

KARNATAKA LOKAYUKTA

No.COMPT/UPLOK/BCD/97/2020/ARLO-1

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

Dated: 11/06/2020

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

Sub:- Proceedings against;

- (1) Sri D. Murali, the then Panchayath Development Officer, Bidaraguppe Grama Panchayath, Anekal Taluk, Bengaluru Urban District – presently working at Huskur Grama Panchayath, Anekal Taluk.
- (2) Sri S.C. Raghavaprasad, the then Panchayath Development Officer, Bidaraguppe Grama Panchayath, Anekal Taluk – Presently working as Secretary, Neriga Grama Panchayath, Anekal Taluk, Bengaluru Urban District.
- (3) Sri R. Gangadhar, the then Panchayath Development Officer, Bidaraguppe Grama Panchayath, Anekal Taluk.
- (4) Sri H.S. Vishwanath, Panchayath Development Officer, Bidaraguppe Grama Panchayath, Anekal Taluk.
- (5) Sri Nomesh Kumar, the then Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal – Presently working as Deputy Secretary, Zilla Panchayath, Chikkaballapur
- (6) Sri T.K. Ramesh, the then Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal – Presently working as Deputy Secretary, Zilla Panchayath, Tumakuru.
- (7) 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 Bidaraguppe Grama

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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 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 Bidaraguppe 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 D. Murali, the then Panchayath Development Officer, Bidaraguppe Grama Panchayath, Anekal Taluk, Bengaluru Urban District (from 1/4/2016 to 20/6/2016) - presently working at Huskur Grama Panchayath, Anekal Taluk.
- (2) Sri S.C. Raghavaprasad, the then Panchayath Development Officer, Bidaraguppe Grama Panchayath, Anekal Taluk (from 14/7/2016 to 10/11/2016) - Presently working as Secretary, Neriga Grama Panchayath, Anekal Taluk, Bengaluru Urban District;
- (3) Sri R. Gangadhar, the then Panchayath Development Officer, Bidaraguppe Grama Panchayath, Anekal Taluk (from 11/7/2019 to 31/10/2019)
- (4) Sri H.S. Vishwanath, Panchayath Development Officer, Bidaraguppe Grama Panchayath, Anekal Taluk (from 11/11/2016 to 11/7/2019 and from 31/10/2019 till date)
- (5) Sri Nomes 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

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(6) 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

(7) Sri K.C. Devaraje Gowda, Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (from 24/7/2019 till date).

3) The Respondent 1 has submitted comments dated 12/2/2020, Respondent No.2 has submitted comments dated 17/3/2020; Respondent No.3 has submitted comments dated 17/3/2020. They have stated that the present Panchayath Development Officer of Bidaraguppe Grama Panchayath. Respondent No.4 has submitted comments dated 11/2/2020 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 Bidaraguppe Panchayath was conducted for the years 2016-17 to 2019-19 and copies of the same are enclosed.

4) The Respondent No.5 has submitted comments dated 27/2/2020 stating that during his tenure the Bidaraguppe 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

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of Bidaraguppe 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 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 Bidaraguppe Grama Panchayath produced by Respondent No.4 along with his comments are perused. It is noticed that though the Respondent No.4 has stated in his comments that he has furnished the budget estimates for the year 2016-17, the same is not furnished. In relation to Budget for the year 2018-19, the particulars in Statement-I, II and III are not furnished.

BUDGET PROVISIONS

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

REVENUE INCOME

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Opening Revenue balance		15,17,879		10,13,222
2	Rates and Taxes		125,99,107		212,20,774
3	Revenue from the Panchayath Properties		10,25,200		2,12,200
4	Revenue from Grama Panchayath Authorities		44,30,613		77,83,563
5	Grants, Donation, Subscriptions		22,00,000		20,00,000
	Total Revenue Income		217,72,799		322,29,759

REVENUE EXPENDITURE

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	General Administration				
	i) Grama Panchayath (Elected Body)		6,41,905		7,60,328
	ii) Office		30,57,405		37,08,608
2	Development				

