

**Report of the  
Comptroller and Auditor General of India  
on  
“Pradhan Mantri Khanij Kshetra Kalyan  
Yojana (PMKKKY) including District  
Mineral Foundation Trust (DMFT)”**

**Government of Karnataka  
Report No. 7 of the year 2025  
Performance Audit - Civil**



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**Preface**

1. This Report of the Comptroller and Auditor General of India 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 contains the results of Performance Audit on Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) including District Mineral Foundation Trust (DMFT) covering the period 2015-16 to 2022-23.
3. The audit was conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.



# Overview



## Overview

### Why did we choose this topic?

With a view to ensure welfare of areas and people affected by mining related operations using the funds generated by District Mineral Foundations (DMFs), Government of India launched Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) in September 2015. The objectives of PMKKKY are (a) to implement various developmental and welfare projects/programs in mining affected areas, and these projects/programs will be complementing the existing ongoing schemes/projects of State and Central Government; (b) to minimize/mitigate the adverse impacts, during and after mining, on the environment, health and socio-economics of people in mining districts; and (c) to ensure long-term sustainable livelihoods for the affected people in mining areas.

The District Mineral Foundation Trusts (DMFTs) have collected an amount of ₹ 4,003.51 crore and incurred expenditure to the tune of ₹ 1,826.46 crore since the scheme initiation till the end of March 2023.

The DMFTs sanctioned 10,865 projects under PMKKKY and allocated funds to the extent of ₹ 3,902.00 crore as on March 2023.

To assess the extent of utilization of DMF funds for the interest and benefit of persons and areas affected by mining related operations, a Performance Audit has been conducted to evaluate the creation of District Mineral Foundations Trusts (DMFTs), available corpus of the DMFTs and compliance to administrative and accountability mechanism for their utilisation in the State, as envisaged in the scheme, Acts and rules notified.

This Performance Audit covers the administrative aspects of implementation of PMKKKY, other important aspects of socio-cultural and socio-psychological issues, impact on livelihood, health, *etc.* relating to migration/displacement of tribal/local population due to mining activities.

### What we found and recommended?

#### LEGAL FRAMEWORK

Even though the Rules provide for nomination of stakeholders representatives from affected persons, industries, lease holders and environmental organisations from the districts, the nominations were made only in five districts. No amendment to the DMFT Rules, 2016 was issued by the GoK even though Ministry of Mines, GoI directed the State Governments to incorporate certain changes in the rules regulating the composition of Governing Council and Managing Committee of DMF with immediate effect. There was no base line survey conducted to prepare perspective plan. Test-checked DMFTs did not prepare any Master Plan or Vision Document for the activities to be taken up nor did the DMFTs prepare a list of affected person/people.

*(Chapter-II)*

## **COLLECTION OF DMFT FUNDS**

The main source of funds for the DMFT was by way of contributions made by lease holders of mines and quarries at prescribed rates. Audit noticed that there was no control system in place to ensure collection of amounts due to the Fund. There was no system of obtaining returns indicating the details of minor minerals used for works, Royalty and contribution to DMF deducted, *etc.* from the Work Executing Departmental Agencies. Interest received by implementing agencies on the funds provided by the DMFT were lying with the implementing agencies, without transfer to DMFT Ballari.

*(Chapter-III)*

## **ACCOUNTING TREATMENT, ACCOUNTABILITY AND TRANSPARENCY MECHANISM IN DMFTS**

DMFT funds were kept idle in Personal Deposit Accounts at treasury foregoing RoI. There was non-remittance of interest accrued on funds provided by the DMFT, Ballari, by implementing agencies. Laxity on part of DMFT, Ballari in timely investment of Endowment fund in fixed deposits resulted in loss of interest.

Though the State Level Steering Committee was constituted, no meetings were held. The State Level Empowered Committee headed by Chief Secretary which was to monitor and review the progress of projects and programs of the DMFT and Managing Committees, met only four times during 2018 to 2023, as against the requirement of meeting at least three times in a year. In the test checked districts, prescribed number of meetings were not convened by the Foundation Trusts and Managing Committees.

*(Chapter-IV)*

## **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. Audit observed that works under Education, Physical Infrastructure, Irrigation and Energy and Watershed Development heads, which were not envisaged as per guidelines of PMKKKY, were approved and executed. The Implementing Agency (Deputy Director of Public Instruction, Chitradurga) had 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 split six works into two or more small works and awarded them 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 though grants were released.

(Chapter-V)

## WHAT CAG RECOMMENDS

*Audit recommends that, action may be taken by the State Government to amend the DMFT Rules to include the Government of India directions on conducting baseline survey, preparation of Perspective Plan and accordingly DMFTs should frame perspective and annual plans that meet the objectives of PMKKKY.*

*Government should take action to increase awareness of the Scheme through Information, Education and Communication activities and issue suitable directions to DMFTs to prepare a list of affected person/people to enable targeted planning of projects for those affected by mining directly.*

*A proper system of obtaining returns from the Work Executing Departments/Agencies indicating details of Royalty, penalty, and contribution to DMF may be devised to ensure that dues are deducted and remitted correctly.*

*Action should be taken by the implementing agencies to transfer the interest accrued on DMFT funds periodically and with unspent balance after completion of each project.*

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

*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.*

### **Government's response to Audit recommendations**

The Government of Karnataka accepted all the Audit recommendations and assured that necessary action would be taken, wherever required.



**CHAPTER – I**  
**Introduction**



## Chapter – I

### Introduction

**1.1** The Government of India (GoI) framed (September 2015) Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) to ensure welfare of people in areas affected by mining related operations. The scheme intended to utilise the funds generated through contributions from the mining lease holders as a percentage of Royalty payable to District Mineral Foundations<sup>1</sup> (DMFs) accruing in terms of Mines and Minerals (Development and Regulation) (MMDR) Act, 1957. The objectives of PMKKKY scheme are: (a) to implement various developmental and welfare projects/programs in mining affected areas and these projects/programs will be complementing the existing ongoing schemes/projects of State and Central Government; (b) to minimize/mitigate the adverse impacts, during and after mining, on the environment, health and socio-economics of people in mining districts; and (c) to ensure long-term sustainable livelihoods for the affected people in mining areas.

In order to implement the scheme, the Government of India amended (January 2015) the Mines and Minerals (Development and Regulation) (MMDR) Act, 1957. The amendment mandated the State Governments to establish a trust, a non-profit body to be called as District Mineral Foundation (DMF) in all the districts affected by mining related operations. As per the amended Act, the composition and functions of the DMFs would be such as may be specified by the State Government. Further, in exercise of the power conferred under section 20A of the MMDR Act, 1957, Government of India *vide* its order dated September 2015, directed the State Governments to incorporate the ‘Pradhan Mantri Khanij Kshetra Kalyan Yojana’ (PMKKKY) into the rules framed by them for the DMFs and to implement the scheme from the funds accruing to DMFs.

In exercise of the powers conferred by sub-sections (5) and (6) of Section 9B of the MMDR Act, 1957 GoI framed (September 2015) the Mines and Minerals (Contribution to District Mineral Foundation) Rules, 2015. Government of Karnataka (GoK) notified (November 2015) the establishment of DMF in all the districts of the State and framed (January 2016) the District Mineral Foundation Rules, 2016. The name of the trust was changed to District Mineral Foundation Trust (DMFT) during March 2018. GoK with amendment (August 2016) to Rule 36-A of Karnataka Minor Mineral Concession Rules, 1994 prescribed the rate of contributions to DMF for minor minerals.

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<sup>1</sup> With amendment to the Mines and Minerals (Development and Regulation) Act, 1957, which mandated the State Governments to establish a trust, a non-profit body to be called as District Mineral Foundation (DMF) in all the districts affected by mining related operations.

## **1.2 Audit objectives**

The Performance Audit was undertaken to ascertain whether:

- There are effective planning and institutional arrangements for the implementation of the scheme as per DMF Rules and PMKKKY guidelines;
- The fund management and the system for assessment, demand, and collection of receipts under DMFT were reliable and efficient.
- Monitoring and evaluation of implementation of the scheme was adequate and effective; and
- The scheme was implemented effectively to achieve desired outcomes and could bring positive changes in the affected area and life of people.

## **1.3 Audit criteria**

The main sources of audit criteria for performance audit include:

- Scheme Guidelines issued by Government of India (GoI);
- Mines and Minerals (Development and regulations) Act, 1957 and amendment thereon;
- Karnataka Minor Minerals Concessions Rules, 1994 and amendments thereon;
- District Mineral Foundation Trust Rules, 2016 and amendments thereon;
- Instructions/circulars/orders/manuals/guidelines issued by GoI/GoK regarding the scheme, Decisions of State Level Empowered Committee *etc*;
- Karnataka Financial Code, 1958; and
- Karnataka Transparency in Public Procurement Act, 1999 and Rules.

## **1.4 Audit scope and methodology**

The Performance Audit was conducted for the period 2015-16, *i.e.* since the initiation of the PMKKKY scheme (including DMFT) till 2022-23.

Audit scrutinised records maintained at State Level Monitoring and Evaluation Cell (SLMEC) in the office of Director, Department of Mines and Geology, Deputy Director/ Senior Geologist at selected Districts, DMF cell at Deputy Commissioners Office in Ballari and Vijayanagar. Further, selected works were physically verified jointly along with department officials. A beneficiary survey was also conducted with the help of a questionnaire designed to capture the experience and perception of the beneficiaries regarding the benefits of the scheme.

Audit sample was drawn through Stratified Random Sampling method using IDEA software. The table below depicts the sampling methodology:

**Table No. 1.1: Details of sample selected**

Sl. No.	Category	Sample size
1	Districts	Five <sup>2</sup> out of 31 districts.
2	Taluks	Two taluks <sup>3</sup> based on highest number of works/projects and one taluk <sup>4</sup> through random sampling from each of the 5 districts.
3	Works for test check and Joint Physical Inspection (JPI)	417 works (completed /ongoing) created out of DMF funds in selected taluks of all five districts.
4	Beneficiary Survey	961 beneficiaries in selected taluks of all five districts.

The details of district wise sampled works (test checked and jointly inspected) and beneficiary survey conducted are given below:

**Table 1.2 Details of sampled works for test check, JPI & beneficiary survey**

Sl. No	Particulars for selected districts	Ballari	Chitradurga	Gadag	Bengaluru (Urban)	Vijayanagara	Total
1	Total works taken up for execution	1,764	305	95	607	1,420	4,191
2	Approved Action Plan amount (₹ in crore)	1,593.68	319.39	5.56	76.35	750.25	2,746.43
3	Works completed	989	91	46	374	715	2,215
4	Approved Action Plan amount for completed works (₹ in crore)	515.65	79.47	2.38	28.73	236.35	862.58
5	Works ongoing	169	168	20	70	303	730
6	Approved Action Plan amount for ongoing works (₹ in crore)	657.17	192.67	2.23	18.82	415.08	1,285.97
7	Works yet to commence	185	37	29	141	183	575
8	Approved Action Plan amount for works yet to commence (₹ in crore)	358.50	47.27	0.95	24.38	94.06	525.16
9	Works cancelled	421	9	0	22	219	671
10	Approved Action Plan amount for works cancelled (₹ in crore)	62.36	0	0	4.43	5.95	72.74
11	Number of works selected for test check and JPI	129	75	32	81	100	417
12	Completed	91	30	25	77	72	295

<sup>2</sup> Ballari, Chitradurga, Vijayanagara, Bengaluru (Urban) and Gadag.

<sup>3</sup> Ballari, Sandur, Chitradurga, Holalkere, Hospet, Harapanahalli, Bengaluru (South), Anekal, Ron & Shirahatti.

<sup>4</sup> Siraguppa, Hosadurga, Kudligi, Bengaluru (North) and Lakshmeshwara.

Sl. No	Particulars for selected districts	Ballari	Chitradurga	Gadag	Bengaluru (Urban)	Vijayanagara	Total
13	Approved Action Plan Amount (₹ in crore)	92.26	41.57	1.14	16.15	52.79	203.91
14	Ongoing works	38	45	7	4	28	122
15	Approved action plan amount (₹ in crore)	241.11	78.55	0.9	2.36	185.80	508.72
16	Number of beneficiaries surveyed	261	455	80	77	88	961

Source: Data provided by the Department

Entry Conference was held on 22 June 2023 and the Exit Conference was held on 19 March 2024. The draft report was issued to the Government on 8 February 2024 and the replies from Government was received on 14 August 2024. The views of the Government have been suitably incorporated in the report, wherever necessary.

