



Government of Karnataka

Speech
of
Shri D. V. Sadananda Gowda
Chief Minister of Karnataka

At the 56th meeting of the
National Development Council
In New Delhi
on
22nd October, 2011

Hon'ble Prime Minister, Ladies and Gentlemen

1. I am grateful to the Prime Minister and his Colleagues for convening this meeting to discuss the Approach Paper to the 12th Five Year Plan. The next five years are critical for our economy. We need to do a robust planning to ensure sustained economic growth and enable the environment for equitable distribution of benefits to all sections of our society.
2. The 12th Five Year Plan not only provides an opportunity to build upon the gains of the past but also to address the weaknesses that have emerged. Let us learn from the past, and avoid failures. We must refine policies in view of growing Indian economy and rest of the world.
3. One of the significant dimensions of poverty and exclusion manifests itself in the phenomenon of regional disparities. The planning process should result in policies and action plans which enable backward regions to overcome their disadvantages. We feel reassured that the approach paper views the removal of regional imbalances as a vital objective of the planning process.
4. We need to aim towards integrated human development. Essentially, to enhance the capabilities and functioning of human beings to lead a healthy, educated and cultured life, in harmony with the community and the environment, with dignity and self respect. The benefits of growth and progress should ensure improvement in the quality of life of all sections of the society.
5. In the 12th Five Year Plan the approach should be to improve efficiency and effectiveness of public expenditure as brought out in the Report by Dr. Rangarajan's Committee on "Efficient Management of Public

Expenditure". The artificial and often opaque distinction between plan and non-plan expenditure must go. We urge the Government of India to work with the States in assimilating these recommendations in formulation of the 12th Five Year Plan and in implementing them from the first year itself.

6. To ensure a balanced development, we strongly suggest, the 12th Five Year Plan should include a State-wise break-up of the broad developmental targets, including targets for growth rates and social development. It should also focus attention on the nature of reforms required at the State level to achieve the growth targets.

Design Default in Central Schemes

7. The large rise in CSS has led to problems in the States in providing matching grants. Lack of flexibility has led to difficulties in effective utilisation of funds and implementation. Refinement is required in designing CSS, its physical and financial norms, transfer of funds, monitoring and evaluation.
8. Several Central Ministries are implementing the Central schemes through agencies outside the established governance structure. This is weakening the accountability as brought out by the Comptroller and Auditor General.
9. Thereby, I would like to suggest restructuring of the centrally sponsored schemes on the following lines:
 - Allocation under any scheme should be based on a definite pre-determined set of criteria, which any one can verify and information regarding the allocation to all the States should be available on the website.

- The whole State should not be lumped as forward or backward for the purpose of allocation. Every CSS should address the areas within State which are backward and having special problems.
- Information system should be developed to ascertain block-wise backwardness to provide for additional resources to the needy areas within the State under CSS.
- Present system of committed liability clauses in various programmes like SSA, RMSA etc., dis-incentivises initiatives by the State to provide for certain components which are in a programme by their own resources. Like for example, in Karnataka, free text book programme predates its introduction in SSA and hence it is not allowed to be included in the eligible component in SSA. Such conditions in CSS which may hinder State initiatives should be dropped.

Growth in Karnataka

10. Karnataka supports the ambitious target of 9% for the 12th Five Year Plan. High growth with inclusive and sustainable approach is essential to meet aspirations of our people. The 12th Five Year Plan should focus on supply side constraints, which are causing high inflation.
11. In Karnataka, the GSDP continues its structural transformation away from agriculture. Our agriculture sector currently contributes 15.2% of GSDP, and employs over 55% of the workforce. The industries sector contributes 29.6%, while the services sector share is 55.2%. Over the last four years of the 11th Five year plan, agriculture sector has grown at an average of 5.7%, industry sector at 6% and service sector at 9%.
12. Karnataka is one of the few major States to have consistently raised more resources than were projected in the Five Year Plans. We hope to continue this trend in the 11th Five Year Plan as well. Equally gratifying

is the fact that the additional resources for the Plan have been essentially generated out of our own tax receipts rather than borrowings. The per capita plan outlay of Karnataka at Rs.5217 in 2010-11 is one of the highest among major States. State's efforts towards additional resource mobilisation should be supplemented by the Centre by way of additional allocation to enable us to achieve the objectives of the 12th Five Year Plan. The 11th Five Year Plan outlay for Karnataka is Rs.1,01,664 crore, which is 133% higher than the 10th Five Year Plan outlay of Rs.43,558 crore.

