

**CHAPTER – V**  
**Project Management**



## Chapter - V

### Project Management

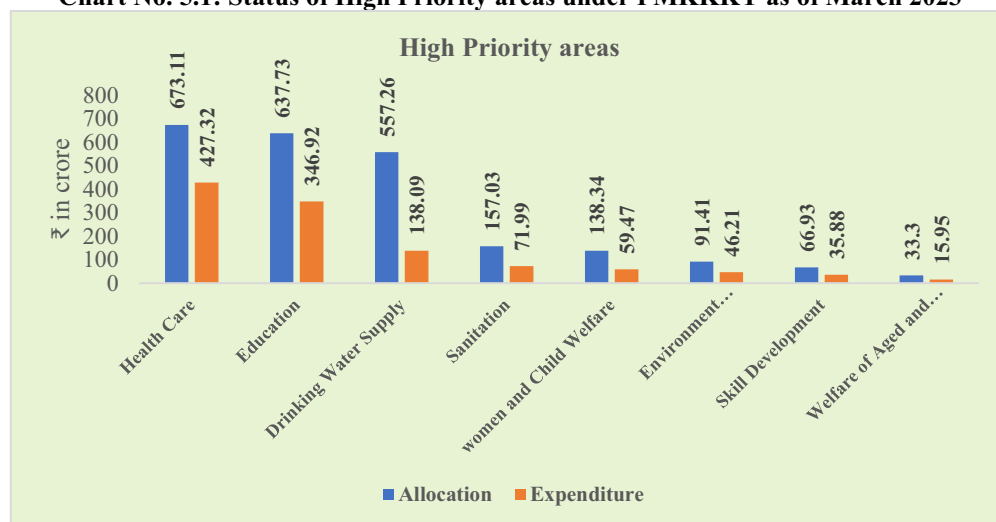
*There was low allocation of funds to priority sectors such as Environment Preservation, afforestation and Pollution Control measures (EPPC), Welfare of women and Children (WCD), Welfare of Aged and Disable People (WAD), Skill Development, Sanitation and other measures for enhancing environmental quality. There were instances of inclusion of works that were not envisaged as per guidelines of PMKKKY and executed under Education, Physical Infrastructure, Irrigation and Energy and Watershed Development heads. The Implementing Agency (Deputy Director of Public Instruction, Chitradurga) split a work into 12 small works, each costing less than ₹ 1.00 crore and entrusted the work to KEONICS without inviting tenders. Similarly, the DMFT, Ballari had entrusted the six works which were split into two or more small works and awarded to Nirmithi Kendra. No public consultation was held with local Gram Sabha/affected people while planning the works and no awareness activity was conducted with local people for effective utilisation and maintenance in respect of completed works. There were deviations in the approved work plan by the executing agencies. For example, there were instances of delay in completion of works, poor quality and incomplete execution of works, etc. Failure of Managing Committee in ensuring the execution of Annual Plan and approved schemes/projects resulted in non-commencement of works and not tendering despite releasing grants.*

#### 5.1 Planning for Priority areas

Rule 18(2) of DMFT Rules, 2016 stipulates the manner in which funds shall be applied in the following areas:

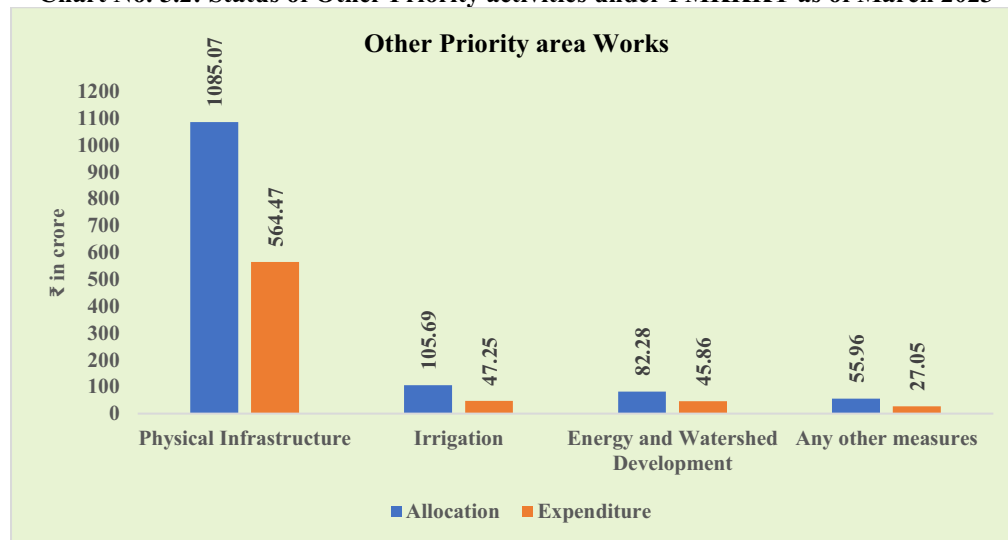
- i) **High Priority areas** such as Drinking Water Supply (DWS), Environment Preservation, Afforestation and Pollution Control measures (EPPC), Health Care, Education, Welfare of women and Children (WCD), Welfare of Aged and Disable People (WAD), Skill Development and Sanitation wherein atleast 60 *per cent* of the funds shall be utilised for works in these areas.
- ii) **Other Priority areas** such as Physical Infrastructure (PI), Irrigation, Energy and Watershed Development and any other measures enhancing environmental quality in mining district wherein upto 40 *per cent* funds shall be utilised for works in these areas.

The amount sanctioned and expenditure incurred under High Priority and Other Priority areas are depicted in the charts below.

**Chart No. 5.1: Status of High Priority areas under PMKKKY as of March 2023**

Source: Data provided by the Department

Out of total allocation of ₹ 2,355.11 crore towards High Priority area works, the amount allocated was low in areas such as EPPC (3.88 *per cent*), WWC (5.87 *per cent*), WAD (1.41 *per cent*), Skill Development (2.84 *per cent*) and Sanitation (6.67 *per cent*). Areas such as Education (29.08 *per cent*), DWS (23.66 *per cent*) and Health Care<sup>24</sup> (28.58 *per cent*) were sanctioned more funds and prioritised.

**Chart No. 5.2: Status of Other Priority activities under PMKKKY as of March 2023**

Source: Data provided by the Department.

Similarly, out of total allocation of ₹ 1,329 crore towards Other Priority area works, funds allocated for Irrigation (7.95 *per cent*), Energy and Watershed Development (6.19 *per cent*) were low when compared to Physical Infrastructure (81.65 *per cent*).

The objectives of PMKKKY are to minimize/mitigate the adverse impacts, during and after mining, on environment, health and socio-economic aspects of

<sup>24</sup> The expenditure in Health Care included expenditure towards COVID-19, apart from planned works.

people in mining districts and to ensure long-term sustainable livelihoods for the affected people in mining areas. Thereby, the programmes and expenditure need to be directed towards achievement of these goals. However, Audit observed that there was low allocation of funds to priority sectors such as Environment Preservation, afforestation and Pollution Control measures (EPPC), Welfare of Women and Children (WCD), Welfare of Aged and Disable People (WAD), Skill Development, Sanitation and other measures for enhancing environmental and quality of life. In fact, the funds spent for enhancing environmental quality in mining districts was only 8.18 *per cent* of the funds spent towards creation of Physical Infrastructure. This was indicative of the approach adopted towards planning and prioritisation of works.

The Government replied (August 2024) that the Rules do not prescribe percentage wise expenditure to be incurred in respect of EPPC, WCD, WAD, Skill Development, sanitation and other measures. Further, it was stated that percentage of expenditure would be increased considering the development of mining affected areas in future. Though specific allocation percentages have not been prescribed, neglecting core areas like Skill Development, WCD, *etc.* prescribed under PMKKKY to enhance quality of life in mining affected areas, lacks justification.

### 5.2 Inclusion of works not envisaged in the guidelines

Audit reviewed the action plans of selected DMFTs<sup>25</sup> and observed that works that were not envisaged as per guidelines of PMKKKY, were included and executed under Environment preservation and pollution control measure, Education, Physical Infrastructure, Irrigation and Energy and Watershed Development heads. The details are provided in the following table:

**Table No. 5.1: Statement showing inadmissible works executed**

Sl. No.	Name of the Priority Areas (Sector)	Admissible works/projects under DMFT Rules, 2016	Works approved and executed which are not envisaged under priority areas
1	<b>Environment preservation and pollution control measure:</b>	<ul style="list-style-type: none"> <li>Effluent treatment plants, prevention of pollution of streams, lakes, ponds, ground water, other water sources in the region, measure for controlling air and dust pollution caused by mining operations and dumps, mine drainage system, mine pollution prevention technologies, and measures for working or abandoned mines and other air, water &amp; surface pollution control mechanisms required for environment-friendly and sustainable mine development.</li> </ul>	<ul style="list-style-type: none"> <li>Development of Adumalleshwara Zoological Park of Jogimatti Eco Sensitive Zone, Chitradurga (Construction of Tiger Enclosure &amp; Construction of Silver Pheasant, Yellow golden Pheasant &amp; Lady Amhersant – (Birds) enclosure) and Construction of Leopard House at Binkadakatti Zoo. (Two works costing ₹ 3.20 crore). The Government replied (August 2024) that wild animals from mining (building stone) affected areas venture into nearby villages. With a view to rehabilitate, Zoological Park of Jogimatti Eco Sensitive Zone was constructed. Reply was not acceptable as the mining in forest areas was banned and construction of Zoo and bird enclosures does not come under the purview of Environmental</li> </ul>

<sup>25</sup> Ballari (169 works costing ₹ 255.37 crore), Chitradurga (9 works costing ₹ 10.25 crore), Gadag (3 works costing ₹ 0.35 crore) and Vijayanagara (31 works costing ₹ 34.47 crore).

