

KARNATAKA LOKAYUKTA

No.COMPT/UPLOK/BCD/92/2020 /ARLO-1 Multi Storied Buildings,
Dr.B.R.Ambedkar Veedhi,
Bengaluru 560 001.

Dated: 09/06/2020

**REPORT UNDER SECTION 12(3) OF THE KARNATAKA
LOKAYUKTA ACT, 1984**

Sub:- Proceedings against;

- (1) Sri A. Shashikiran, Panchayath Development Officer, Marasuru Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 01/01/2016 to till date).
- (2) Sri Nomesh Kumar, the then Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (for the period from 1/1/2016 to 18/5/2017) – Presently working as Deputy Secretary, Zilla Panchayath, Chikkaballapur
- (3) Sri T.K. Ramesh, the then Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (for the period from 19/5/2017 to 19/7/2019) – Presently working as Deputy Secretary, Zilla Panchayath, Tumakuru
- (4) Sri K.C. Devaraje Gowda, Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (from 24/7/2019 till date).

On the basis of source information that there is mismanagement in the maintenance of accounts and submission of periodical expenditure statements by Marasuru Grama Panchayath of Anekal Taluk and also submission of audit reports, a Suo-motu investigation was taken up.

2) On 27/12/2019, Upalokayukta-1 visited the office of the Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal. The Accounts officer and the Manager of Taluk Panchayath, Anekal

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were directed to produce the periodical returns of expenditure in relation to each of the Panchayaths within the limits of Taluk Panchayath, Anekal. The details of expenditure was not furnished by the Panchayaths. Further, at the time of spot inspection by Upalokayukta-1 to the office of the Executive Officer, Taluk Panchayath, Anekal, the audit report of Marasuru Grama Panchayath were not produced. Therefore, the above suo-motu complaint was registered against the following respondents for conducting further investigation into the matter.

- (1) Sri A. Shashikiran, Panchayath Development Officer, Marasuru Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 01/01/2016 to till date).
- (2) Sri Nomesk Kumar, the then Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (for the period from 1/1/2016 to 18/5/2017) – Presently working as Deputy Secretary, Zilla Panchayath, Chikkaballapur
- (3) Sri T.K. Ramesh, the then Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (for the period from 19/5/2017 to 19/7/2019) – Presently working as Deputy Secretary, Zilla Panchayath, Tumakuru
- (4) Sri K.C. Devaraje Gowda, Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (from 24/7/2019 till date).

3) The Respondent No. 1 has submitted comments dated 11/2/2020. He has stated that he is working as Panchayath Development Officer of Marasuru Gram Panchayath, Kasaba Hobli, Anekal Taluk from 01/04/2016 to till date and has prepared the budget for the year 2016-17 to 2019-20 (copies enclosed) and obtained the approval of the Executive Officer of Taluk Panchayath. Further, he has stated that the audit of the

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Marasuru Grama Panchayath was conducted for the years 2016-17 to 2018-19 and copies of the same are enclosed.

4) The Respondent No.2 has submitted comments dated 27/2/2020 stating that during his tenure the Marasuru Grama Panchayath had submitted the audit report for the year 2016-17 to the Accounts Officer of Taluk Panchayath. and Budget for the year 2016-17 and 2017-18. He had constituted an adhoc committee and the meeting of the committee was held. He had issued oral instructions regarding the subject matter stated in the audit report. The respondent No.3 has submitted comments dated 27/2/2020 similar to the comments submitted by Respondent No.3. Respondent No.4 has submitted comments dated 12/2/2020 stating that he had instructed the Panchayath Development Officer of Marasuru to submit the Expenditure statements and audit reports for the years 2016-17 to 2018-19.

5) The Budget estimates of the above Grama Panchayath for the years 2016-17, 2017-18, 2018-19 and 2019-20 and copies of the Audit reports for the years 2016-17, 2017-18 and 2018-19 of Marasuru Grama Panchayath produced by Respondent No.1 Sri A. Shashikiran, present Panchayath Development Officer along with his comments are perused.

BUDGET PROVISIONS

6) As per the Budget estimates for the years 2016-17, 2017-18, 2018-19 and 2019-20, the following income & Expenditure were estimated for the Marasuru Grama Panchayath.

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REVENUE INCOME

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Opening balance	86,39,355	97,05,620	1,47,000	81,073
2	Rates and Taxes	2,22,06,482	2,78,31,000	3,77,64,986	3,82,37,387
3	Revenue from the Panchayath Properties	-	-	-	-
4	Revenue from Grama Panchayath Authorities	42,90,000	45,93,000	42,67,800	40,22,580
5	Grants, Donation, Subscriptions	4,80,000	4,80,000	-	4,80,000
6	Other Receipts	-	-	3,00,000	3,50,000
	Total Revenue Income	3,56,15,837	4,26,09,620	4,24,79,786	4,31,71,040

REVENUE EXPENDITURES

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	General Administration i) GramaPanchayath (Elected Body) ii) Office	7,57,400 37,75,000	5,13,620 31,69,000	5,98,620 23,38,152	6,13,620 25,03,240
	Total		36,82,620	29,36,772	31,16,860
2	Development Expenditure				
	1) Drinking Water	23,25,000	36,50,000	39,90,000	41,90,000
	2) Rural Sanitation	32,00,000	20,00,000	27,80,000	30,15,000
	3) General Health & Family Welfare	14,00,000	15,00,000	17,30,000	16,30,000
	4) Roads, Bridges & other connecting medias	1,83,00,000	2,69,50,000	2,02,79,852	1,92,05,000
	5) Buildings	2,00,000	2,00,000	6,65,148	8,70,000
	6) Electrification and Electricity supply	10,80,000	8,50,000	12,70,000	13,25,000
	7) Development of Non-conventional energy sources	-	-	-	-
	8) Social Public Service programmes	28,21,000	32,15,000	74,81,941	84,69,087
	9) Motivation Services	5,60,000	4,15,000	5,65,000	5,95,000
	Total Expenditure	2,98,86,000	3,87,80,000	3,87,61,941	3,92,99,087
	Transfer from Genl. fund	-	-	7,00,000	4,90,000
	Other Revenue Expenditure	-	-	-	-
	Total Revenue Expenditure	3,44,18,400	4,24,62,620	4,23,98,713	4,29,05,947
	Closing balance (i)	11,97,437	1,47,000	2,28,073	-

