



GOVERNMENT OF KARNATAKA

Annual Plan 2012-13

**Chief Minister's Meeting with the Deputy Chairman,
Planning Commission, New Delhi**

Speech of

Shri. D.V. Sadananda Gowda

Chief Minister of Karnataka

Wednesday 11th April 2012

**Annual Plan 2012-13 Meeting between the Hon'ble Chief
Minister of Karnataka and Hon'ble Deputy Chairman,
Planning Commission on 11.04.2012**

Respected Deputy Chairman, Hon'ble Members and Senior Officers of the Planning Commission.

1. At the outset let me express my appreciation to the Planning Commission for organizing this meeting to finalize Karnataka's Annual Plan for 2012-13.
2. Karnataka is one of the few major States, that have consistently realized more resources than what was budgeted in the Five Year Plans. We are likely to achieve an expenditure of Rs.1,14,152 crore against an allocation of Rs.1,01,664 crore in the Eleventh Five Year Plan. All the sectors have performed reasonably well.
3. The outlay of Annual Plan 2012-13 is placed at Rs.42,030 crore representing an increase of about 10.40% over the Annual Plan outlay of 2011-12, which was Rs. 38,070 crore. The per capita plan outlay of Karnataka at Rs. 7064 in 2012-13 is one of the highest among major States.
4. Due to uncertain and challenging Macro Economic situation globally and nationally and widespread drought like situation in the state, the economy could not grow at the pace planned during the year 2011-12, but we are optimistic about the year 2012-13, wherein we intend to consolidate the strategies and achievements made so far through governance reforms, tightening the belt,

better monitoring, effective targeting of subsidies and informed decision making through independent evaluation.

5. I am happy to inform that to ensure better service delivery with efficiency, transparency, timeliness and accountability; and to curtail red tape and delay tactics we have recently begun implementation of the “**Karnataka Guarantee of Services to Citizen’s Act, 2011**” covering 151 services across 11 departments. In the very first month of the pilot programme 1.34 lakh applications were received, and out of which 99.3% were disposed off in time.
6. Karnataka is among the few states to start the outcome based monitoring through the **Result Framework Document** developed by the Government of India. A pilot project is planned with the help of World Bank to build institutional capacity for better performance management through effective result measurement and learning from the best practices from other countries to enhance effectiveness of public expenditure.
7. We are in the process of examining and implementing the Karnataka’s **Expenditure Reforms Commission’s** report, which focuses on the planning process, size and nature of schemes and subsidy, sunset clause for schemes, shifting plan priorities, bringing inclusion, increasing capital investment, ex-ante appraisal of projects and schemes, adopting project management approach, independent evaluation of schemes and impact studies, regional imbalances etc.

8. We are committed to the regional balance and a more inclusive growth during the 12th Plan, for which we propose to further strengthen our Special Development Plan and we are evolving a **Policy framework for human development** to ensure long term adequate investment in human development guided by need rather than politics. We have initiated the process to bring out a **State Human Development report** and **District Human Development report** in phases to bring forth region specific issues for advocacy and redressal. We seek support from the Planning Commission- UNDP Project on, '**Human Development- Bridging inequality**', for enhancing the quality of our Human Development Report and its usage.
9. We are strengthening transparent resource allocation, better decentralised expenditure monitoring and improved implementation of all the plan schemes and programmes through a **Computerised Comprehensive Integrated Decision Support System**.
10. We have set up the **Karnataka Evaluation Authority** during the year 2011-12 for result oriented and outcome based evaluation and we will be strengthening it further to enable evidence based policy and programme formulation.
11. We are accelerating the use of **e-Governance** across departments to enhance efficiency and transparency.
12. Karnataka's key financial parameters such as State's Fiscal Deficit, total liability as a percentage of GSDP, own Tax Revenue as a

percentage of GSDP, Revenue surplus, Per capita plan expenditure, Capital expenditure as a percentage of GSDP are all on the positive side. On the resource side we are constrained by the high tax to GSDP ratio, which limits tax elasticity. On the demand side we are constrained by the high committed expenditure on salaries, pensions, subsidies, administrative expenditure, devolution to PRIs and ULBs, etc. Containing the committed expenditure which is largely revenue in nature vis-a-vis capital expenditure would be one of our key challenges. These constraints have also impacted the plan size.

