

KARNATAKA LOKAYUKTA

NO.COMPT/LOK/BD-2905/2017/SRAPP-1 ✓ M.S. Building,
Dr. B.R. Ambedkar Veedhi,
Bangalore, Dt. 09/08/2019.

**REPORT UNDER SECTION 12(1) OF THE
KARNATAKA LOKAYUKTA ACT, 1984**

Sub: Proceedings against G. S. Nagaraj, owner, M/s
Suraksha Warehousing Corporation,
Channambapura, Navule, Shivamogga District and
Others-reg.

An investigation was taken up under section 9 of Karnataka Lokayukta Act, 1984 on the basis of the report of the Additional Director General of Police, Karnataka Lokayukta, Bengaluru (hereinafter referred to as '**ADGP**' for short) who had enclosed copy of the investigation report submitted by the Police Inspector, Karnataka Lokayukta, Shivamogga (hereinafter referred to as '**I.O.**' for short) in Crime no. 9 of 2014 of Karnataka Lokayukta Police Station, Shivamogga. The report indicates that on a complaint filed by Sri Y.B. Chandrakanth, S/o Late Bheemappa, Jyothi Rao Street, 4th Cross, Vidyanagar, Shivamogga, (hereinafter referred to as '**Complainant**' for short) alleging that (1) Sri K.



Kodandaram, District Manager, Food, Civil Supplies and Consumer Affairs Department, Shivamogga, (2) Sri V.V. Narasima Murthy, Retd. Senior Deputy General Manager, Food, Civil Supplies and Consumer Affairs Department, Bengaluru, (3) Sri C.K. Shivanna, Chief Executive Officer, Lake Development Authority, Parisara Bhavan, Church Street, Bengaluru, (4) Sri G.S. Nagaraj, Owner, Suraksha Warehousing Corporation, Channamumbapura, Navule, Shivamogga, (5) Sri Ramachandra H. Raoji, Assistant Conservator of Forest, Forest Department, Karya Yojane Vibhaga, Ballari, (6) Sri H.S. Nagaraj, Senior Assistant, Food, Civil Supplies and Consumer Affairs Department, Chitradurga and (7) Sri V. Lingaiah, Senior Assistant, Food, Civil Supplies and Consumer Affairs Department, Shivamogga (hereinafter referred to as '**Respondents no. 1 to 7**' for short) were responsible for causing huge loss of around 85,000 quintals of paddy stored at the godowns of M/s Suraksha Warehousing Corporation owned by respondent no.4. It is alleged that due to such loss of paddy an amount of Rs. 12.08 crores of financial loss was caused to the State and that the government servants had committed dereliction of duty and misconduct in discharge of their duties. Therefore, he had prayed for action against them.



2. On completion of the investigation in Crime No. 9/2014, a charge sheet was filed against respondent no.2, 4 to 6 for commission of offence punishable u/s 407 of IPC and Section-13(1)(c) of Prevention of Corruption Act, 1988. Since, the investigation revealed that the allegations against respondent no. 1, 3 and 7 were not substantiated, they were not prosecuted by filing charge sheet against them. A copy of the investigation report was submitted to the ADGP by the Dy.S.P., Karnataka Lokayukta, Shivamogga on 17/06/2015 which was forwarded on his approval through letter dated 20/09/2017. The facts relevant for the purpose of this report which are mentioned in the investigation report are as under:

- a. The Government of Karnataka through its order dated 17/10/2011 bearing number ಅನಸ26/ಆರ್‌ಪಿಆರ್/2011 had directed the Karnataka Food and Civil Supplies Corporation, Shivamogga (hereinafter referred to as '**KFCSC**' for short) to purchase paddy under Minimum Support Price scheme (hereinafter referred to as '**MSP scheme**' for short) from the farmers for the purpose of



distribution of rice through Public Distribution Scheme (hereinafter referred to as '**PDA System**' for short). The said order was in force till 31/03/2012. The respondent nos. 2, 5 and 6 were involved on behalf of the KFCSC in the purchase, transportation and supervision of the storage of paddy and that they purchased paddy from the farmers in the year 2011-12 on the basis of the orders of Government of Karnataka. The Managing Director, KFCSC, Bengaluru through circular dated 18/10/2011 had issued several instructions and guidelines to all the officers for implementing the scheme of government in accordance with the government order referred to above.