CAPITAL INCOME

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Opening balance	-	-	6,00,000	-
2	Grants, Subscription,	-	-	-	-



	donation.				
3	Central and Central sponsored & State and State Sponsored Schemes (Special Rural Development Programmes)	89,02,000	36,00,000	1,21,10,000	97,00,000
	Total Capital Income	89,02,000	36,00,000	1,27,10,000	97,00,000

CAPITAL EXPENDITURES

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Development Expenditure				-
	1) Drinking Water	-	-	-	-
	2) Rural sanitation	-	-	-	-
	3) Roads, Bridges & other connecting medias	-	-	-	-
	4) Buildings	-	-	-	-
	5) Payment of salary to staff	-	-	-	-
	6) Social & public service programmes	-	-	-	-
	Total Expenditure	-	-	-	-
2	Specific Project Expenditure				-
	Central and Central sponsored & State and State Sponsored Schemes (Special Rural Development Programmes)	89,02,000	30,00,000	1,21,10,000	97,00,000
3	Procurement of properties	-	-	-	-
4	Repayment of loan	-	-	-	-
	Total Capital expenditure	89,02,000	30,00,000	1,21,10,000	97,00,000
	Closing Balance (ii)	-	6,00,000	6,00,000	-

DEPOSITS, ADVANCES & INVESTMENTS

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Opening balance	-	-	-	-
2	Receipt	1,60,000	1,50,000	-	1,00,000
	Total Income	1,60,000	1,50,000	-	1,00,000
3	Expenditure	1,20,000	1,20,000	-	1,00,000
	Closing Balance (iii)	40,000	30,000	-	-
	Total Final Balance of the Panchayath (i) + (ii) + (iii)	12,37,437	7,77,000	8,28,073	-

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7) Rule 12 of the Karnataka Panchayath Raj (Grama Panchayath Budgeting and Accounting) Rules, 2006 provides for manner of preparation of budget estimates. The following instructions were to be followed while preparation of budget estimates.

“1. Statement II (Estimate of receipts) shall be prepared by the Secretary on the basis of information available in Form IA to IC, which shall be based on the basic details from the relevant records.

2. Similarly the Secretary shall prepare Statement II (Estimate of Expenditure) by taking out details from ID to IG which shall be based on the basic details from the relevant records.

3. After Statement II and III are ready, the gross figures classified under the respective main heads of accounts of these statements are taken to the respective heads of account in Statement I which shall form the abstract figure in the annual budget of the Grama Panchayath.

4. Secretary shall ensure that the following guidelines shall be kept in view, while preparing the budget.

(i) Budget estimate shall be for what is expected to be received or paid during the year and not for demands or liabilities likely fall due within the year.

(ii) All existing liabilities, which cannot be liquidated before the commencement of the year for which the budget is being prepared shall be ascertained and provided for.



(iii) Allow for the balance at the end of the year of not less than such sum or percentage of income as may from time to time be fixed by the Government.

8) In the Audit Reports of the above Marasuru Grama Panchayath for the years 2016-17, 2017-18 and 2018-19, it is observed that the above Budget estimates were not prepared in accordance with Rule 12 of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006. Provision for repayment of opening liabilities was not made in the budget as mandated under Rule 12(4)(ii) of the above Rules.

9) As per Rule 15 of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006, a Budget Control Register in Form No.2 shall have to be maintained to keep a watch on expenditure to ensure that expenditure incurred under various heads of accounts are within the allocation provided in the budget. Such a Register had not been maintained by Marasuru Grama Panchayath.

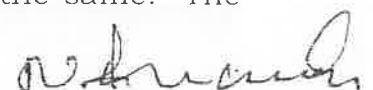
10) The Respondent No.1 Sri A. Shashikiran who was working as Panchayath Development Officer of Marasuru Grama Panchayath from 01/01/2016 to till date has prepared and submitted the Budget estimates stated above and is responsible for the aforesaid irregularities in the preparation of budget of the relevant years. It is seen from copies of Budget estimates that Respondent No.2 Sri N. Nomesh Kumar, the then Executive Officer of Taluk Panchayath had approved the budget estimates for the year 2016-17; Respondent No.3 Sri T.K. Ramesh, the then Executive Officer had approved the budget estimates for the years

N. Nomesh Kumar

2017-18, 2018-19 and 2019-20. These Executive Officers without noticing the above irregularities in the preparation of budget have approved the same and thereby they are also responsible for the above irregularities.

