

KARNATAKA LOKAYUKTA

No.1) Compt/Uplok/BGM/3598/2018
2) Compt/Uplok/BGM/2432/2015
3) Compt/Uplok/BGM/754/2019

Multi Storied Buildings,
Dr. B.R.Ambedkar Veedhi,
Bengaluru 560 001.

Dated : 10/7/2019

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

Sub:- Complaint regarding the alleged misappropriation of amount collected towards fees, tax, penalty, etc. by way of cash and by way of DD in the office of the Asst. Regional Transport officer, Gokak during the period between 1/4/2009 to 30/11/2015.

One Sri Shivaji Tukaram More, resident of Plot No.50, M.G. Road, Kaivalyanagar, Tilakwadi, Belagavi (hereinafter referred to as Complainant) had filed a complaint against (1) Sri Girish Gannur, Second Division Assistant, RTO office, Dharwad and (2) Sri Narendra Holkar, Addl. Transport Commissioner, Office of the Commissioner of Transport, Bengaluru alleging misappropriation of funds collected in the office of the ARTO, Gokak. This complaint was registered as Complaint No.Compt/Uplok/BGM/3598/2018 and investigation under section 9 of the Karnataka Lokayukta Act, 1984 was taken up.

2. On 19/6/2015 one Sri Sharanappa Rajaram Gannur resident of Shikarakhanagalli, Near Hanuman High School, Vijayapura 586 104 filed complaint against Sri Girish Lakshman Gannur, the then Second Division Assistant, Office of the A.R.T.O., Gokak alleging misappropriation of amount collected towards fees, tax etc. in the office of the ARTO, Gokak. This Complaint was registered as Complaint No.Compt/Uplok/BGM/2432/2015 and

investigation under Section 9 of the Karnataka Lokayukta Act, 1984 was taken up.

3. The complainant Sri Shivaji Tukaram More had filed another complaint against (1) Sri Girish S Gannur, Second Division Assistant, RTO office, Dharwad and Sri L.Narendra Holkar, Addl. Transport Commissioner, office of the Commissioner of Transport, Bengaluru making similar allegations stated above. This complaint was registered as No.Compt/Uplok/BGM/754/2019 on 11/3/2019.

4. Since the allegations in the above complaints are similar, all the above three complaints were clubbed and investigation was conducted.

5. During the course of investigation of above complaints, it is noticed that respondents stated supra have committed misappropriation of tax/fees, etc collected in the office of the Asst. Regional Transport officer, Gokak for the period between 1/4/2009 and 30/11/2014. We have verified the internal audit report of the State Accounts Department and audit report of the office of the Accountant General. We have also obtained the copies of day cash book relating to fees by cash, tax by cash, tax by DD and Computer generated cash books, Bank Remittance Books both for cash collection and DD relating to the period between 1/4/2009 and 30/11/2014 from the investigation officer in Cr. No.272/2014 through Deputy Superintendent of Police, Gokak Sub Division, Gokak. After verification of documents, it is noticed that apart from the above respondents i.e., (1) Sri Girish Gannur, the then Second Division Assistant, Office of the ARTO, Gokak and (2) Sri L.

Narendra Holkar, the then Deputy Commissioner of Transport, Belagavi Division, Belagavi, the following officers/officials are responsible for short remittance/misappropriation of amount collected in the office of the Asst. Regional Transport officer, Gokak.

- (1) Sri M.S.Vinu, the then Second Division Assistant, Office of the Regional Transport Officer, Gokak, Belagavi District. (Presently Office of the Director, Road Safety Cell, Cunningham Road, Bengaluru 560052;
- (2) Sri Ravi Madar, Second Division Assistant, Office of the Regional Transport Officer, Gokak, Belagavi District. (Presently Office of the Regional Transport Office, Sirsi, Uttara Kannada District);
- (3) Rahmathulla Sherieff, The then Assistant Regional Transport Officer, Gokak, Belagavi District (Presently retired and residing at No. 40, 4th Main Road, 8th Cross, 1st Stage, 2nd Block, H.B.R Layout, yasin nagar, Bengaluru 560043);
- (4) K Nagaraju, the then Assistant Regional Transport Officer, Gokak, Belagavi District (Presently retired on residing at No. C.C.B 574, Patavardhan Layout, M. Vadagavi, Belagavi 590005);
- (5) Sridevi R Galagali, The then Assistant Regional Transport Officer, Gokak, Belagavi district. (Presently retired residing at No. 32/B, K.C.C. Bank Colony, Navanagara, Hubballi, 580025;
- (6) R L Sangama, the then Assistant Regional Transport Officer, Gokak, Belagavi district. (Presently retired residing at Flat No.483, Section No. 3, Shivabasava nagara, Belagavi) 590001;
- (7) Shambhulinga V R, the Then Assistant Regional Transport Officer, Gokak, Belagavi district (Presently retired. Residing at Banashankari No. 1847/39, 1st Main road, 3rd Cross, Vinayaka Layout, Vidhyanagara, Davanagere 577005;
- (8) G K Deshpande, the then Assistant Regional Transport Officer, Gokak, Belagavi district.(Presently retired. Residing at No. 36,

