

- National parties considered for this analysis are: INC, BJP, BSP, NCP, CPI and CPM
- Jharkhand's major regional political parties included in this analysis are JMM, JVM-P, AJSU, JD(U) and RJD
- **Total income of political parties considered in the report: Rs 4955.48 crores**
- **Total income of national political parties between FY 2004-05 and 2011-12: Rs 4,895.96 crores**
- **Total income of Jharkhand's regional parties between FY 2004-05 and 2011-12: Rs 59.52 crores**

- **Total income of political parties from known donors** (details of donors as available from contribution report submitted by parties to Election Commission): **Rs 450.38 crores**, which is **9.09%** of the total income of the parties considered in this analysis
- **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 789.98 crores**, or **16.12%** of total income
- **Total income of political parties from unknown sources** (income specified in the IT Returns whose sources are unknown): **Rs 3715.12 crores**, which is **74.97%** of the total income of the parties

Total Income of Jharkhand's major political parties	Sources of funding of Jharkhand's parties	Grand total	% share of total income
Rs 4955.48 crores	Known Sources (donations above Rs 20,000)	Rs 450.38 crores	9.09%
	Other known income	Rs 789.98 crores	15.94%
	Unknown Sources (as per IT Returns)	Rs 3715.12 crores	74.97%

Table: Sources of funding of Jharkhand's Major Political parties

- The funds that can be classified as coming from 'unknown' sources are shown below:

Funds from 'unknown' sources between FY 2004-05 and 2011-12

	INC	BJP	BSP	NCP	CPI	CPM	JMM	JVM-P	AJSU	JD(U)	RJD	Total
Percent of 'unknown' funds	82.5%	73.0%	61.8%	91.58%	14.7%	53.8%	57.3%	90.81%	99.74%	69.18%	60.36%	74.97%
Amount (Rs. Crore)	1951.07	952.58	307.31	181.48	1.47	280.59	0.67	3.68	1.89	21.42	12.94	3715.12
No of unknown donors [#]	9,75,535	4,76,290	1,53,655	90,740	735	1,40,295	335	1,840	945	10,710	6470	18,57,550

[#]Assuming each donor gives Rs.20,000, it shows the minimum number of donors required to give the total amount of unknown donations.

Recommendations of ADR

- Since a very large percent of the income of political parties (75%) 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 is it possible for 75% of the source of funds to be unknown, but at present it is so in India.
- Details of donors who make donations to the Electoral Trusts** should be available in the public domain for increasing transparency in funding of political parties
- According to the Finance Bill introduced in 2009, 95% of the income of Electoral Trusts should be donated to political parties. **Details of donations made by the electoral trusts to political parties** has to be verified against the Income Tax Returns submitted by the electoral trusts so as to determine whether 95% of the Trusts' income has been donated
- The Law explicitly prohibits foreign funding to political parties.** Electoral Trusts should also not be allowed to accept foreign funds. Subsidiaries of foreign companies, who get around the law by registering in India, but receive their funding from overseas, should also not be allowed to fund political parties.
- Any **organization that receives foreign funding** should not be allowed to support or campaign for any candidate or political party.
- The National and other political parties must therefore provide all information under the Right to Information Act.** This will only strengthen political parties, elections and democracy.

Contributions received from various sources by political parties between FY 2004-05 and 2011-12

Income of Political Parties from Known and Unknown sources

The contribution statements, submitted by the political parties declaring names and other details of donors who contribute above Rs 20,000, are the only **known source**. The **unknown sources** are income declared in the IT returns but **without giving source of income for donations below Rs.20,000**. Such unknown sources include 'sale of coupons', 'Aajiwan Sahayog Nidhi', '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.