Sl. No.	Name of the Priority Areas (Sector)	Admissible works/projects under DMFT Rules, 2016	Works approved and executed which are not envisaged under priority areas
			preservation and pollution control measures.
		 <p><b>Picture No. 5.1:</b> Birds enclosure Constructed under DMFT funds at Jogimatti Eco Sensitive Zone, Chitradurga District.</p>	
2	Education	<ul style="list-style-type: none"> <li>The works such as construction of school buildings, additional classrooms, laboratories, libraries, art &amp; crafts room, toilet blocks, drinking water facilities, residential hostels for students or teachers in remote areas, sports infrastructure, engagement of teachers or other supporting staff, e-learning setup, other arrangement of transport (like bus/van/cycles/rickshaws etc.) and nutrition related programmes.</li> </ul>	<ul style="list-style-type: none"> <li>Construction of BEO office, Providing buses to Kalyana Karnataka Road Transport Corporation (KKRTC) for public use, Development of Taluk Sports Stadiums, Financial assistance to Headmaster &amp; Teachers, fellowship to (SSLC, PUC, ITI, Diploma, Engineering, Law, Nursing, Degree and PG) students etc.<sup>26</sup> which are not envisaged in the scheme guidelines. (107 works costing ₹ 119.78 crore). The Government replied (August 2024) that administrative approval of DMF was also obtained for the works which were taken up under the education sector. Reply was not acceptable as the emphasis of PMKKKY guidelines was creation of infrastructure for providing quality education rather than providing infrastructure like BEO office, Upgradation of university, Financial assistance to Headmaster &amp; Teachers, fellowship to students and providing public transport.</li> </ul>

<sup>26</sup> In the absence of any specific data regarding identification of directly/indirectly affected persons by mining activity, Audit has considered these as inadmissible under PMKKKY



Sl. No.	Name of the Priority Areas (Sector)	Admissible works/projects under DMFT Rules, 2016	Works approved and executed which are not envisaged under priority areas
			
3	Physical Infrastructure	<ul style="list-style-type: none"> <li>Providing required physical infrastructure like road, bridges, railways and waterways projects.</li> </ul>	<ul style="list-style-type: none"> <li>Auditorium, Installation of Hi-mast Lamps, Beneficiary contribution for the construction of houses under PMAY housing scheme, Upgradation of SP office &amp; Meeting hall <i>etc.</i>, Construction of Nada kacheri &amp; Village Accountant Office for Revenue Department, Basic infrastructure to Police Station &amp; Quarters, Construction of TMC building, Infrastructure to New DC office, Land acquisition for mini Vidhana Soudha, Construction of Taluk DMF Administrative Building (at Mini Vidhana Soudha), Construction of Hockey &amp; Indoor stadiums in Taluk, Construction of Grama Panchayat Building, Installation of new transformers, Mineral Check Post <i>etc.</i>, which are not covered under Physical Infrastructure head of PMKKKY guidelines. (96 works costing ₹ 152.06 crore).</li> </ul>
			

Sl. No.	Name of the Priority Areas (Sector)	Admissible works/projects under DMFT Rules, 2016	Works approved and executed which are not envisaged under priority areas
4	<b>Irrigation</b>	<ul style="list-style-type: none"> <li>Developing alternate sources of irrigation, adoption of suitable &amp; advanced irrigation techniques.</li> </ul>	<ul style="list-style-type: none"> <li>Construction of Raitha Samparka Kendra Building at Torangallu, Sandur Taluk, Ballari District amounting to ₹ 0.50 crore which was not envisaged under scheme guidelines. (one work costing ₹ 0.50 crore). The Government replied (August 2024) that Raitha Samparka Kendra building was constructed with an intention to provide guidance to farmers regarding scientific farming techniques.</li> </ul>
5	<b>Energy &amp; Watershed Development</b>	<ul style="list-style-type: none"> <li>Development of alternate source of energy (including micro-hydel) and rainwater harvesting system, development of orchards, integrated farming and economic forestry and restoration of catchments.</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of Electric Sub-Station (110Kv, 66Kv and 33Kv) in Sandur Taluk, which cannot be considered as alternate source of energy. (Three works costing ₹ 19.00 crore). The Government replied (August 2024) that sub-station was constructed with an intention to provide continuous power for residential and farming purposes in mines affected area.</li> </ul>
6	<b>Any Other Measures</b>	<ul style="list-style-type: none"> <li>Any other measures for enhancing environmental quality in mining district.</li> </ul>	<ul style="list-style-type: none"> <li>Supplying and Installation of CCTV network for all main circles in Ballari City, Development of existing storeroom as CCTV control room at Superintendent of Police office amounting to ₹ 1.85 crore, which are not covered under 'Any Other Measures' under PMKKKY guidelines. (Two works costing two crore). The Government replied (August 2024) that to monitor the mineral transporting vehicles in the district, CCTV was installed. Reply was not acceptable as the installation of CCTV network does not enhance the 'environmental quality' as envisaged under DMFT guidelines.</li> </ul>

The summarised position of number of ineligible works, amounts allocated and spent on such works in test-checked districts was given below:

**Table No. 5.2: Statement showing amount allocated and spent on ineligible works**

Sl. No	District	No of Ineligible works	Amount allocated	Expenditure incurred
			(₹ in crore)	
1	Ballari	169	255.37	107.70
2	Chitradurga	9	10.25	6.58
3	Vijayanagara	31	34.47	19.29
4	Gadag	3	0.35	0.20
<b>Total</b>		<b>212</b>	<b>300.44</b>	<b>133.77</b>

Source: Data provided by Department was compiled by Audit.



As against the 3,584 works taken up at an allocated cost of ₹ 2,670.08 crore in the above four Districts, Audit observed that 212 works (5.91 *per cent of total works*) amounting to ₹ 300.44 crore (11.25 *per cent*) was allocated towards works that were not envisaged in the guidelines.

**Recommendation:**

**6. Action should be taken to plan and implement the works as per the provisions of PMKKKY guidelines and DMFT Rules, 2016.**

### 5.3 Irregular allocation of DMF Funds

DMFT, Ballari allocated funds to the extent of ₹ 15.00 crore under Physical Infrastructure sector of ‘Other Priority Areas’ of DMFT Rules and released (19 September 2022) an amount of ₹ 7.26 crore towards beneficiary share to the M/s. Rajiv Gandhi Rural Housing Corporation<sup>27</sup>, Bengaluru under ‘Pradhan Mantri Awas Yojana (Urban)-Housing for all 2022’. Further, an additional grant to the extent of ₹ 5.00 crore was also earmarked (9 December 2022) for which approval from the Governing Council was yet to be obtained (September 2023).

DMFT rules envisages providing required physical infrastructure like road, bridges, railways and water ways projects under ‘Other-priority areas and it does not include any individual benefit programs like provision of subsidies towards beneficiary contribution in the centrally sponsored scheme.

Audit observed that GoK had issued (March 2018) directions for delegation of powers in sanctioning the action plans under DMFT. As per this, for the projects/works costing between ₹ 5.00 crore and ₹ 10.00 crore, the Secretary (Mining) was empowered to sanction. Further, as per Rule 20(1)(a) and 21 of The Karnataka Government (Transaction of Business) Rules 1977 (Sl. No 15 of First Schedule), Administrative approval of work estimates where original estimates exceed ₹ 10.00 crore shall be brought before the Cabinet. However, DMFT, Ballari had allocated funds to the extent of ₹ 20.00 crore towards beneficiary share without obtaining administrative approval from the GoK/Cabinet and had also released first instalment of ₹ 7.26 crore, unilaterally.

The Government endorsed (August 2024) the reply (July 2024) of the Department that the matter had been discussed in the Governing Council meeting where decision had been taken to obtain *post-facto* approval of the Government. The reply was not acceptable, as the DMFT rules does not provide for inclusion of any individual benefit program.

Thus, allocation of funds to the extent of ₹ 20.00 crore towards beneficiary share was not in order.

<sup>27</sup> A Government of Karnataka PSU, engaged in rural housing development.

