

**KARNATAKA LOKAYUKTA**

No.COMPT/UPLOK/BCD/94/2020/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 Damodar, the then Panchayath Development Officer, Ragihalli Grama Panchayath, Anekal Taluk, Bengaluru Urban District - Presently working at Shinganayakanahalli Grama Panchayath, Bengaluru Urban District.
- (2) Sri Girimallaiah, Panchayath Development Officer, Ragihalli Grama Panchayath, Anekal Taluk, Bengaluru Urban District.
- (3) Sri Nomesk 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.

On the basis of source information that there is mismanagement in the maintenance of accounts and submission of periodical expenditure statements by Ragihalli 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

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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 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 Ragihalli 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 Damodar, the then Panchayath Development Officer, Ragihalli Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 01/01/2016 to 31/07/2017) Presently working at Shinganayakanahalli Grama Panchayath, Bengaluru Urban District.
- (2) Sri Girimallaiah, Panchayath Development Officer, Ragihalli Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 01/08/2017 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 Respondent No. 1 has submitted comments dated 12/2/2020. He has stated that the present Panchayath Development Officer of Ragihalli Grama Panchayath i.e., Respondent No.2 Sri Girimallaiah has submitted the copies of budget estimates and also audit report of Ragihalli Grama

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Panchayath to this office. Respondent No.2 Sri Girimallaiiah, present Panchayath Development Officer of Ragihalli Grama Panchayath has submitted comments dated 11/2/2020, stating that the concerned Panchayath Development Officers 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 Ragihalli Grama Panchayath was conducted for the years 2016-17 to 2018-19 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 Ragihalli 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 Ragihalli 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 Ragihalli Grama Panchayath produced by Respondent No.2 Sri

*Sri Girimallaiiah*

Girimallaiah, 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 Ragihalli Grama Panchayath.

### **REVENUE INCOME**

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Opening balance	6,00,845	11,49,278.60	4,20,750	-
2	Rates and Taxes	3,82,500	11,22,662	-	66,32,240
3	Revenue from the Panchayath Properties	-	-	-	-
4	Revenue from Grama Panchayath Authorities	84,600	1,76,000	1,23,980	1,06,500
5	Grants, Donation, Subscriptions	12,00,000	12,00,000	12,00,000	12,00,000
6	Other Receipts	22,00,000	-	70,000	-
	<b>Total Revenue Income</b>	<b>44,67,945</b>	<b>36,47,940.60</b>	<b>18,14,730</b>	<b>19,69,740</b>

### **REVENUE EXPENDITURES**

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	General Administration				
	i) Grama Panchayath (Elected Body)	95,000	1,40,000	2,86,600	2,88,600
	ii) Office	7,15,400	8,02,164	4,21,140	4,28,140
	<b>Total</b>	<b>8,10,400</b>	<b>9,42,164</b>	<b>7,07,740</b>	<b>7,16,740</b>
2	Development Expenditure				
	1) Drinking Water	2,40,000	3,25,000	3,46,000	2,99,800
	2) Rural Sanitation	12,55,000	2,07,300	1,42,100	3,31,100
	3) General Health & Family Welfare	16,000	30,000	20,000	25,000
	4) Roads, Bridges & other connecting medias	1,80,000	4,00,000	2,31,500	2,57,650
	5) Buildings	20,000	40,000	40,000	10,000
	6) Electrification and Electricity supply	12,90,000	13,25,000	2,25,000	2,23,500
	7) Development of Non-conventional energy sources	-	-	-	-
	8) Social Public Service programmes	3,81,000	1,37,972	64,512	83,962

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	9) Motivation Services	5,000	-	60,000	10,000
	<b>Total Expenditure</b>	<b>33,87,000</b>	<b>24,65,272</b>	<b>17,82,852</b>	<b>12,41,012</b>
	Transfer from Genl. fund				
	Other Revenue Expenditure	-	-	-	-
	<b>Total Revenue Expenditure</b>	<b>41,97,400</b>	<b>34,07,436</b>	<b>17,82,852</b>	<b>19,57,752</b>
	<b>Closing balance (i)</b>	<b>2,70,545</b>	<b>2,40,504.60</b>	<b>31,878</b>	<b>11,988</b>

**CAPITAL INCOME**

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	<b>Opening balance</b>	-	-	-	-
2	Grants, Subscription, donation.	-	-	-	-
3	Central and Central sponsored & State and State Sponsored Schemes (Special Rural Development Programmes)	22,00,000	16,00,000	10,00,000	15,00,000
	<b>Total Capital Income</b>	<b>22,00,000</b>	<b>16,00,000</b>	<b>10,00,000</b>	<b>15,00,000</b>