SUBMISSION OF MONTHLY, HALF YEARLY AND YEARLY ACCOUNTS

11) Regarding expenditure of the Panchayath, as per Rule 108 of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006 the Secretary of the Grama Panchayath shall prepare monthly receipt and payment statement in Form 53, and Monthly Trial Balance in Form 54 and place it for review by the Grama Panchayath. The approved accounts shall be sent to the Chief Accounts Officer of the Zilla Panchayath and Assistant Controller, Local Audit Circle by 20th of the subsequent month. Similarly, half yearly accounts shall have to be prepared in Form 53 and Trial Balance in Form No.54. In relation to the above Marasuru Grama Panchayath, no such monthly statement was prepared and submitted to the Authorities stated above. The above Panchayath had also not prepared the annual accounts in terms of Rule 109 of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006. The audit reports for the years 2016-17, 2017-18 and 2018-19 at paragraph 15 & 16 states that monthly expenditure statements, half yearly statements and yearly statements as per Rule 108 and 109 of the Karnataka Panchayath Raj (Grama Panchayath Budgeting & Accounts) Rules, 2006 were not submitted by the Marasuru Grama Panchayath. Therefore, the Respondent No. 1 who was working as Panchayath Development Officer is responsible for the same. The



Respondents No. 2, 3 and 4 being Taluk Executive Officers of Taluk Panchayath, Anekal had not supervised the administration and accounts of the Panchayath and are also responsible for the above lapse.

NON-MAINTENANCE OF REGISTERS/RECORDS IN THE PANCHAYATH

12) The Grama Panchayath, Marasuru had not maintained the Grants Register as per Rule 99 of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006. This Register is a prominent register, which shows the opening balance, grants received and closing balance.

13) The Grama Panchayath, Marasuru had not maintained the following registers.

Sl. No.	Name of Register	Rule of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006
1	Investment Register	Rule 95 (Form No.41)
2	Loan Register	Rule 96 (Form No. 42)
3	Advances Register	Rule 98 (Form No.44)
4	Deposit Register	Rule 100 (Form No.47)
5	Issuance of Licence and collection register	Rule 35 (Form No.16)

GRANTS MEANT FOR SCHEDULED CASTE AND SCHEDULED TRIBE & PHYSICALLY CHALLENGED NOT PROPERLY UTILISED FOR THE WELFARE OF ABOVE PERSONS

14) During the year 2016-17, the Marasuru Grama Panchayath has spent a sum of Rs.37,81,996/- towards welfare of Schedule Caste and Scheduled Tribes under 25% grant scheme and a sum of Rs.94,500/- was spent towards welfare of physically challenged (differently abled) persons under 3% grant scheme. During the

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year 2016-17, there was opening balance of Rs.19,18,173/- and a sum of Rs.18,63,823/- is shown as reserved for the year 2016-17, totalling to Rs.37,81,996/- towards the welfare of SC/ST under 25% grant scheme. Out of the above amount, a sum of Rs.37,81,996/- was spent showing the balance as nil as on 31/3/2017. In relation to the amount towards the welfare of physically challenged persons there was opening balance of Rs.6,17,320/- and a sum of Rs.2,41,000/- was reserved for the year. Out of the above amount a sum of Rs.94,500/- was spent towards the welfare of Physically challenged persons, showing the closing balance of Rs.7,63,820/- as on 31/3/2017. Respondent No.1 Sri A. Shashikiran is responsible for not utilising the full amount for welfare of physically challenged persons under 3% grant during the year 2016-17.

15) During the year 2017-18 the opening balance is shown as nil under 25% Grant for welfare of SC/ST persons. A sum of Rs.87,27,935/- was reserved for the year 2017-18. During the year 2017-18, a sum of Rs.72,37,364/- was spent towards the welfare of Scheduled Caste/Scheduled Tribe persons and there was balance of Rs.14,90,571/- at the close of the year on 31/3/2018. In relation to the amount under 3% grant reserved for welfare of physically challenged persons an amount of Rs.7,63,820/- is shown as opening balance and a sum of Rs.6,00,000/- was reserved for the year 2017-18. Out of the above amount a sum of Rs.13,00,000/- was spent for the welfare of Physically challenged persons and there was balance of Rs.63,820/- at the end of the year. Respondent No.1 Sri A. Shashikiran is responsible for not utilising the full amount

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reserved for Scheduled Caste/Scheduled Tribe persons under 25% grant and physically challenged persons under 3% of Grant as per Rules.

16) During the year 2018-19 the opening balance is shown as Rs.14,90,571/- under 25% Grant for welfare of SC/ST persons. A sum of Rs.44,27,936/- was reserved for the year 2018-19, totalling to Rs.59,18,507/-. During the year 2018-19, a sum of Rs.59,18,507/- was spent towards the welfare of Scheduled Caste/Scheduled Tribe persons and the closing balance as nil as on 31/3/2019. In relation to the amount under 3% grant reserved for welfare of physically challenged persons an amount of Rs.63,820/- is shown as opening balance and a sum of Rs.6,60,000/- was reserved for the year 2018-19, totalling to Rs.7,23,820/-. Out of the above amount a sum of Rs.7,23,820/- was spent for the welfare of Physically challenged persons and balance is nil at the end of the year.

RECEIPT BOOKS

17) The Marasuru Grama Panchayath had not maintained the register in Form No.5 (Rule 21) regarding the stock and issue of Receipt Books during the years 2017-18 and 2018-19. In the audit report the information regarding receipt books for 2016-17 is not available. The details opening balance, receipt of receipt books during the year and the closing balance of receipt books are as follows;

Sl. No	Details	2017-18	2018-19
1	Opening Balance	09	05
2	Receipt of Receipt Books	28	35

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3	Total	37	40
4	No. of receipt books utilised for the year	32	37
5	Balance of receipt books at the end of the year	05	03

The respondent No. 1 is responsible for not maintaining the Stock Register of Receipt Books for the year 2017-18 and 2018-19.