## Implementation of PMKKKY Projects

### 5.4 Splitting of works to avail 4(g) exemption.

As per PMKKKY guidelines (Para 4), works/goods may be procured by the DMF after following the due procedure prescribed by the respective State Governments for such procurements. As per Rule 3 of DMFT Rules, the DMFT has to provide funds to the implementing agencies for execution of various developmental works or projects in mining affected areas. The implementing agencies are the Departments of the State Government like Public Works, Health, Education, Zilla Panchayat, Taluk Panchayat or Gram Panchayat, Public Sector Undertakings *etc.* These Implementing Agencies are required to follow the Karnataka Transparency in Public Procurement Act, 1999 (KTPP Act) and Rules made thereunder, while procuring goods and Services.

With a view to enhance the Government Schools' result percentage by establishment of e-learning facility (with projector, smart board and other related equipment) in 400 schools across Chitradurga district, GoK accorded administrative approval (February 2021) at an estimated cost of ₹ 8.00 crore and directed the Executing Department (Deputy Director of Public Instruction (DDPI), Chitradurga) to procure the same, in line with the KTPP Act, 1999, and restricted giving orders more than ₹ one crore to Karnataka State Electronics Development Corporation Limited (KEONICS)<sup>28</sup> under 4(g) exemption. The Executing Department had split this work into 12 small works each costing less than ₹ 1.00 crore and entrusted the work to KEONICS without inviting tenders.

Similarly, the DMFT, Ballari entrusted six civil works costing more than ₹ 2.00 crore each, which were split into two or more small works and awarded to Nirmithi Kendra<sup>29</sup> without inviting tenders as Nirmithi Kendra was granted exemption under 4(g) of KTPP Act, 1999 for works up to ₹ 2.00 crore. Further, two works costing more than ₹ 2 crore were directly entrusted to Nirmithi Kendra without inviting tenders by DMFT, Chitradurga. These eight works awarded to Nirmithi Kendra are detailed in **Appendix – 5**.

The exemptions under section 4(g) of KTPP Act were granted by the GoK, with a stipulation that no works should be split. Thus, both direct entrustment of the works to KEONICS and Nirmithi Kendra under 4 (g) exemption of KTPP Act and splitting of works to avoid tendering process were not in line with the orders issued by the Finance Department of GoK.

The Government replied (August 2024) that Administrative approval was given (February 2021) to entrust the supply of equipment to KEONICS. Further, it was stated that with a view to bring the works to public usage at the earliest, the said works were entrusted to the Nirmithi Kendra. The reply was not acceptable, as the Government while giving administrative approval, had restricted giving orders more than ₹ 1.00 crore to KEONICS

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<sup>28</sup> A State PSU, for which GoK had accorded exemption under 4(g) of KTPP Act, 1999 for supplies up to Rupees One crore.

<sup>29</sup> Nirmithi Kendra are established in each District under the Chairmanship of Deputy Commissioner of district and Vice chairmanship of Chief Executive Officer, Zilla Panchayat to disseminate information on low cost building technologies and materials.

and more than ₹ 2.00 crore to Nirmithi Kendra. Thus, in these cases, the implementing agencies had split the works to avail 4(g) exemption and avoid tendering.

### **5.5 Joint Physical Inspection of Works/Projects**

Based on the Progress of works/projects furnished by the test checked DMFTs<sup>30</sup>, 417 works were selected on judgmental sampling basis for test-check of records and assets created were joint physically inspected.

Out of 417<sup>31</sup> works selected, 305 works (73 per cent) created were under High Priority Area and 112 works (27 per cent) were created under Other Priority Areas. Out of these 417 works, 298 (72 per cent) were completed and 113 (28 per cent) were under progress. Summary of the outcome of Joint Physical Inspection of Works/Projects are depicted below:

- No public consultation was held with local Gram Sabha/affected people while planning all the 417 works;
- Nine works valuing ₹ 11.12 crore, falling under Ballari District<sup>32</sup>, which were approved by the Managing Committee for change of works, were yet to be approved by Governing Council. Out of these works, two Anganwadi buildings costing ₹ 0.33 crore and one stadium related work (₹ 1.49 crore) were completed and handed over to the concerned departments in 2021-22 and 2022-23 respectively. Remaining six works (₹ 9.30 crore) were under progress;
- Out of 11 buildings built for Village Accountant office (at Sandur and Ballari Taluks of Ballari District) and handed over to the Revenue Department during 2020 and 2021, 10 offices constructed at a cost of ₹ 0.49 crore were not operating from the newly constructed buildings and were vacant;
- Out of 298 works completed, 31 works (10 per cent) were not put to use;

No awareness activity was conducted with local people for effective utilisation and maintenance in respect of completed works (298). Awareness campaigns would empower people about the benefits which are extended through the scheme.

The detailed observations of Joint Physical Inspection are as given below:

#### **5.5.1 Deviation from approved works**

Audit noticed deviations in the approved work plan by the Executing Departments as explained below:

<sup>30</sup> Ballari, Bengaluru (Urban), Chitradurga, Gadag, & Vijayanagara.

<sup>31</sup> Two selected works could not be inspected.

<sup>32</sup> Ballari and Sandur taluks of Ballari.

Table No. 5.3: Statement showing details of works deviated by executing departments

Sl. No.	Approved work	Action plan amount (₹ in crore)	Actual work executed	Observation as per JPI
<b>Skill Development Sector</b>				
1	Construction of Karnataka State Forest's Staff Training, Information & Monitoring Centre with arrangements of Basic Infrastructure at Holalkere.	1.50	Guest House for Forest Department under Skill Development Sector (Completed work)	<p>The actual construction looked like a Guest House and no training hall was provided in the building design. The Guest Room, Storeroom, Living Area, Dining cum Kitchen, Utility &amp; wash area, staircase, passage area were provided in the Ground Floor plan and Master Bed Room, Balcony, Sit out Area, Suit Room, passage area, Family area were provided in the First, Second &amp; Terrace floor plan.</p> <p>The Government replied (August 2024) that there was no boarding facility or Departmental Guest House available at Taluk level for the trainers and hence, rooms were constructed for their stay. Further, it was mentioned that a projector had been installed in the ground floor and informative materials were affixed to the walls. Reply was not acceptable as no training hall was provided in the building design and only after Audit objection, a projector was installed on the Ground floor.</p>
2	Construction of Skill Development Training Centre in 3rd Floor of the Mini Vidhana Soudha at Holalkere Town.	2.00	Actual construction of 3rd Floor was to accommodate the offices relating to SC/ST Corporation, Horticulture Department, Panchayat Raj Engineering Department, Fisheries Department and MLA office (work in progress)	<p>Audit observed from the working plan of PWD that actual construction of 3rd Floor was not for Skill Development Training Centre as envisaged.</p> <p>The Government replied (August 2024) that on completion of the works, the floor would be handed over to Skill Development Department and instructions would be given to utilise the same for departmental programmes. Reply was not acceptable as the working plan of PWD clearly indicated the purpose of construction as accommodating different offices rather than building a Skill Development Centre.</p>
3	Construction of Skill Development Centre near Thimmayyanahatti of Hosadurga Taluk.	2.00	Guest House at Vanivilas Sagar Dam (Work in progress)	<p>In the working plan enclosed to the estimate submitted by the Nirmithi Kendra, proposed work was mentioned as Guest House at Vanivilas Sagar.</p> <p>Also, the work was included in the Action Plan without recording the details of livelihood support, income generation and economic activities</p>

Sl. No.	Approved work	Action plan amount (₹ in crore)	Actual work executed	Observation as per JPI
				<p>identified/planned under the skill development center as required under guidelines.</p> <p>The Government replied (August 2024) that the work was carried out to provide training in water sports activities to school/college children of Chitradurga District and on completion of work, the same would be handed over to Skill Development Department. Further, it was mentioned that by mistake, it had mentioned as guest house instead of Skill Development Centre. However, no documentary proof was submitted that the building was used as a Skill Development Centre.</p>
<b>Health Sector</b>				
4	Renovation of H.D. Pura Primary Health Centre in Holalkere Taluk.	0.50	Construction of Compound Wall to the Primary Health Centre (work in progress)	Certain portion of land where the construction of compound wall was taken up, has been encroached by the adjacent landowners.
5	Repairs to PHC, Pandarahalli in Holalkere Taluk.	0.40	Construction of CC road inside the Hospital premises and repairs to one wardroom, Doctor's and three Staff Nurse quarters (Completed work)	<p>As per PMKKKY guidelines, the construction of CC road inside the premises of PHC and staff residential quarters does not fall under Health Sector. The work of repairs to Doctor's quarters and three staff nurse quarters was completed and none was occupied till date. Further, these quarters were not in habitable condition.</p> <p>The Government replied (August 2024) that with a view to utilise the services of medical staff effectively, residential premises was provided. Further, it was also intimated that staff quarters were put to use. The reply was not acceptable as the User Department had intimated that the quality of work carried out by Nirmithi Kendra was poor and uninhabitable.</p>
6	Construction of Godown in front of Government Hospital, Hosadurga under Health Sector.	0.43	Construction of three shops each in front of the Government Hospital, Hosadurga (Completed work)	<p>The work was completed and handed over to Government Hospital, Hosadurga in November 2022 before being approved in the Governing Council (March 2023).</p> <p>Deputy Director, DMFT Chitradurga forwarded (December 2023) the reply</p>



