

Hon'ble Prime Minister

**Deputy Chairman, Planning Commission Union Ministers Chief Ministers
Ladies and Gentlemen**

1. It gives me immense pleasure to participate in this important meeting of the National Development Council convened to deliberate and approve the 12th Five Year Plan 2012-17, in which all important issues required to give impetus to developmental activities in the country have been included. The 12 Plan document needs serious consideration by all of us gathered here for developing the 12th Plan in a pragmatic manner to ensure greater synergy and coordination between national and state developmental goals. We endorse the broad vision and aspirations articulated in the 12th Plan document for '*faster, sustainable and more inclusive growth*'. Our focus should not just be on GDP, but on achieving a growth process that is as inclusive as possible, encompassing inclusiveness for equality and empowerment of disadvantaged groups and weaker sections, inclusiveness in poverty reduction and inclusiveness for regional balance.

2. Karnataka has made notable progress in all sectors during the course of the 11th Plan. As far as overall growth is concerned, the increase in State Income has been satisfactory in spite of the global slowdown in recent years. The increase in State Gross Domestic Product was 8.0% during the 11th Plan which was slightly higher than 7.6% achieved during the 10th Plan period. The agriculture sector has particularly performed well by achieving a growth of 5.7% during the 11th Plan period. While the growth in the services sector was satisfactory at 10.3 %, the industrial sector was able to record a growth of 5.3 % only during the 11th Plan.

3. The major factor for the slow growth in the industrial sector was the global slowdown witnessed since the beginning of 2008. Due to uncertain and challenging Macro Economic situation globally and nationally, and the widespread drought situation in the state, the economy could not grow at the pace planned during 11th Five Year plan. But we are optimistic about 12th Five Year Plan, wherein we intend to consolidate the strategies and achievements made so far through tightening our belts for governance reforms, ensuring effective targeting of subsidies and better monitoring, and instituting a process of informed decision making through independent evaluation.

4. The character of the State's Economy has changed radically over the years. The agricultural sector currently contributes 15% of GSDP against 36% in 1993-94; however, dependence on employment in agriculture has decreased only marginally from 65% in 1993-94 to around 56% in 2009-10. The rapidly declining share of agriculture in the economy and its poor growth prospects indicate its inability to absorb the growing workforce and provide productive opportunities or higher incomes. The challenge therefore is to equip the people in the rural areas, particularly the rural girls and boys, to take up employment in industry and services sector. Huge investments need to be made to train the rural youth in technical skills and impart appropriate business orientation to them. Unless remedial measures are taken, the high disparity between output per worker in agriculture and other sectors would increase further.

5. Karnataka is one of the few major States to have consistently raised higher resources than were projected in the Five Year Plans: additional resources during 11th Plan were largely generated from our own tax receipts rather than from borrowings. The per capita plan outlay of Karnataka at Rs. 6,231 in 2011-12 is one of the highest

among major States. We hope to continue this trend in the 12th Five Year Plan as well. But the State's efforts towards additional resource mobilisation should be appropriately supplemented by the Centre through additional allocations to enable us to achieve the objectives of the 12th Five Year Plan. The 12th Five Year Plan outlay for Karnataka is placed by the Planning Commission at Rs.2,55,250 crore, at current prices, which is 87% higher than the 11th Five Year Plan expenditure at current price of Rs.1,36,052 crore. We have taken note of the inter-sector allocations indicated for Karnataka in Table 3A.3c of the Plan document. While the criteria used by Planning Commission for indicating these allocations is entirely unclear to us, we would like to place on record that the indicated allocations are not in accordance with our priorities. We would decide the inter-sector priorities and would suggest revised allocations in due course.

6. The budgetary support for the Central Plan is sought to be increased by 132% in nominal terms. However, the increase envisaged for Rural

Development is mere 46.73%. Such skewed approach will hardly be a facilitator for inclusive growth. Even for Urban Development, the allocated resources are very meager at Rs. 54,311 crore which are unlikely to make any impact on development of urban infrastructure that is needed urgently for orderly shift of population to economic centers having growth opportunities.

7. One of the most significant dimensions of poverty and exclusion manifests itself in the phenomenon of regional disparities. We are happy that the 12th Plan document before the NDC views removal of regional imbalances as a vital objective of the planning process. The planning process should result in policies and action plans which enable backward regions to overcome their disadvantages. In this context we would like to flag the fact that the 118th Constitutional Amendment to insert Art 371(j) in the Constitution has been passed in the Parliament. We believe that the special status to Gulbarga, Yadgir, Bidar, Raichur, Koppal and Bellary districts under the 118th Constitutional Amendment will translate into better employment opportunities for the local people, reservation in education and lead to improvement in the socioeconomic development of the region. In keeping with the overall 12th Plan objectives of removing regional disparities, we trust that the Central

Government will make available appropriate financial resources for faster and more inclusive social and economic growth of the region under the new law.

8. The principle of gender equality is enshrined in the Indian Constitution - in its Preamble, Fundamental Rights, Fundamental Duties and Directive Principles. The Constitution not only mandates equality to women, but also empowers the State to adopt measures of positive discrimination and affirmative action in favour of women. Within the framework of a democratic policy, our laws, development policies, Plans and programmes have aimed at women's advancement in different spheres. Gender disparity manifests itself in various forms, the most obvious being the trend of continuously declining female ratio in the population over the decades. Of greater concern is the declining child sex ratio across the country. Social stereotyping and violence at the domestic and societal levels are its other manifestations. Discrimination against girl children, adolescent girls and women also persists in the country.

9. Women's work continues to be undervalued and unrecognised. This is the big cause for concern. Women work longer hours than men, and carry the major share of

household and community work, that is both unpaid and invisible. There are far fewer women in the paid workforce than there are men. There are more unemployed women than unemployed men. Women generally earn lower wages than men doing the same work. It has been estimated that women's wage rates are, on the average only 75% of men's wage rates, and constitute only one fourth of the family income. In no state do women and men earn equal wages in agriculture. Also, women generally work in the informal sector where wages are lower and they are not covered by labour laws. Within organizations, women workers are also engaged in piecework and subcontracting at exploitative rates.

10. In the mid 1990s the Department of Women and Child Development in Karnataka initiated an exercise to sensitise implementing agencies across sectors to formulate Plans from the Gender perspective. This resulted in the first steps to identify those programmes and schemes where substantial outlays could be earmarked for women, which grew into the Karnataka Mahila Abhivruddhi Yojane to monitor the inter-sectoral allocation of funds for women, ensure gender equality and to integrate women in the mainstream of development. K MAY earmarked one third of resources for women in individual beneficiary oriented schemes and labour intensive schemes of various departments of Government. Today, we need to move beyond the approach of one third (or one fourth or one half) earmarking of resources, because this tends to focus almost entirely on financial and physical numbers. Gender cuts across the categories of disadvantaged groups as well as weaker sections. The nature of inequality and exclusion of different categories of women - SC, ST, Muslim minority -is diverse and complex. This necessarily means that we must look at gender and social equity within a framework that is holistic and systemic, and seriously look at indicators that reflect gender and social equity indicators: e.g. women's work participation rate, MMR and IMR, female literacy, girls' enrolment and retention in schools, women in Panchayat institutions with reference to the specific position of women from Muslim minorities, SC and ST women.