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	Expenditure			
	1) Drinking Water		10,79,497	36,43,924
	2) Rural Sanitation		7,72,269	7,30,313
	3) General Health & Family Welfare		80,686	2,50,000
	4) Roads, Bridges & other connecting medias		1,40,356	1,50,000
	5) Buildings		10,000	1,00,000
	6) Electrification and Electricity supply		17,97,456	16,41,804
	7) Social Services		10,19,116	20,64,854
	8) Motivation Services		50,000	50,000
	Total Expenditure		49,49,380	86,30,895
	Transfer from General fund		35,22,252	63,45,383
	Other Revenue Expenditure			
	Total Revenue Expenditure		121,70,941	194,45,214
	Closing balance		96,01,857	127,84,545

CAPITAL INCOME

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Opening balance		70,000		3,17,039
2	Grants, Subscription, donation.				
3	Central and Central sponsored & State and State Sponsored Schemes (Special Rural Development Programmes)		56,83,458		49,25,044
	Total Capital Income		57,53,458		52,42,083

CAPITAL EXPENDITURE

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Development Expenditure				
	1) Drinking Water		9,42,792		7,49,421
	2) Rural sanitation				60,258
	3) Roads, Bridges & other connecting medias		63,14,337		85,50,000
	4) Buildings				
	5) Payment of salary to staff				
	6) Social & public service programmes				
	Total Expenditure		72,57,130		93,59,679

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2	Specific Project Expenditure				
	Central and Central sponsored & State and State Sponsored Schemes (Special Rural Development Programmes)		56,83,458		49,25,044
3	Procurement of properties		1,20,000		1,65,000
3	Repayment of loan		-		
	Total Capital expenditure		130,60,588		144,49,723
	Closing Balance		73,07,130		92,07,640

INCOME FROM DEPOSITS, ADVANCES & INVESTMENTS

Sl No.	Details	2016-17	2017-18	2018-19	2019 20
1	Opening balance		6,615		6,615
2	Receipt		-		-
	Total Income		6,615		6,615
3	Expenditure		-		-
	Total Final Balance of the Panchayath		23,01,343		35,83,520

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.

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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 Bidaraguppe 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

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various heads of accounts are within the allocation provided in the budget. Such a Register had not been maintained by Bidaraguppe Grama Panchayath.

10) The Respondent No.1 Sri D. Murali, was working as Panchayath Development Officer of Bidaraguppe Grama Panchayath from 1/4/2016 to 20/6/2016; Respondent No.2 Sri S.C. Raghavaprasad, was working as Panchayath Development Officer from 14/7/2016 to 10/11/2016; and Respondent No.4 Sri H.S. Vishwanath was working as Panchayath Development Officer from 11/11/2016 to 11/7/2019 and again is working from 31/10/2019. The above Panchayath Development Officers 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.5 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.6 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,

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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 Bidaraguppe 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 Bidaraguppe Panchayath. Therefore, the Respondents 1 to 4 who were working as Panchayath Development Officers are responsible for the same. The Respondents No. 5, 6 and 7 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, Bidaraguppe 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, Bidaraguppe 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)

DEPOSITS

14) As on 1/4/2016, there was opening balance of Deposit of Rs.6,615/-, which was carried forward to subsequent years ;i.e., 1/4/2017 and 1/4/2018. In the Audit it was observed that the deposits made for more than three years shall have to be cancelled and forfeited to Panchayath fund.

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

15) During the year 2016-17, the Bidaraguppe Grama Panchayath has spent a sum of Rs.18,56,900/- towards welfare of Schedule Caste and Scheduled Tribes under 25% grant scheme and a sum of Rs.55,000/- 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.21,40,819/- and a sum of Rs.14,05,937/- 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.18,56,900/- was spent showing the balance of Rs.16,89,856/- as on

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31/3/2017. In relation to the amount towards the welfare of physically challenged persons there was opening balance of Rs.67,000/- and a sum of Rs.6,00,000/- was reserved for the year. Out of the above amount only a sum of Rs.55,000/- was spent towards the welfare of Physically challenged persons, showing the closing balance of Rs.6,12,000/- as on 31/3/2017. Respondent No.1 Sri D.Murali, Respondent No.2 Sri S.C. Raghavaprasad and Respondent No.4 Sri H.C. Vishwanath, 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.

