



**Report of the
Comptroller and Auditor General of India**

**Performance Audit
on
Functioning of Kalyana Karnataka Region
Development Board**



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest



Government of Karnataka
Report No. 10 of the year 2022

**Report of the Comptroller and Auditor
General of India**

**Performance audit
on
Functioning of Kalyana Karnataka
Region Development Board**

Government of Karnataka
Report No.10 of the year 2022

Table of contents

Paragraph	Contents	Page Number
	Preface	v
	Executive Summary	vii-ix
Chapter I	Introduction	
1.1	Establishment of Kalyana Karnataka Region Development Board	1
1.2	Jurisdiction of the Board	2
1.3	Organisational structure of the Board	3
1.4	Audit framework	4
1.5	Acknowledgement	5
1.6	Organisation of Audit Findings	5
Chapter II	Status of development in Kalyana Karnataka Region with reference to key performance indicators	
2.1	Status of Kalyana Karnataka Region based on indicators of NITI Aayog Aspirational District Programme	10
2.2	Status of Kalyana Karnataka Region based on Multidimensional Poverty Index	11
2.3	Status of Kalyana Karnataka Region based on Human Development Index	12
2.4	Status of Kalyana Karnataka Region based on Nanjundappa Committee indicators framework	14
2.5	Status of Kalyana Karnataka Region based on Night Light Data Luminosity	15
2.6	Sustainable Development Goals Indicator Framework	17
2.7	Natural Resource Accounting (NRA)	18
2.8	District Level Gross Domestic Product	18
2.9	Health Indices	19
2.10	Nutrition Indices	24
2.11	Education Indices	26
2.12	Literacy Rate	30
2.13	Skill Development Indices	32
2.14	Tourism Potential	33
2.15	Water supply Indices	34
2.16	Sanitation- Swachh Sarvekshan	34
2.17	Forest coverage and afforestation works	34
2.18	Air transportation	35
Chapter III	Functioning of the Board	
3.1	Constitution of the Board	39
3.2	Responsibilities of the Board	41

Paragraph	Contents	Page Number
3.3	Policies and Plans	44
3.4	Planning by the Board	45
3.5	Preparation of Annual Action Plans	47
3.6	Allocation of funds by the Board	51
3.7	Community Mobilisation	57
Chapter IV	Implementation of Development works	
4.1	Works implemented by the Board	61
4.2	Deficiencies in implementation of Works	62
4.3	Substandard quality works	77
Chapter V	Financial Management	
5.1	Financial status of the Board	81
5.2	Deficiencies in financial management	82
5.3	Accounts and Audit of the Board	89
Chapter VI	Monitoring and Evaluation	
6.1	Lack of monitoring at Apex level	93
6.2	Non-preparation of Quality Assurance/Control Plans	95
6.3	Evaluation of works	96
6.4	Social Audit	96

List of Appendices

Appendix Number	Details	Page Number
3.1	Charts showing the district-wise distribution of Government posts	99
3.2	Funding pattern adopted by Board for allocation of funds to different sectors	100
3.3	Indicative list of connectivity works to habitations where full connectivity not achieved	101
3.4	List of 35 Socio Economic Indicators used by D M Nanjundappa Committee	103
3.5	Sector wise Allocation and Expenditure by the Board	104
4.1	Statement showing list of works with delay in technical sanction	105
4.2	List of works with non/short recovery of Liquidated Damages	106
4.3	Statement showing wasteful expenditure towards providing Dense Bituminous Macadam	109
4.4	Statement showing wasteful expenditure towards adoption of higher schedule of rates	110
4.5	List of works with excess payments due to non-utilisation of soil from borrow pits for embankments	111
4.6	List of works with excess payments due to provision of Granular Sub-base (GSB)	112
4.7	Works entrusted to KRIDL without 4 (g) Exemption	113
4.8	Statement showing execution of substandard quality of works	114
4.9	Statement showing execution of substandard quality of works and non-execution of certain items included in the estimate	117
5.1	Taluk level Utilisation of Micro funds	122
5.2	Statement showing non-remittance of interest by Sarva Shikshana Abhyan, Bengaluru to KKRDB Board	123
5.3	Supply of items to Nirmithi Kendra, Kalaburagi by KKRDB	124
	Glossary	125

Preface

1. This Report of the Comptroller and Auditor General of India for the year ended 31 March 2021 has been prepared for submission to the Governor of Karnataka under Article 151 (2) of the Constitution to be tabled in the State Legislature.
2. The Report covering the period 2016-21 contains the results of performance audit of 'Functioning of Kalyana Karnataka Region Development Board'.
3. Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

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.

CHAPTER-I

INTRODUCTION

CHAPTER-I

INTRODUCTION

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 98th 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

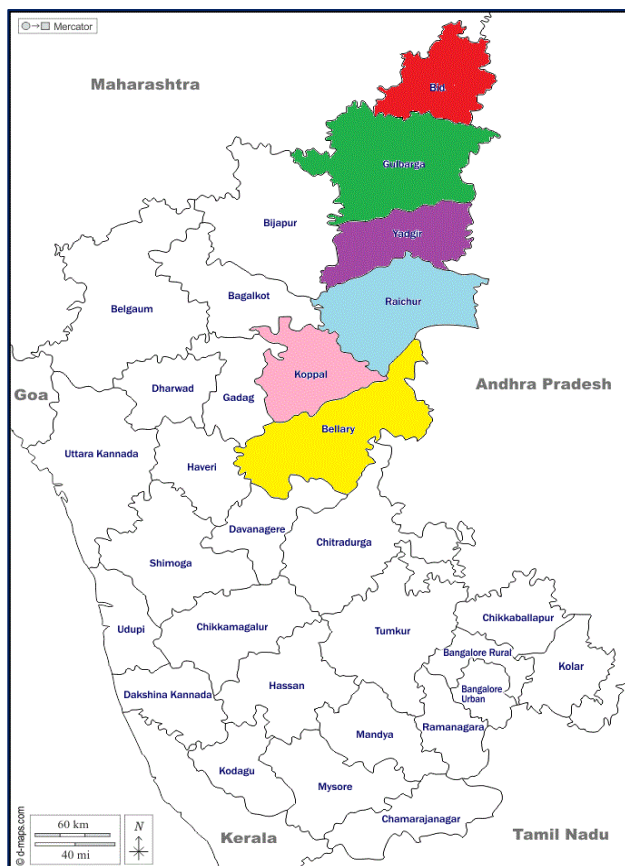
(b) identification of posts or classes of posts under the State Government and in any body or organisation under the control of the State Government in the Hyderabad-Karnataka Region and reservation of a proportion of such posts for persons who belong to that region by birth or by domicile and for appointment 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 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 members¹ 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.

¹ 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.

CHAPTER-II

STATUS OF THE REGION

CHAPTER II

Status of development in Kalyana Karnataka Region with reference to key performance indicators

The Kalyana Karnataka Region continued to remain backward in terms of various development indicators such as NITI Aayog indices, Multidimensional Poverty indices etc., and socio-economic indicators remained lower compared to rest of the State even after the establishment of the Board under Article 371-J of the Constitution. The data points specified in the sustainable development goals indicator framework, NITI Aayog aspirational district indicator framework, Human Development Index, Nanjundappa Committee Report etc., were not available with the Board which was essential in measuring the status of development, planning and programme implementation. Though Board was required to ascertain the relative levels of development in different sectors with reference to appropriate indicators, it did not collect the required data for analysis. In the absence of any data with the Board, evaluation of the outcome of its activities towards minimising the regional disparity was not feasible and the Board was not able to demonstrate the effectiveness of its operations in measurable terms.

The backwardness of a region with reference to other regions are determined using a set of socio-economic indicators. Multiple studies² highlighted backwardness of the Kalyana Karnataka Region using different development indicators. These study reports were taken cognizance by the Parliamentary Standing Committee which considered the Article 371-J of the constitution while proposing the special status to the Kalyana Karnataka Region.

The importance of indicators in planning and measuring progress towards achieving the planned objectives is well recognized globally. Governments across the globe give increased attention to the indicator framework and associated monitoring systems for achieving the Millennium Development Goals and its successor Sustainable Development Goals. Assessment of the levels of socio-economic development of the region from time to time with reference against a defined set of indicators is considered a pre-requisite to developing and implementing a development strategy towards reducing regional imbalances. A comprehensive indicator framework linked with goals and targets of regional development would act as a management tool to develop implementation strategies and allocation of resources.

According to Clause 12 of the Board Order 2013, the Board shall from time to time ascertain the relative levels of development in different sectors in relation to the Region on the basis of appropriate indicators, having regard to the levels of development in the State as a whole. Clause 19 of the Board Order 2013 enables the Board to collect necessary information for monitoring the socio-economic indicators from various departments of the State Government and Local Bodies and Authorities.

² Report of the High Power Committee on Regional Imbalances (Nanjundappa Committee Report), The Book on Inclusive Growth co-authored by Smt. Shalini Rajneesh, IAS etc.

The Board was yet to formally finalise an indicator framework suitable to the region. Though the Board generally refers to the Nanjundappa Committee Report for all the parameters, it was yet to define the goals and targets for regional development in measurable terms along with specified timelines. In the absence of defined goals, targets and timelines, it was challenging for the Audit to assess the outcomes of the Board's activities in terms of the indicators.

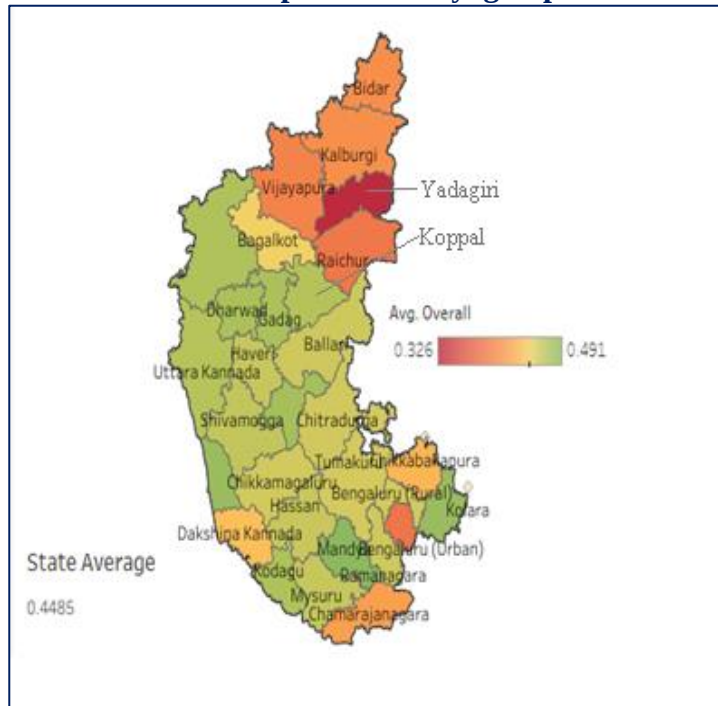
Audit attempted to collect the data from different departments of the Government to ascertain the status of development in the region in comparison to other parts of the State. Based on the data gathered, the status of development in the districts of KK Region was assessed. An assessment of the socio-development indicators at the taluk level could not be undertaken due to non-availability of granular data at the taluk level. The status of the Region with reference to various indicators are discussed in the succeeding paragraphs.

2.1 Status of Kalyana Karnataka Region based on indicators of NITI Aayog Aspirational District Programme

The NITI Aayog uses an indicator framework consisting of 49 indicators across five themes - Health and Nutrition, Education, Agriculture and Water Resources, Financial Inclusion & Skill Development and Basic Infrastructure for assessing and monitoring the status of development of various districts under its Aspirational District Programme.

Audit analysed the status of development in the region in terms of this indicator framework and observed that the districts of Kalyana Karnataka Region lags behind the rest of the State as depicted in the **Chart 2.1** below.

Chart2.1: Status of districts as per NITI Aayog Aspirational Districts Index



The colour represents the Aspirational Index of a district. The colour moves from red, through orange, yellow to green as the score increases. Green represents areas with the highest index while red represents areas with the lowest index.

Source: Avalakona database of Planning Department

As per the NITI Aayog indicator framework, the State average was 44.85 basis points. Audit observed that out of the six districts in the Kalyana Karnataka Region, four districts viz., Yadagiri, Raichur, Bidar and Kalaburagi stand lower in comparison to the State average.

Analysis of taluk-wise data also showed high prevalence of disparities as out of the low performing 75 taluks with average score of less than 44.85 basis points in the State, 29 taluks were from Kalyana Karnataka Region. Of this, audit observed that all the taluks in Kalaburagi and Yadagiri and seven³ out of eight taluks in Bidar district were performing below State average. The region wise performance of taluks is shown in **Table 2.1** below.

Table 2.1: Region wise status of taluks with below State average score as per NITI Aayog Aspirational Districts Index

Region	Number of Taluks	Percentage
Belagavi	19	25.33
Bengaluru	17	22.67
KK Region	29	38.67
Mysuru	10	13.33
Grand Total	75	100

Source: Avalokana database of Planning Department

The two districts in the region viz., Raichur and Yadagiri were identified under the Aspirational District Programme of NITI Aayog. However, the Board was not collecting and analysing the data related to implementation of the Aspirational Districts Programme in these two districts under its jurisdiction.

2.2 Status of Kalyana Karnataka Region based on Multidimensional Poverty Index

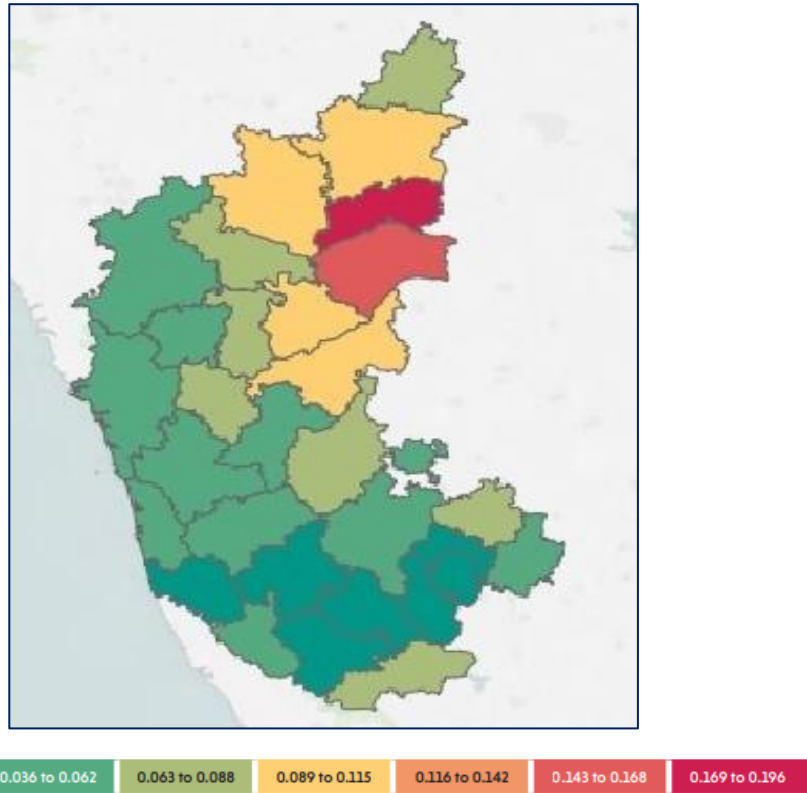
The Multidimensional Poverty Index (MDPI) is used by the United Nations Development Programme in its flagship Human Development Report since 2010 and is the most widely employed non-monetary poverty index in the world. It captures overlapping deprivations in health, education and living standards. It complements income poverty measurements as it measures and compares deprivations directly. Similarly, the National Multidimensional Poverty Index uses twelve indicators for assessing the poverty levels in more than 700 districts in the country.

The MDPI data was to be used for formulation of sectorial policies and targeted interventions which contribute towards ensuring that “no one is left behind”. The district-wise estimation of the national MDPI was to facilitate reaching out to the farthest behind first through focused efforts on specific indicators and dimensions. The Board however, did not collect any MDPI data during 2013-14 to 2020-21. The MDP index prepared by NITI Aayog in 2020-21 showed that the least performing four districts in the State were from Kalyana Karnataka Region. The remaining two districts were also sixth and ninth least performing.

³ Humnabad, Bhalki, Aurad, Hulasur, Chitgoppa, Kamalanagar and Basavakalyan taluks.

This indicated that the region is significantly poorer with respect to the other parts of the State as shown in **Chart 2.2** below:

Chart 2.2: Status of districts as per MDP index



The colour represents the Multidimensional Poverty Index (MPI) score of a district. The colour moves from green, through yellow, to red as the MPI score increases. Green represents areas with the lowest MPI scores while red represents areas with the highest MPI scores. The legend provides the range of MPI scores represented by a colour.

Source: NITI Aayog MDP Report 2021

2.3 Status of Kalyana Karnataka Region based on Human Development Index

Human Development Index (HDI) is a multidimensional indicator used to gauge the degree of development; it was born out of discontent with per-capita income serving as the standard measure of development, it is argued that human development is used to distinguish between good and bad growth. It focuses on three basic capabilities—Inequalities in health, education and income across regions and groups.

It was observed that the Board had not devised any mechanism for monitoring the statistics related to HDI in the KK Region from time to time.

2.3.1 Per Capita Income

Per Capita Income (PCI) is one of the three indicators of the Human Development Index developed by UNDP. Audit analysed the divergence between the PCI of the districts and the State for the years 2013-14 and 2019-20 and the results are shown below:

The Per Capita Income (PCI) of the 6 districts in the Kalyana Karnataka (KK) Region for from 2013-14 to 2019-20 is given in **Table 2.2** below:

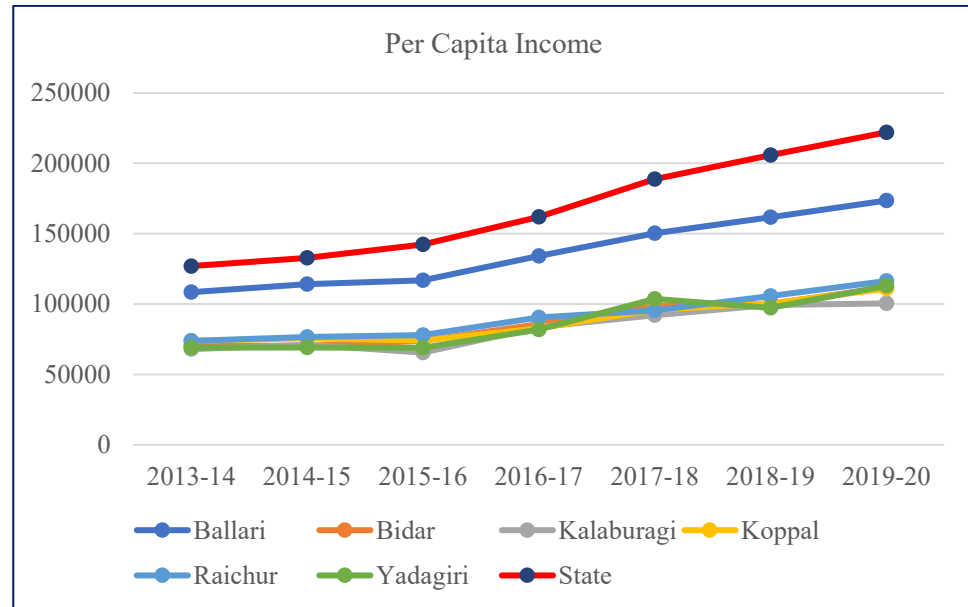
Table 2.2: Per Capita Income (PCI)

Districts	Financial Year							PCI Growth (in per cent)
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	
Ballari	1,08,454	1,14,138	1,16,897	1,34,150	1,50,319	1,61,715	1,73,529	60.00
Bidar	70,543	70,339	73,892	85,713	98,754	1,00,234	1,11,750	58.41
Kalaburagi	67,886	71,085	65,493	83,619	92,098	99,322	1,00,446	47.96
Koppal	73,916	75,598	74,134	82,787	96,036	1,00,497	1,10,886	50.02
Raichur	73,851	76,498	78,057	90,530	95,451	1,05,654	1,16,389	57.60
Yadagiri	69,014	69,177	68,928	81,845	1,03,677	97,353	1,12,937	63.64
State	1,26,976	1,32,880	1,42,267	1,61,912	1,88,765	2,05,697	2,22,002	74.84

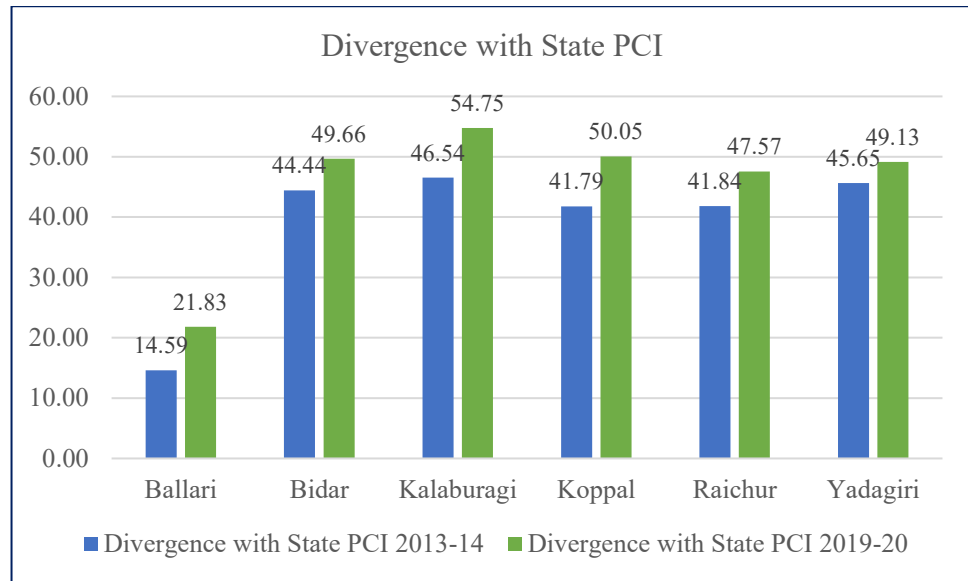
(Source: Economic Survey of Karnataka)

The growth in PCI of the six Districts of KK Region during this period was significantly lower than the State wide growth. A comparison of PCI growth of six districts of KK Region with that of State is presented in **Chart 2.3** below:

Chart 2.3: Comparison of Per Capita Income



The slower growth in PCI of the six districts in the KK Region resulted in increase in divergence with State PCI as shown in **Chart 2.4** below:

Chart 2.4: PCI Divergence of KK Districts with the State PCI

Source: Economic Survey of Karnataka

The Board did not make any studies in this regard and no interventions were taken up during this period.

2.4 Status of Kalyana Karnataka Region based on Nanjundappa Committee indicators framework

The Nanjundappa Committee Report identified the indicators and sectors of development and quantified the regional disparities across 175 taluks existed during 2002. The backwardness of the regions was assessed according to a Comprehensive Composite Development Index (CCDI) developed based on 35 identified socio-economic indicators. The Committee identified 114 taluks in the State as backward. They are further classified into Backward (35), More Backward (40) and Most Backward (39). Out of these 39 most backward taluks in the State during 2002, 21 taluks were from Hyderabad Karnataka Region indicating the backwardness of the Hyderabad Karnataka Region.

Audit collected the data for 35 socio-economic indicators of Nanjundappa Committee for the year 2019-20 from Department of Planning, Government of Karnataka. Based on this, Audit calculated the index for the year 2019-20 on the lines of methodology adopted by Nanjundappa Committee. The calculated index showed 53 taluks in the State as backward, 56 taluks as more backward and 38 taluks as most backward. Out of the 38 most backward taluks, 21 were from Kalyana Karnataka Region indicating the continued prevalence of backwardness in the region.

The classification of the taluks in the State as of 2002 and 2020 on the basis of Nanjundappa Committee indices are shown in **Table 2.3** below:

Table 2.3: Status of Taluks as per Nanjundappa Committee Report

Classification	(Based on CCDI Index 2002)		(Based on CCDI Index 2019-20)	
	No of Taluks in the State	No. of Taluks in the KK Region	No of Taluks in the State	No. of Taluks in the KK Region
Relatively Developed	61	3	80	7
Backward	35	2	53	7
More Backward	40	5	56	15
Most Backward	39	21	38	21
Total	175	31	227	50

Source: Nanjundappa Committee Report (2002) and Data provided by Department of Statistics

2.5 Status of Kalyana Karnataka Region based on Night Light Data Luminosity

Night-time luminosity provides a representation of the expansion of electricity supply, the geographical distribution of population and economic activity, urban expansion as well as growth of ribbon developments between urban hubs. Geospatial techniques help in assessing the extent of physical as well as financial infrastructure development in the Country viz., expansion of national highways, airports, road network, metros, etc. The Economic Survey of 2021-22 used geo-spatial data techniques to track, compare and represent long-term developments in the country.

Audit analysed the regional growth in Kalyana Karnataka Region utilising the services of the Regional Remote Sensing Centre (RRSC) at Indian Space Research Organisation (ISRO) by studying the geospatial distribution of night light using the Night Light Luminosity during the years 2015 and 2020. RRSC at ISRO conducted the study through geo spatial data using a new global view and animation of earth's city lights to compare urban growth of Kalyana Karnataka districts with other districts of the State. The data was acquired over 2015 and 2020 from Google Earth engine. The results of the study clearly indicated that Kalaburagi region showed low growth compared to other regions for the periods 2015-2020. The results showed that overall increase in illumination value is low for Kalyana Karnataka Region compared to other regions. The increase in illumination in the State from 2015 to 2020 was 19 *per cent* whereas the increase in illumination in the Kalyana Karnataka Region was only 14.20 *per cent*.

The region wise growth in illumination in the State is provided in the **Table 2.4** below:

Table 2.4: Region wise growth in Illumination

Region	Growth in Illumination (Per cent)
Mysuru	17.75
Bengaluru	21.95
Belagavi	21.63
Kalyana Karnataka	14.20
Total State	19

The status of the region in 2015 and 2020 with respect to other regions is shown in charts below.

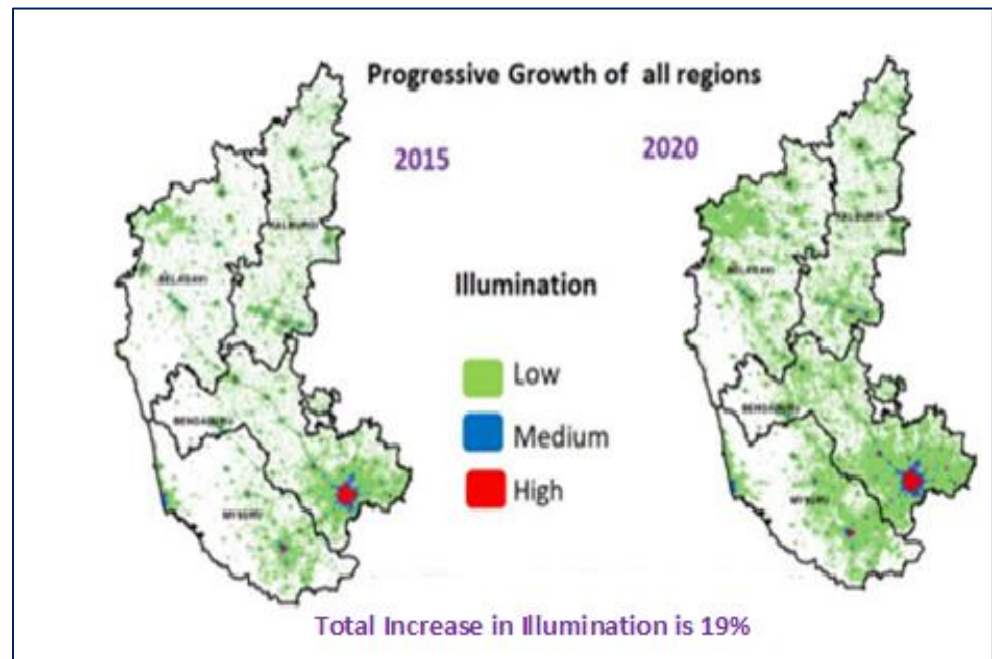
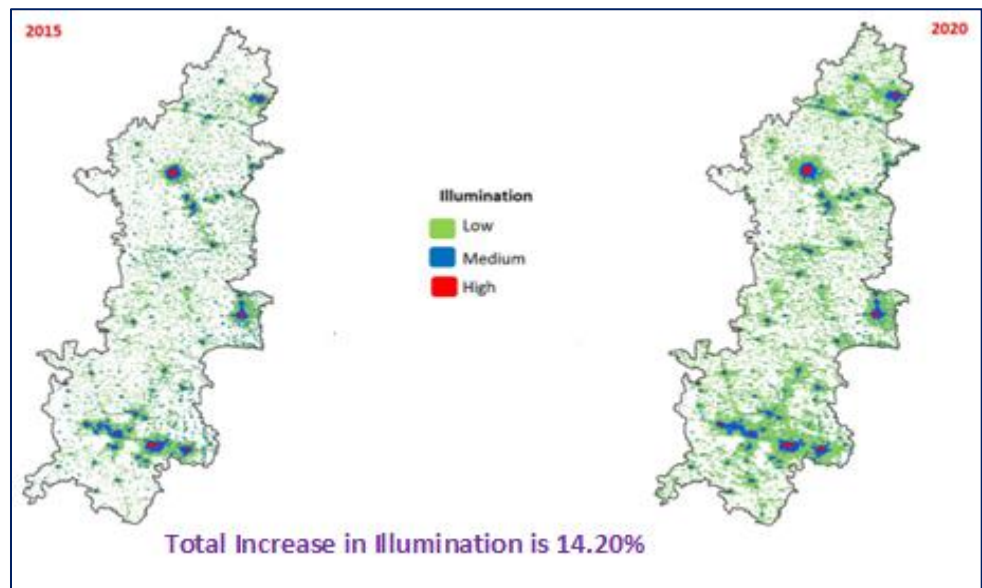
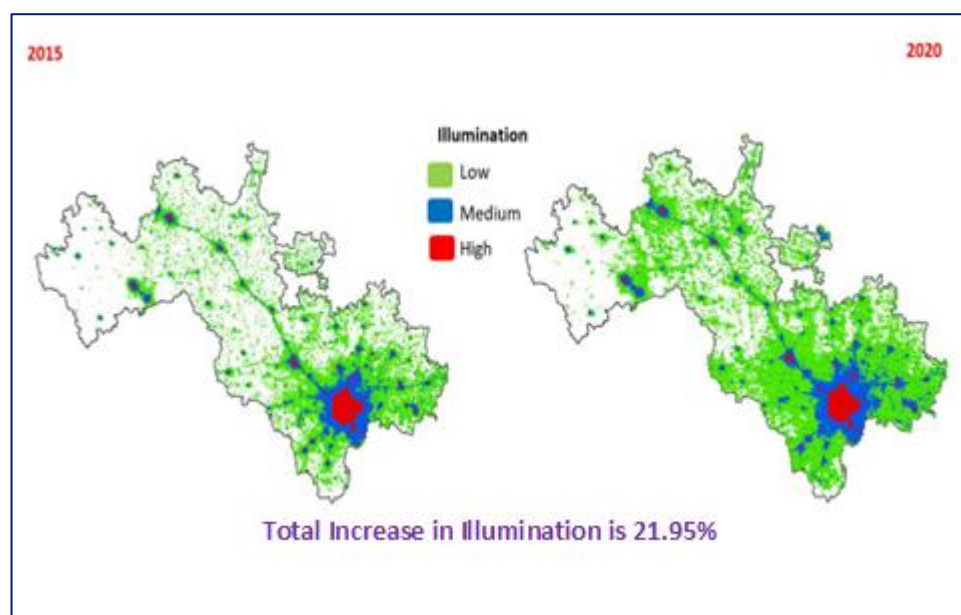
Chart 2.5: Growth of illumination of the State.**Chart 2.6: Growth of the illumination of the Kalyana Karnataka Region**

Chart 2.7: Growth of the illumination of the Bengaluru Region

2.6 Sustainable Development Goals Indicator Framework

The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. SDGs break down the social, economic and environmental themes into 17 goals and 169 targets, thereby enabling policymakers and implementers around the world to design effective and timely policies and initiatives. At the district (sub-state) and local levels, elected representatives of Panchayati Raj Institutions and Urban Local Bodies, district administration and frontline functionaries are vital for action on SDGs. Raising awareness of all the stakeholders on SDGs is critical to reach the targets set in agenda 2030. It not only ensures effective localisation and better ownership, but also aids in behavioural change which is essential for inclusive and sustainable development.

