

KARNATAKA LOKAYUKTA

No. Compt/Uplok/BCD/93/2020/ARLO-1

Multi Storied Buildings,
Dr. B.R. Ambedkar Veedhi,
Bengaluru 560 001
Dated: **10/06/2020**

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

Sub:- Proceedings against:-

- (1) Sri S. Lakshminarayana, the then Panchayath Development Officer, Yamare Grama Panchayath, Anekal Taluk, Bengaluru Urban District – presently working at Haragadde Grama Panchayath, Anekal Taluk.
- (2) Sri K.V. Jayaramu, Panchayath Development Officer, Yamare Grama Panchayath, Anekal Taluk.
- (3) Sri Nomesh Kumar, the then Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal – Presently working as Deputy Secretary, Zilla Panchayath, Chikkaballapur
- (4) Sri T.K. Ramesh, the then Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal – Presently working as Deputy Secretary, Zilla Panchayath, Tumakuru;
- (5) Sri K.C. Devaraje Gowda, Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal.

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

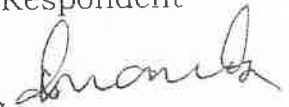
2) On 27/12/2019, Upalokayukta-1 visited the office of the Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal. The Accounts officer and the Manager of Taluk Panchayath, Anekal were directed to produce the periodical returns of expenditure in relation to each of the Panchayaths within the limits of Taluk

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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 Yamare Grama Panchayath for the year 2016-17 was produced. The audit reports of remaining years viz., 2017-18 and 2018-19 were not produced. Therefore, the above suo-motu complaint was registered against the following respondents for conducting further investigation into the matter.

- (1) Sri S. Lakshminarayana, the then Panchayath Development Officer, Yamare Grama Panchayath, Anekal Taluk, Bengaluru Urban District – presently working at Haragadde Grama Panchayath, Anekal Taluk.
- (2) Sri K.V. Jayaramu, Panchayath Development Officer, Yamare Grama Panchayath, Anekal Taluk (from 5/1/2017 till date)
- (3) 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
- (4) 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
- (5) Sri K.C. Devaraje Gowda, Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (from 24/7/2019 till date).

3) The above respondents have submitted comments to the observation note. Respondents 1 in his comments dated 12/2/2020 has stated that the present Panchayath Development Officer i.e., Respondent No.2 Sri K.V.Jayaramu has submitted the information to this office and has stated that he has discharged the duties at Yamare Grama Panchayath as per Rules. Respondent

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No.2 has submitted comments dated 11/2/2020 that the concerned Panchayath Development Officer have prepared the budget for the year 2016-17 to 2019-20 and obtained the approval of the Executive Officer of Taluk Panchayath. Further, he has stated that the audit of the Yamare Panchayath was conducted for the years 2016-17 to 2019-19 and copies of the same are enclosed.

4) The Respondent No.3 has submitted comments dated 27/2/2020 stating that during his tenure the Yamare 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.4 has submitted comments dated 27/2/2020 similar to the comments submitted by Respondent No.3. Respondent No.5 has submitted comments dated 12/2/2020 stating that he had instructed the Panchayath Development Officer of Yamare 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 the copies of the Audit reports for the years 2016-17, 2017-18 and 2018-19 of Yamare Grama Panchayath produced by Respondent No.2 along with his comments are perused.

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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 Yamare Grama Panchayath.

REVENUE INCOME

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Opncing Revenue balance	32,77,904	26,79,793	46,64,267	44,17,276
2	Rates and Taxes	223,74,674	288,59,284	269,36,431	517,51,058
3	Revenue from the Panchayath Properties	4,40,000	2,50,000	12,43,452	153,55,343
4	Revenue from Grama Panchayath Authorities	244,23,707	299,75,131	377,55,798	209,91,056
5	Grants, Donation, Subscriptions	8,00,000	25,50,000	19,96,000	35,00,000
	Total Revenue Income	513,16,285	643,14,207	725,95,948	960,14,734