11. The changing population pyramids depict decrease in population in the age group of 0-14 years and increase in the population in the 15-59 and 60+ age group. This implies significant focus on rationalizing and re-deploying existing resources, and emphasis on improving the quality and outcomes in the elementary education and child care services. The huge increase in workforce, on account of increase in the 15+ population entails increased efforts in providing employment to reap the benefits from demographic change; appropriate action to create adequate employment opportunities; skill development of workforce and acceleration in the pace of job creation. Also, population increases in the 60+ age group requires increase in provisions for social security, safety nets and geriatric health care.

Karnataka's 12th Plan Approach Paper

12. Karnataka undertook the preparation of an Approach Paper for the 12th Five Year Plan in association with M/s Deloitte, who made detailed analysis for fourteen key sectors as also on the Macro Economic Framework and Resources and Allocations. The paper on Macro Economic framework benchmarked Karnataka with comparable States on various demographic and socio-economic indicators, existing structures of economy and employment, poverty, equity and human development and regional variations / disparities within the State. The paper on Resources and Allocations benchmarked Karnataka with comparable States on fiscal parameters and covered

trend analysis of resource allocation and utilization for various sectors and suggested a broad outline for the 12th Plan allocations.

Agriculture

13. Agriculture is a critical sector of our economy. Its contribution to the overall Gross Domestic Product has fallen from about 36% in 1993-94 to less than 15% in 2011-12 a trend that is expected in the development process of any economy. Nonetheless, agriculture continues to form the backbone of development. An average Indian spends almost half of his / her total expenditure on food, while roughly half of India's workforce is still engaged in agriculture for its livelihood. Being a source of livelihood and food security for a vast majority of low income, poor and vulnerable sections of society, its performance assumes greater significance. Since agriculture forms the resource base for a number of agro-based industries and agro-services, it would be more meaningful to view agriculture not as farming alone but as a holistic value chain, which includes farming, wholesaling, warehousing, processing and retailing.

14. In Karnataka, the agriculture sector has shown satisfying growth of 5.7% during the 11th Plan. Food grain production was all time high of at over 139 lakh tonne in 2010-11. This was mainly due to "Bhoochetana", a unique scheme, facilitated by ICRISAT, which enabled increase in crop productivity by adopting scientific cultivation practices through soil testing and supply of necessary micronutrients in dry lands. Crop yield levels increased by 25% to 40%. In 2012-13, the Bhoochetana scheme has been scaled up to all districts, to cover 50 lakh hectare.

15. Several other innovative interventions were initiated in Karnataka to improve agriculture incomes including the following:

- a. For the first time in the country, Karnataka presented Agriculture Budget in 2011-12 to focus on the critical importance of this sector. This exercise was repeated in 2012-13, and will continue in the years to come.
- b. The State launched Agri-business Development Policy in January 2011 and organised the Global Agro Investment Meet for the first time in the country in December 2011. This resulted in 63 agreements being signed for Rs 60,976 crore. 20 projects have been cleared by Udyog Mitra, and 12 are at round breaking stage.
- c. The State has provided Rs.1000 crore to improve the livelihoods of 10 lakh farmers under the 'Suvarna Bhoomi Yojane'. This was linked to the agricultural inputs and provided in two instalments
- d. Provision has been made for agriculture loans at 0% interest rate through Co-operative Societies up to Rupees one lakh.
- e. The Organic Farming Mission has been constituted for the first time in India. More than 52,000 farmers have enrolled for adopting organic farming practices. 71,000 hectares have been brought under organic farming which has resulted in reduction of chemical fertilizers use.

16. All these measures have enabled Karnataka to increase the average food grain production in the 11th Plan to 120.75 lakh tonnes as compared to 89.13 lakh tonnes achieved during the 10th Plan. This represents an increase of 35.4%. In the 12th Plan Karnataka has set an annual target of producing 143.23 lakh tonnes of food grains which will be 18.6% higher than the 11th Plan. The average sugarcane production which was 192.57 lakh tonnes during the 10th Plan increased to 322.09 lakh tonnes during the 11th Plan, representing an increase of 63.3% over the 10th Plan period. An

ambitious target of 480.00 lakh tonnes per annum has been fixed for the 12th Plan. The productivity of food grains which was stagnant for a long time and which was at 1278 Kg per hectare during the 10th Plan increased to 1631 Kg per hectare during the 11th Plan showing an increase of 27.6%. In the 12th Plan the productivity target has been fixed at 1818 Kg per hectare. Karnataka was able to achieve an increase of 69% in average seed distribution in the 11th Plan over 10th Plan period. The State has set an ambitious target of achieving an average seed distribution of 16 lakh quintals per year in the 12th Plan compared to 11.5 lakh quintals achieved during the 11th Plan. The State however could not achieve significant growth in oil seeds and cotton production. However this anomaly is expected to be corrected in 12th Plan with focused attention on oil seed and cotton by setting an ambitious annual target of 16.30 lakh tonnes and 12.59 lakh bales in the 12th Plan as compared to the achievement of 11.19 lakh tonnes and 9.30 bales respectively in the 11th Plan.

17. One of the problems faced by the State, and indeed many other States in the country is the increasing fragmentation of land as evidenced by the increasing number of small land holdings in the State. Also, an increasing trend towards feminization of agricultural labour, and the wage disparity between male and female workers. These issues will receive our fullest attention in the years to come, so that we are able to move towards consolidation of land holdings through promotion of cooperative and collective farming. Central

Government initiative and support is essential for strengthening post harvest facilities, especially to provide storage and warehousing facilities. Investments in agriculture research and extension services will be augmented.

18. Reduction in customs duty on raw silk from 30% to 5% has been one of the main reasons for the decline in the cocoon / silk price. The reduction in import duty is causing concern among those directly associated with the silk industry. It has resulted in distress sale and agitation by farmers and other stake holders, all over the State. The reduction of price of cocoon and raw silk has had a negative effect for all the developmental programmes initiated by the Central and State Governments in promoting sericulture and making the country self sufficient in silk yarn requirement. This issue was discussed in the State Legislature in February 2011, and was followed by a Memorandum submitted by an all party to the Hon'ble Prime Minister and Hon'ble Finance Minister for restoring the custom duty on silk yarn to 30%. This was also endorsed in the meeting of Chief Secretaries of Southern States in August 2011. To safeguard the silk industry in Karnataka, Government of India is requested to intervene immediately and restore the custom duty on silk yarn to 30%.

19. Owing to higher cost of production of oil palmfruits and the present zero percent import duty on crude palm oil, Government of India is requested to declare minimum support price for oil palm crop. The Commission for Costs and Agriculture Prices in its report on Price Policy for Rabi crops for 2012-13 has also recommended for declaration of minimum support price for oil palm. This will safe guard the oil palm growers of the state from distress situation, prevent loss of fruits, and enhance the farmers' confidence for the promotion of newly introduced crop in the State.