Agriculture

13. The agriculture sector in Karnataka has shown a satisfying growth of 5.9% for the year 2010-11. Food grain production is all time high of over 132 lakh tonne. This was mainly due to "Bhoochetana", a unique scheme 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 moved up by 25% to 40%. In 2011-12, the Bhoochetana scheme was scaled up to all districts, and covered 30 lakh ha.
14. Several other innovative schemes are being implemented in Karnataka to improve agriculture incomes including the following:
 - a. For the first time in the country, Karnataka presented Agriculture Budget 2011-12 with an outlay of Rs.17,857 crores.
 - b. Agriculture loans at an interest rate of 1% through Co-operative Societies. Now extended to weaver's and fisherman at 3% interest rate.

- c. The State is providing 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. Organic Farming Mission has been constituted for the first time in India. More than 87,000 farmers were enrolled for adopting organic farming practices. 76,000 hectares have been brought under organic farming which has resulted in reduction of chemical fertilizers use.
 - e. The State has launched Agri-business Development Policy in January 2011 and organizing the Global Agro Investment Meet for the first time in the country in December 2011.
15. Karnataka agrees with the suggestion made in the Approach Paper that the investment on agricultural research and development needs to be increased to bring out new varieties and breeds for a wide range of crops and animal resources in the farm sector. We endorse the need to increase the public spending on Agricultural Research from 0.6% of agricultural GDP to at least 1% by the end of 12th Five Year Plan. The Approach Paper has further stated that the States are under-funding State Agricultural Universities leading to shortage of skilled human power. It requires support from ICAR.
16. Besides simplifying, it is desirable to revisit the formula of RKVY for allocation of funds to the States, considering the drought, floods, extent of land holding by small and marginal farmers, and dryland area. The allocation under RKVY also needs to be enhanced considerably in the 12th Five Year Plan.
17. The Government of India needs to increase import duty on crude palm oil and announce minimum support price for oil palm fresh fruit

bunches. Government of India is also requested to consider Arecanut as a special case for coverage under minimum support price scheme in order to rescue the small and marginal farmers from distress.

Irrigation

18. 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.
19. Improving performance of irrigation schemes and bridging the gap between the potential created and potential 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).
20. Although Government of India has identified 14 projects in the country under the scheme of National Projects wherein 90% of the estimated cost is borne by the Central Government, no project from Karnataka has been included. There is a strong case for inclusion of upper Bhadra Project which caters to both irrigation and drinking water in the drought prone areas of south Karnataka.
21. 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.

22. The success story of Telemetry for online monitoring of water flow in a canal system implemented in Ghataprabha project is proposed to be scaled up in the entire State. A separate directorate may be established in the Central Water Commission for its implementation in river systems.

Rural Development

23. Karnataka is a pioneer in the implementation of the Panchayathi Raj System in the country. The State has been one of the first to transfer all the 29 subjects to the Panchayati Raj Institutions (PRI) in accordance with the 73rd amendment to the constitution. We have successfully conducted four elections to gram panchayats, taluk panchayats and zilla panchayats in the last two decades. It is a matter of pride for us that women constitute 50% of the over 96,000 elected members in PRIs. Specific guidelines and parameters have been evolved for the levy of house and property taxes at the village level by gram panchayats. This has resulted in an increase of the taxation demand by three-fold. Thirteenth Finance Commission grants to the State PRIs are being transferred in real time to their bank accounts through the internet.
24. Under Rural Water Supply, 'Kannada Ganga' project is being launched to cover all the towns and villages of Bijapur and Chitradurga Districts at an estimated cost of Rs.3,300 crore on PPP model. Coupled with this, we need to address excess fluoride and arsenic problem in about 8,079 habitations which would further require Rs.4,995 crore. Hence Government of India may provide a package of Rs.2000 crore to the State to tackle water quality problem. This would enable to achieve the 'millennium development goal' before 2015.
25. The number of BPL families as identified by Planning Commission and by the respective States differ widely. In Karnataka, the number of BPL families is three times more than the number identified by the Planning

Commission. There is an urgent need to revise the parameters for identifying the BPL families to bring in uniformity.

