

List of Pending Para

CABINET SECRETARIATE

| Year | | Pending Para as per PAC | Compliance Report Received from Administrative Deptt. as on 31/12/2010 | Compliance Report not Received from Administrative Deptt. as on 31/12/2010 |
|---------|-------|---|--|--|
| 2005-06 | Civil | 3.5 (3.5.1, 3.5.2, 3.5.3, 3.5.4, 3.5.5) | - | 3.5 (3.5.1, 3.5.2, 3.5.3, 3.5.4, 3.5.5) |

CABINET SECRETARIAT AND CO-ORDINATION DEPARTMENT (ELECTION BRANCH)

3.5 Election Expenses

3.5.1 Introduction

The Election expenses for conducting the election of Lok Sabha and Vidhan Sabha are borne by the Central Government and the State Government respectively. The expenditure on establishment, preparation and printing of electoral rolls, issue of photo identity cards to the voters are shared equally between the Centre and the State.

The Chief Electoral Officer (CEO) is overall incharge for conducting elections of Lok Sabha and Vidhan Sabha in the State and is assisted by District Magistrate-cum-District Election Officer in the district.

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A test check of records maintained in 11 districts¹ offices and in the office of CEO was conducted between March 2006 and July 2006 to examine the expenditure incurred during Lok Sabha election 2004 and two Vidhan Sabha elections held in February 2005 and October / November 2005. The important points noticed are given in the following paragraphs.

3.5.2 Financial management

Allotment of funds and expenditure during the years 2004-06 of the State *vis-a-vis* under different components were as under:

(Rupees in crore)

| Head/ Year | Establishment | | Preparation and printing of electoral roll | | Lok Sabha Elections | | Vidhan Sabha Election | | Photo Identity Cards | | Total | |
|---------------|---------------|-------------|--|-------------|---------------------|--------------|-----------------------|---------------|----------------------|--------------|---------------|---------------|
| | Allotment | Expenditure | Allotment | Expenditure | Allotment | Expenditure | Allotment | Expenditure | Allotment | Expenditure | Allotment | Expenditure |
| 2004-05 | 2.96 | 2.96 | 4.35 | 4.35 | 63.05 | 63.03 | 72.52 | 72.62 | 4.30 | 4.27 | 147.18 | 147.23 |
| 2005-06 | 5.18 | 3.40 | 6.09 | 1.20 | 0.51 | 0.12 | 100.50 | 83.00 | 25.43 | 12.96 | 137.71 | 100.68 |
| Total | 8.14 | 6.36 | 10.44 | 5.55 | 63.56 | 63.15 | 173.02 | 155.62 | 29.73 | 17.23 | 284.89 | 247.91 |

It may be seen from above that expenditure incurred for election of Lok Sabha and Vidhan Sabha was Rs 63.15 crore and 155.62 crore respectively (excluding expenses of Establishment, Photo Identity Cards etc.).

As per Bihar Treasury Code Vol.-I, DC bills against drawal made in advance on Abstract Contingent (AC) bills from treasuries during a month were required to be prepared and submitted duly countersigned by controlling Officer to the Accountant General (A&E) before 25th of the following month in which AC bills were drawn.

Out of total expenditure of Rs 247.91 crore, Rs 70.75 crore was drawn on AC bills in

**Non-submission
of DC bills for**

Rs 57.29 crore

the State during 2004-06 but DC bills for Rs 13.46 crore only were submitted (October 2006) to the Accountant General (A&E). The utilisation of balance amount of Rs 57.29 crore could not be verified in audit for want of detailed contingent bills.

1 Banka, Bhagalpur, Gaya, Katihar, Madhubani, Munger, Muzaffarpur, Nawada. Patna, Saran and Vaishali

Unauthorised retention of Rs 8.69 crore in banks

In the districts test checked against available amount of Rs 107.45 crore expenditure of Rs 99.57 crore was incurred on different components and Rs 41.97 crore drawn on AC bills, DC bills for Rs 39.00 crore were not submitted to the Accountant General (July 2006) due to non-receipt of vouchers from field offices, private parties. There was unspent amount of Rs 8.69 crore as of March 2006 which should have been surrendered, was kept in banks (SBI: Rs 7.22 crore, Allahabad Bank: Rs 0.29 crore, Punjab National Bank: Rs 1.18 crore) in violation of Bihar Treasury Code. Amount of Rs 4.90 crore advanced during 2004-06 was booked as expenditure in violation of Government directions (April 1996). Advance of Rupees 13.95 crore were lying unadjusted with government official as well as private parties as of August 2006. No effective steps were taken to recover/adjust the advances.

Advance of Rs 4.90 crore irregularly booked as expenditure

3.5.3 Irregular expenses

3.5.3.1 Wasteful expenditure on purchase of digital camera

Four thousand digital cameras were purchased at a cost of Rs 2.56 crore drawn from contingency fund of state for the purpose of preparing the Electoral Photo Identity Card (EPICs) but the scrutiny disclosed that these cameras were not used for the preparation of EPICs rather private agencies were engaged for this purpose on which an avoidable payment of Rs 3.42 crore was made. The drawal of fund from contingency fund of state could only be made in case of emergent nature of work but the same was not followed by the CEO.

