

KARNATAKA LOKAYUKTA

Compt/Uplok/BGM/2995/2015/PP

M.S. Building,
Dr. B.R. Ambedkar Veedhi,
Bengaluru, dated 13/06/2018.**REPORT UNDER SECTION 12(3) OF
KARNATAKA LOKAYUKTA ACT, 1984**

Sub: Proceedings against Sri S.G.Sayagavi, Retired General Manager, Sri Siddeshwara Co-operative Bank Ltd., Rajaputha Galli, Bijapura and 18 others, about their misconduct as Public/Government servants- reg.,

An investigation was taken up under Section 9 of The Karnataka Lokayukta Act, 1984, on the basis of complaint filed by Sri Davalasa Rajesaaba Ghorpade, Kaladagi Building, Kaladagi Galli, Near Ganapathi Chowk, Bijapura (hereinafter referred to as complainant for short) against (1) Sri S.G.Sayagavi, Retired General Manager, Sri Siddeshwara Co-operative Bank Ltd., Rajaputha Galli, Bijapura, (2) Smt Savithri Kadi, Managing Director, Sri Siddeshwara Cooperative Bank Ltd., Opposite to Sri Siddeshwara Temple, S.S. Road, Bijapura, (3) Sri Rajendra Malakanagowda Patila, President, Sri Siddeshwara Co-operative Bank Ltd., Rajaputha Galli, Bijapura, (4) Sri Gurupadaiah Srishaila Gachinamut, Vice President, Sri Siddeshwara Co-operative Bank Ltd., Matpathi Galli, Bijapura, (5) Sri Appasaheba Mallappa Pattanashetty, Director, Sri Siddeshwara Co-operative Bank Ltd., Ibrahim Roja, Bijapura, (6) Sri Vijayakumar R. Avarangabada, Director, Sri Siddeshwara Co-operative Bank Ltd., Matpathi Galli, Bijapura, (7) Sri Suresha

Gurulingappa Gachinakatti, Director, Sri Siddeshwara Co-operative Bank Ltd., Gachinakatti Colony, Bijapura, (8) Sri Ashoka Ningappa Nyamagonda, Director, Sri Siddeshwara Co-operative Bank Ltd., Matpathi Galli, Bijapura, (9) Sri Vijayakumara Dundappa Ijeri, Director, Sri Siddeshwara Co-operative Bank Ltd., Pashchapura Pet, Bijapura, (10) Sri Shanthappa Sadashivappa Jatti, Director, Sri Siddeshwara Co-operative Bank Ltd., Matpathi Galli, Bijapura, (11) Dr. Vijayakumara N. Patila, Director, Sri Siddeshwara Co-operative Bank Ltd., Opposite to ITI College, Solhapura Road, Bijapura, (12) Sri Prakasha Shivappa Bagali, Director, Sri Siddeshwara Co-operative Bank Ltd., Jorapura Pet, Near Water Tank, Bijapura, (13) Sri Ramesha Hanamantha Bidanura, Director, Sri Siddeshwara Co-operative Bank Ltd., Kumbara Oni, Behind Zumma Maszid, Bijapura, (14) Sri Sriharsha Shivasharana Patila, Director, Sri Siddeshwara Co-operative Bank Ltd., Upari Burz Road, Near Milan Medical, Bijapura, (15) Sri Vishwanatha Shivanagowda Patila, Director, Sri Siddeshwara Co-operative Bank Ltd., Rajaputha Galli, Bijapura, (16) Sri Ninganagowda R. Patil, Director, Sri Siddeshwara Co-operative Bank Ltd., Near Basaveshwara Souharda Bank, Solhapura Road, Bijapura, (17) Sri Siddappa Yamanappa Ganganalli, Director, Sri Siddeshwara Co-operative Bank Ltd., Near Ayurveda Hospital, Bijapura, (18) Sri Vilasababu Basalingappa Alamelakar, Director, Sri Siddeshwara Co-operative Bank Ltd., Near Santhoshimata Temple, Jalanagara, Bijapura and, (19) Smt Boramma Babu Gobbura, Director, Sri Siddeshwara Co-operative Bank Ltd., Shahapet Galli, Bijapura (hereinafter referred to as 'respondent Nos. 1 to 19' for short).

2. The Complainant has alleged that the Respondents being the General Manager, Managing Director, President, Vice-Presidents and Directors of Sri Siddeshwara Cooperative Bank Limited have spent an amount of Rs.62,15,111/- for Centenary Celebration of the Siddeshwara Cooperative Bank Limited, which was held from 27 and 28th of January 2015. It is alleged that the Respondents have spent the amount arbitrarily in excess of the estimate prepared by themselves. They have not followed the Karnataka Transparency in Public Procurement Act and violated the instructions of the Joint Registrar of Cooperative Societies, Urban Banks Cell, Bengaluru. Therefore, the Complainant requested for appropriate action against Respondents.
3. The Respondents 1 to 15 and 17 to 19 have filed similar comments. In the comments, the Respondents have submitted that for the centenary celebrations an estimate of Rs.1.00 crore was prepared and Resolution was passed in the Administrative Board Meeting of the Bank on 5/8/2015 to obtain approval of the estimate from the Registrar of Cooperative Societies. The Joint Registrar of Cooperative Societies, had granted an amount of Rs.30.00 Lakhs and also approved for spending the remaining amount out to the amount collected by the Bank. The Respondents have stated that an amount of Rs.62,01,938/- was spent for the Centenary Celebrations. The Respondents denied the allegation that they have not misused their power nor acted arbitrarily. The amount was spent within the estimated limit and as per the approval of the Department. They have not committed any misappropriation of amount. The Respondents have stated that for the function different sub-committees were formed and decisions were taken for centenary celebrations. Further, the

