

India Inc plays safe; prefers lawful funding of political parties

Naren Karunakaran, ET Bureau Jan 10, 2012, 04.30AM IST

MUMBAI: The Aditya Birla Group increased its contribution to political parties about fourfold to Rs 30.5 crore in 2009-10 while the Bharti Group cut it from Rs 17 crore to zero.

The two main national parties, Congress and BJP, received Rs 84 crore and Rs 82 crore, respectively, as contribution from all sources while a regional party like Sharad Pawar's NCP obtained only Rs 3 crore.

The 2009-10 numbers of companies making legal donations to political parties, compiled by the Association for Democratic Reforms (ADR), a Delhi-based civil society group, both reveal and conceal. What they reveal is a listing of the 36 corporate entities that donated Rs 1 crore and more to political parties.

They show a majority of companies don't want to be seen leaning towards one party and the gradual emergence of a more structured way of giving through 'electoral trusts'. What they conceal is how misrepresentative this listing is.

According to the **Centre for Media Studies**, political parties spent Rs 10,000-16,000 crore during the 2009 national elections, implying that legal, transparent contributions by companies account for less than 2% of election spending.

The truth is more obvious: elections in India are fought on torrents of unaccounted money that flow from businesses of all hues to political parties. "Politicians, even those with a national stature, openly demand black money," laments Vishnubhai Haribhakti, chairman of audit firm Haribhakti & Co, and trustee of the General Electoral Trust of the Aditya Birla Group.

Even figures for aboveboard funding were not easy to come by. In spite of loud proclamations on transparency made by political parties and businesses, ADR had to ferret out the 2009-10 numbers from tax filings of political parties. A series of Right to Information applications moved by ADR were initially rebuffed by the parties.

Top 10 Corporate Donors



Total of 36 corporate entities donated ₹1 crore or more to political parties

RANK	DONOR	AMOUNT (₹CR)
1	General Electoral Trust (Aditya Birla Group)	30.6
2	Asianet TV Holding Pvt Ltd	12.5
3	Torrent Power Ltd	10.6
4	Electoral Trust (Tatas)	9.8
5	Infrastructure Development & Consultant	5.5
6	Hindustan Construction Co Ltd.	5.0
7	ITC Limited	5.0
8	Sterlite Industries (India)	5.0
9	KSK Energy Venture Ltd.	4.0
10	Harmony Electoral Trust	3.5

Fig for 2009-10 SOURCE Association for Democratic Reforms

"We had to lodge a complaint with the chief information commissioner to get to these figures," says Anil Bairwal, national co-ordinator, ADR. According to ADR data, the \$35-billion Aditya Birla Group, with Rs 30.5 crore in contributions, has emerged the largest corporate donor to parties in 2009-10.

Corporates donate to both Congress & BJP

The Aditya Birla Group donated Rs 16.6 crore to Bharatiya Janata Party (BJP) and Rs 13.95 crore to Congress through its General Electoral Trust. It was ranked third in the combined sum for 2007-08 and 2008-09, with companies under the ward of Kumar Mangalam Birla donating a total of Rs 7.76 crore.

Following the Aditya Birla Group in 2009-10 were Asianet TV Holdings (Rs12.5 crore), Torrent Power (Rs10.55 crore) and the electoral trust belonging to the Tatas (Rs9.78 crore). The leader of 2007-08 and 2008-09, Bharti Electoral Trust of the Bharti Group, is not present in the listing of 36 companies that donated over Rs1 crore.

In 2009-10, eight of the top 10 donors, and 17 of the 36 companies, gave to both BJP and Congress. "No group wants to be seen to be aligned with any political party for fear, if it has backed the wrong one, of getting the short end of the stick," says Haribhakti, trustee of the General Electoral Trust.