REVENUE EXPENDITURE

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	General Administration	13,93,200	15,19,919	17,66,225	12,00,000
	i) Grama Panchayath (Elected Body)	23,69,832	29,90,102	37,50,552	58,41,620
	ii) Office				
2	Development Expenditure				
	1) Drinking Water	60,00,000	47,14,867	55,61,354	54,20,000
	2) Rural Sanitation	13,50,000	26,28,504	24,90,589	11,30,000
	3) General Health & Family Welfare	3,20,000	3,45,000	3,62,446	2,90,000
	4) Roads, Bridges & other connecting medias	2,50,000	3,00,000	3,61,716	3,00,000
	5) Buildings	5,00,000	2,86,682	14,86,066	1,00,000
	6) Electrification and Electricity supply	16,00,000	37,35,608	25,10,464	41,50,000
	7) Social Services	0	24,15,440	21,18,404	45,33,692
	8) Motivation Services	0	50,000	50,000	50,000
	Total Expenditure	141,18,776	144,76,102	149,41,039	159,73,692
	Transfer from General fund	61,91,441	85,01,750	77,06,836	155,52,348
	Other Revenue Expenditure	223,50,000	0		0
	Total Revenue Expenditure	464,23,249	274,87,873	281,64,652	385,67,660
	Closing balance	48,93,035	368,26,334	444,31,295	574,47,074

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CAPITAL INCOME

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Opening Revenue balance	18,23,729	43,01,616	0	77,14,600
2	Grants, Subscription, donation.				
3	Central and Central sponsored & State and State Sponsored Schemes (Special Rural Development Programmes)	51,86,766	64,94,656	71,25,470	94,79,221
	Total Capital Income	70,10,495	107,96,272	71,25,470	171,93,821

CAPITAL EXPENDITURE

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Development Expenditure	0			
	1) Drinking Water	0	55,00,000	65,00,000	32,00,000
	2) Roads, Bridges & other connecting medias	0	207,00,000	290,00,000	443,00,000
	3) Buildings	0	30,00,000	10,00,000	
	4) Payment of salary to staff	0	-		
	5) Social & public service programmes			1,10,000	
	Total Expenditure	0	292,00,000	366,10,000	475,00,000
2	Specific Project Expenditure				
	Central and Central sponsored & State and State Sponsored Schemes (Special Rural Development Programmes)	58,86,766	68,94,656	71,25,470	171,93,821
3	Procurement of properties	0	14,00,000	9,00,000	13,00,000
3	Repayment of loan	0	0	0	0
	Total Capital expenditure	70,10,495	374,94,656	446,35,470	648,23,821
	Closing Balance	11,23,729	266,98,384	375,10,000	476,30,000

INCOME FROM DEPOSITS, ADVANCES & INVESTMENTS,

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Opening Revenue balance	0	0	0	0

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2	Receipt	0	0		0
	Total Income	0	0		0
3	Expenditure	0	0		0
	Total Final Balance of the Panchayath	48,93,035	101,27,950	69,21,295	98,17,074

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.

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(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 Yamare 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 Yamare Grama Panchayath.

10) The Respondent No.1 Sri S. Lakshminarayana, was working as Panchayath Development Officer of Yamare Grama Panchayath from 1/4/2016 to 12/12/2016 and the Respondent No.2 Sri K.V. Jayaramu was working as Panchayath Development Officer of Yamare Grama Panchayath from 5/1/2017 till date. The above two Panchayath Development Officers have prepared and submitted the Budget estimates stated above and are responsible for the

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aforestated irregularities in the preparation of budget of the relevant years. It is seen from copies of Budget estimates that Respondent No.3 Sri N. Nomesesh Kumar, the then Executive Officer of Taluk Panchayath had approved the budget estimates for the years 2016-17 and 2017-18; Respondent No.4 Sri T.K. Ramesh, the then Executive Officer had approved the budget estimates for the years 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 Yamare 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

N. Nomesesh Kumar

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 Yamare Panchayath. Therefore, the Respondents 1 and 2 who were the Panchayath Development Officers are responsible for the same. The Respondents No. 3, 4 and 5 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, Yamare 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, Yamare had not maintained the following registers.

