

Annual Plan-2007-08

Draft Speech of Shri.H.D.Kumarswamy, Chief Minister of Karnataka to be delivered at Planning Commission, New Delhi on 26th February 2007 to finalise the size of Eleventh Five Year Plan and Annual Plan 2007-08.

I am grateful to Deputy Chairman, Planning Commission, Minister of State for Planning and other members and officers of the Planning Commission for having organized this meeting for the finalization of Eleventh Five Year Plan and Annual Plan 2007-08.

Karnataka has an impressive record of achievements in the implementation of its plans. The Plan achievement of Karnataka was 112% in the Ninth Plan. The progress continues in the Tenth Plan too and Karnataka is expected to achieve 115% of Plan expenditure. Equally gratifying is the fact that the additional resources for the Plan have been essentially generated out of our own tax receipts rather than out of borrowings. Although the growth rate likely to be achieved by Karnataka in Tenth Plan is 7.1%, the State has set an ambitious target of achieving 10.2% in the Eleventh Plan.

Karnataka has brought out the second Human Development Report recently. The Report will help in addressing concerns and strategies required to reach the 11th Plan Targets. Karnataka has to improve its performance in the areas of child and maternal health significantly to be on par with neighbouring States of Kerala and Tamil Nadu. Human Development Indicators relating to areas such as livelihood, health and nutrition, education, sanitation and housing need to be monitored and reviewed periodically at the Grama Panchayat level. This will enable the Grama Panchayats to track

monitorable Human Development Indicators regularly so that they can take corrective measures in the implementation process. During the 11th Plan period an attempt will be made to monitor the Human Development Indicators at the Grama Panchayat level on a pilot basis.

Karnataka has made taluk level allocation of outlays based on Composite Comprehensive Deprivation Index as recommended by High Power Committee for Redressal of Regional Imbalances. Over and above this 39 most backward taluks have been allocated an additional Rs. 2 Crores each during 2007-08. Thus the most backward taluks are getting additional allocations of about Rs. 4 crores during next year.

I would like to bring to your kind notice some of the important initiatives taken by my coalition government since it came to power in February 2006. My government has brought out a new agricultural policy on the eve of Suvarna Karnataka. Our goal is to double agriculture production in the next ten years by sustainable farming system that not only maintains and replenishes the soil, but also ensures that the farmer gets the best price for his produce and he is in a position to compete both nationally and internationally. My government has taken a bold decision to reduce interest burden to 4% for all loans taken from co-operative sectors by farmers. My government has embarked upon a bold and new strategy through the Suvarna Gramodaya Programme to transform 1000 villages every year into model villages. This initiative involves an additional investment of Rs. 1000 crores over the normal allocations. Our government is likely to commission

the first 500 MW Thermal Project namely, Bellary Thermal Power Station in the state in May 2007. This project is expected to generate 3594 million units with a low tariff of Rs. 2 per unit. The commissioning of this Project is expected to bring some relief to consumers who are facing acute shortage of power. The state government proposes to take up improvement of additional 3000 Kms of state highways under the second phase of Karnataka State Highways Improvement Project at an estimated cost of Rs. 4000 crores. My government has launched a new industrial policy recently. "Suvarna Kayaka Udyoga Shikshana Yojane" launched by the State aims to identify the needs of organized sector for skilled manpower in various trades and to train qualified eligible youths to undergo hands on training with the active participation of private sector under an innovative example of Public Private Partnership. This scheme will help in creation of employment opportunities to the rural and urban unemployed youth of the state. State has launched a new scheme "Bhagyalakshmi" for the benefit of female child born after 31st March 2006 in BPL families. This scheme is expected to improve the enrollment rate of girls in the educational system. My government accords top priority to housing and several new initiatives have been taken to resettle slum dwellers and to provide low cost housing in rural and urban areas. We have fixed an ambitious target of constructing 3 lakh houses per year. The state proposes to start five new Engineering Colleges to benefit meritorious students and students belonging to weaker sections of the society.

The State Government requests Planning Commission to consider the following proposals:-

