

# **CHAPTER-I**

## **INTRODUCTION**



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#### 1.1 Establishment of Kalyana Karnataka Region Development Board

The Kalyana Karnataka Region (KK Region), comprising the districts of Kalaburagi, Bidar, Raichur, Koppal, Yadagiri and Ballari is situated in the North-Eastern part of Karnataka sharing boundaries with Maharashtra and Andhra Pradesh. These areas, known as Hyderabad Karnataka Region till 2019, were part of erstwhile Nizam dynasty. The Region was merged (1956) with the State of Karnataka upon reorganisation of States. The Region was relatively less developed, in terms of various socio-economic indicators, compared to the other parts of Karnataka.

Special efforts were made by the State Government from time to time to address the issue of regional imbalances between the Kalyana Karnataka Region and rest of the State. A separate Legislation ‘Hyderabad Karnataka Area Development Act 1991’ was enacted which provided for the establishment of a Region Development Board to hasten the pace of development in the area and to bring it on par with other parts of the State.

As part of its efforts, State Government set up (April 2000) a High Power Committee for Redressal of Regional Imbalances (HPCRRI) - popularly known as Dr.D M Nanjundappa Committee (Nanjundappa Committee), to study the regional disparities in the State. The Nanjundappa Committee Report highlighted the prevalence of backwardness in various taluks in the State. Out of the total of 175 taluks in the State during 2001, the Report identified 35 taluks as backward, 40 taluks as more backward and 39 taluks as most backward. Out of the 39 most backward taluks in the State, 21 taluks were from the Kalyana Karnataka Region. State Government initiated a Special Development Plan (SDP) in follow up of the Nanjundappa Committee Report for addressing the backwardness of the taluks.

Despite these initiatives, the Kalyana Karnataka Region continued to remain backward. Considering the popular demand, the State Legislative Assembly passed a resolution (2010) seeking special status to Kalyana Karnataka Region under Article 371 of the Constitution of India. During January 2013, Article 371-J was inserted through 98<sup>th</sup> Constitution Amendment Act. The full text of the Article 371-J is as follows:

**Table 1.1 Article 371-J of the Constitution of India**

The President may by order made with respect to the State of Karnataka, provide for any special responsibility of the Governor for:

(a) establishment of a separate development board for Hyderabad-Karnataka Region with the provision that a report on the working of the Board will be placed each year before the State Legislative Assembly;

(b) equitable allocation of funds for development expenditure over the said region, subject to the requirements of the State as a whole; and

(c) equitable opportunities and facilities for the people belonging to the said region, in the matters of public employment, education and vocational training, subject to the requirements of the State as a whole.

(2) An order made under sub-clause (c) and (1) may provide for -

(a) reservation of a proportion of seats in educational and vocational training institutions in the Hyderabad-Karnataka Region for students who belong to that region by birth or by domicile; and

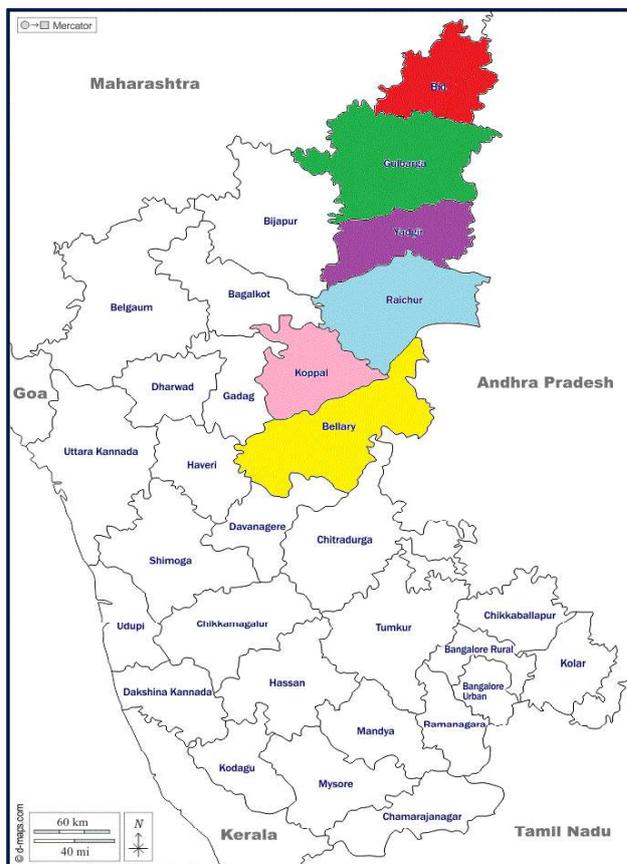
(b) identification of posts or classes of posts under the State Government and in any body or organisation under the control of the State Government in the Hyderabad-Karnataka Region and reservation of a proportion of such posts for persons who belong to that region by birth or by domicile and for appointment thereto by direct recruitment or by promotion or in any other manner as may be specified in the order.