Energy

26. Approach paper has rightly emphasized that GDP growth of 9% is not possible without a commensurate increase in the supply of energy and that the availability of fuels such as coal and natural gas must be assured for new power plants. Shortage of power and lack of access continues to be a major constraint on economic growth in our State.
27. The State has proposed to add a further capacity of 8290 MW during the 12th Five Year Plan period to the existing installed capacity at a cost of Rs.40,000 crore. There are environmental clearance constraints for hydel generating stations and transmission lines which are very essential for evacuation and transmission of power. We have repeatedly requested the Central Government for allotment of coal linkage/coal block for new thermal plants and to speed up environmental clearances.
28. The system of pooling domestic and imported coal prices may be considered by the Ministry of Power so that uniform prices can be charged for the coal allocated to the States. Karnataka is also proposing to implement gas based power projects. The State could take up gas based projects only if the Centre allocates domestic gas for Karnataka. Centre is requested for allotment of domestic gas for new gas based plants at Bidadi and Tadadi.
29. It is essential to establish an efficient inter-state transmission system of adequate capacity that is capable of transferring power from one region to another. Existing transmission links between the southern region and other regions, particularly the western region, are not

adequate. Power Grid Corporation of India Limited should take up the expansion and strengthening of the transmission network between Karnataka and other States on priority basis.

Transport

30. Karnataka compares rather unfavourably with the other States in the southern region in terms of connectivity through national highways. The State clearly requires additional assistance from the Centre both for new roads and maintenance of national highways in order to meet the developmental goals of the 12th Five Year Plan.

31. Planning Commission may consider introduction of a new flagship programme called State Highways Development Programme under which financial assistance should be provided by Government of India to the State Governments to develop the State Highways. This will have immense catalytic effect on the future growth of the economy.

32. Karnataka has already initiated a State Highway Development Programme to improve 15,000 km of core road network by spending more than Rs.13,000 crore. The Planning Commission may think of a national level programme of this nature so that all States can be engaged in the development of core road network to connect all areas of the entire country. This would provide a boost to both agriculture and industry.

33. The State Transport Undertakings (STU) was 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. The STU's being a public utility may be exempted from payment of Income Tax.

34. 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.

Industry

35. We have implemented new Industrial Policy, constituted Vision Group, and provided tax concessions to new industries particularly for those started in the backward areas. Our Government intends to create a million jobs by 2014. Over the last three years, we have created some 4 lakh jobs after skill training. Further, a land bank has been created to support new industries. The Global Investors Meet held in the month of June 2010 was a phenomenal success. MoUs for 389 projects with an investment of Rs.3.92 lakh crore were signed. 22 Projects have already commenced. 210 Projects are under various stages of implementation. These projects involve an investment of Rs.2.91 lakh crore.

36. After Global Investors Meet further 628 projects were approved with an investment of Rs.1.46 lakh crore. State Government is planning to organize next Global Investors Meet in the month of June 2012 and targets investment of Rs.5 lakh crore.

37. Karnataka has initiated a major effort to boost up employability of our youth. New initiatives like, large scale skill training across the state in various trades, monthly once job fairs at district level, employment exchanges on PPP mode have resulted in creating more than 4 lakh jobs over the last 3 years. Now, we are focusing on enabling traditional occupations with certified skills. The Central Government may scale up this program across the country.

38. India ranks next to China in the production of silk yarn. Within India, Karnataka is the largest producer of silk. The reduction in the customs duty of raw silk from 30% to 5% in this year's Union Budget has led to sudden crash in the cocoon prices resulting in distress sales and causing concern among those directly associated with the silk industry. The State has been experiencing severe protests from the sericulturists. Sericulture industry in the State provides direct employment and livelihood to more than 11 lakh persons engaged in different sericultural activities. Silk import duty reduction should be reexamined to protect the interest of our farmers.

Education

39. The State has achieved access ratio of 100 percent both at primary and upper primary levels. Though our achievement looks impressive, large number of out of school children exist in certain pockets of the State, especially North-Eastern Karnataka region, which is causing concern.