The Board is mandated under the Article 371-J to deliver on most of the socio-economic sectors that constitute the SDGs to achieve regional development. It is therefore imperative to align the policy and strategy architecture of the Board to SDGs. The Board were to map existing Government schemes with SDGs to identify gaps and supplement the gaps with the efforts of the Board.

It was, however, observed that the State Government/Board had not developed any strategy for achievement of SDGs in the KK Region. The Board also did not periodically collect and analyse data on various backwardness indicators either along Nanjundappa committee indicators or SDG indicators.

The Government of India developed the National SDG Indicator Framework (NIF) and identified data-sources for collection of the data. The Board had not used this National SDG indicator framework for collection of data and monitoring of the progress of achievement of the Sustainable Development Goals in the region.

Further, to drive the spirit of competition among sub-regions such as districts and taluks, a composite SDG index to measure progress achieved disaggregated by districts and taluks, in individual Goals as well as a composite measure of all dimensions of development was required to be prepared.

The Board had not attempted to adopt any composite index for monitoring the progress of the Districts/Taluks on SDG indicators from time to time.

The environmental SDGs offer opportunities in the economic and social sectors for exploring eco-friendly economic activities such as wind power generation, eco-tourism *etc.* The Board, however, had not explored the interventions in the areas of achieving the environmental SDGs.

2.7 Natural Resource Accounting (NRA)

Natural Resource Accounting (NRA), an accounting framework to compile data relating to natural resources, is a way to prepare India to achieve Sustainable Development Goals (SDG) 2030. NRA would help in taking decisions not only about further usage of natural resources but also for ascertaining sustainability of these resources for future generation

One of the most crucial element of Sustainable Development is that it provides an outline of resource bases, pace of usage with an eye on their sustainability and embeds environmental aspects into the economic indices. Four of 17 goals directly relate to natural resource accounting and sustainability of these resources.

The KK Region has been gifted with affluent mineral resources such as lime Stone, Gypsum, Quartz, Bauxite, Kaolin, Red ochre, White Quartz, Iron Ore, Manganese, *etc.*

The Board did not conduct any studies on the sustainable utilisation of natural resources of the region and studies on the impact of its development works on the environment. Audit observed that contractors engaged by the implementing agencies, did not submit the required mineral dispatch permits (MDP) in respect of natural minerals used in the construction works. These are indicators to the unauthorized extraction of natural resources in the region by the contractors pointing to need for reinforcing the accounting and monitoring of the utilisation of natural resources.

2.8 District Level Gross Domestic Product

The information/statistics/indicators on economic activities in areas smaller than a State are often required by the Regional and State authorities for planning and policy purposes to know the development as well as standard of living of the people and their well-being at that level.

Finance Commissions and erstwhile Planning Commission and the present NITI Aayog recognised district as an independent geographical unit requiring attention in public policy formulation and implementation. Estimates of income of a district *i.e.*, District Domestic Product (DDP) is considered to be one of the most important indicator/barometer to measure the economic growth/development of a district and the estimates of per capita income of the district to measure the standard of living of the inhabitants of the district. Preparation

of DDP estimates has gained added importance, as it is one of the three indicators to construct a composite Human Development Index (HDI) (other two being the life expectancy and the educational attainment) for inclusion in the Human Development Report being prepared by the State.

The Board, however, did not have data on the District Domestic Product statistics in respect of any of the six districts. Thus the Action plans of the Board was prepared without the considering the relative developmental levels of the districts.

The status of the region in terms of some of the commonly used indicators in the fields of Health, Nutrition, Literacy, Education, Sanitation, Skill Development, Tourism, Water supply, Forest cover, Air transportation etc., are discussed in detail in the succeeding paragraphs.

2.9 Health Indices

Health and development are closely linked to each other and can affect interchangeably. Regional health inequalities are mainly a result of differences in the level of economic development and differences in access to quality health care facilities. Aspirational Districts Programme (NITI Aayog) identified 13 indicators in the Health and Nutrition theme. Performance of some of the indicators of the KK Region compared to the rest of the State are discussed below:

2.9.1. Quality of care for pregnant women

The World Health Organization (WHO) has identified quality of care for women and children as a priority in addressing preventable maternal and child mortality and states a vision that ‘every woman, child and adolescent should receive quality care throughout the continuum of their life course and care. It is recognised that for mothers and new-borns, the period around childbirth is the most critical.

❖ Ante Natal Care

Audit analysed the data of women receiving Ante Natal Care (ANC) during 2014-15 and 2020-21. During the 2014-15, the *percentage* of Pregnant women received 3 Ante Natal Checkups in the KK Region was significantly below the state average. Similarly, even during 2020-21, the *percentage* of pregnant women received four or more Ante Natal Checkups in the KK Region was below the State and rest of the State average as shown in **Table 2.5** below:

Table 2.5: Ante Natal Care for pregnant women in KK Region during 2014-15 and 2020-21

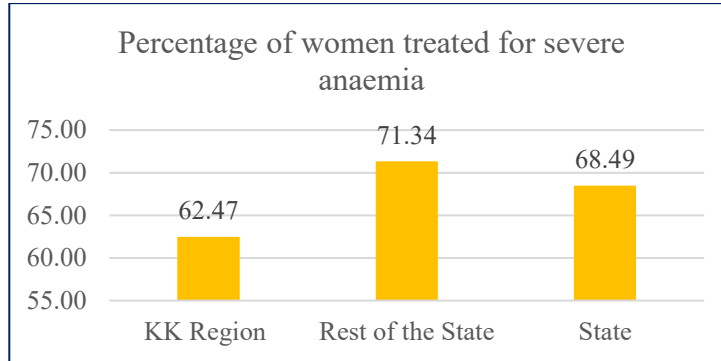
Region	(in per cent)	
	2015-16 (3 Ante Natal Check-ups)	2020-21 (4 or more Ante natal Check-ups)
KK Region	86.27	87.31
Rest of the State	97.99	90.32
State Average	95.23	89.60

Source: Data obtained from Health and Family Welfare Department

❖ Women treated for severe anaemia

Audit observed that the percentage of women treated for severe anaemia was least in the KK Region with 62.47 *per cent* compared to rest of the State average (71.34 *per cent*) as shown in **Chart 2.8** below:

Chart 2.8 Analysis of women treated with severe Anaemia in KK Region



Source: Data obtained from Health and Family Welfare Department

❖ Institutional Births

Analysis of the family health survey data for the year 2015-16 and 2019-20 showed that though the *percentages* of institutional deliveries to total estimated deliveries in the six districts were improved, five out of six districts of KK Region were still having below State average *percentage* of institutional deliveries which was attributable to non-availability of adequate PHCs, FRU facilities, doctors *etc.*, as discussed in succeeding paragraphs.

It was also observed that, though the Kalaburagi district receiving more share of funds from the Board as discussed in chapter III, the *per cent* of institutional births in the district had decreased by 2.4 *per cent* and Kalaburagi is the least performing district in the state during NFHS-5.

Though the *percentage* of Institutional births improved in Raichur and Koppal, they were second and third least performing districts in the State during NFHS-5 period.

A comparison of institutional births in the districts under KK Region with State is given in **Table 2.6** below:

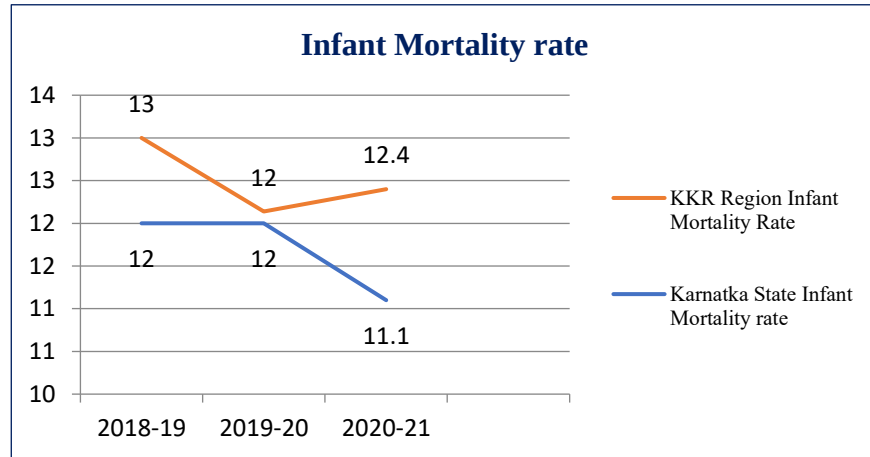
Table 2.6: Percentage of Institutional births in KK Region

<i>(in per cent)</i>			
Districts	NFHS-4 (15-16)	NFHS-5 (19-20)	Increase
Kalaburagi	91.1	88.7	-2.4
Raichur	79.7	88.9	9.2
Koppal	84.8	90.7	5.9
Yadagiri	90.5	93.3	2.8
Ballari	86.0	95.7	9.7
Bidar	98.0	99.0	1.0
State Average	94.0	97.0	3.0

2.9.2 Infant mortality rate

Nanjundappa Committee considered the infant mortality rate (IMR) as one of the most sensitive indicators of socio-economic development of the society. Audit analysis of the IMR in the State showed that though variations were noticed in IMR throughout the State it was higher in KK Region as compared to other parts of the State as depicted in **Chart 2.9**.

Chart 2.9: Comparison of Infant mortality rate during 2018 to 2021



Source: Health and family welfare Department

Thus the IMR of the region was more than the rest of the State and the divergence increased further during 2020-21.

❖ Under 5 mortality rate

Audit analysis of the Under 5 Mortality Rate (U5MR) in the State showed that the U5MR in five out of six districts of KK Region is significantly higher than the State average in 2020-21 as shown in **Table 2.7** below:

Table 2.7: Under 5 mortality rate during 2014-15 and 2020-21

(in per cent)			
District	2014-15	2020-21	Change
Ballari	13.03	17.48	4.45
Bidar	9.92	7.26	-2.66
Kalaburagi	11.67	9.2	-2.47
Koppal	6.98	10.6	3.62
Raichur	20.49	15.5	-4.99
Yadagiri	3.25	7.68	4.43
State	8.04	8.48	0.44

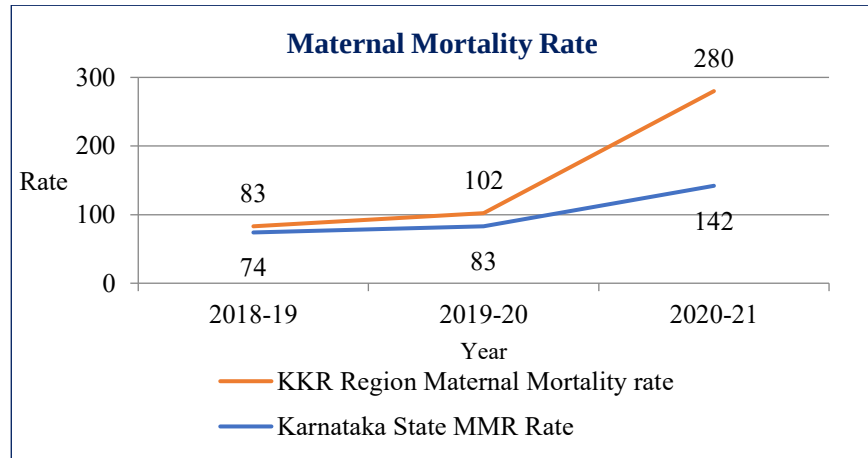
It was also observed that three out of the six districts of KK Region witnessed significantly higher increase than State from 2014-15 to 2020-21.

2.9.3 Maternal mortality rate

The persistence of high mortality among women particularly during critical period of pregnancy and delivery is attributed to the social and cultural practices which are deep rooted in the society. Analysis of data revealed that KK Region

had higher maternal mortality rate (MMR) than the rest of the State during the period 2018-19 to 2020-21, as shown in **Chart 2.10** below:

Chart 2.10: Comparison of maternal mortality rate during 2018 to 2021



Source: Health and family welfare Department

Thus, the MMR of the KK Region was more than the rest of the State and the divergence was further increased in 2020-21.

2.9.4 Status of Health Infrastructure in the region.

Government of India promotes quality certification process for health care institutions for enhancing patient satisfaction and improving quality standards across the hospitals of the country. The initiative was aimed to help the hospitals to get fast-track certification while enhancing healthcare services. There are three levels of quality certification: Gold, Silver and Bronze with Gold being the highest level under this initiative. The Board, however, did not have any data for analysing the health infrastructure in the region.

The Board stated (July 2022) that such studies were being facilitated and analysed at the State level including that for KK Region.

The reply is not acceptable as the Board was established for ensuring overall development of the KK Region. However, the Board had not collected the data for assessing the status of development of the Health indicators such as underweight in children, anaemia in women and children, reasons for low rates of institutional births in the region which are essential for redressing the regional imbalances.

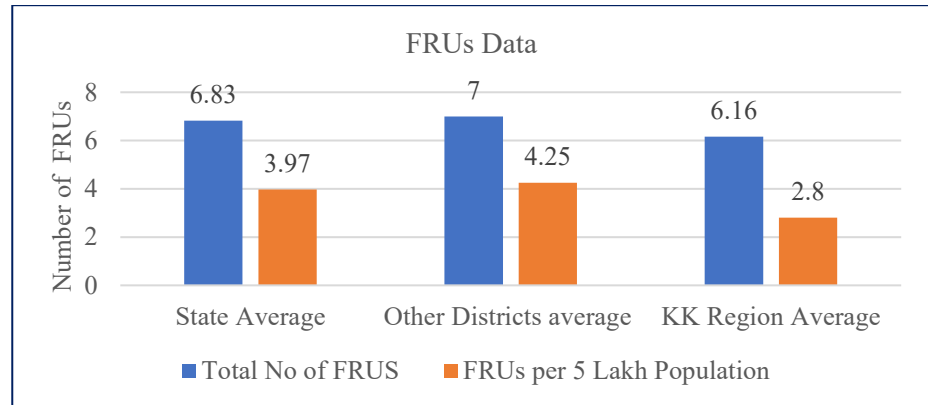
2.9.5 Number of First Referral Units per five lakh population

The NITI Aayog considered First Referral Units (FRUs)⁴ per five lakh population as an indicator for improving the health services of women in addition to all emergencies. Analysis of data revealed that the KK Region had the lowest number of FRUs compared to the rest of the State due to which institutional births were least in the region as shown in **Chart 2.11**. During joint

⁴ First Referral Units (FRU) provides comprehensive obstetric care services including like cesarean section, newborn care, emergency care of sick children, full range of family planning services, safe abortion services treatment of STI/RTI availability of blood storage unit and referral transport services.

physical verification, audit observed incomplete or non-functional hospital buildings.

Chart 2.11: Availability of FRUs per five lakh population



Source: Karnataka at a Glance 2019, Department of Economics and Statistics

2.9.6 Health Infrastructure Index

The Health Infrastructure Index (HII), comprising three indicators - doctors, beds in Government hospitals, and drinking water - is used to assess regional imbalances in health facilities. Health of the people, among other things, depends upon the number of doctors available.

➤ Number of doctors

The Nanjundappa Committee considered number of doctors per 10,000 population as an indicator of health. Analysis of the number of doctors per 10,000 population during 2013-14 and 2020-21 showed that there were wide variations in the availability of doctors in KK Region in comparison to the rest of the regions of the State, as shown in the **Table 2.8** below:

Table 2.8 Comparison of Doctors per 10,000 population

(in per cent)

Doctors			
District	2013-14	2020-21	Change
Ballari	0.44	0.41	-0.03
Bidar	0.52	0.54	0.02
Kalaburagi	0.52	0.67	0.14
Yadagiri	0.47	0.68	0.21
Raichur	0.32	0.69	0.38
Koppal	0.55	0.59	0.04

Source: Health and family welfare Department

It was observed that change in availability of doctors per 10,000 population was reduced in one district from 2013-14 levels. In the other five districts the increase in availability of doctors per 10,000 population was very nominal.

➤ Number of hospital beds

Beds in Government hospitals are of special significance particularly to the poor and the marginalized who cannot afford treatment in private hospitals/nursing homes. Number of hospital beds is an indicator in reflecting the level of health facilities in a society and hence, the Nanjundappa Committee used the number of beds in Government hospitals per 10,000 population as an indicator of health facility.

Analysis of the number of hospital beds per 10,000 population in the districts of KK Region is given in **Table 2.9** below:

Table 2.9 Comparison of Hospital Beds per 10,000 population

(in per cent)

Availability of beds			
District	2013-14	2020-21	Change
Ballari	10.56	12.32	1.76
Bidar	11.45	9.78	-1.67
Kalaburagi	9.13	8.43	-0.70
Yadagiri	4.98	5.85	0.87
Raichur	10.75	8.81	-1.94
Koppal	9.25	8.95	-0.30

Source: Health and family welfare Department

It was observed that in four out of six districts, the Government beds available for 10,000 population was reduced in 2020-21 from the 2013-14 levels.

The Board stated (July 2022) that such studies were being facilitated and analysed at the State level including that for KK Region. The Government endorsed the Reply of the Board.

The reply was not acceptable as the Board was established for ensuring overall development of the KK Region. However, the Board had not collected the data for assessing the status of development of the Health indicators such as IMR, MMR, and availability of FRUS, PHCs, Doctors, and Beds in hospitals in the region which are essential for redressing the regional imbalances.

2.10 Nutrition indices

Nutrition is a fundamental pillar of human life, health and development across the entire life span. Malnutrition in every form, presents significant threats to human health. According to Economic Survey of Karnataka 2020-21, Kalyana Karnataka Region has high incidence of malnutrition. The Board, however, had not devised any mechanism for collecting the indicators specific to the malnutrition in the region.

Analysis of the family health survey data for the year 2019-21 in respect of the NITI Aayog indicators showed that the percentage of women and children having anaemia was high in KK Region among the high percentage districts throughout the State.

2.10.1 Anemia in women

Analysis of the family health survey data for the year 2015-16 and 2019-20 showed that, Anaemia in women in the age group of 15-19 years in four out of six districts and five out of six districts in the age group of 15-49 years had increased more in the Districts of KK Region compared to the increase in State as shown in **Table 2.10** and **Table 2.11** below:

Table 2.10: Percentage of Anaemic women (15-19 years) in the KK Region and State

(In per cent)

District	NFHS -4 (15-16)	NFHS-5 (19-20)	Increase (per cent)
Raichur	62.2	64.8	2.6
Yadagiri	46.4	61.8	15.4
Kalaburagi	46.6	61.4	14.8
Ballari	49.7	58.5	8.8
Koppal	49.1	55.3	6.2
Bidar	49.4	51.7	2.3
Karnataka State	45.3	49.4	4.1

Source: National Family Health Survey

Table 2.11: Percentage of Anaemic women (15-49 years) in the KK Region and State

(In per cent)

District	NFHS -4 (15-16)	NFHS-5 (19-20)	Increase in (per cent)
Raichur	62.2	64.8	2.6
Yadagiri	46.4	61.8	15.4
Kalaburagi	46.6	61.4	14.8
Ballari	49.7	58.5	8.8
Koppal	49.1	55.3	6.2
Bidar	49.4	51.7	2.3

Source: National Family Health Survey

2.10.2 Child Nutrition

NITI Aayog considered children with Severe Acute Malnutrition (SAM) and Children with Moderate Acute Malnutrition (MAM) for assessing the regional disparity. The National Family Health Survey (2019-21) reported that 15.90 *per cent* of children are anaemic in Karnataka, particularly the children under five years of age, owing to malnourishment which is an important human deprivation. Status of KK Region in some of the indicators of child nutrition are discussed below:

➤ Anaemia in children aged 6-59 months

The percentage of children in age group of 6-59 months who are anaemic was high in all the districts of Karnataka compared to the State average during NFHS-4 and NFHS -5 period. Though the KK Region witnessed less increase in child anaemia during this period compared to the state, the three districts of

Yadagiri, Kalaburagi, and Raichur are in top three position of high anaemia in the State with Koppal and Bidar occupying fifth and eighth place in NFHS-5 data as detailed in **Table 2.12 below**:

Table 2.12: Anaemia in Children in the age 6-59 months (in per cent)

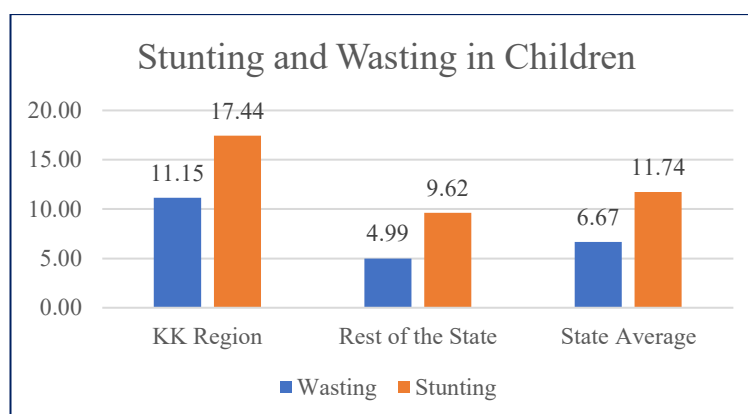
District	NFHS -4 (15-16)	NFHS-5 (19-20)	Change
Yadagiri	74	76	2
Kalaburagi	72.4	75.1	2.7
Raichur	70.6	73.6	3
Koppal	68.1	70.7	2.6
Bidar	69.1	69.3	0.2
Ballari	72.3	67.5	-4.8

Source: National Family Health Survey

➤ Stunting and wasting in Children

The KK Region has high prevalence of child stunting and wasting compared to the rest of the State as shown in **Chart 2.12 below**:

Chart 2.12: Comparison of the Percentage of stunting and wasting in the Children in KK Districts



Source: Department of Women and Child Development

The Board had not collected data on the percentage of malnourished children in KK Region or undertaken any nutritional programmes to redress the imbalances of undernourished children. Rather, funds were released only towards construction of buildings. The reasons for malnourishment in children was not assessed so as to adopt measures for improving nutrition and reduce diseases in children particularly in early childhood which would lead to improved cognitive development and enhance the learning ability of children thereby ensuring economic growth.

2.11 Education Indices

2.11.1 Quality of higher educational infrastructure

The Quality of the higher educational institutions is also an important factor influencing the higher education and regional development. The key factors influencing the quality of higher education is the quality of faculty, curriculum standards, technological infrastructure available, research environment, accreditation regime, administrative policies, financing, evaluation and good

governance. The National Board of Accreditation (NBA) and National Assessment and Accreditation Council (NAAC) are the two major bodies responsible for accreditation of higher education institutions in India.

Analysis of the number of accredited institutions showed that KK Region lags behind the rest of the region in terms of the number of accredited higher educational institutions.

2.11.2 Student Transition Rate

The proportion of students enrolled to primary and continued education upto upper primary and from upper primary to secondary was one of the indicators to measure Sustainable Development Goals (SDG) of universalisation of education, as also a Key Performance Indicators of NITI Aayog.

Audit analysed the transition rate of students enrolled in Primary (I to V) to Upper Primary (VI to VIII) and from upper Primary to Secondary level (IX-X) for the years 2014-15 and 2020-21.

Table 2.13: Transition rate of students in the districts of KK Region

(In per cent)

District	Primary to Upper Primary		Upper Primary to Secondary	
	2014-15	2020-21	2014-15	2020-21
Bidar	84.64	96.67	86.79	94.76
Raichur	93.85	97.47	84.20	95.43
Yadagiri	96.05	97.42	85.81	92.17
Kalaburagi	96.00	96.24	87.52	93.30
Koppal	98.74	98.16	93.51	95.60
Ballari	102.06	100.25	85.21	95.28
State Average	96.95	98.95	95.55	97.84

Source: Education Department (DPI)

It was observed from the above table that, though the transition rate of students from Primary to Upper Primary schools and Upper Primary to Secondary schools has largely increased within the region, the districts are still lagging behind the State as follows:

Transition Rate- Primary to Upper Primary: Four districts of the KK Region were lagging behind the state average in the 2014-15 whereas in 2020-21, five districts of the KK Region were lagging behind the State average.

Transition Rate -Upper Primary to Secondary: All districts of the KK Region were lagging behind the State average in 2014-15 as well as in 2020-21.

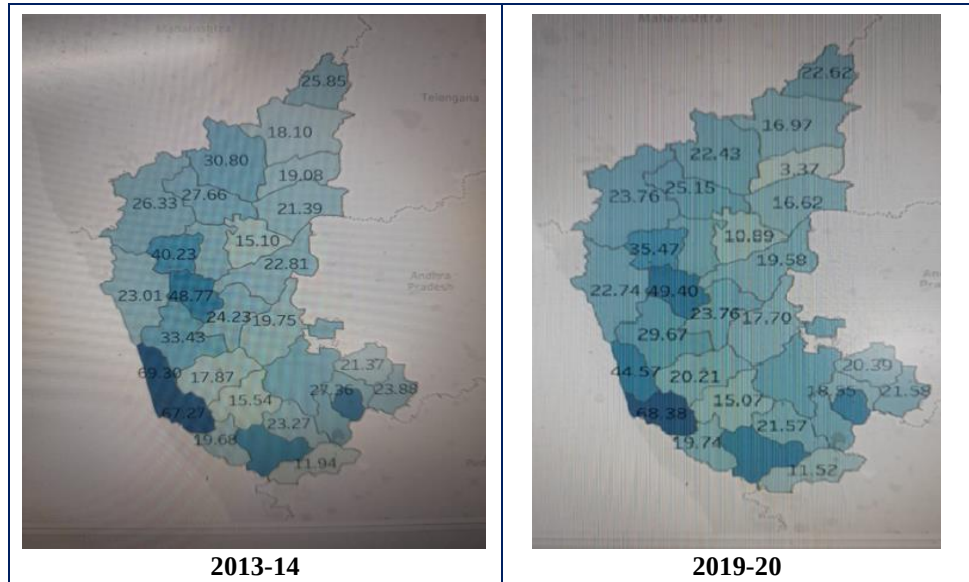
2.11.3 Gross Enrolment Ratio in higher education

Karnataka Higher Education Vision estimated an increase of Gross Enrolment Ratio⁵ (GER) from 18 per cent in 2012-13 to 35 per cent during the year 2019-20. According to the reports, the GER as of 2020 in the higher education sector in the State was 32 per cent. It was, however, observed that the GER of all the

⁵ GER is a statistical measure used to determine the percentage of students enrolled in different levels of education from the total population of the corresponding age group.

