

Annual Plan 2006-07 Discussion with Deputy Chairman, Planning Commission

Speech of the Chief Minister of Karnataka

I am grateful to Dr. Montek Singh Ahluwalia ji, Deputy Chairman, Planning Commission, Sri. M.V. Rajasekharan ji, Hon'ble Minister of State for Planning and Members & Officers of Planning Commission for having convened this meeting for finalisation of Annual Plan 2006-07. I am confident that our discussions today will enable re-working of plan priorities in consonance with both the National Common Minimum Programme and the State's Common Minimum Programme. We need to promote growth more purposefully without losing sight of equity and social justice.

Karnataka is one of the few major States, which has consistently realised more resources than what was projected in the five-year plans. The plan achievement of Karnataka was 112% in the Ninth Plan. This progress continues in the Tenth Plan too and Karnataka has realized 61% of the resources in the first three years of the Tenth Plan. The per capita plan outlay of Karnataka at Rs.2429 in 2005-06 is the highest among major States. In the Annual Plan 2006-07, the State has accorded high priority to Irrigation, Energy and Transport by allocating 28 %, 16 % and 12% of the outlay respectively.

Karnataka State continues to be the front-runner in the IT & BT sectors and Bangalore City is the most sought after destination for investments in these sectors. The High Power Committee headed by me has cleared industrial investments of over Rs.78000 crores since the Coalition government assumed office. The State has taken up development of Tier-2 cities of Mysore, Mangalore, Hubli-Dharwad and Gulbarga to make them more attractive for investments.

In the current year heavy rainfall and floods have affected people in 112 taluks of the State. The State has submitted 3 Memoranda requesting for Central Assistance to the tune of Rs.3700 crores as flood relief. I request Deputy Chairman, Planning Commission to use his good offices in securing the assistance.

Several steps have been initiated in the State to bring about significant increases in agricultural productivity and it is anticipated that food production will touch 110.86 lakh tons, against a target of 113 lakh tons during 2005-06 despite damages due to floods and excess rains in the State. Adequate Plan outlay is provided for the Centrally Sponsored Schemes like Development of Agriculture & Horticulture under Macro Management and Mission Mode schemes. The State has doubled its

investment in Horticulture and requests Government of India to enhance their outlays under Horticulture Mission.

Karnataka has eliminated nearly 7.5 lakh bogus ration cards through a survey, thereby reducing substantially the food subsidy. Under the public distribution system, the State has introduced a scheme to provide BPL card holders subsidised food grains at Rs.3 per kg by setting apart Rs.600 crores in the budget. Karnataka has allocated Rs. 40 crores to launch a “Food Security Programme” to provide food for destitute and un-attended persons in rural areas. These efforts of the State must be supported by GOI.

Karnataka Government, as a part of CMP, has ensured that subsidized Agriculture credit is available to farmers through cooperative banks at 6 % interest and had written off interest & penal interest payments on outstanding loan as on 31st March 2004, if the farmers repay principal to the co-operative credit institutions. These efforts of the State have yielded results in the recovery touching 72% for short-term and medium-term loans & 60% for long-term loans in 2004-05.

The State has been a pioneer in decentralized Governance more specially in empowering Panchayat Raj Institutions. All the 29 subjects

listed in the constitution have been transferred to PRIs. The State has been awarded 2nd place in Decentralisation by GOI. Special Central grants are required to take up permanent measures for water quality of affected habitations. The State has launched “Namma Bhoomi - Namma Thota” (our land – our garden) Programme to help 5 lakh landless rural agricultural labourers to improve their socio economic condition by providing 5 guntas of dry land or two and half guntas of irrigated land.

Irrigation has been the first priority of the State and it has been making good use of the Central Loan Assistance under Accelerated Irrigation Benefit Programme. AIBP should be made a Central Sector Scheme with 50 % assistance for faster completion of projects and the new scheme should be extended to cover Command Area Development works & Minor Irrigation works lingering due to financial constraints.