20. Animal Husbandry and Dairy Sector in Karnataka State have contributed significantly to the state's economy. Contributions from this sector form 22% of the agricultural GSDP. The state is endowed with the wealth of natural resources, favourable climate, progressive farming community and higher investment capacity and has the potential for achieving higher growth in Animal Husbandry and Dairy

Sectors. Milk production registered significant growth in the last few years and reached a production level of 48 lakh tonnes has got the potential to reach higher levels if the shortage in green fodder is made available. A massive programme has to be launched to increase the production of green fodder and fodder seeds. A suitable policy is to be framed which should also include research on new fodder crops.

21. RKVY is the scheme under which programmes are undertaken for overall development of agriculture sector aiming at achieving agriculture growth rate of 4% at the national level. As there is flexibility to propose schemes under RKVY as per requirement of the State, it will be useful if all other Centrally Sponsored Schemes in the agriculture sector are merged into RKVY and the allocation under RKVY is increased by 4 to 5 times.

Irrigation

22 Karnataka has declared the decade 2011-2020 as "Irrigation Decade" with focus on Water Resources Management in Karnataka. In the last three years, 14 long pending irrigation projects have been completed.

23. Improving performance of irrigation schemes and bridging the gap between the potential created and utilized needs to be given importance by increasing outlays for Command Area Development and Water Management Programme, and inclusion of more projects under the Accelerated Irrigation Benefit Programme (AIBP). We agree with the Plan document that projects pending completion since several decades should be prioritised and completed in the 12th Plan. In keeping with our approach in the last three years, we plan to complete all the on-going projects on a fast-track to achieve water efficiency and to increase Agricultural Production during the Irrigation Decade.

24. For effective implementation of Integrated Water Resources Management, the State Government proposes to avail Asian Development Bank assistance. The Capacity Development and Technical Assistance program has been successfully completed and Project Preparatory Technical Assistance is under progress

Rural Development

25. The vision of rural development is to provide sustainable and inclusive growth along with empowerment of Panchayat Raj Institutions. Karnataka State is a pioneer in the implementation of the MGNREGS at the Grama Panchayat (GP) level, being the first State to transfer funds from State to GPs directly. It is a matter of pride that from 1st June 2012, direct transfer of funds to the accounts of the beneficiaries through electronic Funds Management System (eFMS) has commenced in seven pilot districts. This has reduced delay in payments. To widen the scope of the Scheme, the State has identified eight line departments as implementing agencies to execute the works as per the operational guidelines of the Scheme. Social Audit has been conducted in GPs. Independent Social Audit Directorate is being set up by MGNREGS. Outsourced technical personnel are being placed in all the districts through manpower agencies for effective implementation of the Scheme. All these initiatives are required to be met under 6% administrative cost. Hence, enhancement of the administrative cost from 6% to 10% is requested under MGNREGS.

26. Under the Pradhan Mantri Gram Sadak Yojana (PMGSY) the total road length identified in the core network is 67,472 km, out of which 36,250 kms is eligible to be upgraded as per PMGSY guidelines. 16,271 kms have been sanctioned under

PMGSY since inception, but there is a balance of 19,980 kms which needs up gradation. Proposals to utilise the grant for balance road length are pending with Government of India for clearance.

27. Karnataka is a pioneer in the implementation of Panchayat Raj System in its true spirit and has transferred the operation and maintenance of all Rural Water Supply schemes to gram panchayats more than a decade back. The State is geared to cover all the 59,630 rural habitations with adequate potable water supply, along with universal coverage of rural schools and anganwadis. 90% of rural water supply system in the State is based on groundwater sources. Owing to indiscriminate exploitation of groundwater source by different quarters, established public drinking water schemes are becoming defunct, requiring fresh investment. Coupled with this, water quality problem needs to be tackled in a time bound manner.

28. The State requests the Central Government to increase the budgetary allocation under the National Rural Drinking Water Supply scheme from the current level of Rs. 651 crore to Rs.1000 crore to tackle severe drinking water scarcity problems in majority of blocks which are drought prone. Similarly, we request the Central Government to enhance outlays under the Total Sanitation Campaign, to promote better sanitation practices especially in rural areas and urban slums.

29. Under the Backward Region Grant Fund (BRGF) programme, only six districts of Karnataka, namely Bidar, Raichur, Chitradurga, Davangere, Gulbarga and Yadgir have been included. It is requested to also extend BRGF coverage to cover the districts of Koppal, Chamrajnagar and Bijapur, as these districts have very low social-economic indicators and very high SC and ST population.

Energy

30. Karnataka is facing severe constraints in the power sector on account of delays in providing coal linkages and environmental clearances. In order to provide reliable and quality power in a sustained manner to the growing economy, the Government has planned to establish a number of power projects in public sector. In addition, efforts are being made to encourage private sector participation in power sector through bid route. Several coal based thermal power stations have been planned in the public sector for which applications and detailed proposals have been submitted to Ministry of Coal for allocation of Coal Linkage. These include:

- i) 2 x 800 MW Yeramarus Thermal Power Station
- ii) 1 x 800 MW Yedlapur Thermal Power Station
- iii) 2 x 800 MW Godhana Thermal Power Station
at Chattisgarh
- iv) 1 x 700 MW Bellary Thermal Power Station-

Unit-3.

31. In addition, two coal based thermal power projects have been proposed for implementation under competitive bidding route, Case - 2 with a capacity of 1320 MW each at Gulbarga and Ghataprabha. In all these cases except Ghataprabha, Ministry of Power has recommended for allocation of coal linkage to Ministry of Coal. But the coal linkage is yet to be assigned.

32. Further, it is learnt that recently Ministry of Power has recommended to Ministry of Coal to consider the State Government undertaking power projects in line with the

power projects developed by National Thermal Power Corporation and National Lignite Corporation while allocation of coal blocks to the Karnataka Power Corporation Limited (KPCL). The State Government has formed a separate company namely, Karnataka State Coal Mining Company Limited to file application with Ministry of Coal, Government of India for allocation of coal blocks under Government quota as and when notified by Ministry of Coal. KPCL has already invested Rs. 2238.74 crore in the above projects and they are in various stages of progress. The Government of India have to consider allocation of coal blocks on priority basis in order to complete and commission the above thermal power projects as scheduled.

33. KPCL has also planned two gas based power projects in Bidadi (2 x 700 MW) and Tadadi (3 x 700 MW) for which applications were with Ministry of Power on 18th November 2010 and 6th January 2011. We understand that Reliance Industries Limited (RIL) was awarded by Government of India, two Coal Bed Methane (CBM) blocks in the Round 1 through International Competitive Bidding. Gas production from these blocks is expected to commence in the near future. Government of India while determining the price mechanism for the CBM Gas of RIL, may favourably consider Karnataka's claim for allocation of CBM Gas to meet the requirement of the gas based projects implemented in the State of Karnataka.