Kalyana Karnataka Districts were below the State average. The position of GER between 2013-14 and 2019-20 is depicted in the **Chart 2.13** below:

Chart 2.13: Gross Enrolment Ratio of the State during 2013-20 in higher education

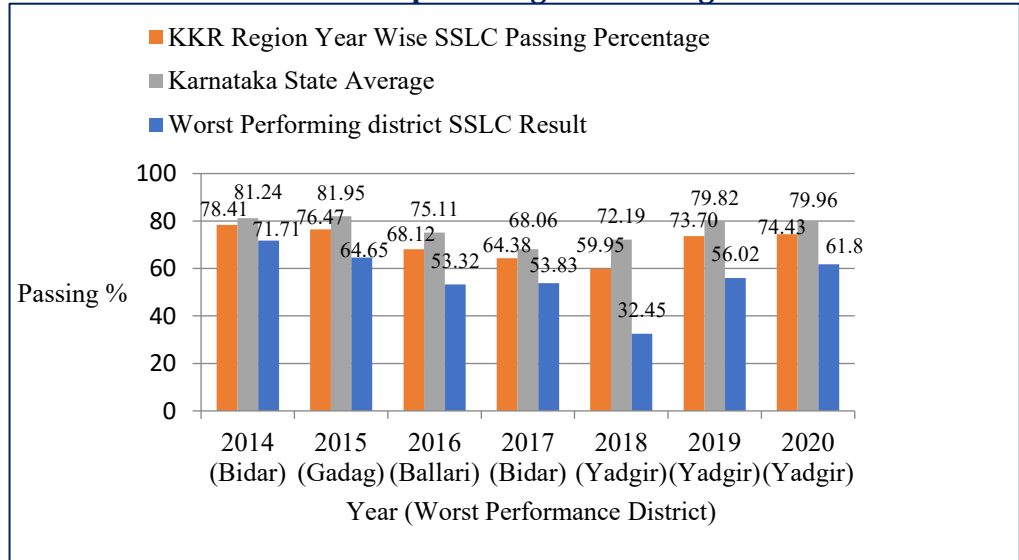


2.11.4 Learning outcomes at Secondary level in students

The Continuous Comprehensive Evaluation (CCE) system introduced in schools were to ensure grade appropriate learning outcomes in schools. The NITI Aayog adopted this sub-indicator to evaluate the performances of children during their time in schools, so that gaps could be identified and worked on well in time. The first priority would be to ensure teachers' accountability to improve learning outcomes and to fill teacher vacancies. Better learning outcomes enable schools to retain children in their classes.

The Department of Public Instruction had not maintained data to evaluate the learning outcomes of students adopted by NITI Aayog indicators. Audit analysed the district-wise data on the learning outcomes of students of class 10 maintained by Karnataka State Secondary Examination Board (KSSEB) which revealed that pass percentage of students in districts of KK Region declined from 2014-15 to 2020-21 with Yadagiri district being the least performing district in consecutive years as shown in **Chart 2.14** below:

Chart 2.14: Analysis of Secondary School Leaving Certificate (SSLC) level Pass percentage in KK Region



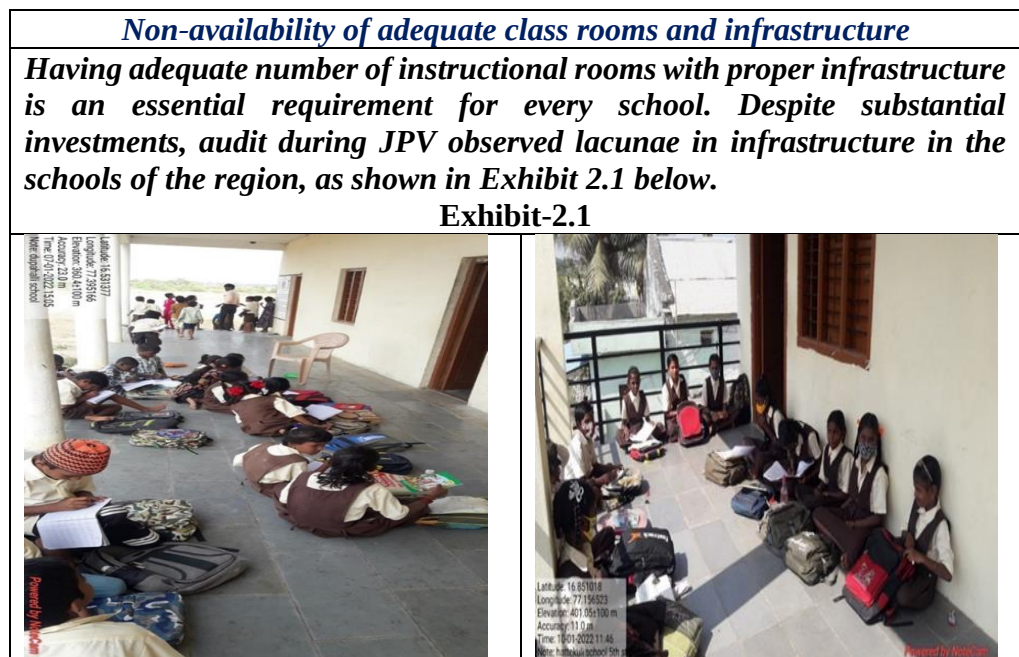
Source: Karnataka State Secondary Examination Board

However, the Board was to collect data and analyse the status of the region in education sector and adopt measures for improving the learning ability of the students in coordination with the concerned Department.

2.11.5 Gaps in facilities in educational institutions in the Region

The Nanjundappa Committee considered number of institutions, accessibility and affordability as important variables in the dynamics of region. The Board was expected to analyse the infrastructure gaps in various sectors and undertake measures for bridging the gaps. It was observed that no such gap analysis was undertaken by the Board.

During the field visits Audit observed deficient infrastructure in educational institutions in the Region as shown in **Exhibit-2.1** below:





Duppalli in Yadagiri

Hattikuni in Yadagiri

Source: Photos taken during Joint Physical verification

The Government agreed (June 2022) during the exit meeting to analyse the gaps in co-ordination with the departments concerned.

2.12 Literacy Rate

Literacy Rate is the common indicator used for educational development. The Department related Parliamentary Standing Committee on Home Affairs Report on Constitution (one hundred eighteenth amendment) Bill, 2012 had considered the gaps in literacy levels in the KK Region. The Committee noted that after the introduction of Article 371D, Telangana region was able to enjoy better position in literacy and employment, on account of special provision in education and jobs.

The committee also considered the following:

- As against national average of 65.37 per cent and State average of 67 per cent as per 2001 Census, the literacy rate of Kalyana Karnataka Region was only 54.24 per cent.
- The gender gap in literacy rate was 25 per cent vis-a-vis 20 per cent in the State

The literacy rate of the population in the age group of seven years and above increased from 56.04 per cent in 1991 to 67 per cent in 2001 census to that of 75.60 per cent in 2011, with an improvement of 19.56 per cent. The improvement in the literacy levels since the introduction of the Article 371-J were not ascertained by the Board for effective implementation of the interventions in this domain.

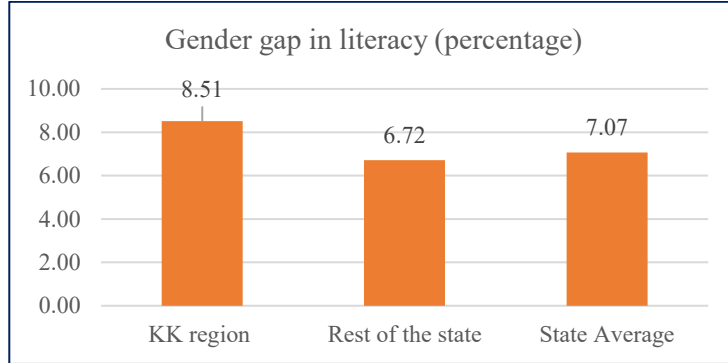
Audit observed that the Board, without obtaining the realistic data, had provided a sum of ₹1.49 crore to the Directorate of Mass Education for implementing the literacy programmes in the six districts. Of this, ₹93.50 lakh had only been utilised and balance was lying unspent with the Directorate.

❖ Gender gaps in literacy

Literacy is one of the foremost indicators of development in a society and forms an important input for overall development of individuals. Gender gap in literacy prevent women participation in the workforce hindering the society's development.

Analysis of the data on literacy rates up to 2021 available with the Department of Mass Education revealed that despite increase in female literacy, gender gaps in literacy persisted in every district throughout the State and it was more pronounced in the districts in KK Region, as shown in **Chart 2.15** below:

Chart 2.15: Gender gap in literacy in KK Region and the State



Source: Department of Mass Education

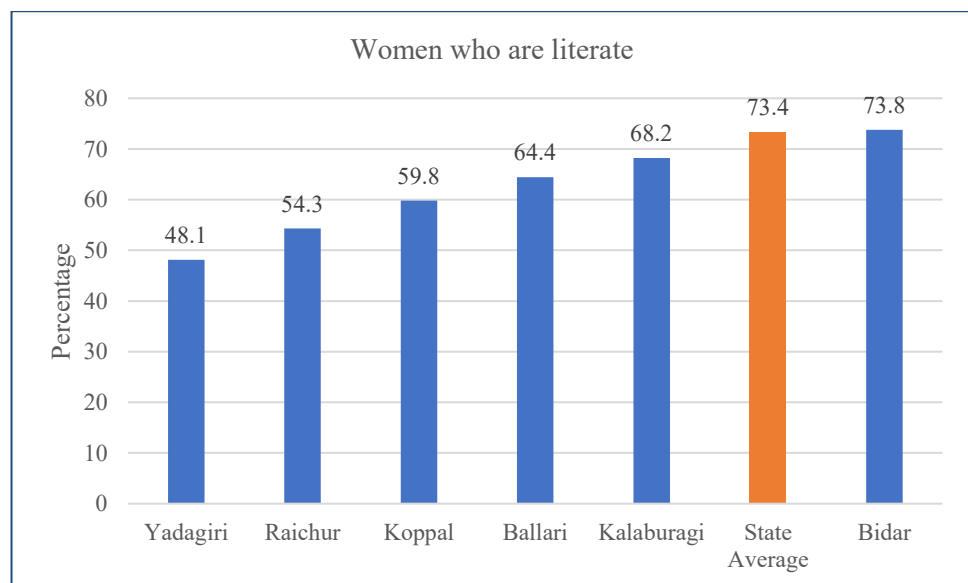
❖ *Literacy rates*

The literacy level data either district-wise, taluk-wise, gender-wise or social community-wise was not collected by the Board or the Department of Mass Education during 2011 to 2021. Thus, the Board could not take up any community specific interventions with regard to improving literacy rate.

❖ *Literacy rates in Women*

Audit further observed that the percentage of literate women was poor in five districts of KK Region and the least three districts had more than 10 per cent difference with the State average of 73.4 per cent. A comparison of women literacy rate in KK Region districts with the State is as shown in the **Chart 2.16** below:

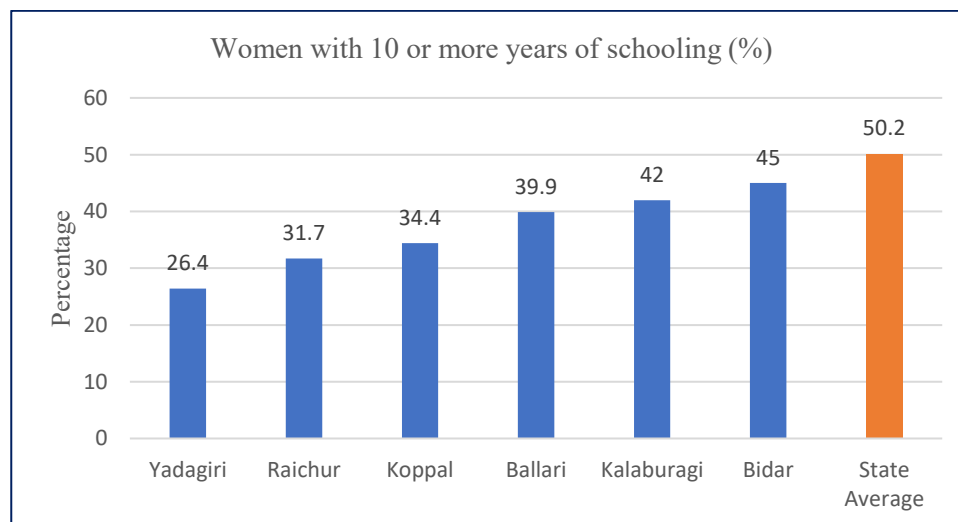
Chart 2.16: Comparison of women literacy rate in KK Region with the State



Source: National Family Health Survey 2019-21

Audit further observed that the percentage of women having 10 or more years of schooling was least in all the district of KK Region which ranged between 26.40 to 45 per cent as against the State average of 50.20 per cent as shown in **Chart 2.17**.

Chart 2.17: Comparison of KK Region districts with the State



Source: National Family Health Survey 2019-21

However, the Board had not collected data to analyse the status of literacy among women, social groups *etc.*, nor undertaken literacy programmes in co-ordination with the Department of Mass Education which was one of the most important indicator for economic growth.

2.13 Skill Development Indices

2.13.1 Grading of Industrial Training Institutes

India is targeting to equip 400 million youth (by 2022) with industry relevant skills training in multiple trades/sectors through various skill programs/schemes implemented at skilling institutions such as Skill Development Centres (SDCs), Vocational Training Providers (VTPs), Industrial Training Institutes (ITIs), and Polytechnics/Engineering Colleges, *etc.*

Directorate General of Training (DGT) under the Ministry of Skill Development and Entrepreneurship (MSDE) had brought about a scheme to grade all the ITIs across the nation on the basis of defined key parameters and to provide a “benchmark for comparison” amongst the institutes. The objective of conducting grading exercise for ITIs is to identify the good performing institutes and on the basis of their best practices provide an opportunity to the institutes lagging behind in some of the parameters, to improve upon. Grading would enable various stakeholders like ITIs, State Directorates and DGT to find out the key areas where they can improve further for overall strengthening of Vocational Education and Training Ecosystem.

The Board had not collected and analysed the data regarding the grading of ITIs in the region. Thus, the Board was not in a position to undertake the development works related to the infrastructure in the ITIs of the region as evident from its action plans.

2.13.2 Absence of data on status of employment in the region

Skills and knowledge are the driving forces of economic growth and social development of any region. The economy becomes more productive, innovative and competitive through the existence of more skilled human potential. The level of employment, its composition and the growth in employment opportunities are the critical indicator of the process of development in any economy including regional economy.

However, the Board had not collected and analysed the data regarding the total employment and unemployment in the region. The details of schemes/projects for skill development in the region was also not available with the Board.

2.13.3 Engineering research and development

The engineering research & development landscape across the country as well as in Karnataka has been witnessing an accelerated momentum over the last decade. Engineering research and development services include services involved in creation of new products (hardware or software) across the entire product life cycle (product conceptualization, design, development, testing, manufacturing, and maintenance).

Government of Karnataka brought out an Engineering Research and Development Policy (ER&D) with an aim of attracting a higher number of leading ER&D Multinational Companies (MNCs), Global Capability Centres (GCCs) and Engineering Service Providers (ESPs) to the State and provided them with a robust and well-connected ecosystem, including an easy access to a skilled talent base.

However, the Board had neither analysed the new Engineering Research and Development Policy launched by the State Government and nor proposed any activities and interventions in line with this Policy, with a view to adopt and implement the same in KK Region which can contribute to the development of the region.

2.13.4 Encouraging start-ups

Entrepreneurship is recognised as a critical factor for regional industrial development and a key tool for job creation, economic growth and innovation. The prevalence of start-ups is systematically and strongly related to local employment growth across and within regions.

However, the Board neither specified any indicator framework for monitoring the entrepreneurial activities nor was in possession of such activities in the region Board thus, failed to provide a stage for enthusiastic entrepreneurs with innovative ideas.

2.14 Tourism Potential

The tourism sector has been identified as one of the key sectors propelling the country's economic growth. Karnataka State has been ranked as the fourth

preferred destination among domestic tourists and third preferred destination for investments in the tourism sector.

Government of Karnataka brought out the Karnataka Tourism Policy 2015-20 with an aim to increase the contribution of tourism sector to the State GDP. The policy envisaged an integrated approach for developing a sustainable tourism industry in the State, backed by relevant infrastructure, effective institutional mechanisms and enhanced capacities to deliver on these targets. The policy also emphasised development of tourism in Kalyana Karnataka Region.

The Board, however, had not undertaken any assessment of potential tourism destinations and the infrastructure facilities, *etc.*, related to the region. The Board also did not have any data related to the entities under the Kalyana Karnataka Region which have availed investment subsidies under the State Tourism Policy.

2.15 Water Supply Indices

Access to adequate quantity of safe drinking water is a basic requirement for human existence and has a very significant bearing on matters pertaining to livelihood including health and food security. Nanjundappa Committee indicator framework considered percentage of habitations having drinking water facility of 40 LPCD or more as an indicator for determining the regional backwardness.

The Board, however, had not collected habitation level data for the region to assess the progress in implementation of these interventions. Hence, audit could not ascertain the status of water supply and any improvement in this sector.

2.16 Sanitation- Swachh Sarvekshan

Swachh Sarvekshan⁶ is an annual survey of cleanliness, hygiene and sanitation in cities and towns across India which was launched as part of the Swachh Bharat Abhiyan, aiming to make India clean and free of open defecation. The first survey, which was undertaken in 2016, covered 73 cities; by 2021, in its sixth edition, the survey was grown to cover 4320 cities in a bid to scale up the coverage of the ranking exercise and encourage towns and cities to actively implement mission initiatives in a timely and innovative manner.

The information with regard to the participation of the urban cities under Kalyana Karnataka Region in the Swachh Sarvekshan was not available with the Board.

2.17 Forest coverage and afforestation works

As per the information of land use statistics of Ministry of Agriculture, Government of India for the year 2017-18, in Karnataka, the total forest cover

⁶ Conducted by Ministry of Housing and Urban Affairs (MoHUA) to rank all cities under Swachh Bharat Mission-Urban (SBM-U) with Quality Council of India (QCI) as its implementation partner.

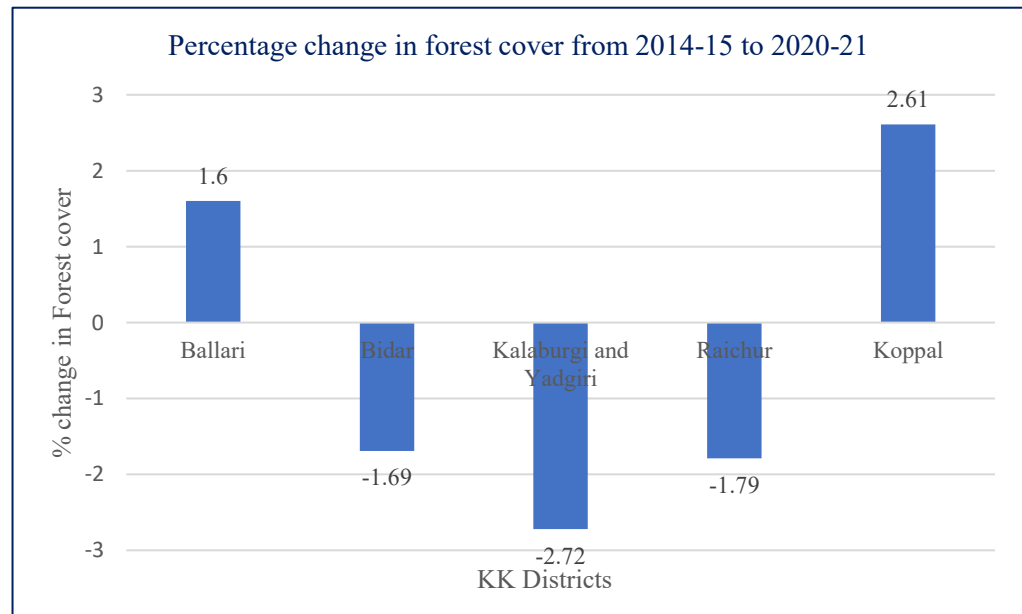
is 30.73 lakh hectares which constitutes 16.13 *per cent* of the total land area of the State.

As per the 2021 Assessment of Forest Report the percentage of forest cover to total geographical area of the district was less than one *per cent* in Koppal and Raichur, it was less than two *per cent* under Bidar and Kalaburagi districts.

Audit further observed that out of 28,038 works the Board had included in the AAPs for the period 2015-16 to 2020-21, only 10 works (just below 1 *per cent* of total works) related to forest with a meagre allocation of ₹3.18 crore.

The percentage change in forest cover between the years 2014-15 and 2020-21 is depicted in **Chart 2.18** indicated that while there was a marginal increase in three districts, the other three districts showed a reduction in forest cover.

Chart 2.18: Change in forest cover between 2014 and 2021 in districts under KK Region



Source: Data provided by Forest Department

2.18 Air transportation

Civil Aviation sector has significant potential to create jobs and business opportunities besides providing faster transportation to meet personal and social needs. The UDAN scheme envisaged under the National Civil Aviation Policy 2016 (NCAP 2016) of the Government of India, has focused on achieving greater regional connectivity through developing airports in regional urban centres across the country and bring air transportation facilities closer to regional population centres.

Audit observed that the work for airport sanctioned for Raichur was not yet commenced. The proposal for an airstrip for Ballari, which caters to World Heritage Centre at Hampi, Thungabhadra Dam, Sandur Mines and industrial areas around Ballari was still under consideration.

Thus, the Board did not collect, analyse and utilise the data on development indicators for policy formulation, planning and monitoring purposes. The Board stated (July 2022) that such studies were being facilitated and analysed at State level.

The reply is not acceptable as the Board was established for ensuring overall development of the KK Region and redressing the regional disparities. Analysis of data on health, education, agriculture, nutrition, skill development *etc.*, were important for policy formulation, planning and programme implementation.

CHAPTER-III

FUNCTIONING OF THE BOARD

CHAPTER III

Functioning of the Board

The core functions of the Board towards redressal of regional disparities and ensuring balanced regional development was not discharged by the Board during the entire nine years of its existence. The specified tasks of ascertaining the relative levels of development in different sectors with reference to appropriate indicators, determination of backlogs and to suggest budgetary allocations for its removal and providing policy inputs to the Government, providing recommendations on the creation of posts, establishment of institutions in the region etc., were not carried out resulting in non-realisation of the objectives of the 98th Constitutional Amendment Act.

The various Apex Level Committees specified in the Board Order 2013 for assisting the Board was not functional. The Board did not constitute the Advisory Council to prepare Annual Draft Development Plan prescribed in the Board order 2013. Absence of Advisory Council at the Board level resulted in non-preparation of perspective plan, non-assessment of economic potential of the region, etc. The implementation committee, expert committee was not constituted as per the Board order 2013 which impacted the effective implementation of development works undertaken by the Board. As a result, the works implemented by the Board was inordinately delayed and could not realise the intended objective of redressal of regional disparities.

3.1 Constitution of the Board

In exercise of the powers conferred under Article 371-J of the Constitution, Governor of Karnataka issued (November 2013) Hyderabad Karnataka Region Development Board Order, 2013 (Board Order 2013) establishing the Hyderabad Karnataka Region Development Board and specifying its functions. The matters related to the constitution of the Board are discussed in the succeeding paragraphs:

3.1.1 Non-appointment of Board members

The Board make overall policy decisions, formulate plans, set strategic direction, and provide oversight to an Organisation. The Board exercises these tasks through its members and appointment of the Board members, therefore, was important for the effective functioning of the Board.

As per clause 3(a) of the Board Order 2013, Board is to be constituted with 28 members with all the district in-charge ministers of the KK Region as members of the Board. The other members of the Board are members of Karnataka Legislative Assembly (8), members of the Karnataka Legislative Council (2), Member of the Parliament (1), Adhyakshas of the Zilla Panchayats (1), President/Mayor of the Urban Local Body (1), one member each who are expert in planning process of State (5), The Government also nominated Regional

Commissioner of Kalaburagi Revenue Region (Ex-officio Member), Secretary to Government in-charge of Planning Department (Ex-officio Member), Secretary to Government in-charge of Finance (Ex-officio Member) and Secretary of the Board (Member Secretary). One of the Ministers in-charge of districts in the region to be nominated by the State Government as the Chairman and shall hold office for a period of two years. The Chairman shall preside over the meetings of the Board. The details of Chairmen of the Board and their tenure are shown in **Table 3.1**.

Table 3.1: The details of Chairman of the Board and their tenure

Name of the Chairman	Constituency	Period	
		From	To
Shri Kamarul Islam, MLA	Kalaburagi	27.01.2014	27.01.2016
Shri Dr. Sharana Prakasha Patil, MLA	Raichur	28.01.2016	22.01.2018
Shri Basavaraj Rayareddy, MLA	Koppal	09.03.2018	31.03.2018
Shri Rajashekar Patil, MLA	Yadagiri	01.04.2018	15.05.2018
Shri Dattatreya Chandrashekar Patil, MLA	Kalaburagi	03.08.2020	Till date

The members to the Board were first appointed during January 2014 and were nominated from time to time till 2018-19. No members were appointed to the Board during the years 2019-20, 2020-21 and three quarters of 2021-22. Vacancies of Board Members prevailed for 2 years and 11 months thus affecting the discharge of functions of the Board during the period. The State Government nominated the members to the Board again in March 2022.

The absence of a nominated Board in several spells impacted various functions of the Board such as its ability to frame policies, periodic assessment of the level of development of the region, advise on creation of various posts and sanction of institutions like PHCs, Veterinary dispensaries, primary and secondary schools etc., resulting in staggered growth of development in the Region.

3.1.2 Non-constitution of Advisory Council

The Board Order 2013, specifies (Clause 4) constitution of an Advisory Council⁷ with the Secretary of the KKRDB as the Member Secretary. The primary responsibility of the Advisory Council was to prepare the Annual Draft Development Plan (ADDP) for the region and submit it to the Board before September of every year in respect of succeeding financial year. The envisaged Advisory Council was not constituted since inception of the Board. Further, the District Advisory Councils were constituted in each districts in May 2020.

⁷ Consisting of District in-charge Minister, in-charge of Revenue Districts in the Region, all members of the Parliament representing the region, all members of the Karnataka State Legislative Assembly representing the region, all members of the Karnataka State Legislative Council whose name has been registered as voter in that region, all Adhyakshas of Zilla Panchayats representing the region, Regional Commissioner of Kalaburagi Division, all Deputy Commissioners of the Revenue Districts in the region, Mayors of the Municipal Corporations and Adhyakshas of city Municipal Councils in the region and all the Chief Executive Officers of the Zilla Panchayats of the Revenue Districts in the region as members.

The Government replied (July 2022) that District Advisory Councils (DACs) were constituted at the District level.

The reply is not acceptable as the Board did not consider the fact that the Advisory Council were not constituted till May 2020 and the Board Order 2013 was amended to constitute District Advisory Councils only in May 2020. Further, Audit is of the view that planning the regional level interventions and works to be taken up under Regional Fund and other discretionary funds require Board level advisory council to consider and approve the proposals.

3.1.3 Non-formation of Implementation Committee

As provided under Clause 17 and 18 of the Board Order 2013, the State Government was to constitute an Implementation Committee at district, taluk and gram panchayats level and the committees was to exercise powers as delegated to it by the Board.

It was observed that the implementation committees were not formed at any level since inception of the Board. Non-establishment of implementation committees had an impact on the execution and oversight of interventions and resulted in delay in implementation, execution of substandard works, non-utilisation of completed projects, excess expenditure *etc.*, as discussed in paragraphs 4.4, 4.5 and 4.6.

The Board replied (July 2022) that, it had been conducting monthly and annual review of the progress of works through meetings held by the Chairman and Secretary of the Board. In case of default by the implementing agencies, action was taken by the Board from time to time against such defaulting agencies. Audit is of the view that the institutional mechanism as envisaged in the Governor's Order at various levels would facilitate the effective implementation and oversight of the works.

3.1.4 Non-constitution of Expert Committee

Clause 22(2)(c) of the Board Order 2013 envisaged constituting a Standing or Adhoc Expert Committee/s to study regional imbalance and quantify backlogs and resources required to correct such backlogs and advise on devolution of funds from the State plan or Non-plan or both for the region, in consultation with the Chief Minister of the State. Audit observed that Standing/Expert Committee was not formed.

Government did not offer any remarks on this aspect.

3.2 Responsibilities of the Board

Clause 12 of the Board Order 2013 entrusted the Board with specific functions and responsibilities. The discharge of these important functions assigned under the Board Order 2013 would act as the yardstick on the performance of the Board. Audit observed deficiencies in discharge of the specified core functions by the Board as mentioned below:

Sub Clause	Function	Audit observation
b	To ascertain relative levels of development in different sectors in relation to its Region, the basis of appropriate indicators having regard to the levels of development, State as a whole.	The Board had to ascertain the levels of the development in different sectors in relation to its region on the basis of appropriate indicators. The planning in Board was expected to be sector specific by setting out long-term priority goals for each sector and the programs to achieve them. Each programme would detail key outcomes and long term targets. The sector specific plans for targeting the priority areas were not prepared by the Board.
c	To assess the impact of various development efforts in removing backlog and in achieving overall development within its region.	The backlog was not identified and the impact assessment was not undertaken.
d	To suggest the levels of development expenditure over the area of development board during a plan period including the annual plan.	No suggestions on the quantum of development expenditure was given by the Board.
e	To suggest the Governor the 'policies' for the region which may have financial implications like incentives to be given to industries, private educational institutions investing in the region like tax holidays etc., and who also provide reservation in employment and in admission to educational institutions to the persons belonging to that region; within their financial limits.	No such policies were suggested to the Governor.
f	Prepare an annual report on its working and send it within three months after the end of every financial year to the Governor for placing it before the legislature.	Reports were not submitted to the Governor to be placed before the legislature.

