



KARNATAKA LOKAYUKTA

No. Compt/Uplok/BD/435/2010/ARE-6 Multi-storeyed Building,
Dr. B.R. Ambedkar Veedhi,
Bengaluru, dated 04.01.2018

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

Sub: Initiation of civil and criminal action
against Shri B. Rajanna, District Manager,
Food & Civil Supplies Department,
Shivamogga (now retired) and others for
their misconduct - reg.

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One Shri Manohargowda, President of Janatha Dal  
(Samyukta) s/o Shri B.S. Ramaiah, r/o Sri Shakthi Complex,  
Gandhi Bazaar, Shivamogga [hereinafter referred to as 'the  
complainant'] filed this complaint (as per Annexure 'I -A')  
against Shri B. Rajanna, District Manager, Karnataka Food &  
Civil Supplies Department, Shivamogga [hereinafter referred  
to as 'respondent'], inter alia alleging that, during 2009-10,  
there was drop in price of maize. As a result, the farmers  
who had grown maize shocked as the loss that they were

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likely to be suffered due to the drop of the price. In this regard, there were agitations by the farmers demanding for opening the 'Maize Purchasing Centres' by fixing Minimum Support Price (MSP) in order to protect the interest of farmers to ensure that, they get reasonable price to their produce.

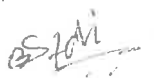
2. Having regard to the demands of farmers and also, having regard to the loss that the farmers were likely to suffer due to drop in price of the maize and to provide MSP for their produce (maize), the Government formulated the scheme to purchase of the maize by opening several centres in respective of districts fixing the MSP at Rs.850/- per quintal, as the then market price was much less than the MSP.

3. The Managing Director of Karnataka Food & Civil Supplies Corporation Limited issued a circular dated 10.11.2009 providing the norm relating to the purchase of maize under Minimum Support Price Scheme for the year 2009-10 (Annexure 'E'). In the said circular, at point No.14 it is specifically mentioned that, there should not be any kind of

manipulation with regard to weighing while purchasing maize from the farmers and should not give room for taking amount from farmers for any reason. If any complaint is received in this regard, the concerned District Managers and officials of Purchasing Centres will be made directly responsible and disciplinary action would be initiated against such erring officials.

4. In this regard, for Shivamogga District, 09 purchasing centres were opened.

5. Since the maize so collected at the purchasing centre was required to be transported to the ware houses, transport contract was to be awarded to ensure fair and transparency in the matter of awarding contract for transportation of maize, tenders were called. However, in respect of Shivamogga District, the respondent, to ensure that the said contract is awarded to one G.N. Nagaraj, imposed one of the conditions that, the intending tenderer must produce certificate of transaction of transport of minimum Rs.5.0 crores in the previous year. From amongst several applicant,



only G.N. Nagaraj had transacted more than Rs.5.0 crores business in transportation during the previous year. Though there was no such instruction in the circular dated 10.11.2009, to enable him G.N. Nagaraj get the contract, such a condition was imposed, accordingly the tender was awarded in favour of said G.N. Nagaraj. In fact, no other district had imposed such condition.

6. In order to ensure that the farmers who had grown maize during 2009-10 gets the knowledge of the purchasing centre, the respondent was supposed to widely publish the respective purchasing centres and the details of the same, however the respondent though had opened 09 such centres, but published only 08 centres by denying the access to the another purchasing centre, it is stated that, the said centre was misused to transport the maize of the traders and middlemen.

7. The centre which was not published had not maintain quantity of purchase of maize in the daily register to be submitted to the Government and there appears to have



purchase of nearly 30,000 quintals of maize without any details of said transactions, nearly Rs. 2-3 crores loss appears to have been caused to the Government by manipulating the records.

8. The scheme was for purchase of maize from the farmers at the rate of Rs.850/- per quintal. However, the respondent and other officials colluding with each other purchased the sub-standard and low quality maize from the traders at the rate of Rs.700-750/- per quintal in the name of farmers and nearly 100-125 loads of maize was shown to have been purchased per day which was physically impossible which creates serious doubt of such purchase from the farmers. Same may not even tally with actual produce of maize in the said district.

9. The transporter though had not transported the maize from the purchasing centres to the warehouse, and instead, the middlemen and brokers, colluding with the respondent and others, had transported their sub-standard maize directly to the warehouse and for which the respondent had

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sanctioned bill for nearly Rs.8.0 crores towards the transportation charge without there being actual transportation.