Sl. No.	Name of Register	Provision under Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules,
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)

N. Sunda

**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 Yamare Grama Panchayath has spent a sum of Rs.54,83,089/- towards welfare of Schedule Caste and Scheduled Tribes under 25% scheme and a sum of Rs.8,000/- was spent towards welfare of physically challenged (differently abled) persons. During the year 2016-17, there was opening balance of Rs.27,68,106/- and a sum of Rs.66,37,000/- is shown to have reserved for the year 2016-17 for the welfare of SC/ST under 25% grant scheme. Out of the above amount, a sum of Rs.54,83,089/- was spent showing the balance of Rs.39,22,017/- as on 31/3/2017. In relation to the amount towards the welfare of physically challenged persons there was opening balance of Rs.7,85,349/- and Rs.4,00,000/- was reserved for the year. Out of the above amount only a sum of Rs.8,000/- was spent towards the welfare of Physically challenged persons, showing the closing balance of Rs.11,77,349 as on 31/3/2017. Respondent No.1 Lakshminarayana and Respondent No.2 Sri K.V. Jayaramu are responsible for not utilising the full amount under 25% SC/ST welfare and for welfare of physically challenged persons under 3% grant during the year 2016-17.

15) During the year 2017-18 there was opening balance of Rs.39,22,017/- under 25% Grant for welfare of SC/ST persons. A sum of Rs.30,21,690/- was reserved for the year 2017-18 and entire amount was utilised for the welfare of SC/ST during the year 2017-18 and no balance was shown. In relation to the amount under 3% grant reserved for welfare of physically challenged persons an amount of Rs.11,77,349/- is shown as

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opening balance and a sum of Rs.2,14,044/- was reserved the year 2017-18. Out of the above amount a sum of Rs.4,30,000/- was spent for the welfare of Physically challenged persons and there was balance of Rs.9,61,393/- at the end of the year. Thus, the amount reserved for physically challenged persons under 3% of Grant was not fully utilised for the welfare of physically challenged persons as per Rules. The Respondent No.2 Sri K.V. Jayaramu is responsible for not utilising the full amount under 3% grant reserved for physically challenged persons during the year 2017-18

16) During the year 2018-19, the total amount of Rs.31,90,038/- available for welfare of SC/ST persons under 25% grant was spent for the welfare of SC/ST persons. The opening balance amount of Rs.9,61,363/- and the amount of Rs.1,94,031/- reserved during the year were not utilised for welfare of physically challenged persons during the year 2018-19. Therefore, the Rules relating to spending of amount under 3% of grant was violated. Respondent No.2 Sri K.V. Jayaramu is responsible for not utilising/spending the amount reserved for physically challenged persons.

RECEIPT BOOKS

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

Sl. No	Details	2016-17	2017-18	2018-19
1	Opening Balance	20	19	22
2	Receipt of Receipt Books	25	29	15

N. Jayaramu

3	Total	45	48	37
4	No. of receipt books utilised for the year	26	26	29
5	Balance of receipt books at the end of the year	19	22	08

The respondents 1 and 2 are responsible for not maintaining the Stock Register of Receipt Books for the years 2016-17 2017-18 and 2018-19.

18) In the audit report for the year 2017-18 and 2018-19 of Yamare Grama Panchayath, it is noticed that the Panchayath had not remitted the collections to the Bank account immediately on the next day of collection. The amount collected was remitted twice or thrice in a month. Non remittance of amount immediately on the day or next of collection amount to temporary misappropriation. Respondent-2 Sri K.V. Jayaramu is responsible for the same.

COLLECTION OF TAXES AND ITS REMITTANCE TO GOVT. ACCOUNT

19) During the year 2016-17 as per the Audit Report, Yamare 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 S. Lakshminarayan and Respondent No.2 Sri K.V. Jayaramu Panchayath Development Officers of Yamare Grama Panchayath during the years 2016-17 are responsible for the above lapse.

N. Jayaramu

20) The Yamare Grama Panchayath had not maintained the Demand Collection Balance Register (DCB) 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	180,96,950	103,80,154	284,77,104	254,19,744	30,57,360
2	Water Tax	2,08,418	11,24,502	13,32,920	2,69,580	10,63,340
3	Licence	0	107,72,566	107,72,566	107,72,566	0
4	Building Rent	0	0	0	0	0
5	Light Tax	0	3,71,500	3,71,500	3,71,500	0
6	Others	0	7,81,452	7,81,452	7,81,452	0
	Total	183,05,368	234,30,174	417,35,542	376,14,842	41,20,700

