

**KARNATAKA LOKAYUKTA**

No.Compt/Uplok/GLB-327/2017/ARLO-2

M.S.Building,  
Dr, Ambedkar Veedhi,  
Bangalore-560 001  
Date: 06-12-2019.

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

Sub: **Proceedings initiated against 1) Mohamed Rafiq, Manager DCC Bank, Yadgir Dist, Yadgir (2) Shivaraj Supervisor DCC Bank, Yadgir Dist, Yadgir, (3) Meenakshi Cashier, DCC Bank, Yadgir Dist, Yadgir (4) Sharanabasappa S.Basareddi DCC Bank, Shahapura Taluk Yadgir Dist, Yadgir (5) Manjunatha Reddy DCC Bank, Shahapura Taluk Yadgir Dist, (6) Mohamed Basha B.S. Cashier, DCC Bank, Shahapura Taluk Yadgir Dist, (7) Sharanabasappa B.K. DCC Bank, Sorapura Taluk Yadgir Dist, (8) Basavaraja Supervisor, DCC Sorapura Taluk, Yadgir Dist Yadgir (9) Sharanabasu N.Adakiyal, Cashier DCC Bank, Sorapua Taluk, Yadgir Dist Yadgir (10) Ramesh Supervisor, DCC Bank Yadgir (11) Linganagowda Mali Patil DCC Bank Shahapur Taluk, Yadgir Dist (12) Sridevi E.Angadi Cash Assistant/SDC of Shahapur DCC Bank Shahapur Yadgir Dist (13) Shivalingappa Supervisor DCC Bank Surapura Yadgir Dist . Reg**

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An investigation was taken up under section 9 of the Karnataka Lokayukta Act, 1984, on the basis of the complaint filed by **Sri. T.N.Bheema Naik Karave District President Ambedkar Nagar, Yadgir Dist, Yadgir** (hereinafter referred to as complainant for short) against 1) **Mohamed Rafiq, Manager DCC Bank, Yadgir Dist, Yadgir** (2) **Shivaraj Supervisor DCC Bank, Yadgir Dist, Yadgir**, (3) **Meenakshi Cashier, DCC Bank, Yadgir Dist, Yadgir** (4) **Sharanabasappa S.Basareddi DCC Bank, Shahapura Taluk Yadgir Dist, Yadgir** (5) **Manjunatha Reddy DCC Bank, Shahapura Taluk Yadgir Dist**, (6) **Mohamed Basha B.S. Cashier, DCC Bank, Shahapura Taluk Yadgir Dist**, (7) **Sharanabasappa B.K. DCC Bank, Sorapura Taluk Yadgir Dist**, (8) **Basavaraja Supervisor, DCC Sorapura Taluk, Yadgir Dist Yadgir** (9) **Sharanbasu N.Adakiyal, Cashier DCC Bank, Sorapua Taluk, Yadgir Dist Yadgir** (10) **Ramesh Supervisor, DCC Bank Yadgir** (11) **Linganagowda Mali Patil DCC Bank Shahapur Taluk, Yadgir Dist** (12) **Sridevi E.Angadi Cash Assistant/SDC of Shahapur DCC Bank Shahapur Yadgir Dist** (13) **Shivalingappa Supervisor DCC Bank Surapura Yadgir Dist** (hereinafter referred to as respondents for short)

2. The complainant has alleged that crop insurance amount of Rs.11,66,53,558/- has been released under Pradhana Manthiri Fasal Bheema Yojana for Yadagir

District in the year 2015-16. As per the guidelines of the government the amount is to be deposited directly to the Bank Account of farmers through RTGS or through cheques. The said guidelines have been followed in Kalaburgi District. But in Yadagir District the respondents colluding with each other, without depositing the Insurance amount directly to the farmers account have deposited it in the CD account of PKPSSN. The Secretaries and the President of the Societies have withdrawn the money from CD account and have distributed only 35 to 40% of the insurance amount, thereby have misused the insurance amount. Therefore has prayed to take action against the respondents.