40. Quality is still a concern. In spite of several efforts made in this direction improvement of quality of instruction and achievement of learning levels have not yielded desired results. Several initiatives have been taken up to address quality issues like: a) Introduction of Nali-Kali, b) Providing intensive in service teacher training programme to upgrade teacher's capacities, c) Introduction of English as a subject from first standard, d) Revision of text books based on National Curriculum Framework-2005.

41. Karnataka has already enacted a law for constitution of school development and monitoring committees which are functioning as a subcommittee of the Grama Panchayat. Further, RTE also provides for constitution of such Committees in all schools. This will deepen

community involvement in school by enabling monitoring school activities including teacher attendance.

42. In order to provide better facilities, which are mandated under RTE, Government of India should provide 100% of the required additional allocations.
43. To universalise the secondary education, the Mid-day Meal Programme may be extended up to class 10.
44. There are a large number of madarasas which do not adopt State curriculum. On-going community mobilization efforts have not yielded full results. Universalization of elementary education of minorities is a matter of concern from this angle.
45. All over the country 10+2+3 matrix of schooling is followed. There is little scope for vocational education and diversification at the junior secondary stage. Vocationalisation of higher secondary education is an issue of persisting concern in the State for which generous support of Government of India is needed.
46. Proposals to recognise Bangalore University, Bangalore and Karnataka University, Dharwad, as Centres of Excellence are pending with the Central Government. University Grants Commission should recognize more centres of excellence amongst the Universities in the State.
47. The State Legislature has passed the Innovative University Bill which is first of its kind in the Country. The Bill is awaiting Presidential assent. There is need to develop degree colleges with innovative curriculum for acquiring skills and equipping them for job market.

Health

48. The Approach Paper provides the right diagnosis for the complexities of the health sector. We have emphasised on the less developed blocks of the State to improve the equity and efficiency of the health care delivery system. Karnataka aims to achieve the goals set under the National Rural Health Mission in respect of IMR and MMR of less than 30 and less than 100, respectively by March 2012.
49. 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 like:
- Home based newborn and child care,
 - Integrated management of neonatal and childhood illness,
 - Special facilities in Government hospitals / Centres / FRUs,
 - immunization and
 - Encouragement of institutional deliveries by offering incentives in cash and kind.
50. Mortality rates were high in rural areas due to lack of transport and treatment facilities during emergencies. An emergency ambulance scheme called 'Arogya Kavacha – 108' has become a boon in all such cases. Over 1 crore calls were attended to, resulting in saving 4.5 lakh lives.
51. We have converted 975 PHCs into 24 X 7 health centres. A new scheme is launched to provide free medical check-up and treatment to all girl children registered under the Bhagyalakshmi scheme. 12 high

focus C-category districts with very low health indicators deserve higher resource allocation under NRHM on par with high focus States.

Forest, Ecology and Environment

52. We endorse the Approach Paper's recommendation of an increase in the forest and tree cover in the 12th Five Year Plan. However the issue of rehabilitation of people living in forests needs to be looked into urgently. Those who are willing to settle outside the forest area need to be encouraged with attractive rehabilitation packages. The Union Government must come forward to provide financial assistance for such rehabilitation and also for acquisition of lands for the relocation.
53. We need also to recognise the growing popularity of eco-tourism. Karnataka has many enchanting sites in forest lands outside the protected areas, which can be developed for eco-tourism. It will also provide employment opportunities for local landless and poor people. We would recommend that the Union Government includes a major initiative to promote eco-tourism in the 12th Five Year Plan.
54. The National Air Quality Standards for industrial, residential and rural areas have been made uniform and parameters in Ambient Air Quality have been fixed for 12 critical pollutants by Ministry of Environment and Forests in November 2009. However, at present the State Pollution Control Boards have no capacity to measure and monitor some of these pollutants. SPCBs capacities need to be enhanced by the CPCB for monitoring the pollutants and developing Pollution Control Index.
55. Considering voluntary commitment made at International Forum by Government of India to reduce emission to 20 to 25% at 2005 level by 2020 and in view of "polluter to pay" principle, it is suggested that consent fee across the State for highly polluting industries be worked out by the CPCB. The consent fee so fixed shall be free from any

discretion by the State Boards. In due course market based instruments shall also be developed for trading the emission units.

Tourism

56. Karnataka has become the hub of tourist attractions in South India. There are ample opportunities to develop tourism related/hospitality projects. But we need the Central support in relaxing the Coastal Regulation Zone Rules to promote tourism.