- b. It is reported that the Managing Director, KFCSC, Bengaluru through order had directed the respondent no. 2 in the year 2011-12 while he was working as Senior Deputy Chief Manager in KFCSC, Bengaluru to stay at Shivamogga and monitor the work by supervising the purchase and storage of paddy in a scientific manner. Accordingly, the respondent no. 2 had approved storage of paddy purchased under the MSP scheme in godowns of



M/s Suraksha Warehouse Corporation belonging to the respondent no. 4 which was selected by the respondent no. 5, who was then working as District Manager, KFCSC at Shivamogga. The report further indicates that the respondent no. 2 without proper verification, supervision and applying of mind had caused huge loss of paddy to the extent of 89,643.08 quintal to the Government by his act of permitting storage of such paddy in an unscientific manner.

- c. The respondent no. 5 while he was working as District Manager, KFCSC, Shivamogga in the year 2011-12 had purchased 10,52,290.44 quintals of paddy under the MSP scheme from the farmers and stored such paddy in the godowns of respondent no. 4, where no proper facility of fumigation and aeration to the paddy bags were provided. It is alleged that, while selecting those godowns respondent no.5 did not seek instructions and guidance from the officials of Food Corporation of India and Karnataka State Food Corporation (hereinafter referred to as **FCI/KSFC** for short).....



- d. The respondent no.5 had also failed to give the stored paddy bags to the supervision of the officials of FCI/KSFC and that he had asked respondent no.6 alone to monitor such huge storage of paddy but respondent no.5 himself failed to supervise the work of respondent no.6 as he did not secure periodical report from him.
- e. The report further indicates that, an agreement with M/s Suraksha Warehouse Corporation was entered in to on 29/03/2012 without calling for fresh tenders for the year 2011-12 and that the earlier contract pertaining to the year 2010 was continued and that the approval from the District Task Force Committee and also from the Head Office of KFCSC was not taken for the purpose of storing the paddy in the godowns of M/s Suraksha Warehouse Corporation and thus these stipulations of the Circular dated 18/10/2011 were violated.
- f. The respondent no. 4 had taken 45,009.25 quintals of paddy in the godowns of M/s Suraksha Warehouse Corporation at Davangere and only



44,612.60 quintals of paddy was released for the purpose of hulling through KFCSC, Davangere as such 396.59 quintals of paddy was shown as dry waste which was not permissible. Due to this loss of 396.56 quintal of paddy was caused to the Government.

g. The respondent no. 4 had taken 2,23,406.43 quintals of paddy in the godowns at Chitradurga and he had released only 2,19,748.78 quintals of paddy through KFCSC, Chitradurga for the purpose of its hulling. Therefore paddy to an extent of 3657.65 quintals was shown as dry waste and shortfall. Due to this the respondent no. 4 had caused loss of 3657.5 quintals of paddy to the government.

h. Similarly, the respondent no. 4 had taken 7,83,874.76 quintals of paddy for storage in various godowns of the M/s Suraksha Warehouse Corporation at Shimoga and released only 6,98,287.92 quintals of paddy for hulling. As such, there was deficit of 85,586.84 quintals of paddy



supplied by respondent no.4, but the respondent no. 5 had not taken any step to recover the shortage of paddy supplied from M/s Suraksha Warehouse Corporation belonging to the respondent no. 4, although Clause 9 of the agreement with M/s Suraksha Warehouse Corporation specifically states that the Warehouse Corporation shall not show the short fall in paddy as dry waste etc., more than 1% during the period of storage. Therefore due to this act of the respondent no. 4 and 5, it is alleged that, huge financial loss was caused to Government.