1. To Co-finance to the extent of 50%. The special package Rs. 9,600 Crores, over 8 years for the development of districts in North Karnataka.
2. AIBP should be made a Central Sector Schemes with 50% assistance for faster completion of projects and the new scheme should be extended to cover Command Area Development and Minor Irrigation works lingering due to financial constraints. In order to bridge the gap between potential created and utilization, the allocations under the Centrally Sponsored Schemes for Command Area Development need to be atleast doubled in the 11th Plan.
3. The Government of India may reduce the interest on Short term Agriculture credit to farmers from the present level of 7% to 4% as has been done by the State for co-operative sector loans.
4. The State has taken up a massive rural housing programme to build 3 lakh houses per year. Sanction of houses under IAY to the state should be increased from one lakhs houses to 1.5 lakh houses per year and the unit cost should also be enhanced from Rs. 25,000 to Rs. 50,000.
5. I would also like to renew the Karnataka Government's request to consider service exports for providing assistance to states for infrastructure development under the Assistance to States for Infrastructure Development and Allied Activities (ASIDE) programme of the Ministry of Commerce. At present the growth of exports of manufactured goods and the annual growth rate determine the quantum of a state's financial assistance. Karnataka has significant software exports accounting for almost 51% of the Rs.82279 crores that we exported in 2005-06. It is therefore appropriate that service exports should be included while calculating the infrastructure funding support that Govt. of India provides. The 11th Plan should examine such issues more exhaustively.
6. There are 20170 rural habitations which have various types of water quality problems in the State of Karnataka. A comprehensive action plan has been prepared amounting to Rs.2379 crores to cover the affected habitations over a period of four years. Centre is requested to provide Rs.500 crores under the Centrally Sponsored sub-mission programme for 2007-08 to enable the State to achieve the target set under Bharat Nirman Programme.
7. Karnataka has launched 'Suvarna Gramodaya' Programme integrating the implementation of various development programmes to transform the 1000 villages every year into model villages or Suvarna Gramas

involving resources to the tune of Rs. 1000 crores over and above the normal allocations. This programme is worth replicating by Central Government in all States by converting it into a Centrally Sponsored Scheme.

8. Planning Commission may atleast double the allocation under the Centrally Sponsored Scheme for Western Ghats Development implemented in 40 taluks of 11 districts.
9. Under the National Rural Employment Guarantee Act 5 districts in Karnataka have been identified for implementation, namely Davanagere, Chitradurga, Bidar, Gulbarga & Raichur. In view of high poverty levels, the State govt. has proposed extension of this programme to another 8 districts namely Koppal, Bijapur, Haveri, Bellary, Gadag, Kolar, Chamarajanagar and Tumkur. The Planning Commission may approve the proposal.
10. Planning Commission may prevail upon National Thermal Power Corporation to setup a 1000 MW Thermal Power Plant in an interior location in Karnataka. This will make huge contribution to bridge our energy deficit.
11. Ministry of Petroleum and Natural gas should facilitate the laying of Pipeline from Krishna, Godavari basin to Bangalore and other major cities in Karnataka.
12. As the Railways are making significant profits the cost sharing between the Railways and State Governments be changed to 80:20 from the present 50:50 cost sharing basis.
13. All the roads which are being improved under the World Bank Assisted Karnataka State Highways Improvement Project and by Karnataka Road Development Corporation with 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 and Central Governments.
14. The Planning Commission may prevail upon Ministry of Human Resource Development to accord sanction to the proposal of State Government to set up IIT at Hassan. The State has already offered 1000 acres of land for this project.
15. The state has launched Morarji Desai residential schools on Navodaya pattern, for welfare of SC/ST/OBC, and Minority students. Planning Commission may support the scheme with 50 % assistance.
16. The State has increased the income limit to reimburse the full fees of SC/ST students of Medical and Engineering colleges from Rs. 1.00 lakh to Rs. 2.00 per annum. GOI requested to take similar action under

centrally sponsored scheme of post-matric scholarships for SC/ST students.

17. The Centre-State sharing pattern under Sarva Shikshana Abhiyan which is currently 75:25 may be continued in 11th Plan.
18. In the 11th Plan, we request GOI to extend the Mid-day meal programme up to Class-X students. Our experience has shown that with the introduction of this programme there is a marked increase in the enrolment and attendance of children in schools.
19. State also welcomes the proposal to launch Sarva Shiksha Abhiyan-2 to universalise secondary education up to Class-X. We urge the sharing pattern to be 90:10 in the 11th Plan as was the pattern for SSA-I in the initial year.
20. As per the guidelines of Planning Commission the State has provided 22.75% allocation based on the population share for the Welfare of Scheduled Castes and Scheduled Tribes. The amount earmarked for Scheduled Caste Sub-Plan (SCSP) is Rs.2916 crores and for Tribal Sub-Plan (TSP) is Rs.1129 crores. However, this includes IEBR component, debt servicing component as well as non-divisible items meant for the society in general. It is difficult in practice to spend these allocations for the Welfare of SCs and STs. The State Government requests the Planning Commission to relax the guidelines and exclude IEBR and debt servicing component as well as non-divisible items from the allocations to SCSP and TSP.
21. I request Planning Commission to promote few new Centrally Sponsored Schemes with substantial outlays for the Welfare of the Backward Classes and Minorities in the 11th Plan

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.

Jai Hind

Jai Karnataka