2017-18

Sl. No	Details of tax	Opening balance	Demand	Total	Collection	Closing balance
1	House Tax	30,57,360	371,40,444	401,97,804	381,03,350	20,94,454
2	Water Tax	10,63,340	28,640	10,91,980	5,01,150	5,90,830
3	Licence	0	9,54,851	9,54,851	9,54,851	0
4	Others	0	141,97,000	141,97,000	141,97,000	0
	Total	412,07,000	523,20,935	564,41,635	537,56,351	26,85,284

2018-19

Sl. No	Details of tax	Opening balance	Demand	Total	Collection	Closing balance
1	House Tax	20,94,454	682,41,656	703,36,110	666,68,926	36,67,184
2	Water Tax	5,90,830	14,70,000	20,60,830	5,79,000	14,81,830
3	Licence	0	10,49,436	10,49,436	10,49,436	0
4	Others	0	82,73,794	82,73,794	82,73,794	0
	Total	26,85,284	790,34,886	817,20,170	765,71,156	51,49,014

21) As per the above statements, huge amount in a sum of Rs.51,49,014/- towards house tax and water tax was not collected by the Panchayath, which amounts to loss caused to the State Exchequer. The Respondents 1 and 2 Sri S.Lakshminarayana and Sri K.V.Jayaramu Panchayath Development Officers are

Sri S. Lakshminarayana

responsible for short collection of House Tax and Water Tax during the concerned years.

22) In the audit reports for the years 2016-17, 2017-18 and 2018-19, it is observed that the Yamare 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.

23) As per Form-3 of Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006, General Receipts 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

24) 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 years demand	Panchayath tax @10%	Balance cess	Opening balance for the year	Total to be paid	Paid during the year	Balance as on 31/03/2017
1.	Health cess	28,45,494	284599	25,60,945	68,60,443	94,21,388	-	94,21,388
2.	Educational cess	18,96,996	189699	17,07,297	43,06,898	60,14,195	-	60,14,195
3.	Library cess	11,38,197	113820	10,24,377	22,52,067	32,76,444	-	32,76,444
4.	Beggars cess	5,69,099	56910	5,12,189	7,97,685	13,09,874	-	13,09,874
	Total	64,49,786	644978	58,04,808	142,17,093	200,21,901	-	200,21,901

N. Prasad

2017-18

Sl. No	Details of Cess	Current years demand	Panchayath tax @10%	Balance cess	Opening balance for the year	Total to be paid	Paid during the year	Balance as on 31/03/2018
1.	Health cess	42,65,300	426530	38,38,770	94,21,388	132,60,158	-	132,60,158
2.	Education cess	28,43,534	284353	25,59,181	60,14,195	85,73,376	-	85,73,376
3.	Library cess	17,01,120	170612	15,35,508	32,76,444	48,11,952	-	48,11,952
4.	Beggars cess	8,53,060	85306	7,67,754	13,09,874	20,77,628	-	20,77,628
	Total	96,68,104	966801	87,01,213	200,21,901	287,23,114	-	287,23,114

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	74,62,939	746294	67,16,645	132,60,158	199,76,803	37,79,412	161,97,391
2.	Education cess	49,75,293	497530	44,77,763	85,73,376	130,51,139	28,52,941	101,98,198
3.	Library cess	29,85,176	298518	26,86,658	48,11,952	74,98,610	16,11,765	58,86,845
4.	Beggars cess	14,92,588	149259	13,43,329	20,77,628	34,20,957	10,55,882	23,65,075
	Total	169,15,996	1691601	152,24,395	287,23,114	439,47,509	93,00,000	346,47,509

25) It is noticed during the audit that during the years 2016-17, and 2017-18, the Grama Panchayath, Yamare had not deposited the above cess amount. During the year 2018-19, it has deposited only a part of the above Cess amount. At the close of the year 2018-19 the balance of cess amount to be deposited to different heads of account of Government, as per the above statements was Rs.346,47,509/-. As per the Audit reports, the Grama Panchayath, Yamare 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.346,47,509/- as stated above, amounts to

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misdirection of funds and loss to the State exchequer. The respondent Nos.1 and 2 are responsible for the same.

NON-PRODUCTION OF MUTATION REGISTERS

26) The Grama Panchayath, Yamare 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 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 khatas if any.

REGARDING EXPENDITURE OF PANCHAYATHS

27) In the audit reports of Yamare 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.