- i. Therefore the respondent no. 4 had caused loss while storing the paddy at Davangere to an extent of 396.59 quintals as well as at Chitradurga to an extent of 3657.65 quintals and in Shivamogga the loss of paddy was at 85, 586.84 quintals. Hence he had caused total loss of 89,643.08 quintals of paddy which was a direct consequence of his negligence in providing proper storage facility in the godowns. Therefore on that basis the I. O. has opined that if the rate of paddy per quintal is taken at Rs. 1,080/- then the financial loss caused to the State by the respondent number 4 would be Rs. 9,68,14,526.40



(Rupees Nine Crore Sixty Eight Lakhs Fourteen Thousand Five Hundred and Twenty Six and Forty Paise).

- j. The respondent no. 6, while working as Senior Assistant in KFCSC at Shivamogga in the year 2011-12 he was deputed by the respondent no. 5 to look after the huge paddy storage in the various godowns of M/s Suraksha Warehouse Corporation, Shivamogga belonging to the respondent no. 4. The respondent no. 6 did not give periodical reports to respondent no. 5 regarding the storage of paddy made in the said godowns. Therefore due to lack of supervision as well as negligence on the part of respondent no.6 in discharge of his duties, he had caused huge financial loss to the Government.
3. On the basis of report of the investigating officer an observation note was prepared and sent to respondent numbers 2, 5 and 6 being government servants within the meaning of Section-2(6) of Karnataka Lokayukta Act, 1984 with an intimation to submit their comments. In



response to the notice all those respondents have submitted their comments.

4. In his comments dated 17/01/2018 respondent no. 2 has contended that he has no role in the purchase of paddy under MSP Operations and that the Managing Director, KFCSC had not issued any order in writing directing him to stay and supervise storage of paddy at Shivamogga and that no such order was even marked to him. It is his further defence that the Managing Director of KFCSC had deputed a team of officers to Shivamogga on behalf of the corporation to inspect the paddy that were procured under MSP scheme in the year 2011-12 and that he was one of such officers who had inspected the said godowns along with the team.
5. He has contended that he has no power to grant approval for the storage of paddy at M/s Suraksha Warehouse Corporation belonging to respondent no. 4 and that such power is vested only with the Managing Director, KFCSC. Apart from this it is his contention that he has retired from service of KFCSC on 30/11/2014 on attaining the age of superannuation as such the disciplinary action against him cannot be initiated and continued. The



respondent no. 2 has produced the copy of the affidavit dated 06/04/2013 sworn by respondent no. 4 being the owner of M/s Suraksha Warehouse Corporation which indicates that he has admitted to release the rice proportionate to the shortage of paddy as detailed above. Hence he prays for closure of this case as against him.

6. The respondent no. 5 in his comments dated 08/12/2017 has contended that the purchase of paddy commenced from 09/11/2011 and the process of purchasing paddy was completed on 31/03/2012. The total quantity of paddy purchased was 10,52,290.44 quintals which was stored in accordance with the directions of the District Task Force Committee as well as the stipulations of the Circular dated 18/10/2011 issued by KFCSC. It is his defence that there were no godowns belonging to Central Warehousing Corporation and Karnataka State Warehousing Corporation available at that time for the purpose of storage of paddy as such the paddy was stored at the godowns of M/s Suraksha Warehouse Corporation and that this aspect was brought to the notice of the Deputy Commissioner, Shivamogga. Since the owners of Amunji godowns requested payment of rent by the Corporation, the godowns belonging to M/s



Suraksha Warehouse Corporation were used for storage of paddy and the rent was paid with the permission of Deputy Commissioner.

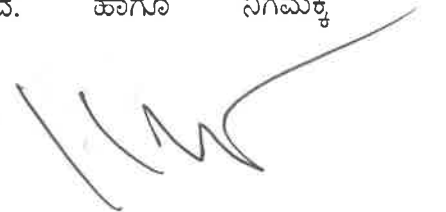
7. The respondent no. 5 has contended that in clause-9 of the agreement with M/s Suraksha Warehousing Corporation specifically states that the respondent no. 4 should not show the storage of paddy as dry waste. Therefore it is his defence that the respondent no. 4 is under an obligation to release the amount of paddy that was received by him which was shown as storage waste. Though the respondent no. 5 has relied upon the letter bearing no. ಕಅನಸನಿ/ಸಂ/ಬೆಂಚೆ/2011-12/5378 dated 23/11/2011, he has not submitted a copy of the said letter in order to substantiate his contentions.
8. In his comments dated 29/01/2018, the respondent no. 6 has contended that the Managing Director, KFCSC, Bengaluru, through his order dated 23/11/2013 had initiated disciplinary proceedings against respondent no. 6 for his dereliction of duty by appointing Sri Vasanth H. Mulasavalagi, Retired District Judge, as Enquiry Officer and instructed him to conclude the enquiry within a period of three (03) months. Accordingly, the Enquiry