Sources of Funding of National Parties	Donations from various sources to National Parties between FY 2004-05 to 2011-12						
	INC	BJP	BSP	NCP	CPI	CPM	Total
Known sources (donations above Rs 20,000)	Rs 187.55 crores	Rs 226.45 crores	Nil	Rs 12.34 crores	Rs 3.80 crores	Rs 5.71 crores	Rs 435.85 crores
Other known income*	Rs 226.40 crores	Rs 125.19 crores	Rs 190.13 crores	Rs 4.35 crores	Rs 4.74 crores	Rs 234.80 crores	Rs 785.60 crores
Unknown Sources (as per IT Returns)**	Rs 1951.07 crores	Rs 952.58 crores	Rs 307.31 crores	Rs 181.48 crores	Rs 1.47 crores	Rs 280.59 crores	Rs 3674.50 crores
Total Income	Rs 2,365.02 crores	Rs 1304.22 crores	Rs 497.44 crores	Rs 198.17 crores	Rs 10.01 crores	Rs 521.10 crores	Rs 4,895.96 crores

Sources of Funding of Regional Parties	Donations from various sources to Regional Parties between FY 2004-05 to 2011-12					
	JMM	JVM-P	AJSU	JD(U)	RJD	Total
Known sources (donations above Rs 20,000)	Rs 27 lakhs	Rs 36 lakhs	Not submitted	Rs 524.13 lakhs	Rs 866.30 lakhs	Rs 14.53 crores
Other known income*	Rs 22.94 lakhs	Rs 1.25 lakhs	Rs 0.5 lakhs	Rs 325.84 lakhs	Rs 88.01 lakhs	Rs 4.38 crores
Unknown Sources (as per IT Returns)**	Rs 66.99 lakhs	Rs 368.09 lakhs	Rs 189.48 lakhs	Rs 1294.41 lakhs	Rs 2142.56 lakhs	Rs 40.61 crores
Total Income	Rs 1.17 crores	Rs 4.05 crores	Rs 1.90 crores	Rs 21.44 crores	Rs 30.96 crores	Rs 59.52 crores

Table: Sources of funding of Jharkhand's major political parties between FY 2004-05 and 2011-12

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

**Details of income from unknown sources is given in Annexure - I

Issues related to disclosure of financial statements by political parties

ADR, while gathering the income tax returns of political parties by filing of RTIs in the respective Income Tax department/circle, has come across various instances where many state/regional parties recognized by ECI have not filed their income tax returns.

Political parties have been exempted from paying tax, however, to claim such exemption, they have to maintain audited accounts and comply with provisions of the Income Tax Act. Some regional parties have defaulted on this account on a regular basis. They have been openly flouting the provisions of the Income Tax Act and are not filing their annual income returns, which is a violation of the mandatory provisions laid down in law. Many of these parties are major regional parties in their respective state/region and their financial position is not known.

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.

Annexure - I

Details of Unknown Sources considered for the report

Indian National Congress

Amount collected from various unknown sources (Rs in crores)									
Unknown Sources, as per the IT Returns of the Party	FY- 2004-2005	FY- 2005-2006	FY- 2006-2007	FY- 2007-2008	FY- 2008-2009	FY- 2009-2010	FY- 2010-2011	FY- 2011-2012	Total
By Collection from Sale of coupons	162.22	96.72	123.21	175.47	422.67	326.31	247.16	275.23	1828.99
Donation	9.21	6.86	22.51	16.27	20.01	11.85	7.8	24.85	119.36
Misce. Income	0.44	0.12	0.3	0.56	0.51	0.23	0.41	0.15	2.72
Grand Total	171.87	103.70	146.02	192.3	443.19	338.39	255.37	300.23	1951.07