COLLECTION OF TAXES AND ITS REMITTANCE TO GOVT. ACCOUNTS

18) As per the Audit Report for the year 2016-17, 2017-18 & 2018-19 Marasuru Grama Panchayath had not maintained the Tax Assessment List as required under Section 199 of the Karnataka Grama Swaraj & Panchayath Raj Act, 1993. It had not maintained the Mutation Register in Form No.10 as per Rule 29 of the Karnataka Panchayath Raj (Budgeting and Accounts) Rules, 2006. The Respondent No.1 Sri A. Shashikiran, Panchayath Development Officer of Marasuru Grama Panchayath during the years 2016-17, 2017-18 and 2018-19 are responsible for the above lapse.

19) As per the Audit reports for the years 2016-17, 2017-18 and 2018-19, the Marasuru Grama Panchayath had not maintained the Demand Collection Book (DCB Register) as per Rule 30 of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006. The opening balance, demand during the year, collection during the years and the balance at the end of the year are as follows:-

2016-17

Sl. No	Details of tax	Opening balance	Demand	Total	Collection	Closing balance
1	House Tax	77,49,543	1,81,28,647	2,58,78,190	2,03,81,778	54,96,412
2	Water Tax	5,398	47,926	53,324	34,700	18,624
3	Licence	-	57,98,433	57,98,433	57,98,433	-

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4	Taxation on light	45,000	49,500	94,500	55,000	39,500
	Total	77,99,941	2,40,24,506	3,18,24,447	2,62,69,911	55,54,536

2017-18

Sl. No	Details of tax	Opening balance	Demand	Total	Collection	Closing balance
1	House Tax	54,96,412	2,52,44,411	3,07,40,823	1,97,54,609	1,09,86,214
2	Water Tax	18,624	52,000	70,624	49,900	20,724
3	Licence	-	52,27,091	52,27,091	52,27,091	-
4	Taxation on light	39,500	30,000	69,500	24,950	44,550
	Total	55,54,536	3,05,53,502	3,61,08,038	2,50,56,550	1,10,51,488

2018-19

Sl. No	Details of tax	Opening balance	Demand	Total	Collection	Closing balance
1	House Tax	1,09,86,214	2,54,51,956	3,64,38,170	2,80,31,045	84,07,125
2	Water Tax	20,724	71,326	92,046	45,290	46,756
3	Taxation on light	44,550	33,000	77,550	27,445	50,105
4	Licence	-	70,00,000	70,00,000	70,00,000	-
5	Others	-	9,58,169	9,58,169	9,58,169	-
	Total	1,10,51,488	3,35,14,451	4,45,65,935	3,60,61,949	85,03,986

20) As per the above statements, huge amount in a sum of Rs.85,03,986/- towards house tax, water tax, taxation on light and licence was not collected by the Marasuru Grama Panchayath, which amounts to loss caused to the State Exchequer. The Respondent No.1 Sri A. Shashikiran, Panchayath Development Officers is responsible for short collection of House Tax and Water Tax during the concerned years.

21) In the audit reports for the years 2016-17, 2017-18 and 2018-19, it is observed that the Marasuru Grama Panchayath had not revised the rates of tax for every 4 years, as per Rule 14 of the Karnataka Panchayath Raj (Tax) Rules, 1994.

22) As per Rule 20 of Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006, General

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Receipts in Form No.3 have not been incorporated. The Registers in relation to the Cheque/DD is not maintained and temporary receipts as per Form-3A were not issued. The information was not provided regarding the inclusion of all buildings and sites to which the tax had to be levied and collected. In relation to receipt of taxes by Cheque/DD, the amounts were directly credited to the Panchayath Fund without issuing the temporary receipts in Form No.3A. Further, the amount received was belatedly credited to the Panchayath fund, which amounts to temporary misappropriation of funds.

NON-REMITTANCE OF CESS/SURCHARGES

23) The details regarding the surcharge/cess levied on taxes and its collection, remittance and the balance are as follows:-

2016-17

Sl. No	Details of Cess	Current year's collection	Panchayath tax @10%	Balance cess	Opening balance for the year	Total to be remitted	Remitted during the year	Balance as on 31/03/2017
1.	Health cess	22,81,542	2,28,154	20,53,388	1,06,58,239	1,27,11,627	-	12,71,162
2.	Education cess	15,21,028	1,52,103	13,68,925	70,99,194	84,68,119	-	8,46,811
3.	Library cess	9,12,617	91,262	8,21,355	42,63,702	50,85,057	-	5,08,505
4.	Beggars cess	4,56,308	45,631	4,10,677	19,02,470	23,13,147	-	2,31,314
	Total	51,71,495	5,17,150	46,54,345	2,39,23,605	2,85,77,950	-	28,57,795

2017-18

Sl. No	Details of Cess	Current year's collection	Panchayath tax @10%	Balance cess	Opening balance for the year	Total to be paid	Paid during the year	Balance as on 31/03/18
1.	Health cess	22,11,336	2,21,134	19,90,202	1,27,11,627	1,47,01,829	-	1,47,01,829
2.	Education cess	14,74,224	1,47,422	13,26,802	84,68,119	97,94,921	-	97,94,921
3.	Library cess	8,84,535	88,453	7,96,082	50,85,057	58,81,139	-	58,81,139
4.	Beggars cess	4,42,267	44,227	3,98,040	23,13,147	27,11,187	-	27,11,187
	Total	50,12,362	5,01,236	45,11,126	2,85,77,950	3,30,89,076	-	3,30,89,076