Officer had submitted enquiry report dated 25/09/2014 opining that the charges leveled against respondent no. 6, which are similar to the allegations made in this complaint, were proved. Thereafter respondent no. 6 was issued show cause notice dated 30/10/2014 to hear him on the question of penalty. In response to this notice, the respondent no. 6 had submitted explanation on 22/12/2014 requesting the MD, KFCSC to reject the enquiry report and to hold the charges leveled against his as not proved thereby conclude that the respondent no. 6 was not guilty of misconduct. The respondent no. 6 has also placed on record a copy of the letter dated 02/04/2013 and the affidavit dated 06/04/2013 sworn to by respondent no. 4 to the effect that he would compensate KFCSC for the loss caused to it due to the unscientific storage of paddy at his godown. The relevant portion of those documents reads as under;

Relevant portion of the letter dated 02/04/2013:

“19. ಇಂತಹ ವಿವಿಧ ರೀತಿಯ ಗೋದಾಮುಗಳಲ್ಲಿ ಒಟ್ಟು 880920.81 ಕ್ವಿಂಟಾಲ್ ಭತ್ತವನ್ನು ನಾವು ಸಂಗ್ರಹಣೆ ಮಾಡಿದ್ದು ಮೇಲೆ ಹೇಳಲಾದ ಕಾರಣಗಳಿಂದಾಗಿ ಒಟ್ಟು 85,000 ಕ್ವಿಂಟಾಲ್ ಭತ್ತದ ದಾಸ್ತಾನು ಕೊರತೆ ಉಂಟಾಗಿರುವುದು ಸರಿಯಷ್ಟೆ. ನಮ್ಮಲ್ಲಿ ಉಳಿದಿರುವ 30,000 ಚೀಲಗಳ ಭತ್ತವನ್ನು ತಮ್ಮ ಸೂಚನೆಯಂತೆ ಹಲ್ಲಿಂಗ್‌ಗಾಗಿ ಬಿಡುಗಡೆ ಮಾಡಿ ದಿನಾಂಕ: 20/04/2013ರೊಳಗೆ ಪರಿವರ್ತಿತ ಅಕ್ಕಿಯನ್ನು ಸಂಗ್ರಹಿಸಿಡುತ್ತೇವೆ. ಹಾಗೂ ನಿಗಮಕ್ಕೆ



ನಷ್ಟಸಂಭವಿಸಬಾರದೆಂದು ಉದ್ದೇಶಿಸಿ ನಾವು ನಮ್ಮ ಸ್ವಂತ ಖರ್ಚಿನಲ್ಲಿ ಹಾಲಿ ಇರುವ 30,000 ಚೀಲಗಳ ಜೊತೆ ಇನ್ನೂ 20,000 ಚೀಲಗಳ ಭತ್ತವನ್ನು ಸಂಗ್ರಹಿಸಿ, ಪರಿವರ್ತಿತ ಅಕ್ಕಿಯನ್ನಾಗಿ ಮಾಡಿ, ಸಂಗ್ರಹಿಸುತ್ತೇವೆಂದು ಈ ಮೂಲಕ ತಮ್ಮಲ್ಲಿ ನಿವೇದಿಸಿಕೊಳ್ಳುತ್ತೇವೆ.