Bharatiya Janata Party

Amount collected from various unknown sources (Rs in crores)									
Unknown Sources, as per the IT Returns of the Party	FY- 2004-2005	FY- 2005-2006	FY- 2006-2007	FY- 2007-2008	FY- 2008-2009	FY- 2009-2010	FY- 2010-2011	FY- 2011-2012	Total
Voluntary Contributions	60.44	21.3	52.51	77.34	165.51	140.14	109.69	242.58	869.51
Miscellaneous Income	0.4	0.13	0.58	0.39	0.11	0.28	0.25	1.33	3.47
Contribution for Morchas	0.0023	0.38	0.01	0.02	0.0015	0	0.785	0.37	1.5688
Contribution from Meetings	0.00008	0.91	0	0.0022	0.1	0	0.389	0	1.40128
Aajiwan Sahayog Nidhi	2.17	4.99	5.27	8.12	12.34	6.51	23.37	13	75.77
Gujarat relief fund	0.43	0.26	0.0004	0.0181	0.16	0	0	0	0.8685
Grand Total	63.44	27.97	58.37	85.89	178.22	146.93	134.48	257.28	952.58

Bahujan Samaj Party

Amount collected from various unknown sources (Rs in crores)								
Unknown Sources, as per the IT Returns of the Party	FY- 2004-2005	FY- 2005-2006	FY- 2007-2008	FY- 2008-2009	FY- 2009-2010	FY- 2010-2011	FY- 2011-2012	Total
By Misc. Income	0	0	0	0	0.0007	0	0	0.0007
Voluntary Contributions	2.19	2.55	47.5	155.44	28.25	71.38	0	307.31
Grand Total	2.19	2.55	47.5	155.44	28.2507	71.38	0	307.3107

Nationalist Congress Party

Amount collected from various unknown sources (Rs in crores)									
Unknown Sources, as per the IT Returns of the Party	FY- 2004-2005	FY- 2005-2006	FY- 2006-2007	FY- 2007-2008	FY- 2008-2009	FY- 2009-2010	FY- 2010-2011	FY- 2011-2012	Total
Receipt From Sale Of Coupons	10.27	6.05	13.86	16.08	33.98	39.73	22.04	37.32	179.33
Donation*	1.27	0.5	0.42	-0.99	-0.99	0	-0.99	0.47	-0.31
Election fund contribution & BMC Election- 2007 from coll fees	0	0	0.31	0	0	0	0	0	0.31
Others Income (Insurance, Interest, Collection, Surplus on Disposal of Assets, Misc, Int FDR & Convention Receipt)	0.063	0.17	0.11	0.11	0.27	0.33	0.72	0.3	2.073
By Contribution- Chintan Periodical	0	0	0	0	0	0	0.08	0	0.08
Grand Total	11.603	6.72	14.7	15.2	33.26	40.06	21.85	38.09	181.483

* - Details of donations above Rs 20,000 given by the party in the statement to the ECI is more than the total donations declared in the IT Returns of the party for FY 2007-08, 2008-09 and 2010-11. Hence the figures are in negative

Communist Party of India

Amount collected from various unknown sources (Rs in crores)									
Unknown Sources, as per the IT Returns of the Party	FY- 2004-2005	FY- 2005-2006	FY- 2006-2007	FY- 2007-2008	FY- 2008-2009	FY- 2009-2010	FY- 2010-2011	FY- 2011-2012	Total
By Party Fund , Education Fund and Donation*	0.32	0.56	0.32	0.32	0.17	-0.39	0.05	0.07	1.42
By Misc. Received	0.0026	0.0035	0.0145	0.0245	0.0011	0.0012	0.0068	0.0012	0.0554
Grand Total	0.3226	0.5635	0.3345	0.3445	0.1911	-0.3888	0.0568	0.0712	1.4754

* - Details of donations above Rs 20,000 given by the party in the statement to the ECI is more than the total donations declared in the IT Returns of the party for FY 2009-10. Hence the figures are in negative