Sl. No.	Approved work	Action plan amount (₹ in crore)	Actual work executed	Observation as per JPI
				of the District Health and Family Welfare Officer, Chitradurga mentioning that with a view to not allow the funds to lapse, construction of shopping complex was taken up and action would be initiated to open Janaushadi stores, Milk booth and a canteen. Reply was not acceptable as approval of the monitoring committee was not obtained and DMFT funds are not lapsable.
<b>Education Sector</b>				
7	Construction of four classrooms on the Ground Floor at Nandana Hosuru village of Holalkere Town.	0.60	Construction of two rooms each in Ground and First Floor (Work in progress)	<p>Deviated from original approved plan <i>i.e.</i>, of only Ground floor to Ground and 1<sup>st</sup> Floor. The existing School was in good condition and was situated 500 metres from the new building.</p> <p>The Government endorsed (August 2024) the reply of Executive Engineer, Public Works Department wherein it was mentioned that there was no space for four rooms. Hence, the work was deviated to construct two rooms each in ground and first floor.</p> <p>The reply was silent about construction of new school when the existing school was in good condition.</p>
<b>Physical Infrastructure Sector</b>				
8	Provision of CC Road and drainage near Ganesha Temple and State Highway 47 to Hosadurga in the Holalkere town.	0.25	Improvement of road from State Highway 47 to Kesarukatte Tank bund, Construction of protection wall & Platform (Completed work)	<p>These works were changed without the approval of Managing Committee or Governing Council.</p> <p>The actual work executed was Construction of protection wall and platform to Shivanakere Tank and no road improvement work was executed.</p> <p>The Government endorsed (August 2024) that the reply of the Executive Engineer, Public Works Department wherein it was mentioned that the work was revised and carried out with the approval of DMFT only. The reply was not acceptable as the work has been changed without the approval of Managing Committee, as required under scheme guidelines.</p>

The reasons for deviations were not forthcoming from the records made available to Audit.

***Non-achievement of intended purposes of the works*****High priority areas**

Out of 417 works wherein Joint Physical Inspection was conducted, 305 works belonged to ‘High priority areas’, as envisaged in the scheme guidelines. The observations emanating from inspections conducted in these areas are detailed in the following paragraphs:

***5.6. Drinking water supply***

Audit conducted joint physical inspection of 52 works amounting to ₹ 127.98 crore which were executed under ‘Drinking water supply’ head in the selected five Districts under the PMKKKY.

**5.6.1 Execution of Drinking Water Project without identification of water source**

The work of ‘multi village (19 villages) drinking water project’ with an estimated cost of ₹ 3.50 crore was planned for tapping of water from existing Karnataka Urban Water Supply & Drainage Board (KUWS&DB) pure water pipeline from Shanthisagar to Chitradurga town at tapping point near Manangi Village. The work was tendered and awarded to a contractor (15 September 2021) for completion of work within six months.

During Joint Physical Inspection (15 July 2023), Audit observed that all works, except water connecting main from the tapping point, were completed with an expenditure of ₹ 2.09 crore. The Assistant Executive Engineer, Rural Water Supply Sub-division (AEE, RWS), Chitradurga *vide* letters dated 15 November 2022 and 30 January 2023 had requested the Commissioner, City Municipal Council, Chitradurga to accord permission to temporarily connect the pipeline near Manangi till the completion of another work *viz.*, multi-village drinking water supply scheme to all the villages in Chitradurga Taluk from Vanivilas Sagar Dam (which was under progress). However, as of January 2024, the Commissioner, City Municipal Council, Chitradurga has not yet given permission.

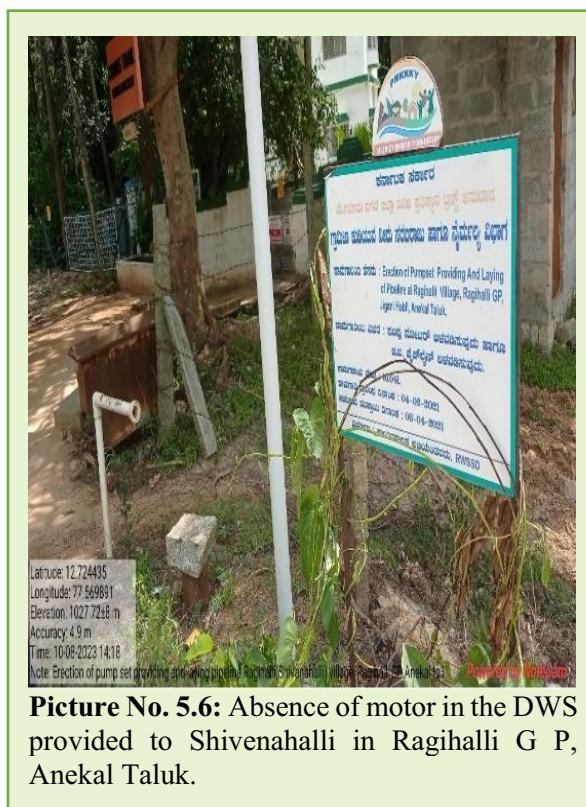
It was evident that the work was taken up without obtaining approval from City Municipal Council to connect the pipeline near Manangi tapping point and the same was not brought to the notice of DMFT by the Rural Water Supply (RWS) Division. Further, the Assistant Executive Engineer, RWS Sub-Division, Chitradurga had brought to the notice of higher ups (10 July 2023) that the villagers were protesting and not co-operating for connecting pipeline near Manangi tapping point. Further, the contractor requested (29 May 2023) to close the agreement after making final payment and refund the security deposit amount, as permission was not obtained from other departments.

The Government endorsed (August 2024) the reply of the Department that Executive Engineer, Rural Water Supply Division, Chitradurga had been requested to provide connection to pipeline by tapping Shanthisagara Reservoir to Chitradurga Town supply line and on providing connection, water will be

supplied to all the villages. The reply was not acceptable as the connecting pipeline near Manangi tapping point was yet to be completed.

Thus, as permission from the Commissioner, City Municipal Council, Chitradurga was not obtained before taking up the work of provision of Drinking Water to 19 villages, the entire expenditure of ₹ 2.09 crore remained unfruitful.

**5.6.2** Audit inspected 26 works, valuing ₹ 1.12 crore, providing drinking water supply to villages and Government schools (RO plants) in five taluks<sup>33</sup> of Vijayanagara and Bengaluru Urban Districts. Out of 14 drinking water supply works in villages involving sinking of borewells, installing motor, laying pipeline *etc.*, six borewells were defunct, two borewells were not found in the location, three motors were not functioning, two motors were not in place and one borewell was erected in private land. Hence, these assets were not put to use by the public and were also not monitored by DMFT after creation.



**Picture No. 5.6:** Absence of motor in the DWS provided to Shivenahalli in Ragihalli G P, Anekal Taluk.

Out of 12 RO plants supplied to Government schools, three were not working, six were not put to use and in respect of three, the capacity of RO plants was not adequate to meet the requirement in those schools which indicates the lack of scientific assessments.

Thus, lack of periodic maintenance, non-initiation of scientific assessments prior to drilling of borewells/ supplying RO plants, non-obtaining of the permission from the other departments before taking up the work, *etc.*, resulted in unproductive expenditure of ₹ 93.39 lakh incurred towards 24 drinking water supply projects thereby depriving intended beneficiaries.

The Government replied (August 2024) that the pumps erected in respect of two borewells at Kariyappanahalli and Shivenahalli were shifted to high-yield borewells in Bannerughatta and Sollepuradoddi villages with in the same Gram Panchayat and there was no scope for maintenance, after one year in respect of RO plants. Further, it was intimated that as per availability of funds, RO plants were installed. The reply was not acceptable as the assets created out of DMF remained unused due to lack of maintenance.

<sup>33</sup> Hospet, Harappanahalli, Bengaluru North, Anekal and Bengaluru South.

## 5.7 Education Sector

Audit conducted joint physical inspection of 148 works amounting to ₹ 107.78 crore which were executed under Education head in the selected five Districts under PMKKKY.

### 5.7.1 Establishment of *e-learning* set up

The work of establishment of *e-learning* set up (with projector, smart board and other related equipment) in schools (*referred to in paragraph 6.4*) was implemented in 400 schools in six Taluks of Chitradurga District, at a cost of ₹ 8.00 crore.

During the Joint Physical Inspection of *e-learning* set up in 101 schools out of 400 schools along with staff of DDPI, Chitradurga, in Chitradurga, Holalkere & Hosadurga Taluks, Audit noticed the following:

- The criteria for selection of schools were not forthcoming from the records made available to Audit.
- The status of utilisation of the *e-learning* setup in the test checked schools was poor as shown below:

**Table No. 5.4: Table showing status of utilisation of *e-learning* setup in the test checked schools**

Sl. No	Taluk	Number of schools test checked	Number of schools utilising the <i>e-learning</i> setup	Number of schools yet to utilise the <i>e-learning</i> setup
1	Holalkere	41	9	32
2	Hosadurga	30	27	03
3	Chitradurga	30	0	30
<b>Total</b>		<b>101</b>	<b>36</b>	<b>65</b>

Source: Data compiled by Audit.