### 1.5 Audit findings

Audit findings are organized in four parts including the following chapters, viz.

- **Chapter – II:** Legal Framework
- **Chapter – III:** Collection of DMFT Funds
- **Chapter – IV:** Accounting Treatment in DMFTs and Accountability and Transparency Mechanism
- **Chapter – V:** Project Management

### 1.6 Acknowledgement

Audit acknowledges the cooperation and assistance extended by the Department of Mines and Geology, GoK and Implementing Agencies in facilitating the conduct of the Performance Audit.

**Chapter – II**  
**Legal framework**



## Chapter – II

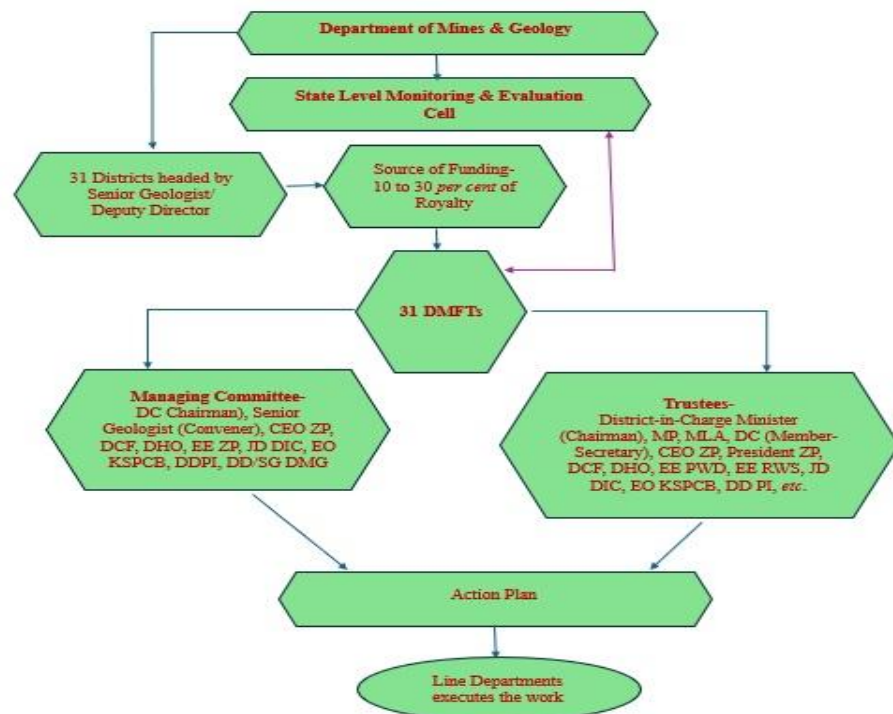
### Legal framework

The DMFT Rules provide for nomination of stakeholders representatives from affected persons, industries, lease holders and environmental organizations from the districts, however, the nominations were made only in five districts. Even after two years, no amendment to the DMFT Rules 2016 was issued by the GoK though Ministry of Mines, GoI directed the State Governments and Union Territories to incorporate certain changes in the rules regulating the composition of Governing Council and Managing Committee of DMF with immediate effect. Test checked DMFTs did not prepare any Master Plan or Vision Document for the activities by the specialized agency. There was no base line survey conducted to prepare perspective plan and the test checked DMFTs did not prepare a list of affected persons/people.

### 2.1 Organisational Setup

Separate Trusts by name ‘District Mineral Foundation Trust (DMFT)’ have been established in all the 31 districts of the State with the Minister in charge of the district as the Chairman, the elected members of Parliament and Assembly representing the District as trustees, the Deputy Commissioner of the District as trustee and member secretary, along with other trustees as prescribed in Rule 5 of the District Mineral Foundation Trust Rules, 2016. For the overall management and administration of DMFT, GoK constituted (March 2018) a State Level Monitoring & Evaluation Cell (M&E Cell) in the Directorate, Department of Mines & Geology (DMG). The district level offices of DMG, are headed by Deputy Director/Sr. Geologist, and they are the ex-officio-member and convenor of the respective DMFTs.

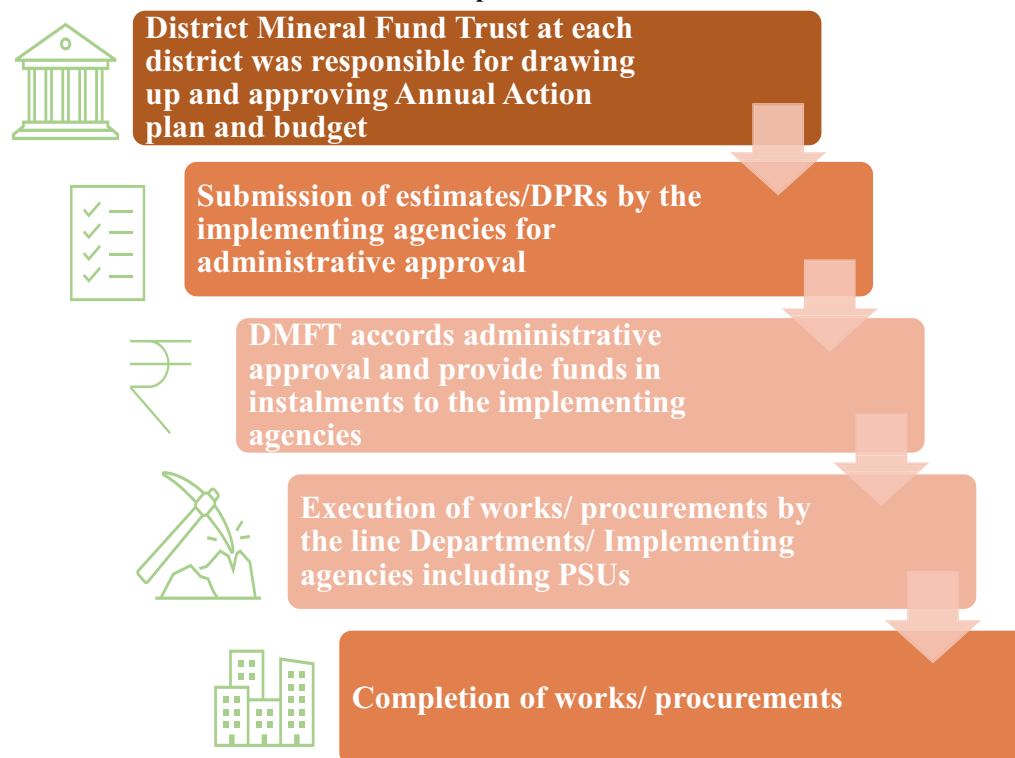
Chart No. 2.1: Organogram of DMG in relation to DMFT



## 2.2 Implementation of scheme

The Contribution to the DMFT funds are collected from the Mining lease holders by DMG and passed on to the DMFTs. The projects and programs under PMKKKY are being implemented through various Departments of the GoK, and other agencies<sup>5</sup> (Implementing agencies). The step-by-step procedure followed during the implementation of the scheme was detailed below:

**Chart No. 2.2: Workflow for implementation of PMKKKY activities**



## 2.3 Constitution of DMFTs

District Mineral Foundations Trusts (DMFTs) in each District were established vide notification issued by GoK <sup>6</sup> (November 2015). Rule 5 of DMFT Rules, 2016 stipulates that each DMFT shall include Minister in charge of the district as the Chairman, the elected members of Parliament and Legislative Assembly from the District as members, the Deputy Commissioner of the district as member Secretary, the Deputy Director/Senior Geologist of the district as convenor and other members as detailed in *Appendix- 1*.

### 2.3.1 Nomination of Trustees

The DMFT Rules, 2016 also provided for eight trustees to be nominated by the

<sup>5</sup> Urban & Rural Local Bodies, Minor Irrigation, Social Welfare, Welfare of Aged and Disabled, Education, Women & Child Development, Forest including Social Forestry, Health and Family Welfare, Skill Development, Karnataka Rural Infrastructure Development Limited, Backward Classes, Police, Public Works, Rural Housing and external agencies like Nirmithi Kendra, Cashutec *etc.*

<sup>6</sup> Which were deemed to have come into existence with effect from 12 January 2015. The notification did not specify the Members of the Foundations, which were specified only in the DMFT Rules 2016 notified (January 2016), also with effect from 12 January 2015.

State Government viz.;

- Two from industries using minerals in the concerned District;
- Two from the holders of mineral or minor mineral concession belonging to the concerned District;
- One from a prominent Non-Governmental organisation or any institution working on environmental issues in the concerned District;
- Three from the community of affected persons from affected areas by notification.

Audit observed that trustees have been nominated only in five Districts<sup>7</sup> out of 31 Districts. The State Government did not nominate any such members for the remaining 26 Districts, including Ballari and Vijayanagara, which have intense mining activities. Failure to nominate these representative stakeholders detracted from the participative nature of the planning process.

### **2.3.2 Non-adherence to the GoI directions**

#### **Composition of Governing Council and Managing Committee**

The Ministry of Mines, GoI, observed the composition of Governing Council and Managing Committee of DMF varied from State to State and therefore, directed<sup>8</sup> (April 2021) the State Governments and Union Territories to incorporate certain changes in the rules regulating the composition of Governing Council and Managing Committee of DMF, with immediate effect.

In the State of Karnataka, the following changes were required in the DMFT Rules:

- The Chairman of Governing Council and Managing Committee shall be the Deputy Commissioner of the District. No other person could function as the Chairman of these committees.
- All Members of Parliament (Lok Sabha) from the district maybe a member of the Governing Council of the district or all such districts, if the constituency of Lok Sabha falls in more than one district.
- An MP of Rajya Sabha from a State shall be a member of the Governing Council of one district selected by him/her.

The GoI order also directed that any meeting of Governing Council or Managing Committee of District Mineral Foundation of a district held after issue of the order, will be held with composition as mandated above. However, no amendment to the DMFT Rules, 2016 was issued by the GoK, even after lapse of two years.

The Government replied (August 2024) that proposals were submitted (June

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<sup>7</sup> Chitradurga, Tumkur, Chickballapura, Kalaburagi and Uttara Kannada.

<sup>8</sup> In exercise of the powers conferred under the proviso of sub-section (3) of Section 9B of the MMDR Act, 1957.

2021) by the Department of Mines & Geology to amend DMFT Rules, 2016 and that the Law Department had given approval for amendments. However, Audit observed that the amendment was not yet notified and the District in-charge Minister continued to be the Chairman of DMFT, instead of the Deputy Commissioner of the District.

### **2.3.3 Long term perspective plan**

Similarly, Ministry of Mines, GoI, with a view to cover all affected people and areas in a systematic and time bound manner, desired a long term perspective plan and, directed (June 2022) the State Governments and Union Territories to incorporate the following in the DMF rules:

- Baseline surveys for perspective plan formulation maybe conducted through Universities/Renowned Organisations/agencies. Gram Sabha/Local Bodies may aid in preparation of needs assessment reports. The DMFs may also use the baseline survey undertaken by any department, if available. The reference and major findings of the surveys should be included in the Perspective Plans under PMKKKY for the District.
- Based on the findings and gaps as identified through the baseline survey or any such survey/assessment, the DMF shall prepare a strategy for five years and the same shall be included in the Perspective Plan. The five-year perspective plan shall be prepared taking into account, the current balance available and likely accrual to the DMF over a period of five years. The five-year perspective plan shall be disaggregated into year wise action plans.

However, no amendments to the DMFT Rules, 2016 were issued by the GoK even after one year of such directions from GoI. As a result, no baseline surveys or long term perspective plans were prepared in the test checked districts.

The Government replied (August 2024) that proposals had been submitted (August 2022) for amendment of DMFT Rules, 2016 and that the Law Department of GoK had given approval for the amendments. However, Audit observed that these amendments were yet to be notified (January 2025).

## **2.4 Preparation of Annual Plans**

Rule 7 of DMFT Rule, 2016 mandates the preparation of Annual plan and Annual Budget for implementation of the Annual Plan by January of each year, for implementation in the forthcoming financial year. Rule 15 (3) of the DMFT Rules, 2016 stipulates the preparation of Master Plan or Vision Document for activities of the Foundation Trust by the Specialised Agency.