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2018-19

Sl. No	Details of Cess	Current years demand	Panchayath tax @10%	Balance cess	Opening balance	Total to be paid	Paid during the year	Balance as on 31/03/2019
1.	Health cess	31,37,804	3,13,780	28,24,024	1,47,01,829	1,75,25,853	4,41,180	17,08,467
2.	Education cess	20,91,869	2,09,187	18,82,682	97,94,921	1,16,77,603	10,21,120	10,65,648
3.	Library cess	12,55,121	1,25,512	11,29,609	58,81,139	70,10,748	9,03,472	6,10,727
4.	Beggars cess	6,27,561	62,756	5,64,805	27,11,187	32,75,992	5,33,466	2,74,252
	Total	71,12,355	7,11,235	64,01,120	3,30,89,076	3,94,90,196	28,99,238	36,59,095

24) It is noticed from audit reports of the years 2016-17, 2017-18, 2018-19 the Marasuru Grama Panchayath, had not deposited the above cess/surcharge amount collected to the concerned heads of account of Government. At the close of the year 2018-19 the cess amount to be deposited to different heads of account of Government, as per the above statements was Rs.36,59,095/-. As per the Audit reports, the Marasuru Grama Panchayath, instead of depositing the above Cess amount to the concerned heads of account of Government had utilised the same for other purposes, which is illegal and opposed to Rules. The Panchayath had also not explained as to for which purpose, the Cess amount was utilised. Non-remittance of above Cess amount in a sum of Rs.36,59,095/- as stated above, amounts to misdirection of funds and loss to the State exchequer. The respondent Nos.1 is responsible for the same.

NON-PRODUCTION OF MUTATION REGISTERS

25) The Marasuru Grama Panchayath, had not maintained the files relating to change of Khatha, which were noted in the Tax Registers. Without maintenance of the files relating to transfer of khatas, it could not verified whether the transfer of khatas was on

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the basis of conversion of lands by the Deputy Commissioner or on the basis of Pavathi Varsa or purchase. The Panchayath Development Officer is responsible for illegal transfer of khathas or creation of bogus khathas if any.

NON-COLLECTION OF FEE TOWARDS ERECTION OF MOBILE TOWER

26) As per Karnataka Government Secretariat, Vikasa Soudha, Bengaluru Order No:UDD 211 GEL 2014(P), Dated 24/02/2016 (New Telecommunication Infrastructure Towers Regulations, 2015) Section 13E of the Karnataka Town and Country Planning Act, 1961 Read with Section 427 of the Municipal Corporations Act, 1976 and Section 135 of the Municipalities Act, 1964, if Mobile Towers has to be erected within the limits of Gram Panchayath, permission has to be taken from the concerned Panchayath Development Officer and annually Rs.10,000/- has to be collected as Royalty/Fee. As per Audit Enquiry No. 03/2017-18 dt. 13/09/2017 no information has been furnished in relation to the Royalty/Fee collected towards Mobile Tower erection. As per the Government Order, the Royalty/Fee has to be collected from the concerned company for erection of Mobile Tower and steps have to be taken to stop illegal Mobile Tower erection. The Respondent No.1 Panchayath Development Officer is responsible for not maintaining the details regarding Royalty/Fee collected towards erection of mobile towers within the limits of Gram Panchayath.

SHORT CREDITING OF AMOUNTS

27) As per the Audit for the year 2017-18, after examination of the receipts for the year 2017-18, there is a temporary

N. Srinivas

misappropriation of Rs.4,82,053/-, the Gram Panchayath Secretary has not taken action as per Rule 25 and 26 of Karnataka PanchayathRaj (Budgeting and Accounts) Rules 2006. In such instance the Secretary had not informed the Competent Authority as per Rule 111 of Karnataka Panchayath Raj (Budgeting and Accounts) Rules 2006. This is negligence of duty, delayed attitude and failure to stop the loss by Respondent No.1 Panchayath Development Officer. Sri Venkataramanappa.B, Bill Collector has made short payment of Rs.4,82,053/- as per the Audit Inquiry letter No.02/2017-18. The short remittance of Rs.4,82,053/- has been recovered and the same has been credited to Fund 1 A/c No.54021570306 (Rs.72,500/- dt. 28.05.2018 + Rs.4,07,000/- dt. 13/08/2018 + Rs.2,553/- dt. 12/12/2018).

IRREGULARITIES IN PAYMENTS

28) In relation to payments, it is observed in the Audit reports for the years 2016-17, 2017-18, 2018-19 that no approval was obtained in the concerned files in respect of each payments; in respect of works and purchases, quality test of materials/works was not conducted. Failure to follow the above procedure, lead to misappropriation of funds.

REGARDING EXPENDITURE OF PANCHAYATHS

29) In the audit reports of Marasuru Grama Panchayath, in relation to payment of bills, it is observed that;

- (i) The provisions of Karnataka Transparency in Public Procurement Act were not followed in procurement of goods. The purchase rules as clarified in Govt. Circular No. RDP242 Ji.Pa.Sa 2000 dated 9/4/2001 and PWD 33 FC 111/2001 dated 23/3/2001, were not followed. The Karnataka

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Transparency in Public Procurement Rules, 2000 was not followed in respect of purchases.

- (ii) In relation to purchase of materials of water supply and electricity, (a) the quotations were not called for, for most of the purchases; (b) In many cases, after payment, the Bills were not cancelled and certified; (c) Certificate with regard to qualitative procurement of goods were not mentioned; (d) After payment, the bills were not converted as Vouchers and numbers were not given; (e) On some of the Bills, Bill Passing Orders were not noted; (f) on the obverse of the Bills, certificate with regard to the materials taken to stock register is not noted; (g) in relation to issuance of materials and balance, date wise entries were not attested.
- (iii) In relation to repair of motor pumps, (a) estimates for repair were not prepared through Junior Engineer and for payment of repair bills, approval of estimates were not obtained; (b) the log book in respect of drilling of bore wells, mentioning the details of bore wells drilled, depth of bore well, place of bore well, was not maintained. The details of installation of motor and its previous repairs, complaints regarding repair and other details are not mentioned in the Log Book; (c) the dead stock materials removed after repairs were not taken to stock and the same were not disposed of.