During the Joint Physical Inspection, the school authorities and teachers stated that no training was imparted to school authorities and teachers and they were not aware of how to utilise these projectors. Further, in all the 101 schools, Audit observed that a projector (received earlier through donation) was already in use and supplying additional projector was not justifiable. This resulted in additional expenditure of ₹ 1.82 crore<sup>34</sup> in respect of 101 schools towards *e-learning* set up.

- As informed by the school authorities, the UPS supplied by the KEONICS was not working in all the schools from the date of delivery resulting in unfruitful expenditure of ₹ 0.19 crore<sup>35</sup>.

The Deputy Director and Convener, DMFT, Chitradurga brought these issues to the notice of KEONICS. KEONICS, in response stated (December 2023) that action had been taken to visit schools and training had been given to teachers

<sup>34</sup> 101 X ₹ 1.80 lakh per projector including trolley.

<sup>35</sup> 101 X ₹ 19,116 per UPS.

and students. However, this action was initiated only after Audit pointed out the issue and there was no monitoring of asset utilisation by the Education Department or DMFT, after their supply.

### 5.7.2 Providing computers and other equipment to schools

A project for providing computers and equipment to various Government Schools and colleges in Holalkere Taluk for a total cost of ₹ 4.00 crore under Education Sector was taken up by DMFT, Chitradurga and implemented through DDPI, Chitradurga. The work order was issued (September 2020) to KEONICS. During Joint Physical Inspection (August 2023) of 38 schools, where these computers and equipment were supplied by KEONICS, the following issues were noticed:

- The Printers supplied to these 38 schools (one each) were not working from the day of installation. The school authorities informed Audit that these printers were not put to use as cartridges were expensive and alternate printers were available for usage.
- As per the conditions of the work order, display board indicating that the work was implemented through District Mineral Foundation Trust should be displayed. However, in addition to the Trust Board, a board indicating that the work was taken up under MLA grant was displayed along with photograph of the Member of Legislative Assembly, Holalkere.



Picture No. 5.7: Display board indicating that the work was taken up under MLA grant.

The Government replied (August 2024) that KEONICS had inspected the objected schools where computer and peripherals were not working and set right the same, besides training teachers. The reply was not acceptable as the Department had not devised a mechanism to monitor the usefulness of assets created out of DMF and had initiated action only after being pointed out by Audit.

**5.7.3** The Management Committee of DMFT, Chitradurga approved (21 January 2022) supply of computer lab equipment to Government Schools of Bharamsagar Hobli (13 schools) and Talya Hobli (11 schools) at an estimated cost of ₹ 1.00 crore each and released (4 May 2022) first instalment of ₹ 0.50. crore for each Hobli to the DDPI, Chitradurga.



The computer lab was to be setup by supplying 5 computers with one UPS with battery, multi-function printer, computer table, sound system, white board, fire extinguisher, LED display board and computer chairs to all 24 schools. In August 2023, Audit conducted the Joint Physical Inspection of these 24 schools.

During the inspection, Audit observed that in 19 schools, the printers were not in working condition. In eight schools, computers were not put to use due to reasons like non-supply of computer chair by KEONICS, less number of students (three students and one teacher in one School), no power connection to the computer lab, water seepage in walls, *etc.* In three schools, the computers were not installed. In one school, computers and peripherals were not in use as no trained teacher was available. In two schools, the supplied computers were not available for inspection. School wise issues noticed during Joint Physical Inspection were as detailed in the *Appendix - 6*.

Thus, due to lack of proper monitoring post completion of work by DDPI, Chitradurga resulted in non-achievement of intended objectives.

The Deputy Director and Convener, DMFT, Chitradurga forwarded (December 2023) the reply of KEONICS, wherein it was stated that the action has been taken on the non-working of printers, computers by visiting schools and giving training to teachers along with power connection. However, the fact remains that defects were set right by KEONICS only on being pointed out by Audit.

**5.7.4** In June 2021, KEONICS was entrusted with the provision of smart class equipment<sup>36</sup> (along with training for conducting smart classes) for 20 Government schools in Bengaluru Urban District at a cost of ₹ 0.30 crore. Joint Physical Inspection of these 10 schools revealed that, in one school, projector was missing and in nine other schools, the projectors were not used due to various reasons as detailed in *Appendix - 7*.

Thus, this rendered the expenditure ₹ 0.15 crore made towards smart classes unfruitful, besides non-fulfillment of objectives.

#### **5.7.5 Unfruitful expenditure due to non-monitoring of utilisation of Computers**

The DMFT, Ballari proposed to provide Computers, UPS *etc.* to students' hostels in the District. Accordingly, six works were approved to be executed at a budget of ₹ 1.50 crore through Department of Social Welfare (DSW). The items of supply ordered from the following suppliers as per records are given below:

**Table No. 5.5: Statement showing details of items ordered**

Sl. No.	Item	Suppliers (Companies)	Rate agreed upon per unit	No. of hostels	No. of units proposed
1	5 KVA-UPS	Poweredge Energie Private Limited	₹ 1,06,600	49	49
2	Computer	Kamadhenu & Company	₹ 42,996	10	90

**Source: Data compiled by Audit.**

<sup>36</sup> All in one Android projector with software, whiteboard, keyboard, trolley for the projector, 1 KVA UPS, installation and configuration.

As per the Progress Report, the work was stated to have been completed and the then Hostel Wardens had acknowledged the receipt of the items as per the records of DMFT, Ballari. Further, third-party inspection reports confirming the supplies to the hostels were also obtained and placed on record. The DMFT, Ballari had released a sum of ₹ 0.44 crore to DSW for release to suppliers.

Audit conducted a Joint Physical Inspection of six hostels in December 2024 along with Staff of DMG and DMFT, Vijayanagara<sup>37</sup>. During the test check of the hostels, it was noticed that the items supplied were either in packed condition, under repair or not put to use as detailed in the table hereunder:

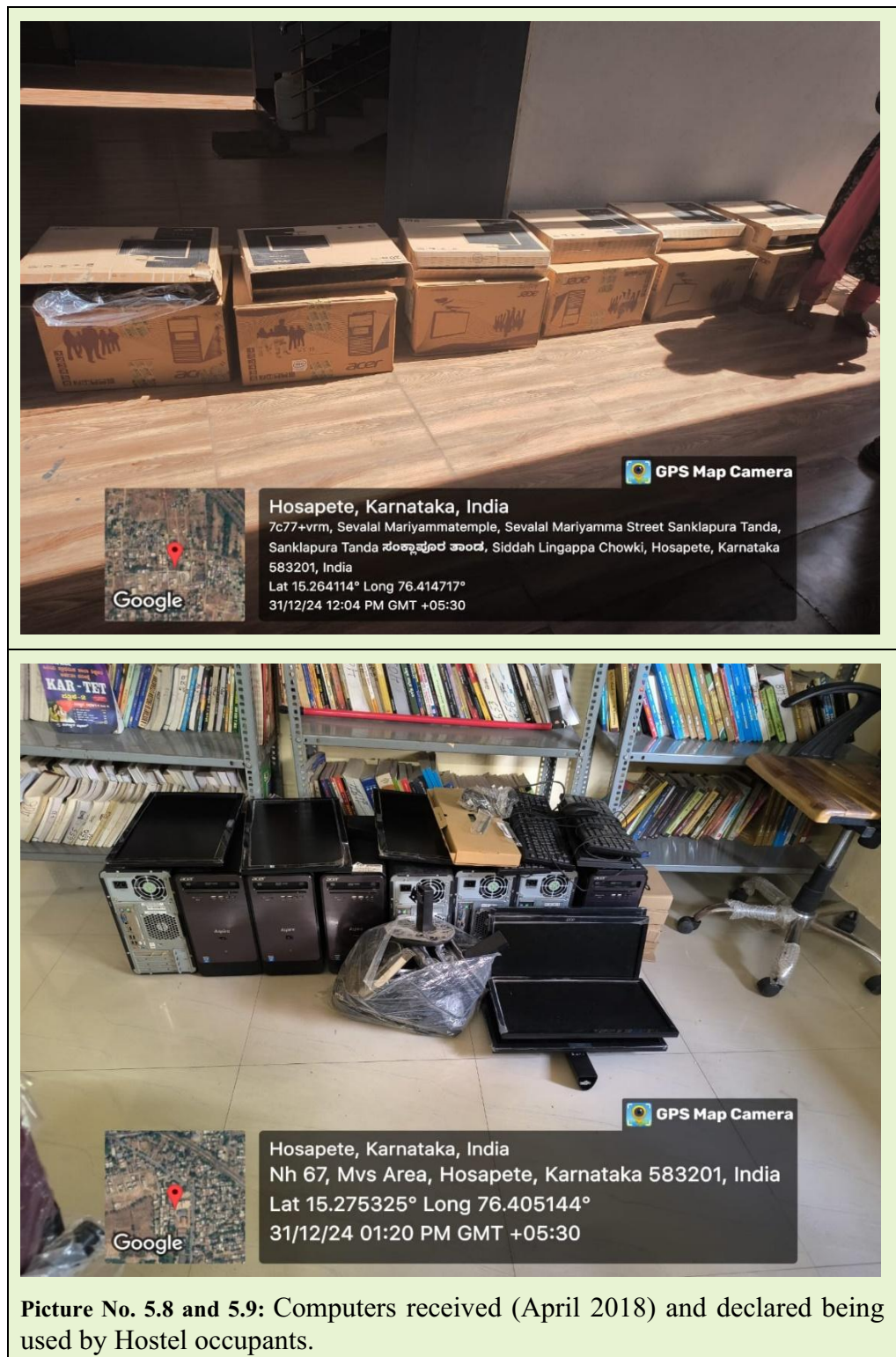
**Table No. 5.6: Statement showing details of items not put to use by the Hostels**