Ambha Nivasa, Raghavendra Colony, Bagalakote Road, Vijayapura;

- (9) J M Shekhji, the then Assistant Regional Transport Officer, Gokak, Belagavi District. (Presently retired. Residing at 3rd Cross, Veerabhadranagar, Belagavi 590001
- (10) A S Jakathi, the then Office Superintendent, office of the Assistant Regional Transport office, Gokak, Belagavi District. (Presently retired. Residing at No. 303, Ward No. 4, Near Kalmeshwara Temple, Mudhol, Bagalkot District 587313;
- (11) G Vinoda, The then Office Superintendent, office of the Assistant Regional Transport Office, Gokak, Belagavi District. (Presently Regional Transport Office, Chandapura, Anekal Taluk, Bengaluru Urban District 560100)

The above officers/officials were impleaded as additional respondents 3 to 13.

6. We have secured the comments of respondents. The comments offered by respondents in brief are as follows:-

- (1) Respondent No.1 Sri Girish Gannur by letter dated 28/5/2019 requested for time for a period of 30 days to submit his comments. Though the time was extended, he has not submitted the comments.
- (2) Respondent No.2 Sri L.Narendra Holkar has submitted his comments dated 26/6/2019 that he was working as Deputy Commissioner of Transport, Belagavi Division. He had visited the office of the ARTO, Gokak and conducted surprise inspection of the office. But he has failed to take corrective measures despite noticing the short remittance and defect between the revenue collection and its remittance.

- (3) Respondent No.3 Sri Vinu has submitted his comments dated 31/5/2019, that there was no discrepancies in the audit conducted during his tenure in office. It was not possible to misuse the DDs.
- (4) Respondent No.4 Sri Ravi M Madar has submitted comments dated 20/5/2019, pleading his innocence and stated that Sri Girish Gannur and Sri Vinu had deceived him and misused his position to implicate him. His signatures were obtained by the above said Girish Gannur and Sri Vinu by misusing his innocence as Junior cashier.
- (5) Respondent No.5 Sri Rahmathulla Sharieff has submitted his comments dated 22/6/2019 that he has retired from service on 30/6/2012. There was no misappropriation during his tenure. Notices were not issued to him by the A.G. which is again a matter of enquiry.
- (6) Respondent No.6 Sri K. Nagaraja has submitted comments dated 24/6/2019 that he has retired from service on 31/8/2012 and there is a clear bar to initiate inquiry against him under Rule 214 (2)(b) of KCSR.
- (7) Respondent No.7 Smt. Sridevi R. Galagali has submitted comments dated 22/6/2019 that she has retired from service on 31/7/2017. She denied the misappropriation of amount. She has given a statement before the investigation officer in relation to Cr. No.272/2014. She has relied on the audit conducted by the office of the Accountant General

(W, F &RA) and the audit conducted by the Local audit.

- (8) Respondent No.8 Sri R.L. Sangama has submitted comments dated 20/6/2019 that he has retired from service on 31/5/2014. The following cashiers namely, (1) Sri Girish Gannur, (2) Sri M.S.Vinu and (3) Sri Ravi Madar were responsible for misappropriation. Cr. No.272/2014 was not registered against him. However, there was another Crime number 176/2018 registered against him. He has contended that the collection of revenue were reflected in KTC-25 in the Treasury and it tallied with the tax and other revenue collections in the RTOs office. He has worked as ARTO from 27/6/2011 to 26/5/2012 and 8/7/2013 to 1/8/2013 for a period of one year one month. He has discharged his duties honestly and he retired from service on 31/5/2014.
- (9) Respondent No.9 Sri V.R Shambulinga has submitted comments dated 24/6/2019 that he had worked as additional charge of the post of ARTO Gokak from 28/5/2012 to 22/8/2012 and from 28/2/2013 to 6/7/2013 and from 2/8/2013 to 6/12/2014. He has verified the cash book, vouchers and remittance registers. He has relied upon certain documents, which is a matter of inquiry.
- (10) Respondent No.10 Sri G.K. Deshpande has submitted comments dated 20/6/2019 that he had worked as ARTO, Gokak from 22/8/2012 to 28/2/2013. In between 21/12/2012 to 27/1/2013

he was on medical leave. He retired from service on 28/2/2013. No irregularities were committed during his tenure of office to initiate inquiry. It is barred under Rule 214(2)(b).