Ministry of Mines, GoI also directed (June 2022) the State Governments and Union Territories to incorporate amendments in the DMFT Rules for conducting baseline surveys through Universities/Renowned Organisations/agencies for perspective plan formulation. Based on the findings and gaps as

identified through the baseline survey or any such survey/assessment, the DMF shall prepare a strategy for five years and the same shall be included in the Perspective Plan. The five-year perspective plan shall be prepared taking into account the current balance available and likely accrual to the DMF over a period of five years. The five-year perspective plan shall be disaggregated into year wise action plans.

Audit observed the following:

- The DMFTs prepared Annual Action Plans which contained the list of schemes and projects but did not conduct any base line survey to prepare perspective plan; as a result of which the needs of the affected areas were not identified comprehensively and action plans had isolated and disjointed works. Instances of works taken up without analysing the needs of the affected areas are detailed in **Paragraphs 5.5.1 and 5.8.1**.
- Rule 7 of DMFT Rule, 2016 stipulates only drawing of annual action plan. In this regard, detailed instructions and guidelines, such as involvement of line departments, role of nominated trustee, priority for the Head-wise works to be considered, extent of projects/programs to complement the existing ongoing schemes/projects of GoI and GoK, *etc.* were not prescribed by GoK.

The Government replied (August 2024) that a circular had been issued (December 2023) to concerned District Commissioners and Deputy Directors/Senior Geologists to conduct base line survey and prepare five year perspective plan. However, this circular was issued only after being pointed out by Audit and did not contain detailed instructions on the methodology.

### **2.5 Directly and indirectly affected areas.**

Rule 21 (c) of DMFT Rules, 2016 stipulates that the DMF Trust should prepare and maintain an updated list of directly and indirectly affected areas by mining related operations. As per the Scheme Guidelines, Directly affected areas are where direct mining related operations are located and include villages within which mines are situated, villages where families displaced by mines are settled, villages that significantly depend on the mining areas for meeting their economic need and have usufructs or traditional rights over the area, eg. grazing, collection of forest produce *etc.* Also, an area within such radius from a mine as may be specified by the state Government. Indirectly affected areas are those areas where local population was adversely affected on account of social, economic and environmental consequences of mining related operations like deterioration of water, soil and air quality, congestion and pollution due to mining and transportation of minerals, *etc.*

The GoK *vide* Notification dated 20 January 2020 issued instructions for the identification of directly and indirectly affected areas in the districts as detailed below:

**Table No. 2.1: Instructions for the identification of directly and indirectly affected areas**

Sl. No.	Annual DMF Collection	District	Percentage of funds to be allocated to directly affected areas	Distance from the mining area for the directly affected areas		Percentage of funds to be allocated to the indirectly affected areas	Boundary of indirectly affected areas
				Major Minerals	Minor Minerals		
1	Above 100 crore	Ballari	30	10 kms	5 kms	70	Remaining areas of the district
2	50 to 100 crore	Kalburgi	40	10 kms	5 kms	60	-do-
3	20 to 50 crore	Chitradurga	50	10 kms	5 kms	50	-do-
4	Less than 20 crore	Remaining 28 districts	60	10 kms	5 kms	40	-do-

Source: Data compiled by Audit

- Instead of identifying specific areas or villages either directly or indirectly affected by each mine or quarry separately, the notification classifies the entire District/State, as either directly affected or indirectly affected by mining activities, merely based on the distance from the mine/quarry.
- As the funds that could be generated by way of contributions are limited and very minimal in most districts, (**Refer Appendix-2**), classifying the entire state as affected by mining operations could result in non-addressal of the concerns of mining-affected areas and/people.

The Government replied (August 2024) that, notification classifying the entire district as affected by mining activities was issued for all-round development of the District and a notification would be issued specifying the limits of the areas directly and indirectly affected by mining. However, Audit observed that the distance limits were not revised.

### **2.6 Identification of Affected people**

One of the objectives of PMKKKY scheme was to ensure long-term sustainable livelihoods for the 'affected people' in mining areas. Affected people are persons affected by mining, including people who had legal and occupational rights over the land being mined and also those with usufruct and traditional rights. As per Rule 21 of DMFT Rules, the DMFT should prepare and maintain a list of affected people in consultation with elected representatives of local bodies.

Audit observed that the test checked DMFTs did not prepare a list of affected persons/people. In the absence of such a list, Audit was unable to ascertain how projects were planned and targeted at particular beneficiaries and specifically, those affected by mining directly.

The Government replied (August 2024) that action would be initiated to prepare and maintain a list of affected people and plan schemes for individuals as per PMKKKY Guidelines, 2024.

**Recommendations:**

- 1. Audit recommends that, action may be taken by the State Government to amend the DMFT Rules to include the Government of India directions on conducting baseline survey, preparation of Perspective Plan and accordingly DMFTs should frame perspective and annual plans that meet the objectives of PMKKKY.**
- 2. Government should take action to increase awareness of the Scheme through Information, Education and Communication activities and issue suitable directions to DMFTs to prepare a list of affected persons/people to enable targeted planning of projects for those affected by mining directly.**



**Chapter – III**  
**Collection of DMFT Funds**



## Chapter - III

### Collection of DMFT funds

*The main source of funds for the DMFT was by way of contributions made by lease holders of mines and quarries at prescribed rates. Audit noticed that there was no control system in place to ensure collection of amounts due to the Fund. There was no system of obtaining returns indicating the details of minor minerals used for works, Royalty and contribution to DMF deducted, etc. from the Work Executing Departmental Agencies. Interest received by implementing agencies on the funds provided by the DMFT were lying with the implementing agencies without transferring it to DMFT Ballari.*

#### 3.1 Fund Management

The main source of funds for the DMFT was by way of payments made by lease holders of mines and quarries at the rates prescribed by GoI<sup>9</sup> for Major minerals (17 September 2015) and GoK<sup>10</sup> for Minor minerals (12 August 2016). The DMFT fund was collected by the Department of Mines & Geology while collecting Royalty on major/minor minerals before issue of mineral dispatch permits and credited to the trust account maintained at Bank.

The year wise DMFT fund contribution collected and spent as of March 2023 in the State are as under:

**Table No. 3.1: Status of Royalty collection, DMF funds collected and spent as of March 2023**

(₹ in crore)				
Sl. No.	Financial Year	Royalty Collected	DMF Collection	Expenditure
1	2015-16	1,911.81	0.20*	0.00
2	2016-17	2,228.68	328.38	0.00
3	2017-18	2,590.25	603.22	19.86
4	2018-19	2,647.98	505.80	64.29
5	2019-20	3,057.15	490.59	302.21
6	2020-21	3,047.45	556.61	514.07
7	2021-22	4,218.77	824.91	463.53
8	2022-23	4,073.77	693.80	462.50
	<b>Total</b>	<b>23,775.86</b>	<b>4,003.51</b>	<b>1,826.46<sup>11</sup></b>

(Source: Information as furnished by the Director, Department of Mines & Geology, Bengaluru)

\* DMF collection for major minerals from 17 September 2015 and Minor minerals from 12 August 2016.

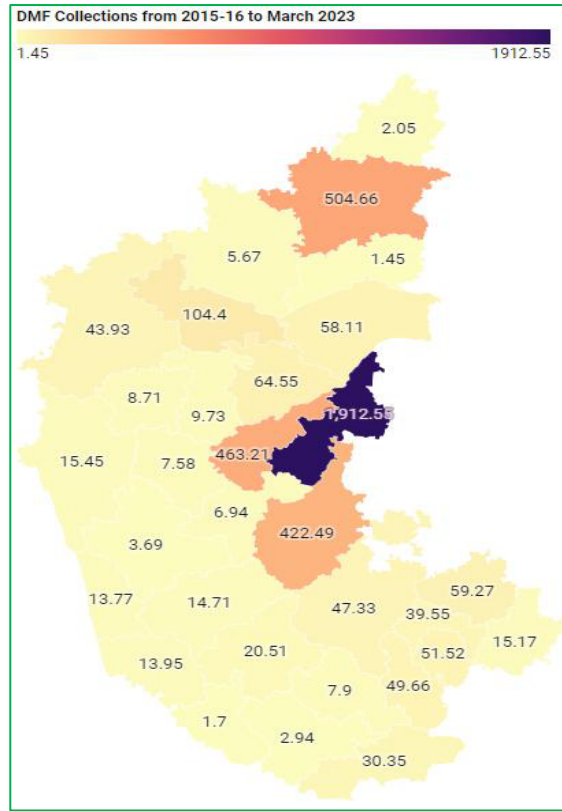
<sup>9</sup> 10 per cent of the Royalty paid in respect of mining leases or, as the case may be, perspective licence cum mining lease granted on or after 12 January 2015 and 30 per cent of the Royalty paid in respect of mining leases granted before 12 January 2015.

<sup>10</sup> 10 per cent of the Royalty, in case of quarry leases except ordinary sand granted through auction and 30 per cent of the Royalty, in case of leases granted without auction and 10 per cent of the Royalty in case of ordinary sand.

<sup>11</sup> Includes Covid-19 expenditure of ₹ 204.72 crore incurred from 2019-20 to 2022-23.

The details of district-wise DMFT fund collection from 2015-16 to 2022-23 are given in **Appendix – 2**.

**Chart No. 3.1: Depicting district-wise DMFT fund collection from 2015-16 to 2022-23.**

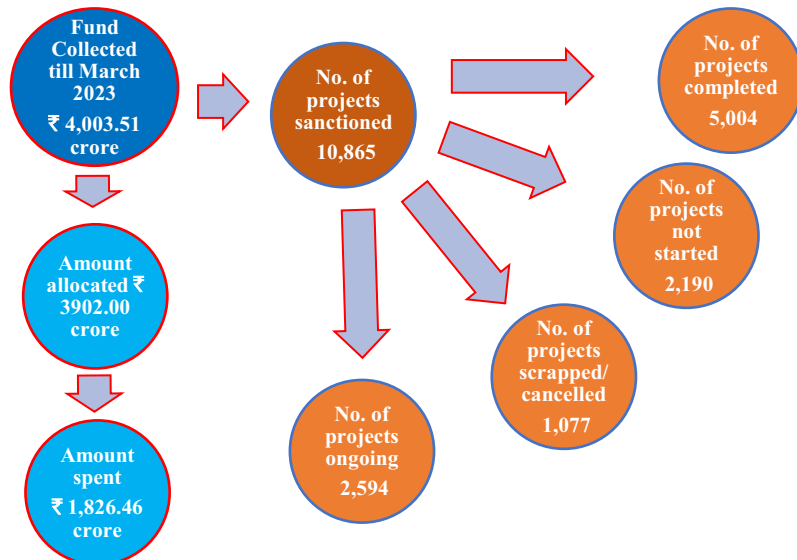


Of the 31 districts, 83 *per cent* of funds were collected in four districts *viz.*, Ballari, Vijayanagara, Kalaburagi and Chitradurga. Further, district-wise details of approved action plan, amount spent and status of works as on March 2023 are given in **Appendix – 3**. Out of the 4,191 works taken up with a sanctioned cost of ₹ 2,822.78 crore, 2,215 works amounted to ₹ 862.58 crore were completed as on 31 March 2023.

**3.2 Financial Outlay**

The DMFTs sanctioned 10,865 projects under PMKKKY and allocated funds to the extent of ₹ 3,902.00 crore as of March 2023. The detailed status of collection of DMF funds *vis-à-vis* status of projects sanctioned, funds allocated and spent till March 2023 are depicted in the chart below:

**Chart No. 3.2: Depicting status of DMF funds till March 2023**



3.3 The District wise amount of DMFT fund collected and utilised from 2015-16 to 2022-23 in selected districts are depicted in the table below:

**Table No. 3.2: Depicting district wise amount of DMFT fund collected and utilised in selected Districts**

(₹ in crore)						
Sl. No.	District	DMFT collected	No of projects	Sanctioned cost	DMFT utilised	Percentage of utilisation
1	Ballari	1,912.55	1,764	1,593.68	629.62	39.51
2	Vijayanagara	463.21	1,420	750.25	333.79	44.49
3	Chitradurga	422.49	305	319.39	254.52	79.69
4	Bengaluru Urban	51.52	607	76.35	42.74	55.98
5	Gadag	9.73	95	5.56	4.30	77.34
	<b>Total</b>	<b>2,859.50</b>	<b>4,191</b>	<b>2,745.23</b>	<b>1,264.97</b>	<b>46.08</b>

Source: Data provided by the Department

As against the sanctioned cost of ₹ 2,745.23 crore an amount of ₹ 1,264.97 crore was utilised representing 46.08 *per cent*. The percentage of utilisation ranged between 39.51 *per cent* in Ballari to 79.69 *per cent* in Chitradurga during 2015-16 to 2022-23.