Sl. No.	Hostel	Items	No. of units supplied	No of units unutilised	Unit rate	Amount involved
1	Pre-metric Boys Hostel, MJ Nagar, Hospete.	Computer	3	3	₹ 42,996	₹.1,28,988
		UPS	1	1	₹ 1,06,600	₹1,06,600
2	Post-metric Girls Hostel, Sankalpur Hospete	Computer	10	7	₹ 42,996	₹.3,00,972
3	Post-metric Girls Hostel, Hospete (Minority)	Computer	10	7	₹ 42,996	₹.3,00,972
4	Post metric PG Girls Hostel, Hampi.	Computer	10	8	₹ 42,996	₹.3,43,968
5	Post Metric Girls Hostel, Hospete, (Minority)	Computer	3	3	₹ 42,996	₹ 1,28,988
		UPS	1	1	₹ 1,06,600	₹1,06,600
6	Post metric PG Boys Hostel, Hampi	Computer	3	3	₹ 42,996	₹ 1,28,988
		UPS	1	1	₹ 1,06,600	₹1,06,600
	<b>Total (1 to 6)</b>					<b>₹16,52,676</b>

Source: Data compiled by Audit.

Therefore, non-monitoring of the utilization of the supplies by the DMFT, Ballari has resulted in unfruitful expenditure of ₹ 16.53 lakh.

<sup>37</sup> Coming under undivided Ballari District.



### 5.8 Welfare of Women and Children

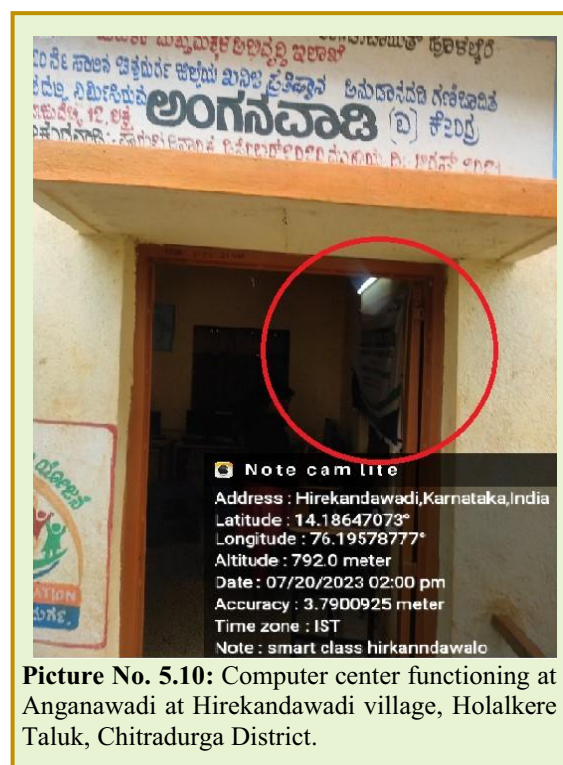
Audit conducted joint physical inspection of 22 works amounting to ₹ 152.86 crore which were executed under Welfare of Women and Children head in the selected five Districts under PMKKKY.

### 5.8.1 Unproductive expenditure

Audit inspected 14 Anganwadi centers in 4 taluks<sup>38</sup> of Chitradurga District where the works of providing motor, water supply arrangements and construction /repairs to toilets, providing pipelines, etc. to Anganawadi centers and two new constructions of Anganawadi centers were taken up at an estimated cost of ₹ 29.73 lakh.

Audit observed that the motors were non-functional in seven centers and two newly constructed<sup>39</sup> centers were being utilised for other purposes (such as private computer training center and for conducting panchayat meetings).

The Government replied (August 2024) that the Computer Center had been vacated at Hirekandawadi village, Holalkere Taluk, Chitradurga District and Anganawadi center was functioning from the new building. The action was initiated after being pointed out by Audit. However, the reply was silent regarding the other Anganwadi center<sup>40</sup> and the other issues raised.



**Picture No. 5.10:** Computer center functioning at Anganawadi at Hirekandawadi village, Holalkere Taluk, Chitradurga District.

### 5.9 Skill development

Audit conducted joint physical inspection of five works amounting to ₹ 9.50 crore which were executed under Skill development head in the selected five Districts.

#### 5.9.1 Delay in Completion of work

The work of Construction of Ballari Sheep breed farming and Training Centre with Guest house at Kurekuppa Village in Sandur Taluk, Ballari District at ₹ 2.00 crore was approved (December 2017) by the State Government administratively. The DMFT Ballari, entrusted (March 2018) the work to the Assistant Director, Karnataka Sheep & Wool Development Corporation Limited (KS&WDCL)<sup>41</sup>, Hospete. Deputy Director, Sheep and Breeding farm, Kurekuppa (AH&VS) entered into an agreement (March 2018) with EE,

<sup>38</sup> Hospet, Kudalgi, Hosadurga, Holalkere Taluks.

<sup>39</sup> Hirekandawadi village, Holalkere Taluk and Attigatta Village, Hosadurga Taluk in Chitradurga District.

<sup>40</sup> At Attigatta Village, Hosadurga Taluk in Chitradurga District where Panchayat Meetings were held.

<sup>41</sup> A State PSU.



Karnataka Rural Infrastructure Development Limited (KRIDL)<sup>42</sup> with a condition to complete the work within 12 months from the date of handing over of site/release of funds/administrative approval whichever was later, excluding monsoon period.

In this connection, Audit observed that:

- The work was entrusted to KRIDL without inviting competitive tenders. The work entrusted to KRIDL in March 2018 was yet to be completed even after 7 years of entrustment to KRIDL. The work was not monitored by DMFT/the Assistant Director, KS&WDCL, Hospete.
- During Joint Physical Inspection along with the Assistant Executive Engineer, KRIDL, Audit observed that the proposed construction was two Kms from the main road and approach road was in poor condition. Further, there was no electricity connection nearby.
- A Proposal for ₹ 2.00 crore was under preparation, by Veterinary Doctor, Ballari Sheep breed farming, to provide basic facilities like approach road, electricity supply and water supply under grant from Comprehensive Environmental Plan for Mining Impact Zone (CEPMIZ)<sup>43</sup>. The proposal for additional grant made to CEP Miz has not been approved.

It was evident that the construction of training center and guest house was taken up without planning for basic facilities such as approach road, electricity and water supply. Thus, the improper selection of site and work executing agency resulted in unfruitful expenditure of ₹ 1.50 crore.

The Government replied (August 2024) that action had been initiated to complete work by September 2024 and that the said site that was chosen was a bit inside the available land (as remaining land was earmarked for different purposes by the Animal Husbandry Department). Further, it was mentioned that if any proposals were received for grant of funds for approach road, electricity supply and water supply purposes, it would be intimated to carry out those works, out of their own funds. Reply indicates that there was lack of planning in creating basic facilities for the functioning of sheep breed farming. Further, the Centre which was due to be completed in 2019 was far from being completed even after seven years.

### Other Priority areas

Out of the 417 works wherein Joint Physical Inspection was conducted, 112 works belonged to 'Other Priority areas' as envisaged in the scheme guidelines. The observations emanating from the works inspected in these areas are detailed in the following paragraphs:

<sup>42</sup> A State PSU having 4(g) exemption under KTPP Act, 1999.

<sup>43</sup> The CEP MIZ was a plan prepared for undertaking ameliorative and mitigative measures in the mining affected areas of Ballari, Chitradurga and Tumkuru districts.



## 5.10 Physical infrastructure

Audit conducted joint physical inspection of 90 works amounting to ₹ 171.93 crore which were executed under 'Physical infrastructure head' in the selected five Districts under PMKKKY and the observations noticed are discussed below:

### 5.10.1 Poor quality and incomplete execution of works

During Joint Physical Inspection of six Physical Infrastructure works stated to be completed in three taluks (Hospet, Harappanahalli and Kudligi) of Vijayanagara District, Audit observed the following:

- In three works<sup>44</sup>, PWD, Hospet and Harappanahalli, implementing agencies skipped the execution of items like side drains valuing ₹ 0.36 crore which were also part of the approved works.