(11) Respondent No.11 Sri J.M.Shaikji has submitted comments dated 20/6/2019 that he had worked as ARTO, Gokak from 26/12/2012 to 27/1/2013. He has retired from service on 31/1/2016. He has not committed any misappropriation and there was no irregularities during his tenure of office. He has relied upon internal audit and audit office of the Accountant General, which cannot be considered and it is a matter of investigation.

(12) Respondent No.12 Sri A.S. Jakathi, the then Superintendent, has submitted comments dated 24/6/2019 that he worked as First Division Assistant at Jamakhandi and as per the orders of the Deputy Commissioner of Transport, he was deputed to Gokak. As per the oral instructions he was affixing signatures to the bank remittance book. The cashiers were responsible and they have committed misappropriation. He has not furnished the service particulars. He was relieved from the office on 30/4/2014 from the office of the ARTO, Gokak.

(13) The Respondent No.13 Sri Vinod has submitted comments that a departmental inquiry was initiated against him. He has approached the Karnataka State Administrative Tribunal, in Application No. 6719/ 2018. Interim order was granted not to precipitate the matter till next hearing date only.

Further the interim order was extended until further orders. In the application No. 6719/2018, the respondents were arrayed as Principal Secretary to Govt. of Karnataka, Transport Department and Commissioner of Transport.

7. It is brought to our notice by one of the respondents that departmental inquiry has already been instituted by the Government against respondents (1) Sri Girish L Gannur; (3) Sri M.S. Vinu; (4) Sri Ravi Madar; (7) Smt. Sridevi R. Galagali; (8) Sri R.L.Sangama; (9) Sri Shambulingappa; (11) Sri J.M. Shaikji; (12) Sri A.S. Jakathi and (13) Sri G. Vinoda, amongst others. As per the information, Articles of charges were served and some of the DGOs have filed their statement of defence. In view of institution of Departmental inquiry against the above DGOs by the Government there cannot be a recommendation under Section 12(3) of Karnataka Lokayukta Act, to entrust the inquiry to this institution. It is also noticed that the Asst. Regional Transport Officer, Gokak has lodged first information against Sri S.T. More and other ARTOs in relation to alleged misappropriation of fees, tax, etc.

8. During the investigation of above complaints, we have noticed the following discrepancies/mischiefs giving scope for misappropriation of collection of fee/tax, etc by the officers and officials of RTO/ARTO.

- (i) Collection of tax by cash in violation of Rule 11 of the Karnataka Motor Vehicles Taxation Rules, 1957;

- (ii) The Register of receipt of Tax is not maintained in terms of Rule 13. Rule 13(1) provides Form 13 and mandates that the Taxation Authority shall maintain a register of receipt of tax in Form 13. Form 13 is as follows:-

Sl. No.	Date	Register No.	Name of party	Nature of Tax Collected		
				Tax period	Cars	Motor Cycles
1	2	3	4	5	6	7

Nature of Tax collected			Remittance to Treasury				
Transport			Total	Taxation card	Date	Challan No.	Amount
Passenger Vehicles	Goods vehicles	Other items					
8	9	10	11	12	13	14	15

- (iii) The RTO/ARTO as the case may be, has the responsibility of collection of tax in terms of schedule to Karnataka Motor Vehicles Taxation Act, 1957. He shall maintain Register indicating the Tax year, nature of vehicle, period for which the tax is collected, if there was arrears of tax, etc.
- (iv) The RTO/ARTO, as the case may be, have to maintain remittance to the Treasury as contained in Form No.13.
- (v) There was no periodical reconciliation of the tax collected and tax remitted to the Treasury reflected in KTC-25. It is needless to state that till the remittance of tax in the Treasury under a particular head, it will not form the part of

revenue to the State. It is noticed that in some of the RTOs, the tax, fees, fine, penalty, etc. collected by cash or DD is remitted to Treasury through State Bank of India or State Bank of Mysore nominated by the Government. This remittance is recorded in a Book maintained for acknowledgment of receipt in the Bank.

- (vi) In the absence of maintenance of permanent Registers in terms of Rule 13(1) of the Karnataka Motor Vehicles Taxation Rules, 1957 the amount of tax collected and remitted to the Treasury directly or through the Bank cannot be ensured.
- (vii) The ARTOs/Office Superintendents/ Cashiers have not attested the cash book and verified the accounts to ensure that the tax/fees collected has been promptly remitted to Treasury through Bank.
- (viii) The acknowledgment of receipt of cash or DD is not a conclusive proof of remittance, unless a permanent Register of remittance in terms of Rule 13(1) of Karnataka Motor Vehicles Taxation Rules, 1957 is maintained in every RTO/ARTO office and such remittance is reflected in KTC-25 by the District Treasury/ Sub Treasury as the case may be.

