

ELECTION COMMISSION OF INDIA

Nirvachan Sadan, Ashoka Road, New Delhi-110001

No. ECI/PN/51/2022

25.5.2022

PRESS NOTE

Major push by ECI for Enforcing due Compliances by Registered Unrecognized Political Parties (RUPPs)

Graded Action to be initiated against more than 2100 RUPPs

66 RUPPs claimed IT exemption in FY20 without complying with statutory requirements under Section 29 C of RP Act, 1951; 2174 RUPPs have not submitted contribution report; Action to be initiated against those receiving donations without due statutory compliances

Action initiated against three RUPPs reported to be involved in Serious Financial Impropriety

87 Non-existent RUPPs shall be deleted from the list and benefits under the Symbols Order (1968) withdrawn

The Election Commission of India has initiated action for enforcing due compliances by Registered Unrecognized Political Parties (RUPPs) for relevant sections 29A and 29C of the RP Act 1951. The Commission is cognizant that compliance to the conditions and regulations in the said Act are essential conditions for maintaining financial discipline, propriety, public accountability, transparency and empowering voters for making informed decisions. In the absence of required compliance, the electorate and ECI are deprived of basic factual information in ensuring ECI's mandate of conducting free, fair and transparent elections. The Commission has evidence of serious financial impropriety, willful attempts for tax evasion and other illegal financial activities against three specific Registered Unrecognized Political Parties (RUPPs) amounting to fraudulent use of privileges and public trust available to them.

There are 2796 Registered Unrecognized Political Parties (RUPP) as in September, 2021 (<https://eci.gov.in/files/file/13711-list-of-political-parties-symbol-main-notification-dated23092021/>), which is an increase of over 300% since 2001. Every RUPP so registered is required to comply with the following rules/instructions and directions:

1. Section 29C of RP Act 1951 requires a RUPP to furnish a contribution report as prescribed in Form 24 A under Rule 85 B of Conduct of Election Rules 1961. Such contributions received by RUPPs are also 100% exempted from Income Tax as an incentive to the parties for strengthening the electoral democracy.
2. Section 29A(9) mandates every political party to communicate any change in its name, head office, office bearers, address, PAN number to the Commission without delay.

3. The political parties are mandated to also furnish Audited Annual Statements, flowing from ECI's transparency guidelines dated 29/08/2014. Hon'ble Supreme Court in Common Cause vs UoI & Others (AIR 1996 SC 3081) has upheld the requirement of maintaining audited accounts by the political parties as mandatory and to be strictly enforced. The political parties, therefore, are under a statutory obligation to furnish a return of income for each assessment year to be eligible for exemption from income-tax.
4. The Political Party, [for being registered, as a condition precedent prescribed by ECI under its power under section 29 A (6)] needs to undertake to include in its constitution that it must contest an election conducted by the Election Commission within 5 years of its registration.
5. Further, upon participation in an election, Political Parties are required to furnish their election expenditure statement within 75 days, in case of Assembly elections, and within 90 days, in case of Lok Sabha elections.

- Out of 2354* RUPPs, over 92% RUPPs have not filed their Contribution Report in 2019
- 199 RUPPs claimed Rs 445 Cr IT exemption in 2018-19
- 219 RUPPs claimed Rs 608 Cr IT exemption in 2019-20. Out of these, 66 RUPPs have claimed income tax exemption without submitting contribution reports in Form 24A as mandated under section 29C of the Act.
- 87 RUPPs have been found to be not in existence
- For the year 2019, 2056 RUPPs have not yet filed their Annual Audited Accounts.
- In GE 2019, out of 2354 RUPPs only 623 contested elections ~70% RUPPs did not contest elections**
- Out of 115 RUPPs (headquartered in the 5 election gone States of Assam, Kerala, West Bengal, Tamil Nadu & UT Puducherry) and which contested Assembly elections of 2021, only 15 RUPPs have filed their Election Expenditure Statement till date.