34. Karnataka has not been allocated gas for any power project so far. The State is not blessed with natural resources like coal, gas etc., which are required for power production. Therefore, Government of India should consider allocation of natural gas to gas based power projects in Karnataka or make it available through imports at affordable price for the power sector. Further, the Environment clearance for Godhana Thermal Power Project at Chhattisgarh and Edlapur Thermal Power Project of KPCL are yet to be issued by Ministry of Environment and Forests, Government of India.

35. As suggested in the Plan document, the State Government supports the setting up of National Investment Approval Board chaired by the Prime Minister for accelerating the processing and clearance of large infrastructure projects. Since the proposed Board includes all key Ministers, we hope that the proposed Board will not become a parallel body, but will be empowered to accord statutory clearances taking into account the views of all Ministries.

36. The Government of India has announced a new scheme captioned as Financial Restructuring Plan for ensuring financial turnaround of the State distribution utilities. The scheme covers 50% of the short term outstanding liabilities (on account of short term loans, payable for power purchase) of the Discoms corresponding to the accumulated losses of the DISCOMs as on 31st March 2012. However, many of the power distribution companies have very large outstanding power purchase dues which do not qualify for inclusion in the short term liabilities. Only the accumulated losses as on 31st March 2012 qualify for inclusion in the financial restructuring of DISCOMs. In Karnataka, there are five DISCOMs and their accumulated short term liability as on 31st March 2012 is Rs.10972.58 crore out of which the power purchase dues alone account for Rs.8954.92 crore. The accumulated losses as on 31st March 2012 are Rs.1474 crore. In order to be eligible to get 25% of the accumulated loss which works out to Rs.368.42 crore the State Government has to find ways and means of discharging short term liabilities to an extent of Rs.10972.58 crore, which is an enormous burden and cannot be shouldered by the State Government alone. The support likely to come from the Centre is only a miniscule portion of the liabilities as

compared to what the State has to provide for and therefore, the Plan may not be acceptable in its present form.

37. The unrealistic conditions laid down in the Scheme make the situation very difficult for the States to propose Financial Restructuring. Many other States are also similarly placed and find it extremely difficult to join the Scheme. Government of India must re-consider and include total short term liability, including power purchase dues and the accumulated losses, if they are serious about providing an appropriate turnaround scheme for State DISCOMs.

Forest, Ecology and Environment

38. To realize the goal of increasing tree cover as per the mandate of National Forest Policy 1988, it is essential that programmes with focus on increasing tree cover on privately held unproductive / fallow lands with appropriate incentives and marketing linkages are formulated. This can also be an important goal for Forestry and livelihood. Launching of the Green India Mission (GIM) is a very welcome initiative to improve and increase the green cover of the country. The primary focus of the Mission is on improving the quality of a portion of the existing forests of the country. Considering the fact that forest areas in the past had not got desired attention and adequate funding under the externally aided projects, the Mission is a welcome move in order to halt their degradation and to improve their quality. It is however hoped that the policy of the Government to increase the forest and tree cover to 33% of the geographical area will not lose focus on account of this new initiative.

39. With focus on increasing tree cover outside forest areas, issues of adequate infrastructure, trained extension manpower, integrating departmental functioning with Universities, Forestry colleges, Research institutions to facilitate planting on private lands need to be addressed. Since the funding to forestry sector through State and Central plan schemes is inadequate compared to the challenges and mandate to forestry sector, sustained funding to forestry activities and modalities of such funding need to be a major policy thrust for improving tree cover and ensure ecological services.

40. The 12th Plan emphasizes developing Non Timber Forest Produce (NTFP) in a holistic way for sustainable management and livelihood of tribals and forest dwellers. Karnataka strongly feels that livelihood development and its strengthening is one of the important ways to move towards sustainable management. Alternate livelihood development is imperative to wean people away from their dependence on forests. Feasible livelihood alternatives apart from NTFP must be explored through a consultative approach of identifying livelihood options, need based Income Generation Activities (IGAs), Micro Credit Revolving Fund to Self Help Groups (SHGs) / Sthree Shakthi Sangha's / Village Forest Committees in Forest Fringe Villages, provisions for Value Addition, Processing and Marketing of Products / Services generated helps in building systems to reduce biotic and abiotic pressures on forest. Village Forest Committees (VFCs) / Self Help Groups also provide ready foundation to initiate projects under Clean Development Mechanism (CDM) and availing opportunities under Reduce Emission from Deforestation and Forest Degradation (REDD / REDD+).

41. Advancement in space technology and computational capability can be used to map forest areas and demarcate boundaries with respect to revenue records such as village Survey

Numbers and revenue bundhs quickly and reliably.

42. There is need to substantially increase the allocation under Integrated Development of Wildlife Habitats (IDWH) for comprehensive conservation and development of the national parks, sanctuaries and wildlife rich areas outside Protected Areas. In order to contain the increasing instances of human-elephant conflicts, there is need for erection of extensive physical barriers and there is urgent need for increasing the allocation under the CSS Project Elephant. The elephant habitats are very extensive spreading over a large number of wild life and territorial divisions and the present allocation gets very thinly distributed among these divisions.

43. Very high emphasis has been given in the 12th Plan on ecotourism in wildlife areas. The word ecotourism has been made almost synonymous with viewing of wildlife. Too much emphasis on ecotourism in wildlife areas may be detrimental to wildlife conservation in the long run. Forest areas exhibit so much diversity that even without wildlife these have a lot to offer to a visitor and therefore have tremendous scope of ecotourism. It is better to encourage ecotourism in forest areas outside the PAs also with a view to reducing the pressure of ecotourism on the wildlife areas.

Information Technology, Bio Technology & Industry

44. Bangalore is the IT Capital of India. Virtually, every big IT Company, be it Indian or an MNC, has a presence in Bangalore. The City has also evolved into an important center for biotech firms. An estimated 400 Research & Development centers both in Public and Private Sectors function in and around Bangalore. The City has evolved into a knowledge hub with increasing potential for employment and is contributing substantially to the Country's exports and economy. The city is facing a severe deficit of infrastructure, resulting in major constraint on the export potential. The required investments are beyond the sustaining capacity of the civic agencies and the State. Viability of PPPs is often found inadequate for large urban projects. In the circumstances, I urge the Central Government to consider special grants to enhance the urban infrastructure facilities in Bangalore.

45. Karnataka has an edge over other States in terms of research & development and knowledge-based professional institutions. With a view to achieving convergence benefits for humanity in general, the State Government proposes to set up a state-of-the art Bio-IT Park in Ramanagaram near Bangalore. The Bio-IT Park will be geographical concentration/cluster of both IT and life sciences organizations, research institutions, and the scientific academia. The proposed park will be set up on a PPP model. To start with, a Bio-IT facility is being set up at the Institute of Bioinformatics and Applied Biotechnology (IBAB) with seed funding from the Government of India and Government of Karnataka. Government of India is requested to provide additional financial assistance for the project.

46. The 12th Plan has rightly focused on the need for promoting manufacturing sector for sustainable economic development of the nation. In this connection, I feel the following points could also be considered while finalising the 12th Five Year Plan.