16) During the year 2017-18 there was opening balance of Rs.16,89,856/- under 25% Grant for welfare of SC/ST persons. A sum of Rs.25,00,000/- was reserved for the year 2017-18. During the year 2017-18, a sum of Rs.16,24,158/- was spent towards the welfare of Scheduled Caste/Scheduled Tribe persons and there was balance of Rs.25,65,698/- 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.6,12,000/- is shown as opening balance and a sum of Rs.4,00,00/- was reserved the year 2017-18. Out of the above amount a sum of Rs.73,000/- was spent for the welfare of Physically challenged persons and there was balance of Rs.9,39,000/- 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.

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17) During the year 2018-19, there was opening balance of Rs.25,65,698/- under 25% Grant for welfare of Scheduled Caste/Scheduled Tribe persons. A sum of Rs.7,82,380/- was reserved for the year 2018-19. During the year 2018-19, a sum of Rs.10,62,433/- was spent towards the welfare of Scheduled Caste/Scheduled Tribe persons and there was balance of Rs.22,85,645/- 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.9,39,000/- is shown as opening balance and a sum of Rs.3,85,645/- was reserved the year 2018-19. Out of the above amount a sum of Rs.4,06,781/- was spent for the welfare of Physically challenged persons and there was balance of Rs.9,17,864/- 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

18) The Bidaraguppe 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	21	10	07
2	Receipt of Receipt Books	10	19	21
3	Total	31	29	28
4	No. of receipt books utilised for the year	21	22	21
5	Balance of receipt books at the end of the year	10	07	07

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The respondents 1, 2 and 4 are responsible for not maintaining the Stock Register of Receipt Books for the years 2016-17, 2017-18 and 2018-19.

19) In the audit report for the year 2018-19 of Bidaraguppe 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 No.4 Sri H.C. Vishwanath is responsible for the same.

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

20) As per the Audit Report for the year 2016-17, Bidaraguppe 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 D. Murali; Respondent No.2 Sri S.C. Raghavaprasad and Respondent No.4 Sri H.C. Vishwanath, Panchayath Development Officers of Bidaraguppe Grama Panchayath during the years 2016-17 are responsible for the above lapse.

21) As per the Audit reports for the years 2016-17, 2017-18 and 2018-19, The Bidaraguppe Grama Panchayath had not maintained the Demand Collection Book (DCB Register) as per Rule 30 of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and

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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	40,51,032	101,50,350	142,01,382	94,72,020	47,29,362
2	Water Tax	3,00,599	31,09,475	34,10,074	6,10,900	27,99,174
3	Licence	0	3,62,122	3,62,122	3,62,122	0
4	Building Rent	63,800	88,200	1,52,000	90,300	61,700
5	Others	-	-	-	-	-
	Total	44,15,431	137,10,147	181,25,578	105,35,342	75,90,236

2017-18

Sl. No	Details of tax	Opening balance	Demand	Total	Collection	Closing balance
1	House Tax	47,29,362	150,48,993	197,78,355	106,81,539	90,96,816
2	Water Tax	27,99,174	3,45,698	31,44,872	6,08,681	25,36,191
3	Building Rent	61,700	88,200	1,49,900	76,200	73,700
4	Licence	0	-	-	-	-
5	Others	-	-	-	-	-
	Total	75,90,236	154,82,891	230,73,127	113,66,420	117,06,707