(ii) During the year 2016-17, the following materials were purchased without calling for quotation/tender as per the provisions of Karnataka Transparency in Public Procurement Act and Rules.

Sl. No.	Details of materials	Amount paid	Cheque No. and date
1	Mahesh Electricals	66,525	826847/15.02.17
2	Mahesh Electricals	61,830	824848/15.02.17
3	Mahesh Electricals	54,000	826849/15.02.17
4	Mahesh Electricals	36,022	16245/15.02.17
5	Om Electricals & Hardware	41,205	154447/26.05.16

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6	Avinash Enterprises	33,496	154444/26.05.16
7	Avinash Enterprises	78,500	166384/27.07.16
8	Avinash Enterprises	42,844	173815/18.11.16

The Respondent No.1 Sri S. Lakshminarayana is responsible for purchasing the materials without calling for quotation/tender, which is opposed to Rules.

(iii) During the year 2017-18, the following materials were purchased without calling for quotation as per Govt. Order No. RD 01 TCE 2012 dated 21/6/2012 and Rule 55(49) of the Karnataka Manual of Contingent Expenditure.

Sl. No.	Date	Cheque No.	Details of materials purchased	Amount
1	27/09/17	226962	Electrical Spare parts	33,371
2	20.03.18	240566	Electrical spare parts	45,500
3	05.02.18	233343	Electrical spare parts	22,989
		Total		1,01,860

The Respondent No.2 Sri K.V. Jayaramu is responsible for purchasing the above materials without calling for quotation/tender, which is opposed to Rules.

(iv) 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.

(v) In relation to repair of motor pumps, (a) estimates for repair were not prepared through Junior Engineer and for payment

V. Jayaramu

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.

(vi) During the Audit for the year 2017-18 and 2018-19, it is noticed that in the following cases, while making payments, the Income Tax at the rate of 2% as per Section 194(c) of the Income Tax Act, 1961 was not deducted and remitted to the Government under the concerned Head.

2017-18

Sl. No.	Date	Cheque No	Details	Bill Amount	Amount of IT which was to be deducted
1	14/09/17	226904	Materials for Drinking water supply	33,152	663
2	23/10/17	227020	Materials for Drinking water supply	43,335	866
3	20/03/18	240566	Materials for street light	45,500	910
	Total				2,439

2018-19

Sl. No	Name of the Agency/Contractor	Amount of Income Tax which was to be deducted
1	M/s. Jashika Enterprises	2,719
2	Parashakthi Bore Wells	13,099

The Respondent No.2 Sri K.V. Jayaramu, Panchayath Development Officer is responsible for non-deduction of Income tax from the Bills, as stated above, which amounts to loss caused to the Government exchequer.

V. Jayaramu

REGARDING SCHEMES OF GOVERNMENT

28) During the year 2016-17, the Yamare Grama Panchayath had not utilised a sum of Rs.25,85,907/- under 14th Finance Scheme and Rs.3,13,264/-under 13th Finance Scheme and thus failed accomplish its full target, which results in failure of objects of the scheme. It is also noticed during the audit that the grants of 13th finance scheme was not utilised as per the guidelines of the scheme, and instead funds were diverted to other purposes, thereby the objects of the scheme is frustrated.

29) During the year 2017-18, the Yamare Grama Panchayath has not utilised a sum of Rs.47,294/- under 14th Finance Scheme and thus failed accomplish its full target, which results in failure of objects of the scheme. It is also noticed during the audit that the grants of 13th and 14th finance scheme was not utilised as per the guidelines of the scheme, and instead the amount was diverted to other purposes, thereby the objects of the scheme is frustrated.

30) During the year 2018-19, the Yamare Grama Panchayath has not utilised a sum of Rs.54,38,379/- under 14th Finance Scheme and thus failed accomplish its full target, which results in failure of objects of the scheme.

31) In the Audit reports for the years 2016-17 and 2017-18, it is stated that the Yamare 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

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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 Yamare 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 and 2018-19, it is noticed that the following amount of royalty, sales tax, income tax and labour welfare tax which were deducted from works bills were not remitted to the concerned heads of the Government.