REGARDING SCHEMES OF GOVERNMENT

30) The details of grants available in the Marasuru Grama Panchayath for implementation of various schemes, its utilization and balance available at the end of the year are as follows:-

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For the year 2016-17

Sl. No.	Name of the Scheme	Opening balance	Grants for the year (including interest & others)	Total	Total expenditure during the year	Balance at the end of year
1	14th Finance	7,72,427	32,92,146	40,64,573	30,66,346	9,98,227
2	13 th Finance	1,58,793	7,62,405	9,21,198	9,13,407	7,791
3	Ashraya	6,06,504	21,357	6,27,861	6,27,861	-
4	Total cleanliness movement	8,230	568	8,798	8,788	10

For the year 2017-18

Sl. No.	Name of the Scheme	Opening balance	Grants for the year (including interest & others)	Total	Total expenditure during the year	Balance at the end of year
1	14 th Finance	9,98,227	24,77,166	34,75,393	12,84,470	21,90,923
2	13 th Finance	7,791	682	8,473	8,473	-

For the year 2018-19

Sl. No.	Name of the Scheme	Opening balance	Grants for the year (including interest & others)	Total	Total expenditure during the year	Balance at the end of year
1	14 th Finance	21,90,923	33,44,047	55,34,970	13,81,672	41,53,298

As per the above statements the Marasuru Grama Panchayath had not fully utilised the grants under 14th Finance Scheme and thus failed accomplish its full target, which results in depriving the benefits of the scheme to the beneficiaries. It is also noticed during the year 2017-18 that the grants of 14th finance scheme was not utilised as per the guidelines of the scheme, and

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instead it has been diverted to other purposes, thereby the objects of the scheme is frustrated.

IRREGULARITIES FOUND IN RESPECT OF PROJECT EXPENDITURES

31) In the Audit reports for the years 2016-17, 2017-18 and 2018-19, it- is stated that the Marasuru Grama Panchayath had not maintained the Works Register in Form No.35 as per Rule 79 of the Karnataka Panchayath Raj (Grama Panchayath Budgeting and Accounts) Rules, 2006. As per Grama Panchayath Budgeting and Accounting Rules, 1994 and Rule 94 of the Karnataka Public Works Code, the Stock Register of works and maintenance of machineries were not maintained.

REGARDING MEASUREMENT BOOKS

32) In the Audit Reports for the year 2016-17 and 2017-18 it is noticed that the Marasuru Grama Panchayath, had not procured the Measurement books from Government Printing Press. If the Govt. Printing Press had not supplied the Measurement books, the procedure as prescribed under KTPP Act shall have to be followed. It is noticed that the measurement books were purchased from private agencies. The stock register of measurement book was not maintained. The measurement book is an important document, which should be preserved for number of years.

NON – REMITTANCE/SHORT REMITTANCE OF ROYALTY, ETC TO CONCERNED HEADS OF ACCOUNT OF GOVERNMENT

33) During the audit for the year 2016-17, 2017-18 & 2018-19, it is noticed that the following amount of royalty, sales tax, income

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tax and labour welfare tax which were deducted from works bills were not remitted to the concerned heads of the Government.

2016-17

Details	Royalty	Sales Tax	Income Tax	Labour Welfare fund
Opening balance on 1/4/2016	1,37,241	4,93,438	1,31,964	2,30,780
Deductions for 2016-17	3,13,621	7,22,876	2,58,679	1,69,153
Total	4,50,862	12,16,314	3,90,643	3,99,933
Remitted to Govt. during 2016-17	1,26,828	2,88,555	1,18,405	56,968
Balance to be remitted as on 31/3/2017	3,24,034	9,27,759	2,72,238	3,42,965

2017-18

Details	Royalty	Sales Tax	Income Tax	Labour Welfare fund	CBF
Opening balance on 1/4/2017	3,24,034	9,27,759	2,72,238	3,42,965	-
Deductions for 2017-18	1,55,349	3,78,347	1,14,438	1,05,842	1,018
Total	4,79,383	13,06,106	3,86,676	4,48,807	1,018
Remitted to Govt. during 2017-18	55,613	1,08,045	70,956	38,441	-
Balance to be remitted as on 31/3/2018	4,23,770	11,98,061	3,15,720	4,10,366	1,018

2018-19

Details	Royalty	Sales Tax	G.S.T	Income Tax	Labour Welfare fund	cbf
Opening balance on 1/4/2018	4,23,770	11,98,061	-	3,15,720	4,10,366	1,018
Deductions during 2018-19	3,23,165	-	1,27,260	1,57,500	1,57,500	14,994
Total	7,46,935	11,98,061	1,27,260	4,73,220	5,67,866	16,012

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Remitted to Govt. during 2018-19	2,94,974	-	1,09,392	1,55,264	1,42,550	-
Balance to be remitted as on 31/3/2019	4,51,961	11,98,061	17,868	3,17,956	4,25,316	16,012

As on 31/3/2019 a sum of Rs.4,51,961/- towards Royalty; Rs.11,98,061/- towards sales tax, Rs.17,868/- towards Sales Tax, Rs.3,17,956 towards Income Tax, Rs.4,25,316/- towards labour Welfare Fund and Rs.16,012/- towards CBF are due to be remitted to the concerned heads of Government. Non-remittance of above Royalty, Sales Tax, Income Tax, Labour Welfare Fund and Contractor's Benevolent Funds to the concerned Heads of Department of Government amount to misdirection of funds and loss to the State exchequer. Respondent No. 1, who was the Panchayath Development Officer of the concerned years' are responsible for non-remittance of the above amount to the concerned heads of Government.