*(<https://eci.gov.in/files/file/9787-amendment-notificaiton-list-of-parties-and-symbols-english-dated-01042019/>)

**(<https://eci.gov.in/files/category/1551-general-election-2019-including-vellore-pc/>)

The Commission has noted with serious concern that out of total 2796 RUPPs, a large number are neither taking part in electoral process nor adhering to the one or several of the above requirements which is not only violative of statutory requirements but also defeats the purpose of clean electoral ecosystem. In view of the foregoing, **the Commission, in discharge of its mandate** of ensuring just, free, fair & transparent electoral process hereby directs the following corrective measures:

- (1) There are 87 RUPPs, whose address of communication, was statutorily required as registration requirement under section 29A(4). Any change in address was required to be communicated to the ECI under section 29A(9), which they have not complied. These RUPPs have been found to be non-existent after a physical verification carried out by the respective Chief Electoral Officers. The names of such non-existent RUPPs shall be deleted from the list of register of unrecognized registered political parties. Any party aggrieved from this, may approach the concerned Chief Electoral Officer/ Election Commission within 30 days of the issue of this direction along with all evidences of existence, other legal and regulatory compliances including year wise annual audited accounts, contribution report, expenditure report, updation of office bearers including authorized signatories for financial transactions (including bank account). The segregated list of such RUPPs shall be sent to respective CEOs and CBDT for requisite action under extant legal framework.
- (2) 87 such RUPPs, in absence of ensuring remedial measures listed above, render themselves liable to be not entitled to have benefits under the Symbols Order, 1968, including allocation of common symbol.
- (3) Three RUPPs which have been reported, prima facie to be involved in serious financial impropriety such as incriminating documents related to bogus donation receipts, formation of shell entities, bogus and non-genuine purchases, facilitating accommodation entries, etc., shall be proceeded against under the extant legal/regulatory regime including entitlement to avail the benefits of Symbols Order, 1968. A reference shall be sent to the Department of Revenue, who have reported misuse, for taking all necessary legal and criminal actions against 3 RUPPs, as appropriate under the extant legal framework.
- (4) It has been reported that income tax exemptions have been taken to the tune of Rs 445 crores in 2018-19 by 199 RUPPs and Rs 608 crores in 2019-20 by 219 RUPPs. Of these, 66 RUPPs have claimed income tax exemption without submitting contribution reports in Form 24A as mandated under section 29C of the Act.

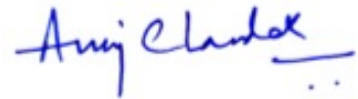
In view of the fact that there are 2174 RUPPs, which have not submitted contribution reports, the list shall be sent to the Department of Revenue for taking all consequential action as per the RP Act 1951 read with the relevant provisions of the Income Tax Act, 1961 and other statutory/regulatory regime including not granting exemption / withdrawing exemption, if already granted/ examining liability of wrongly claiming exemption as the case may be.
- (5) 2056 RUPPs, which have failed to furnish Annual Audited Account of the concerned financial year, are indicative of gaps in vital financial information including bank account, PAN, authorized signatories pertaining to those RUPPs, statement of assets and liabilities, contributions received, details of donors, expenditure, etc. Therefore, CEOs shall put the list of such RUPPs on their respective websites and afford an opportunity to such RUPPs to comply with extant legal and regulatory regime within 30 days. Non-compliance may

make such RUPPs not entitled to have benefits under the Symbols Order, 1968, including allocation of common symbol.

- (6) 100 RUPPs, which have failed to furnish Election Expenditure Statements after the contest of election(s), have violated the directions of Election Commission. They may approach concerned Chief Electoral Officer with full facts within 30 days of the issue of this direction for remedial action, if any, to avoid any consequential action.

- (7) All Chief Electoral Officers shall put this order on their websites for compliance and for affording an opportunity to anyone aggrieved by above action. Any RUPP aggrieved by any action under point 8.1 to 8.6 may approach concerned Chief Electoral Officer with full facts within 30 days of the issue of this direction with all evidences inter-alia including proof of existence, other legal and regulatory compliances made till now such as submission of year wise annual audited accounts, contribution report, expenditure report , if any, updation of office bearers including authorized signatories for financial transactions (including bank account) and operations under the Symbols Order 1968, etc.

Order No. 56/pol.parties/2021/PPS-III (Part)/Conf-2022 dated May 25, 2022 can be accessed on <https://eci.gov.in/>



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