

Chapter 22

Financial Institutions and Regional Disparities

(other than Commercial Banks, Regional Rural Banks and Co-operatives)

1. Taking cognizance of Schumpeter's seminal arguments that financial services promote economic development, we analyze in this chapter the salient aspects, with the focus on regional disparities, of financial assistance to Karnataka by All-India Financial Institutions (AIFIs), Karnataka State Finance Corporation (KSFC), Karnataka State Industrial Investment and Development Corporation (KSIIDC), NABARD under Rural Infrastructure Development Fund (RIDF) and HUDCO under infrastructure-related project loans and Karnataka Urban Infrastructure Development and Finance Corporation (KUIDFC) under urban infrastructure development schemes. Financial assistance that Karnataka has received under 'Externally Assisted Projects' is also included in our analysis.

22.1 All-India Financial Institutions:

2. In order to present in brief the structure and functions of AIFIs, we have extracted the relevant portions from the IDBI's Report on Development Banking in India: 1999-2000.

3. The AIFIs comprise five All-India Development Banks (AIDBs) viz: IDBI, IFCI Ltd., ICICI Ltd., SIDBI and IIBI, three specialized financial institutions (SFIs) viz: IVCF, ICICI Venture and TFCI and three investment institutions, viz: LIC, UTI and GIC*.

4. Of the five AIDBs, IDBI, IFCI Ltd., ICICI Ltd., and IIBI provide financial assistance to medium and large industries, whereas SIDBI caters to the financial needs of small scale sector. AIDBs also undertake promotional and developmental activities. Among the SFIs, IVCF and ICICI Venture provide risk capital, venture capital and technology finance, mostly to start-up companies in the knowledge-based IT and related sectors, while TFCI extends assistance to hotels and tourism-related projects. LIC and GIC deploy their funds in accordance with the Government guidelines. UTI mobilizes savings of small investors through sale of units and channels them into corporate investments mainly by way of secondary market operations. These investment institutions also extend assistance to industry through loans and by way of underwriting/ direct subscription to equities and debentures.

5. Cumulative assistance sanctioned and disbursed by AIFIs up to end March 2000 in the country amounted to Rs. 570017.12 Cr. and Rs. 394170.48 Cr. respectively (Table: 22.1) Maharashtra accounted for the largest share in All-India Cumulative sanctions (23 per cent) followed by Gujarat, (14 per cent), Tamil Nadu (9 per cent), Andhra Pradesh (7 per cent) and Karnataka (6 per cent) in that order. In terms of cumulative disbursements also, Maharashtra ranked first (23 per cent) followed by Gujarat (14 per cent), Tamil Nadu (8 per cent), Andhra Pradesh (7 per cent), Uttar Pradesh (6.14 per cent) and Karnataka (6.07 per cent) in that order.

* See Annexure-22.1 for elaboration of abbreviations used.

6. Shares of Karnataka in the total assistance sanctioned and disbursed by each of the AIFIs along with ranks the state occupies in the country are shown in Tables 22.2 and 22.3 respectively. It may be observed that ignoring GIC assistance which pertains to a single year: 1999-2000, the shares of Karnataka in the cumulative sanctions by AIFIs range from 2.6 per cent in the case of UTI to 17.4 per cent in the case of ICICI Venture and in the case of cumulative disbursements from 1.6 per cent in the case of UTI to 17.8 per cent in the case of ICICI Venture. Relatively high share of Karnataka in the ICICI Venture capital is a testimony to the significant stride that Karnataka has made in the development of technology particularly in the field of Information Technology. Karnataka's position in the country in respect of cumulative financial assistance received from individual AIFIs (sanctions as well as disbursements) ranges from the third to the tenth. If the states were to be roughly divided into three equal bands, Karnataka finds its place in the upper band in respect of assistance sanctioned and disbursed by the individual AIFIs. In terms of per capita cumulative sanctions and disbursement by individual AIFIs, Karnataka is above the national average with the exception of IIBI, IVCF, LIC, UTI and GIC institutions.