Karnataka Power Corporation Ltd. has completed the 290 MW Almatti Dam Power House with a saving of Rs. 124 crores. Under Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), Karnataka has sent proposals covering 26 districts at a cost of Rs. 1028 crores to Ministry of Power for sanction. Ministry of Power has sanctioned projects for 17 districts at a cost of Rs. 375 crores. Planning Commission may support the case of Karnataka and may prevail upon Ministry of Power to

sanction projects for the remaining nine districts and make the programme more flexible. It appears that Ministry of Power is thinking of establishing an Ultra Mega Thermal Power Station of 4000 MWs capacity in the coastal areas. Planning Commission may advise Ministry of Power to take up this Project during the Eleventh Plan in a site identified near Mangalore. The State Govt. has requested for modification of Mega Project Status policy presently available to NTPC projects and extension of the benefits of Mega Project status to Bellary Thermal Power Station. The Planning Commission has also supported the proposal of Govt. of Karnataka, although Ministry of Power has still not modified its policy on Mega Power Projects.

The State welcomes the progress made under National Highway Development Programme. The ratio of the length of National Highways to the total area of the State in Karnataka is lower than several other States. For instance, while Karnataka has about 2 kms of National Highways per 100 Sq.Km. area, other States like Tamil Nadu, Kerala, Punjab, Haryana and Assam have more than 3 Kms of National Highways per 100 Sq.Km area. All the roads, which are being improved under the World Bank Assisted Karnataka State Highways Improvement Project and by Karnataka Road Development Corporation with the large investments in the order of over Rs. 2750 crores merit being reclassified

as National Highways. Such reclassification and upgradation will be advantageous both to State & Central Governments.

The State has taken up a massive Cauvery Water Supply Scheme Stage IV Phase II with assistance from JBIC to cover water supply to 7 City Municipal Corporation and one Taluk Municipal Corporation within greater Bangalore. The project will augment the water supply by 540 Million Litres per day. Karnataka has proposed City Development Strategic Programme (CDSP) to the tune of Rs. 10779 crores for clearance of Central Govt. The Programme covers the infrastructure needs of greater Bangalore involving BMP, 7 CMCs and 1 TMC and integrates all service providers such as BMP, BWSSB, BMTTC & Others. The implementation is to be carried over five years. For Karnataka, two cities namely, Bangalore under Category 'A' and Mysore under Category 'C' are identified by Central Govt. under National Urban Renewal Mission. The State Government has requested for inclusion of Hubli-Dharwad, Gulbarga and Hassan cities in addition to Mysore already identified under Category 'C'. The Planning Commission is requested to support the proposal.

The State has taken up a massive rural housing programme under which over 11 lakh houses were constructed during the last six years.

The success of Bangalore as an IT City has acted as a magnet for migrants from the rural areas, not only in Karnataka, but also from the neighbouring states. This has caused mushrooming growth of slums in the city. In order to create a land bank where housing for the poor and rental housing for migrants can be taken up, the State has drawn up a programme of Rs.150 crores.

The State has introduced programmes to improve literacy and reduce drop-outs like “Chinnara Angala”, “Dattu Yojane”, “Mahithi Sindhu”, “Cooliyinda Shaalege”. In view of these programmes the number of out of school children has come down from 10.53 lakhs in 2001 to 1.05 lakh in 2005. Under “Aksharadasoha” Scheme the State has extended provision of Mid-day meals to primary school going children up to Class VII although Central Government provides assistance up to Class V. Govt. of India urged to extend the scheme up to Class VII and also enhance conversion cost for mid-day meals from the current level of Re. 1 to Rs. 2 per child per day. Admission of students to science courses is dwindling. This is partly because of AICTE’s decision to reduce cut-off marks to admission to BE degree courses to 35 per cent. Govt. of India is requested to introduce a Centrally Sponsored Scheme to assist State Governments to open science departments in existing colleges.

An Insurance Scheme for Agricultural Labourers “Apathbandhava” with Rs. 50 crores outlay has been proposed to insure the agricultural labourers against death and permanent disability arising out of accidents and meet medical expenses during hospitalization necessitated by accidents and sickness. The scheme is proposed to cover all the families enumerated as agricultural labourers and small and marginal farmers and disabled persons living below the poverty line. In the first phase 31 lakh families of agricultural labourers and 2 lakh families of disabled are proposed to be covered. Planning Commission is requested to support the scheme.