ತಾವು ಮೇಲ್ಕಂಡ ಎಲ್ಲಾ ಅಂಶಗಳನ್ನು ಗಮನಿಸಿ ಮೇಲೆ ಹೇಳಲಾದ ಉಳಿದ ದಾಸ್ತಾನು ಕೊರತೆಯನ್ನು ದಯವಿಟ್ಟು ಮನ್ನಾ ಮಾಡಬೇಕಾಗಿ ತಮ್ಮಲ್ಲಿ ಪ್ರಾರ್ಥಿಸಿಕೊಳ್ಳುತ್ತೇವೆ.

ವಂದನೆಗಳೊಂದಿಗೆ,

ತಮ್ಮ ವಿಶ್ವಾಸಿ,

For Suraksha Warehousing Corporation

Sd/-

Deputy General Manager”

Relevant portion of the affidavit dated 06/04/2013:

“15. ಇಂತಹ ವಿವಿಧ ರೀತಿಯ ಗೋದಾಮುಗಳಲ್ಲಿ ಒಟ್ಟು 880920.81 ಕ್ವಿಂಟಾಲ್ ಭತ್ತವನ್ನು ಸುರಕ್ಷಾ ವೇರ್‌ಹೌಸಿಂಗ್ ಕಾರ್ಪೊರೇಷನ್ ಗೋದಾಮಿನಲ್ಲಿ ಸಂಗ್ರಹಣೆ ಮಾಡಿದ್ದು ಮೇಲೆ ಹೇಳಲಾದ ಕಾರಣಗಳಿಂದಾಗಿ ಒಟ್ಟು 85,000 ಕ್ವಿಂಟಾಲ್ ಭತ್ತದ ದಾಸ್ತಾನು ಕೊರತೆ ಉಂಟಾಗಿರುವುದು ಸರಿಯಷ್ಟೆ. ಸುರಕ್ಷಾ ವೇರ್‌ಹೌಸಿಂಗ್ ಕಾರ್ಪೊರೇಷನ್‌ನಲ್ಲಿ ಉಳಿದಿರುವ 30,000 ಚೀಲಗಳ ಭತ್ತವನ್ನು ತಮ್ಮ ಸೂಚನೆಯಂತೆ ಹಲ್ಲಿಂಗ್‌ಗಾಗಿ ಬಿಡುಗಡೆ ಮಾಡಿ ದಿನಾಂಕ: 20/04/2013ರೊಳಗೆ ಪರಿವರ್ತಿತ ಅಕ್ಕಿಯನ್ನು ಸಂಗ್ರಹಿಸಿಡುತ್ತೇವೆ. ಹಾಗೂ ನಿಗಮದ ಹಿತದೃಷ್ಟಿಯಿಂದ ನನ್ನ (ಜಿ.ಎಸ್. ನಾಗರಾಜ್) ಸ್ವಂತ ಖರ್ಚಿನಲ್ಲಿ ಹಾಲಿ ಇರುವ 30,000 ಚೀಲಗಳ ಜೊತೆ ಇನ್ನೂ 20,000 ಚೀಲಗಳ ಭತ್ತವನ್ನು ಸಂಗ್ರಹಿಸಿ, ಪರಿವರ್ತಿತ ಅಕ್ಕಿಯನ್ನಾಗಿ ಮಾಡಿ, ಸಂಗ್ರಹಿಸುತ್ತೇವೆಂದು ಈ ಮೂಲಕ

ಪ್ರಮಾಣೀಕರಿಸುತ್ತೇನೆ. ಹಾಗೂ ಉಳಿದ ಅಂದಾಜು 65,000 ಕ್ವಿಂಟಾಲಿಗೆ ಸಂಬಂಧಿಸಿದಂತೆ ನಿಖರವಾಗಿ ಲೆಕ್ಕಪರಿಶೋಧನೆ ಮಾಡಿ ಕೇಂದ್ರ/ರಾಜ್ಯ ಉಗ್ರಾಣ ನಿಗಮಗಳು ನೀಡುವ ಸಂಗ್ರಹಣಾ ಕೊರತೆಯನ್ನು ಅದರ ಪ್ರಮಾಣಕ್ಕನುಗುಣವಾಗಿ ಸುರಕ್ಷಾ ವೇರ್‌ಹೌಸಿಂಗ್ ಕಾರ್ಪೊರೇಷನ್‌ನಲ್ಲಿರುವ ದಾಸ್ತಾನು ಕೊರತೆಗೂ ಅನ್ವಯಿಸಿ ಉಳಿದ ಕೊರತೆ ಪ್ರಮಾಣವನ್ನು ತಿಳಿಸಿದಲ್ಲಿ ಆ ಪ್ರಮಾಣವನ್ನೂ ಪರಿವರ್ತಿತ ಅಕ್ಕಿಯನ್ನು ಮೇ-2013ರ ಅಂತ್ಯದೊಳಗೆ ಸಂಗ್ರಹಿಸಿ ನಿಗಮದ ವಶಕ್ಕೆ ನೀಡಲಾಗುವುದೆಂದು ಪ್ರಮಾಣೀಕರಿಸುತ್ತೇನೆ.