Table: 22.1**All India Financial Institutions: Shares in Cumulative Assistance Sanctioned and Disbursed up to end March 2000, State-wise.**

Sl.No.	State	Share in Sanctions (Percent)	Rank	Share in Disbursements (Percent)	Rank
1.	Andhra Pradesh	7.08	4	6.52	9
2.	Arunachal Pradesh	0.01	23	0.01	26
3.	Assam	0.42	19	0.39	19
4.	Bihar	1.27	15	1.42	15
5.	Delhi	4.99	7	4.79	7
6.	Goa	0.56	18	0.56	18
7.	Gujarat	14.42	2	14.25	2
8.	Haryana	2.28	11	2.36	11
9.	Himachal Pradesh	0.84	17	0.89	16
10.	Jammu & Kashmir	0.17	20	0.16	20
11.	Karnataka	6.11	5	6.07	6
12.	Kerala	1.29	14	1.42	14
13.	Madhya Pradesh	4.34	8	4.09	9
14.	Maharashtra	23.19	1	23.29	1
15.	Manipur	0.03	21	0.02	22
16.	Meghalaya	0.02	22	0.03	21
17.	Mizoram	0.01	27	0.01	27
18.	Nagaland	0.01	25	0.02	23
19.	Orissa	1.83	13	1.59	13
20.	Punjab	2.16	12	2.19	12
21.	Rajasthan	3.25	10	3.56	10
22.	Sikkim	0.01	24	0.01	24
23.	Tamil Nadu	8.94	3	7.86	3
24.	Tripura	0.01	26	0.01	25
25.	Uttar Pradesh	5.7	6	6.14	5
26.	West Bengal	4.22	9	4.39	8
27.	Union Territories	0.91	16	0.80	17
28.	Multi state/Nonspecific areas \$	6.06		7.17	
	Total	100		100	
	(Amount in Rs. Cr.)	570017.12		394170.48	

\$ Data relate to ICICI, LIC & UTI.

Note: Computations based on data available in IDBI, Report on Development Banking in India, 1999-2000, App.17, P-139.

Table : 22.2**All- India Financial Institutions: Sanctions , Cumulative up to end
March 2000**

AIFIs	Assistance sanctioned (Rs. Cr.)				Per capita sanctions (Rs.)	
	All-India	Karnataka	Percent to All-India	Rank	All-India	Karnataka
IDBI	1732319.0	135850.0	7.0	6	1966.7	2661.0
IFCI	430141.9	26539.0	6.2	7	397.0	462.0
ICICI	1914572.6	119653.5	6.2	5	1948.7	2343.7
SIDBI	390579.1	32665.8	8.4	4	397.5	639.8
IIBI	100708.9	5047.7	5.0	7	102.5	98.9
IVCF	1546.6	66.2	4.3	9	1.6	1.3
ICICI Venture	4710.2	818.2	17.4	3	4.8	16.0
TFCI	19435.4	1155.6	5.9	6	19.8	22.6
LIC	290133.5	8975.2	3.1	7	295.3	175.8
UTI	536128.6	13695.2	2.6	3	545.7	268.3
GIC(1999-2000)	9432.9	102.0	1.1	10	9.6	2.0
AIFIs	570017.12	34804.50	6.1	5	5801.7	6817.3

Source: IDBI : Report on Development Banking in India, 1999-2000

Table : 22.3**All- India Financial Institutions: Disbursements, Cumulative up to end March 2000**

AIFIs	Disbursements (Rs. Cr.)				Per capita disbursements(Rs.)	
	All-India	Karnataka	Percent to All-India	Rank	All-India	Karnataka
IDBI	1298237.2	89004.2	6.9	6	1321.4	1743.4
IFCI	390042.0	23587.4	6.0	7	397.0	462.0
ICICI	1141987.3	78837.0	6.9	4	1162.3	1544.2
SIDBI	305361.6	27266.8	8.9	4	310.8	534.1
IIBI	72420.0	3618.1	5.0	6	73.7	70.9
IVCF	1474.3	66.2	4.5	8	1.5	1.3
ICICI Venture	4080.3	726.6	17.8	3	4.2	14.2
TFCI	11561.6	511.7	4.4	10	11.8	10.0
LIC	260536.6	6952.8	2.7	7	265.2	136.2
UTI	397273.7	6180.2	1.6	5	404.4	121.1
GIC(1999-2000)	7672.1	214.5	2.8	5	7.8	4.2
AIFIs	394170.48	23930.85	6.1	6	4011.9	4687.5

Source: IDBI Report on Development Banking in India, 1999-2000

22.2 Karnataka State Finance Corporation.

7. KSFC may be termed as a state controlled organization. The State Government has invested in the share capital of the corporation to the tune of Rs. 100 Cr. and IDBI to the tune of Rs.30 Cr. Private holders' share is small, around 2 per cent, in the total share capital of the Corporation. The source of funds for KSFC's operations is mainly by way of refinance from SIDBI. KSFC provides assistance mainly to small and medium enterprises. It also undertakes promotional and developmental activities.