57. Karnataka, especially Bangalore has very good chain of hospitals which provide world class services at affordable and competitive cost like heart operation, knee-cap replacement, kidney related treatment and dental treatment. We could attract more patients from developed and developing countries by providing visa on arrival facility.

58. Karnataka has two UNESCO recognized World Heritage Sites – Hampi & Pattadakal. There are many more heritage sites in Karnataka with immense tourism potential. These heritage sites are under the control of Archaeological Survey of India. The recent rules of Central Government do not permit any constructions within 300 meters. Therefore, relaxation of rules on case by case is required to provide tourist amenities.

Housing

59. The State scheme called Basava Vasathi Yojane (BVY) is being implemented through Rajiv Gandhi Rural Housing Corporation by providing 50% of the target exclusively to SC/ST. Additional houses are also being provided under Ambedkar Housing Programme. Under BVY,

Ambedkar Housing and Indira Awas schemes, 7.6 lakh houses were constructed since April 2008. Our government has undertaken a massive programme of relocating 294 villages perennially affected by floods. More than 59,000 houses are being constructed under 'Asare' programme from October 2009. As the construction cost has gone up considerably, there is a case for upward revision of the unit cost by the Government of India.

Urban Development

60. We need to prioritise investment in basic infrastructure, make time bound plans and strategies to reduce the misery to many city dwellers and opt for a well integrated urban development strategy in the 12th Five Year Plan. For the first time the absolute increase in population is more in urban than rural India as per Census 2011 figures. The State Government is developing tier-2 and tier-3 cities in order to make them more attractive for investment in various economic activities.
61. Karnataka has initiated comprehensive reform in urban sector including human resource development; creating GIS based urban property ownership records in 5 cities as part of first phase, better financial accounting mechanisms, service delivery and performance monitoring.
62. Urban poverty in Karnataka is marginally higher than the national average and other neighbouring States. Karnataka is the only Southern State with net urban migration from outside the State and these migrants contribute substantially to the urban poverty in Karnataka. The resources of the local bodies and the State are inadequate to address the situation. Hence, there is a case for sufficient Central Assurances for the same.

Infrastructure

63. The present Central Legislation (Metro Railway Construction of Work Act 1978 and Metro Railway Operation and Maintenance Act 2002) has no role for the State Government at all and in effect it has taken away the development of metro from the purview of the State Government. Decisions on the construction of Metro within the municipal area, Operation and Maintenance of Metro regulation of activity like fare fixation, claim settlements (regulation through institution) must be assigned to the State Government along with the formulation of rules. We will support this sector promotion through a Central Institution in partnership with the State.
64. Large metropolitan cities like Bangalore are major engines of overall economic growth. For example, Bangalore, the Information Technology capital of the country, contributes \$14 billion in the export earnings of the country and is the fastest growing metropolis after Delhi. The city is facing a severe deficit of infrastructure, resulting in major constraint on the export potential. Viability of PPPs is often found inadequate for large urban projects. 12th Five Year Plan should incorporate appropriate strategy to address infrastructure constraints.
65. Infrastructure plays a major role in the development of the State. 105 projects in the State with an investment of over Rs.70,000 crore have been formulated under PPP model. Tadadi Port is being developed on PPP basis with a likely investment of Rs.3000 crore.
66. The State proposes to undertake projects in Social Sector under the PPP format. The health and education departments have consulted various transaction advisors and a workshop is also planned with the technical assistance of Asian Development Bank. Pre-feasibility reports are being prepared to establish 4 hospitals under PPP framework. One of the major constraints for success of PPP in the education sector is the non-profit nature of the present educational institution due to which ex-academics, world class corporates and honest people never start such institutions.

67. Government of Karnataka has taken proactive steps in laying of railway lines on cost sharing basis with the Indian Railways. 14 Railway projects covering 1700 Kms of new railway lines are being laid with the State Government share of Rs.1307 crore. The State proposes to take up 3 more projects namely Talaguppa – Honnavar, Bijapur – Shahabad, Dharwad – Belgaum under the new policy of Railway Infrastructure for Industries Initiative.
68. To decongest the fast growing city of Bangalore, there is need of linking of all the Satellite Towns around the Bangalore City with Commuter Rail and link Bangalore and Mysore Cities with super fast rail link.
69. The State Government plans to introduce an Infrastructure Act, to enable higher and effective investment. It is also proposed to set up a board that will increase pace of design and implementation of more projects.