Rule 18 of the DMFT Rules, 2016 stipulates that 85 *per cent* of fund should be earmarked for implementation of projects and schemes under PMKKKY, ten *per cent* towards endowment purposes to be spent after closure of mining activities in the affected areas, four *per cent* towards administrative expenditure of the DMFT and one *per cent* for the functioning of State Level Steering Committee, State Level Empowered Committee and State Level Monitoring and Evaluation Cell and other administrative charges at Directorate of Mines and Geology.

### 3.4 Assessment, Demand and collection of Contributions to DMF

The Department of Mines & Geology was responsible for assessment, demand and collection of contribution to DMF from lease holders. The Department maintains the data on leases issued, dispatch permits issued, Royalty and DMF collected in the Integrated Lease Management System (ILMS)<sup>12</sup>. The lease holders pay Royalty and Contribution to DMF separately, while obtaining permit for transportation of the minerals. Royalty was remitted to the treasury and Contribution to DMF was remitted to the respective bank account of the DMFT.

The Department prepares a statement of the Demand, Collection, and Balance (DCB) of Royalty and other dues that accrues from lease holders. A proper accounting mechanism was necessary wherein the DMF dues to be collected and actually collected are accurately calculated and recorded. Ideally, the Demand, Collection and Balance Statement should also include the accruals and

<sup>12</sup> Integrated Lease Management System a web based application software to automate the processes of issue of permits for transport of mineral, filing of periodical returns by lease holders.

collections from the lease holders on account of DMF contributions. However, Audit observed that the statement does not include DMF contribution dues and receipts from lease holders. In the absence of such information, Audit could not ascertain how the Department verified the accuracy of dues and collections of DMFT from lease holders.

The Government stated (August 2024) that DCB would be prepared including details of Contribution to DMF, in future.

**Recommendation:**

**3. The DMF dues and collections should also be reflected in the Demand Collection and Balance statement to ensure comprehensiveness and accuracy.**

**3.5 Non deduction of contribution to DMF by Work Executing Departments/Agencies (WEDAs)**

Special provisions for minor minerals required for all Government Departmental works are made under Rule 3B of KMMCR, 1994 which states that concerned Government Department/Corporation/authority executing major infrastructure projects could obtain quarry lease or licenses for their requirement of minor minerals and transport it with Royalty exempted Mineral Dispatch Permit (MDP), provided the Royalty, and Contribution to DMF are deducted from the contractors' work bill. Further, *vide* circular dated December 2019, the Director, DMG instructed the WEDAs to recover contribution to DMF at 30 *per cent* on Royalty when the contractors did not submit MDP for the minerals used in the works/projects.

In five test checked Districts, ₹ 393.27 crore<sup>13</sup> was paid towards Royalty by WEDAs during the period from 2020-21 to 2022-23. Further, Royalty of ₹ 388.31 crore<sup>14</sup> was shown as collected in the test checked three Districts through Treasury Transfer Receipt (TTR)<sup>15</sup>. The contribution to DMF receivable on the Royalty so collected would be within the range of ₹ 78.15 crore (if calculated at the rate of 10 *per cent* of Royalty) to ₹ 234.47 crore (if calculated at the rate of 30 *per cent* of Royalty).

However, neither the Department nor the DMFTs were able to confirm whether contribution to DMF was deducted and paid by WEDAs. There was no system of obtaining returns indicating the details of minor minerals used for works, Royalty and contribution to DMF deducted, *etc.* from the WEDAs.

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<sup>13</sup> Ballari - ₹ 32.45 crore, Bengaluru (Urban) - ₹ 251.04 crore, Chitradurga - ₹ 73.55 crore  
Vijayanagara - ₹ 15.92 crore and Gadag - ₹ 20.31 crore.

<sup>14</sup> Bengaluru (Urban) - ₹ 319.85 crore, Chitradurga - ₹ 31.79 crore & Gadag - ₹ 36.67 crore.

<sup>15</sup> TTR-used where Drawing and Disbursing Officer has to transfer the amount from their service Head of Account to any other Head of Account.

The Government replied (August 2024) that action had been initiated to collect DMF from the WEDAs by intimating (November 2023) them about non-collection of DMF on Royalty (in Chitradurga District). Further, it was stated that a circular (November 2023) had been issued to form a team (in Gadag District) to monitor the collection of DMF. However, no specific instructions were given in respect of the remaining three districts. Government needs to ensure that action was taken in all districts.

**Recommendation:**

**4. A proper system of obtaining returns from the WEDAs indicating details of Royalty, penalty, and contribution to DMF may be devised to ensure that dues are deducted and remitted correctly.**

While accepting the recommendation, Government stated (August 2024) that a suitable mechanism would be developed to monitor collection of DMF by Government Work Executing Departments.

**3.6 Non-collection of contribution to DMF on illegally transported minerals**

Rules 36, 36A, 42, and 44 of KMMCR, 1994 stipulates that holders of quarry lease or license are required to pay Royalty and contribution to DMF as a percentage of Royalty on the minerals removed or consumed. In order to transport minerals from the quarry, an MDP had to be obtained after payment of Royalty. Transportation of minerals without MDP attract penalty at five times the Royalty payable on the mineral so dispatched on first occasion and repeated offenses could result in determination of lease.

On scrutiny of Demand Collection and Balance (DCB) Reports maintained at the Department in test checked Districts for the years 2018-19 to 2021-22<sup>16</sup>, it was noticed that the Department had levied penalty of ₹ 516.60 crore for dispatch of Minor Minerals by the license holders without MDP. However, Royalty on the minerals removed and contribution to DMF to the extent of ₹ 14.16 crore was not demanded from the license holders. The details of penalty imposed, Royalty and DMF contribution not levied are tabulated below:

**Table No. 3.3: Statement showing penalty imposed, Royalty and DMF not collected**  
(₹ in crore)

Sl. No	District	Penalty imposed	Royalty not collected	DMF not collected
1	Ballari	19.67	3.93	1.18
2	Bengaluru Urban	24.27	4.87	1.29
3	Chitradurga	313.11	62.62	10.19
4	Gadag	22.05	4.31	0.46
5	Vijayanagara	137.50	5.93	1.04
<b>Total</b>		<b>516.60</b>	<b>81.66</b>	<b>14.16</b>

Source: Data provided by the Department

The Government replied (August 2024) that Rule 44(4) of the KMMCR Rules,

<sup>16</sup> DCB Report for the year 2022-23 was being prepared at the time of Field Audit Execution (October 2023).

1994 stipulated collection of penalty at five times Royalty for illegal mining and transportation and that there was no provision for collection of DMF. The reply was not acceptable as the DMF had to be collected as a percentage of Royalty payable and that Royalty was payable when the minerals are removed or consumed (Rule 36). Thus, the Department did not demand/collect Royalty and consequent DMF thereon, while imposing penalty for illegal mining and transportation of minerals.

**CHAPTER – IV**  
**Accounting Treatment,  
Accountability and Transparency  
Mechanism in DMFTs**



## Chapter – IV

### Accounting Treatment, Accountability and Transparency Mechanism in DMFTs

*DMFT funds were kept idle in Personal Deposit Accounts at treasury foregoing RoI. There was Non-remittance of interest accrued on funds provided by the DMFT, Ballari, by implementing agencies. Laxity on part of DMFT, Ballari in timely investment of Endowment fund in fixed deposits resulting in loss of interest.*

*Since its constitution, no meetings of State Level Steering Committee have been conducted. Only four meetings of State Level Empowered Committee headed by Chief secretary were held to monitor and review the progress of projects and programs of the DMFT and Managing Committees, as against the mandate of minimum of three meetings in a year. In the test checked districts, prescribed number of meetings were not convened by the foundation Trust and Managing Committee. Hence, Audit observed that there was deficiency in monitoring the DMFT activities.*

#### **4.1 Idling of DMFT fund in Personal Deposit Accounts at treasury**

As per the directions (January 2016) of GoK, contribution collected towards DMF were to be deposited in a Personal Deposit (PD) account at the District Treasury. Consequent to amendment (March 2018) of DMFT Rules, each DMFT was allowed to maintain separate bank accounts in any nationalised bank. Further, GoK instructed (June 2018) closure of the PD accounts in the treasury after transferring DMF amounts lying in the PD accounts to the bank accounts.

Audit observed that in three test checked districts, an amount of ₹ 98.86 crore<sup>17</sup> was still lying in the PD accounts from July 2018 to March 2023. The State Level Empowered Committee also had instructed (August 2021 and March 2022) Finance Department to transfer the funds kept in the PD account of treasury to the concerned bank accounts. However, the same was not adhered to (March 2023) resulting in probable loss of interest of ₹ 14.09 crore<sup>18</sup> to DMF on the balance.

The Government replied (August 2024) that suitable action would be initiated to transfer funds from PD accounts to bank accounts in respect of Ballari and Gadag Districts and that there was a difference in the amount remaining in Chitradurga District as per Treasury figures and action would be taken to ascertain the correct amount.

#### **4.2 Interest accruals of DMFT fund**

Rule 17 of the DMFT Rules, 2016 provides for the operation of DMFT funds

<sup>17</sup> Ballari (₹ 37.36 crore), Chitradurga (₹ 59.41 crore) and Gadag (₹ 2.09 crore).

<sup>18</sup> Calculated at the rate of 3 per cent interest for savings account for 57 months from July 2018 to March 2023.

in any of the Nationalised Bank Accounts and Rule 16 stipulates that the interest accrued on the bank account shall also be one of components of the DMFT Fund.

The DMFT provides funds to implementing agencies for various developmental and welfare projects or programmes in mining affected areas. As per the above rule, interest accrued on the funds provided by the DMFT needs to be transferred back after completion of project. On a test check of bank accounts of implementing agencies at Ballari, viz., the Executive Engineer, Karnataka Urban Water Supply and Drainage Board, Commissioner, City Corporation, and Ballari Sheep Development and Training Centre, Kurikoppe, Sandur taluk, Audit observed that an amount of ₹ 1.31 crore had accrued on DMFT grants of ₹ 68.56 crore deposited with implementing agencies for 117 works. The interest earned on DMFT grants were lying with the implementing agencies and were not transferred to DMFT, Ballari. This issue was likely to be found<sup>19</sup> in all districts as the implementing agencies have the funds obtained from DMFTs in advance for execution of works.

The Government replied (August 2024) that interest of ₹ 2.81 crore was remitted to bank account of DMFT, Ballari by implementing agencies. However, the recovery of interest and other details have not been shared with Audit.

**Recommendation:**

**5. Action should be taken by the implementing agencies to transfer the interest accrued on DMFT funds periodically and with unspent balance after completion of each project.**

**4.3 Non-reimbursement of DMF grants**

GoK accorded (May 2021) approval to incur expenditure to the extent of ₹ 14.94 crore towards medical personnel, medicines and medical equipment to 1000 Oxygenated beds constructed by M/s. Jindal Steel Works Limited at Torangallu of Sandur Taluk, Ballari for six months in order to contain spread of COVID-19 pandemic.

Due to emergency situations, the District Health & Family Welfare Officer (DH&FWO), Ballari had incurred ₹ 5.67 crore out of the funds allocated towards COVID-19 out of DMF, Ballari. The DH&FWO utilised these funds towards hiring of medical personnel.

As the above utilised funds are reimbursable by GoK, DH&FWO, requested (December 2021), Deputy Commissioner (DC), Ballari to forward the proposal to the Principal Secretary to GoK, Department of Health and Family Welfare, for reimbursement of ₹ 2.08 crore. The same was forwarded on January 2022.

Audit observed that while claiming reimbursement, DH&FWO, Ballari had not considered the salary to Group 'D' personnel paid to the extent of ₹ 0.91 crore. Further, the matter was not pursued further by the DH&FWO after June 2022.