The Board stated (July 2022) that an impact assessment study was undertaken with the help of a consultancy firm and placed before the Board in March 2022. The reply of the Board, however, did not address the action expected from the Board on providing policy inputs, assessing the relative levels of development using appropriate indicators, computation of backlogs in development, suggestions on the levels of development expenditure, advice 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.

3.2.1 Rules and regulations for functioning of the Board

As per the Clause 30 of the Board Order 2013, the Governor of Karnataka may, by order, from time to time make such rules; including the rules for proper transaction of the business in relation to his function under Clause (1) of Article 371-J of the Constitution and for the effective implementation of the provisions of the Board Order 2013. The rules were yet to be framed by the Government.

Further, the Clause 31 of the Board Order 2013 specify that the Board may make regulations to provide for the procedure regarding the transaction of business, its meetings, and meetings of the implementation committees and for such other matters required for effective implementation of Board Order, 2013. However, the Board did not make any regulations since its inception.

The Board replied (July 2022) that the draft regulations were submitted (May 2016) to Government and approval was awaited. The Government endorsed the Boards reply without explaining the reasons for delay in approval of rules and regulations. The Budget, Audit and Accounts Regulations, the Hyderabad Karnataka Region Development Board Transaction of Business Regulations, Accounts Manual etc., proposed by the Board were awaiting approval of the Government. Thus, the Board is functioning without any regulations since its inception.

3.2.2 Creation of posts

Article 371-J provided for equitable opportunities and facilities for the people belonging to the Kalyana Karnataka Region, in matters of public employment, education and vocational training, subject to the requirements of the State as a whole. Clause 12(g) of Board order 2013, empower the Board to advise on creation of posts and sanction of institutions in the Kalyana Karnataka Region to the Government.

Audit analysed the distribution of public employees in different regions in the State by obtaining data from HRMS⁸. It was observed that the ratio ‘public employees per lakh population’ was lower in the Kalyana Karnataka Region compared to the rest of the regions in the State. The graphs indicating the district-wise distribution of State Government posts across the groups are shown in **Appendix-3.1**.

Further, from the information made available by the Hyderabad Karnataka Special Cell, Audit observed that 44 Departments of the State Government identified 34,962 posts for direct recruitment under the Region to local cadre. Out of this, 16,037 positions were filled up leaving 18,925 posts vacant (54 *per cent*). Similarly, out of 24,401 posts identified for filling through promotion, 14,155 were filled up leaving 9,156 posts vacant (38 *per cent*) as of March 2022.

Audit observed that the Board did not advice on creation of posts to the Government since its inception. The Board did not have any data with regard to the sanctioned strength, working strength and vacancy position in various Government departments and bodies for enabling it to advice on the creation of

⁸ Human Resource Management System-It is a web-based portal launched by Government of Karnataka in 2005 to keep a record of service details of every employee from the date of joining till the end of their service.

posts or filling up of the vacancies. The Board's interventions to ensure sufficient posts in the Region for accelerating the development was inadequate. Audit analysis showed that the region was under-represented with respect to the employees per lakh population and also large number of vacancies were present in the sanctioned posts in the Region.

3.2.3 Equitable allocation

Article 371-J provided for equitable allocation of funds for development over the Region. The term 'equitable allocation'⁹ was to consider the two aspects, namely:

- Problem of backlog accumulated over the last several years, and;
- Equity in making allocation keeping in view the requirement of the State as a whole.

Thus, the Board was required to work out the backlog in terms of investment required for ensuring the development of the region at par with other parts of the State, plan and prepare the budget accordingly. The backlogs in development in different sectors were not determined.

Further, as per Clause 22(2)(a) of the Board order, recommendations of the Board were to be considered by the State Government in ensuring the equitable allocation of funds for development of the region. However, no recommendations were made by the Board to the Government. The Board did not offer any remarks on this aspect.

3.3 Policies and Plans

3.3.1 Policy formulation for the region

The Board Order, 2013 required the State Government to bring out an industrial, infrastructural, and other investment policies to promote and encourage private investment besides a special grant-in-aid policy for the educational (technical and vocational) institutions for the region within six months of the notification (November 2013) of the Order. Further, it is stipulated that the Board should suggest to the Governor the policies for the region which may have financial implications like incentives to be given to industries, private educational institutions in the region. The Board did not initiate any action in this regard and the departments, except Department of Industries and Commerce, did not incorporate measures for overall development of the region in their policies.

The Board accepted (July 2022) the audit observation and stated that the Board was not involved in the provision of inputs while formulating State level policies or any specific interventions in various sectors. As policies are instruments influencing the development of a region, Board's participation in policy making was important for objectives of Article 371-J. The Government did not elaborate on the actions proposed for ensuring the involvement of the Board in future policy formulations.

⁹ According to the explanation given by the Ministry of Home Affairs to the Standing Committee which considered the Constitution Amendment Bill 2012.

3.3.2 Non-implementation of Infrastructure policy

In the wake of the special status granted to the region under Article 371-J of the Constitution, the Department of Infrastructure Development incorporated (October 2015) the following specific measures in the Karnataka Infrastructure Policy to improve the infrastructure facilities on priority basis in the Kalyana Karnataka Region.

- (a) Prepare an Infrastructure Strategic Action Plan for the region that would address key social and economic infrastructure such as roads and bridges, health care, educational, drinking water supply, minor irrigation, animal husbandry, sericulture, forestry and urban development.
- (b) Create a Public Private Partnership (PPP) cell in the Kalyana Karnataka Region Development Board (KKRDB) which would be equipped to:
 - (i) Identify potential PPP projects that could be undertaken in the region
 - (ii) Facilitate selection of private developers for implementation of various projects
 - (iii) Oversee performance of these projects
- (c) The Policy proposed that a committee under the Chairmanship of the Principal Secretary, Infrastructure Development would be formed to monitor the progress of PPP projects on a quarterly basis. All projects being implemented on PPP mode would be fast tracked to ensure faster delivery of services.
- (d) Undertake specific capacity building programs for the officers in the region to understand the need and benefits of PPP.

These activities envisaged in the Policy were not implemented. The Board did not have any information on the PPP projects taken up by other departments in the region. Thus the Board was not in a position to synergize the activities of the departments in the creation of infrastructure in the region. As a result, the region lost the opportunity to benefit from the PPP mode infrastructure projects. Audit observed instances of abandoned works as discussed in Chapter IV.

3.4 Planning by the Board

3.4.1 Non-preparation of Perspective Plan

A perspective plan is a long term written and approved document detailing the goals, policies, strategies, and general programmes of the Board regarding socio-economic development of the region under its jurisdiction. The perspective plan was to act as a framework for further detailing and was to serve as a guide for preparation of the annual development plans. The Board, however, did not prepare a perspective plan since inception. Thus the funding pattern adopted by the Board for its action plans was under continuous change every year without any long term framework as shown in **Appendix 3.2**.

The Government accepted (July 2022) the audit observation and stated that a perspective plan was not prepared. However, no timelines were fixed by the Government to prepare the perspective plan due to which the overall development in the region was affected as detailed in Chapter II.

3.4.2 Non-assessment of the economic potential of the region

Each region has a different natural endowment and hence different material growth potential. Planning for attaining regional development without reference to the regional potentials can lead to both inappropriate development strategies. Clause 5(ii) and (iii) of Board order 2013 envisages that the development plans prepared by the Board shall have regard to overall priorities set by the Government of India (GOI) and the State Government, the extent and nature of investment likely to be made in the region by agencies of GOI and State Government and other financial resources whether financial or otherwise.

OECD¹⁰ approaches on regional development recognizes the following key features in development planning:

- a development strategy that covers a wide range of direct and indirect factors that focus on the performance of local institutions/firms and companies,
- a focus on regional specific assets, and less on top-down investments and transfers, and
- an emphasis on opportunity rather than on disadvantage.

Such an approach requires the assessment of the economic potential¹¹ of the Region. It was observed that the Board had not assessed the economic potential of the region. In the absence of any such assessment, the ability of the Board to formulate and implement interventions, leveraging the potential of the region, was limited.

Government accepted the audit observation and replied (July 2022) that a Strategic Development Plan was being finalized which would be considered in preparation of annual action plans in future.

3.4.3 Absence of Road Connectivity plan

Government of Karnataka (July 2014) approved the Core Road Network to meet the economic and Social needs of the State keeping in view the connectivity of the population which would assist in establishing connectivity to major towns. The Board made significant investments in road sector to improve connectivity in the region. The Board, however, did not prepare a road development plan for the region to support its investment priorities. The Board did not have information about the number of unconnected habitations in the Region. Audit observed instances where road works were executed based on the availability of funds, without focusing on the connectivity to habitations. The indicative list of works noticed during joint physical verification at Yadagiri District is shown in **Appendix 3.3**. Such instances point to the needs to have a comprehensive road development plan.

¹⁰ Organisation for Economic Co-operation and Development- an Inter-Governmental Organisation to develop regional policies for promoting regional development.

¹¹ The economic potential is referred to as the extent to which a region possesses factors which are important determinants capable of achieving higher productivity.

Illustration

Construction of a road from Chatnalli village to Khanapur village in Shahapur Taluk in Yadagiri District was taken up by the Board during 2017-18. The distance between two villages is around three Kms. However, only two Kms road was planned and laid. The remaining one Km was not motorable. Thus, the village was not connected by an all-weather road.

The Study report of the ISRO showed that the road network in the KK Region districts improved more during the period 2015 to 2020 compared to the non-KK Region district. Though study pointed to improvements in the road network, unconnected habitations are still in existence in the Region as pointed out in the **Appendix 3.3** and also in the illustration above. Thus, in the absence of a comprehensive road connectivity plan the Board was not in a position to assess these gaps in the connectivity in region.

3.5 Preparation of Annual Action Plans

As per Clause 13 of the Board order 2013, the Board after taking into the considerations of draft development plan prepared by the Advisory Council every year shall prepare an annual plan for the development of the Kalyana Karnataka Region and forward it to Governor for its approval.

3.5.1 Delays in submission of Annual Action Plans

The Board Order 2013 require the Board to complete the planning process well before September of the previous year. It is expected that Board submit its plan to Government along with budgetary requirements for consideration by the Government during the preparation of the State Budget.

Audit observed that the Board initiated the preparation of Annual Action Plans (AAP) only after the announcement of the State Budget every year. The Board submits a statement to the Government indicating the apportioning of the earmarked budget amount amongst the Board, districts, and taluks. This Statement showing the apportioning of funds were treated as AAP of the Board.

Dates of the submission of AAPs by the Board in the last five years are given below in **Table 3.2**.

Table 3.2: Year wise date of submission of action plans to Government

Sl. No.	Year	Due date of Submission	Date of Submission	Delay
1	2016-17	30/09/2015	23/03/2016	5 Months
2	2017-18	30/09/2016	23/01/2017	3 Months
3	2018-19	30/09/2017	07/08/2018	10 months
4	2019-20	30/09/2018	30/04/2019	6 months
5	2020-21	30/09/2019	13/07/2020	9 months

Source: Information provided by KKRDB

Audit observed delay ranging from three to ten months in submission of AAPs by the Board to State Government. Audit observed that the Board initiated the preparation of AAP only after the announcement of the State Budget every year before the list of interventions were finalised by the District and Taluks and

without undertaking any taluk wise assessment of interventions. The Government stated (July 2022) that Board had issued timelines for preparation of Action Plans while communicating budgets to districts every year. The reply did not consider the fact that as per the Board Order 2013, the Board were to prepare the Draft Annual Action Plans before September every year and Board slipped the specified timeline every year. The timely receipt of inputs from the districts would facilitate the Board to assess the plans of the lower levels and prepare the Draft Action Plan of the Board in time.

3.5.2 Outcome based planning absent

The key feature of an outcome-based planning is deciding the expected outcome in terms of improvement in development indicators. Hence, planning was to be closely linked to outcomes expected out of the interventions of the Board.

Audit scrutiny of AAPs submitted by the Board to Government showed that the AAPs did not specify the expected outcomes of its interventions in measurable terms. Due to lack of measurable outcome targets, the Board was not in a position to periodically ascertain the impacts of the developmental works undertaken in the region as required by the Board order 2013. In the absence of the measureable outcomes the Audit could not undertake the impact assessment study on the interventions made by the Board.

3.5.3 Deficiencies in the submission of list of works

After the announcement of the Budget every year, the Board issues a circular to all the Deputy Commissioners seeking their proposals for utilisation of the budgeted amount and accordingly, the districts submitted a list of works for consideration of the Board. The Board used Nanjundappa Committee Index for determining the quantum of allocation of funds to the taluks and Districts. Once the quantum of allocation was decided, the district level authorities proposed a list of works for utilising the amount allocated. The list of works submitted was deficient in the following aspects:

- The list of works was submitted without mention of timelines for work execution.
- Works were not supported by any preliminary estimates except the mention of gross amount required.
- The list of works was not accompanied by any draft project reports
- The list of works did not indicate the total investment required for completion and the schedule of investment spread over the years.
- The list of works did not indicate the plans for future maintenance of the asset created.
- There was no evidence on record as to indicate that the list of works was prepared after due consideration of the plans of the individual Department.

Illustration

Board took up construction of four additional class rooms for a Government High school in Naganatige in Shahapur taluk in Yadagiri district during the year 2018-19. During the joint physical verification, it was observed that the school lacked other infrastructure facilities including toilets, drinking water facility, compound wall and playground. There is no other high school surrounding it in a radius of 15 KMs. While the student strength of the school was high, the facilities were inadequate. Lack of a comprehensive taluk level plan resulted in the non-provision of basic facilities in the school except the four additional class rooms.

The Sectors identified by the Nanjundappa Committee were not considered while proposing the list of works. The list was prepared based on an allocation pattern approved by the Board in terms of Micro, Macro, Social, Non-Social.

The Government stated (July 2022) that taluk was considered as a unit under micro action plan. Reply is not acceptable as audit observed that Board considered the taluk as a unit, only for determining the allocation of available funds and for preparing a list of works for utilizing the allocation. As the Nanjundappa Committee Report identified taluk as the unit for planning, a taluk level comprehensive plan with specific outcome targets were to be prepared to bridge the gaps amongst the taluks and bring them up towards the State level benchmarks. The list of works prepared was not comprehensive as it did not address the deprivation indices in the Nanjundappa Committee Report in measurable terms.

3.5.4 Non submission of detailed list of works to the Government

As per Clause 13 of the Board Order 2013 the Board shall prepare action plan every year and forward it to the Governor for approval. The Board, as a practice, submit the action plans to the Governor for approval before finalising the list of works. The action plans submitted contained only the funds earmarked to taluks and districts. After the approval of the action plan, the State Government direct the Board to submit and obtain their approval for the list of works for utilizing the allotted amount during the year.

Audit observed that, the Board had not submitted the list of works to the Government from 2013-14 to 2020-21. Due to this, the action plan submitted by the Board without finalising the details of works was thus incomplete. Thus, Government had no details about the works undertaken by the Board. The Government was not in a position to assess whether the works was conforming to the overall objective of redressing the regional imbalances.

For the year 2021-22, the Board submitted the detailed list of works for approval. Audit observed that the list of works was submitted in parts up to February 2022 and even as of March 2022, details of works for ₹55 crore were pending from the Board.

3.5.5 Convergence with the Department plans

Article 371-J envisaged overall development of the Kalyana Karnataka Region and hence, it was of necessity for all the line departments implementing various

development programmes of Government of India (GOI) and Government of Karnataka (GOK) to execute works in co-ordination and the Board was required to ensure convergence of works/programmes implemented through different departments/agencies.

The Board, however, did not have a mechanism to ensure convergence of works taken up by implementing agencies with the schemes/programmes implemented by various other departments. The Board did not collect the action plans of other Departments for ascertaining the works undertaken by them.

Illustration

Overlapping/duplication of purchase worth ₹1.33 crore

The Board released ₹49.28 crore during 2018-19 and 2019-20 to the Director, Sarva Shiksha Abhyan (SSA), Bengaluru for implementation of Technology Assisted Learning Programme (TALP) in 5,517 Government Higher Primary and Government High Schools in the districts under its jurisdiction. The Director, SSA procured items like Mathematics and Science Kits, All-in-one Computers, Laptops, LCD Projector, UPS Battery, etc., at a total cost of ₹37.96 crore and supplied (2020-21) to 718 Government Higher Primary and Government High schools in the region.

Kalyana Karnataka Human Resources, Agriculture and Cultural Society (KKHRACS), Kalaburagi, a registered society functioning in the region and receiving grants from the Department also procured items like computers, UPS, Laptops and LCD Projectors with a unit cost of ₹0.025 crore and supplied to 600 Government Higher Primary and Government High schools in the region. Verification of records showed that both the agencies had supplied similar items to 53 schools resulting in overlapping/duplication of items on which an expenditure of ₹1.32 crore (₹2,50,000 x 53 schools) was incurred. The joint inspection conducted by Audit team with society officials in two such schools showed that the schools were using only supplies from one agency and the supplies from the second agency were kept idle.

Government replied that there was no duplication of purchases. Reply is not acceptable as audit noticed that 53 schools had purchased the same items which revealed lack of co-ordination by the Board with the departments.

3.5.6 Convergence with Panchayat Raj Institutions' Plans

Section 309 of the Karnataka Panchayat Raj Act 1993 provides for the preparation of Development Plans by the Panchayat Raj Institutions (PRIs). Section 310 of the Act makes it mandatory for the State to constitute District Planning Committees in each district which are required to consolidate the plans prepared by PRIs and urban local bodies (ULBs) and prepare the draft district development plans of the district taking into consideration the needs of the spatial planning, physical and natural resources and the level of infrastructure development. Article 243 (ZD) of the Constitution provided for the establishment of a District Planning Committee at the district level to consolidate the plans prepared by the PRIs and ULBs in the district and to prepare draft development plan for the district as a whole. The draft plans were to be finalised considering matters of common interest between the rural and

the urban local bodies like spatial planning, environmental conservation, integrated development of infrastructure etc.

The Board did not conduct any appraisal of the District Development Plans of the districts under its jurisdiction to ensure synergy amongst the plans of the Board, development departments and the Panchayat Raj Institutions.

Illustration

Overlapping/duplication of road work of ₹1.28 crore

The KKRDB entrusted the work of 'formation of road from Udanoor village to Minajagi village in Kalaburagi taluk (0.000 Km to 8.815 Km)' to Panchayat Raj Engineering Division as per the approved Action Plan under Macro Project for the year 2015-16. However, audit observed that the same work for a stretch of 0.000 Km to 2.870 Km was already executed by PRED, Project Division under 'Namma Grama Namma Rasthe Yojane'. The Consultant, who prepared the Draft Project Report, and the Executive Engineer had not verified this aspect before inviting tender. The KKRDB also did not verify this aspect. The Chief Engineer who accorded technical sanction to the estimate has also not directed the Executive Engineer to check whether the same work was executed in any other Government scheme. The PRED, Kalaburagi was required to execute only the balance work and accordingly the payment should be restricted to ₹2.66 crore (₹0.45 crore for one KM x 5.945 balance stretch of work) instead of paying ₹3.94 crore for the entire stretch of 8.815 Km. to the contractor. Payment for the entire stretch resulted in excess payment of ₹1.28 crore to the contractor.

The Government stated (July 2022) that the Annual Action plan was approved by the Board after getting proposals from the districts. Reply is not acceptable as audit observed that the Board did not establish a mechanism to gather requirements of various development departments. No records were available to indicate that the action plans of other departments or panchayat raj institutions were discussed and taken into consideration during the preparation of District Action Plans. Thus, Audit is of the view that process of ensuring convergence of plans needs strengthening to avoid overlapping of works.

3.6 Allocation of funds by the Board

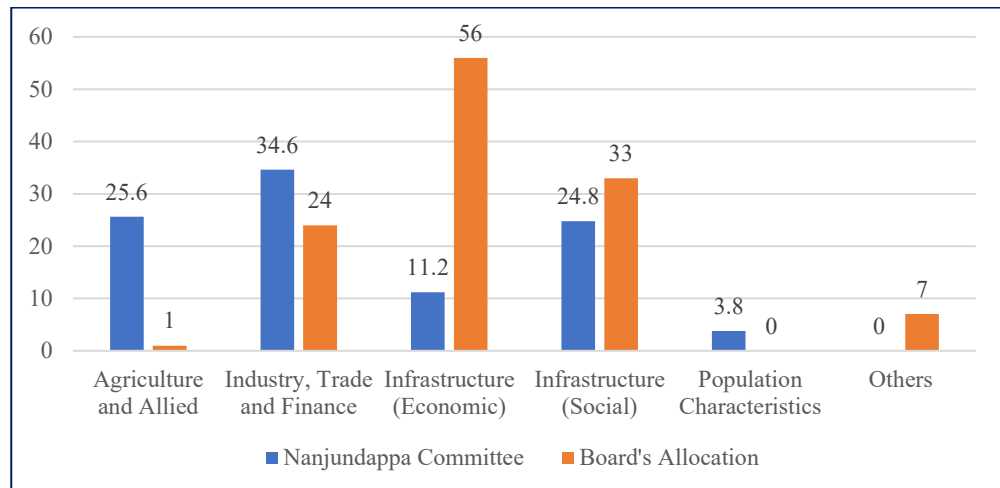
The Board allocates funds to districts and taluks mainly under two categories- Social Sector, Non-Social Sector. A portion of funds are earmarked towards specific quotas such as Chairman Discretionary Quota, Chief Ministers Discretionary Quota, Government Quota and Regional Fund.

The Nanjundappa Committee considered 35 indicators under five¹² major sectors for determining the backwardness of the taluks. The 35 indicators adopted by the Committee are provided in the **Appendix 3.4**.

¹² Agriculture and Allied Activities, Industry, Trade and Finance, Infrastructure (Economic), Infrastructure (Social) and Population Characteristics.

Further, the indicator framework adopted (2017-18) by the NITI Aayog for aspirational districts identified 49 action areas under five¹³ broad socio-economic themes. These indicator frameworks emphasize the need for focused actions on multiple areas of socio-economic development for achieving overall progress. However, the allocation of funds among different sectors by the Board was not in compliance either with Nanjundappa Committee indicators or NITI Aayog. The comparison of sectoral weightage according to Nanjundappa Committee and the Board's allocation is shown in **Chart 3.1** below:

Chart 3.1: Percentage comparison of fund allocation of the Board with Nanjundappa Committee's sectoral weightage



Source: Hykasoft database provided by the Board

The detailed allocation and expenditure of fund by the Board under different sectors during the years 2013-14 to 2021-22 are given in **Appendix 3.5**. It was observed that the works pertaining to the road connectivity were prioritised by the Board, compromising the requirements of other sectors. Allocation to other sectors identified by the Nanjudappa Committee such as Agriculture and allied sector, Industry Trade and Finance *etc.*, were not significant compared to the allocation to the road sector and buildings.

The Board replied (July 2022) that the indicator framework adopted by the NITI Aayog is broad based and does not give the basis for financial allocation. The Nanjundappa Committee Index used by the Board for allocation are driven by local needs and priorities, therefore more comprehensive and it has also been adopted by the State Government for resource allocation. The reply however, did not consider the fact that the expenditure pattern of the Board on the works were not in synchronisation with the Nanjundappa Committee Indicators and the interventions were focused on roads, bridges and buildings.

¹³ Health & Nutrition, Education, Agriculture & Water Resources, Financial Inclusion & Skill Development and Infrastructure.

Audit observed that taluka wise assessment/planning /interventions were not undertaken as per development parameters as illustrated below :

Illustration

The Devdurg Taluk of Raichur District was in the category of Most Backward Taluk as per the Nanjundappa Committee report in 2002. Analysis of the indicator data for the period 2019-20 showed that the Taluk remains in the class of Most Backward Category. The total allocation of the funds by the Board during the years from 2013-14 to 2020-21 to the taluk was as follows-

<i>Sector Name</i>	<i>Total Allocation</i>	<i>Percentage of Allocation</i>
<i>Roads & Bridges</i>	<i>13,138.79</i>	<i>40.46</i>
<i>Education</i>	<i>8,578.16</i>	<i>26.41</i>
<i>Road & Connectivity</i>	<i>5,102.37</i>	<i>15.71</i>
<i>Others</i>	<i>1,350.00</i>	<i>4.16</i>
<i>Water Supply</i>	<i>1,266.53</i>	<i>3.90</i>
<i>Sanitation</i>	<i>735.00</i>	<i>2.26</i>
<i>BCM</i>	<i>654.51</i>	<i>2.02</i>
<i>Health</i>	<i>551.28</i>	<i>1.70</i>
<i>Women & Child</i>	<i>299.45</i>	<i>0.92</i>
<i>Social</i>	<i>232.82</i>	<i>0.72</i>
<i>SW</i>	<i>229.00</i>	<i>0.71</i>
<i>MIN</i>	<i>150.00</i>	<i>0.46</i>
<i>Library</i>	<i>106.59</i>	<i>0.33</i>
<i>Irrigation</i>	<i>81.00</i>	<i>0.25</i>

It was observed that the following indicators of Nanjundappa Committee were contributing to the backwardness of the Taluk –

<i>A7: Number of tractors per lakh rural population</i>
<i>A9: per capita bank credit (commercial and regional rural banks) to agriculture (in rupees)</i>
<i>I1: Number of industrial units per lakh population</i>
<i>I2: Percentage of industrial workers to total workers</i>
<i>I3: Per capita development credit by banks.</i>
<i>I4: Number of bank branches per lakh population</i>
<i>E2: Number of telephones per lakh population</i>
<i>E6: Number of motor vehicles per lakh population</i>
<i>E7: No of co-operative credit societies (agriculture & non-agriculture) per lakh population</i>
<i>S1: Number of doctors (Government & private) per 10,000 population</i>
<i>S5: Percentage of children out of school in the age group 6 - 14 years</i>
<i>P4: Percentage of non-agricultural workers to total workers</i>

Though the indicators related to agriculture and industrial sectors are contributing to the backwardness of the Taluk, the Board did not make any allocation to those sectors in the Taluk.

3.6.1 Use of outdated data for allocation

The Board allocated funds to taluks and districts based on the Cumulative Deprivation Index (CDI)¹⁴ prepared by the Nanjundappa Committee. Audit observed that even as of 2021, the Board was relying on the CDI values used by the Nanjundappa Committee in the year 2002, as a measure of deprivation and for determining the eligible quantum of allocation for districts and taluks. No efforts were made to update the CDI index to reflect the changes in the socio-economic conditions in the region in two decades.

Further audit also observed that, the Board while relying on the CDI values of 2002 allocated funds to two¹⁵ taluks by adopting a higher deprivation index than the CDI calculated by the Committee which facilitated allocation of higher amounts to these taluks.

The Board replied (July 2022) and Government endorsed the reply stating that as it did not recalculate the new CDI index, the Board continued the use of old CDI of 2002. Further, the Government stated (July 2022) that it adopted a different CDI for Kalaburagi and Raichur owing to their fast-growing status. However, Audit is of the view that such selective modification of weightage only for two taluks impacts the allocation to other taluks.

Reply is not acceptable as audit observed that the Planning Department was collecting the data related to the indicators of Nanjundappa Committee through which CDI can be constructed every year. The Board could not factor in the improvements achieved through its interventions and could not determine the existing deprived areas for targeted interventions. Further, the adoption of higher CDI index for two taluks impacted the allocation of other taluks.

Audit is of the view that Board could explore possibility of planning interventions on the basis of indicator scores making use of current data which would help determine the existing deprived areas and sectors in the Region and assist in implementing targeted interventions.

3.6.2 Non-allocation of funds distinctly to newly formed taluks

In the year 2002 when the Nanjundappa Committee Report was presented, the Kalyana Karnataka Region comprised of 31 taluks. The Report contained deprivation index (CDI values) only in respect of these 31 taluks in the region. As a result of restructuring of administrative areas from time to time, the number of taluks in the region increased to 50 as of March 2022. The Nanjundappa Committee determined deprivation index was not available for the newly formed taluks.

Audit observed that, as the indices were not available, the Board was not separately allocating funds to the newly established taluks. The new taluks were considered as part of the old taluks for the purpose of allocation. However, this type of arrangement does not consider the relative backwardness of the newly

¹⁴ CDI Index developed by Nanjundappa Committee based on the 35 socio-economic development indicators.

¹⁵ Kalaburagi and Raichur.

formed taluk and deprives them of the eligible additional allocation as illustrated below:

Illustration

Yadagiri taluk was under Most Backward Category according to 2002 CDI of Nanjundappa Committee. The Board allocated funds to Yadagiri taluk based on this CDI. During 2017-18, Gurmithkal taluk was carved out of Yadagiri taluk. Based on the CDI values for 2019-20, Yadagiri Taluk is under Relatively Developed Category and Gurmithkal falls under More Backward Category. CDI of Gurmithkal is higher than that of the Yadagiri taluk, hence Gurmithkal should receive more allocation than Yadagiri taluk. By allocating funds to combined Yadagiri taluk, Gurmithkal taluk lost the opportunity of receiving funds commensurate with its deprivation.

The Government stated (July 2022) that as it did not recalculate the CDI for the new taluks, the Board continued the use of CDI of old taluks. The reply was not acceptable, as the Board should have utilised the data available with the Planning Department and recalculated the CDI periodically and allocated funds accordingly.

3.6.3 Allocation of funds under Regional Fund

The Board introduced a Regional Fund (RF) for financing major interventions which have an impact across multiple districts in the KK Region. The Board earmarked six *per cent* of its fund towards RF during 2019-20 and 2020-21.

Out of the total funds of ₹217.15 crore an amount of ₹68.10 crore was allocated towards RF which could impact the whole region and this constituted only 31.36 *per cent* of the total allocation under RF. Remaining fund was allocated to the works of individual districts. Out of the funds allocated to the districts, majority of funds were allocated to Kalaburagi district alone. Audit observed that works which are not of regional nature were taken up under RF.