10. The Government, in order to help the farmers to get reasonable price for the maize that they had grown, scheme of purchasing farmers produce (maize) with MSP was implemented. The Government itself purchased the maize by using the public money. As such, to have fair and transparency in the matter of purchase, certain norms were fixed, such as identity card of the farmer who had grown maize, RTC showing the cultivation of maize area etc., to ensure that the benefit of MSP goes to the farmers. However, with an oblique motive and to enable the businessmen and the mediators, contrary to the said norms, allowed the middlemen and businessmen to transport their sub-standard low quality maize s in the name of farmers directly to the warehouse and got the benefit of MSP which otherwise should have gone to the genuine farmers.



11. To ensure price of the maize directly go to the account of farmers, the said scheme required that, the cheque should be drawn in the name of farmers and credited in their account, but the respondent without following the same, gave the cheques in the name of farmers whose list was furnished by the middlemen and businessmen to them and in turn the said amount stated to have been withdrawn by the said middlemen and businessmen making huge profit without any transaction at the cost of public money.

12. Though there was no handling charge at all and most of the transportation were illegally made from the businessmen and middlemen to the warehouse, still the respondent charged Rs.8.19 ps., as handling charge per quintal and caused further loss to the exchequer of the Government.

13. With these allegations and others, the complainant alleged that, the respondent and others have indulged in cheating the Government in the name of farmers and have swindled the public money for their own personal gain.

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14. In view of the serious allegations made in the complaint, comments were called from the respondent. The respondent, in response to the allegations made in the complaint, filed his comments dated 20.09.2010 (as per Annexure "B") inter alia denying the allegations made in the complaint and claimed that, he had not shown any favour to any person and has not indulged in any malpractice and all the allegations made in the complaint are false and were denied in toto as under:-

(i) As regard to the imposing the condition of having Rs.5.00 crores transaction in transport business in the previous year, to enable the tenderers to make an application for award of contract was imposed having regard to the previous year's purchase of nearly 18,73,150 quintals of maize. As such, to handle such a large quantity of transportation, the said condition was imposed and is not violative of any norms.

(ii) As regard to the opening of 'B' centre and non-publication of the same, it is stated that, having regard to the





large quantity of purchase of maize in certain area viz., Shikaripur and for smooth administration with an intention to help the agriculturists, 'B' centre was opened and the same was opened by inviting the ministers and local leaders at Shikaripur itself, the maize grown was nearly 3,29,187.350 quintals. As such, there was no violation of any norm.

(iii) As regard to the quality of maize collected, it is stated that, same was done after grading the maize and verifying the quality.

(iv) As regard to the transportation expenditure, it is stated that, payment was made on the basis of Transport Certificate (TC) and there was no middlemen involvement. Transportation was made on the basis of the permit issued. As regards to the payment to the farmers, all the payments are made by 'crossed account payee' cheque and once the cheque is issued to the farmers, there will be no control on the same by the authority. As such, the allegation is not sustained.

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With all these submissions, the respondent claimed that, there is no violation of any norms in the matter of purchase of maize from the farmers.

15. Along with the statement, the respondent has produced Tahsildar's certificate giving the name of agriculturists, place, survey No., extent and the quality of maize grown. The respondent has also produced one of the RTC extracts to show the name of the agriculturists. He has also produced the receipt for having purchased the maize signed by the officer in charge of the purchase centre and paper publication, etc.

16. Having regard to the quantity of maize collected during 2009-10 and the documents produced by the respondent, create serious doubt as to whether there was a genuine seller and was an agriculturist. For example, the Tahsildar's certificate does not bear the proof of the maize having grown in particular survey number and the quantity that is produced by such farmer. RTC extracts produced by the respondent itself shows that, for the year 2009-10, no single

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entry as to the crop grown. Even the quality assessed also does not show any proof of the quality standards followed. The records do not justify the fairness in the matter of purchase of maize.

17. Since all the allegations had been denied by the respondent, the complainant was called upon to submit rejoinder in this regard. In the rejoinder (as per Annexure 'C'), he reasserted and claimed that, there has been large scale malpractice in the matter of purchase of maize by the public servant by causing huge loss to the Government as well as defeating the interest of farmers.