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<sup>19</sup> The data was not made available in the other test checked Districts of Chitradurga, Gadag, Vijayapura and Bengaluru Urban.

Audit also observed that the amount of ₹ 2.08 crore was not reimbursed till December 2023.

DMFT Ballari replied (November 2023) that a fresh proposal had been submitted to the Government for reimbursement of ₹ 3.30 crore including Group D salary. Only on being pointed out by Audit, the DMFT Ballari raised its demand.

#### **4.4 Investment of Endowment Fund**

Rule 18 (1) of DMFT Rules, 2016, stipulates that 20 *per cent* of the DMFT fund shall be earmarked for endowment purpose after closure of mining activities in the affected areas and the same was subsequently revised (8 March 2018) to 10 *per cent* of the Fund. GoK vide circular (15 June 2021) instructed that the endowment fund should be kept in Fixed Deposit in a Nationalised Bank, after following the procedure prescribed (March 2020) by the Finance Department, GoK.

Audit observed that the Deputy Director, Chitradurga and Sr. Geologist, Gadag accumulated endowment funds to the extent of ₹ 48.39 crore<sup>20</sup> as of March 2023 in Savings Bank Account and PD account operated at Treasury (prior to opening of Bank Account). This resulted in loss of interest to the extent of ₹ 1.83 crore<sup>21</sup> from 2016-2023.

Further, the DMFT, Ballari invested an amount of ₹ 209.63 crore (19 July 2022) and ₹ 36.00 crore (01 February 2023) in Fixed Deposits. If the DMFT Ballari had invested the available Endowment fund of ₹ 252.62 crore (as per CA report of 2021-22) in the Fixed Deposit from the date of issue of instructions (15 June 2021) by GoK, the DMFT, Ballari could have earned an interest of ₹ 7.58 crore<sup>22</sup>.

Audit also noticed that the State Level Empowered Committee and District level committees (Governing Council and Managing Committee) had discussed the collection and expenditure out of DMFT funds and allocation to endowment funds, but did not give specific directions about investment of the endowment funds in any of their meetings.

The Government replied (August 2024) that DMFTs were instructed to deposit endowment funds in nationalised banks as per Government Orders. The reply was silent on non-adherence to the instructions of GoK to invest in Fixed Deposits.

#### **4.5 DMFT Accounts**

Rule 24 of DMFT Rules, 2016, specifies that the accounts of a DMFT shall be audited every year by a Chartered Accountant appointed by the DMFT and shall

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<sup>20</sup> Chitradurga – ₹ 47.18 crore (upto March 2023 only) and Gadag – ₹ 1.21 crore.

<sup>21</sup> Considering minimum interest rate difference of 3 *per cent* per annum between savings bank account and fixed deposit interest.

<sup>22</sup> (3 *per cent* of ₹ 252.62 crore) for 12 months.

be completed within three months of the close of the financial year.

Audit observed that Annual accounts were prepared and audited by Chartered Accountants in the test checked DMFTs. The Chartered Accountants certify the balance sheet, income and expenditure account and receipts and payment account on that date give a true and fair view. The certificate was enclosed to the Annual Report of the DMFTs.

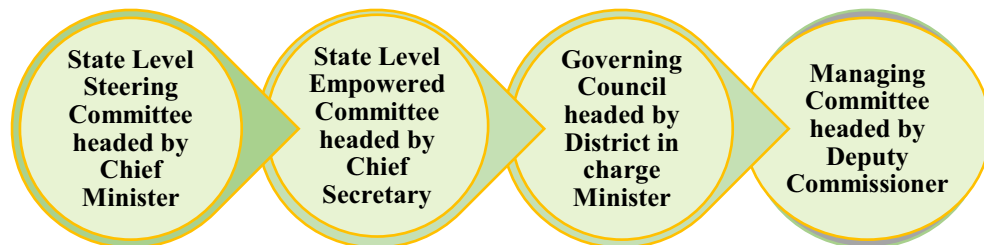
#### **4.6 Monitoring the implementation of projects**

The PMKKKY Scheme was launched to ensure welfare of people in areas affected by mining related operations. Constant monitoring of the scheme's implementation was essential to ensure that the objectives are fulfilled/achieved.

As envisaged by the DMFT Rules, two committees are to be formed to review and monitor the implementation of the projects and programs at State level. In the District level, there are two committees viz., Governing Council of the trustees of the DMFT and Managing Committee, an executive body of the DMFT for implementation of the decisions of the Governing Council.

A pictorial diagram of the hierarchy of the committees as per DMF Rules, 2016 was as below:

**Chart No. 4.1: Pictorial diagram showing hierarchy of the committees**



##### **4.6.1 State Level Steering Committee**

With an intention to monitor the implementation of projects and programs of the DMFT and review the functioning of the State Level Empowered Committees, a State Level Steering Committee (SLSC) headed by the Honorable Chief Minister was constituted in March 2018. As envisaged under Rule 5A of DMFT Rules 2016, the SLSC shall meet at least once a year.

Audit observed that, since constitution of SLSC, no meetings were held till June 2023.

##### **4.6.2 State Level Empowered Committee**

As required under Rule 5B of DMFT Rules, 2016, State Level Empowered Committee (SLEC) headed by Chief Secretary to the Government of Karnataka

which was to monitor and review the progress of projects and programs of the DMFT and Managing Committees, met only four<sup>23</sup> times during 2018 to 2023, as against the requirement of meeting at least three times in a year.

Audit observed that only four meetings were held after the constitution of the committee, as against the requirement of 15 meetings.

In the four SLEC meetings conducted, deliberations were held on Preparation of Action Plan according to collection of DMF, fixing limits for directly and indirectly affected areas, Implementation of action plan in the 60:40 ratio for High Priority and Other Priority Areas, adding afforestation under EPPC Head, utilisation of 30 per cent of funds for Covid-19, utilisation of funds for the State level monitoring and supervision out of administrative grants, Non-collection of contribution to DMF from the Works Executing Departments/Agencies, utilisation of the services of Environmental Management and Policy Research Institute (EMPRI) in the mining affected areas for surveys, etc. Further, issues regarding physical and financial progress of PMKKKY works were discussed along with monitoring follow-up action taken.

The Government replied (August 2024) that action was being initiated to conduct SLSC and SLEC meetings regularly, in accordance with DMFT Rules.

#### 4.7 Meetings of the Foundation Trust and Managing Committees

Rule 8 and 14 of DMFT Rules, 2016 stipulates that the Foundation Trust shall meet at least once every six months and Managing Committee shall meet at least four times in a financial year. Audit scrutiny of test checked districts revealed that the prescribed number of meetings were not convened by the Foundation Trust and Managing Committee as detailed below:

**Table No. 4.1: Details of Governing Council and Managing Committee meetings held**

Sl. No.	District	Financial Year from 2016-17 to 2022-23	
		Number of meetings to be held	Number of meetings held
<b>Governing Council</b>			
1	Chitradurga	14	10
2	Ballari	14	11
3	Gadag	14	2
4	Bangalore Urban	14	3
5	Vijayanagara	3	4
<b>Managing Committee</b>			
1	Chitradurga	28	10
2	Ballari	28	6
3	Gadag	28	3
4	Bangalore Urban	28	3
5	Vijayanagara	8	4

Source: Compiled by Audit from the data provided by Department.

The details of Managing Committee and Governing Council Meetings held from 2016-17 to 2022-23 are tabulated in *Appendix – 4*.

<sup>23</sup> Meetings were held on 30 November 2019, 16 May 2020, 27 August 2021 and 17 March 2022.

Audit observed that DMFTs of Ballari and Gadag districts did not conduct any Managing Committee meeting during the years 2021-22 and 2022-23. Further, DMFTs of Ballari and Chitradurga districts did not conduct any Governing Council meeting during 2021-22 and 2022-23. DMFT, Bengaluru Urban did not conduct any Managing Committee or Governing Council meeting during 2022-23.

Audit observed that works sanctioned during 2017-2020 had not been commenced or tendered in the selected districts as detailed in **Paragraph 5.11** indicating inadequate monitoring by the Governing Councils and Managing Committees.

The Government replied (August 2024) that the Deputy Commissioners and Presidents of District DMFTs were advised to conduct meetings. However, the reply was silent about conducting of Managing Committee meetings.

**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.*

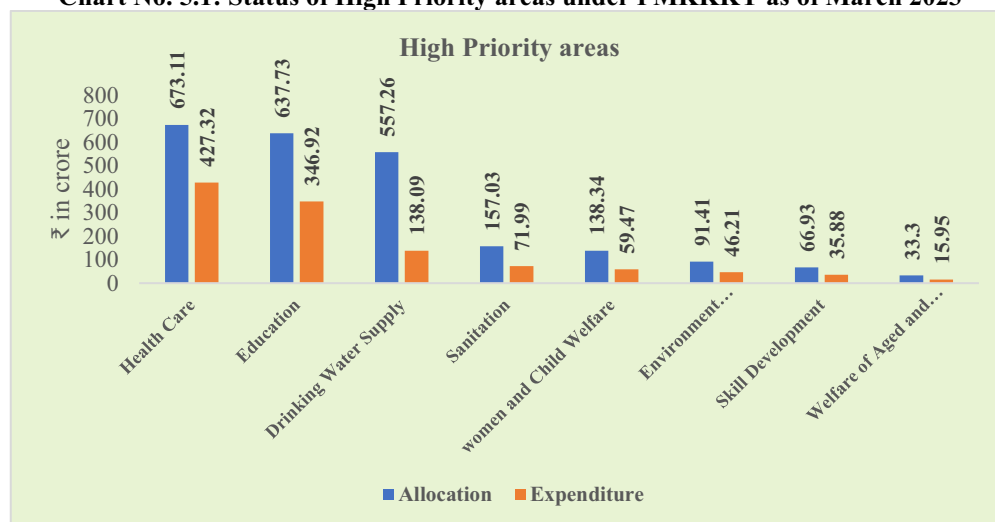
#### **5.1 Planning for Priority areas**

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.

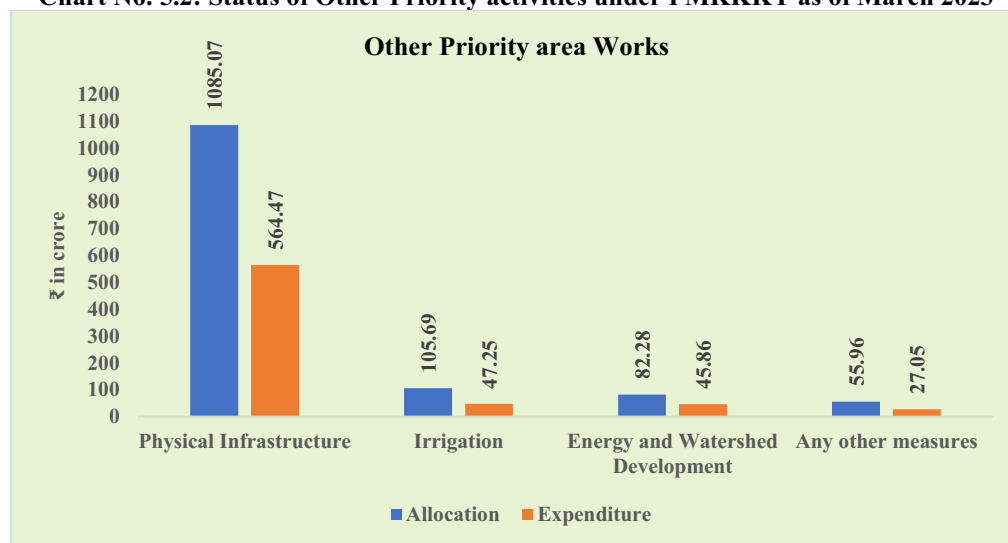
**Chart No. 5.1: Status of High Priority areas under PMKKKY as of March 2023**