8. Cumulative sanctions up to end March 2000 by the SFCs in the country totalled to Rs.32328.21 Cr. of which Rs.4773.22 Cr. was claimed by KSFC thereby occupying the first position. In terms of cumulative disbursements also Karnataka enjoyed the first place, in the corresponding period, claiming Rs. 4531.31 Cr. out of Rs. 26595.07 Cr. for the country. Per capita Cumulative assistance by KSFC up to end March 2000 was roughly three times higher than the national average. (For details see IDBI. Report on Development Banking in India, 1999-2000).

9. These macro statistics while helpful in appreciating the performance of KSFC in the country do not provide insights into the regional aspects of its performance within the state. However this aspect may be examined by analyzing district-wise data on cumulative sanctions up to March 2001 by KSFC. (See Table 22.4)

10. Up to March 2001, KSFC sanctioned Rs.5090.85 Cr. Bangalore claimed the highest share (39 per cent) followed by Dakshina Kannada (8 per cent) , Mysore (6.2 per cent) and Dharwad (6 per cent). Region-wise, the bulk of the share in cumulative sanctions (74 per cent) went to South Karnataka and the remaining (26 per cent) to North Karnataka , thus bringing out the regional disparities in respect of sanctions (cumulative) by KSFC. Taluk-wise data on sanctions by KSFC readily available though for a single year, that is, 2000-2001 bring out the regional disparities in a sharper focus. (See Annexure 22.2)

11. About 21 taluks (16 in North Karnataka: Ramadurga, Soundatti, Muddebihal, Kundagol, Mundargi, Byadgi, Hirekerur, Bhatkal, Mundagod, Siddapur, Supa, Haliyal, Hadagali, Hagaribommanahalli, Aland, Jewargi and 5 in South Karnataka: Hosadurga, Harapanahalli, Honnali, Gudibanda, Sringeri) did not receive any assistance from KSFC.

12. Of these 21 taluks ,18 taluks(14 in North Karnataka and 4 in South Karnataka)are identified as backward taluks by HPC FRRI. Among the taluks which received assistance from KSFC, the assistance ranged from as low as 0.01 per cent in 17 taluks (7 in South Karnataka and 10 in North Karnataka) to as high as 36.4 per cent in Bangalore city followed by Bangalore South (5.1 per cent), Anekal (4.3 per cent) and Mysore (3.2 per cent) taluks..

Table 22.4

KSFC: Cumulative Sanctions up to end March 2001, district-wise*

	Rs.Cr.	
District	Up to March 2001	Percentage to State Total
Belgaum	211.54	4.16
Dharwad	304.25	5.98
Bijapur	136.98	2.69
Uttara Kannada	58.94	1.16
Belgaum Division	711.71	13.99
Gulbarga	116.72	2.29
Bidar	115.24	2.26
Raichur	163.91	3.22
Bellary	190.75	3.75
Gulbarga Division	586.62	11.52
Bangalore	1980.72	38.91
Chitradurga	203.70	4.00
Kolar	206.37	4.05
Shimoga	120.84	2.37
Tumkur	233.78	4.59
Bangalore Division	2745.41	53.93
Mysore	314.59	6.18
Mandya	102.55	2.01
Hassan	105.19	2.07
Chickmagalur	56.53	1.11
Dakshina Kannada	407.72	8.01
Kodagu	60.53	1.19
Mysore Division	1047.11	20.57
North Karnataka	1298.33	25.51
South Karnataka	3792.52	74.49
Karnataka	5090.85	100

* As per the configuration of districts prior to 1997-98

Source: Karnataka State Finance Corporation

22.3 Karnataka State Industrial and Investment Development Corporation

13. KSIIDC, with its equity fully owned by the Government, is a state undertaking. KSIIDC extends term credit to large and medium scale industries and also undertakes promotional and developmental activities. The maximum limit of lending to a given industry is Rs. 20 Cr.. For its lending operations, KSIIDC raises funds from SIDBI and IDBI on refinancing basis. It has a network of branches in Bangalore, Gulbarga, Hubli, Mysore and Mangalore.