18. The allegation made in the complaint being serious, touched the credibility of the officer and also was detrimental to the interest of farmers for whose benefit the scheme was introduced by earmarking public money, hence, the investigation was entrusted to the Deputy Superintendent of Police, Karnataka Lokayukta, Shivamogga [hereinafter referred to as 'the Investigating Officer', for short, 'IO'].



19. The IO on investigation has found that:

(i) The respondent and others had called for tender during the year 2009-10 for transportation of maize with a condition that, the tenderer must have transaction of transportation of minimum Rs.5.0 crores in the previous year and this condition was not imposed in any other tenders called for by other districts. As such, calling for tenders with such a condition was with an intention to favour one Shri G.N. Nagaraj, contractor to award the contract in his favour. Thereby, the respondent has shown favouritism in the matter of transparency of calling for tenders for transportation of maize.

(ii) Respondent has purchased low and sub-standard quality of maize from the businessmen, middlemen and mediators @ Rs.700-750/- per quintal and shown it as purchased from farmers @ Rs.850/- per quintal by showing huge quantity of purchase nearly 100-125 loads per day which was physically impossible to handle such a large quantity of purchase and thereby the respondent not only failed to purchase the maize

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from the farmers, but used the same for his benefit to purchase the same from the businessmen.

(iii) Businessmen and middlemen who transported the maize in the name of farmers directly to the warehouse and for which, without there being any transportation from the purchase centre to the warehouse corporation, still the respondent sanctioned bill amount of Rs.8.0 crores towards transportation charge though there was no actual transportation by the contractor.

(iv) The respondent should have ensured that, the farmers in whose name the maize was brought has an identity of owning a land, growing maize in his land and had sold the maize at the purchase centre, however the respondent given a go bye to the norms prescribed in the matter of purchase of maize, collected huge quantity of maize through the middlemen, businessmen and mediators and shown it as if purchased from the farmers though no actual purchase was made.

(v) The scheme also required the farmer's name, his father's name, village, land, respective revenue records for having

grown maize, bank account and the cheques to be drawn in their favour before issuing cheque in this name. However, without following the same, the respondent issued cheques in the hands of mediators and the businessmen who collected the said amount and got credited in their account.

With these findings and other details, the IO submitted his report (as per Annexure 'D') of large scale mal-administration in the matter of purchase of maize during 2009 10.

20. On the report of IO, reply was called for from the respondent. The respondent denied the investigation report. However, the scrutiny officer who meticulously verified the records and the respective statement found that, the amount meant for farmers is swindled by the respondent and others by abusing and misusing the authority and gave his findings inter alia stating that:

(i) calling for tenders for transportation of maize with a condition that, the intending tenderer should produce certificate of transaction of minimum Rs.5.0 crores in the

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previous year. This condition was not imposed by any other districts. Such a condition was imposed to ensure that, others tender applications could be rejected and only Shri G.N. Nagaraj gets the contract for transportation of maize as he alone had certificate of transportation business of 05 crores in the previous year;

(ii) The respondent purchased low quality of maize @ Rs.700-750 per quintal from the businessmen and mediators without purchasing the same from the farmers with an intention to make wrongful gain in the name of farmers showing that, the farmers have sold the maize @ Rs.850/- per quintal.

(iii) Further, that maximum of 40-50 loads of purchase could be made in a day, however it is shown that purchase of maize was made at the rate of about 120-125 truck loads. Thereby, the respondent manipulated the records with an intention to make illegal gain.

(iv) Though there was no transportation of maize as businessmen and middlemen have transported their own maize stock to the warehouse, still without any

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transportation, the respondent sanctioned bill for Rs.8.0 crores towards transportation charge in collusion with the District Administration and the contractor.

(v) The respondent being public servant and entrusted with the job of not only ensuring the genuine farmers who had grown the maize are supported by the MSP for their produce and was also required to ensure that, the public money is not misused or diverted illegally, he was required to ensure the identity of the farmers, relevant revenue records, proof of the maize grown in their land, etc. The respondent without following the said procedure had shown the purchase of maize in the name of farmers though there was no such purchase and most of them have shown to have not grown maize at all. In the name of the farmers, low quality maize belonging to the businessmen was purchased by the respondent at a lower rate and shown as if they are purchased from the farmers.