It was also observed that, Board had not issued any guidelines for the selection of the works to be taken up under Regional Fund.

The Government replied (July 2022) that as Kalaburagi acts as regional headquarters, most of the works under RF were taken up in the District of Kalaburagi. The reply is not acceptable as it did not consider the fact that works which were not of regional nature were also undertaken in the district of Kalaburagi.

3.6.4 Allocation of funds under Chairman Discretionary Quota

The Board earmarked one *per cent* of funds every year towards Chairman Discretionary Quota (CDQ). The district wise allocation of CDQ funds is provided in **Table 3.3**.

Table 3.3: CDQ allocation

District	No. of Works	Allocation (In Crore)	Percentage of allocation
Ballari	2	0.98	0.84
Bidar	18	19.31	16.56
Kalaburagi	174	86.27	73.97
Koppal	6	7.20	6.17
Raichur	3	1.45	1.25
Yadagiri	4	1.42	1.21
Total	207	116.63	100.00

Source: Hykasoft database provided by KKRDB

It was observed that 73.97 per cent of funds under CDQ were allocated to Kalaburagi district alone. Such unbalanced allocation deprived the other districts their share of funds.

The Government replied that (July 2022) that as Kalaburagi acts as regional headquarters, most of the works under CDQ were taken up in the district of Kalaburagi. The reply is not acceptable as it did not consider the fact that works which were not of regional nature were also undertaken in the district of Kalaburagi.

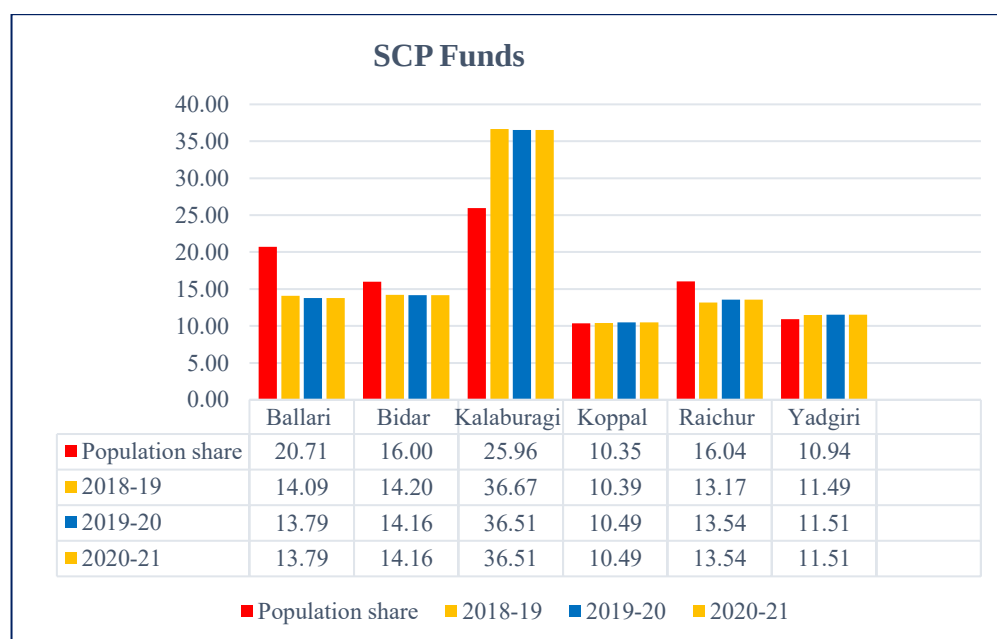
3.6.5 Allocation of funds under Scheduled Caste and Scheduled Tribes Sub plans

According to section 17 of the Karnataka Scheduled Castes Sub-plan and tribal Sub-plan (Planning, Allocation and Utilisation of Financial Resources) Act, 2013, each Department, shall after estimating the gaps in the development of the Scheduled Castes and the Scheduled Tribes, prioritise the development needs of the Scheduled Castes and Scheduled Tribes through a consultative process, as may be prescribed, and shall formulate the Scheduled Castes Sub-Allocation/Tribal Sub-Allocation schemes. Audit observed that allocation of funds under SC/ST plans were not based on any assessment of development gaps and targeted interventions formulated based on a consultation process.

Audit observed that, share of SCP funds and TSP funds for districts are not in accordance with the share of their population. In both sub-plans, more funds were allotted to Kalaburagi district and allocation to Ballari was not commensurate with the population.

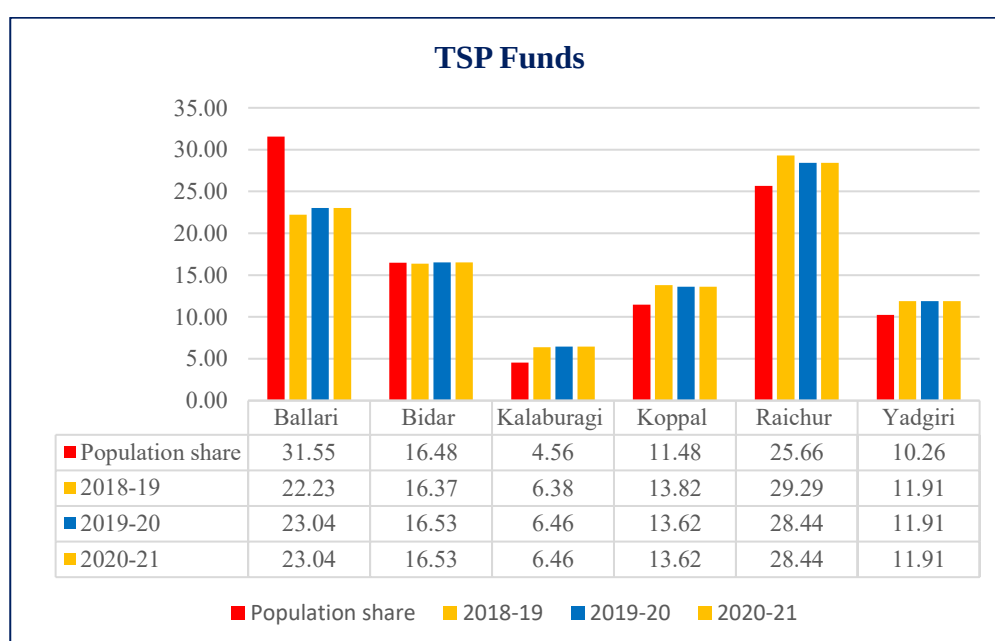
The details of allocation against the share of population are shown in **Chart 3.2** and **Chart 3.3** below:

Chart 3.2: District wise Allocation of Funds under SCP



Source: Hykasoft database provided by KKRDB

Chart 3.3: District wise Allocation of Funds under TSP



Source: Hykasoft database provided by KKRDB

3.7 Community Mobilisation

Community mobilisation and close involvement of community members in implementation is extremely critical as it fosters ‘bottom-up approach’ not only in effective planning and implementation of interventions but also in effective monitoring, evaluation and ownership of the Board programmes by the community. Active participation of the community also ensures transparency,

accountability and helps in leveraging the cumulative knowledge of the community for better functioning.

However, it was observed that the Board did not institutionalise a mechanism for ensuring community participation in the planning process. Board did not adopt a bottom-up approach in planning. It did not obtain the District Level/Taluk Level/Habitation level plans before finalising its Action Plan every year.

The Government stated (July 2022) that the taluk level proposals in the region accounts for the perspectives, aspirations and needs of various communities belonging to the individual districts/taluks. However, the reply was not supported by the particulars regarding the participation of the community members and Non-Governmental Organizations etc., in the preparation of taluk level and district level plans.

Recommendation 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.

Recommendation 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.

CHAPTER-IV

IMPLEMENTATION OF DEVELOPMENT WORKS

CHAPTER IV

Implementation of development works

The works planned and executed by the Board were not aligned to the indicators used for measuring regional imbalances and focused more on providing road connectivity. Sectors such as education, agriculture, health, skill development etc. did not receive adequate coverage. The works were proposed without adequate 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 and the execution of the works were not time-bound resulting in large number of works slipping the timelines. The Board did not devise a mechanism for monitoring the actual utilisation of the assets created out of Board funds was as a result several assets created were lying unutilised.

Section 16 of the Board Order 2013 vests on the Board the responsibility of implementation of schemes included in its plan through the Government Departments, Zilla Panchayats, Urban Local Bodies and recognised Non-Governmental Organisations.

4.1 Works implemented by the Board

The works approved in AAPs of the Board were executed through Government departments and other implementing agencies. Year-wise details of works taken up by Board since its inception and their status as of July 2021 are shown in Table 4.1 below.

Table 4.1: Year-wise details of works taken up by Board

Year	Total works taken up	Completed	Under progress	Not started	Cancelled
2013-14	782	597	0	0	185
2014-15	2,523	1,852	3	0	668
2015-16	4,359	3,256	19	0	1,084
2016-17	3,547	2,893	17	0	637
2017-18	5,142	4,351	5	0	736
2018-19	4,377	3,799	334	24	220
2019-20	4,239	2,729	1,106	208	196
2020-21	2,215	43	779	1,388	5
2021-22	854	0	39	815	0
Grand Total	28,038	19,520	2,435	2,352	3,731

Source: Hykasoft Database provided by KKRDB

Out of a total of 28,038 works taken up by the Board, 2,352 works (eight per cent) were not commenced even after one to three years of approval. Besides, 3,731 works (thirteen per cent) with an estimated cost of ₹738.65 crore approved in the AAPs were cancelled during the period 2013-21. This is indicative of the fact that the works were proposed and approved without any realistic need analysis and planning for development of backward region was deficient.

The Board replied (July 2022) that after approval of Annual Action Plan, the Board receives request for change of work citing reasons such as issues pertaining to project site, litigation, non-cooperation by locals, overlapping of works/agencies etc. The reply highlights the need for adequate prior-planning before proposing the works for execution as the action plans should have been approved taking into consideration the needs and feasibility of undertaking the works.

4.2 Deficiencies in implementation of Works

Audit analysed the implementation of 601 sampled works out of 24,307 works by the Board during 2016-17 to 2020-21. The deficiencies noticed in the implementation of works by the Board, are discussed in subsequent paragraphs.

4.2.1 *Inadequate time allowed for submission of tenders initiated by the Board during 2016-17 to 2020-21*

Section 17 of Karnataka Transparency in Public Procurement Act and Rules specify that a minimum time of 30 days should be allowed for the contractors to submit the tender for the works costing more than one crore rupees. Tender Inviting Authority shall ensure that adequate time is provided for the submission of tenders and minimum time is allowed between date of publication of the Notice Inviting Tenders and the last date for submission of tenders. This minimum period till January 2019 were as follows:

- For tenders up to rupees two crores in value, thirty days, and
- For tenders in excess of rupees two crores in value sixty days.

Any reduction in the time stipulated were to be specifically authorized by an authority superior to the Tender Inviting Authority for reasons to be recorded in writing. Analysis of the tenders by the Board showed that it invited tenders without allowing the minimum time period. The details of the time allowed for submitting bids in respect of the 278 works implemented directly by the Board are given in **Table 4.2** below:

Table 4.2: Time allowed for submission of tenders for the works undertaken by the Board head office

No of Works	Time allowed for tendering
97	Up to 10 days
165	11 to 20 days
11	21 to 30 days
5	More than 30 days

Source: E- Procurement portal

Thus, it could be seen that in majority of the cases, the time allowed for tendering fall short of the time prescribed under KTPP Act. Short time tenders have the potential of limiting the participation of tenders.

4.2.2 *Delay in according technical sanction in respect of the works by Karnataka Rural Infrastructure Development Limited.*

Technical sanction is the order of the competent authority sanctioning a properly detailed estimate of the work of construction or repair proposed to be carried out.

Audit analysis of 40 sampled works entrusted to Karnataka Rural Infrastructure Development Limited (KRIDL) showed that there was an abnormal delay in granting technical sanction to works. Delay ranging from 133 days to 1430 days was observed in according technical sanction in 16 works entrusted (**Appendix 4.1**). In some cases, the technical sanction was accorded after completion of the work. The Board had not ensured that technical sanction was obtained before release of funds in advance to the agency.

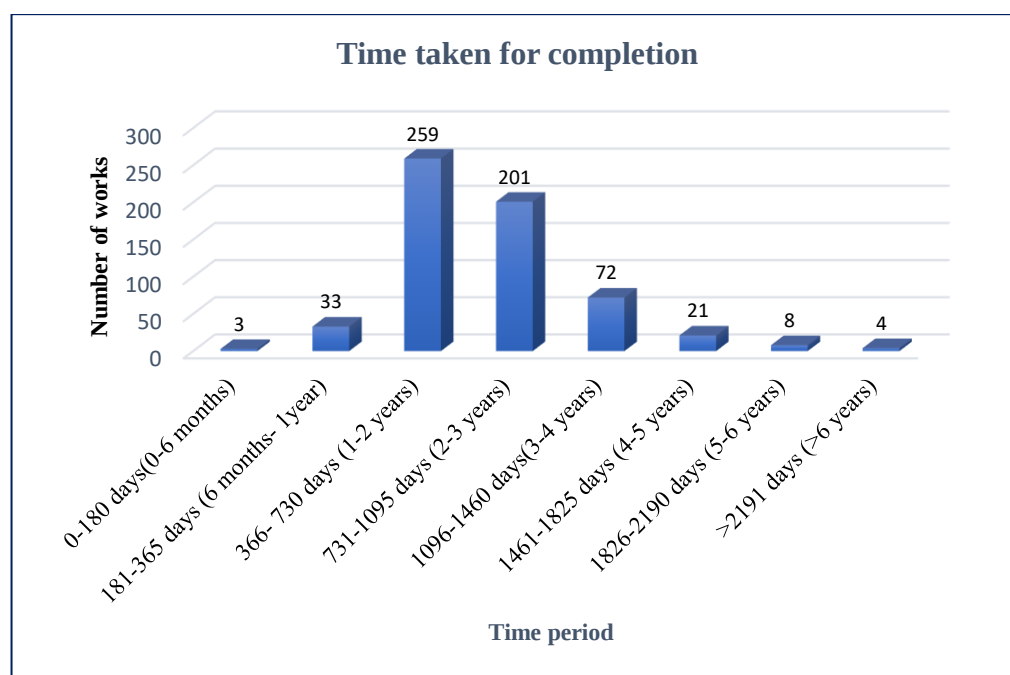
4.2.3 Delay in implementation of the action plan works

Timely completion of the planned works is important to ensure that the intended benefits are made available to the targeted population. Audit observed that there were delays in execution of the works.

During the period between 2013-14 and 2020-21 out of the 28,038 works, a total of 19,520 works were shown as completed by the board as on June 2021. The data on scheduled completion dates and the actual completion dates were not updated on the Hykasoft application and therefore was not amenable to complete analysis.

Analysis of the data collected in respect of 601 sampled works showed that only 36 works were completed within stipulated time and the remaining 565 works were completed with a delay ranging from one year to six years, as shown in the **Chart 4.1** below:

Chart 4.1: Time taken for completion of works



Source: Information provided by the Board

The delay in execution of works was contributed by the delays in according administrative approval, technical sanction, tender processing, issuing work order, etc., as detailed in the **Table 4.3** below:

Table 4.3: Statement showing reasons attributable to delay in completion of works

Description	31 to 60 days	61 to 90 days	91 to 180 days	More than 180 days	Total
According administrative approval	132	88	134	97	451
According technical sanction	89	54	52	50	245
Tendering of works	45	25	37	19	126
Issuing work order	56	25	42	26	149

Source: Analysis of Hykasoft Data provided by the Board

Illustration

Unfruitful expenditure of ₹8 lakh on incomplete work of construction of additional rooms to Government Health Centre building at Konchavaram village in Chincholi taluk

Joint physical verification of the works of construction of additional rooms to Government Health Centre building at Konchavaram village in Chincholi taluk showed that the building work commenced in May 2019 by KRIDL, Kalaburagi and was constructed only up to lintel level. Thus, the expenditure of ₹8 lakh was unfruitful as work was stopped since three years.

Exhibit 4.1: Non-completion of works of Health centre at Konchavaram in Chincholi taluk, Kalaburagi



The Board replied (July 2022) that due to non-availability of required site, change of agency at the level of district administration, local people objections and agitations, covid pandemic, heavy rain fall etc., there were delay in completion of work and DC/CEO were instructed to review the works periodically. The Government during exit conference added that penal provisions would be introduced to address the delay in execution of works by the implementing agencies and penalty would be imposed on the contractors as per tender conditions.

4.2.4 Absence of agreement with the implementing agencies

Monitoring of the progress of work require that timelines are fixed for completion of the works from entrustment of the work to completion and handing over. No timelines were specified to the implementing agencies to be followed from entrustment of the work to its final completion.

No general/special agreement/memorandum of understanding was prepared delineating the terms and conditions and responsibilities in implementation of the works entrusted by the Board.

Illustration

Audit analysis of 40 sampled works entrusted to KRIDL Divisions Kalaburagi and Raichur showed that Board had made advance payments to the agency for execution of these works without entering into agreements/MOU specifying timelines to be followed for completion resulting in abnormal delay in completion of works from the date of issue of work order ranging from one to five years in respect of 31 works.

The Government, while accepting the audit observation agreed during exit meeting that agreement with the implementing agencies would be executed specifying the timeline to be followed by the departments/agencies.

4.2.5 Short recovery of liquidated damages

Clause 36.1 and 41 of Conditions of Contract¹⁶ specify that the contractor shall pay liquidated damages to the employer at the rate per day stated in the contract data for each day that the completion date is later than the intended completion date (for the whole of the work or the milestone as stated in the contract data). As per contract data the liquidated damages for the delay was to be computed at 0.1 *per cent* of the contract price per day subject to a maximum amount of liquidated damages for the whole of the works is ten *per cent* of final contract price.

Audit, however, observed that there were instances of short/non-recovery of stipulated liquidated damages amounting to ₹3.25 crore in respect of 22 works executed through eight implementing agencies. Work-wise details are furnished in **Appendix 4.2**.

Audit also observed that the implementing agencies had accorded approval for extension of time unjustifiably in respect of seven works, though the delay was fully attributable to the contractors.

The Board stated that penalties were being levied when delays are observed. The reply is not acceptable as the implementing agencies were not regulating the penalties as per the conditions specified in the contract. In the exit meeting, Government stated that the penalties would be levied in accordance with the conditions of the contract.

4.2.6 Doubtful completion of works

As per the information furnished by the Board, a total of 19,520 works were recorded to have been completed during the period 2013-14 to 2020-21. On scrutiny of progress reports relating to these works, audit observed that the expenditure incurred on these reportedly completed works was not commensurate with the estimated cost and it ranged from 0 to 75 *per cent*. The number of works recorded as completed and the percentage of expenditure

¹⁶ The Standard forms of Contract issued by the Government of Karnataka for uploading the tender documents in e-procurement portal.

booked was substantially lesser than the estimated cost as shown in the **Table 4.4** below:

Table 4.4: Statement showing works recorded as completed with lesser expenditure than estimated cost

Year	(Number of works)			
	Percentage of expenditure booked for works			
	Zero	0 to 25	25 to 50	50 to 75
2013-14	0	4	15	58
2014-15	8	4	45	147
2015-16	27	13	81	265
2016-17	10	20	91	349
2017-18	21	35	118	739
2018-19	23	15	120	563
2019-20	60	22	98	413
2020-21	5	1	14	7
Total	154	114	582	2,541

Source: Hykasoft Database provided by the Board

It could be observed from the above table that while as many as 154 works were declared completed with 'zero' expenditure, the percentage of expenditure booked in respect of 114 works was between 0 and 25 against their estimated cost. Considering the meagre expenditure booked against these works, completion of these works in entirety was, thus, inaccurate reporting.

Exhibit 4.2: An incomplete road work which was reported as completed



The Board replied that as on July 2022, the works which are physically completed but zero expenditure are 150 and out of this 129 works bills were cleared up to June 2022. The remaining bills of 25 works would be cleared immediately. Board added that there were 114 works physically completed with 0-25 *per cent* partial expenditure and out of this 101 works bills were cleared as of July 2022 and the bills of remaining 13 works would be cleared immediately.

Reply is not acceptable as no mechanism existed in the Board to track the status of execution of the works for the funds released to the implementing agencies. Further, pendency in settlement of the bills and non-updating the progress reports also revealed doubtful completion of the works.

Audit observed instances of doubtful completion of works during joint physical verification as illustrated below:

Illustration**I. Non-execution of the work of two toilet blocks and doubtful expenditure of ₹18 lakh**

Audit analysis of works included in the Action Plan for the year 2015-16 showed that the Board entrusted the work of construction of four High Tech Toilet Blocks (₹nine lakh each) at Kendriya Higher Primary School in Deodurga town to KRIDL Raichur and provided an amount of ₹36 lakh for the said work.

Joint physical verification of the newly constructed building and photos and videos taken during the physical verification showed that out of the four toilet blocks proposed only two blocks were constructed. The other two blocks were not traceable. Hence, it was doubtful whether the remaining two blocks were constructed resulting in doubtful expenditure of ₹18 lakh.

II. Partial execution of works

An amount of ₹30 lakh was released by the Board for execution of the renovation work to Primary Health Centre at Nalwar village in Chittapur taluk, Kalaburagi in their Annual Action Plan for the year 2018-19. During the joint physical verification of works, it was observed that the renovation works were executed only partially. The items of work such as granite flooring to toilets, preparation room and operation theatre, one coat of wall putty, laying of 90mm rainwater HDPE Pipes, providing four anodized aluminum doors, providing and fixing in position collapsible steel shutters, renovation works to the existing compound wall in Shahabad stone masonry in super structure etc., the works of drilling borewell and sanitation works were not executed. The building was not used and the PHC continued to function in an adjacent building.

Exhibit 4.3: Incomplete renovation works to PHC Nalwar in Chittapur taluk



4.2.7 Abandoned works

In the AAP for the year 2014-15, the Board approved four different works to be executed at Rajiv Gandhi Theme Park, Kalaburagi and another work at Kotnoor D Park, Kalaburagi at a total estimated cost of ₹9.52 crore and released an amount of ₹5.67 crore to Nirmithi Kendra, an implementing agency, for execution.

On scrutiny of records, audit observed that all these works were remained abandoned (April 2022) after incurring a total expenditure of ₹5.60 crore. The status of these abandoned buildings during the joint physical verification of these works along with Board staff were as given in the **Table 4.5** below and photographs taken were shown in **Exhibit 4.4**.

Table 4.5: Status of works abandoned by Nirmithi Kendra as of April 2022

Name of the work	Estimated cost	Expenditure incurred	Status as of April 2022
	(₹in crore)		
Construction of 7D theatre/fun complex	6.95	3.15	Constructed up to roof level and abandoned since 2017. Has become a place of miscreant activities.
Construction of Kids House			Constructed up to roof level and abandoned since 2017. Walls completely damaged with cracks.
Construction of insectarium			Constructed up to roof level and abandoned since 2017.
Construction of Aquarium			Constructed up to lintel level and abandoned since 2017.
Construction of Concert Ground Stage, green room, etc., at Kotnoor Park	2.57	2.45	The flooring and toilets damaged completely.
Total	9.52	5.59	

Source: Information provided by Nirmithi Kendra, Kalaburagi

As the buildings were abandoned, the Board did not release further funds to Nirmithi Kendra and thus, there was no progress in construction of buildings. Thus, the expenditure of ₹5.60 crore was rendered wasteful.

The Board accepted the observation and stated (July 2022) that suitable action would be taken to put the assets to proper public use.

Exhibit 4.4: Photographs showing the status of few abandoned buildings





Source: Photos taken during Joint Physical Verification

4.2.8 *Incomplete work*

The work of improvements to road from Ballatagi to Hirebidadini for a stretch of five Km in Manvi Taluk in Raichur District was entrusted to Panchayat Raj Engineering Department (PRED), Sub Division, Manvi on 10 February 2017 for an allocated amount of ₹1.75 crore. Photos and videos taken during the joint physical verification showed that roadwork was done only for murrum work. The work was stopped (June 2019) after incurring an expenditure of ₹1.29 crore. As per KTPP Act 1999, no work should commence on land which has not been duly handed over by the responsible civil officer and in case of tender for work is accepted prior to acquisition of the land required for the work, then the time which should be allowed for the acquisition of the land should be ascertained from the concerned authority before issuing the work orders. However, the PRED had commenced the work prior to acquisition of land and could not progress further. Non-compliance to codal provisions thus resulted in unproductive expenditure.

Exhibit 4.5: Work of improvements to road from Ballatagi to Hirebidadini village in Manvi taluk



Source: Photos taken during Joint Physical Verification

4.2.9 *Execution of substandard works*

IRC 62:14 recommend the use of M30 grade cement for pavement construction for Cement Concrete roads with low volume of traffic and CBR value of 10 *per cent*. Further, IRC 37:2018 stipulate that a CC road is to be designed for a period of 15 years. The Board entrusted the work of construction of Cement Concrete (CC) road in RH-05 Camp, Sindhanur taluk, Raichur to KRIDL Raichur at an estimated cost of ₹1.02 crore under action plan for the year 2015-16 and made

an advance payment of ₹0.82 crore. The Board while according administrative approval (October 2016) recommended for use of M20 concrete in the construction. The work was completed during December 2019.

As per IRC specifications of rural road works, M30 is recommended for the soil with CBR value of 10 *per cent*. As per IRC specifications, a shoulder of the road is to be constructed to give adequate side support to the pavement and also to drain off surface water from the carriageway to the road side drain. However, it was observed that the Board executed the road work with M20 cement concrete. It was observed that construction of the shoulders was not included in the estimate and no shoulders were constructed. Joint physical verification showed that the entire stretch of the road developed cracks. Further, due to non-construction of earthen shoulders, one side of road at one place was completely tilted towards field. Thus, audit could not ensure quality in the road work executed at a cost of ₹0.82 crore.

Exhibit 4.6: Status of Road at RH Camp 05 in Sindhanur Taluk, Raichur



Source: Photos taken during Joint Physical Verification

4.2.10 Lack of coordination leading to wasteful expenditure

The work of construction of cement concrete road with drainage for a length of 600 meter and black topped road was approved in the AAP of the Board for the year 2019-20 at an estimated cost of ₹1.01 crore. The work was entrusted (March 2020) by EE, PWD, Ballari to a contractor at his tendered cost of ₹1.23 crore with a stipulation to complete the work within four months. The work was completed during May 2021 at an expenditure of ₹0.99 crore and was handed over by the contractor to PWD, Ballari.

During a Joint Physical Verification (January 2022) of works, Audit observed that the entire stretch of concrete road and a portion of black topped road were completely damaged by Karnataka Urban Water Supply & Drainage Board (KUWS&DB), for laying underground drainage (UGD) pipes. The KUWS&DB neither obtained the permission from EE, PWD, Ballari before execution of UGD work nor rectified the damages to its original condition.

Thus, lack of synchronisation/convergence among the authorities in executing works in the region rendered the expenditure of ₹0.99 crore wasteful.

The Board replied (July 2022) that the KUWS & DB Sub Division had agreed to restore the damaged portion after completion of UGD work.

4.2.11 Suvarna Karnataka Bhavan lying unutilised

The works to KRIDL are given on entrustment basis without tendering by granting exemptions under section 4(g) of the Karnataka Transparency in Public Procurement Act. The exemption was available for works only upto ₹2 crore. The exemption to KRIDL was subject to the conditions that the departments entrusting works to KRIDL shall not split the works

The Board provided funds of ₹1.47 crore under Package 1 to KRIDL under the Annual Action Plan for the year 2014-15 for the construction of Suvarna Karnataka Bhavan at Sedam Taluk. The Board sanctioned additional fund of ₹1.33 crore under the same action plan for completion of the same work. Thus, the allocation for the work was split into two in the same action plan of 2014-15. The entrustment of works to KRIDL by splitting up the works in two packages violated the directions of the Government.

The Suvarna Karnataka Bhavan building was completed and handed over to Town Municipal Council, Sedam during March 2019. It was observed that the building was not put to use, except on two occasions, since its completion. The expenditure of ₹2.80 crore largely remained unfruitful.

The Government replied (July 2022) that the said works had been completed by the Implementing Agencies and handed over to the user Department (CMC Sedam). As the handing over process was completed, subsequent usage was left to the user Department. The reply of the Board, however, did not consider the fact that the board funds were to be directed towards accelerating the socio-economic development of the region and the objective would be achieved only through the utilization of the created assets.

4.2.12 Shopping Complex at Chincholi town lying unutilised

Under the action plan 2015-16, the Board constructed a shopping complex at Chincholi town in Kalaburagi district. An expenditure of ₹1.97 crore was incurred on the shopping complex. The complex remained unutilized as the electrical and other works remained incomplete.

Exhibit 4.7: Shopping Complex at Chincholi Town



Source: Photos taken during Joint Physical Verification

The Government replied that the shopping complex at Chincholi town was completed up to 80 per cent and balance works including electrical and other

works would be taken up and thereafter the building would be handed over to the user Department.

Audit noticed that the works were stopped since five years and no action was taken till date to complete the building. Further, the Board would be required to invest additional funds in view of the dilapidated condition of the unutilised building.