3. Respondent No.1 in his comments has stated that during the year 2015-16 an amount of Rs.116653558 was sanctioned under Pradhan Manthri Fasal Bheema Scheme and the same was required to be paid through RTGS. But all the beneficiaries had no Bank Accounts. Therefore, newspaper publication was given to get open Bank Accounts. At that time monsoon was going on and the time was good for agricultural activities and the opening of accounts by huge farmers would cause delay. Hence the body of Directors of this Coop. Societies passed resolution to put the amount in the Account of the Coop. Societies. Accordingly the amount was put to the Savings Account of

the farmers in the Coop. Societies. Therefore there is no question of any misappropriation. Hence prays to close the complaint.

4. The Respondent No.2 has also filed comments on the similar lines of Respondent No.1.
5. The Respondent No.3 in his comments has stated that she is working as Cash Clerk and the allegations made in the complaint are not concerned to him. Hence prays to close the case against him.
6. The Respondent No.4 & 5 have filed their comments and the same are similar to the comments of Respondents 1 & 2.
7. The respondent No.6 has filed comments and stated that he is working as Cash Clerk and the allegations made in the complaint are not related to him. Hence prays to close the case against him.
8. The respondent No.7 & 8 have filed comments and the same are similar to the comments of Respondents 1 & 2.
9. Respondent No.9 in his comments has stated that during the year 2015-16, 2333 farmers under 9 Coop

Societies from Sorapur Taluk received an insurance amount of Rs.41198736.7 under Pradhan Manthri Fasal Bheema Scheme. The paper publication was given requesting the farmers of the Talukas to open Bank Accounts and all the Executive Officers of Coop Societies conveyed meeting and requested farmers to open Bank Accounts. The amount was sent to Current Account of the Coop. Societies and thereafter same was sent to the Savings Account of the farmers. At that time mansoon was going on and Sorapur taluk had only one Branch. Therefore to avoid delay the Administrative bodies of the Coop. Societies passed resolution to distribute the amount through Coop. Societies. The said decision was taken in the interest of the farmers and amount was sent to their Savings Accounts through cheques. The documents in this regard are produced. Hence prays to close the case against him.

10. The respondent No.10 & 11 have filed comments and the same are similar to the comments of Respondents 1 & 2.

11. The respondent No.12 has filed comments and stated that she is working as Cash Clerk and the allegations made in the complaint are not related to her. Hence prays to close the case against her.

12. The respondent No.13 has filed comments and the same is similar to the comments of Respondents 1 & 2.

The complainant and respondents have produced number of documents. The letter dated 29/8/2017 shows that the Chief Executive Officer Kalburgi and Yadagir DCC Bank Ltd, Kalburgi wrote a letter to the Joint Registrar Coop. Societies Kalburagi Division Raichur and informed that ;  
The insurance amount was sent to the SBH Branch DCC Bank Head Office through RTGS on 31-05-2016 and the hard copies annexed to the same.

13. The hard copy annexed to it shows the name of PACS, Sum insured and claim amount and such other information. The same is extracted below for the purpose of clarity.

**CROP INSURANCE KHAREEF 2015-16 RELEASED A/C**

**ABSTRACT FOR LONEE FARMERS**

Sl. No.	TALUKA	NO.OF FARMER	AREA INSURED	FARMER PREMIUM	SUM ASSURED	CLAIM AMOUNT	FARMERS BENEFITD
1	YADGIRI	6930	10963.78	2226730.6	1152/32/0	25839594.47	5930
2	SHAPUR	14873	24573.648	5389255.64	292958.368	49615236.06	14873
3	SHORAPUR	1186	2753.63	687053.13	32111000	14230916.65	1186
	<b>TOTAL</b>	<b>22989</b>	<b>38291.058</b>	<b>8303039.37</b>	<b>440342638</b>	<b>89685747.18</b>	<b>22980</b>