Top Corporate Donors to Political Parties

The table ranks 36 corporate donors who have given ₹1 crore or more to political parties in 2009-10

RANK	DONOR	AMOUNT (₹ cr)	BREAK-UP
1	General Electoral Trust (Aditya Birla Group)	30.55	BJP: 16.6; INC: 13.95
2	Asianet TV Holding Pvt Ltd	12.50	BJP: 10; INC: 2.5
3	Torrent Power Ltd	10.55	BJP: 5.5; INC: 5.05
4	Electoral Trust (Tatas)	9.79	BJP: 4.14; INC: 5.64
5	Infrastructure Development & Consultant	5.50	INC only
6	Hindustan Construction Co Ltd	5.00	BJP: 2; INC: 2; NCP: 1
7	ITC Limited	5.00	BJP: 2.5; INC: 2.5
8	Sterlite Industries (India)	5.00	INC only
9	KSK Energy Venture Ltd	4.00	BJP: 2; INC: 2
10	Harmony Electoral Trust	3.50	BJP: 1.5; INC: 2
11	Vedanta (MALCO)	3.50	BJP only
12	Ambuja Cement	3.00	BJP: 2; INC: 1
13	Rohan Promoters & Developers	3.00	INC only
14	Satya Electoral Trust	3.00	BJP: 2; INC: 1
15	Punj Lloyd	3.00	BJP: 1.6; INC: 1.4
16	Mahindra & Mahindra	2.50	BJP: 1; INC: 1; NCP: 0.5
17	Larsen & Toubro	2.25	INC only
18	Bharat Hotels	2.00	BJP: 1; INC: 1
19	Dishman Pharmaceuticals	2.00	BJP only
20	KTMS Engineering	2.00	BJP: 1; INC: 1
21	R.L.S. INC	2.00	INC only
22	SEW Infrastructure Ltd	2.00	INC only
23	Videocon Indus. Ltd	2.00	BJP: 1.75; INC: 0.25
24	United Phosphorus Limited	1.54	BJP: 0.79; INC: 0.75
25	Sh Nilesh Bhai Vall Bhai Dhanani	1.50	BJP only
26	Corporate Electoral Trust	1.50	BJP: 0.5; INC: 1
27	Infina Finance	1.35	BJP only
28	Ballarpur industries	1.25	BJP only
29	Bharat Forge	1.00	INC only
30	Cadila Pharmaceuticals	1.00	BJP only
31	Gannon Dunkerley & Co	1.00	INC only
32	Kalyani Global Engineering	1.00	INC only
33	Kalyani Steels Ltd	1.00	INC only
34	Lake View Developers	1.00	INC only
35	Orient Paper & Industries	1.00	BJP: 0.5; INC: 0.5
36	Solaries Holdings	1.00	INC only

INC: Indian National Congress; BJP: Bharatiya Janata Party; NCP: Nationalist Congress Party

SOURCE: Association for Democratic Reforms

"The winning party then can be less than fair to the company." Corporate India preferring the transparent, above-the-table manner of funding parties has, expectedly, gravitated towards BJP and Congress, the dominant political parties.

For example, only two Mumbai-based groups, Mahindra & Mahindra and Hindustan Construction Company (HCC), wrote out cheques to Nationalist Congress Party, which has

considerable sway in Maharashtra. A significant majority of the top contributors are in infrastructure, power or mining sectors.

For example, HCC, whose Lavasa city near Pune continues to battle scrutiny of the ministry of environment and forests for several alleged violations, contributed Rs2 crore each to BJP and Congress, and Rs1 crore to NCP.

New vehicles of giving

Another visible trend is of business houses creating special vehicles called electoral trusts, particularly at the group level, to channel money to political parties. The Tatas were the first to float an electoral trust, in 1996. The Birlas followed a couple of years later.

Companies of both groups route political donations only through their respective trusts. "We didn't want to dirty our hands and get into this game," says Dinesh Vyas, senior Supreme Court advocate and trustee of the Tatas' Electoral Trust.

"We, therefore, devised a non-partisan, formula-based way of funding all political parties." The electoral trust follows a strict construct or model, an adaptation of the German way of funding political parties. "Business can thrive only in a good democratic set-up," says Vyas, emphasising the *raison d'etre* of the trust, and the need for companies to participate in electoral processes.