4.2.13 Unproductive expenditure on construction of Textile Training Centre at Yadagiri

The Board allocated funds of ₹5.02 crore under action plan for the year 2015-16 for the construction of a Hi-tech Textile Training Centre at Hathikunni region in Bandalli village of Yadagiri taluk. The objective of the training centre was to create skilled manpower for the textile industries and also to provide entrepreneurial skills to manage textile units thereby enhancing employability. According to the Draft Project Report of the Textile Training Centre project, the location was selected considering the proposed international standard textile park at Kadachur Industrial Area developed by the Karnataka Industrial Areas Development Board for which KKRDB had provided ₹10 crore as grant for road formation. The proposed textile park was yet to be operational awaiting investor interest. The High Tech training Centre consisted of administrative blocks, training facilities, boys and girls hostel etc. The building was completed during the year 2018-19. The training center was yet to be commenced, leading to idling of the constructed building. Thus, ₹5.02 crore invested by the Board on textile infrastructure was yet to be made productive.

Exhibit 4.8: Textile training Centre at Yadagiri

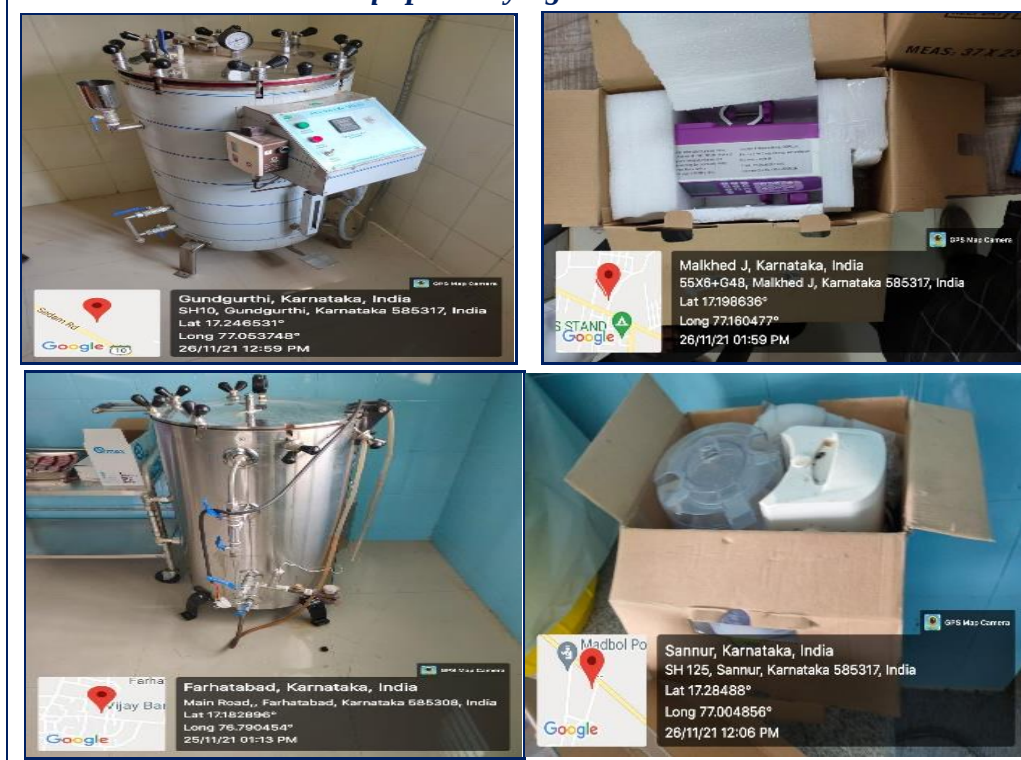


Source: Photos taken during Joint Physical verification

The Government replied (July 2022) that the said work is entrusted to the Industries and Commerce Department and the utilisation of the building would be pursued.

4.2.14 Unfruitful expenditure on purchase of equipment to Primary Health Centres

During Joint verification, it was observed in Health Centres in Kalaburagi that equipment purchased by District Health and Family Welfare Officer, Kalaburagi were lying idle in PHC as shown in **Exhibit 4.9** below:

Exhibit 4.9: Equipment lying idle in PHCs and CHC

Source: Photos taken during joint physical verification

4.2.15 Unfruitful expenditure on water supply works

➤ Unfruitful expenditure of ₹25 lakh

Audit noticed instances of non-utilisation of overhead tank constructed at a cost of ₹25 lakh in Karnagi village in Yadagiri Taluk under special component plan allocation. The photograph of the unutilised tank is shown in the **Exhibit 4.10:** below.

Exhibit 4.10: Non-utilisation of overhead tank at Karnagi village in Yadagiri taluk

➤ Unfruitful expenditure of ₹50 lakh

The Board allocated an amount of ₹50 lakh to CMC Raichur for providing & laying of 150mm DI Pipe line from Rampur water works filter house to Sri Ram Nagar camp via Siddana Bavi Camp in Ward No.35 in Raichur City for

supplying drinking water supply to Sri Ram Nagar Camp and Siddana Ravi Camp habitations.

It was observed that the water supply work remained incomplete as the pipeline work was not fully completed and the items of work such as providing pumpsets, switch units, electrical works etc., was not executed leaving the expenditure of ₹50 lakh unfruitful for more than one year.

Exhibit 4.11: Incomplete pipeline work



4.2.16 Irregular provision of Dense Bituminous Macadam

The traffic density survey, which would help decide on the composition of the road material, is important while undertaking the work of strengthening of roads. Dense Bituminous Macadam (DBM) is a binder course which is recommended for roads designed to carry more than five million standard axle (MSA) load of vehicles, and hence, require a proper traffic density survey before the preparation of estimates.

- The City Municipal Corporation, Kalaburagi executed (2016-17) two¹⁷ road works in the Kalaburagi city with an estimated cost of ₹9.62 crore and ₹5.35 crore respectively. Audit observed that the required traffic volume survey was not conducted in respect of both the works. Audit further observed that the Chief Engineer (CE), Buildings and Communication, Dharwad during technical scrutiny of estimates had directed (November 2014) to provide a layer of 50 mm Bituminous Macadam and another layer of 25 mm Semi Dense Bituminous Concrete (SDBC), instead of providing DBM for these road works. In disregard of the directions of the CE, the City Municipal Corporation, Kalaburagi got the works executed with DBM. Execution of 50 mm DBM instead of suggested 25 mm resulted in avoidable extra expenditure of ₹0.48 crore (**Appendix 4.3**).

CMC replied that as per proceeding of the meeting held by Commissioner, CMC kalaburagi along with the Board officials it was opined to keep same provisions as in the original estimate i.e., 50 mm DBM and 25 mm thick SDBC due to heavy traffic on this road which

¹⁷ Kalaburagi Airport road connectivity Package-Sedam Road (from Annapurna Hospital to Kharge Petrol Pump and Kalaburagi Airport connectivity package- Rajapur road from RTO cross to Shahabad ring road.

connects to National Highway. However, Audit observed that no traffic volume survey was conducted in respect of these works.

- KRIDL Kalaburagi division executed the work of 'improvements to approach road from Wadi to Balawadagi Village 5.870 km in Chittapur Taluk, Kalaburagi in their Annual Action Plan for the year 2014-15 for an estimated cost of ₹2.59 crore during the year 2016-17. Audit observed that the estimate was provided for SDBC and paid at ₹98.31 as per PWD rates of Kalaburagi Circle. As stated in the Para 15.3.7 of the specifications, it was recommended to lay pre mixed carpet as surface course. Further, 6mm Thick Type B seal coat was recommended for sealing pre mix carpet. However, as per the estimate under item No.7 Semi Dense Bituminous Concrete is provided as per PWD DSR¹⁸ 2014-15 as against Open Graded Pre-mix Carpet under PRED item No.5.9 and 5.12 (II) (at ₹189 per cum) of DSR 2014-15 which is more economical for a village road. The rates for the quantity of 550.31 cum. worked out to ₹1,04,009. Due to provision made in the estimate towards SDBC, the estimates were inflated and resulted in excess payment of ₹53.06 lakh.

4.2.17 Adoption of higher Schedule of Rates for rural road works by KRIDL

The Government issued (May 2008) instructions that whenever rural road works are undertaken, the Agencies/Departments are required to prepare estimates adopting the PRED SR Rates of the respective years for rural roads. The Superintending Engineer Panchayat Raj Engineering Division, (PRED) Kalaburagi Circle also issued (December 2016) similar instructions.

Analysis of 40 sampled works entrusted to KRIDL showed that in 10 works, the agency had adopted PWD SR Rates which was higher than the PRED Rates. As the roads were classified as village roads, the incorrect adoption of higher rates resulted in undue benefit to the agency and avoidable extra expenditure amounting to ₹1.09 crore detailed in **Appendix 4.4**.

4.2.18 Non-utilisation of excavated soil for embankment construction for road works

The soil obtained from excavation was to be used for construction of embankment, sub-grade and earthen shoulder while executing road works. In case the excavated soil was not sufficient for construction of embankment, the contractor would be permitted to arrange for soil from borrow pits. These instructions would be communicated to the implementing agencies by the concerned Executive Engineer/Superintending Engineers while according technical sanction to works.

While preparing the estimates for the road works, the quantity of soil available on excavation at the work site should be computed and provision for only the balance quantity of soil to be borrowed from borrow pits was to be made in the estimate.

Audit observed that implementing agencies did not consider the quantity of soil available at the road site in respect of five works. Non-consideration of the

¹⁸ Public Works Department Draft Schedule of Rates (DSR).

quantity of soil, resulted in avoidable extra expenditure of ₹87.33 lakh as detailed in **Appendix 4.5**.

The Government replied (July 2022) that the provision in the estimate of the quantities are provisional and the CBR value of the soil as per project Report is eight *per cent*. But, during the course of execution some reaches black cotton (BC) soil was encountered. As the BC soil could not be reused for embankment, borrowed soil was used.

Reply is not acceptable as it was not supported by any soil analysis reports indicating the non-usability of available soil.

4.2.19 Irregular provision of granular sub-base in existing roads

Granular sub-base (GSB) is a layer provided over the sub-grade layer of the road. If the existing condition of the road taken up for upgradation is of bituminous surface, there should not be a necessity for providing GSB layer and only the item of scarifying of bituminous layer up to 50 mm to 150 mm may be provided.

However, audit observed in respect of four road works that the item of GSB was provided in bituminous scarified roads and a payment of ₹1.21 crore was made to contractors, which was irregular. Details are furnished in **Appendix 4.6**.

The Government replied (July 2022) that the road was completely worn out and did not have base and sub-base. Hence, it was included in the estimate.

The reply is not acceptable as it was not supported by the preliminary study reports on the condition of the soil before taking up the work.

4.2.20 Entrustment of works to KRIDL without 4(g) exemption

The Karnataka Transparency in Public Procurement (KTPP) Act, 1999 (The Act) stipulated the method of tendering for procurement of goods and services and allowed certain exemptions. Government granted (May 2019) exemption under clause 4 (g) of the Act to KRIDL to take up works of construction and maintenance of buildings works, road works and all related electrical works including rural water supply and sanitation works. Subsequently the Hon'ble High Court directed (June 2020) that the exemption given under the Government Order granting exemption under 4(g) need not be acted upon with effect from 12th March 2020.

It was observed that KRIDL Kalaburagi and Raichur Divisions had taken up nine works and eight works respectively during the year 2020-21. Out of these 17 works, 12 works were under progress (March 2022) with a total estimated cost of ₹5.54 crore and five works were yet to be commenced.

Audit noticed that 4(g) exemption for all the departments was withdrawn as per the High Court order for the year 2020-21. However, KRIDL has taken up the 17 works during the year 2020-21 under KKRDB funds. The execution of works directly without participating in open tender violated the order of the High Court. The Board had released 80 *per cent* funds in advance to the agency without verifying whether the agency was eligible to execute works under Clause 4(g) of the KTPP Act 1999 resulting in undue favor to the agency as detailed in **Appendix 4.7**.

4.3 Substandard quality works

4.3.1 Execution of substandard quality road works by implementing agencies

Audit observed instances of substandard execution in six road works executed by PMGSY Raichur, PMGSY Kalaburagi, and PRED Kalaburagi. Joint physical verification of the works showed potholes in some stretches indicating substandard work as the road was damaged within two years. The layer of Water Bound Macadam Grade III which was visible in most of the stretches and the objective of all-weather rural road connectivity was defeated as the road had become non-trafficable rendering the expenditure on the construction unfruitful as detailed in **Appendix 4.8**.

During joint physical verification of the eight building works, audit observed substandard quality of works such as damaged doors, cracked walls and ceiling, incomplete electrical and water supply works, seepages in toilets, broken glass windows, cracked floor tiles etc., as detailed in **Appendix 4.9**.

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

Recommendation 4: The Board should fix the responsibility for wasteful/unplanned expenditure on abandoned infrastructure, incomplete works, unutilized buildings and equipment etc. out of board funds.

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

Recommendation 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.

CHAPTER-V

FINANCIAL MANAGEMENT

CHAPTER V

Financial Management

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 and the pace of utilisation of the available funds, tracking of utilisation certificates, monitoring of advances given to implementing agencies etc., needs improvement. The Board lost assistance of ₹387.52 crore from State Government due to non-utilisation of funds already released. The Board did not have a mechanism to monitor the utilisation of advances given to the implementing agencies and did not ensure separate accounting of interest earned on Board's funds held by the implementing agencies and their timely refund. The accounts of the Board were not audited by Chartered Accountant since inception as the State Government is yet to appoint the Auditors and facilitate the Audit Reports to be placed before the State Legislature.

5.1 Financial status of the Board

According to Clause 21 of the Board Order 2013, the following would form part of the Fund of the Board

- All grants, donations and gifts made by the Central Government, State Government, any local authority, anybody whether incorporated or not
- Amount borrowed by the Board and
- All other sums received by the Board from any source whatsoever

Audit observed that the Board, since inception, was solely dependent on the grants provided by the State Government.

The State Government releases budgetary grants to the Board to implement various works for the development of the KK Region. The fund of the Board was operated through bank accounts held in nationalised banks. The financial position of the Board during 2016-17 to 2021-22 is shown in the **Table 5.1** below.

Table 5.1 Financial status of the Board during 2016-17 to 2021-22

(₹ in crore)

Year	Opening balance (a)	Budget allocation (b)	Amount received (c)	Interest earned (d)	Other Receipts (e)	Total funds available (f) a+b+c+d+e	Expenditure (g)	Closing balance (h) =f-g
2016-17	131.34	1,000.00	937.33	17.49	91.52	1,177.68	1,060.72	116.96
2017-18	116.96	1,000.00	840.19	24.71	45.74	1,026.93	740.46	286.47
2018-19	286.47	1,000.00	1,309.96	27.68	144.30	1,768.42	1,330.05	438.36
2019-20	438.36	1,500.00	1,125.00	19.97	1.73	1,585.06	1,245.24	339.82
2020-21	339.82	1,131.86	1,031.86	17.31	7.40	1,396.39	925.81	470.57
2021-22	470.57	1,492.97	NA	NA	NA	NA	NA	NA
Total		7,124.83	5,244.34	107.16	290.69	6,954.48	5,302.28	

Source: Information provided by the Board

The Board prepared the annual action plan belatedly each year after the allocation of funds by the State Government in its budget. The Board could not absorb the available funds in a timely manner resulting in persistent savings. The Board treated the advances made to the implementing agencies also as final expenditure. As large number of works entrusted to implementing agencies were lingering, the amount released towards these incomplete works remained unutilised with the implementing agencies. In the absence of reconciliation, actual unspent balances with the implementing agencies could not be assessed in Audit.

The Government (July 2022) stated that advance release of funds to the implementing agencies was dispensed with from 2017-18 and at present Board releases advances only to non-tendering agencies¹⁹ which undertake works. The reply is not acceptable as the Board did not provide the details about the reconciliation of releases up to 2017-18 and releases to non-tendering agencies.

5.2 Deficiencies in financial management

5.2.1 Non-preparation of Budget by the Board

Clause 29 of the Board Order, 2013 stipulates the Board to prepare every year a budget estimate of its income and expenditure and forward it to the State Government. It was observed that the Board had not been preparing the budget estimate since inception. In the absence of budget proposals from the Board, the Government was not able to assess the extent of budgetary requirements. This resulted in Government proposing a lumpsum budget allocation on its own while preparing the State Budget.

The Government replied (July 2022) that Head of account wise budget requirement was submitted to Government for the years 2019-20 & 2020-21.

Reply is not acceptable as Budget Estimates were not prepared till 2018-19. The budget estimates submitted during 2019-21 was not based on action plans. Instead, a lump sum proposal was prepared by the Board and sent to Government.

5.2.2 Loss of assistance due to short-utilisation of funds

As per conditions of release of funds from Finance Department (FD) 75 per cent of available funds were to be utilised before release of last instalment. As against the total budgetary allocation of ₹5,631.86 crore during the period from 2016-17 to 2020-21, the actual release to the Board by the Government was only ₹5,244.34 crore, thus, resulting in loss of assistance of ₹387.52 crore.

The Government stated (July 2022) that during 2019-20 the progress was slow because of COVID-19 pandemic and hence, fourth quarter instalment was not released. During 2020-21 out of the Board allocation of ₹1,131.86 crore, ₹100.00 crore was released to Kalyana Karnataka Human Resource, Agriculture and Cultural Society Kalaburagi by the Government. Hence, there was no shortfall.

¹⁹ Non-tendering agencies are agencies which are entrusted works without tendering by way of exemption under Section 4(g) of the Karnataka Transparency in Public Procurement Act.

The reply is not acceptable as it was observed during the years 2017-18 and 2019-20 the fourth quarter funds were not released as the Board had not utilised 75 per cent of the available funds.

5.2.3 Utilisation of the funds

Clause 16 (c) of Hyderabad-Karnataka Region Development Board Order, 2013 states that the fund remaining unspent during the financial year shall not lapse, and such balance amount shall be carried forward to the next financial year. Such carried forward funds from one year to another shall never be more than 20 per cent of the funds earmarked in such financial year.

Audit observed that the Board retained unspent amounts beyond the limit specified in the Board Order, 2013 as detailed in **Table 5.2** below:

Table 5.2: Details of closing balance

(₹ in crore)

Year	Total funds available	Expenditure	Closing balance	20 per cent limit
2016-17	1,177.68	1,060.72	116.96	235.54
2017-18	1,026.93	740.46	286.47	205.39
2018-19	1,768.42	1,330.05	438.36	353.68
2019-20	1,585.06	1,245.24	339.82	317.01
2020-21	1,396.39	925.81	470.57	279.28

Source: Information provided by the Board

From the above table it was observed that the Board retained more funds every year except 2016-17 as against the permissible limit of 20 per cent. Such persistent savings results in non-implementation of development works approved in the Annual Action Plan.

5.2.4 Utilisation of Micro Funds

Micro funds are allotted to Taluk based on the CCDI index. Works taken up under Micro funds have direct impact on the respective taluk in improving its socio-economic condition. Expenditure of funds (as on March 2022) under Micro category was as shown in **Table 5.3**

Table 5.3: Details of expenditure under micro funds

(₹ in crore)

Year	No. of Works	Allocation	Expenditure	Expenditure (per cent)
2013-14	782	136.59	106.96	78.31
2014-15	2,217	582.80	423.93	72.74
2015-16	2,965	647.51	479.96	74.12
2016-17	2,428	488.43	373.07	76.38
2017-18	3,325	714.66	565.39	79.11
2018-19	3,224	637.63	521.46	81.78
2019-20	2,994	914.24	691.82	75.67
2020-21	1,729	685.39	265.63	38.76
2021-22	1,836	882.97	80.50	9.12

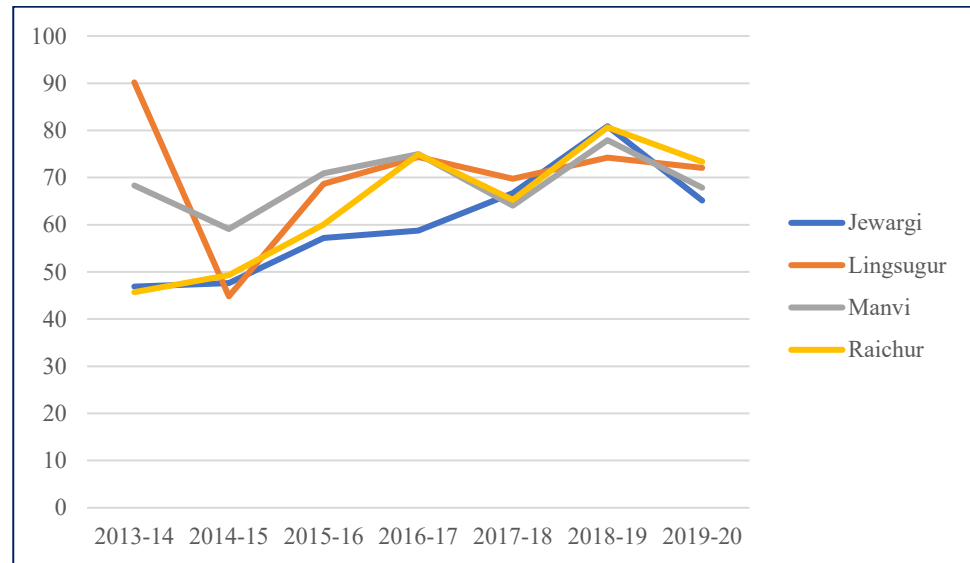
Source: Hykasoft database provided by the Board

It can be observed from the above table that the expenditure under micro funds was below 80 per cent in all the years except during 2018-19.

Audit analyzed the expenditures of micro funds in each taluk up to 2019-20. It was observed that four taluks viz., Jewargi, Raichur, Manvi and Lingsugur are spending less than 70 per cent and 19 Taluks were spending between 70 to 80 per cent of the available funds. Percentage of expenditure of Taluks is shown in **Appendix 5.1**.

The year wise expenditure details of least four taluks with total expenditure of below 70 per cent were as shown in **Chart 5.1** below.

Chart 5.1: Percentage of Expenditure under Micro funds in four Taluks with least utilisation levels



Source: Hykasoft database provided by the Board

The reasons for lower level of expenditure in these taluks were not analysed by the Board.

5.2.5 Non-submission of Utilisation Certificates by the implementing agencies

The Board was to furnish utilisation certificates (UCs) against the releases to the State Government each year duly exhibiting the interest accrued on the bank accounts. Verification of financial statements of the Board showed that utilisation certificates for ₹64.07 crore was pending submission to the State Government, as at the end of March 2022.

The Board replied (July 2022) that consolidated UCs would be submitted to Government on receipt of UCs from all implementing agencies. Government also endorsed the reply of the Board.

5.2.6 Non-accountal/refund of interest on funds released to implementing agencies

Audit observed that the Board released funds, as advance payments, to various implementing authorities like Karnataka Rural Infrastructure Development Limited, Sarva Shiksha Abhiyan, Nirmithi Kendra, Public Works Department, Panchayat Raj Engineering Divisions, Karnataka Slum Development Board (KSDB), Sri Jayadeva Institute of Cardiovascular Sciences and Department of

Commerce and Industries etc., for executing development works proposed in the AAPs of the Board. However, the Board neither insisted for maintenance of such funds in separate bank account by the implementing agencies nor inserted a clause for refund of interest earned on Board's fund, in case of delay in completion of work.

Audit observed that the large number of works entrusted to these agencies were inordinately delayed for various reasons rendering the funds released against such delayed work remaining unspent with the implementing agencies for longer periods. In the absence of an appropriate clause for refund of interest, the implementing agencies subsumed the interest earned in their books of accounts. This failure of the Board resulted in undue benefit to the implementing agencies.

Illustration

The Board released an amount of ₹49.28 crore (March 2019 and January 2020) to State Project Director, Sarva Shiksha Abhyas (SSA), Bangalore towards implementation of TALP. Audit observed that the SSA delayed the implementation of the programme and thus, funds remained in their bank account for long and interest was accruing on remaining unspent balance.

However, the Director, SSA did not refund the interest earned to the Board. As worked out by Audit adopting a nominal interest rate of 3 per cent per annum, the SSA had earned an interest of ₹1.55 crore (Appendix-5.2)

In the absence of comprehensive details of release of funds to the implementing agencies, audit could not work out the exact loss of interest amount.

Illustration

I) Board released ₹35.96 crore to Karnataka Slum Development Board, Bangalore (2021) towards the construction of hostels. However due to slow pace in construction the funds amounting to ₹29.99 crore remained unspent in the account accumulating interest without refund to the Board.

II) The Board was releasing 99 per cent of the estimated cost of works entrusted to the KRIDL withholding the third party inspection charges. During the year 2013-14 to 2021-22, 486 works were entrusted to KRIDL-I, Kalaburagi at an estimated cost of ₹104.56 crore, 841 works were entrusted to KRIDL-II Kalaburagi at an estimated cost of ₹163.20 crore and ₹146.26 crore was released, 638 works were entrusted to KRIDL Raichur and ₹258.65 crore was released. Audit noticed during check of sampled works that an unspent balance of ₹1.44 crore (Raichur 0.52 and Kalaburagi 0.92) as on February 2022 was accumulated in the account of the agency which were kept in a pooled account along with other funds. Interest earned on the funds were not refunded to the Board.

III) Board released ₹33.37 crore during 2019-20 and ₹62.63 crore during 2020-21 to Sri Jayadeva Institute of Cardiovascular Sciences, Bengaluru for construction of proposed 300 bedded SJICR Hospital at Kalaburagi. Unspent Balances of ₹60.62 crore (₹55.05 crore General and ₹5.57 crore SCP) was lying in their bank account as on March 2021. Interest earned was not refunded to the Board.

The Government replied (July 2022) that State Project Director, Sarva Shikshana Abhiyan (SSA), Bangalore was requested to refund the bank interest accrued on the Board grant. Action would be taken to get back the interest from the agencies by constantly following the issue.

The reply, however, did not mention about the measures taken by the Board to track, account and realise the interest earned by other implementing agencies out of Board Funds from time to time.

5.2.7 Utilization of interest earned on Government grants

Government permitted the Board to utilise the interest amount for undertaking action plan works. During the period 2016-17 to 2020-21, ₹107.86 crore was earned as interest. The Board, however, did not prepare any action plan for utilisation of these interest amount leaving the interest amount unutilised.

5.2.8 Loss due to non-claiming of refund from Income Tax Department

According to Section 10(46) of Income Tax Act, 1961 the income arising to any notified body/authority/Board/ Trust/Commission which has been established or constituted by or under a Central, State or Provincial Act, or has been constituted by the Government or a State Government with the object of regulating or administering any activity for the benefit of the general public and is not engaged in any commercial activity and is notified by the Central Government in the Official Gazette for the purposes of this clause is exempt from tax. Further, the circular No.4 of 2002 dated 16 July 2002 of the Central Board of Direct Taxes had also clarified that the local authorities falling under Explanation to Section 10(20) are exempted from Tax Deduction at Source (TDS).

It was observed that Bank had deducted tax at source amounting to ₹4.39 crore as detailed in **Table 5.4** below.

Table 5.4: Statement showing tax deducted at source

Funds	Year	Bank Account Number	Amount of TDS (₹ in crore)
General	2018-19 to 2020-21	37130780690	3.77
SCP	2018-19	37130944640	0.40
TSP	2018-19	37130974346	0.22
Total			4.39

Source: Information submitted by the Board

However, the Board neither took up the issue with bank for re-credit quoting codal provisions nor initiated action to claim refund of TDS amount from the Income Tax Department (October 2021). Thus, the inaction of the Board resulted in avoidable loss of ₹4.39 crore.

The Government replied (July 2022) that an application is filed under section 10 (46) for claiming refund (December 2021) and the exemption is awaited from Income Tax authorities.

5.2.9 Delay in settlement of claims to contractors

As provided in the Karnataka Public Works Department (KPWD) Code (Rule 202) the work done and measured in one month shall ordinarily be paid for during the next month. It is also stated that in time payment increases the quality of the work and exhibits the effectiveness of Government developmental activities.

On a test-check of 23,772 bills paid by the Board during 2016-21, audit observed that there were delays in settlement of bills of contractors/ suppliers. The details of time taken for settlement of claims of contractors is shown in **Table 5.5** below.

Table 5.5: Time taken for settlement of claims of contractors

Delay	No. of Bills	Percent of Bills	Amount (₹ in crore)
0-15 days	9,196	38	1,022.72
16-30 days	4,652	20	623.57
31-60 days	4,407	19	443.87
61-90 days	1,849	8	156.43
91-180 days	2,248	9	164.17
181-365 days	1,081	5	61.81
366-730 days	322	1	11.06
More than two years	17		0.37

Source: Hykasoft Database provided by KKRDB

It could be observed from the table that 58 *per cent* of the claims submitted to Board were settled within the stipulated period and there was delay in respect of the remaining 42 *per cent* of the bills. In respect of 17 bills, the delay was beyond two years and 322 bills were delayed more than one year. It is pertinent here to refer to the observations of Central Vigilance Commission that the delay in settlement of bills is an unhealthy practice. The Board did not explain the reasons for delay in settlement of claims.

The Government replied (July 2022) that using the Hykasoft application the Running Account/ Part bills are being settled within 3-4 days and final bills within 5-7 days. The payments are made through NEFT / RTGS and credited to contractors account within 24 hours since March 2018. Any technical defects in the bills needs to be verified and resubmitted in few cases.

Reply is not acceptable as the data captured by the Hykasoft application showed delay in settlement of bills.

5.2.10 Irregular supplies to Nirmithi Kendra

Nirmithi Kendra, a registered society established by State Government, was also an implementing agency which was executing the works of the Board on direct entrustment under 4(g) exemption of KTPP Act or through participating in tender process as other contractors. Therefore, it was obligatory for Nirmithi Kendra to mobilise labour, equipment and machinery required for execution of works entrusted to it.

However, Audit observed that the Board procured (2016-17 and 2017-18) various machinery/equipment²⁰ at a total cost of ₹65 lakh and supplied them in phases to Nirmithi Kendra, which was irregular. Item-wise list of machinery/equipment supplied to Nirmithi Kendra is furnished in **Appendix 5.3**.