14. State-wise statistics on cumulative sanctions by SIDCs available from the IDBI Report on Development Banking in India: 1999-2000 reveal that KSIIDC stands third in the country (with cumulative sanctions of Rs.2127.03 Cr. out of cumulative sanctions of Rs.20794.01 Cr. by SIDCs in the country).

15. Within the State, as can be seen from Table.22.5 which gives the details of district-wise credit facility extended by KSIIDC, since inception up to March 2000, 74 per cent is claimed by South Karnataka and the remaining 26 per cent by North Karnataka.

16. Within the State, Bangalore district alone accounts for nearly 50 per cent of the total assistance by KSIIDC, which is understandable in view of the concentration of large and medium scale industries in and around Bangalore city. Leaving aside Bangalore, districts which have received relatively considerable assistance from KSIIDC are Mysore(13.3 per cent) , Bellary (8.8 per cent) , Dharwad (3.5 per cent), Dakshina Kannada (3 per cent) and Belgaum (2.97 per cent) ,

17. Further, in Belgaum division, Bagalkot and Gadag districts have got low financial assistance of 0.52 per cent and 0.02 per cent respectively in the state total. In Gulbarga Division, Koppal District has received a financial assistance of 0.21 per cent only in the State total. In Bangalore Division, Chitradurga and Tumkur districts have accounted for 1.63 per cent and 1.25 per cent of the State share respectively. In Mysore Division, Chickmagalur and Kodagu districts have got low financial assistance of 0.31 per cent and 0.32 per cent respectively in the state total. Two new districts viz. Haveri in Belgaum Division and Davanagere in Bangalore Division are yet to open their accounts as far as the financial assistance from KSIIDC is concerned.

18. At this stage, it is pertinent to point out that an assessment of the performance of KSFC and KSSIDC from the dimension of sheer financial assistance to industrial units across the districts/taluks in the state is partial unless the structure, context and circumstances under which these institutions function are taken into consideration.

19. During the late 1990s, KSFC reportedly extended a huge quantum of loans to units in the granite, garment and oilseeds industry based on an optimistic assessment of the state of the economy in general. But these units did not perform on the expected lines, constrained, among others, by industrial recession. This has given rise to Non-Performing Assets (NPA) of the Corporation mounting up to 52 per cent, resulting in SIDBI discontinuing its refinance facility.

Table : 22.5
Cumulative Financial
Assistance By K.S.I.I.D.C Upto End March 2000, District-Wise.

Rs.lakh			
Sl. No.	District/Division	Amount (Rs. In lakh)	% Share to State Total
North Karnataka Region			
1.	Bagalkot	1100.00	0.52
2.	Belgaum	6295.77	2.97
3.	Bijapur	2779.93	1.31
4.	Dharwad	7430.09	3.50
5.	Gadag	40.00	0.02
6.	Haveri	Nil	Nil
7.	Uttara Kannada	4643.39	2.19
Belgaum Division		22289.18	10.50
South Karnataka Region			
1.	Bellary	18673.17	8.80
2.	Bidar	5259.02	2.48
3.	Gulbarga	4819.69	2.27
4.	Koppal	450.00	0.21
5.	Raichur	4608.84	2.17
Gulbarga Division		33810.72	15.93
South Karnataka Region			
1.	Bangalore	101860.02	47.99
2.	Chitradurga	3460.75	1.63
3.	Davangere	Nil	Nil
4.	Kolar	5327.15	2.51
5.	Shimoga	3435.71	1.62
6.	Tumkur	2660.68	1.25
Bangalore Division		116744.31	55.01
South Karnataka Region			
1.	Chamarajanagar	276.50	0.13
2.	Chickmagalur	667.22	0.31
3.	Dakshina Kannada	6436.46	3.03
4.	Hassan	983.62	0.46
5.	Kodagu	671.20	0.32
6.	Mandya	1517.98	0.72
7.	Mysore	28135.51	13.26
8.	Udupi	704.00	0.33
Mysore Division		39392.49	18.56
North Karnataka		56099.90	26.43
South Karnataka		156136.80	73.57
State		212236.70*	100.00

* This excludes Rs.466.79 lakh assistance to "Others".

