

**SPEECH OF SRI. SIDDARAMAIAH, HONOURABLE  
CHIEF MINISTER OF KARNATAKA, AT THE  
3<sup>RD</sup> GOVERNING COUNCIL MEETING  
OF NITI AAYOG HELD ON 23-04-2017  
AT NEW DELHI.**

I am happy to be here today at the meeting of the third Governing Council of the NITI Aayog. This is an important forum for “cooperative federalism” that was promised by the Honourable Prime Minister. However, for this forum to be effective, states should get more opportunities to present their issues. Also, I would suggest that the agenda for future meetings of the Governing Council be circulated at least two weeks in advance.

In Karnataka we pursue a development model that places the citizen at the centre stage. We believe in balancing the investment in human capital with investment in infrastructure. We have also taken effective steps in deepening democracy through robust Panchayat Raj Institutions.

Our State has given prominent attention to skill development. Recognising its importance, we have created a Department for Skill Development, Entrepreneurship and Livelihood in Karnataka in September 2016, which reports directly to me. We have finalised the Karnataka Skill Policy 2017.

Karnataka has a strong foundation of industrial training, which creates a skilled labour force for its diverse and large industrial and business sectors. Over the last 3 years, more than 3.71 lakh persons, including

2.21 lakhs students, have been trained in the ITIs and have entered the work force. 100 new ITIs have also been established and all the 296 Government ITIs are being modernised or strengthened.

Karnataka has focused its efforts on fulfilling the objectives of the Swachh Bharath Mission of making the State Open Defecation Free. The number of rural families with access to toilets has increased from 35.41 percent in 2013-14 to 70% this year. Out of 55 Lakh rural households without toilets, 30 lakh households have been provided toilets in the last 4 years. Three of our larger cities, viz., Mysuru, Bengaluru and Udupi, have been declared Open Defecation Free cities. Mysuru, the heritage city, has won the distinction of being the 'Cleanest City' in the country twice; in 2015 and 2016. We have also developed several schemes to enable solid and liquid

waste management both in rural and urban Karnataka.

Karnataka has been at the forefront of the global Digital Revolution and Bengaluru City is hailed as the technology capital of India and is rated as the most dynamic city in the world. Karnataka was a pioneer in taking the digital technologies to rural areas. Our flagship Bhoomi made digital land records available to villages more than a decade ago. Now we are leading the digital push to Panchayats through provision of Wifi. 2500 Grama Panchayats will get wifi this year alone. Three of Karnataka's path breaking digital initiatives, Bhoomi, Kaveri and Mojini, have been integrated to seamlessly deliver Land Records to the citizens, thus safeguarding their Land and Property Rights.

Our Government's most successful digital application has been the Aadhar seeding of beneficiary Bank accounts. We were able to distribute crop loss compensation directly to the Bank accounts of 16 lakh farmers in one click of the mouse. It is a matter of some pride for me that Karnataka is the only State in the Country which has succeeded in making such Aadhar linked payments to farmers for distribution of input subsidy and crop insurance claims under the Fasal Beema Yojana. Similarly, scholarships, MGNREGA payments etc., are being provided through Aadhar linkage to their beneficiary bank accounts.

In Karnataka, 70 percent of the cultivated land is rainfed. Schemes like farm pond construction ,micro irrigation and poly houses for high value crops under the Krishi Bhagya

scheme are aimed at making farming sustainable and profitable. More importantly, to ensure that our farmers do not face a seventh consecutive year of drought, our Government has created an additional irrigation capacity of 6.2 lakhs acres in the last 4 years. Ours' is the first State to link farmers' markets online, thus continuing Karnataka's leadership in the digital space.

GST has forged a new model of cooperative decentralization in the country. GST has shown us that States and the Centre can come together and reach a consensus in the best National interest even on such complex issues. Karnataka has embraced the GST philosophy and presently has an enrolment of 93% in the GST portal, the highest for any state.