**CAPITAL EXPENDITURES**

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Development Expenditure				
	1) Drinking Water	-	6,50,000	-	-
	2) Rural sanitation	-	4,00,000	-	-
	3) Roads, Bridges & other connecting medias	-	4,00,000	-	-
	4) Buildings	-	-	-	-
	5) Payment of salary to staff	-	-	-	-
	6) Social & public service programmes	-	-	-	-
	<b>Total Expenditure</b>	-	<b>14,50,000</b>	-	-
2	Specific Project Expenditure				
	Central and Central sponsored & State and State Sponsored Schemes (Special Rural Development Programmes)	-	-	10,00,000	15,00,000
3	Procurement of properties	-	-	-	-
4	Repayment of loan	-	-	-	-
	<b>Total Capital expenditure</b>	-	<b>13,50,000</b>	<b>10,00,000</b>	<b>15,00,000</b>
	<b>Closing Balance (ii)</b>	-	<b>2,50,000</b>		-

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**DEPOSITS, ADVANCES & INVESTMENTS**

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Opening balance	-	-	-	-
2	Receipt	-	-	-	-
	<b>Total Income</b>	-	-	-	-
3	Expenditure	-	-	-	-
	<b>Closing Balance (iii)</b>	-	-	-	-
	<b>Total Final Balance of the Panchayath (i) + (ii) + (iii)</b>				

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.

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(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 Ragihalli 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 Ragihalli Grama Panchayath.

10) The Respondent No.1 Sri Damodar who was working as Panchayath Development Officer of Ragihalli Grama Panchayath from 01/01/2016 to 31/07/2017; and Respondent No.2 Sri Girmallaiah working as Panchayath Development Officer of

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Ragihalli Grama Panchayath from 01/08/2017 to till date have prepared and submitted the Budget estimates stated above and are 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.3 Sri N. Nomesh 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. 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 20<sup>th</sup> 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 Ragihalli 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

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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 Ragihalli Grama Panchayath. Therefore, the Respondents 1 and 2 who were working as 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, Ragihalli 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, Ragihalli 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)

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**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 Ragihalli Grama Panchayath has spent a sum of Rs.34,200/- towards welfare of Schedule Caste and Scheduled Tribes under 25% grant scheme and a sum of Rs.3000/- was spent towards welfare of physically challenged (differently abled) persons under 3% grant scheme. During the year 2016-17, there was opening balance of Rs.6,43,715/- and a sum of Rs.36,138/- is shown as reserved for the year 2016-17 towards the welfare of SC/ST under 25% grant scheme. Out of the above amount, a sum of Rs.34,200/- was spent showing the balance of Rs.6,45,653/- as on 31/3/2017. In relation to the amount towards the welfare of physically challenged persons there was opening balance of Rs.36,000/- and a sum of Rs.3,336/- was reserved for the year. Out of the above amount only a sum of Rs.3,000/- was spent towards the welfare of Physically challenged persons, showing the closing balance of Rs.36,336/- as on 31/3/2017. Respondent No.1 Sri Damodar and Respondent No.2 Sri Girimallaiiah 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.6,45,653/- under 25% Grant for welfare of SC/ST persons. A sum of Rs.1,45,000/- was reserved for the year 2017-18. During the year 2017-18, a sum of Rs.2,17,350/- was spent towards the welfare of Scheduled Caste/Scheduled Tribe persons and there was balance of Rs.5,73,303/- at the close of the year on 31/3/2018. In relation to the amount under 3% grant reserved for

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welfare of physically challenged persons an amount of Rs.36,336/- is shown as opening balance and a sum of Rs.25,000/- was reserved the year 2017-18. Out of the above amount a sum of Rs.48,000/- was spent for the welfare of Physically challenged persons and there was balance of Rs.13,336/- at the end of the year. Thus, the amount reserved for Scheduled Caste/Scheduled Tribe persons under 25% grant and physically challenged persons under 3% of Grant were not fully utilised for the welfare of physically challenged persons as per Rules.

### **RECEIPT BOOKS**

16) The Ragihalli 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	-	03	01
2	Receipt of Receipt Books	07	-	01
3	Total	07	03	02
4	No. of receipt books utilised for the year	04	02	01
5	Balance of receipt books at the end of the year	03	01	01

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.