2018-19

Sl. No	Details of tax	Opening balance	Demand	Total	Collection	Closing balance
1	House Tax	90,96,816	165,53,892	256,50,708	116,51,706	139,99,002
2	Water Tax	25,36,191	38,026	25,74,217	6,69,185	19,05,032
3	Building Rent	73,700	88,200	1,61,900	60,000	1,01,900
3	Licence	-	2,00,679	2,00,679	2,00,679	0
4	Others	-	3,85,648	3,85,648	3,85,648	0
	Total	117,06,707	172,66,445	289,73,152	129,67,218	160,05,934

22) As per the above statements, huge amount in a sum of Rs.160,05,934/- towards house tax, water tax and Building rent was not collected by the Bidaraguppe Grama Panchayath, which amounts to loss caused to the State Exchequer. The Respondents 1, 2 and 4 Sri D. Murali, Sri S.C. Raghavaprasad and Sri H.C. Vishwanath, Panchayath Development Officers are responsible for short collection of House Tax, Water Tax and Building rent during the concerned years.

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

24) 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.

NON-REMITTANCE OF CESS/SURCHARGES

25) 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	10,60,301	106030	9,54,271	38,97,563	38,97,563	-	38,97,563
2.	Education cess	7,06,867	70687	6,36,180	25,98,371	25,98,371	-	25,98,371
3.	Library cess	4,24,120	42412	3,81,708	15,59,029	15,59,029	-	15,59,029
4.	Beggars cess	2,12,060	21206	1,90,854	6,67,866	6,67,866	-	6,67,866
	Total	24,03,348	240335	21,63,013	87,22,829	87,22,829	-	87,22,829

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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	11,95,695	119569	10,76,126	38,97,563	49,73,689	-	49,73,689
2.	Education cess	7,97,125	79712	7,17,413	25,98,371	33,15,784	-	33,15,784
3.	Library cess	4,78,278	47827	4,30,451	15,59,029	19,89,480	-	19,89,480
4.	Beggars cess	2,39,139	23913	2,15,226	6,67,866	8,83,092	-	8,83,092
	Total	27,10,237	271021	24,39,216	87,22,829	111,62,045	-	111,62,045

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	13,04,295	130429	11,73,866	49,73,689	61,47,555	-	61,47,555
2.	Education cess	8,69,530	86954	7,82,576	33,15,784	40,98,360	-	40,98,360
3.	Library cess	5,21,718	52172	4,69,546	19,89,480	24,59,026	-	24,59,026
4.	Beggars cess	2,60,859	26085	2,34,774	8,83,092	11,17,866	-	11,17,866
	Total	29,56,402	295640	26,60,762	111,62,045	138,22,807	-	138,22,807

26) It is noticed from audit reports of the years 2016-17, 2017-18, 2018-19 the Bidaraguppe 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.138,22,807/-. As per the Audit reports, the Bidaraguppe 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.138,22,807/- as stated above, amounts to

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misdirection of funds and loss to the State exchequer. The respondent Nos.1, 2 and 4 are responsible for the same.

NON-PRODUCTION OF MUTATION REGISTERS

27) The Bidaraguppe 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.

COLLECTION OF BUILDING RENTS FOR PANCHAYATH BUILDINGS

28) The Bidaraguppe Grama Panchayath, had not maintained the Register in Form No.15 (Rule 34) relating to monthly rents to be recovered from the shops/buildings of the Panchayath. The details of rents due and collection of rents during the year 2016-17, 2017-18 and 2018-19 are as follows:-

2016-17							
Sl. No.	Name of tenant	Monthly rent	Balance as on 1/4/16	Due for the year 2016-17	Total	Collection during the year 2016-17	Balance as on 31/3/2017
1	Shivanna Bayyanna	1350		16,200			
2	B.V.Balappa Venkataramanappa	1000		12,000			
3	Manjunath	1000	63,800	12,000	152,000	90,300	61,700
4	Sridhar Reddy	1000		12,000			
5	Srinivasa	1000		12,000			
6	Lakshmi-narayana	1000		12,000			
7	Ramesh	1000		12,000			
	Total	7350	63,800	88,200	152,000	90,300	61,700