Respondents have made allegations against the Complainant that he was in the habit of writing against the Bank in his local edition of paper and he has not stated in which point the amount was misappropriated. The Respondent submit that all amount spent was audited. In relation to the amount spent towards Sound System, Mantap, Video & Photography, the Respondents have submitted that on the previous day of the function, the Deputy Commissioner & Superintendent of Police have inspected the place and as per their instructions there was necessity for making certain changes. Therefore, in respect of the above items, there was little excess expenditure than the tender estimated amount. Therefore the Respondents requested to close the complaint.

4. The sixteenth Respondent has submitted his comments stating that he had attended only four meetings in relation to the centenary celebrations of the Bank. In those meetings, there was no discussion about the financial matters. Further he has submitted that the allegations made in the complaint are false.
5. Thereafter, on 23/5/2016 the matter was referred to the Technical Audit Wing of the Karnataka Lokayukta, Bengaluru for investigation and report. The Deputy Controller of Accounts, Karnataka Lokayukta, Bengaluru submitted his report dated 13/3/2018, which was endorsed by the Chief Engineer, Karnataka Lokayukta, Bengaluru. The Deputy Controller of Accounts has made the following report in relation to the expenditure incurred by the Bank towards the Centenary Celebrations.

- (i) In the 103rd Annual Report of the Siddeshwara Cooperative Bank Limited, the food expenditure for the Centenary Celebrations is shown as Rs.6,39,269/-. Whereas the documents collected from the Bank shows expenditure of Rs.6,25,619/-. The Bank has not furnished documents for the remaining expenditure of Rs.13,650/-.
- (ii) In the above Annexed Report of the Siddeshwara Cooperative Bank at Sl. No. 2(3), an amount of Rs.1,50,000/- is shown to have been paid to M/s. Mane Arts for printing the Bank Model. As per the Letter correspondence dated 2/2/2015 of M/s. Mane Creations, Bijapur, a sum of Rs.1,00,000/- was paid in advance and only a sum of Rs.50,000/- was to be paid. But, as per the copy of the Pay order No. 034407 dated 10/2/2015, a sum of Rs.1,50,000/- was paid to M/s. Mane Creations. Thus, a sum of Rs.1,00,000/- was paid in excess to M/s. Mane Creations. Further on 19/3/2015, a sum of Rs.20,000/- was paid through account transfer to M/s. Mane Creations. Hence, excess amount was paid to M/s. Mane Creations.
- (iii) At Sl. No.3(1) of the Annexed Report to the 103rd Annual report of the Bank, it is shown at a sum of Rs.2,50,000/- is paid to M/s. Makandar Electronics. It is seen from the document produced by Complainant along with his rejoinder that as per Pay order No.034412 dated 10/2/2015, a sum of Rs.2,50,000/- was paid to M/s. Makandar Electronics. As per the note of the Administrative Branch of the Bank dated 10/2/2015, tender for Mike system and Sound system was entrusted

to M/s. Makandar Electronics and a sum of Rs.1,25,000/- was paid in advance and the remaining sum of Rs.1,25,000/- was to be paid. But vide pay order dated 10/2/2015 again full amount of Rs.2,50,000/- was paid. Therefore, a sum of Rs.1,25,000/- was paid in excess to M/s. Makandar Electronics.

- (iv) At Sl. No. 3(3) of the Annexure to the 103rd Annual Report of the Bank, it is shown that a sum of Rs.1,50,000/- was paid to M/s. Makandar Electronics towards purchase of excess electronic equipments. In regard to this payment, the Bank has not furnished any document. In Annexure-3 of the Complainant's rejoinder, it is seen that M/s. Bhavani Lights and Mikes have intimated to the President that for providing lights to all the branches of the Bank from 12/1/2015 to 28/1/2015 a sum of Rs.1,50,000/- was fixed and a sum of Rs.50,000/- was received in advance. In the administrative note of the Bank, approval of President was sought for payment of a sum of Rs.1,50,000/- to Sri Arjun Kudari. However, there is no mention about payment of Rs.1,50,000/- to him. As per the Bank Pay order No.034428 dated 16/2/2015 a sum of Rs.1,50,000/- was paid to Sri Arjun Nagappa Kudari. Thereby, the Bank has paid a sum of Rs.50,000/- in excess of what was actually to be paid. And caused loss. In the Annexure to the Annual Report, the payment of Rs.1,50,000/- to M/s. Bhavani Lights is not shown.
- (v) As per Annexure to the Annual Report at Sl. No.4, a sum of Rs.1,80,000/- is shown to have been spent for Video and Photography. As per the Document produced by the Complainant along with his rejoinder, a short term tender