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**COLLECTION OF TAXES AND ITS REMITTANCE TO  
GOVT. ACCOUNTS**

17) As per the Audit Report for the year 2016-17, Ragihalli 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 Damodar and Respondent No.2 Sri Girimallaya Panchayath Development Officers of Ragihalli Grama Panchayath during the years 2016-17, 2017-18 and 2018-19 are responsible for the above lapse.

18) As per the Audit reports for the years 2016-17, 2017-18 and 2018-19, the Ragihalli 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	16,97,634	4,46,800	21,44,434	5,14,595	16,29,839
2	Water Tax	1,27,461	6000	1,33,461	54,721	78,740
3	Auction	13,425	-	13,425	-	13,425
	<b>Total</b>	<b>18,38,520</b>	<b>4,52,800</b>	<b>22,91,320</b>	<b>5,69,316</b>	<b>17,22,004</b>

2017-18

Sl. No	Details of tax	Opening balance	Demand	Total	Collection	Closing balance
1	House Tax	16,29,839	4,91,480	21,21,319	1,98,646	19,22,673
2	Water Tax	78,740	6800	85,540	27,648	57,892
3	Auction	13,425	-	13,425	-	13,425
4	Others	-	54,480	54,480	54,480	-
	<b>Total</b>	<b>17,22,004</b>	<b>5,52,760</b>	<b>22,74,764</b>	<b>2,80,774</b>	<b>19,93,990</b>

*Dr. S. S. Srinivas*

2018-19

Sl. No	Details of tax	Opening balance	Demand	Total	Collection	Closing balance
1	House Tax	19,22,673	6,02,815	25,25,488	7,11,758	18,13,730
2	Water Tax	57,892	59,725	1,17,617	20,980	96,637
3	Auction	13,425	68,000	81,425	68,000	13,425
	<b>Total</b>	<b>19,93,990</b>	<b>7,30,540</b>	<b>27,24,530</b>	<b>8,00,738</b>	<b>19,23,792</b>

19) As per the above statements, huge amount in a sum of Rs.19,23,792/- towards house tax, water tax and Auction was not collected by the Ragihalli Grama Panchayath, which amounts to loss caused to the State Exchequer. The Respondent No.1 Sri Damodar and Respondent No.2 Sri Girmallaya, Panchayath Development Officers are responsible for short collection of House Tax and Water Tax during the concerned years.

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

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

*Dr. S. S. Srinivas*

**NON-REMITTANCE OF CESS/SURCHARGES**

22) 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	57,604	5,760	51,844	1,59,032	2,10,876	43,180	16,769
2.	Education cess	38,403	3,840	34,563	1,06,013	1,40,576	19,869	12,070
3.	Library cess	23,042	2,304	20,738	62,296	83,034	26,228	5,680
4.	Beggars cess	11,521	1,152	10,369	20,898	31,267	5,753	2,551
	<b>Total</b>	<b>1,30,570</b>	<b>13,056</b>	<b>1,17,514</b>	<b>3,48,239</b>	<b>4,65,753</b>	<b>95,030</b>	<b>37,072</b>

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 31/03/2018
1.	Health cess	22,236	2,223	20,013	1,67,696	1,87,709	4,710	1,82,999
2.	Education cess	14,824	1,483	13,341	1,20,707	1,34,048	3,144	1,30,904
3.	Library cess	8,894	890	8,004	56,806	64,810	1,896	62,914
4.	Beggars cess	4,447	444	4,003	25,514	29,517	935	28,582
	<b>Total</b>	<b>50,401</b>	<b>5,040</b>	<b>45,361</b>	<b>3,70,723</b>	<b>4,16,084</b>	<b>10,685</b>	<b>4,05,399</b>

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	53,116	5,312	47,804	1,82,999	2,30,803	-	2,30,803
2.	Education cess	79,674	7,967	71,707	1,30,904	2,02,611	-	2,02,611
3.	Library cess	31,870	3,187	28,683	62,914	91,597	-	91,597
4.	Beggars cess	15,935	1,594	14,341	28,582	42,923	-	42,923
	<b>Total</b>	<b>1,80,595</b>	<b>18,060</b>	<b>1,62,535</b>	<b>4,05,399</b>	<b>5,67,934</b>	<b>-</b>	<b>5,67,934</b>

23) It is noticed from audit reports of the years 2016-17, 2017-18, 2018-19 the Ragihalli Grama Panchayath, had not deposited the above cess/surcharge amount collected to the concerned heads

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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.5,67,934/-. As per the Audit reports, the Ragihalli 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.5,67,934/- as stated above, amounts to 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**

24) The Ragihalli 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 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.

