



Political Parties cannot receive donation above Rs. 2,000 in cash from one person; entitled to receive donations by cheque or digital mode from their donors;. Have to file its Income-Tax Return within the prescribed time limit Banks to issue Electoral Bonds to enable donations to Political Parties

Posted On: 01 FEB 2017 1:01PM by PIB Delhi

The Union Minister for Finance and Corporate Affairs, Shri Arun Jaitley while presenting the General Budget 2017-18 in Parliament today said that the political party can receive maximum donation up to Rs. 2,000 in cash from one person. Proposing steps towards transparent funding of political parties, the Finance Minister Shri Jaitley proposed that banks will issue Electoral Bonds to enable donations to political parties.

In his Budget Speech, the Finance Minister Shri Jaitley further said that the political parties will be entitled to receive donations by cheque or digital mode from their donors. Every political party will have to file its Income-Tax Return within the prescribed time limit, he added.

In a significant step to cleanse the system of funding of political parties, Shri Jaitley said that donations to political parties can soon be made by purchasing electoral bonds from authorized banks. The Finance Minister said that the Government will soon frame a Scheme in this regard and an amendment is being proposed to the Reserve Bank of India Act to enable the issuance of electoral bonds. He said that a donor could purchase bonds from authorised banks against cheque and digital payments only. These bonds shall be redeemable in the designated account of a registered political party within the prescribed time limit from issuance of bond, he added.

The Finance Minister said that these steps have been proposed as the political funding for elections couldn't become transparent though attempts were made to cleanse the system. Despite amendment to the Representation of Peoples' Act, the Companies Act and the Income Tax Act to incentivise political donations by individuals, partnership firms, HUFs and companies, political parties continue to receive most of their funds through anonymous donations which are shown in cash. He said that the situation has only marginally improved since the provisions were introduced, such as granting exemption from payment of tax to both the donor and the donee, provided a list of donors is maintained, who had contributed more than Rs. 20,000.

DSM/PK/KM/AK/UD/GB 2017-18

(Release ID: 1481546) Visitor Counter : 27