Government of India could consider funding industrial infrastructure projects of the States to provide best possible infrastructure to the manufacturing sector, including industrial corridors proposed by the States at subsidized cost.

□ Inordinate delays in giving environmental clearance to the industrial projects by Government of India is affecting their implementation. This should be addressed in the interest of balanced development mediated by environmental conservation. As it is difficult to make private industries to adopt reservation policies of the Government, we may incentivize industries to adopt reservation policies, as is done in the Industrial Policy - 2009-14 of Government of Karnataka.

□ Liberalization of labour laws and "Exit Policy" may be considered for boosting the morale of manufacturing sector.

□ Government of India could consider funding industry-academia collaborations for Research and Development activities in selected verticals/ sectors.

□ Incentivizing re-investments from the accruals to the existing successful industries

47. State Finance Corporations (SFC) has been playing important role in providing credit to MSME sector, especially to first time entrepreneurs. The SFCs are being expected to depend on the market for raising their resources with SIDBI, reducing its refinance gradually and proposing to stop it altogether in four years. For Karnataka SFC, the support from SIDBI has come down from Rs. 250 crore in 2010-11 to Rs. 87 crore in 2012-13. When the SFCs have to compete with banks, it is not practical for them to be dependent on the market for their financing needs. It is requested that the refinance window from SIDBI should be continued as a major source of finance for the SFCs. In addition, the Government of India is requested to lay down a road map for the financially sound SFCs to convert themselves into banks so that they can get access to the deposits from the public. In Karnataka, 25 to 30% of the portfolio of the State Finance Corporation consists of loans to agro-based industries. It is requested that a refinance window from NABARD for such loans may be opened.

Infrastructure

48. We agree with the Plan document that good quality infrastructure is important not only for faster growth but also to ensure that growth is inclusive. We should also ensure that a large part of the increase in investment goes into infrastructure as this would have a positive effect on reviving private investment in other sectors and would ease supply constraints, which limit future growth. At present only 14,000 Kms of existing National Highways in Karnataka have four lanes, which is about 29%, out of the total length of 4,491 Kms, whereas in other states including neighboring southern states, the percentage of four lane and above is more than 50%. Hence, the Ministry of Road Transport & Highways of Government of India may be advised to take up the expansion of existing National Highways to four lane and above on priority.

49. As per the existing norms / guidelines the allocation to the States out of total collection of cess on Petrol and High Speed Diesel Oil under Central Road Fund is very small amount. Further the allocation is based on consumption of fuel (30%) and geographical area (70%). The numbers of all types of motor vehicles in Karnataka are more than 100 lakh and the consumption of oil is quite high. But Karnataka has received about a mere Rs.139 crore during the current year under Central Road Fund for State Highways and Major District Roads, which is too small for developing the road net work. The intention of the State Government is to provide good roads to every nook and corner of the State. Therefore, the Government of India may re-examine the criteria being followed for allocation of Central Road Fund to States. We suggest that at least 50% may be allocated based on the consumption of fuel in a particular State, instead of the present 30%.

50. The length of State Highways in Karnataka is 20,770 Kms. The State Government is taking various initiatives for improvement of State Highways with funds from State resources, Asian Development Bank, World Bank assistance etc. In the current year, Karnataka has initiated State Highway Development Programme for improvement of State Highways with an estimated amount of Rs.1425 crore in the first phase. We agree with the Plan document that the National Highway Development Programme needs to be stepped up with an aggressive pursuit of PPP to construct toll roads on a Build-Operate-Transfer (BOT) basis. Karnataka has resorted successfully to PPP as a mode of road development for its State Highways. As per the current PPP policy for improvement of roads, the Viability Gap Funding is limited to 40% of the project cost, which is shared equally between Central and State. In case of State Highways, the Projects are assigned on BOT - Toll basis on annuity basis. Due to lower vehicular traffic on State Highways, the toll charge are not adequate to recover the cost. Hence, in order to make more and more State

Highways viable for PPP under BOT - Toll model, the Viability Gap Funding may be increased to 50% with sharing of cost equally by the State & Centre.

51. The Government of Karnataka has taken proactive steps in Railways. Indian Railways have been supported by the State Government both financially and with allotment of free land in the State. 15 projects on cost sharing basis are under implementation, and over Rs. 1500 crore have been contributed by Government of Karnataka since 2002. But, budgetary allocation by the

Indian Railways is inadequate. Consequently, projects implementation is slow even though more than 2500 acres of land has been acquired and handed over in the last 18 months. Escalation has increased the financial burden on the State Government. Already committed projects would require Rs.7000 crore. Therefore, Indian Railways should execute new projects on PPP basis. This will bring in efficiency and private capital into infrastructure.

52. The Central Government intends to build a major port on Arabian Coast. The Government of Karnataka has already prepared Draft Project Report for Tadadi port that will have capacity of 34 million tonnes cargo handling in Phase-I expandable to 62 million tonnes later. Interested parties have been shortlisted by calling expression of interest. However, the Ministry of Port now insists that a small barge mounted port should be built at Tadadi. There is an apparent disconnect between the stated objectives and support being extended to Government of Karnataka. It is requested that Central Government should support Government of Karnataka to build a major port at Tadadi as well as assist in getting environmental clearance of Tadadi port and Hubli - Ankola Railway Project. These two projects are complementary and will help the backward region of Northern Karnataka.

Urban Development

53. The Urban Local Bodies (ULBs) should be strengthened with human resources and allocation of sufficient funds for providing basic amenities such as adequate safe drinking water and proper sanitation as per 74th amendment of constitution. For better accountability, it is important to separate the service delivery and regulatory function of ULBs. The service provider functions shall be assigned to a corporate entity owned by the ULB which is accountable to the ULB in terms of performance in accordance with a service level agreement.

54. A Municipal Services Regulatory Commission shall be set up in the state to monitor services levels, fix tariffs and also adjudicate upon the contractual disputes between the urban local bodies and their agencies. This commission could also regulate municipal borrowings.

55. The state urban poverty alleviation mission would function at the District and ULB level through District Urban Development Agency and Urban Poverty Alleviation Cells respectively and for this, these agencies and cells should be suitably restructured. States shall create reliable database and information for effective formulation and implementation of urban poverty reduction strategies.

Urban Transport

56. Urban Transport in the state of Karnataka has been given special attention. Major projects under consideration of Government are:

❖ *Commuter Rail System for Bangalore:*

objective of the project is to connect the smaller urban settlements around Bangalore. The project is expected to provide more than 13.5 lakh trips, and is estimated to cost Rs 8759 crore. The project envisages development of commuter passenger hub, improvements to the existing railway network like automatic signalling, electrification, development of new stops, and other improvements like grade separated crossing enroute. The implementation is proposed in three phases with first phase taking three years. The corridors identified for the project are: Bangalore - Tumkur; Bangalore -Chikkaballpur; Bangalore - Doddaballapur; Bangalore - Mandya; Bangalore - Bangarpet; Soladevanhalli - Kunigal.