Sd/-

(ಜಿ.ಎಸ್. ನಾಗರಾಜ್)

ಶಿವಮೊಗ್ಗ

(ಕ್ಯಾಂಪ್: ಬೆಂಗಳೂರು)

ಸ್ಥಳ: ಬೆಂಗಳೂರು

ದಿನಾಂಕ: 06.04.2013”

9. The statements extracted above indicate that respondent no. 4 had offered to compensate the KFCSC for the losses suffered due to unscientific storage of paddy in its godown. Further, the document submitted by respondent no.6 also indicates that the M.D., KFCSC, had submitted a report to the Secretary to the Government, Food, Civil Supplies and Consumer Affairs Department narrating in detail the action taken by him for recovery of the loss caused to KFCSC. It appears that through letter dated 26/07/2013 the M.D., KFCSC, had directed respondent no. 4 to make good the loss immediately so as to avoid

initiation of legal proceedings against him. However, respondent no. 4 through his letter dated 06/08/2013 appears to have sought time till December, 2013. A copy of the said letter is also placed on record. Subsequently through another letter dated 13/09/2013 the M.D., KFCSC had directed the respondent no. 4 to compensate for the losses caused to the KFCSC to an extent of **79,940.89 quintals of paddy** after deductions of the permissible quantity. However, thereafter, it appears that no coercive steps have been taken to recover the loss caused to the KFCSC.

10. The material on record indicates that the godown belonging to M/s Suraksha Warehousing Corporation, Shivamogga had no facilities for storing the paddy in a scientific manner. The Area Manager who had inspected the said godown had given a report on 09/01/2015 bearing No. QC/1(5)/2013-14 narrating the following aspects which are as under:

- a. No blocks were made inside the godown to avoid the infestation. The godowns length area was at ground levels thereby enabling rainwater to cause damage.



- b. Many leakage points were noticed on the roof of all the godowns.
 - c. No proper ventilation was provided with good aeration facility.
 - d. The general hygienic condition at godowns were not at all good.
 - e. The godown shutters were also not fitted giving gap of 5 to 6 inch from the ground.
11. Although 8,83,923.90 quintals of paddy was stored in the godowns of M/s Suraksha Warehousing Corporation, among this, totally 89,643.08 quintals of paddy was found to be shortage. According to the stipulations of the FCI, loss of one percent (1%) of paddy was permitted to be shown as storage loss. Therefore, the contention of respondent no. 2, 5 and 6 that the loss of paddy in M/s Suraksha Warehousing Corporation, which is more than 8%, was due to natural reasons such as variation in temperature, moisture and etc., cannot be accepted as the actual reason for such huge loss of paddy was due to storage of the paddy in an unscientific manner. The said godown had no proper facilities of aeration and ventilation. The respondent no. 4 was duty-bound to



provide godowns with good condition for storage of huge quantity of paddy which appears to have not been done.

