

CAs to get new rules for auditing books of political parties

Call it corporatisation of political parties. Taking a step ahead towards introducing financial accountability among the political parties in India, the auditing regulator Institute of Chartered Accountants of India (ICAI) is set to issue guidelines on standard accounting norms to its member Chartered Accountants across the country within a fortnight.

Political parties would be required to furnish their financial statements annually, which need to be vetted by CAs, who would be required to follow these guidelines. "We are ready with the final version of the guidelines and we'll send it within two weeks," said G Ramaswamy, president, ICAI.

The ICAI had submitted a set of recommendations on uniform accounting and auditing framework to the Election Commission (EC) in May and the latter has forwarded it to the law ministry for suggestions.

"The recommendations have been forwarded to the law ministry for further suggestions and for any amendments if required," an EC official said.

"It is a positive step as there will be some transparency in income and expenditure, though a lot may still be done under cover, but important thing is a beginning towards disclosure would be made," said Gurudas Dasgupta, member of Parliament, CPI(M).

ICAI had also sent the recommendations to the Central Board of Direct Taxes (CBDT). "This move will help in functioning of our new investigation unit, which is to monitor election expenditures, funding to political parties and enforce compliance to tax laws by political parties," a CBDT source said.

The EC has already set up a separate expenditure monitoring cell last year. It has deployed income tax officials of the investigation wing to assess conduct.

ICAI has recommended all parties should follow a common format of financial statements, which includes balance sheet, income and expenditure account, and cash flow statement.

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