❖ *Bus Rapid Transit System (BRTS) for Bangalore:* BRTS has been recommended in comprehensive traffic and transport Plan for Bangalore for a total length of 291.5 km. State is considering implementing the first phase corridor of 30 km length from Central Silk Board to Hebbal along the eastern stretch of the outer ring road at an estimated cost of Rs. 542 crore. The project is a closed system having design capacity of 15000 trips passenger per hour per direction and has 37 bus stops along the corridor. The other components of the projects are 2 terminals, off board ticketing and use of information technology. Also the state is already implementing BRTS in Hubli - Dharwad at a cost of Rs.692 crore for a

distance of 22.25 km. The Hubli - Dharwad project has 33 bus stops, along with depots, terminals and area traffic control system. The last mile connectivity has also been addressed through an Non-motorized Trips plan, i.e. improvements to sidewalks and provision of bicycle lanes.

❖ *Bangalore Traffic Improvement Project (BTRAC)* is already underway. The project is sought to be strengthened by incorporating new components like area traffic control system, instrumented road way development, junction improvements and capacity building by addition/upgradation of training centres and increasing the number of surveillance camera etc. The requirement for the project has been estimated at Rs 750 crore.

The State Transport Undertakings (STUs) were established to provide effective transport service to the travelling public. But, a recent amendment to the Sec 2 (15) of Income Tax Act 1961 contemplates to strip their charitable status. This will adversely affect the viability of STUs. The STUs, being a public utility, must be exempted from

payment of Income Tax, in the interest of ensuring better and more equitable access to people, especially in remote areas.

To reduce the growing number of road accidents, as Bangalore had piloted automated driving skill testing system, the Central Government may support the setting up of Automated Driving Test Track to cover all the Regional Transport Offices in the State in a phased manner, so that skilled drivers only will be granted driving license throughout the State.

Education

59. The State is committed to the Right of Children to Free and Compulsory Education (RTE) Act, and has notified the RTE rules. The State has achieved an access ratio of 100 % both at primary and upper primary levels. But there continue to be a large number of out of school children in certain pockets of the state, especially North-Eastern Karnataka region, who need special support for being mainstreamed into regular schools. The quality of schooling also continues to be a concern, despite several initiatives.

In order to implement the RTE Act in its true spirit, we hope that there will be enhanced central support for elementary education. This should include, for example: (i) revision in the fund sharing pattern for SSA to the 75:25 ratio between the central and state governments, (ii) inclusion of financial support under SSA for admission of 25% children from disadvantaged groups and weaker sections in class I of private unaided schools each year, (iii) providing financial support for enabling States to move towards the Whole School Development approach, such that all spaces in the school campus can be utilised as effective learning and recreational spaces, (iv) providing support for introduction of mid day meal at the secondary level, to ensure that all children transit from the elementary to the secondary stage of education.

An important issue for implementing free and compulsory education is the medium of instruction at the primary stage of education. The Government of Karnataka had evolved a Language Policy as back as in 1989, introducing Kannada as the medium of instruction. The issue was questioned before the Hon'ble High Court of Karnataka, which by its order dated 2nd July 2008, allowed the writ petition, and quashed some of the clauses of the language policy of the State Government and declared that language policy is not applicable for private unaided schools. We have an appeal before the Hon'ble Supreme Court and Judgment is awaited. Here, I must submit that the SLP pending before the Hon'ble Supreme Court contains several sensitive issues. We urge the Government of India to implead itself as a party in this matter since the judgment rendered by Hon'ble Supreme Court will become law of the land, applicable to the whole country.

62. Government of Karnataka has introduced use of gas cylinders in Mid Day Meals (MDM) Programme. This expenditure is met out of the conversion cost which is being shared between Central Government and the State Government. Government of India has introduced a new policy on supply of gas cylinders, from September 2012, on account of which the State has to pay a higher cost of Rs.1250 per cylinder supplied against Rs.415 being paid at present. This cost is even higher than the cost charged for commercial establishments. This has affected the smooth functioning of MDM programme. In the current year, the amount required for meeting the additional cost works out to Rs.36.91 crore. Similarly for 2013-14 the additional cost required towards this item will be Rs.105.46 crore. The Central Government is requested to meet the

additional cost in the same ratio of 75:25 between the Centre and State. This would require immediate release of Rs. 27.68 crore during the current year and Rs.79.09 crore during 2013-14 and Central Government is also requested to meet such commitments in future.

The Rashtriya Madhyamik Shiksha Abhiyan is crucial for enhancing access at the secondary stage of education. But there is a resource crunch under this programme, and we suggest that higher outlays be provided, to enable states to build on the success of the SSA, and ensure adequate provisions for universalizing secondary education simultaneously, the scheme should be extended to the higher secondary stage of education during the 12th plan.

Karnataka is home to over 73,500 schools, 4,000 Pre-Universities colleges, 3,400 general degree colleges, 1,600 professional Training Institutes, 195 Engineering Colleges and 44 Universities. I am happy to present before you, some innovative educational initiatives planned and implemented by the Government of Karnataka to make quality higher education affordable and accessible to all sections of students.

Karnataka has established a large number of degree colleges in the last four years; the number of Government First Grade Colleges is the highest in the country. It has the second highest number of Government aided private colleges in General Education. 11 new Universities have been started during the last four years and the number of students pursuing post graduate studies has increased considerably. The GER has risen from 12% four years ago to 18% this year and needs to be enhanced to 30% by 2020 as per Karnataka Vision 2020 Document

The number of Private Engineering colleges, Polytechnics, Medical and Nursing colleges, Management and Education colleges has also increased thus providing greater access to the needy students aspiring for higher education in the State. In spite of these efforts, enrolment in the northern Karnataka and the Hyderabad Karnataka region is not satisfactory. There is urgent need to address the problem of regional imbalance in enrolment to higher education by attracting students through Residential Professional Degree Colleges and Polytechnics offering skill oriented industry relevant courses with greater job potential.

Karnataka State is proud to house educational institutions of global standards, such as Indian Institute of Science, Indian Institute of Management. It is a long cherished dream of the State to establish an Indian Institute of Technology in Northern Karnataka, preferably in Raichur District, with at least 50% Central Assistance to be provided under Special Status granted to Hyderabad Karnataka Region as per Article 371, and the rest in PPP mode with participation of corporate giants like INFOSYS and WIPRO. This is very essential to facilitate higher professional learning.

The State of Karnataka has been nurturing a dream of a World Class University in Mysore and a Central University in Bangalore which can be turned into a reality with central assistance to the extent of 100%. The State government would be pleased to provide the land and other infrastructure at both the places.

While the Karnataka State has made considerable progress in providing better access to higher education, the State stands committed to emphasize quality as hallmark of higher education during the 12th Plan period. Karnataka State envisages multipronged strategy including training of faculty, providing quality infrastructure, encouraging research activities, skill training for students, and extension activities. In order to achieve excellence in higher education, the government has made it

mandatory for institutes of higher learning to undergo assessment and accreditation by the agencies by National Assessment and National Board of Accreditation.