34) During the audit for the year 2016-17, 2017-18 and 2018-19, it is noticed that the following amount of royalty, sales tax, income tax, labour welfare tax and CBF which were deducted from Contractors/materials suppliers were not remitted to the concerned heads of the Government.

N. Srinivas

2016-17

Taxes	Schemes	Amount to be deducted during 2016-17	Amount deducted during the year 2016-17	Amount short deducted /left out	Amount remitted to Treasury	Amount short remitted to treasury.
Royalty	Group 1 & 2	3,04,824	2,91,160	13,664	1,04,367	18,679
	14 th finance	22,461	22,461	-	22,461	-
Total		3,27,285	3,13,621	13,664	1,26,828	18,679
Sales Tax	Group 1 & 2	6,66,937	6,66,937	-	2,39,647	4,27,290
	14 th finance	55,939	55,939	-	48,908	7,031
Total		7,22,876	7,22,876	-	2,88,555	4,34,321
Income Tax	Group 1 & 2	2,38,224	2,38,224	-	90,919	1,47,305
	14 th finance	20,455	20,455	-	27,486	7031
Total		2,58,679	2,58,679	-	1,18,405	1,40,274
Labour Welfare Board Fee	Group 1 & 2	1,51,328	1,51,328	-	39,143	1,12,185
	14 th finance	17,825	17,825	-	17,825	-
Total		1,69,153	1,69,153	-	56,968	1,12,185
C.B.F	Group 1 & 2	15,088	-	15,088	-	-
	14 th finance	1,782	-	1,782	-	-
Total		16,870	-	16,870	-	-
Grand Total		14,94,863	14,64,329	30,534	5,90,756	8,73,573

N. Srinivas

2017-18

Taxes	Schemes	Amount to be deducted during 2017-18	Amount deducted during the year 2017-18	Amount short deducted /left out	Amount remitted to Treasury	Amount shorted remitter to treasury.
Royalty	Group 1 & 2	1,81,260	1,55,349	25,911	55,613	99,736
	14 th finance	-	-	-	-	-
Total		1,81,260	1,55,349	25,911	55,613	99,736
Sales Tax	Group 1 & 2	3,87,822	3,78,347	9,475	1,08,045	2,70,302
	14 th finance	-	-	-	-	-
Total		3,87,822	3,78,347	9,475	1,08,045	2,70,302
Income Tax	Group 1 & 2	1,13,769	1,10,452	3,317	66,970	43,482
	14 th finance	3,986	3,986	-	3,986	-
Total		1,17,755	1,14,438	3,317	70,956	43,482
Labour Welfare Board Fee	Group 1 & 2	1,01,856	1,01,856	-	34,455	67,401
	14 th finance	3,986	3,986	-	3,986	-
Total		1,05,842	1,05,842	-	38,441	67,401
CBF	Group 1 & 2	620	620	-	-	()
	14 th Finance	398	398	-	-	398
		1,018	1,018	-	-	1,018
Grand Total		7,93,697	7,54,994	38,703	2,73,055	4,81,939



2018-19

Taxes	Schemes	Amount to be deducted during 2017-18	Amount deducted during the year 2017-18	Amount short deducted /left out	Amount remitted to Treasury	Amount shorted remitter to treasury.
Royalty	Group 1 & 2	3,00,038	3,00,038	-	2,73,182	26,856
	14 th finance	23,127	23,127	-	21,792	1,335
Total		3,23,165	3,23,165	-	2,94,974	28,191
G.S.T	Group 1 & 2	1,13,296	1,13,296	-	95,428	17,868
	14 th finance	13,964	13,964	-	13,964	-
Total		1,27,260	1,27,260	-	1,09,392	17,868
Income Tax	Group 1 & 2	1,44,583	1,44,583	-	1,42,048	2,535
	14 th finance	12,917	12,917	-	13,216	-
Total		1,57,500	1,57,500	-	1,55,264	2,535
Labour Welfare Board Fee	Group 1 & 2	1,44,583	1,44,583	-	1,30,830	13,753
	14 th finance	12,917	12,917	-	11,720	1,197
Total		1,57,500	1,57,500	-	1,42,550	14,950
CBF	Group 1&2	13,692	13,692	-	-	-
	14 th Finance	1,302	1,302	-	-	-
		14,994	14,994	-	-	-
Grand Total		7,80,419	7,80,419	-	7,02,180	63,544

As per the above Statements, in relation to the year 2016-17 an amount of Rs.8,73,573/- was not remitted to the concerned Heads of Account of Government. In relation to the year 2017-18 an amount of Rs.4,81,939/- was not remitted to the concerned Heads of Account of Government. In relation to the year 2018-19

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an amount of Rs.63,544/- was not remitted to the concerned Heads of Account of Government. Non-remittance of above Royalty, Sales Tax, Income Tax, Labour Welfare Fund and Contractor's Benevolent Funds to the concerned Heads of Department of Government amount to misdirection of funds and loss to the State exchequer. The respondent 1 who was the Panchayath Development Officer during the relevant years, is responsible for above misdirection and causing loss to the Government exchequer.

