TABLE OF CONTENTS

	Paragraph Number	Page Number		
Preface		iii		
Chapter 1 - Introduction				
About this report	1.1	1		
Auditee profile 1.2		1		
Authority for audit	1.3 2			
Planning and conduct of audit 1.4		3		
Significant audit observations	1.5	3		
Performance Audit on Role of Karnataka Industrial Areas Development Board in facilitating industrial development	1.5.1	3		
Thematic Audit on Implementation of Environmental Laws and Rules by Karnataka State Pollution Control Board 1.5.2		4		
Compliance Audit	1.5.3	5		
Lack of responsiveness of the Government to Audit	1.6	6		
Response of Departments to the Draft Paragraphs	1.6.1	6		
Follow-up on Audit Reports	1.6.2	6		
Paragraphs to be discussed by the Public Accounts Committee	1.6.3	6		
Chapter 2 – Performance Audit				
COMMERCE AND INDUSTRIES DEPARTMENT				
Role of Karnataka Industrial Areas Development Board in facilitating industrial development	2.1	9		
Chapter 3 – Compliance Audit				
COMMERCE AND INDUSTRIES DEPARTMENT				
Parking of funds	3.1	37		
FOOD, CIVIL SUPPLIES AND CONSUMER AFFAIRS DEPARTMENT				
Financial burden due to non-observance of statutory provisions	3.2	38		
FOREST, ECOLOGY AND ENVIRONMENT DEPARTMENT				
Thematic Audit on Implementation of Environmental Laws and Rules by Karnataka State Pollution Control Board	3.3	40		
Compensation payment due to Departmental lapses	3.4	65		

PUBLIC WORKS, PORTS AND INLAND WATER TRANSPORT DEPARTMENT				
Injudicious utilisation of funds		67		
Short-collection of registration/renewal fee from contractors	3.6 69			
Excess payment due to incorrect measurements and non-recovery of extra cost	3.7 71			
Extra benefit to contractor	3.8	73		
DEPARTMENT OF TOURISM				
Improper planning leading to stoppage of work	3.9	76		
WATER RESOURCES DEPARTMENT (MINOR IRRIGATION)				
Duplication of project leading to wasteful expenditure	3.10	78		
Extra cost due to non-availment of Excise Duty exemption	3.11	80		
Irregularities in rehabilitation of minor irrigation tank	3.12	82		
Irregularities in entrustment of works	3.13	83		

LIST OF APPENDICES

Appendix No.	Details	Page No.
1.1	Details of Departmental Notes pending as of September 2017	89
1.2	Number of paragraphs/reviews yet to be discussed by PAC as of September 2017	90
2.1	Industrial areas formed during 2011-12 to 2016-17 without Techno-Feasibility Reports	91
2.2	Details of Industrial Areas approved after issue of EIA Notification and status of approval of Environmental Clearance (after September 2006)	92
2.3	Details of reduction in tentative rates of allotment, the components excluded and extent of allotments made at differential rates	95
3.1	Details of works entrusted to contractors	96

PREFACE

- 1. This Report for the year ended March 2017 has been prepared for submission to the Governor of Karnataka under Article 151 (2) of the Constitution of India for being laid in the State Legislature.
- 2. The Report contains findings of Performance Audit on the "Role of Karnataka Industrial Areas Development Board in facilitating industrial development" and significant results of the Compliance Audit of the Departments of the Government of Karnataka under the Economic Services, including Departments of Commerce and Industries, Food, Civil Supplies and Consumer Affairs, Forest, Ecology and Environment, Public Works, Ports and Inland Water Transport, Tourism and Water Resources (Minor Irrigation). Observations related to Department of Agriculture and allied activities, Food Security Public Distribution System/Civil Supplies, Rural Development and Panchayat Raj are excluded and covered in the Report on the General and Social Services.
- The instances mentioned in this Report are among those, which came to notice in the course of audit for the year 2016-17 as well as those, which came to notice in earlier years, but could not be reported in previous Audit Reports.
- 4. The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.