**CROP INSURANCE KHAREEF 2015-16 RELEASED A/C**

**ABSTRACT FOR NON- LONEE FARMERS**

Sl. No.	TALUKA	NO.OF FARMER	AREA INSURED	FARMER PREMIUM	SUM ASSURED	CLAIM AMOUNT	FARMERS BENEFITD
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1	YADGIRI	0	0	2226730.6	0	0	0
2	SHAPUR	12	27.33	12742.28	521945	133655.843	12
3	SHORAPUR	1147	2304.98	983773.63	51170556	26967819.98	1142
	TOTAL	1159	2332.31	996515.91	51692501	27101485.82	1159
	GRAND TOTAL	24148	40623.368	9299555.29	492035139	116787288	24148

The same reveals that the sanction of insurance amount for the year 2015-16 by the Agriculture Insurance Company of India to the tune of Rs.1167.87 lakhs to 241- 48 farmers of three talukas is not disputed by the respondents. He has also admitted that the said Insurance amount was credited to the SBH Branch of Main Office DCC Bank on 31/5/2016 through RTGS. The same makes it clear that Insurance amount was credited to the main office, DCC Bank Kalaburgi through RTGS.

14. The letter dated 31/5/2016 shows that the Chief Regional Manager Agriculture Insurance Company of India Ltd wrote a letter to the Manager Gulbarga and Yadgir DCC Bank Ltd Gulbarga and informed him that the company sent an amount of Rs.116787233.01 to Account of DCC Bank through RTGS and asked him to "kindly credit the claim amounts to individual farmers Accounts immediately."

15. The same reveals that the Insurance Company sent the amount to the DCC Bank and requested to pay the same to their individual Accounts.

16. The letter dated 8/6/2016 shows that the Chief Executive Officer, Kalburgi and Yadgir DCC Bank Ltd Kalburgi wrote a letter to the Branch Manager K & Y DCC Bank Ltd Branch Yadgir and directed to put the insurance amount to the accounts of farmers.
17. The notice dated 5/10/2016 shows that the CEO K & Y DCC Bank Ltd Kalburgi issued public notice and stated that Insurance amount is being deposited step by step through TRGS and cautioned the staff of all the branches that not use the insurance amount for any other purpose.
18. The news paper cutting shows that the CEO K & Y DCC Bank Ltd Kalaburgi requested the farmers to get open their Accounts in Banks since Insurance amount was required to be paid through RTGS.
19. The above documents show that the CEO K & Y DCC Bank Ltd Kalaurgi directed the respondent to pay the insurance amount to the accounts of farmers.
20. The report of the Manager Kalburgi and Yadgir DCC Bank Ltd Shahapur Branch submitted to the Joint Registrar Coop. Societies Kalburgi Division Raichur shows that in the report the Yadgir Branch Manager stated that during the year 2015-16 Insurance amount was sanctioned to 14873 farmers. The farmers had no account in the DCC Bank, but they had Savings Account only in the PKPS



Societies. Due to monsoon and sowing farmers were busy and there <sup>would be</sup> was delay in opening the Bank Accounts. Therefore, the Directors of the Board in the Meeting passed resolution and gave oral directions to send the insurance amount to the concerned PKPS Societies. He further stated that the amount was put to the Current Accounts of the PKPS Societies on 22-7-2016. Thereafter the PKPS Societies put the amount to the Savings Account of the farmers. There was no misappropriation in paying Insurance amount.

21. The letter dated 22-8-2017 issued by the Manager K & Y DCC Bank Ltd. Shahapur shows that the Insurance amount was sent to the Current Accounts of the farmers held in respective PKPS Societies. The same shows that the DCC Bank Ltd. Shahpur Branch has not sent the amount directly to the Accounts of farmers through RTGS. The letter dated 22-8-2017 issued by the Manager K & Y DCC Bank Ltd. Yadagiri shows that the Insurance amount was sent to the Current Accounts of the farmers held in respective PKPS Societies. The same shows that the DCC Bank Ltd. Shahpur Branch has not sent the amount directly to the Accounts of farmers through RTGS. The information furnished through letter dated 7-12-2016 by the Manager K & Y DCC Bank Ltd Branch Sorupur Yadgiri to the complainant shows that he sent the amount to the Accounts of the farmers who have

accounts in his Branch and sent the amount to the concerned PKPS Societies for payment pertaining to the other farmers. The above discussion makes it clear that the DCC Bank Branches of Taluka Yadgiri Shahapur and Sorupur have disobeyed the directions given by the DCC Bank Head Office Gulbarga and the Government orders.