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2017-18

Sl. No.	Name of tenant	Monthly rent	Balance as on 1/4/17	Due for the year 2017-18	Total	Collection during the year 2017-18	Balance as on 31/3/18
1	Shivanna Bayyanna	1350	61,700	16,200	149,900	76,200	73,700
2	B.V.Balappa Venkataramanappa	1000		12,000			
3	Manjunath	1000		12,000			
4	Sridhar Reddy	1000		12,000			
5	Srinivasa	1000		12,000			
6	Lakshminarayana	1000		12,000			
7	Ramesh	1000		12,000			
	Total	7350	61,700	88,200	149,900	76,200	73,700

2018-19

Sl. No.	Name of tenant	Monthly rent	Balance as on 1/4/18	Due for the year 2018-19	Total	Collection during the year 2018-19	Balance as on 31/3/19
1	Shivanna Bayyanna	1350	73,700	16,200	161,900	60,000	101,900
2	B.V.Balappa Venkataramanappa	1000		12,000			
3	Manjunath	1000		12,000			
4	Sridhar Reddy	1000		12,000			
5	Srinivasa	1000		12,000			
6	Lakshminarayana	1000		12,000			
7	Ramesh	1000		12,000			
	Total	7350	73,700	88,200	161,900	60,000	101,900

The Bidaraguppe Grama Panchayath had not taken action for collection of full rents from the shops let out by it and as on 31/3/2018, a sum of Rs.1,01,900/- was due from the tenants. It has also not taken action for evicting the shop owners. The Respondents 1, 2 and 4 are responsible for failure to collect the rents in time.

IRREGULARITIES IN PAYMENTS

29) In relation to payments, it is observed in the Audit reports for the years 2016-17, 2017-18, 2018-19 that no approval was

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obtained in the concerned files 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

30) In the audit reports of Bidaraguppe 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. RDP 242 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) During the year 2016-17 and 2017-18 the following materials were purchased without calling for quotation/tender as per the provisions of Karnataka Transparency in Public Procurement Act and Rules and Govt. Order No. FD 01 TPE 2012, dated 21/6/2012.

2016-17

Sl. No.	Details of materials	Amount paid	Cheque No. and date
1	Purchase of sand	11,330	553615/13.04.16
2	Materials for Minor Water Supply	18,081	553616/13.04.16
3	Winding	13,000	553627/25.04.16
4	Materials for Minor Water Supply	19,271	553646/13.05.16
5	Materials for minor water supply	19,814	553651/10.05.16
6	Purchase of RCC pipe	24,983	557634/25.08.16

(Signature)

The Respondent No.1 Sri D.Murali is responsible for purchasing the materials stated at Sl. Nos. 1 to 5 and Respondent No.2 Sri S.C. Raghavaprasad is responsible for purchase of materials at Sl. No.6, without calling for quotation/tender, which is opposed to Rules.

2017-18

Sl. No.	Details of materials	Amount paid	Cheque No. and date
1	Purchase of electrical spare parts	11,550	218206/14.07.17
2	Purchase of electrical spare parts	11,888	128862/12.10.17
3	Materials for Water Supply	11,588	128601/07.09.17

The Respondent No.4 Sri H.C. Vishwanath is responsible for purchasing the materials without calling for quotation/tender, which is opposed to Rules.

- (iii) 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.



(iv) 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.

(v) During the year 2018-19, out of the amount deducted from the salary of Panchayath workers towards Provident fund, a sum of Rs.12,072/- was not remitted to the concerned head of account. Respondent No.4 Sri H.C. Vishwanath, is responsible for not remitting the above amount of Rs.12,072/- to the P.F. Account of the Panchayath workers.