The Article empowered the President of India to authorise the Governor of the State to take necessary measures, including establishment of a Region Development Board, for addressing the regional disparities. Accordingly, Governor issued (November 2013) an order establishing the Hyderabad Karnataka Region Development Board (HKRDB). The Hyderabad Karnataka Region Development Board Act 1991 was repealed during February 2014 and the staff and other assets of the erstwhile Board was transferred to the newly constituted HKRDB. The HKRDB was renamed (September 2019) as Kalyana Karnataka Region Development Board (KKRDB).

## **1.2 Jurisdiction of the Board**

The Board has jurisdiction over the entire Kalyana Karnataka Region comprising of the districts of Kalaburagi, Bidar, Raichur, Koppal, Yadagiri and Ballari. The geographical location of the Kalyana Karnataka Region is shown in the **Chart 1.1**.

**Chart 1.1 Map showing the districts covered under Kalyana Karnataka Region**



Source: Adapted from the websites of Government of Karnataka and KKRDB Board

### 1.3 Organisational Structure of the Board

The KKRDB is headed by a Chairman and has 28 members<sup>1</sup> on its Board. The Secretary, KKRDB acts as Member Secretary of the Board. The Board is responsible for execution of planned works through the Government departments/agencies and local bodies of the region. While the Member Secretary of the Board is primarily responsible for implementation of all macro projects, the Deputy Commissioner (DC) of the district/Chief Executive Officer (CEO) of Zilla Panchayat concerned was the nodal implementing officers for micro projects.

According to the amendment inserted (May 2015) to the Karnataka Government (Allocation of Business) Rules, 1977 the Department of Planning, Programme Monitoring and Statistics Department in the Government of Karnataka was made responsible for monitoring the functioning of Hyderabad Karnataka Region Development Board and various provisions contained in Hyderabad Karnataka Region Development Board Order 2013.

<sup>1</sup> Comprising of Members of Lok Sabha and Rajya Sabha, Members of Legislative Assembly and Council, Deputy Commissioners of the districts, Chief Executive Officers of the Zilla Panchayats under the Board *etc.*

## **1.4 Audit framework**

### **1.4.1 Audit objectives**

The Performance Audit (PA) was conducted to assess the effectiveness of the functioning of the Board in the areas of:

- Planning at different levels for addressing regional imbalances;
- Implementing the planned interventions towards accelerating the socio-economic development of the region;
- Ensuring equitable allocation of funds for development and its effective utilisation.
- Facilitating inclusive growth and providing opportunities and facilities for domiciles of the region in public employment, education and vocational training.

### **1.4.2 Audit criteria**

The primary audit criteria for the PA were derived from:

- Constitution (Ninety-eighth Amendment) Act, 2012;
- KKRDB order, 2013;
- Dr. D.M. Nanjundappa Committee Report;
- Karnataka Transparency in Public Procurements (KTPP) Act and Rules;
- Karnataka Public Works Accounts Code;
- Scheduled Castes Sub-Plan and Tribal Sub-Plan Act, 2013;
- Government Orders, Circulars, guidelines issued by Government of Karnataka from time to time.

### **1.4.3 Audit scope and methodology**

The PA covering the activities of the Board for the period 2016-17 to 2020-21, was conducted during July 2021 to December 2021 through test-check of records at the Department of Planning, Programme Monitoring and Statistics and the Headquarters of the Board at Kalaburagi.

Out of the 24,307 works initiated by the Board, a total of 601 works were selected by Audit, for detailed verification, by adopting stratified sampling method with monetary value as the basis for stratification. Joint physical verification of works/spots were also conducted, wherever necessary. Audit also sought the support of the Regional Remote Sensing Centre (RRSC), Indian Space Research Organisation (ISRO) Bengaluru for undertaking a study on the night light data. The results of the study report of the RRSC, ISRO is also incorporated in the Audit Report at suitable places.

An entry conference was held on 6 September 2021 with the Additional Chief Secretary, Department of Planning, Programme Monitoring and Statistics wherein audit objectives, scope and methodology of audit was discussed. The audit findings were communicated to the Government and to the Board in the form of a Draft Audit Report. The Board submitted replies to the Draft Audit Report and was endorsed by the State Government. An exit conference was also

conducted on 22 June 2022 with the Government and the Board representatives to discuss the audit findings. The response of the Board and the Government to the Draft Audit Report and their comments in the exit conference have been considered in this Report.

## **1.5 Acknowledgement**

Audit acknowledges the cooperation and assistance extended by the Department of Planning, Programme Monitoring and Statistics, the Kalyana Karnataka Board, offices of the Deputy Commissioners and all other implementing agencies in conducting the PA. Audit acknowledges the support extended by the Regional Remote Sensing Centre, Indian Space Research Organisation, Bengaluru by way of undertaking a study on night luminosity data for tracking the development in the Kalyana Karnataka Region.

## **1.6 Organisation of audit findings**

The findings of the PA are discussed in the following chapters.

- Chapter-2 - Status of development in Kalyana Karnataka Region with reference to key performance indicators.
- Chapter-3 - Functioning of the Board.
- Chapter-4 - Implementation of development works.
- Chapter-5 - Financial Management.
- Chapter-6 - Monitoring and Evaluation.