22. The Respondent No.1 & 2 in their comments also have stated the above things and thereby admitted that they did not deposit the amount to the Bank Accounts of the farmers through RTGS but they sent the amount to the Current Account of the concerned PKPS Societies. The above report and the comments of the respondents 1 & 2 make it clear that the respondents disobeyed the orders of the higher authorities given in writing.

23. The note dt.3-3-2017 shows that this office has sought for report from the Registrar of Co-op Societies Bengaluru. In pursuance of the above order the Addl. Registrar of Co-op Societies (Credit) Bangalore has submitted a letter dt.5-4-2017 stating that the Joint Registrar of Co-op Societies, Kalaburgi Region Raichur has been directed to conduct investigation on the complaint allegations. Thereafter the Addl.Registrar of Co-op Societies (Credit) has submitted report dt.3-2-2018 along with report of Joint Registrar of Co-op Societies Kalaburgi Region, Raichur. In the report it

is stated that the guidelines of the Govt. and order of Central office have been violated in distribution of insurance amount to the farmers.

24. In the Investigation report the Joint Registrar of Co-op Societies Kalaburgi Region, Raichur in her investigation report at page No.4 mentioned that the Manager DCC Bank, **Surpur** submitted statement and in the statement he stated that an Insurance amount of **Rs.41198736=70** was distributed through 2333 Loan Holders. At the first instance the amount was transferred to PACS societies and in turn the Societies put the amount to the accounts of the farmers. In this regard the investigation officer has also submitted the statement of the Manager DCC Bank Surpur Branch. Further at page No.4 the Investigation Officer has mentioned that an amount of **Rs.25839594=47** amount was sanctioned to **Yadgiri Taluk** for the year 2015-16 and the same was distributed through 21 PACS to 6937 farmers. She has also furnished the statement of the Manager DCC Bank Yadgiri Branch, wherein he has stated that the Insurance amount of **Rs.25839594=47** was transferred to 21 PACS Bank Accounts and in turn the said societies put the amount to the Accounts of respective farmers.

25. At page No.4 of the report she also mentioned that crop insurance of an amount of **Rs.50588607** was sanctioned to **Shapur taluk** to 14873 farmers and the said amount was distributed through 25 PACS Societies. She has also furnished the letter of the Manager DCC Bank Shapur wherein he stated that at the first instance Insurance amount was transferred to the accounts of PACS Societies and in turn the said Societies put the amount to the accounts of the respective farmers.

26. The Respondents have submitted that the concerned PKPS societies passed resolution to sent amount to their Current Accounts and at the instance and in view of the resolutions they sent the amount to the Current Accounts of the PKPS Societies. The respondents have also produced the alleged resolutions passed by the concerned PKPS Societies. It is pertinent to note that the PKPS societies are bound to follow the directions and instructions of the DCC Bank Main Office and they cannot pass any resolution against the instructions of the DCC Bank Main Office. The alleged resolutions cannot authorize the respondents to disobey the orders of the higher authorities i.e DCC Bank. In the light of the documents on record it appears that the Respondents have produced the alleged resolutions only to escape from the clutches of legal action that may be taken against them. The respondents cannot substantiate their

illegal acts by producing the resolutions of the concerned PKPS. In fact the PKPS had not authority to pass such a resolutions against the orders of the DCC Bank and the Government orders. It is to be noted that the passing of such resolution against the directions in writing and the Govt. orders also amounts to disobedience. Therefore the respondents cannot take shelter under such illegal resolutions. They have also produced statement of accounts of concerned PACS Societies to show amount was sent to the Current Accounts of the said PACS Banks. It is pertinent to note that the fact that the respondents sent amount to the Current Accounts of the PKPS Banks it is not at all in dispute. Therefore these documents do not help the respondents.