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Further, the purchase was made through National Informatics Centre Services (NICS) for which an avoidable payment of Rs 16.89 lakh as administrative charge was also made due to non-purchase of cameras directly from the manufacturing company.

The reply of CEO (April) 2006 that these cameras were used at sensitive booths to prevent bogus voting was not acceptable as the specific purpose of preparation of photo identity card was not fulfilled.

3.5.3.2 Purchase of articles of permanent nature

Chief Secretary directed (1989) that election fund should be utilized for election purpose only. Purchase of articles of permanent nature from the election fund was strictly prohibited.

In test checked districts and CEO's office amount of Rs 9.08 lakh was incurred on purchase of permanent assets such as digital communicator, charger, cell phones, stabilizer, fax machine, TV, sofa sets, steel almirah etc. 17 mobile phones valuing Rs 0.78 lakh were not available in stock.

3.5.3.3 Irregular Payment

Rupees 9.52 crore² was paid for hiring of tent, shamiyana, and preparation of electoral photo identity cards (EPIC) between December 2004 and March 2006 to agencies which did not have any Bihar Sales Tax number and Service Tax number. In the absence of disclosure of registration number on the bills/ challans / invoices loss of sales tax and service tax revenue could not be ruled out.

The CEO stated (July 2006) that disclosure of service tax registration number on the bills was effective from 10 September 2004 and payer is not responsible to deduct/retain the service tax under the Finance Act, 1994, hence deduction and transfer of tax amount was

not made. However the fact remains that purchases were made from such agencies during December to March 2006 when disclosure of service tax registration in bills was required under the Act.

3.5.3.4 Large variation in rates

During 2004-05, EPIC were prepared after inviting tender centrally by the CEO office at the rate of Rs 12.90 per card for on line³ and Rs 10.90 per card for off line⁴. However, in the assembly election (2005-06), the task for preparation of EPICs was decentralised to DEOs. It was noticed that there was large variation (Rs 6.10 to Rs 10.90 for off-line and Rs 8.25 to Rs 11.00 for on-line) in rates approved centrally or by different DEOs.

Similarly, in nine test checked districts⁵ it was noticed that the rate of photocopying of electoral rolls ranged between 45 paise and Rs one per copy. The rates were approved by the Divisional Commissioners for Lok Sabha election 2004 based on rates submitted by District Magistrates. These rates were also made applicable for two Vidhan Sabha elections. As there was huge number of pages for photocopying, suitable instruction should have been issued from CEO to bring down the rates.

3.5.3.5 Hiring of vehicles

In pursuance of High Court order, Transport Department fixed (October 2005) the rate of various types of vehicles. The excess payment of Rs 8.40 lakh was made in four test checked districts⁶ as vehicles were hired at higher rates between April 2004 and October/November 2005. Rupees 6.41 crore was paid as hiring charges by 10 districts for hiring of vehicles against the norm of Rs 13.03 lakh per district resulting in excess payment of Rs 5.11 crore⁷.

Excess payment of Rs 5.19 crore on hiring of vehicles at higher rates

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2 Banka : Rs 61.95 lakh; Bhagalpur : Rs 90.49 lakh; CEO, Patna : Rs 362.77 lakh; Chapra : Rs 53.08 lakh; Gaya: Rs 17.18 lakh; Katihar: Rs 32.71 lakh; Madhubani : Rs25.26 lakh; Munger : Rs33.67 lakh; Muzaffarpur : Rs59.06 lakh; Nawada : Rs 11.57 lakh; Patna : Rs103.15 lakh; Vaishali : Rs 101.35lakh

3 Online : EPIC issued to the voters on the day of photography.

4 Offline : EPIC issued to the voters after the day of photography.

5 Bhagalpur, Vaishali, Patna, Banka, Chhapra, Nawada, Katihar, Munger and Muzaffarpur.

6 Bhagalpur: Rs 1.96 lakh, Gaya: Rs 2.93 lakh, Madhubani:Rs 2.57 lakh and Nawada: Rs 0.94 lakh

7 Patna: Rs 152.38 lakh, Katihar: Rs 25.14 lakh, Bhagalpur: Rs 27.02 lakh, Vaishali: Rs 22.20 lakh, Banka Rs 14.04 lakh, Gaya: Rs 109.91 lakh, Muzaffarpur: Rs 51.25 lakh, Chapra: Rs 68.55 lakh, Nawada: Rs 32.92 lakh and Munger: Rs 7.53 lakh.

Excess payment of Rs 5.59 crore due to excess retention of vehicles

The CEO decided (March 2004) that vehicles needed during election would be requisitioned only for five days. It was noticed that though fuel was supplied for five days but 957 vehicles were retained for 20 days resulting in excess payment of Rs 1.05 crore in Patna District (as per expenditure report March 2006). The CEO also decided (March 2004) that expenditure on fuel should be restricted to Rs 1.25 lakh per assembly constituency. In 272 assembly constituencies (last three elections) of 11 districts, expenditure of Rs 7.94 crore was incurred on fuel against admissible limit of Rs 3.40 crore resulting in excess expenditure of Rs 4.54 crore⁸. The reason for excess retention was not on record.