The Government replied (July 2022) that in order to enable infrastructure and technology development of Nirmithi Kendras to improve their capacities it would be possible to achieve environmentally friendly, cost effective and innovative technology in construction of government infrastructure. Hence, the supplies were made to the agency.

Reply is not acceptable as the Nirmithi Kendra was entitled only for service charges for mobilising the resources and granting machinery/equipment to Nirmithi Kendra out of Board funds was gratuitous in nature.

5.2.11 Irregular release of Funds to KRIDL in violation of KTPP Act

The Government of Karnataka granted (February 2014) exemption under Section 4(g) of the KTPP Act for works entrusted to KRIDL up to ₹2.00 crore. Thus, KRIDL was authorized to undertake the works up to ₹2.00 crore only. For works above ₹2.00 crore, the Board was to follow the provisions of the KTPP Act and invite open tender through e-procurement portal.

Audit scrutiny of the two sampled works undertaken by KRIDL in Raichur and Kalaburagi revealed that the Board released an amount of ₹4.97 crore for the improvement works of providing metalling to road from Murki Gudda to Narbanda in Manvi taluk, Raichur and from Wadi to Balawadagi village in Chittapur taluk, Kalaburagi.

Audit noticed that as the estimated cost of the works exceeded the exempted limit of ₹2.00 crore, the agency was not authorized to undertake the works directly. Thus, the Board had released the funds to KRIDL in violation of the provisions of the KTPP act.

5.2.12 Irregular payments to Project Support Office

The Board established a Project Support Office (PSO) during July 2020 at contract price of ₹9.97 crore. The PSO was to provide support services to the Board on all its on-going activities viz., overall review, monitoring and supervision of deliverables, ensure effective implementation of the programs/projects at the district level.

²⁰ 2.0 Cum ACE Box Tipper BS4, quality control equipment, total station survey equipment, etc.

Further the Master Service Agreement (MSA) provided that the PSO would develop a Strategic Development Plan (SDP), Standard Operating Procedures (SOP), develop a road map of infrastructure projects, advise on all technical and commercial matters, support the Board in the overall governance and controls etc. The agreement provided that, if the Service Provider does not deploy all the key consultants such as procurement expert, finance expert, senior IT expert within a period of 45 days of execution of MSA, the contract would be terminated with applicable penalty.

Audit noticed that the PSO had neither provided the important deliverables to the Board (SDP, SOP, monitoring and tracking of funds, taluk wise data collection, Real-time dash Board of expenditure) nor appointed the procurement expert, finance expert and senior IT expert as required under the MSA. However, the Board had not terminated the services of the PSO and instead paid an amount of ₹6.07 crore to the firm during December 2021 to March 2022. Since the firm had not deployed the key personnel the responsibilities of these experts could not be performed and payment of ₹6.07 crore was irregular.

The Government replied (July 2022) that they had prepared a strategic plan for the next 30 years. The strategic plan covered a study of the Dr. Nanjundappa Committee Report, the major sectors it addressed, the proposed sectors for focus, the projects that could be implemented in the proposed sectors, phasing of investment in these projects, how these projects could be taken up based on participation of the Government and the Board. The reports were approved by the Board and had written letters to various Departments to consider the proposals.

However, the Board was silent on the appointment of the experts as required under the MSA.

5.2.13 Absence of documentation of assets and liabilities of the Board

The Hyderabad Karnataka Region Development Board came into existence as a separate legal entity during November 2013 on the basis of the Order of the Governor. The Board was permitted to take over the assets and liabilities of the earlier Hyderabad Karnataka Development Board (HKDB). It was therefore mandatory for the Board to ascertain the assets and liabilities of previous Board and incorporate the assets and liabilities in the books of accounts of the new entity. However, no such exercise was done by the Board. As a result, there was no proper inventory of assets created for the development of the region. This is fraught with the risk of unauthorised encroachment/occupation on the assets of the Board going unnoticed.

The Government replied (July 2022) that Chartered Accountant was appointed by the Board to prepare the balance sheet for the year 2016-17, incorporating all the assets and liabilities of the Board since inception of the Board.

5.3 Accounts and Audit of the Board

5.3.1 Non appointment of auditor

Clause 27 of Board Order 2013 specifies that the Board shall prepare an annual statement of accounts in such form as may be prescribed and the accounts of the Board shall be audited annually by such auditor as the State Government may

appoint. After the receipt of the report of the auditor, the Board shall send a copy of the annual statement of accounts, together with a copy of the report of the auditor to the State Government and shall cause to be published the annual statement of accounts in such manner as may be prescribed. Further, Clause 27 (7) states that the State Government may after perusal of the report of the auditor give such directions as it thinks fit to the Board and the Board shall comply with such directions.

Audit however, observed that the State Government has not appointed auditor for audit of the accounts of the Board since the constitution of the Board. Instead of arranging for a comprehensive audit of accounts of the Board as a whole, the Board appointed (February 2016), two²¹ Chartered Accountants (CA) as internal auditors. The CAs submitted their audit report to the Board. However, the Board had not submitted the audited financial statements to Government for placing in the State Legislature, as required.

The Government replied (July 2022) that to have the internal financial control and discipline the Board has appointed the Chartered Accountants for conducting internal audit of Board office and all the implementing agencies. It was stated that while the internal audit was completed up to 2020-21 and the reports have been issued, the audit for 2021-22 has commenced. It was further communicated that the internal audit reports for the period 2017-18, 2018-19 and 2019-20 have been submitted to Government.

Reply is not acceptable as the auditor was appointed by the Board for preparation of accounts and undertaking internal audit. The State Government should appoint an independent third party auditor not involved in the preparation of accounts exercising the powers under the Board Order 2013.

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

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

²¹ K.K. Attal & Associates for Bidar, Koppal and Ballari districts for 2015-16 and 2016-17 and Shekar Patel and Co. for Raichur, Yadagiri and Kalaburagi districts for 2014-15 and 2015-16.

CHAPTER-VI

MONITORING AND EVALUATION

CHAPTER VI

MONITORING AND EVALUATION

The monitoring at the Apex level was inadequate as the Board did not conduct periodical meetings to discharge its functions. Lack of continuity of the Board meetings impacted the follow-up on the decisions taken in previous meetings. The Board is yet to establish a robust quality assurance mechanism to ensure the quality of works executed by the implementing agencies and has not undertaken any impact assessment of its works. Further, a framework for facilitating public participation in monitoring of its works through social audits is also not available.

Monitoring and Evaluation procedures ensure efficient utilisation of resources and realisation of planned outputs and outcomes within the expected timeframes. As Board works are executed through multiple implementing agencies, it is imperative to have a robust and effective monitoring and evaluation system.

6.1 Lack of monitoring at Apex level

According to Clause 10 of the Board Order 2013, the Board was to notify its annual calendar of meetings in advance and meet quarterly.

Audit observed that the Board did not conduct meetings regularly. As against the four quarterly meetings in a year, the Board met only twice during the years 2015-16 to 2017-18. As the Board was not in existence during the years 2019-20 to 2020-21, no deliberations were made during the period.

Audit also observed that there was insufficient follow-up on the decisions taken by the Board in its meetings. It was observed that though the Board decided to implement the following interventions, it was not included in the action plans for implementation.

Name of the project/proposal	Objective
NEET and CET Training	To ensure the selected BPL Government PU college students can avail of the latest and high quality training through well trained and qualified subject specialists at subsidised rates to achieve success in the competitive exams
Establishment of Information Knowledge Hub	To create awareness among the people of the region especially youths and farmers wherein all the information required for the public in the field of education, employment and agriculture sectors are provided.
English Language Training Lab	To train the Teachers of primary and high schools in the Kalyana Karnataka Region for teaching of English language.

The Government stated (July 2022) that Board developed the Hykasoft software Application for monitoring the progress of works. Audit considers that the use of Board's internally developed HykaSoft Application is a good practice

The Hykasoft is a web-based application to collect the details of the developments works approved by the Board and entrusted to implementing agencies for execution. The Hykasoft facilitates capturing different stages and activities of these works. The system is developed using the business knowledge and understanding of the internal staff of the Board. The Hykasoft application is developed and maintained by the IT team of the Board (KKRDB) as per the Board requirements. We were informed that Board's Hykasoft was continuing to evolve and at the time of audit, the Board was pursuing further initiatives aimed to improve the Hykasoft application software.

However, audit is of the view that Board could strengthen the Hykasoft application resolving the gaps in the data captured as illustrated below:

- (1) Out of the 3,731 cancelled works, reasons for cancellation of works was not available for 980 works. The date of cancellation of works was not available for 562 works.
- (2) The information regarding change of works was not available.
- (3) The details of expected work start date, actual work start date, expected work completion date, actual work completion date, handing over details were not available for majority of the works. During the period between 2013-14 and 2020-21 out of the 24,308 works a total of 19,520 works were shown as completed by the board as of June 2021. However, the data on scheduled completion dates and the actual completion dates were available in Hykasoft only for 4,387 works impairing its ability to assist in the monitoring of execution of works.
- (4) Out of the 601 sampled works, the following discrepancies were noticed.
 - (i) For 47 works, plan approval date is later than the administrative approval indicating that administrative approval is granted before plan approval.
 - (ii) For 92 works, administrative approval date is later than the technical approval.
 - (iii) For 100 works, technical approval date is later than the tender notification date.
 - (iv) For 15 works, tender notification date is later than the tender approval date.
 - (v) For 29 works, tender approval date is later than the work order approval date.
 - (vi) For seven works, work order approval date is later than the work completion date.
- (5) Out of 19,520 completed works, the details of third party inspections were not available for 6,900 works during the period 2013-14 to 2019-20.

6.2 Non-preparation of Quality Assurance/Control Plans

The Board did not prepare a Quality Assurance/Control Plan for implementation of various works/projects. In the absence of defined quality control parameters, the quality of the works executed by the implementing agencies were not ascertainable.

Audit also observed that the implementing agencies which were entrusted with the works of the Board did not formulate the Quality Assurance Plan²²(QAP), which ensures quality of work at each stage of execution. The Third Party Agency appointed by the Board for quality inspection of works also failed to insist for QAP by the implementing agencies. In the absence of monitoring mechanism for ensuring quality of works executed audit was not in a position to derive assurance on the quality of works executed by the Board, through implementing agencies.

The Government replied (July 2022) that henceforth it would prepare a quality assurance / control manual for implementation of various works / projects.

6.2.1 Non-conducting of quality test of materials by implementing agencies

The implementing agencies/organisations/contractors who execute works are required to conduct the quality tests of material at all stages of execution, in field laboratories as well as designated quality test laboratories. Further, the third-party agency was to inspect and certify the quality of material used on the work as well as stability of the construction on completion of work. The engineers concerned were also to monitor execution of quality work by the contractors.

However, Audit observed that the quality tests were not conducted on the materials by the implementing agencies during the different stages of construction *i.e.*, before construction, during construction and after construction. The implementing agencies stated that they did not conduct the quality tests separately as the Board had appointed a third party for conducting these tests.

The Government also stated (July 2022) that it had appointed the third Party consultant who would ensure quality test of works entrusted to the implementing agencies.

Reply is not acceptable as independent third party inspection is only a complimentary activity and the third party appointed by the Board conducted tests only after completion of each stage of execution and final completion of the work. This cannot replace the specified quality checks expected from the contractors and the implementing departments. Neither the implementing agencies nor the third party ensured the quality of material brought to site before construction and during construction of works by the contractors.

²² Indian Road Congress (IRC: SP:112-2017 and IRC: SP:57-2000) specifies that the organisations which execute road projects, should prepare a Quality Assurance Plan incorporating the aspects of quality specified in the IRC before construction of the road work.

6.3 Evaluation of works

Evaluation is the periodic, retrospective assessment of works that might be conducted internally or through external independent agencies to review the progress of the works/projects and to identify weak areas in planning and implementation, so as to provide a mid-course correction. It was observed that evaluation /impact assessment of any of the works/projects implemented by the Board was not conducted during the period 2016-17 to 2020-21.

The Government stated (July 2022) that it would take necessary action for evaluation/impact assessment of works / projects implemented by the Board.

6.4 Social Audit

Social audit is the examination and assessment of a programme/scheme conducted with the active involvement of people and comparing official records with actual ground realities. Social Audit is a powerful tool for social transformation, community participation and Government's accountability. The works undertaken under Board funds were not subjected to social audit.

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

Recommendation 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.

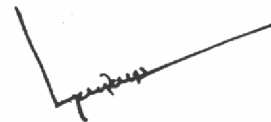
Recommendation 11: The Board should ensure the compliance to the provisions of Clause 10 of the Board Order 2013 regarding the conduct of meetings.



Bengaluru
The

(Shanthi Priya S)
Principal Accountant General (Audit-I)
Karnataka

Countersigned

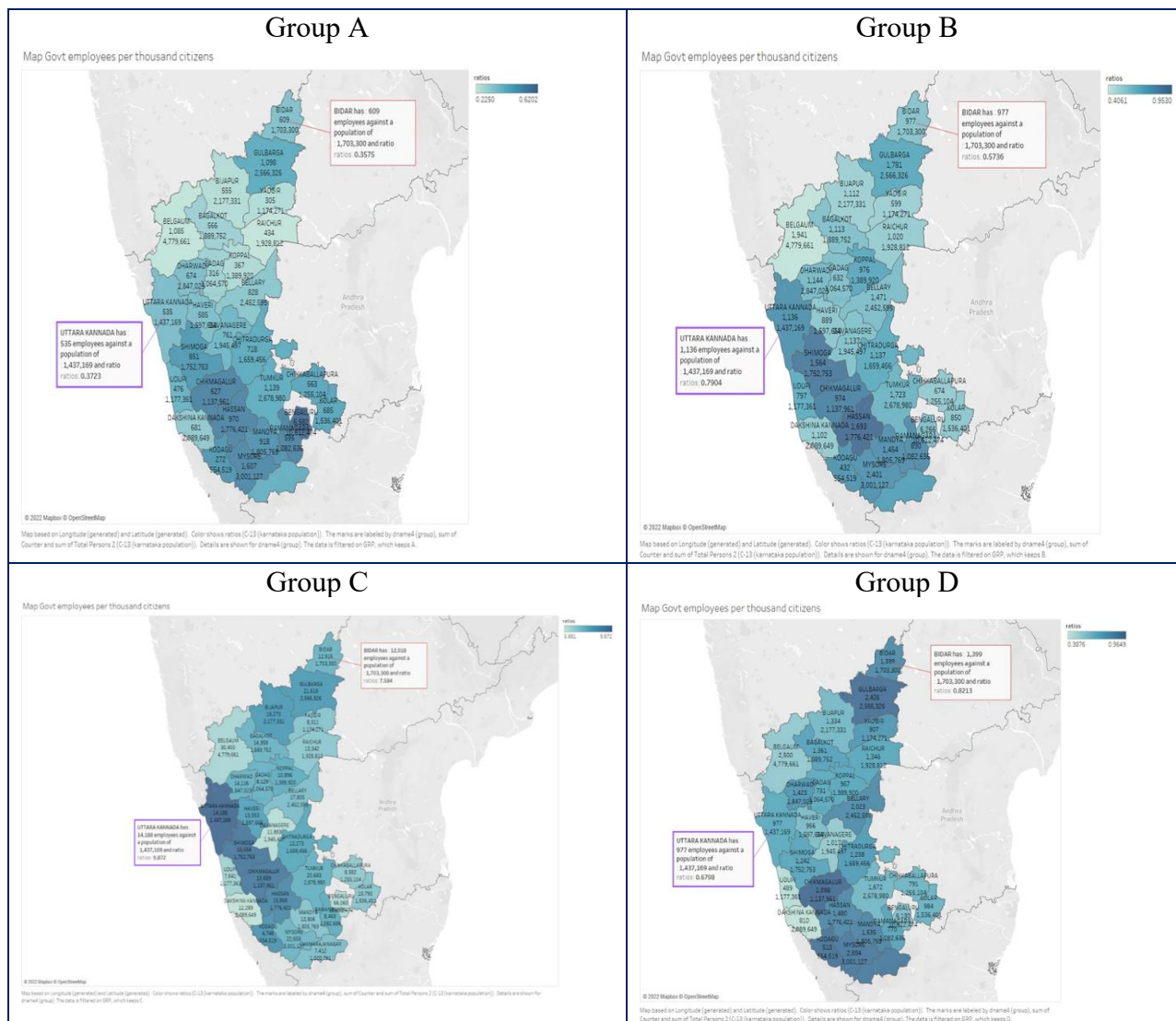


New Delhi
The

(Girish Chandra Murmu)
Comptroller and Auditor General of India

APPENDICES

Appendix-3.1 (Para No. 3.2.2/Pg. No.43) Charts showing the District-Wise Distribution of Government Posts



Appendix-3.2
(Para No. 3.4.1/Pg. No. 45)
Funding pattern adopted by Board for allocation of funds to different sectors

2016-17	Micro Funds (60 per cent)	Allocated to Taluks as per Taluk CDI index Infrastructure (Connectivity, Supply and Sanitation) – 70 per cent and Institutional (Health, Education, Social Institutions) – 30 per cent
	Macro Funds (40 per cent)	Allocated to Taluks as per Taluk CDI Index Infrastructure (Macro level Institutional and Empowerment) – 70 per cent and Institutional (Macro level Institutional and Empowerment) – 30 per cent
	Discretionary	6 per cent of the macro funds
2017-18	Micro Funds (50 per cent)	Allocated to Taluks as per Taluk CDI index •Infrastructure (Connectivity, Supply and Sanitation) – 60 per cent •Institutional (Health, Education, Social Institutions) – 40 per cent
	Macro Funds (50 per cent)	Allocated to District as per District CDI Index Infrastructure (Macro level Institutional and Empowerment) – 60 per cent Institutional (Macro level Institutional and Empowerment) – 40 per cent
	Discretionary	6 per cent of the macro funds
2018-19	Micro Funds (70 per cent)	Allocated to Taluks as per Taluk CDI index Infrastructure – 60 per cent and Institutional – 40 per cent
	Macro Funds (30 per cent)	Allocated to District as per District CDI Index
	Discretionary	6 per cent of the macro funds
2019-20	Micro Funds (70 per cent)	Allocated to Taluks as per Taluk CDI index Social Sector - 40 per cent and Non-Social Sector -60 per cent
	Macro Funds (30 per cent)	Allocated to Districts as per District CDI index Social Sector: 50 per cent and Non- Social Sector: 50 per cent
	Discretionary	6 per cent of the macro funds
2020-21	Micro Funds (70 per cent)	Allocated to Taluks as per Taluk CDI index Social Sector: 40 per cent and Non Social Sector: 60 per cent
	Macro Funds (30 per cent)	Allocated to Districts as per District CDI index Social Sector: 50 per cent and Non- Social Sector: 50 per cent
	Discretionary	6 per cent of the macro funds

Appendix-3.3
(Para No. 3.4.3 /Pg. No.46)

Indicative list of connectivity works to habitations where full connectivity not achieved

Work Code	Sanction Year	Name of the Work	Board Allocation (₹ in lakh)	Expendi- ture (₹ in lakh)	Length of the road for which administrative approval given	Length of the road as per agreement	Length of the road laid	Remarks
YAD171221 032	2017-18	Construction of road from neelahalli cross to Balched village(from km 0 to 4.50)	246.65	231.14	4.5 Kms.	4.5 kms.	2.5 kms	The road is not connected to Balched. 2 km road need to be laid out to achieve connectivity to Balched.
YAD141223 211	2014-15	Road asphaltting work from Badiyal village to Kondapur cross (3 km)	100	78.49	3 Kms.	3 kms.	1.125 Kms.	The road work laid is for 1.125 km while the work was planned for 3km.
YAD151123 002	2015-16	Improvements to road from Saidapur to Afjalapur from km 0.00 to 23.00 for selected 19.00 kms.	883.9	687.52	19 Kms.	19 Kms.	13.1 Kms.	The road work laid is for 13.1 kms whereas the work was planned for 19 kms.
YAD172123 054	2017-18	Improvements to road in Marakkal-Kollur-Bilhar road (from kms 50.00 to 54.00) in Shahapur taluk, Yadgir district.	100	76.28	4 Kms.	1.7 Kms.	1.7 Kms.	Length of the road to be laid is reduced to 1.7 Kms in the estimate.
YAD201324 1297	2021-22	Construction of C.C road from Harijanawada to Gavisiddeshwara devasthana in Chitanahalli village.	15	12	(not known)	333 mts.	333 mts.	The road laid is not connected to the devasthana road.

Work Code	Sanction Year	Name of the Work	Board Allocation (₹ in lakh)	Expenditure (₹ in lakh)	Length of the road for which administrative approval given	Length of the road as per agreement	Length of the road laid	Remarks
YAD171122 014	2017-18	Improvements to road from Chattrahalli to Khanapur village (0 to 2kms) in Shahpur taluk.	110	80.35	2 Kms.	2 Kms.	2 Kms.	The distance between the two villages is 3 kms. 2km road work was planned and laid. 1km road length is still to be laid out to achieve connectivity between the two villages. This left out 1km road length is in bad condition and is not motorable.
YAD141123 003	2015-16	Formation of K. Hosalli to Motanalli road & approach road to Ring Road in Yadgir Taluka	157	118.2	4 kms	-	2.73	Further, Approach road to ring road is not laid. 1.3 kms needs to be laid out to achieve connectivity to Motanalli village.

Appendix-3.4
(Para No. 3.6/Pg. No. 51)
List of 35 Socio Economic Indicators used by Dr.D M Nanjundappa Committee

Sl No	Sector	Socio-Economic Indicators
1	Agricultural and allied	Percentage of total cropped area to net area sown
2		Percentage of area under food grains to total cropped area
3		Percentage of area under horticultural crops to total cropped area
4		Percentage of area under commercial crops to total cropped area
5		Percentage of net area irrigated to net area sown
6		Fertilizer (NPK) consumption in kilogram per hectare (total cropped area)
7		Number of tractors per 1000 hectares area sown
8		Livestock units per lakh rural population
9		Per capita bank credit (Commercial and Regional Rural Banks) to agriculture
10	Industry, Trade and Finance	Number of Industrial units per lakh population
11		Percentage of Industrial workers to total main workers
12		Per capita advances by banks (in rupees)
13		Number of bank branches per lakh population
14		Number of enterprises engaged in trade, hotels and transport per lakh population
15	Infrastructure (Economic)	Number of Post Offices per lakh population
16		Number of Telephones per lakh population
17		Road length in kilometers per 100 square kilometres
18		Proportion of villages having access to all weather roads
19		Railway track in kilometers per 1000 square kilometres
20		Number of Motor vehicles per lakh population
21		Number of Co-operative Societies (agriculture and non-agriculture) per lakh population
22		Proportion of Electrified villages and hamlets to total villages and hamlets
23		Number of Regulated Markets and Sub-Markets (equivalent regulated market) per lakh population
24	Infrastructure (Social)	Number of Doctors (Government and Private) per 10,000 population
25		Number of Government Hospital beds per 10,000 population
26		Literacy rate (in percentage)
27		Pupil -Teacher ratio (1 to 10 standard)
28		Percentage of Children out of school in 6-14 age group
29		Number of students in Government and aided First Grade Degree Colleges per lakh population
30		Percentage of habitations having drinking water facility of 40 or more LPCD
31	Population Characteristics	Sex ratio
32		Percentage of Urban population to total population
33		Percentage of SC and ST population to total population
34		Percentage of non-agricultural workers to total workers
35		Percentage of agricultural labourers to total main workers

Appendix-3.5
(Para No. 3.6 /Pg. No. 52)
Sector wise Allocation and Expenditure by the Board
 (₹ in Crore)

Sector	Allocation	Expenditure
Roads and Bridges	4,480.55	3,074.28
Education	2,137.70	1,287.74
Health	599.37	350.35
Water Supply	302.16	150.83
Women & Child	132.19	68.77
Urban Infrastructure	122.93	88.84
Social Welfare	188.11	127.18
Sports	73.03	12.72
Sanitation	71.57	36.99
Major Infrastructure	71.51	43.65
Irrigation	49.87	16.21
Backward Classes and Minorities	47.68	32.89
Transport	39.57	11.41
Library	32.26	19.36
Lake Development	7.89	4.31
Employment	7.09	2.64
Tourism	6.63	1.40
Agriculture	6.40	3.56
Ground Water Conservation	3.31	0.00
Taluk Centre	3.20	2.33
Others	492.88	273.63

Appendix-4.1
(Para No. 4.2.2/Pg. No. 63)
Statement showing list of works with delay in technical sanction

Sl No	Implementing Agency	Name of Work	Date of Administrative approval	Date of Technical Sanction	Delay in according Technical Sanction (in days)
1	KRIDL-I Kalaburagi	Construction of road from Malli village to Jevargi taluk, Sahahpura	06/12/2014	1/10/2016	665
2	KRIDL-I Kalaburagi	Providing of CC road & drain in Millat Nagar & Islamabad colony in Kalaburagi town	10/04/2017	22/02/2019	742
3	KRIDL-I Kalaburagi	Construction of road from Thunasanahalli village to Siddu Gowda Mali Patil house.	06/01/2016	29/06/2017	540
4	KRIDL-I Kalaburagi	Construction of lab, staff room construction & upgradation of PU Govt. College in Chittapur Town.	02/02/2015	02/01/2019	1,430
5	KRIDL-I Kalaburagi	Providing of CC road & RCC drain from Prakash Samgar house to Katre wel at ward no.16 in Chittapur town	17/09/2016	03/10/2017	381
6	KRIDL-I Kalaburagi	Construction of road from Wadi town to Balavadagi village in Chittapur taluk.	30/09/2015	27/03/2018	909
7	KRIDL-I Kalaburagi	Const. of CC road & sewerage from Banni Basaveshwara gudi to Ningappa Talawar house in Kuralagera village, Jewargi taluk.	12/06/2016	18/12/2018	919
8	KRIDL-I Kalaburagi	Construction of CC road from Bheemashappa city to Basu Master House in ward No.7 in Shahabad town, Chittapur taluk.	27/09/2016	23/10/2017	391
9	KRIDL-II Kalaburagi	Construction of boys hostel at Central University Kalaburagi.	23/07/2016	03/12/2016	133
10	KRIDL-II Kalaburagi	Construction of two & one room school building at Kudki village in Aland taluk.	27/03/2017	02/11/2017	220
11	KRIDL-II Kalaburagi	Additional room at Konchavaram CA centres.	01/02/2019	11/07/2019	160
12	KRIDL-II Kalaburagi	Const of CC road in Imadpura village, Sedam taluk	12/05/2016	25/11/2016	197
13	KRIDL-II Kalaburagi	Construction of CC Road & drain at Turkbommanlli Village in Sedam taluk	15/11/2017	15/02/2020	822
14	KRIDL-II Kalaburagi	Construction of Staff Quarters for PHC at Sulepet village in Chincholi taluk.	27/12/2016	09/10/2018	651
15	KRIDL Raichur	Construction of CC road in RH-05 Camp	03/10/2016	02/04/2018	546
16	KRIDL Raichur	Metalling and Ashpalting of road from Murkigudda to Narabanda road	04/07/2016	02/03/2017	241

Appendix-4.2
(Para No. 4.2.5/ Pg.No. 65)
List of works with non/short recovery of Liquidated Damages (L.D)

Sl No.	Work code	Name of the work	Action Plan	Tender Amount (in ₹)	Implementing Agency	Delay	Total L.D (in ₹)	Recovered (in ₹)	Short/Non recovery (in ₹)
1	KLB157123096	Formation of road from Udanoor village to Minajagi village	2015-16	3,94,65,956	PRED Kalaburagi	665 days	26,24,090	1,00,000	25,24,090
2	KLB187223280	Construction of road from Heblli to Aland chainage	2018-19	33,70,598	PRED Kalaburagi	174 days	586380	8,700	5,77,680
3	KLB171223608	Formation of road from Chinmalli to Jogur village	2015-16	1,30,46,346	PRED Kalaburagi	124 days	13,04,635	40,000	12,64,635
4	KLB171222028	Construction of CC road in Afjalpur taluk	2017-18	15,73,921	PRED Kalaburagi	10 months	1,57,392	15,000	1,42,392
5	KLB175223765	Construction of CC road from village main road Agasi to Kanakadas at Muttod village in Jewargi Taluk	2017-18	14,83,123	PRED Kalaburagi	8 Months	1,48,312	9,000	1,39,312
6	KLB1862244117	Formation of road from Devala Gangapur to Karkanahalli village of Afzalapur taluk	2018-19	78,68,972	PRED Kalaburagi	311 days	7,86,897	33,000	7,53,897
7	KLB143223467	Formation of road from Huvimbhavi village to Kanakapur village	2014-15	1,87,39,432	PRED Kalaburagi	133 days	18,73,943	25,000	18,48,943

Sl No.	Work code	Name of the work	Action Plan	Tender Amount (in ₹)	Implementing Agency	Delay	Total L.D (in ₹)	Recovered (in ₹)	Short/Non recovery (in ₹)
8	BLY102822346	Improvements of road from Vaddu to Talur Village in Sandur taluk	2018-19	1,45,20,120	PWD Ballari	46 days	6,67,920	0	6,67,920
9	BLY163123076	Formation of approach road to Proudha Devarya Technical college in Hosapete	2016-17	84,55,731	PWD Ballari	253 days	8,45,573	0	8,45,573
10	BLY15223251	Improvements to B J Dinni approach road in Sirguppa taluka	2016-17	75,54,550	PRED Ballari	2 years	7,55,455	0	7,55,455
11	BLY161223330	Improvements to road from Gonebal village to Byrapura village	2016-17	1,40,56,339	PRED Ballari	4 years	14,05,633	0	14,05,633
12	BLY15123252	Improvements of kenchangudda road in Siruguppa taluk	2015-16	17,74,072	PRED Ballari	448 days	17,74,072	11,200	17,62,872
13	BLY15422274	Construction of CC road and asphaltting road from Nagenahalli to Mattajinahalli in Sandur taluk	2015-16	1,97,00,000	PRED Ballari	314 days	19,70,000	9,450	19,60,550
14	BLY161223330	Improvements to road from Gonebal village to Byrapura village	2016-17	27,35,153	PRED Ballari	93 days	2,54,369	0	2,54,369
15	BLY193324356	Construction of CC road near Nittur village	2019-20	1,30,81,157	PRED Hadagalli	120 days	13,08,116	0	13,08,116