Social Welfare

70. I fully support the Approach Paper's concern to include 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 and STs. I strongly urge the Central government to step up the allocations for all related schemes in the 12th Five Year Plan.
71. We request the Government of India to share the hostel expenditure incurred on pre-metric students, which is presently being met entirely by States. The Central Government may also revise the rates provided for post-metric students.

72. More residential schools are required for SC/ST & BC and Minorities with quality education. More industrial training institutes, polytechnic and other professional institutes should be established particularly in rural areas for SC/ST and BC and Minority students.
73. Under the Centrally Sponsored Schemes, Central Government provides for Pre-metric scholarship, Post-metric scholarship and Merit-cum-Means Scholarship for fixed number of minority students, which is far lower compared to the number of applications received. The present system of lower level of assistance is creating unrest among a large number of unsuccessful merited and deserving minority students. Central Government is requested to upscale the allocations to cover all the qualified applicants.

Women and Child Development

74. Declining sex ratio is a matter of great concern for us. To arrest the trend, the State Government has launched a novel scheme called "Bhagyalakshmi" to protect the girl child and change society's attitude towards her. This scheme is empowering girl children born in BPL families has become a model for other States. Initial deposit amount under Bhagyalakshmi Scheme has been doubled so that the maturity value is increased to Rs.1 lakh. 14.42 lakh beneficiaries have been enrolled so far and 11.22 lakh bonds worth Rs.1576 crore distributed.
75. To empower women through micro finance and livelihood support, we have organized 1.4 lakh Self Help Groups. We have further strengthened our gender budgeting by providing Rs.4855 crore in 2011-12 plan.

76. Child malnutrition and anaemia is a matter of grave concern as it compromises the normal all round development of the affected children. There is a need to recognise "anganwadi" as an institution of prime national importance and augment resource allocation for nutrition, preschool education and women empowerment programmes taken up through them.

Information Technology and e-Governance

77. Karnataka endorses the suggestions made in the approach paper, especially, those relating to innovative use of Information Technology and other technologies, which improve monitoring and supervision of the Government schemes, introduction of a law on public procurement and transparency, ensuring that ordinary citizens can effectively access the public services that are their right, extension of broad band connectivity to all panchayats and villages, creation of online capability of tracking flow of funds through the State implementing agencies and tracking of expenditure on real time basis, and further simplification of procedures for delivery of public services etc.

78. The Government of Karnataka is of the firm belief that Information Technology should be utilized to usher in an era of electronic governance and delivery of Government services to citizens in a simplified and transparent manner. Information Technology also enables demystifying the role of Government, simplifying procedures, bringing in transparency, providing quality and timely information and services in an efficient and cost-effective way. The Government is convinced that Information Technology can help in bridging the gap between rich and poor, urban and rural, developed and un-developed, by providing equality of opportunity and empowering the less privileged.

79. The State has proven its strengths in Information Technology and Biotechnology sectors. Even in the recent recessionary period, the Information Technology Industry showed its resilience and continued to

grow in double digits. The State is home to 2200 plus IT Companies, contributing to about \$ 20 billion of exports, giving direct employment to over 6 lakh professionals and creating over 12 lakh indirect jobs.

80. The domestic market of BPO is having healthy growth of 12% to 15%. Bangalore has emerged as a hub for R & D, Engineering Design services, innovative product developments and processes accounting etc.

81. With the objective of reaching out to the masses, initiatives such as Rural BPOs, e-PCOs, Common Service Centres, State wide area network connectivity, application of information technology tools in the sectors of health and education etc., are expected to take information technology to the rural areas. The Government's expenditure on information technology has seen an increase of over 20% per year in recent years.

82. The State Government has provided e-procurement platform for all its procurements to be made transparently through the electronic mode. Started in six departments/organizations on a pilot basis, this scheme has been extended to 101 departments/organizations. Procurements valued at about Rs.49,000 crore have made through this platform. This platform has enhanced competition among the bidders and more bidders are participating in the tendering process, resulting in reduction of about 10% in bid amount vis-a-vis the estimated expenditure. This has saved over Rs. 6,000 crore to the Government. This being a web based solution; any bidder can participate without any hindrance/entry barriers. Over 10,000 users are registered on the platform. The project has bagged several awards.