Source: Karnataka State Industrial Investment and Development Corporation

20. This development, along with poor recovery, have added to the problems of KSFC in injecting fresh loans for industrial activity especially in the backward areas. Non-release of subsidy by the Department of Industries and Commerce, Govt. of Karnataka amounting to Rs. 300 Cr., a significant proportion of which is in respect of units in backward areas has further complicated the matters. On the top of these developments, Commercial banks with their lower rate of interest for loans (compared to KSFC loans) have made inroads into areas/sectors which were earlier the traditional strongholds of KSFC. These developments have hit the institutional capability and efficiency of KSFC perforce making it to choose viable/bankable units from relatively developed areas/sectors to get out of the present morass thereby inadvertently and/or involuntarily causing regional disparities to widen.

21. KSIIDC has the objective, among others, of promoting industries in backward regions. In order to attract investors to set up industries in backward regions, KSIIDC extends specialized treatment in the form of reduced interest rate and reduced security margin and participates in equity. Nevertheless many hurdles like lack of infrastructure, non-availability of skilled manpower, lack of electricity and so on have acted as disincentives for industrial growth in backward regions. More recently, IDBI withdrawing its special refinancing facility to KSIIDC in support of the latter's lending operations in backward regions has worsened the matters.

22.4 NABARD Assistance under RIDF:

22. The Rural Infrastructure Development Fund(RIDF) was set up in NABARD in 1995-96 for giving loans to State governments and state-owned Corporations for quick completion of rural infrastructure projects. Rural Infrastructure Development Projects under medium and minor irrigation, land development and rural roads and bridges were taken up under the fund in the beginning. Later on, activities like watershed and soil conservation, integrated market yards, integrated cold chains, inland water transport projects, rural godowns, flood protection, drainage, fish jetties, premises for health services, drainage, primary school building including additions, drinking water supply, village haats (shandies) etc., of gramapanchayats have also been included. In the beginning, loan assistance used to be up to 50 percent of the project cost on ongoing projects. For smaller projects with cost below Rs.1 crore, loan assistance used to be up to 80 percent. For new projects presently assistance is given up to 90 percent of the total cost [Extracted from Economic Survey: 2001-2002, Govt. of Karnataka, PP 230-231].

23. The total financial assistance provided by NABARD under RIDF – I to VI is Rs 155553.08 lakh (See Table 22.6).

24. Regionwise, North Karnataka accounted for 59 per cent share, while South Karnataka accounted for 41 per cent share in the State total. This may be interpreted as being in the right direction from the point of redressing the regional disparities.

25. Division-wise, Gulbarga division accounted for the maximum share under RIDF i.e. 38.02 per cent; Bangalore and Belgaum divisions accounted for almost equal share i.e. about 21 per cent; Mysore division accounted for 19.51 per cent share in the state total.

26. Seven Districts received less than 2 per cent share in the State total. These are Dharwad, Gadag, Chitradurga, Chickmagalur, Dakshina Kannada, Kodagu and Udupi. Taluk-wise details of the works and the sanctioned amount under RIDF (I to VI) by NABARD are shown in Annexure-22.3. It is noteworthy that all the taluks identified by HPC FRRI as backward have been included for projects under RIDF.

27. It is unfortunate that despite the funding facility from NABARD, it is learnt from authentic sources that RIDF projects are beset with many problems like time and cost overrun, poor quality, poor post-project maintenance of assets created, non-adherence to project specifications, etc. These shortcomings need to be given a serious consideration by the Government of Karnataka as otherwise the level of assistance extended by NABARD for the state under RIDF may progressively shrink in the coming years. Statewise assistance under RIDF by NABARD, presented in Table-22.7, reveals that Karnataka accounts for 6.8 per cent or fifth rank in the country, whereas states like Uttar Pradesh and Andhra Pradesh are much above Karnataka both in absolute and relative terms. As RIDF, among others, is a good avenue through which the state can operate to bring down the regional disparities, the state must strive to extract the maximum assistance from NABARD under this scheme.