#### **IRREGULARITIES IN PAYMENTS**

25) 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 respect of each payments; in respect of works and purchases, quality test of materials/works

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was not conducted. Failure to follow the above procedure, lead to misappropriation of funds.

**REGARDING EXPENDITURE OF PANCHAYATHS**

26) In the audit reports of Ragihalli 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 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

*v. kanda*



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**

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

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	13 <sup>th</sup> Finance	32,383	29,345	61,728	61,728	-
2	14 <sup>th</sup> Finance	1,99,079	11,96,471	13,95,550	3,50,687	10,44,863
3	Ashraya	7,89,027	27,784	8,16,811	8,16,811	-
4	TSC	1,49,166	3,042	1,52,208	1,52,208	-

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	12 <sup>th</sup> Finance	14,046	-	1046	-	14,046
2	14 <sup>th</sup> Finance	10,44,863	9,93,355	20,38,218	12,25,938	8,12,280

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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	12 <sup>th</sup> Finance	14,046	-	14,046	-	14,046
2	14 <sup>th</sup> Finance	8,12,280	13,37,452	21,49,732	6,49,898	14,99,834

As per the above statements the Ragihalli Grama Panchayath had not fully utilised the grants under 14<sup>th</sup> 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 14<sup>th</sup> finance scheme was not utilised as per the guidelines of the scheme, and instead it has been diverted to other purposes, thereby the objects of the scheme is frustrated.

**IRREGULARITIES FOUND IN RESPECT OF PROJECT EXPENDITURES**

28) In the Audit reports for the years 2016-17, 2017-18 and 2018-19, it- is stated that the Ragihalli 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**

29) In the Audit Reports for the year 2016-17 and 2017-18 it is noticed that the Ragihalli Grama Panchayath, had not procured

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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**

30) During the audit for the year 2016-17, 2017-18 &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.

2016-17

Details	Royalty	Sales Tax	Income Tax	Labour Welfare fund	CBF
Opening balance on 1/4/2016	19,681	35,476	16,139	1,482	-
Deductions for 2016-17	1,596	4,306	1,076	1,076	108
Total	21,277	39,782	17,215	2,558	108
Remitted to Govt. during 2016-17	1,596	4,306	1,076	1,076	-
Balance to be remitted as on 31/3/2017	19,681	35,476	16,139	1,482	108

2017-18

Details	Royalty	Sales Tax	Income Tax	Labour Welfare fund	CBF
Opening balance on 1/4/2017	19,681	35,476	16,139	1,482	108
Deductions for 2017-18	11,645	25,783	6,449	6,449	-

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Total	31,326	61,259	22,588	7,931	108
Remitted to Govt. during 2017-18	-	25,783	11,645	6,449	-
Balance to be remitted as on 31/3/2018	31,326	35,476	10,943	1,482	108

2018-19

Details	Royalty	Sales Tax/GST	Income Tax	Labour Welfare fund	CBF
Opening balance on 1/4/2018	31,326	35,476	10,943	1,482	108
Deductions during 2018-19	-	-	-	-	-
Total	31,326	35,476	10,943	1,482	108
Remitted to Govt. during 2018-19	-	-	-	-	-
Balance to be remitted as on 31/3/2019	31,326	35,476	10,943	1,482	108

As on 31/3/2019 a sum of Rs.31,326/- towards Royalty; Rs.35,476/- towards sales tax/GST, Rs.10,943/- towards Income Tax and, Rs.1,482/- towards labour Welfare Fund 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. Respondents 1 & 2, who were Panchayath Development Officers of the concerned years' are responsible for non-remittance of the above amount to the concerned heads of Government.

31) 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

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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	-	-	-	-	-
	14 <sup>th</sup> finance	1,596	1,596	-	1,596	-
<b>Total</b>		<b>1,596</b>	<b>1,596</b>	-	<b>1,596</b>	-
Sales Tax	Group 1 & 2	-	-	-	-	-
	14 <sup>th</sup> finance	4,306	4,306	-	4,306	-
<b>Total</b>		<b>4,306</b>	<b>4,306</b>	-	<b>4,306</b>	-
Income Tax	Group 1 & 2	-	-	-	-	-
	14 <sup>th</sup> finance	1,076	1,076	-	1,076	-
<b>Total</b>		<b>1,076</b>	<b>1,076</b>	-	<b>1,076</b>	-
Labour Welfare Board Fee	Group 1 & 2	-	-	-	-	-
	14 <sup>th</sup> finance	1,076	1,076	-	1,076	-
<b>Total</b>		<b>1,076</b>	<b>1,076</b>	-	<b>1,076</b>	-
<b>C.B.F</b>	Group 1 & 2	-	-	-	-	-
	14 <sup>th</sup> finance	108	108	-	-	108
<b>Total</b>		<b>108</b>	<b>108</b>	-	-	<b>108</b>
<b>Grand Total</b>		<b>8,162</b>	<b>8,162</b>		<b>8,054</b>	<b>108</b>