**Picture No. 5.11:** Non execution of side drainage work in Bhattarahalli Anjaneya Road, Hospete Taluk.

- In two works amounting to ₹ 0.63 crore executed through Nirmithi Kendra, relating to repairs and renovation relating to Primary Health centres at Harappanahalli Taluk, cracks had developed in the building resulting in water seepage.

Thus, due to improper execution and poor quality of works by the implementing agencies, the intended



**Picture No. 5.12:** Cracks in the building repaired through Nirmithi Kendra at PHC Alagilawada, Harappanahalli.

<sup>44</sup> Construction of compound wall and Cycle stand at Shri Shankar Anand Singh Government First Grade College, Hospet (₹ 0.11 crore), Development of Bhattarahalli Anjaneya Road, Hospete (0.14 crore) and CC Road Ittagi Kanchikere road to Yaraballi Village (₹ 0.11 crore).

benefits were not derived and the expenditure of ₹ 1.00 crore turned out as unfruitful.

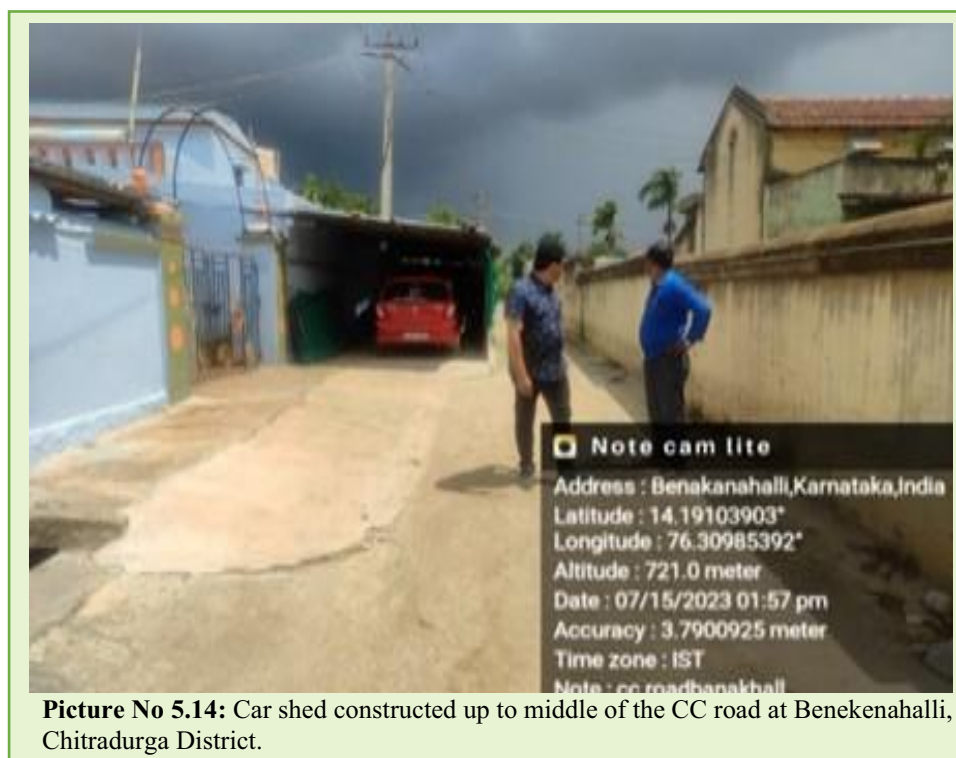
The Government replied (August 2024) that the cracks were air cracks and seepage had not taken place. Further, the Department stated that cracks had been removed and replastered. However, the issue of lack of side drains had not been addressed by the Government.

**5.10.2** Joint Physical Inspection of Cement Concrete (CC) roads at Hireguntanur and Benekenahalli villages of Chitradurga District revealed the following:

- Village Panchayat had taken-up drainage work (under other scheme) after handing over of road (September 2020). The drainage work had affected the condition of the road at Hireguntanur village and also it was seen that the height of the drainage was kept above the road without any inlets for water, which caused blockage of the water on the CC road thereby posing a risk/possibility of damage to the CC road. Had there been co-ordination between DMFT and Panchayath Development Officer in planning the work, the water clogging could have been avoided.



- A shed for car parking was constructed by one of the residents up to middle of the CC road constructed at Benekenahalli.



The Government replied (August 2024) that on completion, the road was handed over to Panchayat Development Officer, Hulluru Gram Panchayat and at the time of handing over, there was no car parking shed on the road. The reply indicated that the resident had encroached on the road and this encroachment has not been removed. It points to lack of monitoring and inaction on the part of the authorities.

**Recommendation:**

- 7. The DMFTs and the respective Line Departments should ensure that assets created are put to use as intended and arrangements are made to meet the relevant operation and maintenance expenditure.**

**Delay in taking up of works**

**5.11 Delay in commencement of works**

Audit analysis of progress of works furnished by the DMFTs, revealed that 403 works costing ₹ 433.20 crore had not commenced and tendered even though action plans were approved between 2017-2020 as detailed below:

**Table No. 5.7: Statement showing delay in commencement of works after approval**

Sl. No.	Name of the DMFT	No. of works approved in the Action Plan	Amount in crore	No. of works not commenced	Amount in crore	No. of works not tendered	Amount in crore
01	Ballari	1,764	1,593.68	27	33.35	158	325.15
02	Chitradurga	305	319.39	3	4.65	34	42.62
03	Gadag	95	5.56	0	0	28	0.90
04	Bengaluru Urban	607	76.35	0	0	141	24.38
05	Vijayanagara	1,420	751.45	0	0	12	2.15
<b>Total</b>		<b>4,191</b>	<b>2,746.43</b>	<b>30</b>	<b>38.00</b>	<b>373</b>	<b>395.20</b>

(Source: Progress of works as of June 2023-Chitradurga, July 2023-Ballari and Bengaluru Urban, August 2023 - Vijayanagara and September 2023-Gadag).

As seen from the above table, 30 works costing ₹ 38.00 crore and 373 works costing ₹ 395.20 crore were not tendered in the selected five districts. Further, 21 ‘under progress’ works were not tendered though grants to the extent of ₹ 2.78 crore were released to the Executing Departments/Implementing agencies.

Further, 12 works costing ₹ 1.32 crore and 6 works costing ₹ 3.45 crore, three works costing ₹ 0.34 crore which were reported to be ‘under progress’ by the DMFT, Gadag, Chitradurga and Vijayanagara respectively, as of March 2023 were also not tendered. An amount of ₹ 0.98 crore and ₹ 1.80 crore had already been released by the respective DMFTs towards these works.

Rule 15 (5) of DMFT Rules, 2016 stipulates that the Managing Committee should supervise and ensure the execution of Annual Plan and approved schemes/projects. As observed in *paragraph 4.7*, Audit noticed that these committees did not meet regularly to deliberate and monitor the status of works.

The Government replied (August 2024) that meetings were held to ensure that the implementing agencies finished the work in time. Further, the Department intimated that during *COVID* period, work could not be carried out and due to some technical/administrative reasons, opposition from locals, works were delayed and some works, even though physically completed, were shown as pending for ‘final bill submission’. The reply does not address the fact that while works could be delayed, the non- tendering of works was indicative of administrative lapses.

### Other Observations

#### 5.12 Assessment of Projects/activities of PMKKKY

The overall objective of PMKKKY was to minimise/mitigate the adverse impacts, during and after mining, on the environment, health and socio-economics of people in mining districts and to ensure long-term

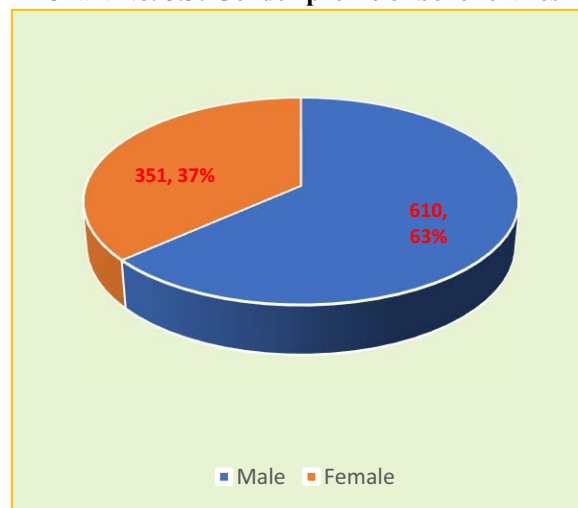
sustainable livelihoods for the affected people in mining areas. Audit noticed that no third party/independent assessment of projects/activities of PMKKKY was undertaken in test checked DMFTs to evaluate the extent of achievement of overall objective of PMKKKY.

### 5.12.1 Beneficiary survey

Out of the selected projects/works and from beneficiary related projects/works, Audit surveyed 961 beneficiaries through random sampling.