13. Our annual Plan for 2012-13 reflects the priorities of the Government of Karnataka. As compared to the current year, we have increased the allocations considerably in 2012-13 for Welfare of SCs, STs and OBCs 28%, Urban Development 27%, Education 19%, Health 15%, Rural Development 13%, Irrigation 11% and Energy 9%.
14. My Government has always given top priority to agriculture. Like last year, this year as well Karnataka has formulate a separate budget for the agriculture sector. Rs.19,660 crore has been set apart for development of Agriculture and allied services and Irrigation under Plan and Non-plan.
15. The agriculture sector has shown a decline in growth of 2.9% for the year 2011-12 due to drought. Inspite of drought condition, State has achieved 92% of the targeted food grain production of 124 lakh tone.
16. **I would now like to bring to your notice some critical areas**

which need the intervention of the Planning Commission:

- a) Karnataka has the capacity to sustain larger amount of debt. Planning Commission is requested to advise the Ministry of Finance to set the borrowing limit for each State based on their debt sustaining capacity rather than applying the fiscal roadmap in a mechanical manner irrespective of the debt level of each State.
- b) Planning Commission is requested to advise the Central Government ministries to desist from bypassing the State budget in routing of funds for implementation of various Centrally Sponsored Schemes including some of the flagship programmes. The Accountant General, Karnataka has also objected to such practices as it is difficult to keep track of such programmes.
- c) A memorandum seeking central assistance of Rs.2606 crore to tackle drought situation has been submitted to the Government of India. Central teams visited 13 districts of the State from 15 to 18th December 2011 to assess the severity of drought and losses caused to the State, and submitted reports to Union Ministry of Agriculture. The sanctioned amount of Rs. 186 Crore by the Government of India is too meagre to deal with situation.
- d) Silk import duty reduction from 30% to 5% should be reexamined to protect the interest of the local silk industry specially farmers rearers and reelers.

- e) Some of the generation projects are stalled for want of fuel coal linkages / coal blocks / environmental clearance. Planning Commission's intervention is sought in this behalf.
- f) Environmental clearance for Edlapur Project, Godhna Project and Gundia Hydro Electric project is to be provided.
- g) Karnataka's NH density is 2.10 km per 10,000 sq. Km, whereas it is 3.60 km for Tamil Nadu. Govt. of India is requested to upgrade 23 State Highways of length 4381 km into National Highways.
- h) The railways may be persuaded to finalize the PPP Policy as in the case of Airports, Ports Sector and Highways.
- i) Railways to speed up the implementation of 2118 kms of on-going projects costing Rs.6000 crore.
- j) In order to cope up with massive urbanisation in Bangalore City, the commuter rail system is needed to de-congest the traffic in Bangalore and surrounding area helping a larger number of commuters. The Ministry of Railways is requested to accord approval.
- k) To extend Mid-Day Meal Programme for high school students (Ninth and Tenth Standard).
- l) Government of India to be persuaded to relax committed liability clauses under Sarva Shikshana Abhiyana (SSA)/Rastriya Madhyamika Shikshana Abhiyana (RMSA) and other programmes to incentivize reforms.

- m) Allocate funds in the ratio of 75:25 on the line of RMSA to be provided (instead 65:35) to implement Right to Education Act.
- n) 12 high focus C-category districts with very low health indicators deserve higher resource allocation under NRHM on par with high focus states.
- o) As MMR and IMR is comparatively low in Urban Areas, funding and strengthening of Urban Health system is requested.
- p) Planning Commission may provide resources to Karnataka under UNDP-Planning Commission project on Human Development – Bridging inequality.
- q) Planning Commission may facilitate release of grants for the 500th year celebration of Guru Nanak's visit to Bidar city being celebrated as year long International Cultural Festival.
- r) Planning Commission may support the constitutional amendment on the lines of Article 371D applicable to Telangana for the Backward Hyderabad Karnataka region for its equitable growth and development.

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

Thank you.