REGARDING SCHEMES OF GOVERNMENT

31) The details of grants available in the Bidaraguppe 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 th Finance	12,468	8,97,367	9,09,835	8,93,301	16,534
2	14 th Finance	26,986	39,39,135	39,66,121	38,64,998	1,01,123
3	Ashraya	3,35,746	-	3,35,746	-	3,35,746
4	TSC	2,30,732	1,783	2,32,515	2,32,515	-

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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	13 th Finance	16,534	439	16,973	16,973	-
2	14 th Finance	1,01,123	29,99,973	39,66,121	27,40,799	2,59,174
3	Ashraya	3,35,746		3,35,746	3,35,746	-

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	13 th Finance	-	-	-	-	-
2	14 th Finance	2,59,174	38,84,244	41,43,418	1,82,189	39,61,229
3	Ashraya					

As per the above statements the Bidaraguppe 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 instead it has been diverted to other purposes, thereby the objects of the scheme is frustrated.

32) In the Audit Report for the year 2017-18, it is observed that the Bidaraguppe Grama Panchayath had not furnished the details regarding number of mobile towers existing within the limits of Bidaraguppe Grama Panchayath, permission granted for erection of mobile towers and the fee collected for mobile towers. The Respondent No.4 Sri H.C. Vishwanath, the then Panchayath

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Development Officer is responsible for not maintaining the details regarding mobile towers.

IRREGULARITIES FOUND IN RESPECT OF PROJECT EXPENDITURES

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

34) In the Audit Reports for the year 2016-17 and 2017-18 it is noticed that the Bidaraguppe 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

35) 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	2,16,476	6,97,789	2,75,256	36,415
Deductions for 2016-17	1,40,962	3,63,902	1,03,588	90,043
Total	3,57,438	10,61,691	3,78,844	1,26,458
Remitted to Govt. during 2016-17	-	-	-	-
Balance to be remitted as on 31/3/2017	3,57,438	10,61,691	3,78,844	1,26,458

2017-18

Details	Royalty	Sales Tax	Income Tax	Labour Welfare fund
Opening balance on 1/4/2017	3,57,438	10,61,691	3,78,844	1,26,458
Deductions for 2017-18	1,02,699	1,60,064	87,075	77,942
Total	4,60,137	12,21,755	4,65,919	2,04,400
Remitted to Govt. during 2017-18	-	-	-	-
Balance to be remitted as on 31/3/2018	4,60,137	12,21,755	4,65,919	2,04,400

2018-19

Details	Royalty	Sales Tax/ GST	Income Tax	Labour Welfare fund
Opening balance on 1/4/2018	4,60,137	12,21,755	4,65,919	2,04,400
Deductions during 2018-19	52,393	68,204	34,102	34,102
Total	5,12,530	12,89,959	5,00,021	2,38,502
Remitted to Govt. during 2018-19	-	-	-	-
Balance to be remitted as on 31/3/2019	5,12,530	12,89,959	5,00,021	2,38,502

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As on 31/3/2019 a sum of Rs.5,12,530/- towards Royalty; Rs.12,89,959/- towards sales tax/GST, Rs.5,00,021/- towards Income Tax and, Rs.2,38,502/- 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 & 4, who were Panchayath Development Officers of the concerned years' are responsible for non-remittance of the above amount to the concerned heads of Government.

36) 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	88,394	88,394		-	88,394
	14 th finance	66,651	52,568	14,083	-	52,568
Total		1,55,045	1,40,962	14,083	-	1,40,962
Sales Tax	Group 1 & 2	2,00,109	2,00,109		-	2,00,109
	14 th finance	1,63,793	1,63,793		-	1,63,793
Total		3,63,902	3,63,902		-	3,63,902

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Income Tax	Group 1 & 2	62,842	62,842		-	62,842
	14 th finance	40,746	40,746		-	40,746
Total		1,03,588	1,03,588		-	1,03,588
Labour Welfare Board Fee	Group 1 & 2	49,292	49,292		-	49,292
	14 th finance	40,751	40,751		-	40,751
Total		90,043	90,043		-	90,043
Grand Total		7,12,578	6,98,495	14,083	-	6,98,495

