

**GOVERNMENT OF INDIA
LAW AND JUSTICE
LOK SABHA**

UNSTARRED QUESTION NO:1332

ANSWERED ON:03.03.2011

POLITICAL PARTIES UNDER CAG AUDIT

Nahata Smt. P. Jaya Prada; Namdhari Shri Inder Singh; Ray Shri Rudramadhab ; Shekhar Shri Neeraj; Singh Shri Yashvir

Will the Minister of LAW AND JUSTICE be pleased to state:

- (a) whether a proposal has been submitted by the Chief Election Commissioner to bring all political parties under CAG audit;
- (b) if so, the details thereof;
- (c) whether Government is aware that black money is being used by political parties in election;
- (d) if so, the details of action taken to check use of black money in elections and to bring about transparency in financial management of political parties;
- (e) whether Government proposes to bring a legislation for audit of accounts of political parties;
- (f) if so, the details thereof; and
- (g) if not, the reasons therefor?

Answer

MINISTER OF LAW AND JUSTICE (DR. M. VEERAPPA MOILY)

(a) to (g): A Statement is laid on the Table of the House.

Statement referred to in replies to parts (a) to (g) of the Lok Sabha Unstarred Question No.1332 for answer on the 3rd March, 2011

(a) and (b): Yes, Madam. The Election Commission has recommended to the Government of India that auditors from panel approved by CAG or Election Commission should audit the accounts of political parties and such audited accounts should be published annually. The proposals of the Election Commission are as follows:

(I) The political parties must be required to publish their accounts (at least an abridged version) annually for information and scrutiny of general public and all concerned, for which purpose, the maintenance of such accounts and their auditing by the auditors from the panel approved by the CAG are the requisite conditions.

(II) For transparency in the funding of political parties the Commission has also proposed the following measures:-

(i) any receipt by a political party either directly or through the executives or the party functionaries should be deposited in the Bank Accounts of such parties;

(ii) all payments by the political party exceeding Rs.20,000/- to a person should be made by crossed account payee cheque; and

(iii) all contributions and donations or gifts by any person to a party functionary other than those by his/her relative(s) shall be deemed as receipts of the political party and it will be accounted for by the political party.

(c) and (d): Though there is no specific data available to indicate that black money is being used by political parties in election, yet the Government and Election Commission are seriously concerned about the influence of money power in elections. The Commission has issued exhaustive instructions to curb the use of money power in elections in recently held General Election to Bihar Legislative Assembly, 2010 held in September-October, 2010 and in the bye- elections to the Legislative Assemblies of Uttar Pradesh, Jharkhand, Madhya Pradesh, Chattisgarh, Gujarat and Manipur held thereafter. The Commission has also issued comprehensive Election Expenditure Monitoring Instructions with some modifications for forthcoming General Elections to the Legislative Assemblies of Assam, West Bengal, Tamil Nadu, Kerala and UT of Puducherry.

(e) to (g): With a view to carrying out comprehensive electoral reforms, a Core Committee has been constituted on 1st October, 2010. The Committee under the aegis of Legislative Department and in co-sponsorship of the Election Commission of India conducted six regional consultations at Bhopal, Kolkata, Mumbai, Lucknow, Chandigarh and Bengaluru, wherein the stakeholders have been consulted, who inter-alia included leaders and workers of the political parties, legislators, legal luminaries, representatives of NGOs, eminent persons, civil servants (serving and retired), students etc. and views have been gathered. A National Consultation is also

scheduled to be held shortly at New Delhi. On the basis of the inputs received/as may be received in all these consultations, legislative process as may be considered necessary will be initiated by the Government in due course.