was called for video graphing the function. In response to the short term tender M/s. Ashwin Photo and H.D Video Vision had submitted quotation on 10/12/2014 at the Rate of Rs.74,850/- per day i.e., Rs.1,49,700/- for two days. In the note submitted by the Administration section of the Bank, it is stated that the tender of M/s. Ashwin S. Sanikanavar was approved for a sum of Rs.1,80,000/-. Thereby, a sum of Rs.30,300/- was shown as excess than the tender amount, by violating the tender conditions. In the same note of Administration section, a sum of Rs.70,000/- is shown to have been paid in advance and approval of President was sought for payment of remaining amount of Rs.1,10,000/-. But by Pay order No. 034401 dated 6/2/2015, again a sum of Rs.1,80,000/- was paid to Sri Ashwin S. Sanikanavar, without deducting the advance amount paid to him. Thus, a sum of Rs.30,300/- + Rs.70,000/- was paid in excess of the tender amount.

- (vi) In the Annexure to the 103rd Annual Report of the Bank, at Sl. No.5, it is shown that a sum of Rs.1,00,000/- is paid in advance towards printing of Centenary Compendium. As per the documents submitted by Complainant along with his rejoinder, out of the total amount of Rs.5,25,000/- towards printing expenses, after deducting a sum of Rs.1,00,000/- paid in advance, a Rs.4,25,000/- was paid from the Bank's Suspense Account. In the Invoice No.237 dated 15/7/2015, M/s. Twarith Printing Offset Printers had claimed a sum of Rs.5,25,390/-. A sum of Rs.4,25,000/- was paid out of Bank's working capital in violation of Circular No. CMW/182/CLM/2004 dated 8/12/2004.


- (vii) In the Annexure to the 103rd Annual Report of the Bank, at Sl. No.13, it is shown that a sum of Rs.47,586/- was spent for Uniform for the peons. As per the quotation submitted by M/s. Bahubali N. Muthin, (produced by Complainant along with his rejoinder), a sum of Rs.42,401.95 is quoted. It is specifically stated therein that that was only a quotation and the same cannot be treated as Bill/Receipt. But, they said Quotation itself was considered as Bill. As per Bill No.200096 a sum of Rs.47,586/- was paid by Pay order No.032289 dated 30.3.2015 out of the suspense account of the Bank, which is in violation of Circular instructions dated 8/12/2004.
- (viii) For distribution of file bags to the Members of the Bank in commemoration of Centenary Celebrations, it is shown that a sum of Rs.15,00,000/- + VAT of Rs.75,000/- was the total expenditure. Towards the said expenditure, a sum of Rs.1,48,868/- was paid to M/s. Rajath Textiles out of the working capital of the Bank. For procurement of bags, the Bank has not followed the Karnataka Transparency in Public Procurement Act. The Bank has not furnished the Stock book and issue register for taking stock of the bags and issuance of same. In the rejoinder, the Complainant has stated that the bags were not distributed to any of its members and they were lying in the godown.
- (ix) In the Annexure to the 103rd Annual Report it is stated that towards the expenditure for centenary celebrations, a sum of Rs.62,01,838,,65 was spent and there is balance of a sum of Rs.13,272.35. In the said statement, the amount of Rs.20,000/- paid to M/s. Mane Arts out of working

capital, Rs.1,50,000/- paid to Bhavani Lights and a sum of Rs.4,25,000/- spent for printing of compendium and a sum of Rs.15,75,000/- spent towards purchase of bags are not shown. Therefore, there is excess expenditure than the expenditure shown in the Annexure to the Report of the Bank.

6. In view of the above, the Investigating officer has stated that the respondents have violated Article 15(1), 16 of the Karnataka Financial Code and the procedure prescribed under the Karnataka Transparency in Public Procurement Act, 2000.
7. On perusal of the report of the investigating officer and the documents on record, there are prima facie material against the respondents for the misconduct and misappropriation of amount. The comments offered by respondents are untenable.
8. The facts and materials on record prima-facie show that, the respondent Nos. 1 to 19 have found guilty of misappropriation of amount of the society. Accordingly, now, acting under Section 12(3) of The Karnataka Lokayukta Act, recommendation is made to the Competent Authority to take appropriate action for recovering misappropriated amount against **respondent No. 1- Sri S.G.Sayagavi**, Retired General Manager, Sri Siddeshwara Co-operative Bank Ltd., Rajaputha Galli, Bijapura (**Date of Retirement: 30/04/2015**) in accordance with the provisions of Cooperative Societies Act and to take appropriate action against respondent Nos. 2 to 19 in accordance with the provisions of The Karnataka Cooperative Societies Act, 1959, for their removal if they are still continued in their position.

9. Further, as per Section 12(4) of Karnataka Lokayukta Act, 1984, the Competent Authority shall intimate to this Authority within three months from the date of receipt of this report, as to the action taken or proposed to be taken on the basis of this report.

Connected records are enclosed.


(Justice N. ANANDA), 14/6,
Upalokayukta-1,
State of Karnataka.