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	70,076	70,076			70,076
	14 th finance	32,623	32,623			32,623
Total		1,02,699	1,02,699			1,02,699
Sales Tax	Group 1 & 2	1,60,064	1,60,064			1,60,064
	14 th finance	-	-			-
Total		1,60,064	1,60,064			1,60,064
Income Tax	Group 1 & 2	62,294	62,294			62,294
	14 th finance	24,781	24,781			24,781
Total		87,075	87,075			87,075
Labour Welfare Board Fee	Group 1 & 2	53,161	53,161			53,161
	14 th finance	24,781	24,781			24,781
Total		77,942	77,942			77,942
Grand Total		4,27,780	4,27,780			4,27,780



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	45,473	45,473		-	45,473
	14 th finance	6,920	6,920		-	6,920
Total		52,393	52,393		-	52,393
Sales Tax	Group 1	64,248	64,248		-	64,248
	14 th finance	3,956	3,956		-	3,956
Total		68,204	68,204		-	68,204
Income Tax	Group 1	32,124	32,124		-	32,124
	14 th finance	1,978	1,978		-	1,978
Total		34,102	34,102		-	34,102
Labour Welfare Board Fee	Group 1	32,124	32,124		-	32,124
	14 th finance	1,978	1,978		-	1,978
Total		34,102	34,102		-	34,102
CBF	Group 1	16,226		16,226	-	
	14 th finance	989		989	-	
Total		17,215		17,215	-	
Grand Total		2,06,016	1,88,801	17,215	-	1,88,801

As per the above Statements, in relation to the year 2016-17 an amount of Rs.6,98,495/- 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

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Heads of Account of Government. In relation to the year 2017-18 an amount of Rs.1,88,801/- 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 & 4 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 Bidaraguppe Panchayath had not followed the above instructions.

37) The Bidaraguppe 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

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- (ix) Works Register
- (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.

38) Apart from the above Registers Bidaraguppe 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.

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

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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.
- 40) 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 Bidaraguppe Grama Panchayath.

Sl. No.	Name of the Executive Officer	Period of work at Taluk Panchayath Anekal
1	Sri N. Nomesesh 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, Bidaraguppe Panchayath. Due to their lapses in properly supervising the accounts and administration of Grama Panchayaths, the irregularities/ misappropriation stated supra at Bidaraguppe Grama Panchayath had crept in. Therefore, they are also responsible for the irregularities/ misappropriation, stated supra.

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

42) 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 D. Murali, the then Panchayath Development Officer, Bidaraguppe Grama Panchayath, Anekal Taluk, Bengaluru Urban District (from 1/4/2016 to 20/6/2016) – presently working at Huskur Grama Panchayath, Anekal Taluk.

(ii) **Respondent No.2** Sri S.C. Raghavaprasad, the then Panchayath Development Officer, Bidaraguppe Grama

S. C. Raghavaprasad

Panchayath, Anekal Taluk (from 14/7/2016 to 10/11/2016) – Presently working as Secretary, Neriga Grama Panchayath, Anekal Taluk, Bengaluru Urban District;

(iii) **Respondent No.3** Sri R. Gangadhar, the then Panchayath Development Officer, Bidaraguppe Grama Panchayath, Anekal Taluk (from 11/7/2019 to 31/10/2019)

(iv) **Respondent No.4** Sri H.S. Vishwanath, Panchayath Development Officer, Bidaraguppe Grama Panchayath, Anekal Taluk (from 11/11/2016 to 11/7/2019 and from 31/10/2019 till date)

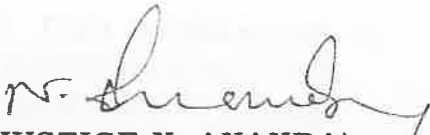
(v) **Respondent No.5** Sri Nomesesh Kumar, the then Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (for the period from 1/1/2016 to 18/5/2017) – Presently working as Deputy Secretary, Zilla Panchayath, Chikkaballapur.

(vi) **Respondent No.6** 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.

(vii) **Respondent No.7** Sri K.C. Devaraj Gowda, Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (from 24/7/2019 till date).

43) 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 11/6
State of Karnataka, Bengaluru.