The State Government has increased the outlay substantially for Social Welfare from Rs. 304 crores in 2005-06 to Rs. 518 crores in 2006-07; an increase of over 70 %. The State has started 43 new residential schools, 13 for minorities and 10 for SCs, 9 for STs and 11 for backward classes. A Self-employment Scheme “Shram Shakthi” has been launched to assist beneficiaries among backward classes and minorities in different trades. To provide enhanced benefits to small farmers among the SCs, STs, OBCs and Minorities, Ganga Kalyana Scheme has been taken up by allocating additional funds. There are very few Centrally Sponsored Schemes for the welfare of the minorities

and the outlays for these schemes are low. Planning Commission may launch a few Centrally Sponsored Schemes with significant outlays directed towards the welfare of minorities. The National Minority Development Finance Corporation (NMDFC) has been doing good work, but the Government of India needs to double their equity contribution in order that tangible benefits reach the minorities.

Micro finance programmes have immense potential to function as part of a holistic agenda for women's social and economic empowerment and poverty reduction in the village community. Currently there are one lakh Self Help Groups (SHGs) with over 15 lakh members who have mobilised savings of Rs.313 crores. Nearly 69000 Self Help Groups have availed bank loans to an extent of Rs.310 crores for income generating activities. Measures like capacity building of personnel, channelising & synergising the SHGs and anganwadi workers, providing infrastructure for anganwadi centres and decentralisation of procurement is necessary to ensure that maximum benefits reach the intended beneficiaries under Integrated Child Development Scheme.

Ever since our coalition government assumed office in May 2004, it has taken up several measures for improvement of infrastructure in Bangalore City. Bangalore Mahanagar Palike has spent Rs. 460.00

crores, BDA has spent Rs. 445 crores, BESCOM invested Rs. 550 crores resulting in reduction of line losses from 17% to 10%. Rs. 1300 crores Karnataka Municipal Reforms Project has already been approved by Central Govt. to cover infrastructure in 8 urban local bodies around Bangalore to upgrade roads, water supply and underground drainage. BMP has negotiated with HUDCO for Rs. 1000 crores loan without Government guarantee. The future programme of action include implementation of a Plan of Rs. 516 crores prepared by PWD for upgradation of 38 link road in and around Bangalore City identified by K.C. Reddy Committee. BDA plans to invest Rs. 1700 crores for Peripheral Ring Road and Rs. 700 crores for Hitech City for IT – BT Units and Rs. 545 crores on other Roads. BMTC to Spend Rs. 1000 crores to upgrade its vehicles to meet Euro-3 standard. BMP to spend Rs.2755 crores in the next 2-3 years on infrastructure projects. BESCOM to invest Rs. 450 crores on distribution automation programme with JBIC assistance. The efforts of the State need to be supplemented by Central Government wherever possible.

Bangalore City, has witnessed a phenomenal growth in number of vehicles. As a result, many of the arterial roads and intersections are operating much in excess of their capacity (that is, Volume/capacity more than 1) and average journey speed on some of the key roads in

the central area are lower than 10 kmph in the peak hour. Therefore, it has become necessary to introduce new plans for efficient traffic management in Bangalore. The State government has prepared “Bangalore Traffic Improvement Project” for Rs.350 crores and this is to be implemented over a period of 5 years. A provision of Rs. 44 crores has been made in 2006-07. Planning Commission is requested to support the project by providing Additional Central Assistance.

In our earlier meetings with you I had raised several issues that need the support of Planning Commission. These are:

- a) To co-finance to the extent of 50% the special package of Rs.9600 crores (as per High Power Committee Report submitted to State in June 2002), over eight years, for the development of districts in Northern Karnataka
- b) Special grants for improvement of Infrastructure in Bangalore.
- c) Including Software Exports in the ASIDE scheme of Commerce Ministry for providing infrastructure for the export oriented IT industry.
- d) Early sanction of the Bangalore Metro Project and provisioning of adequate Central assistance.

In conclusion I would like to state that use of Information Technology tools for delivering government services would continue to be an integral part of all the government departments. Already we have established integrated citizen centres under the project Bangalore One

to provide Government to Citizen (G2C), Business to Citizen (B2C) and Business to Business (B2B) services to Bangalore citizens. The same facility will be extended to cover other major cities. The Government departments will be asked to prepare an e-Governance Action Plan in order to have focused use of IT tools in Governance. Capacity Building of Government employees will be taken up on priority. With the help of Government of India, State Wide Area Network will be established to connect State, District and Taluk offices. Similarly it is also proposed to set up 800 Village Tele Centres under Public-Private-Partnership during this year in order to make available the Government Services to the common man at the village level.

I urge the Planning Commission to consider and recommend our projects to Central Ministries and to allocate grants to the State government to promote faster development of the State.

Thanking you

Jai Hind