The survey was undertaken in towns (254 beneficiaries) as well as villages (707 beneficiaries) of the selected five districts. The age-wise profile of beneficiaries selected for survey is detailed below:

**Chart No. 5.3: Gender profile of beneficiaries**



**Table No. 5.8: Age wise profile of beneficiaries selected for survey**

Sl. No.	Age profile	No of beneficiaries	Male		Female	
			Town	Village	Town	Village
1	7 to 20	326*	54	111	66	95
2	21- to 30	167	32	73	22	40
3	31 to 60	452	53	273	24	102
4	Above 60	16	2	12	1	1
	<b>Total</b>	<b>961</b>	<b>141</b>	<b>469</b>	<b>113</b>	<b>238</b>

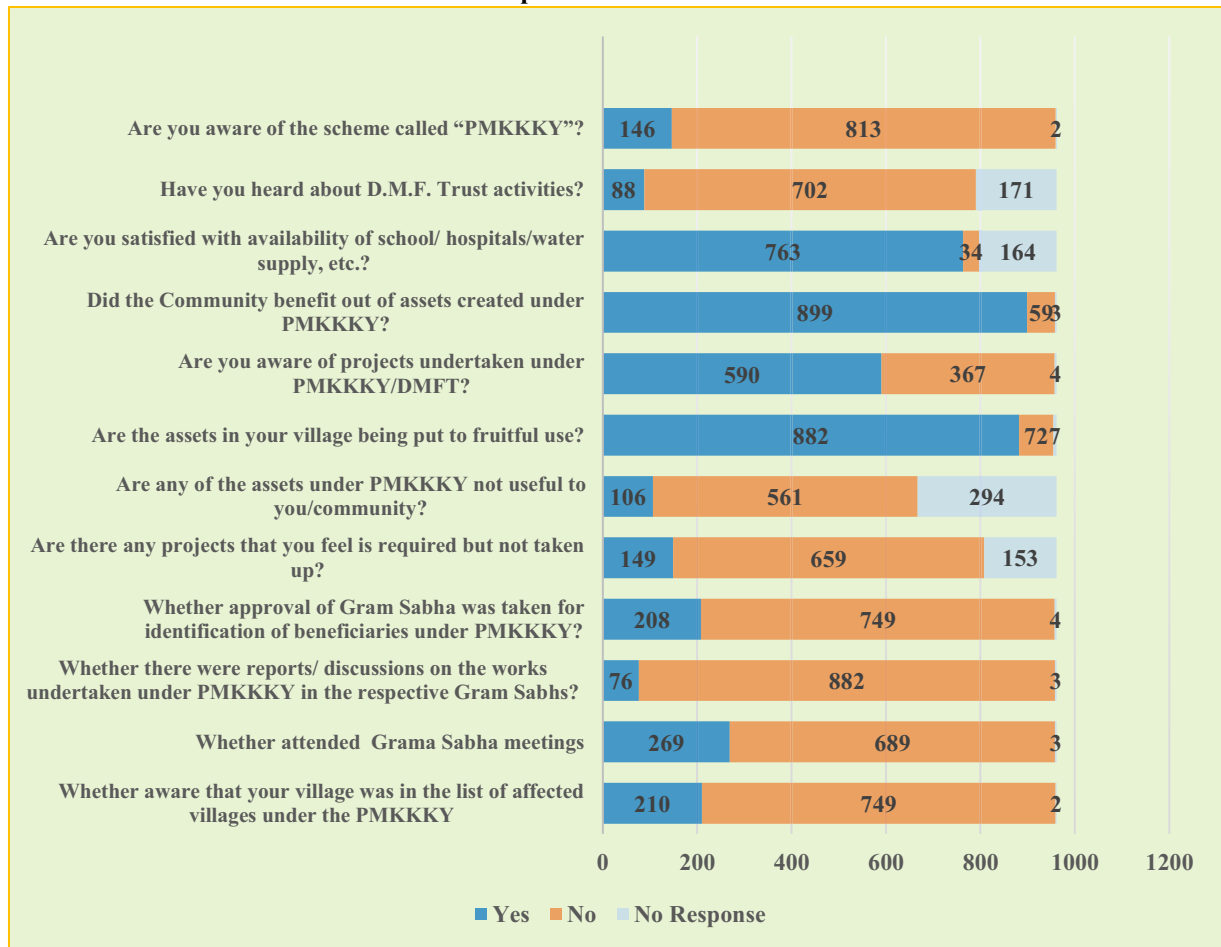
*Source: Data compiled by Audit.*

\*The age group of 7 to 20 comprised students from hostel and schools where works under DMFT were taken up.

The responses of 961 Beneficiaries to some of the important questions are indicated in the chart below:



Chart No.5.4: Responses from 961 beneficiaries



The major points noticed are elaborated below:

- 813 beneficiaries (85 *per cent*) out of 961 beneficiaries were not aware of the PMKKKY scheme, 146 beneficiaries (15 *per cent*) were aware of the scheme. Two beneficiaries chose not to respond to the question.
- 702 beneficiaries (73 *per cent*) were not aware of DMFT activities and only 88 beneficiaries (9 *per cent*) were aware of activities. 171 (18 *per cent*) beneficiaries did not respond to the question.
- 749 beneficiaries (78 *per cent*) were not aware that their village was in the list of affected villages under the PMKKKY and 210 beneficiaries (22 *per cent*) were aware that their village was in the list of affected villages. Two beneficiaries chose not to respond to the question.
- 763 beneficiaries (79 *per cent*) were satisfied with the availability of schools/hospitals/water supply/skill development/roads/electricity in their locality/household and 34 beneficiaries (4 *per cent*) were not satisfied. 164 beneficiaries chose not to respond to the question.
- 882 beneficiaries (92 *per cent*) mentioned that the assets in their village were being put to fruitful use and 72 beneficiaries (7 *per cent*) felt that



the assets were not put to proper use. 7 beneficiaries chose not to respond to the question.

- 689 beneficiaries (72 *per cent*) mentioned that they did not participate in the Grama Sabha meetings, 269 beneficiaries (28 *per cent*) mentioned that they participate in the Grama Sabha meetings. Three beneficiaries chose not to respond to the question.
- 749 beneficiaries (78 *per cent*) mentioned that no approval of Grama Sabha was taken for approval of projects taken under PMKKKY and 208 beneficiaries (22 *per cent*) mentioned that approval of Grama Sabha was taken for approval of projects. Four beneficiaries chose not to respond to the question.
- 882 beneficiaries (92 *per cent*) mentioned that no report or discussion on the works undertaken under PMKKKY in the respective villages was furnished to the Grama Sabha and 76 beneficiaries (8 *per cent*) mentioned that report or discussion on the works undertaken was furnished to/held in the Grama Sabha. Three beneficiaries chose not to respond to the question.

#### **5.12.2 Irregular/Inadmissible expenditure of DMFs.**

Rule 18 (2) DMFT Rules stipulates that out of five *per cent* of the annual receipt of the trust, four *per cent* to be utilized for administrative, supervisory and overhead costs of the respective trusts, as may be decided by District Mineral Foundation Trust. The remaining one *per cent* shall be transferred to the Director, Department of Mines and Geology to meet the administrative expenditure at the State Capital for smooth functioning of Steering Committee, State Level Empowered Committee and State Level Monitoring and Evaluation Cell.

Considering the representations (29 April 2021) from various Departments<sup>45</sup> to provide four wheelers in Sandur taluk from any ongoing schemes, the Deputy Commissioner, Ballari forwarded the same to the Secretary (MSME & Mines), Industries and Commerce Department, who in turn accorded approval (27 August 2021) to release funds from DMFT for purchase of 12 vehicles to these Departments. Accordingly, DC, Ballari purchased eight vehicles at a total cost of ₹ 0.68 crore for other Departments

However, as per para 2 (b) of PMKKKY General Guidelines, any creation of temporary/permanent posts and purchase of vehicles by the foundation shall require prior approval of the State Government. The Rules, however, doesn't permit expenditure to be incurred for other Departments.

Further, an amount of ₹ 1.26 crore was spent for salary to Home guards,

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<sup>45</sup> Public Works, Revenue (Tahsildar), Education, Agriculture Departments *etc.*

improvement of internal roads in Deputy Commissioner Office Premises at Ballari *etc.*, which were not eligible to be incurred under administrative cost as detailed vide *Appendix-8*.

Thus, ₹ 1.94 crore incurred for expenses of Government departments, as discussed above, was irregular as it did not relate to the administrative expenditure of the DMFT, Ballari.

The Government replied (August 2024) that the amount was spent for administrative expenditure as per the Finance Department approval dated 18 January 2020. The reply was not acceptable as the Finance Department has not empowered to sanction expenditure as per the DMFT Rules. Further, the reply was silent about spending DMFT funds towards expenditure of other departments, which was in contravention of guidelines.

**Bengaluru**  
**The 15 OCT 2025**

**(Ashok Sinha)**  
**Principal Accountant General (Audit-II)**  
**Karnataka**

**Countersigned**

**New Delhi**  
**The 22 OCT 2025**

**(K. Sanjay Murthy)**  
**Comptroller and Auditor General of India**