❖ The State is making earnest effort to provide adequate quality building and learning infrastructure to promote quality education. The need of the hour is to augment the research culture and high end research infrastructure in the Universities and Colleges for which the Central assistance is imperative. Research Parks are required to be established in major Universities. Incubation Centres and Entrepreneurial Cells are to be introduced in a big way in higher learning Centres. Innovative University Bill is pending for President's approval. Steps are also afoot for taking up Knowledge City project for promoting advanced interdisciplinary research in frontier areas with cutting edge technologies in the

State.

Karnataka State proposes to establish Higher Education Academy to facilitate orientation and induction training for the newly recruited faculty in areas of curricular development, pedagogy, class room management, use of Infrastructure and Communication Technology in teaching, learning and research, student counselling and academic administration, so that a competent and professional teacher enters into teaching profession.

Educational Management Information System for effective governance of higher education and a Virtual University for facilitation of student centric learning concept are also in the pipeline.

To impart job skills and soft skills including Spoken English competency of students and to enhance their employability, State has been offering several programmes including Sahayog, Angla and Vikasana under Hosahejje Programme. These skill development programmes are to be extended to all the government and aided colleges. Community college scheme of Ministry of HRD is being given greater importance and promoted with in full spirit.

Knowledge Commission and Higher Education Council have been contributing for the overall development of the higher education sector by working on long term vision for higher education and in policy formulation and making meaningful recommendations.

Private Universities are encouraged in the State to promote high end R&D and new courses in the frontier areas with cutting edge technologies, besides contributing for quality education and healthy competition between State owned and Private Universities.

Health

65 The 12th Plan provides the right diagnosis for the complexities of the health sector. The State welcomes the transformation of National Rural Health Mission into a National Health Mission, covering both rural and urban areas. This will require additional resources in the public sector of both the Centre and the States. The States are facing heavy financial burden already and it will be justified to continue the present Central Assistance to the extent of 85% for NRHM to National Health Mission also in the 12th Plan.

66. To accelerate the pace of progress in the health sector and thereby achieve the goals set for IMR and MMR, the State is implementing various programmes including (i) home based newborn and child care, (ii) integrated management of neonatal and

childhood illness, (iii) special facilities in Government hospitals / Centres / FRUs, (iv) immunization, (v) encouragement of institutional deliveries by offering incentives in cash and kind (vi) emergency ambulance scheme called "Arogya Kavacha - 108" to facilitate treatment during emergencies.

67. The State agrees with the 12th Plan that "while additional infrastructure has been created, there are large shortage of personnel, especially specialists in rural health facilities, reflecting the fact that trained human resources in health are in short supply and it takes many years to set up new medical colleges to train the required number of doctors." In Karnataka the strength of general duty medical officers against the sanctioned posts is comfortable with nearly 89% of the posts being filled. However, in respect of Specialists/Senior Specialists, there are large vacancies. Despite best efforts made by the State Government to fill the vacancies, the response is very poor. This is on account of the Medical Colleges attracting MBBS and Post Graduate candidates by offering Medical Council of India (MCI) pay scales. There is a huge disparity in the MCI Pay scale offered to the teaching community in the Medical College as compared to the pay scale offered by the State to the Specialists/Senior Specialists. Similar problem exists in all the States in the country. Therefore, to attract the talent among the MBBS and Post Graduate candidates to the Government Service, Central Government should consider extending scales on par or nearer to MCI pay scales to the Specialists in the State Governments. This can be worked out on the lines of Scheme of UGC or AICTE scales, i.e., the Government of India can bear 90% of the increased amount in the pay scale of what is offered by the State Governments to that of MCI scale.

Women and Child Development

68. Though the State has taken many initiatives for empowerment of women and protection of children through the five year plans, the results are uneven, muted. The 2011 Census has shown a marginal improvement in the Sex ratio to 968 from 965 in 2011. Notwithstanding the achievement, this leaves Karnataka much behind other southern states. The sex ratio in the 0-6 age group is 943 in 2011 which has marginally declined from 946 in 2001.

69. We are happy that the Government of India has initiated the restructuring of the ICDS programme, in order to universalize the establishment of anganwadi centres. However, the central norms for opening anganwadi centres, currently based on population norms, leave a large number of children in many small habitations unreached, and therefore deprived of access to supplementary nutrition, immunization and preschool facilities. The central norms for opening of anganwadi centres should be reviewed to include a distance norm, rather than a population norm, so that every child in every habitation has access to anganwadi facilities.

70. Malnutrition continues to be an area of concern. Karnataka has initiated interventions to improve the nutritional status of children in five backward districts of North Karnataka namely, Bidar, Gulbarga, Koppal, Raichur, Yadgir. This programme is proposed to be extended to all districts during the 12th Plan. Central Assistance is needed in order to address the problems of malnutrition and anemia among children, particularly in 0 - 6 age group. .

Social Welfare

71. We endorse the 12th Plan's concern to mainstream Scheduled Castes and Scheduled Tribes, Backward Classes and Minorities in the development process, and

to ensure that benefits of growth reach them. Karnataka has taken special care to tone up the administrative machinery in the State for the various schemes designed to benefit SCs, STs and Minorities. I strongly urge the Central Government to step up allocations for all related schemes in the 12th Five Year Plan.

Even today literacy levels are lower among SC/ ST, particularly for the girls when compared to other sections of the society. Their attendance and retention rates in schools are lower than that of other social categories. The Government of Karnataka is taking the necessary measure to provide more and more hostel facilities, scholarships and residential schools for SC/ST, Backward Classes and Minorities. The efforts of the State Government should be adequately supplemented by the Central Government, not only in meeting capital costs and providing scholarships, but also in meeting recurring costs towards boarding and lodging to ensure that children from these disadvantaged communities receive good care, and are able to live with dignity during their stay in the hostels.

The Government of India and State Government are providing funds for giving scholarships to the hosteliars and day scholars. We are happy that the Central Government has recently extended scholarships to the pre-matric students of class 9th and 10th, but we believe that the scholarship amounts - for both pre-matric and post-matric students - need to be enhanced. We also submit that 100% funds for hostel construction should be provided in respect of both hostels for boys and hostels for girls.

It is essential to provide housing facilities on priority to SC/ST houseless persons. Taking into account the present cost of materials etc., the unit costs under the housing programmes have to be revised and also all SC/ST persons in rural and urban areas may be covered. The Central Government may also consider providing special grants for improvement of SC/ST colonies.

The Government of India is providing funds under Article 275(i) of the Constitution for development of STs. But the funds are woefully inadequate. We need to provide funds for improvement of tribal people to whom land titles were recently provided under the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006. Therefore, Government of India may consider providing more funds under Article 275(i) of the Constitution to States for overall development of tribes.

Minority Welfare

76. Government of India had provided relatively fewer Pre-Matric, Post-Matric and Merit-Cum-Means scholarships for the minority communities in Karnataka for the year 2012-13. The number of applications received by the Minority Welfare Department in the State for these three scholarships is roughly about three times the number provided by the Central Government. This lower level of assistance is creating unrest among the large numbers of merited and deserving minority students. In view of large number of eligible applications received under these schemes the Government of Karnataka requests the Ministry of Minority Affairs to enhance the physical and financial targets to cover all eligible candidates for sanction of scholarships, and ensure that they are able to continue and complete their education.