(vi) The scheme also required that, the farmers' name, their fathers' name, village, land, etc., with bank account to ensure

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that, the MSP given to their produce goes into their account. However, the respondent without following the said procedure, in the name of farmers, cheques were drawn and the amount was collected directly by the businessmen and mediators and thereby, caused huge loss to the exchequer of the Government.

21. Prima facie the Investigation Report of IO discloses large scale mal-practice and mal-administration with an intention to make huge illegal gain in the name of farmers.

22. By looking into the quantity of maize purchased under the MSP scheme, it is doubtful as to whether such quantity of maize was grown in Shivamogga District. The records also do not show that, the farmers in whose name the transactions are made were the farmers who had grown the maize.

23. The initial tender process itself appears to be done with malafide intention. That is calling for tenders with a condition of transaction of transportation of Rs.5.0 crores in the previous year which was not imposed in other districts nor such an instruction was given in the circular as per



Annexure 'E' which clearly indicates that, the respondent intended to ensure that, the man of his choice is awarded contract to cover all his misdeeds and to make illegal gain out of the same.

24. Though there was no actual transportation, the respondent had sanctioned Rs.8.0 crores towards transportation not only causing loss to the exchequer of the Government, but fraudulent method, public money was diverted.

25. The respondent was required to ensure that, the genuine farmers get the MSP benefit, however by falsifying public records and by dubious method, public money was credited in the name of farmers who had neither grown maize nor sold and same was drawn by the businessmen and middlemen.

26. Prima facie these allegations clearly show that, the respondent and other officials of Revenue, APMC the District Administration have involved in not only mal-administration, but by deceiving the Government.

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27. The misuse of public money under the scheme of MSP for maize during 2009-10 would not have been possible without the involvement of other officials. Hence, this needs proper investigation.

28. The respondent as well as the revenue authorities. APMC officials being responsible officers as the scheme envisaged for the benefit of the agriculturists, they were required to ensure that, it is only such agriculturists who had grown the maize in their land with proof for having grown could alone be entitled for the benefit of MSP for their produce grown. The certificates as well as the RTC and other documents reveal that, there has been no proper examination and casually, certificates and permits were issued only to make the record for the purpose of satisfying that the purchase of maize has been done. Having regard to these circumstances, the IO on investigation has found that, there has been large scale mal-administration. Apart from this, along with the complaint, complainant as given the details with the documents maintained by the respondent, revenue and other officials had not even mentioning the vehicle No.,

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etc. In Shivamogga, it appears huge quantity of maize was collecting running into several lakhs tonnes. The quantity as mentioned in the statement submitted by the respondent himself shows that, the transportation cost itself is Rs.7,05,08,573=73 ps. The handling charge is Rs.1,00,59,318=36 ps., and the total quantity of maize collected was 12,28,244 quintals. As against the collection of maize and the expenditure incurred shows that, the respondent appears to have colluded with revenue and APMC officials of the respective Taluks and has indulged in serious mal-practice and mal-administration at the cost of public money causing huge loss to the exchequer of the State.

29. Since respondent has retired in 2011 itself, though disciplinary proceedings could not be initiated, but action could be initiated for recovery as well as for criminal action.

30. Hence, it is hereby recommended to the competent authority to initiate disciplinary action against those who are still in service and against others, proceedings be initiated for recovery as well as for criminal action.

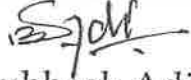
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31. Accordingly, in exercise of power under Section 12(1) of the Karnataka Lokayukta Act, 1984 it is hereby recommended to the Competent Authority to initiate the disciplinary action against such officials who are still in Government service and at whose connivance the public money is siphoned for personal gain. Hence, it is recommended to the competent authority to initiate civil as well as criminal proceedings against Shri B. Rajanna, the then District Manager, Food & Civil Supplies Department, Shivamogga as he has already retired, since this act could not be possible without the support of other officials, hence further investigation be made to trace out the other persons who might have colluded and acted against the interest of the State. Further, if needs, matter be referred to competent agency for investigation and for taking appropriate action.

32. The Competent Authority shall intimate the action taken or proposed to be taken on this report within one month from the date of receipt of this report as contemplated under Section 12(2) of the Karnataka Lokayukta Act, 1984.

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Connected original records are enclosed.

 4/1/2018.  
(Justice B. Subhash Adi)  
Upalokayukta,  
State of Karnataka.

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