

# ELECTION COMMISSION OF INDIA

NIRVACHAN SADAN, ASHOKA ROAD, NEW DELHI- 110001

No. ECI/PN/33/2018

Dated: 30<sup>th</sup> April, 2018

## PRESS NOTE

**Subject: Action taken by State Election Machinery and Income Tax Department in Karnataka against misuse of money in ongoing elections.**

In Karnataka, State Election Machinery and Income Tax Department have stepped up their action against misuse of money in election and for the first time, teams with statutory powers and sufficient resources in terms of manpower, vehicles etc. have been posted in each district of the state.

Total cash seizure as on today ( 30.04.2018) is **Rs.19.69 crores and the unexplained jewellery of value Rs.4.81 crores** has been made by the Investigation Wing of Income Tax department in Karnataka after the start of the Assembly election related surveillance.

In **2013**, Karnataka State Assembly Elections, the total seizure made in the entire campaign period was only **Rs 4.97 crore cash and Rs 3.41 crore worth of jewellery**. It has been found that the bulk of cash seized during operations in the present Assembly Elections is has been meant for distribution.

The Investigation Wing of the Income Tax Department has been doing intensive surveillance and monitoring activities in the State.

The details of some of the major activities carried out by Income Tax department are as follows.

### **(A) Searches conducted in Mysore on 24<sup>th</sup> April, 2018**

1. Based on the intelligence, search & seizure operations were conducted on several government contractors between the 24<sup>th</sup> and 26<sup>th</sup> of April 18. This resulted in a seizure of unaccounted cash of Rs 6.76 crore from four such contractors in the Mysore area. The entire amount seized was in higher denomination notes i.e. Rs.2,000/- and Rs.500/- and the bulk of the seizure was made from lockers in benami names. The cash found and seized was not reflected in the books of account maintained by the contractors and they could not explain the source of the cash.

2. Hoarding of huge stocks cash by these persons at a time when the election process is in progress and when cash shortages are reported in some areas in the state raises troubling questions.

### **(B) Bangalore, Davangere & Mysore cases on 26<sup>th</sup> April, 2018 to 28<sup>th</sup> April, 2018**

1. Based on the specific intelligence that cash is hoarded by Government contractors for being used for election purposes, search action has been initiated in the cases of 3 contractors in Bangalore, Davangere and Mysore on 26/04/2018 and were concluded on 28.04.2018.

2. Unaccounted cash of Rs. 4.08 crores and unexplained gold jewellery of 2.79 Crores worth were seized. In one of the contractor's case, cash of Rs. 1.2 crores was found in a moving car.
3. During the search evidences have been recovered showing inflation of purchases, bogus sub-contractor and labour payments and unaccounted cash payments. The searched party admitted additional income of Rs.74.39 crores.

**(C) Searches conducted in Bangalore on 28.04.2018 & 29.04.2018**

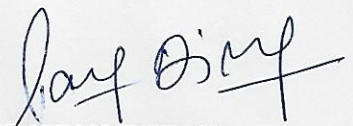
1. Based on the intelligence inputs that one person was funding certain candidates of a particular party, a search was conducted at 2 business premises and 1 residence, which continued for 32 hours and resulted in seizure of Rs. 3.18 Crs of cash, concluded on early hours of 29th April.
2. The cash of Rs.2.00 crores was found in a car parked closed to the main persons residence, which was found by the department after causing the thorough rummaging of the persons premises and belongings.

**(D) Searches conducted at Khanapur, Hubballi and Bangalore on 28<sup>th</sup> & 29<sup>th</sup> April, 2018**

1. Searches were conducted on a candidate who is contesting on a party ticket based on verification of the affidavit filed by him, specific intelligence about the cash transactions and other particulars.
2. It was found that the contesting candidate is a non – filer since AY 2012-13 onwards. However, in his election affidavit he has declared some income and put a remark that online filing of return has been blocked by

Income Tax Department so he could not file his return and has paid Self Assessment Tax. There is no such thing like blocking the filing of return. Also, there are substantial discrepancies between income declared by his wife in her return of income filed, declared in affidavit and actually detected during the search.

4. He accepted that five Properties (out of which 3 are GPAs and 2 are purchased Properties) of his family members have not been declared in the election affidavit.
5. During the search it was found that he and his family members have not declared their income out of real estate business and JDAs. The income detected and now being declared by him and his family members is Approx. Rs.18.00 crores for various Assessment Years, including he himself, his wife and two sons. He has most of the business activities in family member's name only.
6. Issues like valuation of properties which he claim to be valued at Rs.191.00 crores are under investigation.



**(PAWAN DIWAN)**

UNDER SECRETARY