Sl No.	Work code	Name of the work	Action Plan	Tender Amount (in ₹)	Implementing Agency	Delay	Total L.D (in ₹)	Recovered (in ₹)	Short/Non recovery (in ₹)
16	BLY146223219	Improvements to road from Hadagalli-Mandya SH to Meerakornahalli village in Hadagalli taluka	2014-15	1,03,05,000	PRED Hadagalli	181 days	10,30,500	0	10,30,500
17	BLY1833223106	Improvements of road Aladahalli to Kottur taluk border	2018-19	1,28,15,764	PMGSY Ballari	2.5 years	12,81,576	0	12,81,576
18	KLB18129131389	Construction of Government Child Home	2018-19	3,41,39,095	PWD Kalaburagi	11 months	11,67,246	0	11,67,216
19	KLB162223124	Asphalting road from Matki Village to Tadola Village in Aland taluk	2016-17	3,11,74,015	PWD Kalaburagi	90 days	2,80,530	13,500	2,67,030
20	KLB167123213	Improvements to road from Farhatabad to Karanagi via Tilgul	2016-17	3,94,81,877	PMGSY Kalaburagi	625 days	24,67,500	2,27,200	22,40,300
21	KLB172123055	Improvements and ashpalting to road from Mangi Thanada to Nirgudi	2017-18	5,23,14,264	PMGSY Kalaburagi	97 days	50,74,484	9,700	50,64,784
22	KLB147123026	Gulbarga airport connectivity package - Rajpur road from RTO cross to Shahbad ring road	2014-15	5,23,35,107	CMC Kalaburagi	335 days	52,33,511	0	52,33,511
								Total	3,24,96,354

Appendix-4.3

(Para No.4.2.16 / Pg. No. 74)

Statement showing wasteful expenditure towards providing Dense Bituminous Macadam

Sl. No.	Name of the Implementing Agency	Name of the work and year of execution	Rate quoted for DBM (in ₹)	Rate to be adopted for BM (in ₹)	Difference (in ₹)	Quantity executed (in cum.)	Amount (in ₹)
1	City Municipal Corporation, Kalaburagi	Gulbarga Airport connectivity package- Rajapur road from RTO cross to Shahabad ring road, Kalaburagi city	8,796.16	7,280.00	1,516.16	1,115.48	16,91,246
2	City Municipal Corporation, Kalaburagi	Gulbarga Airport Road connectivity package – Sedam Road from Annapurna Hospital to Kharge Petrol Pump in Kalaburagi City	9,382.69	7,280.00	2,102.69	1,484.64	31,21,738
						Total	48,12,984

Appendix- 4.4
(Para No.4.2.17 /Pg. No.75)
Statement showing wasteful expenditure towards adoption of higher
schedule of rates

Sl.No.	Name of the work	Excess provision made in the estimates (in ₹)
1	Construction of BT Road from Malli to Shahapura sindhagi main Road	7,01,070
2	Improvement of approach Road from Wadi to Balawadagi chittapur taluq	30,09,359
3	Construction of Cement Concrete Road at Sidhu gouda Malipatil house Hanadi to Nalla at Tonasanalli (T) village in Chittapur Taluk Kalaburgi Dist.	4,24,505
4	Construction of CC Road from Parkash smagar house to katre well in Ward 16 in Chittapur taluq	85,617
5	CC Road from Bheemsab Nagar till bus master house in Shahabad city ward No.7	1,75,198
6	Work of Cement Concrete Road & Drainage work from Banni Basaveshwaras temple to Ningappa talwar House at Kuralgera village in Jewargi taluk, Kalburagi	1,19,612
7	Construction of Cement Concrete Interior Road at Sheshagiri Wadi village at Afzalpur Taluk in Kalaburgi	2,34,100
8	Construction of CC Road at Basava Nagar and Indira Nagar in Sedam Taluk	1,74,452
9	Construction of CC Road from Murkigunda to Narkanda in Manvi taluk Raichur	57,77,052
10	Construction of CC road in RH5 camp Sindhanoor taluk, Raichur	7,73,399
Total		1,09,45,454

Appendix-4.5
(Para No. 4.2.18/Pg. No.76)

List of works with excess payments due to non-utilisation of soil from borrow pits for embankments

Sl. No.	Work Code	Name of the Work	Action Plan Year	Allocated Amount (₹ in lakh)	Implementing Agency	Excess payments due to Non utilisation of soil (₹ in lakh)
1	KLB167123213	Improvements to road from Farhatabad to Karanagi via Tilgul	2016-17	495.00	PMGSY, Kalaburagi	9.57
2	KLB147123026	Kalaburagi airport connectivity package - Rajpur road from RTO cross to Shahbad ring road	2014-15	535.00	CMC, Kalaburagi	18.41
3	KLB147123027	Kalaburagi airport road connectivity package - Sedam road via KHB colony and Baare hills	2014-15	339.00	CMC, Kalaburagi	4.79
4	KLB186224117	Formation of road from Devala Gangapur to Karkanahalli village of Afzalapur taluk	2018-19	80.00	PRED, Kalaburagi	1.66
5	BLY192614326	Improvements to road from Chanal village to H Hosalli village	2019-20	221.61	PWD, Ballari	34.88
					TOTAL	87.33

Appendix-4.6
(Para No. 4.2.19/Pg.No.76)
List of works with excess payments due to provision of Granular Sub Base (GSB)

Sl.NO	Work Code	Name of the Work	Action Plan Year	Allocated Amount (₹ in lakh)	Implementing Agency	Excess payments due to Granular subbase (₹ in lakh)
1	KLB167123213	Improvements to road from Farhatabad to Karanagi via Tilgul	2016-17	495.00	PMGSY, Kalaburagi	41.79
2	KLB15R712034	Improvement of road from Bhunyar village via Sontha road to Kalaburagi taluk	2015-16	191.40	PMGSY, Kalaburagi	30.97
3	KLB147123026	Kalaburagi airport connectivity package - Rajpur road from RTO cross to Shahbad ring road	2014-15	535.00	CMC, Kalaburagi	14.47
4	BLY193324352	Improvements to road from Keregudihalli village	2019-20	180.00	PRED, Hadagalli	33.84
					Total	121.07

Appendix-4.7
(Para No. 4.2.20 /Pg.No. 76)
Works entrusted to KRIDL without 4 (g) Exemption

Sl.No	Work Code	Name of Work	Estimated Cost (₹ in lakh)
1.	RCH1817111427	Construction of Compound wall of SV PRA School in ManviTaluk	30.00
2.	RCH1920143303	Constrcution of Park in Sindhanur	200.00
3.	RCH1919633341	Construction of School Room & compound at BassapuraEneral Village Muski.	20.00
4.	RCH1920633368	Construction of Compound & theatre complex for General Public School at Kalmangi village Sindhanur	15.00
5.	RCH1919633369	Construction of Room & High Tech Toilet for School Girls High School	25.00
6.	RCH201713315	Construction of 4 additional rooms at WC No.21, Raichur city	6.97
7.	RCH201713315	4 additional rooms are under construction at SHP Devanapally coming under the jurisdiction of Raichur	6.97
8.		Total	303.94
KRIDL Kalaburagi Division			
1.	KLB207132629	Plastering, fixing of doors, windows and other works to Government Higher Primary School at Karahari village	2.46
2.	KLB207133630	Plastering, fixing of doors, windows and other works to Government Higher Primary School at Karahari village	1.66
3.	KLB207133631	Providing windows, gate and other works to GHPS at Bodawadi village	4.12
4.	KLB200301557	Installation of purified drinking water unit in various buildings of Kalaburagi City	200.00
5.	KLB20121432	Rain water Harvesting works at High Court Building, Kalaburagi	42.20
		GRAND TOTAL	554.38

Appendix-4.8
(Para No. 4.3.1/Pg.No. 77)
Statement showing execution of substandard quality of works

Sl. No.	Implementing agency	Name of the work	Year of Action Plan	Work Order date	Points observed during Joint Verification
1	PRED, Kalaburagi	1) Improvements to road from Kalaburagi Hosur main to Ankalga via Bognalli Sidnoor, Afzalpur Taluk, Kalaburagi	2014-15	2.05.2018	i) This road constructed by the contractor was a bad construction and the Executive Engineer in his letter dated 10.06.2020 had directed the contractor (Shri. Satish V Guttedar) to rectify and complete the work after end of rainy season and the contractor had not heeded to EE direction and the executed work was left as it is. On Joint physical verification audit noticed that the work for the same road at a stretch of 0.00 Km. to 2.80 Km. has been taken up by PRED Project Division (PMGSY) under Special Development Programme 2020-21 for an estimated amount of ₹88.87 lakh and the balance work has been left at it is. The position of the road at the time of joint inspection was that PMGSY has laid Water Bound Macadam up to a stretch of 2.80 Km. ii) The Name Board of works taken up under Kalyana Karnataka Region Development Board was removed and PMGSY Name Board placed at the starting point of the road.
2	PRED Kalaburagi	2) Formation of road from Gobbur to Bhairamadagi, Afzalpur Taluk. Kalaburagi	2014-15	02.05.2018	i) The condition of the road is very pathetic as the entire stretch of the road from 0.00 km. to 5.00 km. was broken and not in motorable condition. ii) The photos and videos taken at the work spot shows huge pot holes from 0.00 km to 5.00 km which is posing threat and dangerous to the commuters who use the road as the Water Bound Macadam Grade II and Grade III metal is fully worn-out. iii) In some stretches of the road no trace of Grade II and Grade III metal provided for the road. There was no trace of even bituminous layer laid by the contractor in entire stretch of the road. iv) In one stretch the road for about 25 mtrs is the road is fully slanted towards agriculture field. v) From starting point of the road for about 150 mtrs. audit noticed concrete road laid erstwhile which was in a very bad shape and the contractor had not attended this stretch of the road to repair. vi) The photos and videos taken at the work sport shows that in many stretches of the road there is no trace of road constructed by the contractor as it looks likes Murrum road. vii) Name Board of KKRDB is not traceable in entire stretch of the road.

Sl. No.	Implementing agency	Name of the work	Year of Action Plan	Work Order date	Points observed during Joint Verification
3	PRED Kalaburagi	3) Formation of road from Hasaragungi to Jogur in Afzalpur Taluk, Kalaburagi	2014-15	02.05.2018	The condition of the road is very bad. There are more than 105 pot holes noticed by audit team on the road. There are cracks on the bitumen layer which may get damage at any time. In one side of the road at stretch of 20 meters the width of the road is fully damaged and slanting towards field. There was no trace of bitumen layer.
4	PMGSY Raichur	1) Improvements to road from Sirwar (Mutton Market) to Jalapur Approach Road (Chainage 0.00 Km to 3.00 Km) in Manvi Taluk of Raichur District.	2017-18	15.02.2019	i) The photos and videos taken at the work spot shows the very bad condition of the road in some portions as many potholes have been observed. ii) The road provided in the culvert portion was in a bad shape in some stretches. iii) The bituminous layer is not visible in major portions of the road. iv) The Grade III metal provided for Water Bound Macadam (WBM) is visible as the bituminous layer provided in worn out in some stretch of the road posing threat to the motorist who use the road. v) No earthen drains were existing on either sides of the road though provision was made in the estimate for earthen drains. vi) There was no trace of CC road on the stretch. However, an amount of ₹25,11,290/- was provided in the estimate for providing CC road for a length of 450 mtr.
		2) Improvements to road from Neermanvi - Sirwar Road Jalapur Camp Cross to Sirwar Approach Road in Manvi taluk (Chainage 0.00 Km to 1.5 Km), Kalaburagi District	2017-18	25.09.2018	i) There were cracks and large pot holes in some stretches of the road of chainage 0.00 Km to 1.5 Km ii) The Bituminous Layer provided for the road is worn out. iii) The Grade III metal provided for WBM is visible in some stretches of the road due to worn out of bituminous layer which shows the poor condition of the road. iv) Cement Concrete road constructed in the beginning of the road shows cracks were in certain portion of the stretches. v) No drains were seen on either side of the road.
5	PMGSY Kalaburagi	Improvement to road from Farathabad (NH 218) to Karangi via Tilgul Up to Boarder (0.000 to 10.000 Km.)	2015-16	12.10.2017 and the work was completed on 31.10.2019	i) The road work executed was in a not in a proper condition. ii) There are many pot holes on the road and some of the pot holes are very large. iii) The Contractor has not attended 385 mtr. of road which is an old cement concrete road which looks very shabby and the concrete road is in a dilapidated condition. The Contractor has not executed another stretch of CC road from 2.565 mtr. to 2.950 mtr. at Tilgul village limit which also in dilapidated condition. Further, the Contractor has not executed 50 mtr. of the CC road from 3.485 km. to 3.535 km and another 10 mtr. from 7.250 to 7.260 mtr.

Sl. No.	Implementing agency	Name of the work	Year of Action Plan	Work Order date	Points observed during Joint Verification
					iv) In some stretch of the road the embankment and earthen shoulder provided is not visible. v) The Bituminous layer (Mix Seal Surface) provided by the Contractor is not visible in entire stretch of the road. vi) The public has laid some concrete debris on the huge pot holes which is slanting towards field in 7.260 mtr to 7.270 mtr. to use the road. vii) The photos and videos taken at each stretch of the road confirm the condition of the road,

Appendix- 4.9
(Para No. 4.3.1/Pg.No. 77)

Statement showing execution of substandard quality of works and non-execution of certain items included in the estimate

Sl No	Implementing agency	Name of the work	Year of Action Plan	Work Order date	Points observed during Joint physical verification
1	PWD, Raichur	Construction of post matric Scheduled Caste boys hostel at Jalahalli village in Deodurga Taluka, Raichur District	2017-18	01.07.2019	i) One portion of the main gate was damaged and kept separately without fixing. ii) The toilets and urinals constructed on first, second and third floor was not in usable condition due to substandard work and it is closed forcing the hostel inmates for open defecation in and around the hostel building iii) No kitchen platform was provided due to which the gas stove and cylinders were kept on the floor. No provision has been made for wash area in the kitchen though this item was provided in the estimate. iv) No sitting arrangements were made for the students in the dining room due to which the students were forced to have their food in their respective rooms. v) Five water storage tanks were provided as against 6 provided in the estimate vi) M. S. Grill was not provided on the existing compound wall though this was provided in the estimate. vii) No gate was fixed on the other side of the compound wall. which was kept open posing threat to the inmates of the hostel.

Sl No	Implementing agency	Name of the work	Year of Action Plan	Work Order date	Points observed during Joint physical verification
2	PWD, Raichur	Construction of Govt. High School Building at Potnal Village in Manvi taluk of Raichur District	2016-17	29.09.2018	a) The flooring provided for corridors were damaged as finishing work was not done properly. b) No ramps were provided for handicapped children. c) No separate toilet is provided for handicapped children. d) The sewage water outlets were not connected to the sewage collection pit due to which sewage water was let out in the open space surrounding the school building. e) The flush provided for western toilet was not in working condition due to improper fixing. f) The finishing work to the door frames were badly done due to which gaps in between the door frame and wall is visible. g) Painting provided on the walls had peeled off in entire school building. h) No electric connection was given to the entire school building by providing separate metre. The connection was taken directly from outside electric pole as no separate electrical estimate was made. i) Rain water outlet pipes were not provided to the entire school building. j) There was seepage visible on the walls in the building. k) No Reverse Osmosis is provided for drinking water purification, l) Flagging concrete around the building was not provided.
3	PWD Ballari	Construction of Town Hall at Sandur Taluk, Ballari District	2016-17		i) The Town Hall constructed in an elevated place. There is no proper approach from the road to the entrance of Town Hall. On left-side of the entrance of the Town Hall are covered with thick bush and solid waste. One-third of the last layer of the steps provided as entrance for the Town Hall has been covered with debris. ii) The door placed at the left side of the Town Hall (inside the hall) is broken. There is large cut on the entire portion of the door iii) The door placed at the back side (exist door) on the dais has also been broken. iv) The entire flooring laid of tandur blue stone slab is not aligned properly which is sink (certain portion) to the ground and sharp edges of the tandur blue stone slab pose threat to the public assemble in the Town Hall. Even the first floor flooring is also not properly aligned. v) No cover is provided in one switch board and one switch is also missing from the panel. vi) Inside portion of entire hall and outside town hall looks very shabby as water bottles and other sold waste materials are thrown here and there which looks the town hall very dirty. vii) Glass window placed at the entrance of the Town Hall is fully broken.

Sl No	Implementing agency	Name of the work	Year of Action Plan	Work Order date	Points observed during Joint physical verification
4	KRIDL-II Kalaburagi	Construction of Additional Rooms to Govt. Health Centre Building at Konchavaram Village in Chincholi Taluk, Kalaburagi	2018-19	Nil (Work commenced during May 2019)	i) The Additional classrooms were constructed only up to lintel level and no further progress of the works till date (January 2022). ii) In the estimate separate provisions were made for electrification, furniture fittings and placing of Name Board. However, none of the above works were executed.
5	KRIDL-II, Kalaburagi	Construction of Suvarna Karnataka Bhavan in Sedam Taluk of Kalaburagi district.	2014-15	Nil	i) The windows of the Suvarna Soudha were not painted though the amount was claimed by the Contractor. ii) The internal road provided to the building was not completed. iii) In the electrical room the work was half done as the wires are not connected. The amount was already paid to the Contractor. iv) The ornamental plastering provided to the walls of the building had peeled off. v) No trace of digging of bore well visible in the vicinity of the Building though the amount was paid to the Contractor. vi) Providing Transformer to the building was included in the estimate and accordingly payment was also made to the contractor, however, no transformer placed is visible in the vicinity of the entire building.

Sl No	Implementing agency	Name of the work	Year of Action Plan	Work Order date	Points observed during Joint physical verification
6	KRIDL - II, Kalaburagi	Construction of Nemmadi Uru Shopping Mall at Chincholi Taluk, Kalaburagi	2015-16	Nil	i) In ground floor, out of the two entrance and two exits no rolling shutter was fixed on one side of the exit. ii) Door shutters provided in the shopping Mall were not painted iii) No sanitation provision was made for 2 sides toilets and Urinals. iv) No rooms were constructed on the first floor. Provisions were made for Truss Less Roof finishing work, Emulsion Paint, SS Railing. v) The flooring provided inside the shops with Shahabad tiles was very badly executed and certain portion the flooring was broken. vi) Only wiring pipes for electrification work was provided. No switch Board or wiring work was executed. vii) Aluminium composite panel was not provided in the building though this was provided in the estimate. viii) The finishing of cement concrete work for the first floor roofing was not executed properly. ix) No Water supply works were executed. x) The plastering of the ceiling of the backside entrance Chajja had peeled off. The Sheet roofing provided for the Mall was not properly done due to which gaps in between the roof are visible giving room for seepage of water during rainy season. xi) Plastering was not done for the steps inside the building.

Sl No	Implementing agency	Name of the work	Year of Action Plan	Work Order date	Points observed during Joint physical verification
7	KRIDL-I, Kalaburagi	Renovation works to PHC Nalwar, Chittapur Taluk, Kalaburagi	2018-19	Nil	i) Granite flooring was provided only to the main passage, office room, Laboratory room, Dispensary room. No granite flooring was provided to preparation room, Operation Theatre room, toilet though provision has been made in the estimate. ii) The cement plaster was visible in the ceiling due to bad execution of the item. iii) The HDPE 90mm. dia for rain down water was not provided though this was included in the estimate. iv) Four Anodized Aluminium doors were to be fixed for the PHC building which were not provided though this was included in the estimate and amount was also claimed by KRIDL v) Providing and fixing in position collapsible steel shutters with single or double leaf with vertical channel were not provided though this was included in the estimate. vi) Renovation works to the existing compound was not executed though this was provided in the estimate. vii) The wall separating the OT and preparation room had developed large cracks on the ceiling and wall joints. The wall was in a leaning position which was a threat to the patients visiting the PHC. viii) Electrification works were executed partly and as a result the PHC was not functional till date (12/2021). ix) No bore well was dug due to non-obtainment of bore well point for digging which was certified by the Taluk Health Officer. However, an amount of ₹1.5 lakh has been claimed by KRIDL which is a fraudulent claim.
8	KRIDL-I, Kalaburagi	Construction of Lab Room and Office Room in Govt. PU College, Chittapur Taluk	2014-15	Nil	i) The estimate provided for 22 columns to be executed in the work, however, only 11 columns were provided by KRIDL ii) Cracks were observed on the ceiling of the office room and on the wall which was attached to the existing wall. (iii) Concealed electrical wiring was not provided in the office room. (iv) The Lab room constructed as claimed by KRIDL appears to be very old construction. The doors of the lab room were damaged badly. Cracks were noticed on the walls. The short wall of lab room was joined with the existing wall of the classroom.

Appendix- 5.1
(Para No. 5.2.4/Pg.No. 84)
Taluk level Utilisation of Micro funds

(₹ in crore)

Sl.No.	Taluk Name	No of Works	Allocation	Expenditure	Percentage of Expenditure
1	Jewargi	1,096	223.97	139.02	62.07
2	Raichur	470	83.55	56.67	67.83
3	Manvi	595	154.04	106.10	68.87
4	Lingsugur	638	179.74	124.62	69.33
5	Devdurg	717	242.43	175.78	72.51
6	Aurad	373	167.61	123.19	73.50
7	Shorapur	678	149.44	109.85	73.51
8	Hosapete	178	21.13	15.58	73.73
9	Kalaburagi	671	75.02	55.87	74.48
10	Afzalpur	652	178.93	133.62	74.68
11	Sedam	783	135.47	101.42	74.87
12	Bidar	197	38.34	29.13	75.98
13	Kudligi	723	117.34	89.53	76.30
14	H.B.Halli	565	72.14	55.33	76.70
15	Yadagiri	583	155.81	120.02	77.03
16	Harapanahalli	123	50.13	38.63	77.05
17	Sindhnoor	335	104.58	80.82	77.28
18	Sirguppa	262	59.82	46.39	77.55
19	Ballari	243	40.69	31.79	78.13
20	Basvakalyan	573	146.27	114.86	78.53
21	Aland	888	194.89	153.09	78.55
22	Shahapur	895	188.48	148.23	78.65
23	Chittapur	1058	169.91	133.71	78.70
24	Humnabad	512	135.59	108.52	80.04
25	Gangavati	216	33.00	26.42	80.04
26	Chincholi	1,053	214.07	175.73	82.09
27	Sandoor	282	120.17	99.45	82.76
28	Bhalki	225	130.43	107.99	82.79
29	Kushtagi	791	182.18	153.68	84.36
30	Hadagali	193	79.30	67.14	84.67
31	Yalburga	706	183.88	158.45	86.17
32	Koppal	661	93.46	81.94	87.67

Appendix-5.2
(Para No. 5.2.6/Pg.No. 85)

Statement showing non-remittance of interest by Sarva Shikshana Abhyan (SSA), Bengaluru to KKRDB Board

(₹ in lakh)

Period of amount kept in Bank	No. of days amount not utilised	Amount kept in bank (in ₹)	Rate of interest (minimum)	Interest received (in ₹)	Remarks
From 19.03.2019 to 10.06.2019	84 days	2737.80	3	18.90	Till a portion of the amount released to DSERT the interest was calculated.
From 11.06.2019 to 16.01.2020	219 days	2019.80	3	36.36	After releasing an amount of ₹718 lakh to DSERT on 11.06.2019 the interest was calculated on the balance amount for the period 11.06.2019 to 16.01.2020.
From 17.01.2020 to 07.04.2020	79 days	4210.04	3	27.34	The interest was calculated for the balance amount held with SSA and the amount released by KKRDB to SSA.
From 08.04.2020 to 29.10.2021	569 days	1358.82	3	63.55	The interest amount was calculated on the balance amount of ₹1358.82 lakh
From 29.10.2021 to 24.12.2021	56 days	1318.82	3	6.07	The interest was calculated for the balance amount of ₹1318.82 lakh after deducting the amount of ₹40 lakh spent by SSA, Bangalore.
From 25.12.2021 to 09.03.2022	72 days	605.99	3	3.59	The interest amount was calculated for the balance amount of ₹605.99 lakh after releasing an amount of ₹712.83 lakh to DSERT on 24.12.2021.
			Total	155.8	

Appendix-5.3
(Para No. 5.2.10/Pg.No. 88)
Supply of items to Nirmithi Kendra, Kalaburagi by KKRDB

Sl No.	Items	Quantity	Rate (in ₹)	Amount (in ₹)
1	2.0 cum ACE Box Tipper BS4	1	4,56,184	4,56,184
2	Compression Testing Machine Electrically Operated with Digital display 3000KN 4 pillar/channel type with core cutter	1	4,42,968	4,42,968
3	Concrete test hammer	1	2,35,000	2,35,000
4	Cylindrical core cutter made of steel	1	1,350	1,350
5	Steel Dolly	1	562	562
6	Rammer with steel rod	1	2,100	2,100
7	Laboratory C B R test apparatus motorized	1	98,000	98,000
8	Total Station survey	1	3,90,000	3,90,000
9	Vacuum dewatering system with double beam screed vibrator etc..	1	3,54,113	3,54,113
10	Groove cutter machine	1	1,89,880	1,89,880
11	Earth plate compactor	1	1,02,919	1,02,919
12	Mini mobile batching plant	1	9,58,125	9,58,125
13	Double drum walk behind vibratory roller	1	7,21,549	7,21,549
14	Vibratory sand screening cum Washing Machine	1	1,90,638	1,90,638
15	Concrete needle vibrator	1	60,196	60,196
16	Electric concrete breaker 16 kg	1	34,757	34,757
17	Concrete drill	1	10,455	10,455
18	Telescopic props set	450	1,394	6,27,300
19	Telescopic span set	150	2,445	3,66,750
20	Centring plates set	600	1,196	7,17,600
21	H frame, cross bracing and plastering phally	6	6,591	39,546
22	Shinkanja set	30	1,336	40,080
23	Couplers set	35	3,234	1,13,190
24	Vertical and Horizontal cuplock system	35	4,139	1,44,865
25	Wood moisture meter	1	20,091	20,091
26	Wall Scanner	1	1,59,949	1,59,949
27	Lux meter	1	23,561	23,561
28	Laser distance estimator	2	16,078	32,156
	Total			65,33,885

GLOSSARY

Aspirational Districts Programme-Launched by NITI Aayog in 2018 aimed to effectively transform 112 districts in the country that have shown relatively lesser progress in key social areas. Aspirational districts are those districts which are affected by poor socio-economic indicators. The Districts are encouraged to catch up with the best district and subsequently aspire to become one of the best district.

CDI-Cumulative Deprivation Index- the Nanjundappa Committee used 35 indicators for measuring development, which can be used for identifying regional disparities / backwardness by using a methodology which assigns a precise weight to each of these indicators. The CDI is worked out for taluks/districts/divisions/regions/state based on the indicators by assigning proper weights.

GDP-It is the monetary value of the finished goods and services produced within a country during a certain period.

HPCRRI-High Power Committee for Redressal of Regional Imbalances-The committee of experts was set up by the State Government in April 2000 under the chairmanship of Dr.D.M.Nanjundappa Committee to study the regional imbalances among all the districts in the State and advise the State Government on remedial measures to redress the regional imbalances.

MDGs-The United Nations Millennium Development Goals are the eight goals set by the 189 UN member states in September 2000 and agreed to be achieved by 2015 through a declaration to combat disease, hunger, poverty, illiteracy, discrimination against women and environmental degradation.

NAAC- National Assessment and Accreditation Council- An organization to certify the standard of education provided in higher education institutions across the nation. It focuses to improve the overall development of the students by helping them inculcate skills and knowledge through education.

NBA-The National Board of Accreditation was initially established by All India Council of Technical Education in 1987 for periodic evaluation of technical institutions and programs based on a criteria which are in line with the best international practices and oriented to assess the outcome of a program.

Natural Resource Accounting (NRA) – NRA is a process of estimating the value of natural resource depletion and environment degradation due to economic activities.

Regional disparity- It refers to the difference in economic development and uneven economic achievement in different geographical regions.

Per-Capita Income- It is a measure of the amount of money earned per person in a geographic region. It can be used to determine the average income of a person in an area to evaluate the standard of living.

PPP Project-A Public-Private Partnership Project involves collaboration between a Government agency and a private sector company that can be used to finance, build and operate huge projects such as public transportation networks, roads, bridges, parks, metros, airports, hospitals etc. Financing a project through PPP Mode can allow a project to be completed faster on time and within budget.

RRSC-Regional Remote Sensing Centres support various remote sensing tasks specific to their region.

SDGs-The Sustainable Development Goals also known as the Global Goals were adopted by the United Nations in 2015 as the successor of MDGs and the universal call to protect the planet and ensure that by 2030 all people enjoy peace and prosperity. It includes 17 inter-linked global goals to address the environmental, political and economic challenges faced by humanity.



**© COMPTROLLER AND
AUDITOR GENERAL OF INDIA**



<https://cag.gov.in/ag1/karnataka/en>