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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	-	-	-	-	-
	14 <sup>th</sup> finance	11,645	11,645	-	-	11,645
<b>Total</b>		<b>11,645</b>	<b>11,645</b>	-	-	<b>11,645</b>
Sales Tax	Group 1 & 2	-	-	-	-	-
	14 <sup>th</sup> finance	25,783	25,783	-	25,783	-
<b>Total</b>		<b>25,783</b>	<b>25,783</b>	-	<b>25,783</b>	-
Income Tax	Group 1 & 2	-	-	-	-	-
	14 <sup>th</sup> finance	6,449	6,449	-	6,449	-
<b>Total</b>		<b>6,449</b>	<b>6,449</b>	-	<b>6,449</b>	-
Labour Welfare Board Fee	Group 1 & 2	-	-	-	-	-
	14 <sup>th</sup> finance	6449	6449	-	6,449	-
<b>Total</b>		<b>6449</b>	<b>6449</b>	-	<b>6,449</b>	-
<b>CBF</b>	Group 1&2	-	-	-	-	-
	14 <sup>th</sup> Finance	651	-	651	-	-
		<b>651</b>	-	<b>651</b>	-	-
<b>Grand Total</b>		<b>50,977</b>	<b>50,326</b>	<b>651</b>	<b>38681</b>	<b>11645</b>

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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	No works have been carried out during 2018-19									
	14 <sup>th</sup> finance										
<b>Total</b>											
Sales Tax	Group 1										
	14 <sup>th</sup> finance										
<b>Total</b>											
Income Tax	Group 1										
	14 <sup>th</sup> finance										
<b>Total</b>											
Labour Welfare Board Fee	Group 1										
	14 <sup>th</sup> finance										
<b>Total</b>											
CBF	Group 1										
	14 <sup>th</sup> finance										
<b>Total</b>											
<b>Grand Total</b>											

As per the above Statements, in relation to the year 2016-17 an amount of Rs.108/- was not remitted to the concerned Heads of Account of Government. In relation to the year 2017-18 an amount of Rs.4,27,780/- was not remitted to the concerned Heads of

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Account of Government. In relation to the year 2017-18 an amount of Rs.11,645/- 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 respondents 1&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 Ragihalli Panchayath had not followed the above instructions.

32) The Ragihalli 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

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- (x) Measurement books' Register
- (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.

33) Apart from the above Registers Ragihalli 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.

34) In the preparation of financial statements for the years 2016-17, 2017-18 and 2018-19, the Grama Panchayath, Ragihalli 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.

35) 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 Ragihalli 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, Ragihalli Panchayath. Due to their lapses in properly supervising the accounts and administration of Grama Panchayaths, the irregularities/misappropriation stated supra at Ragihalli Grama Panchayath had crept in. Therefore, they are also responsible for the irregularities/misappropriation, stated supra.

36) The respondents while submitting their comments have stated that the budgets of the Ragihalli Gram Panchayath were prepared every year as per rules and audits of Ragihalli 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.

37) 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.

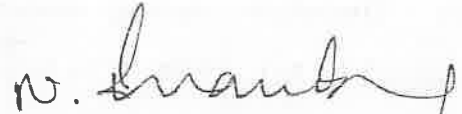
- (i) **Respondent No.1** Sri Damodar, the then Panchayath Development Officer, Ragihalli Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 01/01/2016 to 31/07/2017) Presently working at Shinganayakanahalli Grama Panchayath, Bengaluru Urban District.

*V. Srinivas*

- (ii) **Respondent No.2** Sri Girmallaiah, Panchayath Development Officer, Ragihalli Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 01/08/2017 till date.
- (iii) **Respondent No3** 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.
- (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. Devaraje Gowda, Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (from 24/7/2019 till date).

38. 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) 10/6  
Upalokayukta-1  
State of Karnataka, Bengaluru.