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	<b>Education</b>	<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
	 <p><b>Note cam lite</b> Address : Kuvempu Nagar,Ballari,Karnataka,India Latitude : 15.15071004° Longitude : 76.87682715° Altitude : 466.0 meter Date : 09/11/2023 04:59 pm Accuracy : 3.7900925 meter Time zone : IST Note : upgradation of vsk University</p>	 <p><b>Note cam lite</b> Address : Sandur,Karnataka,India Latitude : 15.07891098° Longitude : 76.54121224° Altitude : 572.0 meter Date : 09/02/2023 05:09 pm Accuracy : 3.7900925 meter Time zone : IST Note : 9 buses to ksrctc bus stand sandur taluk</p>	<p><b>Picture No. 5.2:</b> Upgradation of VSK university under DMFT funds at Ballari District.</p> <p><b>Picture No. 5.3:</b> Providing buses to KKRTC for public use under DMFT funds at Sandur Taluk, Ballari District.</p>
3	<p><b>Physical Infrastructure</b></p>	<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>
	 <p><b>Note cam lite</b> Address : Sandur,Karnataka,India Latitude : 15.08868549° Longitude : 76.54080754° Altitude : 588.0 meter Date : 09/02/2023 04:20 pm Accuracy : 3.7900925 meter Time zone : IST Note : open gym sandur taluk</p>	 <p><b>Note cam lite</b> Address : Chornur,Karnataka,India Latitude : 14.92578441° Longitude : 76.5291305° Altitude : 699.0 meter Date : 09/02/2023 11:04 am Accuracy : 3.7900925 meter Time zone : IST Note : police station CHORANUR</p>	<p><b>Picture No. 5.4:</b> Construction of Open Gym to old citizens in public park, Sandur, Ballari District under DMFT funds.</p> <p><b>Picture No. 5.5:</b> Construction of Police Station at Chorananur, Ballari District under DMFT funds.</p>

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 e-learning setup	Number of schools yet to utilise the e-learning 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:

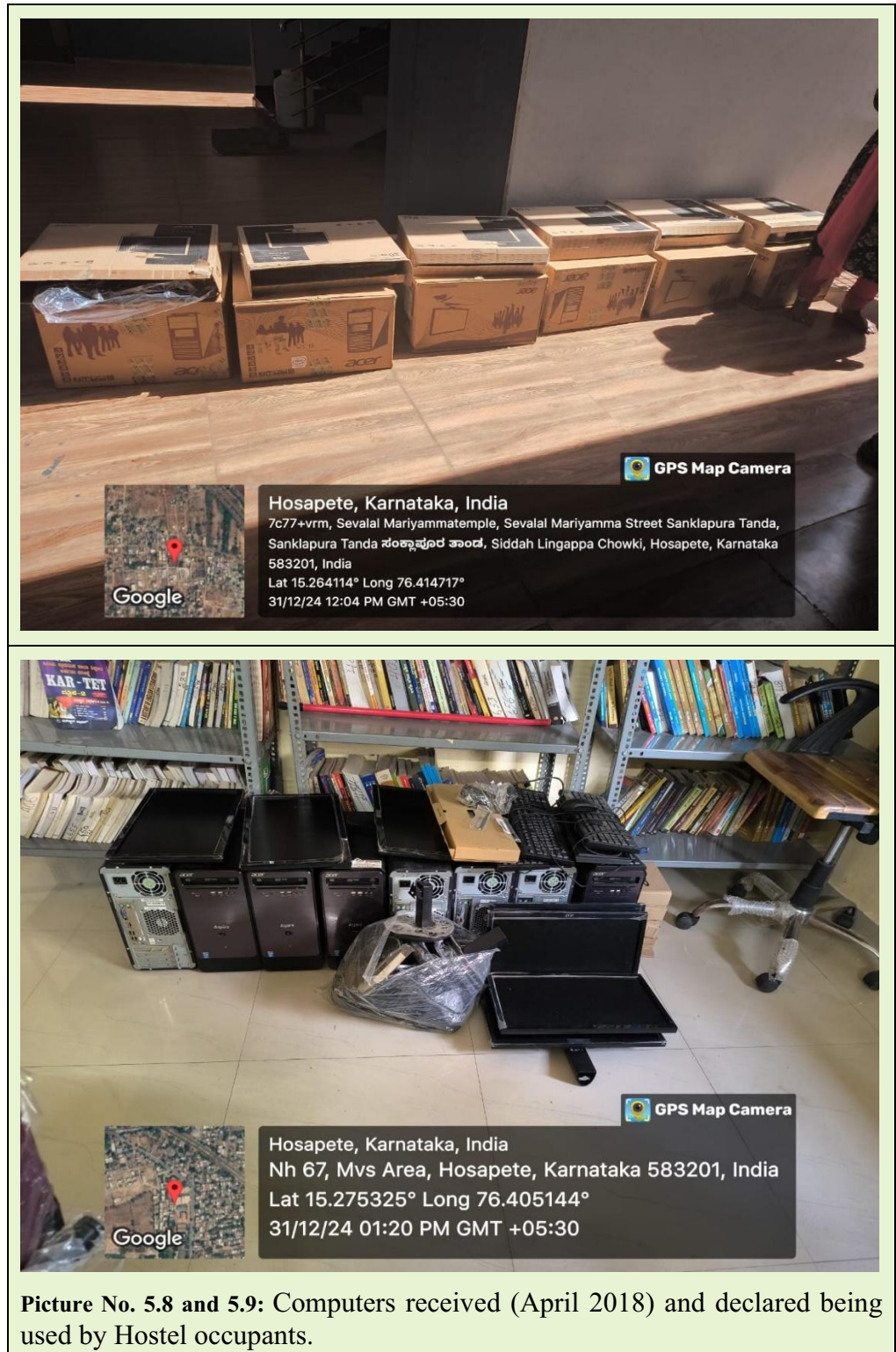
**Table No. 5.6: Statement showing details of items not put to use by the Hostels**

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.



Picture No. 5.8 and 5.9: Computers received (April 2018) and declared being used by Hostel occupants.

### 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.



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

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

<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.



**Picture No 5.14:** Car shed constructed up to middle of the CC road at Benekenahalli, Chitradurga District.

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

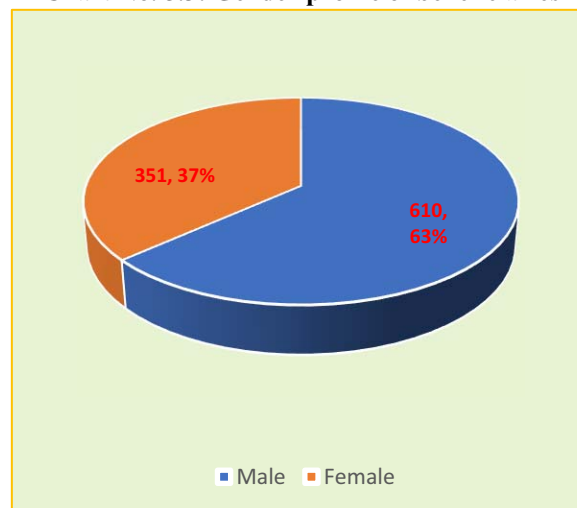


Table No. 5.8: Age wise profile of beneficiaries selected for survey

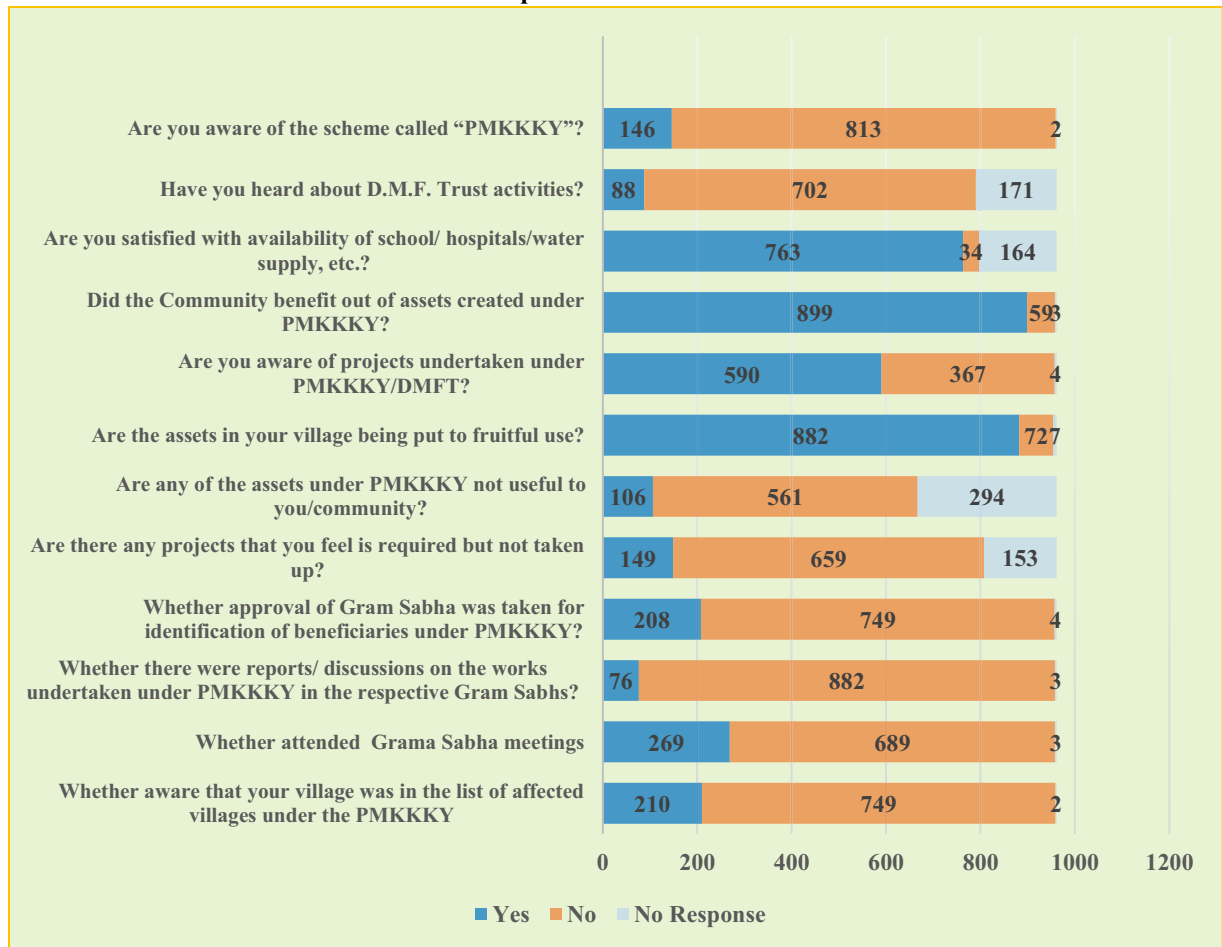
Sl. No.	Age profile	No of beneficiaries	Male		Female	
			Town	Village	Town	Village
1	7 to 20	326*	54	111	66	95
2	21- to 30	167	32	73	22	40
3	31 to 60	452	53	273	24	102
4	Above 60	16	2	12	1	1
	<b>Total</b>	<b>961</b>	<b>141</b>	<b>469</b>	<b>113</b>	<b>238</b>

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.*





# Appendices



*Appendix – 1**(Referred in Paragraph No. 2.3)***Members of District Mineral Foundation Trust**

<b>Sl. No.</b>	<b>Name and Designation</b>	<b>Designation in the Governing Council</b>
01	District in-charge Minister	Ex officio Trustee and Chairman
02	Members of Parliament representing the District.	Ex-officio Trustee
03	Members of Legislative Assembly representing the part or whole of the District.	Ex-officio Trustee
04	Members of Legislative Council registered as voter in the District	Ex-officio Trustee
05	The President, Zilla Panchayat concerned	Ex-officio Trustee
06	The Deputy Commissioner of the District	Ex-officio Trustee and Member Secretary.
07	The Chief Executive Officer of the Zilla Panchayat of the District	Ex-officio Trustee and authorized signatory
08	The Deputy Conservator or Conservators of Forest (Territorial), Forest Department	Ex-officio Trustee
09	The District Health officer of the District.	Ex-officio Trustee
10	The Executive Engineer Public Works, Inland Water Transport and Ports Department of the District	Ex-officio Trustee
11	The Executive Engineer Zilla Panchayat of the District, In-charge of the Rural Water Supply in the District.	Ex-officio Trustee
12	The Joint Director, District Industries Centre, Commerce and Industries Department	Ex-officio Trustee
13	The Environmental Officer, Nominated by the Karnataka State Pollution Control Board	Ex-officio Trustee
14	The Deputy Director of Public Instruction, Education Department in charge of the district	Ex-officio Trustee
15	Two Representatives from industries using minerals in the concerned district, to be nominated by the State Government	Nominated Trustee
16	Two Representatives from the holders of mineral or minor mineral concession belonging to the concerned district, to be nominated by the State Government	Nominated Trustee
17	One Representative from a prominent Non Governmental Organisation or any Institution working on Environmental issues in the concerned district to be nominated by the State Government by notification	Nominated Trustee
18	Three representatives of the Community of affected persons from affected areas nominated by the State Government by notification.	Nominated Trustee
19	The Deputy Director or Senior Geologist of the Director of Mines and Geology Department of the respective district.	Ex-Officio Trustee and Convenor