27. The complainant has alleged that the Directors, Managers, Supervisors and the staff of the PKPS withdrew the amount from its Accounts and paid only meager amount to the farmers and misappropriated the remaining amount. The respondents have contended that amount was sent to Accounts of PKPS and they paid the amounts to the farmers through their Savings Accounts held in respective PKPS Societies. The complainant has not produced any documents to substantiate this allegation. The respondents have produced documents to show that amount was transferred to the accounts of PKPS. But they have not

produced any documents to show that amount was transferred to the accounts of farmers. The same creates doubt regarding whether amount was sent to the Savings Accounts of the farmers or not. The respondents have produced resolutions to show that amount was duly paid to the farmers but they have not produced the documents to substantiate the fact that amount was transferred to the accounts of farmers.

28. The Investigation Officer in her report at page No.6 has submitted that the respondents have violated the guidelines of the Government and the order of the main office. But they have not committed any misappropriation as alleged by the complainant. It is pertinent to note that the violation of the guidelines of the Government and the order of the Head Office by the Respondents itself is enough to constitute irregularity and dereliction of duty. Therefore it is clear that the respondents have committed dereliction of duty and the same amounts to misconduct. In view of the above discussion, it is clear that the respondents disobeyed the directions/instructions of their higher office i.e. DCC Bank, K & Y Kalburgi and also disobeyed the order of the Government.

29. The Manager K & Y DCC Bank Ltd., Shahpur has submitted letter dtd: 22-8-2017 and stated that crop

Insurance amount of Rs.50588607 was sanctioned during the year 2015-16 to 14873 farmers of 25 PACS Societies during the year 2015-16. The PACS Societies passed resolution to distribute the amount to the Accounts of farmers from their Account. Accordingly the crop Insurance was transferred to the Current Accounts of PACS Societies on 22-7-2016 and the PACS Societies distributed the Crop Insurance through cheques and in this regard the PACS Societies submitted useful Certificates. Therefore there is no any misappropriation as alleged by the complainant. The Manger K & Y DCC Bank Ltd., Kalburgi has also submitted similar letter on 29-8-2017. The Manager K & Y DCC Bank Ltd., Branch Yadgiri, Dist Yadgiri has also submitted similar letter dtd: 22-8-2017. In support of their letters they submitted the resolutions got passed by the concerned PACS Societies and the applications from the Secretary of PACS Societies to the effect that the Crop Insurance would be transferred to the Accounts of PACS and they would distribute the same to the concerned farmers.

30. The Bank Account Extracts of the PACS Societies reveals that the concerned DCC Bank Branches transferred the Crop Insurance amount to the concerned PACS Societies for distribution of the same to the concerned farmers. The Managers of the DCC Bank Branches of three

Taluks in their letters submitted that the concerned PACS Societies paid the amount to the concerned farmers through cheques. But the respondents have not produced any documents to show that amount was paid to the concerned farmers. They have not produced the Bank Account Statement Extract of the farmers to show that the amount was transferred to their Accounts or cheques were credited to their Accounts. In the Enquiry Report the Joint Registrar Cooperative Societies Kalburgi Division Raichur at para No.6 of the Enquiry Report clearly mentioned that even though the DCC Bank Branches of Three Taluks submitted that they paid amount to farmers through cheques and obtained their signatures for having received the cheques, but they have not produced any documents to show that cheques were issued and signatures were obtained. The same makes it clear that the respondents have not even produced the documents for having issued the cheques and obtained the signatures even before the Enquiry Officer i.e. Joint Registrar of Coop. Societies Kalburgi Division Raichur.

**31. By considering the facts and circumstances and records, it is clear that the respondents have failed to produce any documents that they have paid the amount to the farmers through RTGS or through cheques. Therefore there is absolutely no material to**



**substantiate the contention of the respondents that they have paid Insurance amount to the farmers.**

32. The Respondents in their comments also have submitted that they paid the amount to the farmers through cheques and obtained their signatures but they have failed to substantiate their case. They have not produced any documents to show that they paid the amount to the farmers and the farmers signed the papers acknowledging the receipt of either the amount or the cheque. Therefore it cannot be concluded that the farmers received the amount. Since the receipt of amount by the farmers is not proved it can be termed as misappropriation.

