

**Draft of Speech of Hon'ble Chief Minister at the meeting of the
Planning Commission on 12/08/2009:**

Hon'ble Deputy Chairman, Hon'ble Members and senior officers of the Planning Commission,

I am grateful to the Hon'ble Deputy Chairman, Planning Commission, and the Members and officers of the Planning Commission for having organized this meeting for the finalization of Karnataka's Annual Plan 2009-10.

Karnataka has successfully implemented successive Five Year Plans. In the last two years we have identified the core sectors where we need to concentrate our efforts and resources and have taken several new initiatives in these areas. Our annual Plan for 2009-10 as well as the revised sectoral allocations we have now proposed for the 11th Five Year Plan reflect these priorities of the Government of Karnataka.

We have proposed a Plan of Rs. 29,500 crores for 2009-10 which is about 33% more than the revised estimates of 2008-09. Although an ambitious Plan, we expect that we shall be able to mobilize the required resources to support our development initiatives. The fiscal deficit is well within 4% of the GSDP and the consolidated debt of the State is less than

27% of the GSDP. Most of the increase in the Plan size is because of increase in State borrowings and of the IEBR.

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We have proposed large Plans in both 2008-09 and 2009-10 because it was felt necessary to redouble our efforts in certain areas in order to achieve the kind of prosperity and development that we dream of for Karnataka. For too many years we have seemed to be marching in more or less the same place and have not progressed from the status of an 'average' Indian State in most of the parameters of development whether it be the Human Development Index, poverty alleviation, infrastructure development or removal of disparities. Although the economy has grown at an average rate of 6%, this has not resulted in a commensurate improvement in poverty reduction and our achievement in this respect is less than that of Kerala, Tamil Nadu and Gujarat.

We therefore felt that the time had come for some introspection and examination of the development pathway that the State has traversed so far. As a step towards this we prepared a vision document – Karnataka's Vision 2020 – which strongly recommends that we change our development model to focus on both growth and equality. The Vision document makes an interesting analysis of sectoral output and employment in Karnataka and shows that the mismatch is most stark in the agriculture sector, the contribution of which towards the GSDP is only 18% whereas it employs

60% of the workforce. The low productivity of agriculture and the under-employment in this sector is the reason for rural poverty and low living standards. The solution to this is two fold:

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- (a) improve farm incomes and
- (b) provide education and skill training in rural areas so that people find jobs and employment opportunities outside the farm sector.

My government has therefore taken many initiatives to improve agricultural incomes by setting up an Agricultural Mission, providing crop loans through both cooperative societies and commercial banks at 3% rate of interest, promoting organic farming (more than 50,000 farmers have joined a movement to promote organic farming) and through the Bhoo Chetana programme in rain-fed lands where micronutrients are added to the soil on the basis of sample soil analysis.

Parallely we have set up a Skill Development Corporation which provides modular training linked to employment for young people of varied educational attainments in both rural and urban areas. It is expected that this will eventually provide sufficient off farm employment to wean people from agriculture.

We believe that true development is the increasing of human capacities with the focus on reduction of inequalities. 7.8% of the Plan outlay is for education and our efforts will be concentrated on improvement of education at all levels, both in terms of quality and accessibility.

Particular emphasis will be on girls' education. We are establishing 114 boarding schools for SC and ST girls this year in all the 114 taluks which are recognized as backward. In these same taluks we are also establishing model high schools and ITIs.

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We have taken various initiatives in the health sector last year and shall continue them this year. Some of these initiatives have resulted in the number of institutional deliveries being increased by one lakh. But we have much more to do in this regard and we still have to solve the problem of doctors being unwilling to work in rural areas.

We have identified 114 taluks as comparatively backward in terms of economic and social infrastructure and have set apart Rs. 2,579 crores in the Plan to provide as an additionality to these taluks. These additional allocations will be used to improve the educational and health facilities in these areas and also to provide necessary infrastructure such as roads and irrigation facilities.

My government is aware that a good road network, easy communication systems, availability of adequate and clean water supply and sufficiency in the energy sector are absolutely necessary for any development. The largest sectoral outlay in our Plan for 2009-10 is for Water Supply, Housing and Urban Development. We have provided 50% increase over that of last year's Plan for the Energy sector and an increase of 132% for Industries and Commerce where we intend to acquire and

development one lakh acres of land for industrial layouts. We are also giving the greatest importance to the development of tier two cities through better connectivity and living conditions.

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We are aware that mere allocation of resources and incurring of expenditure does not guarantee development. The quality of expenditure and the effective utilization of resources are equally important. My government has recently set up the Expenditure Reforms Commission to examine the manner in which we are spending our money and to suggest measures for more efficient utilization of resources. We shall continuously emphasize the importance of outcomes rather than merely inputs or even outputs. We have made the assessment of outcomes a part of our monitoring frame work.

I would now like to bring to your notice some critical areas which need the intervention of the Planning Commission:

- (a) Captive coal block allotments for the 4,000 MW power project at Kudgi and two other projects in Gulbarga and Belgaum districts.
- (b) Laying of a gas pipeline from Kochi to Mangalore and Bangalore and from Dabhol to Bangalore
- (c) Establishing an IIT in Karnataka

- (d) To clear obstacles in the development of the airports at Bidar and Karwar.

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- (e) To endorse a special package of Rs. 8,500 crores (half of the estimated deficit) for taking up infrastructure projects in Bangalore as per the memorandum submitted to the 13th Finance Commission.

- (f) To provide assistance of Rs. 8,000 crores (about 50% of the amount required) for reduction of regional disparities as per the memorandum submitted to the 13th Finance Commission.

I shall now request my colleagues to elaborate on other important points and look forward to your valuable suggestions.

Thank you.