83. Bangalore-One project was started with the objective of providing various G2C and B2C services under a single roof as a one stop shop. Initially started with 14 centers, there are now 72 centres in Bangalore

City. These centres provide over 40 services like payment of all bills, taxes etc. The volume of transactions is over 362 lakh. Transactions to the tune of around Rs. 3000 crore have taken place in these centres. Thirty three Karnataka-One centres have been established on the Bangalore One model in tier-two cities of the State.

84. The State has launched an e-form initiative to facilitate the public to submit forms electronically for various services provided by different Government departments. Electronic submission of forms enables citizens to fill in and submit forms to Government electronically anytime and anywhere for obtaining Government services. Action is being taken to facilitate on-line submission of forms.

Resources

85. The Centre's Gross Budgetary Support is projected to increase from 4.7% of GDP in 11th Five Year Plan to 5.25% in 12th Five Year Plan. However, most of this improvement is sought to be retained for the Central Plan itself. The projected increase in the assistance to States is only marginal from 1.2% in 11th Five Year Plan to 1.3% in 12th Five Year Plan. Most of the strategic challenges identified for the 12th Five Year Plan are to be addressed by the States. It will be more prudent and effective to provide a larger role to the States in planning and designing the development programmes. They should be given a larger share of the incremental resources that can be mobilized for 12th Five Year Plan.

86. The uncertainties arising from the impact of GST on the States' resources for the plan financing is an area of 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.

87. 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.
88. Availability of long term finances for infrastructure development is a major constraint. 12th Five Year Plan should focus on deepening of the capital markets and promotion of appropriate institutions for facilitating long term debt for infrastructure projects.
89. During the 11th Plan period, a lot of enabling work has been done for facilitating public private partnerships for infrastructure in terms of mechanisms, structures and procedures. However, we need to invest a lot more efforts in building up capacity at all levels of the government. As increased investments in infrastructure is critical to address the growth constraints, appropriate increase in the viability gap funding from the current level of 20% may be considered to attract more private investment. Yet another area requiring our attention is to develop appropriate approach for inclusion of PPPs in the fiscal framework to ensure their harmony with fiscal prudence.

Evaluation

90. The prevailing Evaluation Policy in the state aims at achieving the many attributes essential for good evaluation. Yet the institutional mechanism in place is not adequately empowered to achieve the laudable goals set to deliver the policy objectives. A recent review revealed that there were quite a few shortcomings in the

implementation. In view of this, the Karnataka Evaluation Authority (KEA) has been set up on the lines of Independent Evaluation Office of Planning Commission. Karnataka is the first state to set up a Karnataka Evaluation Authority to undertake impartial and objective assessment of the various public programmes and improve the effectiveness of public interventions. The setting of KEA has been appreciated by the Planning Commission.

Conclusion

91. Ladies and Gentlemen I am sure you will agree that one of the biggest problems that we face today in our quest for good governance is quality of manpower available for implementation of programmes. Inadequate training and procedures that have been set over time has further compounded the problem. The mindset of the bureaucracy must be re-oriented towards transparent and accountable decision making and result oriented actions.

92. In conclusion, I would say that the 12th Five Year Plan provides a historic opportunity to unleash the productive forces in the economy with the right combination of policies and programmes to achieve sustainable outcomes for the benefit of all the sections. 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. I do hope the Planning Commission will incorporate the suggestions that emerge from the discussion on the 12th Five Year Plan approach paper.

93. Needless to say, in the 12th Five Year Plan envisaged results will matter more than the objectives and targets. Good governance, emphasis on outcomes, instead of outlays, decentralised planning and accountability are all features that must be built into the Plan to make it effective.

94. 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. I am grateful that the Planning Commission has had extensive consultations with the State Governments regarding the Approach to the 12th Five Year Plan and I am confident that both in the preparation and implementation of the Plan, it will continue to consult and interact closely with the State Governments. As the Approach Paper recognizes, the Centre and State will have to complement each other's efforts in order to ensure that the goals of the 12th Five Year Plan are achieved.

Jai Hind, Jai Karnataka