

Analysis of Income of Major Political Parties of Tripura

Importance of Financial Transparency

Political parties act as a link between the citizens and the government and therefore it is a given that the parties must be accountable to the public at large. Political parties are the major stakeholders in a democracy and they seek to undertake activities that are in the interest of the general public. As per the records available with the Election Commission of India, there are 6 national parties and 46 recognized state parties in India. In addition to this, there are 1139 unrecognized parties in India.

Political parties have multiple sources of funding and thus accountability and transparency becomes all the more important. It is essential to have comprehensive and transparent accounting methods and systems which would reveal the true financial position of the parties.

Central Information Commission's order number CIC/AT/A/2007/01029 & 1263-1270, according to which public authorities (Income Tax Departments) holding Income Tax returns of political parties, were directed to make these returns available to the appellant (ADR). Association for Democratic Reforms (ADR) had obtained copies of the IT Returns and Assessment Orders of various political parties through the filing of RTI applications.

Total Income of Major Parties of Tripura from FY 2004-05 to FY 2010-11

- The total Income of political parties considered have been calculated from the income to the parties from various sources all over India as submitted in their Income Tax Returns.
- Indian National Congress (INC), Communist Party of India (CPI) and Communist Party of India (Marxist) (CPI(M)) are the three National Parties being represented in the State while Revolutionary Socialist Party (RSP) and Indigenous Nationalist Party of Tripura (INPT) are the two Regional Parties of the State.
- RSP had obtained its PAN only on 11-11-2011 as per records available with the Income Tax Department and no IT Returns have been filed by the party so far. Details of IT Returns of INPT are awaited.
- INC, being one of the major parties has shown the highest income amongst the National Parties. Its total income for the 7 financial years is Rs 2,00,871.74 lakhs.
- CPM has declared a total income of Rs 41,726 lakhs followed by CPI with Rs 843.60 lakhs between FYs 2004-05 and FY 2010-11

Party	Total Income (Rs. In Lakhs)							Total (Rs. In Lakhs)
	FY- 2004-2005	FY- 2005-2006	FY- 2006-2007	FY- 2007-2008	FY- 2008-2009	FY- 2009-2010	FY- 2010-2011	
INC	22,207	12,493	16,936	22,081	49,688	46,757.87	30,708.87	2,00,871.74
CPM	3,988	4,160	6,340	5,970	6,283	7,328.15	7,657	41,726.15
CPI	66	122	74	124	116	129.37	212.23	843.60

Table: Total Income declared by Major Parties in Tripura in their (ITR) from FYs 2004-2005 to 2010-2011 from all over India

**Top 3 sources of income of Major Parties of Tripura from
FY 2004-05 to FY 2010-11**

- For INC, the maximum income is derived from Sale of Coupons (Rs 1,55,377.18 lakhs)
- All the three National Parties represented in Tripura have Donations/Contributions as one of their 3 main sources of income INC – Rs 27,250.48 lakhs, CPM- Rs 17,546.15 lakhs and CPI Rs 458.96 lakhs.
- Interest collected is also one of the highest sources of income for the parties: INC Rs 10,473.33 lakhs and CPI collecting Rs 165.83 lakhs

Party	FY 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 (combined)	
	Top 3 Source of Income	Amount (Rs in Lakhs)
Indian National Congress	Sale of coupons	1,55,377.18
	Donations	27,250.48
	Interest	10,473.33
Communist Party of India (Marxist)	Voluntary contributions	17,546.15
	Levy	15,698.98
	Election Fund	4,834.92
Communist Party of India	Party fund, education fund, donation	458.96
	Interest	165.83
	Membership fee	109.41

Table: Top 3 sources of income of Major Parties in Tripura in their (ITR) from FYs 2004-2005 to 2010-2011.

Top 3 items of expenditure of Major Parties in Tripura from FY 2004-05 to FY 2010-11

- The maximum expenditure for INC has been towards Election expenses (Rs 92,506.40 lakhs) followed by expenses towards Aid to Other Expenses (Rs 17,116.47 lakhs)
- CPM spent the maximum on Salaries expenses (Rs 6,587.81 lakhs) followed by Relief & Donation (Rs 4,491.91 lakhs) and Meeting & Conference (Rs 4,477.59 lakhs)
- Election and publicity (Rs 151.41 lakhs) was the major item of expenditure for CPI followed by Salaries (Rs 135.51 lakhs) and Travelling & conveyance (Rs 54.15 lakhs)

Party	FY 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 (combined)	
	Top 3 Items of Expenditure	Amount (Rs in Lakhs)
Indian National Congress	Election Expenses	92,506.40
	Aid to Other Expenses	17,116.47
	Travelling & Lodging	10,749.25
Communist Party of India (Marxist)	Salaries	6,587.81
	Relief & Donation	4,491.91
	Meeting & Conference	4,477.59
Communist Party of India	Election & Publicity	151.41
	Salaries	135.51
	Travelling & conveyance	54.15

Table: Top 3 items of expenditure of Major Parties in Tripura in their (ITR) from FYs 2004-2005 to 2010-2011

Issues related to disclosure of financial statements by political parties

Sections 13A of the Income Tax Act clearly indicates that the object is to ensure that there is transparency in the process of financial functioning of the 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.

Contact Details

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