3.5.3.6 Excess purchase of power pack batteries

One lakh power pack batteries were purchased by CEO, Patna for Vidhan Sabha (February 2005) election of which, 62370 batteries were issued to 49684 booths. Again 53,000 batteries were purchased for Vidhan Sabha, (October/November 2005) election raising the stock position of batteries to 90630 against which, 76130 batteries were issued to 57177 booths. Thus, the remaining 14500 batteries valued at Rs 15.02 lakh were still lying idle in the stock (March 2006).

14500 power pack batteries costing Rs 15.02 lakh lying idle in stock

3.5.4 Other points of interest

3.5.4.1 Holograms

10.08 lakh⁹ holograms valuing Rs 1.61 lakh were not returned by the vendors in eleven districts in violation of the terms of agreement. Misuse of holograms for preparation of bogus EPIC cards may not be ruled out. Out of 11 test-checked districts, the proof of distribution of EPIC was shown in three blocks (Taraiya, Masarakh, Lahladpur of Saran district) only. It was noticed that against 95461 EPIC prepared, distribution records was available in respect of 14155 (15 per cent) cards only. The concerned DEO's issued reminder to vendors for return of holograms but none of the vendors returned holograms as of August 2006.

8 Patna: Rs 77.25 lakh, Katihar: Rs 35.02 lakh, Bhagalpur: Rs 55.23 lakh, Vaishali, Rs 34 lakh, Banka: Rs 80.18 lakh, Gaya: Rs 31.96 lakh, Muzaffarpur: Rs 33.55 lakh, Madhubani: Rs 1.38 lakh, Chapra: Rs 51.34 lakh, Nawada: Rs 21.98 lakh and Munger: Rs 32.17 lakh.

9 Banka (0.52 lakh), Bhagalpur (0.64 lakh), Gaya (0.13 lakh), Katihar (0.06 lakh), Madhubani (0.58 lakh), Munger (0.07 lakh), Muzaffarpur (0.06 lakh), Nawada (2.12 lakh), Patna (2.21 lakh), Saran (2.11 lakh) & Vaishali (1.58 lakh)

3.5.4.2 Security deposit with BSNL not received back

Rupees 57 lakh outstanding as security deposit with BSNL

For installation of temporary telephone connections, Rs 57 lakh was paid as security deposit to BSNL between April 2004 and October 2005 by CEO's office and 10 districts. Rs 57 lakh¹⁰ was outstanding as of August 2006 with BSNL though, temporary telephones connections were withdrawn.

The Dy. C.E.O. stated (July 2006) that BSNL had been requested to refund the security deposits but BSNL did not refund the amount as of October 2006.

3.5.4.3 Forfeited security deposits not credited to Government account

Under Section 34 of the People Representative Act, 1951 security deposits by the contestant to Parliament and State Legislature, is to be forfeited who fails to secure one sixth votes of the total votes polled and was to be credited to the revenue of the Government (August 2006).

In eight districts, Rs 29.37 lakh¹¹ was not credited to Government Account. Retention of forfeited security by District Election Officer in their Cash Books was in contravention of rules.

3.5.5 Conclusion

Financial management was deficient as reflected in booking of advances as expenditure, advances remained unadjusted, non-preparation of DC bills and payments to suppliers without any BST/CST and Service tax number. There was no uniformity in rates for preparation of photo identity cards and photocopying in test-checked districts. Thus, monitoring of election expenses by the CEO office was weak and deficient.

Recommendations

- Advances should not be booked as expenditure and unadjusted advances should be adjusted either through submission of voucher or recovery of outstanding amount.
- Payments should be made only to suppliers having BST/CST/Service Tax number.
- Documentation especially in case of hiring of vehicles and expenditure on fuel should be improved to authenticate payments.

The matter was reported to the Government (July 2006); their reply has not been

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Forfeited security deposit amounting to Rs 29.37 lakh not credited to Government account

received (October 2006).

- 10** Banka: Rs 3.00 lakh, Bhagalpur: Rs 2 lakh, CEO Patna: 24 lakh, Chapra: Rs 1 lakh, Gaya:Rs 4 lakh, Katihar: Rs 2 lakh, Munger: Rs 3 lakh, Muzaffarpur: Rs 2 lakh, Nawada: Rs 2 lakh, Patna: Rs 11 lakh and Vaishali: Rs 3 lakh.
- 11** Muzaffarpur Rs 8.88 lakh, Madhubani Rs.6.71 lakh, Munger Rs 5.05 lakh, Nawada Rs 3.02 lakh, Banka Rs 0.90 lakh, Gaya Rs 1.98 lakh, Bhagalpur Rs 0.70 lakh, Saran Rs 2.13 lakh

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