Governance

77. We are proud to have enforced the Karnataka Right to Citizens Services Act with effect from 2nd April 2012. Under the provisions of this Act, the State has guaranteed time bound delivery in respect of 265 services through 30 departments/ institutions for

the citizens of Karnataka, through the *Sakala* programme, which has received overwhelming response from the citizens across all corners of the State. In the last seven months we have served 1.35 crore citizens all over the State. We propose to bring all Government Citizen Centric services under the *Sakala* programme. However, we are unable to offer this facility to the citizens with respect to services which are being delivered under some of the Central Acts. Although there is a prescribed time limit under various Central Acts, yet unless these are monitored very closely through interventions like *Sakala*, they are unlikely to be implemented in letter and spirit. Hence, we propose that under the Citizen Charter Bill of Government of India, the State should be empowered to enforce the time lines as prescribed under different Central Acts, and also penalize defaulters. This would reinforce the true spirit of co-operative federalism.

Government of Karnataka has leveraged technology to bring in complete transparency in the procurement process through development and implementation of e-Procurement Portal. In the last four years of the Government, around one lakh tenders have been published on this portal to procure Rs.1,42,000 crores worth of works, goods and services to the Government. This has resulted in at least 10% savings to the Government apart from bringing 100% transparency in public procurement process. We are proud that the project has won several National and International Awards.

Our Government has also taken action to set up the Karnataka Resident Data Hub (KRDH) to enable Aadhar based delivery of Government services.

80. Karnataka is among the few states to start the outcome based monitoring through the **Result Framework Document** developed by the Government of India. I am happy to state that the Task Forces set up by the Government have already evaluated the performances of the departments for 2011-12 and also fixed the target for 2012-13.

Resources

81. We welcome suggestions contained in the Plan document to enhance mobilization of resources for the Plan. However, we are concerned by the inherent approach to centralize the public resources with Government of India in terms of deciding priorities and nature of development schemes. The Plan document seeks to keep the Central Assistance to States at 1.26% of GDP at the same level as during the 11th Plan. At the same time the Gross Budgetary Support (GBS) for the Central Plan is sought to be increased from 3.43% to 3.96%. Further the role of Centrally Sponsored Schemes is proposed to be "greatly expanded". Such approach seems to be premised on lesser role for the states in the development of the Country.

The centralization approach is sought to be accentuated by attaching strings to the Central Assistance (CA) to States. Out of total proposed CA of Rs.8,57,786 crore, only Rs. 2,85,251 crore, approximately 33%, is untied. The remaining CA of Rs.5,72,535 crore, that is, 67% is proposed to be tied up in prescriptions from the Central Government for the schemes called "state plan schemes funded by Government of India" like RKVY, AIBP and JNNURM. These schemes are nothing but centrally sponsored schemes disguised as state plan schemes. Such assistance with scheme specific earmarking and conditions compromises the planning and formulation function of the States as per the local needs. This practice should be stopped in the 12th Plan, and the entire assistance should flow based on objective distribution formula with freedom to the States to decide their priorities.

The National Development Council should resolve that the enhanced availability of central resources should be allocated to the State Plans and the central Plans equally, rather being appropriated for the Central Plan entirely. Further, the entire Central Assistance to States should be untied.

The implementation of Goods and Services Tax (GST) has been identified as "the most promising prospect" for improving the tax revenue to GDP ratio and to reverse the 2 percentage point decline seen during the 11th Plan period. The 12th Plan assumptions envisage revenue neutrality of GST. However, the approach being advocated by Ministry of Finance and provisions proposed in the Constitutional Amendment Bill seems to be at variance with the objective and assumptions in the Plan document.

First, GST rate much lower than the revenue neutral rate is being advocated. Such approach will adversely impact resources for the Plan in short to medium term. Second, no flexibility is being left to the states in determining the rate, and thereby even the limited autonomy available to them to mobilize resources for the development process is being constrained.

The uncertainties arising from impact of GST on the resources for the Plan financing are a major concern. The assurance by the Centre regarding compensation for a limited period is welcome. However, the finally selected GST rate should not compromise ability of the states like Karnataka with high tax effort. Further, the rate should be treated as the floor rate without limiting autonomy of the States.

We support the need for fiscal prudence in managing the government borrowings in a sustainable manner. However, the 'one size fits all' approach to fiscal consolidation prescribed by the Centre by mandating uniform 3% fiscal deficit should be revisited. Karnataka's debt sustainability parameters in terms of debt to GSDP ratio and interest payment to revenue receipt ratio are much better than the norms suggested by the 13th Finance Commission. The States that can sustain more debt should not be denied an opportunity to invest in their future by using the additional borrowings for the growth enhancing infrastructure.

We welcome the resolve in the Plan document to implement the recommendations of the High Level Expert Committee (HELIC) on Efficient Management of Public Expenditure. A definite timeframe should be prescribed for doing away the current practice of by-passing the state governments in management of the plan resources. All plan resources should be transferred only through Consolidated Fund of the states from the coming financial year 2013-14. The other recommendation regarding the new accounting structure should also be expedited in a time bound manner.

89. We request the Council to enhance the allocations for Metro Projects. First the estimated capex requirement of Rs.55,497 crore for Mass Transit systems even under assumption of long gestation period is highly inadequate. Second, even this conservative requirement has not been adequately funded in the Plan allocations. This anomaly should be corrected in the final inter-sector allocations for the Central Ministries.

Conclusion

90. Ladies and Gentlemen, today's meeting is crucial for finalising India's development strategy for the 12th Five Year Plan. Besides good governance and improvement of quality of manpower for implementation of programmes, we need greater fiscal discipline and responsibility both at the Centre and in the State so that the public

sector investments achieve the outcomes set out in the plan programmes. The private sector should be allowed to perform its due role if the target of 8.2% growth in the 12th Plan is to be achieved.

Greater cooperation between Centre and the States in major projects and a genuinely participatory approach to planning in keeping with the spirit of federalism are necessary for economic growth and human development. We believe that there should be emphasis on evaluation and continuous monitoring of all the programmes not only to ensure their effective implementation but also the achievement of the outcomes. Due care must be taken to ensure that the gainers from the 12th Plan would be poor, the weak, the underprivileged among all sections of the population for whose benefits this entire planning exercise is sought to be done.

In conclusion I would state that there should be a complete change in the mindset of the people governing India both at the Centre and in the States. Every effort must be made to enhance the Public Private Partnership and ensure that the wisdom and experience of the private sector is fully utilised in the nation building activities. While we are in general agreement with the approach adopted by the Planning Commission, in my presentation I have tried to reiterate some of the priority areas for Karnataka and recommended certain initiatives with the hope that our suggestions and genuine needs will get incorporated in the 12th Five Year Plan.

Jai Hind, Jai Karnataka