- (ix) The periodical statement of remittance of cash/ DDs collected should be verified and attested by RTO/ARTO, Office Superintendent and Cashier to fix their accountability of accurate remittance.
- (x) The RTO/ARTO shall reconcile the tax collected and remitted to the Treasury as reflected in KTC-25 to ensure that there is no pilferage and misappropriation of tax. Such statement of reconciliation shall be verified and attested by the RTOs/ARTOs, Office Superintendents and Cashier in charge of collection of tax and remittance of tax.
- (xi) The Challans/ receipt of cash shall be maintained and they shall not be destroyed. If challans are cancelled, reasons for such cancellation of challans shall be recorded and such cancelled challans shall be preserved.
- (xii) The RTOs/ARTOs as the case may be shall not be allowed to operate the Manual Cash book and Computer Cash book simultaneously.
- (xiii) If the manual cash registers are operated, such practice should be discontinued.
- (xiv) The responsibility of RTOs/ARTOs, as the case may be, is of two folds. (1) payment of tax by the vehicle owner shall be as per their statutory liability. The collection of tax for various types of

vehicles shall be in accordance with the Schedule provided under the Karnataka Motor Vehicles Taxation Act, 1957. (2) In the matter of composition of offences, Rule 29 of the Karnataka Motor Vehicles Taxation Rules shall be strictly followed.

(xv) The Motor Vehicles Taxation Act, 1957 and Motor Vehicles Taxation Rules, 1957 provide for levy of tax, procedure for collection of tax and remittance of Tax as per statutory liability of vehicle owner to pay tax in accordance with the provisions of the Act and Rules.

(xvi) The taxation authority or the officials in charge of collection of fee/tax have mandatory duty to ensure that the tax paid by the vehicle owner is in accordance with the Motor Vehicles Taxation Act. The vehicle owner shall pay the tax as and when default occurs in accordance with Schedule to Karnataka Motor Vehicles Taxation Act, 1957.

(xvii) The cash remittance register shall be maintained in accordance with Rule 13(1) of the Karnataka Motor Vehicles Taxation Rules and also in accordance with provisions of Karnataka Financial Code.

9. In the manual registers for the years from 2009-10 to 2013-14 the entries are illegible and on some days of collection, the

particulars of vehicle number, period of tax, purpose for which the amount was collected, tax due, are not indicated. It is noticed from the registers (both manual and computer) that huge amount of tax is collected in the form of cash, which is not permissible under Rule 11 of the Karnataka Motor Vehicles Taxation Rules, 1957.

10. The statements for the period from 2009-10 to 2014-15 (up to 30/11/2014) demonstrate the illegalities committed in the matter of collection of road tax, vehicle tax and mischievous played in the matter of remittance of tax to the treasury through Bank, in order to misappropriate the tax collected. In many cases, neither vehicle number, class of vehicle, tax due by the vehicle owner, period for which the tax is collected are not indicated, thereby they have ignored the statutory duty of collecting tax as mandated under the Karnataka Motor Vehicles Taxation Act, 1957 and Karnataka Motor Vehicles Taxation Rules, 1957.

11. The above recommendations stated at para (8) are made under Section 12(1) of the Karnataka Lokayukta Act, 1984 after going through the documents such as Manual Cash Register of Fees, Tax and DDs and Computer Generated cash book, Bank Remittance Book. We have tabulated the short remittance, reasons for short remittance, list of scope of short remittance/misappropriation, which ought to have been avoided, if there has been proper maintenance of Registers in proper manner.


12. This recommendation and copies of documents along with statements prepared are sent to the Competent Authority to implement the recommendation by all the RTOs/ARTOs of State to avoid pilferage of tax and to avoid scope for misappropriation of tax by the RTO/ARTO and also misuse of amount by the vehicle owner and short remittance of Tax by the Vehicle owner.

13. The above recommendations are not exhaustive. It is the duty of the Competent Authority to implement the recommendations supra and also such other recommendations as deem fit to ensure prompt collection of tax, fee, etc under the provisions of the Karnataka Motor Vehicles Taxation Act and prompt remittance of the collection of tax, fee, etc in accordance with law.

14. We have compiled the short remittance/misappropriation of tax/fee collected in the office of the ARTO, Gokak and modus operandi of misappropriation, falsification of records in a tabular form for the period between 2009-10 to 2014-15 (Upto 30/11/2014).


15. The Competent Authority shall intimate or caused to be intimated the implementation of above recommendations to this Authority as per Section 12(2) of the Karnataka Lokayukta Act, 1984 within one month of receipt of this report.

16. The connected records, as per index are enclosed to this Report.


(JUSTICE N. ANANDA)

Upalokayukta-1

State of Karnataka, Bengaluru


10/7/14