Details	2016-17			
	Royalty	Sales Tax	Income Tax	Labour Welfare fund
Opening balance on 1/4/2016	4,73,631	13,81,873	7,29,507	3,79,771
Deductions for 2016-17	6,71,535	19,17,436	9,47,817	4,83,145
Total	11,45,166	32,99,309	16,77,324	8,62,116
Remitted to Govt. during 2016-17	2,18,295	7,91,933	-	1,97,777
Balance to be remitted as on 31/3/2017.	9,26,871	25,07,376	16,77,324	6,65,139

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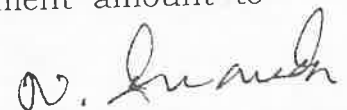
2017-18

Details	Royalty	Sales Tax	Income Tax	Labour Welfare fund	CBF
Opening balance on 1/4/2017	9,26,871	25,07,376	16,77,324	6,65,139	
Deductions for 2017-18	5,52,107	1,05,826	7,65,862	4,13,830	40683
Total	14,78,978	26,13,202	24,43,186	10,78,969	40683
Remitted to Govt. during 2017-18	-	-	-	-	-
Balance to be remitted as on 31/3/2018	14,78,978	26,13,202	24,43,186	10,78,969	40683

2018-19

Details	Royalty	Sales Tax/ GST	Income Tax	Labour Welfare fund	CBF
Opening balance on 1/4/2018	14,78,978	26,13,202	24,43,186	10,78,969	40683
Deductions during 2018-19	9,94,719	7,04,091	9,98,467	4,92,215	60205
Total	24,73,697	33,17,293	34,41,653	15,71,184	100888
Remitted to Govt. during 2018-19	-	4,46,199	4,07,320	-	-
Balance to be remitted as on 31/3/2019	24,73,697	28,71,094	30,34,333	15,71,184	100888

As on 31/3/2019 a sum of Rs.24,73,697/- towards Royalty; Rs.28,71,094/- towards sales tax/GST, Rs.30,34,333/- towards Income Tax, Rs.15,71,184/- towards labour Welfare Fund and Rs.1,00,888/- towards Contractors Benevolent fund are due to be remitted to the concerned heads of Government. Non-remittance/Short 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. Respondents 1 and 2, who were Panchayath Development Officers of the concerned years' are responsible for non-remittance/short 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.

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	6,24,575	6,14,843	9,732	-	6,14,843
	13 th finance	-	-	-	-	-
	14 th finance	56,692	56,692	-	-	56,692
Total		6,81,267	6,71,535	9,732	-	6,71,535
Sales Tax	Group 1	18,31,801	18,31,801	-	-	18,31,801
	13 th finance	-	-	-	-	-
	14 th finance	85,635	85,635	-	-	85,635
Total		19,17,436	19,17,436	-	-	19,17,436
Income Tax	Group 1	9,06,000	9,06,000	-	-	9,06,000
	13 th finance	-	-	-	-	-
	14 th finance	41,817	41,817	-	-	41,817
Total		9,47,817	9,47,817	-	-	9,47,817

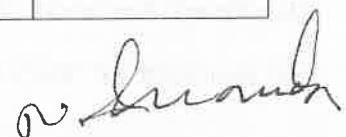
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Labour Welfare	Group 1	4,61,740	4,61,740		-	4,61,740
Board Fee	13 th finance	-	-		-	-
	14 th finance	21,405	21,405		-	21,405
Total		4,83,145	4,83,145		-	4,83,145
Grand Total		40,29,665	40,19,933	9,732	-	40,19,933

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	Amount shorted remitter to treasury.
Royalty	Group 1 & 2	4,77,087	4,77,087	-	-	4,77,087
	14 th finance	75,020	75,020	-	-	75,020
Total		5,52,107	5,52,107	-	-	5,52,107
Sales Tax	Group 1 & 2	1,05,826	1,05,826	-	-	1,05,826
	14 th finance	-	-	-	-	-
Total		1,05,826	1,05,826	-	-	1,05,826
Income Tax	Group 1 & 2	6,58,381	6,58,381	-	-	6,58,381
	14 th finance	1,07,481	1,07,481	-	-	1,07,481
Total		7,65,862	7,65,862	-	-	7,65,862
Labour Welfare	Group 1 & 2	3,57,166	3,57,166	-	-	3,57,166
Board Fee	14 th finance	56,664	56,664	-	-	56,664
Total		4,13,830	4,13,830	-	-	4,13,830
CBF	Group 1 & 2	34,915	34,915	-	-	34,915
	14 th finance	5,768	5,768	-	-	5,768
Total		40,683	40,683	-	-	40,683
Grand Total		18,78,308	18,78,308	-	-	18,78,308