An important aspect in the successful and sustainable implementation of GST is

compensation to States for loss of revenue. However, no provision has been made for such compensation in Union Budget for 2017-18. The timely release of compensation to States under GST will be an important factor in ensuring that the relationship of mutual trust is maintained between the Centre and the States.

On the technical side, a robust IT framework is extremely essential for the successful roll out of GST. It is critical that the GST Network creates an efficient, responsive and snag-free environment.

So far as Centrally Sponsored Schemes are concerned, as a consequence of several policy decisions, including the restructuring and closure of schemes and reduction in the central share to 60% or even 50%, the overall grants for major schemes under CSS

decreased from Rs. 10826 crore in 2014-15 to Rs. 8502 crore in 2016-17. These figures denoted a drop in grants from 10% of the overall revenue receipts in 2014-15 to 6% in 2016-17. Since most of this reduction has been in essential schemes, the State has had to make up the shortfall from its own resources. For instance, under UIDSSMT and JnNURM (for small cities), the central share was 80%. Now under the rechristened Smart City and Amrut schemes, the central share has been revised to 50%.

I would also like to mention that not only the central share has been reduced, the actual grants received from the centre under certain schemes have been even less than the reduced share over the last two years. To illustrate, the percentage of central funding under ICDS reduced from 30% to 22%, for MGNREGA from

75% to 47%, for NRDWP from 70% to 12%, for RMSA from 54% to 16% and for SSA from 61% to 38% in the period 2014-15 to 2016-17. In MGNREGA, the releases have been neither timely nor sufficient. I have had to therefore release an additional amount of Rs.1185.62 crore from state budget to compensate for this shortfall.

Further, the sudden closure of CSS schemes, such as JnNURM and RAY, creates severe fiscal stress on the State Budget. JnNURM's abrupt closure in March 2015 compelled the State to utilize Rs.972.68 crore from its own resources. Similarly, the closure of RAY obliged the State to provide Rs.128.08 crores from its resources to complete the project.

The farmers of Karnataka have been reeling under drought conditions consecutively for the

last six years. Even in the current year, 139 Taluks during the Kharif Season and 160 Taluks during the Rabi Season have been declared drought affected. Despite this crippling situation, Karnataka's allocation under SDRF for the period 2015-20 has been among the lowest in the country. Despite Karnataka having the second highest percentage of semi-arid area in the country and suffers from very high incidence of drought and also witness flash floods with high frequency due to non-perennial rivers our allocation for the above period is only Rs.1375 crore, which is much less compared to allocation to the States like Rs.1809 crore to Jharkhand, Rs.3376 crore to Tamilnadu, Rs.7376 crore to Maharashtra, Rs.5484 crore to Rajasthan, Rs.4363 crore to Madhya Pradesh and Rs.3504 crore to Gujarat. Hence, there is a urgent need of addressing State

requirement based on its susceptibility to the natural hazards.

Similarly, under the NDRF for the Kharif crop last year, Karnataka suffered loss of Rs.17193 crores but received only Rs.1685.54 crore as against a demand for 4702.54 crore as per NDRF norms. I would urge the Centre to rectify the situation by releasing the State's demand of Rs.3310 crore for the last year's Rabi crop for which the State suffered loss to the tune of Rs.7097.89 crore.

Notwithstanding all these challenges, Karnataka has been able to address the drought situation in an effective manner through innovative responses. For instance, Karnataka has distributed crop loss relief by distributing input subsidy directly to 16 lakh beneficiary bank accounts.

Karnataka believes in constructive federalism while keeping the State and the Nation's interest paramount. It is in this spirit that Karnataka is also moving forward with the national objective of a Digital India. As you are aware, Karnataka has been one of the pioneers and still continues to be in the forefront of creating a digital India in order to bring about maximum benefit for the people. However, while the goal of digital India is laudable it is also essential that we move ahead in a planned and phased manner in order to be able to successfully complete this Mission.

I look forward to a collaborative and productive relationship with all my colleagues in other States and at the Centre in the best interest of the people of Karnataka and of India.

**JAI HIND, JAI KARNATAKA**