**Appendix – 2**  
**(Referred in Paragraph No. 3.1)**  
**District wise DMF Collection from the financial year 2015-16 to 2022-23**

(₹ in crore)

Sl. No.	District	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23 (March 2023)	Total
1	Ballari	0.0090	137.87	390.94	246.59	231.32	277.91	269.50	358.42	1,912.55
2	Vijaynagara	0.0000	16.94	18.94	57.29	33.04	40.60	252.21	44.20	463.21
3	Kalaburagi	0.0000	93.70	64.87	66.15	57.97	63.86	77.31	80.80	504.66
4	Chitradurga	0.0000	9.13	45.38	34.33	64.38	68.33	113.10	87.84	422.49
5	Bagalkot	0.0000	19.92	12.42	13.51	13.49	12.57	17.04	15.44	104.40
6	Koppal	0.0000	9.68	12.20	10.94	9.53	7.96	7.56	6.67	64.55
7	Raichur	0.0000	9.44	2.68	11.38	9.12	8.88	5.66	10.95	58.11
8	Chikkaballapura	0.0000	3.79	6.90	8.69	7.99	8.60	10.12	13.18	59.27
9	Ramanagara	0.0000	4.60	6.80	7.77	7.91	8.33	8.15	6.10	49.66
10	Bangalore Urban	0.0000	1.59	3.81	8.17	10.89	8.23	9.51	9.32	51.52
11	Tumkur	0.0000	3.73	5.54	7.08	6.10	8.57	8.70	7.61	47.33
12	Bangalore Rural	0.0000	1.27	3.10	5.95	7.39	7.35	6.89	7.61	39.55
13	Belgaum	0.1765	1.91	4.98	4.94	5.41	5.87	10.23	10.41	43.93
14	Chamarajanagar	0.0000	3.02	4.58	4.64	5.02	4.50	4.25	4.34	30.35
15	Uttara Kannada	0.0000	3.64	3.77	1.30	1.95	1.14	0.98	2.66	15.45
16	Hassan	0.0000	0.42	2.11	2.14	3.64	3.90	3.79	4.51	20.51
17	Dakshina kannada	0.0000	0.95	1.71	2.43	1.99	1.98	1.70	3.19	13.95
18	Udupi	0.0000	0.84	1.73	1.36	1.83	2.34	2.45	3.21	13.77
19	Chikkamagaluru	0.0000	0.52	1.31	1.75	1.88	2.32	2.92	4.01	14.71
20	Kolar	0.0000	0.44	1.13	1.79	1.53	3.17	3.71	3.40	15.17
21	Gadag	0.0000	0.70	1.72	1.52	1.15	1.31	1.39	1.95	9.73
22	Dharwad	0.0000	0.54	0.86	1.51	1.55	1.56	1.41	1.28	8.71
23	Haveri	0.0000	0.28	1.55	1.08	1.68	1.16	0.68	1.16	7.58
24	Davanagere	0.0000	1.06	1.02	0.92	0.89	0.71	1.13	1.21	6.94
25	Vijayapura	0.0000	0.48	1.90	0.58	0.65	1.10	0.58	0.38	5.67

Appendix – 2 (contd.)

Sl. No.	District	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23 (March 2023)	Total
26	Mandya	0.0000	0.09	0.15	0.46	0.98	2.72	2.22	1.27	7.90
27	Shivamogga	0.0000	0.72	0.39	0.47	0.29	0.42	0.47	0.94	3.69
28	Mysuru	0.0140	0.13	0.28	0.34	0.40	0.59	0.57	0.62	2.94
29	Bidar	0.0000	0.68	0.10	0.19	0.14	0.11	0.19	0.65	2.05
30	Kodagu	0.0000	0.05	0.19	0.24	0.31	0.33	0.29	0.29	1.70
31	Yadgir	0.0000	0.27	0.17	0.31	0.19	0.17	0.19	0.15	1.45
=	<b>Total</b>	<b>0.20</b>	<b>328.38</b>	<b>603.22</b>	<b>505.80</b>	<b>490.59</b>	<b>556.61</b>	<b>824.91</b>	<b>693.80</b>	<b>4,003.51</b>

**Appendix – 3**  
**(Referred in Paragraph No. 3.1)**  
**District wise DMF collection, Approved Action Plan, Spent and Works status details - March 2023**

Sl. No.	District	DMF Collection from 2015-16 to March 2023	85 per cent Available Amount	Total No. of works	Approved Action plan Amount	PMKKKY works Amount Spent	Covid -19 Activities Amount Spent upto March 2023	Total Amount Spent	No. of ongoing works	No. of works completed	No. of works yet to start	No. of works scrapped/ cancelled	Expenditure percentage
1	Ballari	1,912.55	1,625.67	1,757	1,593.68	576.47	53.16	629.62	318	814	229	396	39%
2	Vijaynagara(Hospete)	463.21	393.73	1,400	753.33	333.79	0.00	333.79	321	536	341	202	85%
3	Kalaburagi	504.66	428.96	1,343	540.84	104.63	59.51	164.14	177	868	251	47	38%
4	Chitradurga	422.49	359.11	304	319.40	214.19	40.34	254.52	162	90	43	9	71%
5	Bagalkot	104.40	88.74	349	114.10	71.43	3.86	75.29	59	218	68	4	85%
6	Koppal	64.55	54.87	466	88.91	39.53	5.43	44.96	131	158	177	0	82%
7	Raichur	58.11	49.39	178	70.23	38.86	3.86	42.72	99	43	5	31	86%
8	Chikkaballapura	59.27	50.38	151	78.03	25.60	4.39	29.99	46	60	16	29	60%
9	Ramanagara	49.66	42.21	627	36.06	27.91	6.19	34.11	178	356	30	63	81%
10	Bangalore Urban	51.52	43.79	607	76.35	38.22	4.52	42.74	84	360	141	22	98%
11	Tumkur	47.33	40.23	799	49.96	33.58	5.64	39.22	23	277	304	195	97%
12	Belgaum	43.93	37.34	267	29.61	25.17	3.74	28.91	80	41	146	0	77%
13	Bangalore Rural	39.55	33.62	888	36.86	20.49	2.63	23.12	458	309	95	26	69%
14	Chamarajanagar	30.35	25.80	60	24.08	10.51	2.97	13.48	17	13	22	8	52%
15	Hassan	20.51	17.43	337	12.53	10.99	0.15	11.14	34	290	5	8	64%
16	Uttara Kannada	15.45	13.13	97	7.62	6.89	0.44	7.33	6	84	1	6	56%
17	Kolar	15.17	12.89	160	5.93	2.63	0.76	3.39	78	82	0	0	26%
18	Dakshina Kannada	13.95	11.86	55	3.05	2.75	1.52	4.27	9	43	2	1	36%
19	Chikkamagaluru	14.71	12.50	203	12.33	7.03	0.00	7.03	49	46	84	24	56%
20	Udupi	13.77	11.70	257	9.04	7.33	1.19	8.52	135	94	24	4	73%
21	Gadag	9.73	8.27	92	4.94	3.70	0.60	4.30	20	43	29	0	52%
22	Dharwad	8.71	7.41	128	6.94	5.17	1.00	6.17	2	107	19	0	83%
23	Mandya	7.90	6.71	107	6.56	4.58	0.24	4.82	67	20	20	0	72%
24	Haveri	7.58	6.44	122	7.88	1.74	0.94	2.67	8	13	99	2	41%
25	Davanagere	6.94	5.90	14	5.32	5.10	0.16	5.26	4	10	0	0	89%
26	Vijayapura	5.67	4.82	33	4.49	2.29	0.55	2.84	7	6	20	0	59%
27	Shivamogga	3.69	3.14	19	0.57	0.28	0.39	0.68	0	10	9	0	22%

Appendix – 3 (contd.)

Sl. No.	District	DMF Collection from 2015-16 to March 2023	85 per cent Available Amount	Total No. of works	Approved Action plan Amount	PMKKKY works Amount Spent	Covid -19 Activities Amount Spent upto March 2023	Total Amount Spent	No. of ongoing works	No. of works completed	No. of works yet to start	No. of works scrapped/ cancelled	Expenditure percentage
28	Mysuru	2.94	2.50	8	1.77	0.10	0.23	0.33	6	1	1	0	13%
29	Kodagu	1.70	1.44	17	0.73	0.49	0.20	0.69	16	1	0	0	48%
30	Bidar	2.05	1.75	9	0.48	0.00	0.10	0.10	0	0	9	0	6%
31	Yadgir	1.45	1.23	11	0.37	0.31	0.00	0.31	0	11	0	0	25%
	<b>Grand Total</b>	<b>4,003.51</b>	<b>3,402.98</b>	<b>1,0865</b>	<b>3,902.00</b>	<b>1,621.74</b>	<b>204.72</b>	<b>1,826.46</b>	<b>2,594</b>	<b>5,004</b>	<b>2,190</b>	<b>1,077</b>	<b>54%</b>

**Appendix – 4**  
**(Referred in Paragraph No. 4.7)**  
**Statement showing Managing Committee and Governing Council Meetings held from 2016-17 to 2022-23**

I. Managing Committee											
Sl. No.	District	Meetings	Financial Year						Total No. of Meetings		
			2016-17	2017 -18	2018-19	2019-20	2020-21	2021-22		2022-23	
1	Chitradurga	MC	NIL (0)	NIL (0)	NIL (0)	30/11/2019, 15/02/2020 (2)	12/06/2020, 25/09/2022, 18/11/2020 (3)	21/04/2021, 09/08/2021, 21/01/2022 (3)	16/06/2022, 30/09/2022 (2)	10	
2	Ballari	MC	NIL (0)	17/5/2017, 17/8/2017, 25/1/2018, 27/2/2018 (4)	NIL (0)	29/11/2019, 23/12/2019, 28/1/2020, 27/2/2020, 23/3/2020, (5)	12/10/2020, 1/12/2020 (2)	NIL (0)	NIL (0)	11	
3	Gadag	MC	NIL (0)	NIL (0)	NIL (0)	21.03.2020 (1)	31.12.2020 (1)	NIL (0)	NIL (0)	2	
4	Bangalore Urban	MC	NIL (0)	20.11.2017 (1)	NIL (0)	NIL (0)	29/05/2020 (1)	18/11/2022 (1)	NIL (0)	3	
5	Vijayanagara	MC	Not applicable (Dist was formed in February 2021 and DMFT was formed in October 2021)						02.12.2021, 14.01.2022 (2)	16.11.2022, 27.03.2023 (2)	4

Appendix – 4 (contd.)

