

## EXECUTIVE SUMMARY

### Why CAG did this Audit

The Kalyana Karnataka Region, comprising the districts of Kalaburagi, Bidar, Raichur, Koppal, Yadagiri and Ballari was relatively less developed compared to the other parts of the State of Karnataka. The Region was granted special status under Article 371-J of the Constitution of India through 98th Constitution Amendment. A Board was constituted by the Governor for redressing the imbalances in development. During last five years, the Board has spent 74 *per cent* of the released amount with physical progress achieved up to 70 *per cent*. The Performance Audit was undertaken to assess the effectiveness of the functioning of the Board in uplifting the Kalyana Karnataka Region in accordance with the responsibilities bestowed upon it by the Article 371-J and the Board Order 2013.

### Major Audit Findings

The Board was required to ascertain the relative levels of development in different sectors with reference to appropriate indicators, which it did not collect for analysis. In the absence of any data with the Board, it could not contribute to the policy formulation aimed at accelerating the pace of development in the region. Consequently, the per capita income, health and nutritional status, educational performance of the KK Region continue to remain lower indicating the need for accelerating the interventions in these areas.

The core functions of the Board towards redressal of regional disparities and ensuring balanced regional development was not discharged by the Board. The specified tasks for determination of backlogs and to suggest budgetary allocations for its removal, providing recommendations on the creation of posts, giving recommendations on the establishment of institutions in the region *etc.*, were not carried out resulting in non-realisation of the objectives of the 98th Constitutional Amendment Act. Absence of a nominated Board in several spells during the period 2016-21 also impacted the various functions of the Board.

The Government did not address the action expected from the Board on providing policy inputs, assessing the relative levels of developments using appropriate indicators, computation of backlogs in developments, suggestions on levels of the development expenditure, advise on creation of posts and institutions in the region *etc.*, which are central functions of the Board towards achieving the objectives of Article 371-J of the Constitution.

The Board holding the mandate for redressing the regional imbalances under the Article 371-J of the Constitution did not articulate any strategic direction by way of drawing up a long-term plan for redressal of regional imbalances. The preparation of annual action plans were delayed every year as the planning process started only after the announcement of the allocation of funds in the State budget. The plans prepared by the Board did not specify any targets to be achieved in respect of various socio-economic indicators, timelines for completion *etc.* Large number of works were cancelled or changed after

finalisation of the plans pointing to inadequate preparatory activities before proposing the projects.

The implementation committee specified in the Board order 2013 was not constituted which impacted the effective implementation of development works undertaken by the Board. The Board focused more on providing road connectivity in the Region while the sectors such as education, agriculture, health, skill development *etc.*, did not receive adequate coverage. The works were proposed without preparatory work such as acquisition of land, soil test *etc.*, resulting in cancellation of works, change of works and delay in commencement of the works. The execution of the works was not time-bound and large number of works slipped the timelines. Works were declared completed with nil or partial expenditure indicating inaccurate reporting of completion of works without ensuring its due completion.

The Budgetary control at the Board level was deficient as the Board did not prepare the budget estimates of its income and expenditure every year. The pace of utilisation of the available funds, tracking of utilisation certificates, monitoring of advances given to implementing agencies *etc.*, needs improvement.

The monitoring at the apex level was inadequate as the Board did not conduct periodical meetings to discharge its functions. The Board was yet to establish a robust quality assurance mechanism to ensure the quality of works executed by the implementing agencies. The Board had not undertaken any impact assessment of its works and a framework for facilitating public participation in monitoring of its works through social audits which was not established.

### **What CAG recommends**

***1: The Board should undertake an independent assessment of the backwardness of the region, a comparative analysis to identify the imbalances and its causes and propose remedial measures and strategies required by adopting an appropriate composite indicator framework and integrate them into its long term and short-term plans for monitoring the incremental progress in upliftment of the region.***

***2: The Board should perform its functions under the Clause 12 of Board Order 2013 with respect to ascertaining the relative levels of development in different sectors with reference to suggesting the level of development expenditure required for the region, giving advice on the sanctioning of institutions for the region, providing policy inputs to the Government with respect to industrial development etc.***

***3: The Board should ensure effective supervision over the implementation of its action plan works entrusted to different agencies and track and ensure final utilisation of the assets created.***

***4: The Board should fix the responsibility for wasteful/unplanned expenditure out of Board funds.***

***5: The Board should ensure completion of works in a time bound manner to avoid instances of inordinate delays in execution of planned works.***

***6: The State Government may ensure convergence of the works/programmes implemented by various departments/bodies in the region with the action plan of the Board.***

***7: The Board should regulate release of funds to implementing agencies and insist for refund of interest accrued on funds released by the Board.***

***8: State Government should ensure timely completion of Board's accounts and certification by audit.***

***9: The Board should ensure a clear and robust monitoring structure is in place for ensuring quality of works.***

***10: The Board should prepare Quality Assurance and Quality Control plans to ensure quality at all stages of execution of works. The Board should establish a framework for Social Audit.***

***11: The Board should ensure the compliance to the provisions of Clause 10 of the Board Order 2013 regarding the conduct of meetings.***