As per Govt. Order No. LD 300 LET 2006 dated 18/1/2007, 1% of the Development/Maintenance works shall have to be deducted towards Labour Cess and the same amount shall be remitted to the Chief Executive Officer, Buildings and other construction Labour Welfare Board, Karmika Bhavan, Bannerghatta Road, Bangalore. The Marasuru Panchayath had not followed the above instructions.

35) The Marasuru Grama Panchayath, had not maintained the following registers, which shall be maintained in the Panchayath.

- (i) Advertisement demand and collection Register
- (ii) Water charges demand and collection register
- (iii) Property register through which income is generated
- (iv) Licence Issue Register,
- (v) Entertainment Taxes demand register
- (vi) Stock and Issue Register of purchases
- (vii) Register of estimates of works.
- (viii) Nominal Muster Rolls Register
- (ix) Works Register
- (x) Measurement books' Register

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- (xi) Loan Repayment Register
- (xii) Land records register
- (xiii) Immovable properties (Other than lands)
- (xiv) DCB Register of Taxes
- (xv) Mutation Register,
- (xvi) Register of newly created properties.

36) Apart from the above Registers Marasuru Grama Panchayath had not maintained the following registers and ledgers

- (i) Double entry system of Cash Book in Form No. 49 as per Rule 104 of Karnataka Panchayath Raj (Grama Panchayath Budgeting and Accounts) Rules, 2006
- (ii) Journal Booking form No.50 as per Rule 106 of Karnataka Panchayath Raj (Grama Panchayath Budgeting and Accounts) Rules, 2006.
- (iii) Ledger Accounts in Form No. 52 as per Rule 107 of Karnataka Panchayath Raj (Grama Panchayath Budgeting and Accounts) Rules, 2006.

37) In the preparation of financial statements for the years 2016-17, 2017-18 and 2018-19, the Grama Panchayath, Marasuru committed the following irregularities.

- (i) The Classification of receipts and payments was not made in specified heads. Certain assets were formed under schemes, which were not shown under expenditure. Instead they were shown under Revenue expenditure.

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- (ii) In the cash book, all the cash flows in the Cash/Bank column were not properly classified under different heads and the same was not brought to statement.
- (iii) The revenue expenditures met out under grants of specified schemes, were not brought under other revenue expenditure accounts.
- (iv) While computing the incomes and expenditure all the incomes (whether received or not received) and all expenditures (whether actually incurred or not incurred) were not considered.
- (v) The depreciation on the properties were not accounted and shown as loss.
- (vi) In the receipt and expenditure statement, index numbers were not mentioned.
- (vii) The income derived due to sale of dead stock materials and properties of Grama Panchayath were not shown in the profit and loss statement.
- (viii) In the balance sheet also, there are several discrepancies.

38) The following Executive Officers were working at Taluk Panchayath Anekal, who had control and supervision over the working of the Grama Panchayaths within the limits of Anekal Taluk, which includes the Marasuru Grama Panchayath.

Sl. No.	Name of the Executive Officer	Period of work at Taluk Panchayath Anekal
1	Sri N. Nomesh Kumar	13/7/2015 to 19/5/2017
2	Sri T.K. Ramesh	19/5/2017 to 12/7/2019
3	Sri K.C.Devarajegowda	24/7/2019 till date

N. Nomesh Kumar

The above Executive Officers, during their tenure at Anekal Taluk Panchayath had not supervised the accounts and administration of Grama Panchayath, Marasuru Panchayath. Due to their lapses in properly supervising the accounts and administration of Grama Panchayaths, the irregularities/misappropriation stated supra at Marasuru Grama Panchayath had crept in. Therefore, they are also responsible for the irregularities/ misappropriation, stated supra.

39) The respondents while submitting their comments have stated that the budgets of the Marasuru Gram Panchayath were prepared every year as per rules and audits of Marasuru Gram Panchayath was conducted. They have not explained the irregularities/loss to the State exchequer stated supra. Their comments cannot be accepted. In view of the above discussions, there is prima-facie material to hold that the respondents have committed misconduct.

40) Therefore, acting under section 12(3) of the Karnataka Lokayukta Act, 1984, it is hereby recommended to the Competent Authority for initiating Disciplinary proceedings against the following Respondents and to entrust the same to this Authority under Rule 14A of the Karnataka Civil Services (Classification, Control and Appeal) Rules, 1957.

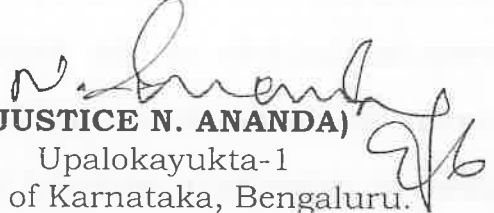
- 1) **Respondent No.1** Sri A. Shashikiran, Panchayath Development Officer, Marasuru Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 01/01/2016 to till date).
- 2) **Respondent No2** Sri Nomesk Kumar, the then Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (for the peiod from 1/1/2016 to 18/5/2017) – Presently working as Deputy Secretary, Zilla Panchayath, Chikkaballapur

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- 3) **Respondent No.3** Sri T.K. Ramesh, the then Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (for the period from 19/5/2017 to 19/7/2019) – Presently working as Deputy Secretary, Zilla Panchayath, Tumakuru.
- 4) **Respondent No.4** Sri K.C. Devaraje Gowda, Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (from 24/7/2019 till date).

41. As per Section 12(4) of the Karnataka Lokayukta Act, the Competent Authority shall intimate or cause to be intimated the action taken on this recommendation to this Authority within 3 months from the date of receipt of this report.

Connected records are enclosed.


(JUSTICE N. ANANDA)
Upalokayukta-1
State of Karnataka, Bengaluru.