12. Admittedly, the respondent no.6 had not submitted any periodical reports to respondent no.5 so as to communicate the conditions of godown where the paddy was stored. Due to this and for his misconduct he was subjected to disciplinary proceedings. Respondent no. 5 was required to supervise the storage of paddy by securing periodical reports from respondent no. 6. However, on his failure to submit report, respondent no. 6 was subjected to disciplinary proceedings. It is needless to point out that periodical inspection by respondent no. 6 and timely supervision by respondent no. 5 with respect to the storage of paddy in the godowns of respondent no. 4 could have reduced the chance of such huge loss to the State. The Minimum Support Price Scheme was brought into effect with a view not only to support farmers but also to cater to the needs of the society for raising demand for rice and to curb inflation. Therefore failure on the part of respondent no. 4 in providing good condition of godown and lack of supervision on the part of respondent no. 5 and 6 on the storage of paddy in those godowns has resulted in huge financial loss as such though the respondents no. 4 is



primarily liable to compensate the loss caused to the State since there was an element of negligence and dereliction of duty on the part of respondent no. 5 and 6, they also must be held jointly and severally liable to compensate the loss to the State. It is also made clear if in the event of respondent no. 4 alone compensates the loss, no steps need be taken to proceed against respondent no. 5 and 6 to recover the loss.

13. Since, the material on record indicates that an enquiry with respect to the loss caused to the KFCSC was conducted against respondent no. 6 and after finding him guilty of misconduct, a penalty of denying two (02) annual increments without cumulative effect was imposed on him through order dated 04/05/2015 passed by the M.D., KFCSC, I do not find it permissible to make a recommendation for initiation of disciplinary action against the respondent no.2, 5 or 6. So far as respondent no. 2 and 5 are concerned since they have already retired from service on 31/01/2014 and 31/12/2015, at this stage no disciplinary proceedings can be initiated against them in law. However, I am of the considered view that the interest of justice would be met if a recommendation is made to the competent authority to initiate appropriate legal action, including institution of suit, if required,



before competent forum against respondent no. 4 and M/s Suraksha Warehousing Corporation Ltd., as well as respondent nos. 5 and 6, in the event of respondent no. 4 failing to compensate the loss caused to the State on account of loss of paddy to an extent of 79,940.89 quintals due to its unscientific storage in the godown belonging to respondent no.4, as mentioned by the M.D., KFCSC in his letter dated 13/09/2013. Moreover, the respondent no.4 in his affidavit of undertaking dated 06/04/2013, as detailed above, has agreed to release the quantity of paddy which was shown as loss, as such he is under an obligation to make good the loss of paddy which was occasioned due to his negligence in maintaining the paddy and its condition in the godown during the period of its storage. It is needless to point out that such liability to compensate the State by respondent no. 4 to 6 is joint and several as indicated above.

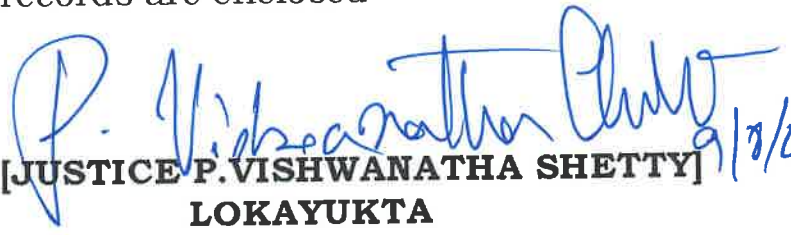
14. In the light of what is stated above, now in exercise of power conferred on me u/s 12(1) of Karnataka Lokayukta Act, 1984, I make this recommendation to the Competent Authority to take necessary steps to initiate appropriate legal action, including institution of suit, if required, before competent forum against respondent no. 4 to 6 as well as M/s Suraksha Warehousing Corporation Ltd., for



recovery of financial loss caused to the State on account of loss of paddy to an extent of 79,940.89 quintals due to its unscientific storage in the godown belonging to respondent no.4, as mentioned by the M.D., KFCSC in his letter dated 13/09/2013 addressed to the respondent no. 4 as well as in the affidavit of undertaking dated 06/04/2013 submitted by respondent no.4 as detailed above.

15. Further, as per section 12(2) of Karnataka Lokayukta Act, 1984, the Competent Authority to intimate this Authority within three months from the date of receipt of this report, the action taken or proposed to be taken on this report.

Connected records are enclosed


[JUSTICE P. VISHWANATHA SHETTY] 9/8/2019
LOKAYUKTA
KARNATAKA STATE, BENGALURU.

