

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

UNSTARRED QUESTION NO:4965
ANSWERED ON:25.04.2013
DONATION TO POLITICAL PARTIES
Kumar Shri Shailendra;Mani Shri Jose K.

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

(a) whether the Union Government has considered the necessity to have a more transparent accounting procedure to be followed by political parties relating to donations from both big and small donors either by cheque or cash; and

(b) if so, the response of the Government to the suggestion made by the Election Commission to make amendments in Form 24 A under Income Tax Act, 1961?

Answer

MINISTER OF LAW AND JUSTICE (DR. ASHWANI KUMAR)

(a); The Government is concerned about the need to have a transparent accounting procedure to be followed by the political parties relating to donations received by it. One such step towards it has been taken by Government by introduction of the Electoral Trusts Scheme, 2013 for approval of electoral trusts under clause (22AAA) of section 2 of Income Tax Act, 1961 and insertion of new rule 17CA for functioning of electoral trusts for the purpose of section 13B of the said Act. Scheme and rules provide that the electoral trust shall be a company registered under section 25 of the Companies Act, 1956. It provides that 95% contributions received in any financial year shall be distributed to political parties, registered under section 29A of the Representation of the People Act, 1951, within the financial year itself. It is further provided that no contribution shall be received in cash. It is also provided that complete details of the contributors including their Permanent Account Number would be taken by the electoral trusts at the time of receiving any contribution. Therefore, the scheme and the rules provide for a transparent mechanism of contributions to political parties through electoral trusts.

(b): In the interest of greater transparency with regard to contributions received during any financial year by political parties under section 29B of the Representation of the People Act, 1951, they are required to file a report in Form 24A under rule 85B of the Conduct of Elections Rules, 1961 read with section 29C of the said Act. The Election Commission has requested the Government to amend the said Form 24A which is under consideration.