Communist Party of India – Marxist

Amount collected from various unknown sources (Rs in crores)- CPM									
Unknown Sources, as per the IT Returns of the Party	FY- 2004-2005	FY- 2005-2006	FY- 2006-2007	FY- 2007-2008	FY- 2008-2009	FY- 2009-2010	FY- 2010-2011	FY- 2011-2012	Total
Voluntary contributions	12.8	17.81	24.79	29.42	24.66	40.02	22.61	50.11	222.22
Miscellaneous Income	0.36	1.66	1.86	1.27	1.65	1.23	0.7	1.33	10.06
Election fund	11.54	3.12	16.5	4.27	4.34	0	8.54	0	48.31
Grand Total	24.7	22.59	43.15	34.96	30.65	41.25	31.85	51.44	280.59

Jharkhand Mukti Morcha

Amount collected from various unknown sources (Rs in lakhs) JMM									
Unknown Sources, as per the IT Returns of the Party	FY- 2004-2005	FY- 2005-2006	FY- 2006-2007	FY- 2007-2008	FY- 2008-2009	FY- 2009-2010	FY- 2010-2011	FY- 2011-2012	Total
Donation	Awaiting	Awaiting	Awaiting	Awaiting	Awaiting	Awaiting	13.79	53.2	66.99
Grand Total	0	0	0	0	0	0	13.79	53.2	66.99

Jharkhand Vikas Morcha – Prajatantrik

Amount collected from various unknown sources (Rs in lakhs) JVM						
Unknown Sources, as per the IT Returns of the Party	FY- 2007-2008	FY- 2008-2009	FY- 2009-2010	FY- 2010-2011	FY- 2011-2012	Total
Sale of Coupons	45.5	71.82	93.47	89.1	68.2	368.09
Donation Receipt	0	0	0	0	0	0
Grand Total	45.5	71.82	93.47	89.1	68.2	368.09

All Jharkhand Students' Union

Amount collected from various unknown sources (Rs in lakhs) AJSU									
Unknown Sources, as per the IT Returns of the Party	FY- 2004-2005	FY- 2005-2006	FY- 2006-2007	FY- 2007-2008	FY- 2008-2009	FY- 2009-2010	FY- 2010-2011	FY- 2011-2012	Total
By Members Contributions & Subscription	No returns filed by the party				11.1	44.17	45.11	79.1	179.48
Donation & Subscription					0	10	0	0	10
Grand Total					11.1	54.17	45.11	79.1	189.48

Rashtriya Janata Dal

Amount collected from various unknown sources (Rs in lakhs) RJD									
Unknown Sources, as per the IT Returns of the Party	FY- 2004-2005	FY- 2005-2006	FY- 2006-2007	FY- 2007-2008	FY- 2008-2009	FY- 2009-2010	FY- 2010-2011	FY- 2011-2012	Total
Donations	91.95	75	1.04	160.54	297.08	5.73	143.25	6.98	781.57
Sale of Coupon	0	0	0	29.35	0	0	0	3.02	32.37
Income from Chunav Kosh	40.56	141.57	110.87	0	0	0	0	0	293
Anudan Received	168.5	0.23	0.09	0	0	0	0	0	168.82
Interest from Misc.	0	0	0	0	0	2.34	0	0	2.34
Other Income	0	0	0	0	0	0	0	16.31	16.31
Grand Total	301.01	216.8	112	189.89	297.08	8.07	143.25	26.31	1294.41

Janata Dal (United)

Amount collected from various unknown sources (Rs in lakhs) JDU									
Unknown Sources, as per the IT Returns of the Party	FY- 2004-2005	FY- 2005-2006	FY- 2006-2007	FY- 2007-2008	FY- 2008-2009	FY- 2009-2010	FY- 2010-2011	FY- 2011-2012	Total
Receipt from contribution Coupon sales & Membership fees	18.47	129.05	53.87	0	471.74	1010.66	228.45	229.67	2141.91
By Other Income	0	0.02	0.05	0	0	0.06	0.5	0.02	0.65
Grand Total	18.47	129.07	53.92	0	471.74	1010.72	228.95	229.69	2142.56

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