2018-19



Taxes	Schemes	Amount to be deducted during 2018-19	Amount deducted during the year 2018-19	Amount short deducted /left out	Amount remitted to Treasury	Amount shorted remitter to treasury.
Royalty	Group 1	9,94,719	9,94,719	-	-	9,94,719
	14 th finance	-	-	-	-	-
Total		9,94,719	9,94,719	-	-	9,94,719
Sales Tax	Group 1	7,04,091	7,04,091	-	4,46,199	2,57,892
	14 th finance	-	-	-	-	-
Total		7,04,091	7,04,091	-	4,46,199	2,57,892
Income Tax	Group 1	9,98,467	9,98,467	-	4,07,320	5,91,147
	14 th finance	-	-	-	-	-
Total		9,98,467	9,98,467	-	4,07,320	5,91,147
Labour Welfare Board Fee	Group 1	4,92,215	4,92,215	-	-	4,92,215
	14 th finance	-	-	-	-	-
Total		4,92,215	4,92,215	-	-	4,92,215
CBF	Group 1	60,205	60,205	-	-	60,205
	14 th finance	-	-	-	-	-
Total		60,205	60,205	-	-	60,205
Grand Total		32,49,697	32,49,697	-	8,53,519	23,96,178

As per the above Statements, in relation to the year 2016-17 an amount of Rs.40,19,933/- was not remitted to the concerned Heads of Account of Government. In relation to the year 2017-18 an amount of Rs.18,78,308/- was not remitted to the concerned Heads of Account of Government. In relation to the year 2017-18 an amount of Rs.23,96,178/- was not remitted to the concerned

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Heads of Account of Government. Non-remittance/Short 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 respondents 1 and 2 who were the Panchayath Development Officers during the relevant years, are 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 Yamare Panchayath had not followed the above instructions.

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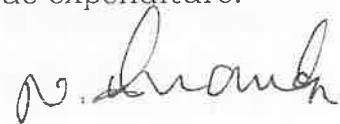
- (xi) Loan Repayment Register
- (xii) Land records register
- (xiii) Immovable properties (Other than lands)
- (xiv) DCB Register of Taxes
- (xv) Mutation Register,
- (xvi) Register of newly created properties.

36) Apart from the above Registers Yamare 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, Yamare has 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.



(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 Yamare Grama Panchayath.

Sl. No.	Name of the Executive Officer	Period of work at Taluk Panchayath Anekal
1	Sri N. Nomesk 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

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The above Executive Officers, during their tenure at Anekal Taluk Panchayath had not supervised the accounts and administration of Grama Panchayath, Yamare Panchayath. Due to their lapses in properly supervising the accounts and administration of Grama Panchayaths, the irregularities/ misappropriation stated supra at Yamare 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 Yamare Gram Panchayath were prepared every year as per rules and audits of Yamare 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, the respondents have prima facie committed misconduct.

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

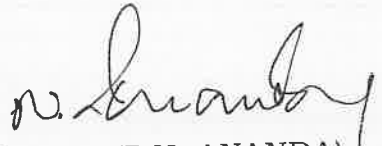
- i) **Respondent No.1** Sri S. Lakshminarayana, the then Panchayath Development Officer, Yamare Grama Panchayath, Anekal Taluk, Bengaluru Urban District – presently working at Haragadde Grama Panchayath, Anekal Taluk.
- ii) **Respondent No.2** Sri K.V. Jayaramu, Panchayath Development Officer, Yamare Grama Panchayath, Anekal Taluk (from 5/1/2017 till date)



- iii) **Respondent No.3** 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.
- iv) **Respondent No.4** 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.
- v) **Respondent No.5** Sri K.C. Devaraj 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, 1984, the Competent Authority shall intimate or cause to be intimated the action taken or proposed to be taken on the above recommendation within three months from the date of receipt of this report.

Connected records are enclosed.


(JUSTICE N. ANANDA)
Upalokayukta-1 10/6
State of Karnataka, Bengaluru