33. It is to be noted that in the case at hand the farmers are eligible persons and claimants of Crop Insurance amount and therefore they have to acknowledge the receipt of Crop Insurance amount. The PACS Societies are DCC Bank Branches of Three Taluks cannot acknowledge the receipt of Crop Insurance by the farmers. The farmers are the only competent persons to acknowledge the receipt of Crop Insurance Amount. Since the respondents have failed to produce the documents to show that the farmers have acknowledged the receipt of crop insurance or the cheques towards the same it can be termed as misappropriation. Further inspite of the directions of the higher authorities

the respondents have failed to distribute the amount through RTGS directly to the accounts of farmers and the same amounts to dereliction of duty. Therefore an inquiry is required to be conducted against the respondent for misappropriation and dereliction of duty.

34. The facts and materials on record prima facie show that the respondent has committed misconduct as per Rule 3(2)(II) of KCS (Conduct Rules 1966). Accordingly, now, acting under section 12(3) of the Karnataka Lokayukta Act, recommendation is made to the competent authority to initiate Disciplinary Proceedings against the respondents **Sri. Vital 1) Mohamed Rafiq, Manager DCC Bank, Yadgir Dist, Yadgir (2) Shivaraj Supervisor DCC Bank, Yadgir Dist, Yadgir, (3) Meenakshi Cashier, DCC Bank, Yadgir Dist, Yadgir (4) Sharanabasappa S.Basareddi DCC Bank, Shahapura Taluk Yadgir Dist, Yadgir (5) Manjunatha Reddy DCC Bank, Shahapura Taluk Yadgir Dist, (6) Mohamed Basha B.S. Cashier, DCC Bank, Shahapura Taluk Yadgir Dist, (7) Sharanabasappa B.K. DCC Bank, Sorapura Taluk Yadgir Dist, (8) Basavaraja Supervisor, DCC Sorapura Taluk, Yadgir Dist Yadgir (9) Sharanbasu N.Adakiyal, Cashier DCC Bank, Sorapua Taluk, Yadgir Dist Yadgir (10) Ramesh Supervisor, DCC Bank Yadgir (11) Linganagowda Mali Patil DCC Bank Shahapur Taluk, Yadgir Dist (12) Sridevi E.Angadi Cash Assistant/SDC of**

**Shahapur DCC Bank Shahapur Yadgir Dist (13) Shivalingappa Supervisor DCC Bank Surapura Yadgir Dist** , and to entrust the enquiry to this authority under Rule 14-A of the Karnataka Civil Services (Classification, Control and Appeal) Rules, 1957 along with sanction as required under section 214(2) (b) of KCSRs against the respondent.

35. Further as per Section 12(4) Karnataka Lokayukta Act, 1984, the Competent Authority shall intimate to this Authority within one month from the date of receipt of this report as to the action to be taken or proposed to be taken against Respondents 1 to 13 on the basis of this report.

**DETAILS OF RETIREMENT OF THE RESPONDENTS**

Rank of the Respondents	Date of retirement	Remarks
Respondent No.1	15-6-2042	In service
Respondent No.2	21-4-2043	In service
Respondent No.3	30-9-2044	In service
Respondent No.4	31-7-2034	In service
Respondent No.5	15-6-2044.	In service
Respondent No.6	30-6-2044	In service
Respondent No.7	22-06-2046	In service
Respondent No.8	28-6-2044	In service
Respondent No.9	1-7-2034	In service
Respondent No.10	7-4-2044	In service

Respondent No.11	1-11-2042	In service
Respondent No.12	30-9-2043	In service
Respondent No.13	1-6-2042	In service

Connected records are enclosed.

*N. Ananda*  
**(Justice N.ANANDA)**, 6/12  
Upalokayukta-1,  
State of Karnataka.  
*Sati 6/12*