II. Governing Council		Meetings	Financial Year						Total No. of Meetings		
Sl. No.	District		2016-17	2017 -18	2018-19	2019-20	2020-21	2021-22		2022-23	
1	Chitradurga	GC	NIL (0)	27/11/2017, 10/12/2017 (2)	11/9/20218, 8/3/2019 (2)	19/10/2019, 5/7/2019 4/11/2019 (3)	28/11/2020, 15/7/2020, 8/5/2020 (3)	NIL (0)	NIL (0)	10	
2	Ballari	GC	15/12/2016 (1)	NIL (0)	19/11/2018, 19/11/2019, 26/2/2019 (3)	22/10/2019 (1)	29/9/2020 (1)	NIL (0)	NIL (0)	6	
3	Gadag	GC	NIL (0)	29.11.2017 (1)	NIL (0)	NIL (0)	NIL (0)	06.04.2021 (1)	17.03.2023 (1)	3	
4	Bangalore Urban	GC	NIL (0)	28.12.2017 (1)	NIL (0)	NIL (0)	14.09.2020 (1)	13.01.2022 (1)	NIL (0)	3	
5	Vijayanagara	GC	Not applicable (Dist was formed in February 2021 and DMFT was formed in October 2021)						NIL (0)	30/04/2022, 05/12/2022, 27/01/2023, 14.08.2023 (4)	4

**Appendix – 5**  
**(Referred in Paragraph No. 5.4)**

**Statement showing Works awarded to Nirmithi Kendra without inviting tender**

SL No	Name of the work	Action plan (₹ in lakh)	Expenditure (₹ in lakh)	Action Plan	DMFT Governing Council Approval Date	Remarks
1	Renovation & Reconstruction at Taranath Ayurvedic College Ballari-1 Construction of (Ground Floor) Boys Hostel for Ayurvedic Students in Taranatha Ayurvedic College Ballari (316)	175	163.95	III	19-01-2019 & 26-02-2019	
2	Renovation & Reconstruction at Taranath Ayurvedic College Ballari-1 Construction of (First Floor and Infrastructure) Boys Hostel for Ayurvedic Students in Taranatha Ayurvedic College Ballari (316)	125	116.51	III	Do	
3	Purchase of Medical Equipments for Taranath ayurvedic College	140	44.31	III	Do	
4	Renovation of pathology, Andrology and Seminar Hall at Taranath Government Ayurvedic Medical College in Ballari”	55.054	54.8	III	Do	
5	Repair and providing fundamental facilities to Pre-Metric/Post metric Girls/Boys Hostels at 1) Bommagatta 2)Choranuru 3)Sandur Town 4) Hosa Daroji 5) Sandur Town 6)Sandur Town	280		VI	29-09-2020	
6	Repair and providing fundamental facilities to Pre-Metric/Post metric Girls/Boys Hostels at 1)Choranuru 2)Sandur	260		VI	do	
7	Phase-I Nallah Cheravu Inside Ballari City (Lake Development, Bund Pitching, Desilting and Chain Link Mesh Fencing) (807)	185	171.24	I	15-12-2016	
8	Providing Pavers for Nallacheravu Lake in Ballari. (1355)	73	70.77	I	do	
9	Construction of Hockey Court Synthetic Turfing work at Ballari District (584)	176.15	174.58	II	19-11-2018	
10	Construction of Hockey Court Foundation Work at Ballari District (584)	93.85	90.02	II	do	
11	Construction of Indoor Stadium at Sandur Taluk, Ballari District (597)	200	100	III	19-01-2019 & 26-02-2019	
12	Construction of Indoor Stadium at Sandur Taluk, Ballari District (Part-B) (597)	100	75	III	do	
13	Construction of 200M Running Track at Stadium Kudutini, Ballari(D) Part-1(268)	200	100	III	19-01-2019 & 26-02-2019	
14	Grant towards purchase of three buses to Kurugodu Division with a view to help students of Kurugodu and Kampli Taluks, Ballari District (51).	120	<b>120</b>	IV	do	
15	Construction of Ground Floor School Building at Srirampura Colony, Ballari(615 & 652)	200	100	VI	19-01-2019 & 26-02-2019	
16	Construction of First Floor School Building at Srirampura Colony, Ballari(652)	160	80	VI	do	

## Appendix – 6

(Referred in Paragraph No. 5.7.3)

## School wise issues noticed during Joint Physical Inspection in Bharmasagara and Thalya Hobli of Chitradurga district.

Sl. No.	Name of Schools	Audit Remarks
1	D Madakaripura Government Higher Primary School, Chitradurga Tq	One Lenovo computer was not working from the date of installation. Printer was also not working
2	Kolahal Government Higher Primary School, Chitradurga Tq	Printer not working
3	Hullehal Government Higher Primary school, Chitradurga Tq	Printer not working
4	Bedarashivanakere Government Higher Primary School, Chitradurga Tq	Printer not working
5	Byalahal Government Higher Primary school, Chitradurga tq	Printer not working
6	Basavanashivanakerre Government Higher Primary School, Chitradurga Tq	Printer not working
7	Hanumanahalli Government Higher Primary School, Holalkere Taluk.	The computers and peripheral items issued to this school are not in use as there are only 3 students and one teacher in the school. Even the computer issued has not been commissioned and kept in box.
8	Chikkenhalli Government Higher Primary School, Holalkere Taluk	The computers and peripherals were not in use as there was no trained computer teacher in the school.
9	Bevinahalli Government Higher Primary School, Holalkere Talukq	Printer not working
10	Kariyamanahatti Government Higher Primary school, Chitradurga Taluk	Printer not working
11	Halerangapura Government Higher Primary School, Chitradurga Taluk	Printer not working
12	Kalkere Government Higher Primary school, Chitradurga Taluk	Printer not working
13	Heggere Government Higher Primary school, Chitradurga Taluk.	Printer not working
14	Ichagatta Government Higher Primary School, Holalkere Taluk	The room was in bad position due to water seepage in walls. Therefore, all five computers were not installed.
15	T Nulenuru Government Higher Primary School, Holalkere Taluk	Printer not working

*Appendix – 6 (contd.)*

<b>Sl. No.</b>	<b>Name of Schools</b>	<b>Audit Remarks</b>
16	B G Halli Government Higher Primary school, Chitradurga Taluk	All the five computers were not put to use as no computer chairs were supplied by the KEONICS.
17	Mathigatta Government Higher Primary School, Holalkere Taluk	Computers were not put to use as power connection was not given to computer room.
18	Gilikenahalli Government Higher Primary school, Holalkere Taluk	All five computers were not put to use as they were not in working condition (Monitor) and printer was also not working.
19	Halehalli Government School, Chitradurga Taluk	All five computers were not put to use as they were not in working condition (Monitor) and printer was also not working.
20	Kashipura Government School, Holalkere Taluk	Printer not working
21	Madderu Government School, Holalkere Taluk	Printer not working
22	Kanivejogihalli Government Higher Primary School, Holalkere Taluk	Only computer tables supplied by the KEONICS were present. But as per third party inspection report, all five computers were installed with peripherals.
23	Kolalhal Government School, Holalkere Tqaluk	All five computers were not put to use as they were not in working condition (Monitor) and printer was also not working
24	Nandanahosuru Government Higher Primary school, Holalkere Taluk	Printer not working

## Appendix – 7

(Referred in Paragraph No. 5.7.4)

## Reasons for not using projectors in schools

Sl. No.	Name of the Work	Taluk	Cost of the project	JPV observations
1	Smart Class Rooms for Government School buildings in Doddabettahalli, Bangalore North – Rs.1.50 lakh	Bangalore North	1.50	The Projector was not available in the school The white board and stand was available which indicates that the projector was supplied through the scheme. The school had LED interactive screens and hence the projector was apparently not required by the school
2	Smart Class Rooms for Government School buildings in Yelahanka Upanagara – Rs.1.50 lakh	Bangalore North	1.50	The projector was in working condition but not put to use. However, since the school had been provided with a LED interactive screen due to which the projector was not used. It was also stated that no assistance was extended by KEONICS for training the teachers in handling the projector
3	Smart Class Rooms for Government School buildings in Sondekoppa, Bangalore North – Rs.1.50 lakh	Bangalore North	1.50	The projector was in working condition but not put to use. However, since the school had been provided with a LED interactive (CSR initiative) screen due to which the projector was not used. It was also stated that no assistance was extended by KEONICS in training the teachers in handling the projector.
4	Smart Class Rooms for Government School Lakkenahalli, Sondekoppa GP – Rs.1.50 lakh	Bangalore North	1.50	The projector was in working condition but was not put to use. The teachers were not well versed in handling the projector and no assistance extended by KEONICs. The classes were conducted manually. The white board of the projector was used for teaching purposes using marker pens
5	Smart Class Rooms for Government School Mallasandra, Kittenahalli GP – Rs.1.50 lakh	Bangalore North	1.50	The projector was in working condition but not put to use. The UPS was out of order and was stated to be under repair. The teachers were not well versed in handling the projector and no assistance extended by KEONICs. The classes were conducted manually
6	Smart Class Rooms for Government School Rahuttahalli, Kittenahalli GP – Rs.1.50 lakh	Bangalore North	1.50	The projector was in working condition but was not put to use. The UPS was did not take load and hence due to frequent power outages the project was not being used. The teachers were not well versed in handling the projector and no assistance /trainings extended by KEONICs

**Appendix – 7 (contd.)**

<b>Sl. No.</b>	<b>Name of the Work</b>	<b>Taluk</b>	<b>Cost of the project</b>	<b>JPV observations</b>
7	Smart Class Rooms for Government School buildings in Anekal Taluk, Indalavadi – Rs.1.50 lakh	Anekal	1.50	It was stated that the projector was not been put to use since the date of installation. It was kept idle in the store yard. It was also stated that no assistance was extended by KEONICS in solving the issue.
8	Smart Class Rooms for Government School buildings in Anekal Taluk, Ballur – Rs.1.50 lakh	Anekal	1.50	The UPS of the projector was out of order at the time of JPV and hence, the device was not put to use.No assistance was extended by KEONICS to set the issue right.The school had other projectors which were extended as CSR initiatives.
9	Smart Class Rooms for Government High School Chikkahosahalli, Anekal taluk, Indalavadi – Rs.1.50 lakh	Anekal	1.50	The projector was not put to use and was kept in store room. The teachers were not aware of the projector and classes were conducted manually.
10	Smart Class Rooms for Government School buildings in Dodderi, Chikkanahalli – Rs.1.50 lakh	Bangalore South	1.50	At the time of JPV the projector was not being utilise and was kept idle. It was stated that the projector was not compatible with other devices such as pen-drives thereby rendering it inefficient on portions or materials which were over and above the syllabus designed through the software of the project.It was also stated that there was no technical support provided from KEONICS

**Appendix – 8**  
**(Referred in Paragraph No. 5.12.2)**

**Statement showing inadmissible expenditure incurred out of Administrative cost**

Sl. No	Issued to	District	Purpose	Cheque No & Date	Amount
1	PD, Nirmithi Kendra, Ballari	Ballari	Construction of Landscaping at DC Office Primises in Ballari	387550 / 11.12.2020	31,87,000.00
2	CC, BALLARI	Ballari	Providing of Laying pavers in DC Office Premises in Ballari	307558 / 23.12.2020	5,70,000.00
3	CC, Ballari	Ballari	Improvement of Internal Roads in DC Office Premises Ward No: 02 Ballari City	387571 / 08.01.2020	26,31,229.00
4	Sri Balaji Computer	Ballari	37 Web Camera	307560/ 23.12.2020	90,383.00
5	PD, Nirmithi kendra, Ballari	Ballari	Renovation of DUDC office in at Ballari	307562 / 02.01.2020	12,00,000.00
6	Commissioner, City Corporation, Ballari	Ballari	Improvements of Internal Roads in DC Office Premises ward nO.02, Ballari City	307530/ 15.10.2020	26,25,000.00
7		Gadag	Purchase of computer to High Court, Dharwad	005913/ 19.03.2021	59,180.00
8		Gadag	Purchase of Laptop to High Court, Dharwad	005920 / 19.03.2021	71,160.00
9		Gadag	Home Guards Salary	005916 / 29.09.2020	3,39,840.00
10		Gadag	Home Guards Salary	005917/ 06.11.2020	91,840.00
11		Gadag	Home Guards Salary	005918 / 01.02.2021	1,36,240.00
12		Gadag	Home Guards Salary	005922/ 22.04.2021	2,70,960.00
13		Gadag	Home Guards Salary	005925/ 07.06.2021	1,77,600.00
14		Gadag	Home Guards Salary	005932/ 13.09.2021	1,36,240.00
15		Gadag	Home Guards Salary	005933/ 13.09.2021	91,840.00
16		Gadag	Home Guards Salary	005937/ 01.10.2021	1,34,720.00
17		Gadag	Home Guards Salary	005948/ 24.03.2022	1,33,200.00
18		Gadag	Home Guards Salary	005958/ 29.09.2022	1,36,080.00
19		Gadag	Home Guards Salary	005968/ 16.12.2022	14,2,240.00
20		Gadag	Home Guards Salary	005972/ 16.03.2023	72,320.00
21		Gadag	Home Guards Salary	005973/ 02.05.2023	1,42,240.00
22		Gadag	Home Guards Salary	005976/ 13.06.2023	1,42,240.00
	<b>Total</b>				<b>1,25,81,552</b>