Table 22.6
Assistance Sanctioned to Projects Under Rural Infrastructure Development
Fund I, II, III, IV, V & VI (District-Wise)

(Rs. lakh)

Sl. No.	District	Assistance sanctioned under RIDF I to VI								Total	% State Total
		Roads		Bridges		Minor Irrigation		Other Works			
		No. of Works	Total Cost	No. of Works	Total Cost	No. of Works	Total Cost	No. of Works	Total Cost		
1	Bagalkot	50	2628.69	5	261.30	6	1161.18	2	274.34	4325.51	2.78
2	Belgaum	125	5704.83	23	2026.22	18	1139.07	Nil	Nil	8870.12	5.70
3	Bijapur	45	3380.79	4	492.89	10	2503.66	Nil	Nil	6377.34	4.10
4	Dharwad	25	1733.91	4	259.10	2	45.06	1	21.68	2059.75	1.32
5	Gadag	27	2132.29	6	446.32	2	113.00	Nil	Nil	2691.61	1.73
6	Haveri	61	3381.59	9	299.94	10	1423.77	Nil	Nil	5105.30	3.28
7	Uttara Kannada	56	2457.48	26	1023.70	10	364.95	1	18.00	3864.13	2.48
	Belgaum Division	389	21419.58	77	4809.47	58	6750.69	4	314.02	33293.76	21.40
1	Bellary	46	3061.59	8	195.38	5	619.94	3	77.64	3954.55	2.54
2	Bidar	71	2498.92	6	154.44	11	4584.32	Nil	Nil	7237.68	4.65
3	Gulbarga	127	7433.28	23	1042.27	17	27842.61	5	109.13	36427.29	23.42

Contd...

Sl. No.	District	Assistance sanctioned under RIDF I to VI								Total	% State Total
		Roads		Bridges		Minor Irrigation		Other Works			
		No. of Works	Total Cost	No. of Works	Total Cost	No. of Works	Total Cost	No. of Works	Total Cost		
4	Koppal	47	2634.53	7	769.54	4	1796.86	1	35.73	5236.66	3.37
5	Raichur	48	3342.19	6	231.53	5	2694.93	1	13.20	6281.85	4.04
	Gulbarga Division	339	18970.51	50	2393.16	42	37538.66	10	235.70	59138.03	38.02
1	Bangalore Rural	63	2141.24	28	818.55	9	8362.34	Nil	Nil	11322.13	7.28
2	Bangalore Urban	20	545.38	7	254.12	3	223.50	Nil	Nil	1023.00	0.66
3	Chitradurga	44	2592.87	7	218.49	3	86.50	Nil	Nil	2897.86	1.86
4	Davangere	71	3341.92	5	420.74	2	902.43	Nil	Nil	4665.09	3.00
5	Kolar	84	2904.62	8	208.57	2	97.05	Nil	Nil	3210.24	2.06
6	Shimoga	96	3515.08	12	330.96	9	331.52	1.00	35.73	4213.29	2.71
7	Tumkur	109	4383.55	21	561.26	13	430.07	1	58.73	5433.61	3.49
	Bangalore Division	487	19424.66	88	2812.69	41	10433.41	2	94.46	32765.22	21.06
1	Chamarajanagar	47	2066.58	2	63.97	1	991.13	1	9.20	3130.88	2.01
2	Chickmagalur	74	2268.16	20	645.81	6	188.38	Nil	Nil	3102.35	1.99

Contd...

Sl. No.	District	Assistance sanctioned under RIDF I to VI								Total	% State Total
		Roads		Bridges		Minor Irrigation		Other Works			
		No. of Works	Total Cost	No. of Works	Total Cost	No. of Works	Total Cost	No. of Works	Total Cost		
3	Dakshina Kannada	69	1674.20	35	1199.15	2	153.20	Nil	Nil	3026.55	1.95
4	Hassan	79	4223.79	5	189.00	1	3800.00	1	62.76	8275.55	5.32
5	Kodagu	28	1179.17	26	436.85	1	7.85	Nil	Nil	1623.87	1.04
6	Mandya	99	3895.25	13	929.56	Nil	Nil	1	20.85	4845.66	3.12
7	Mysore	69	2847.58	10	957.25	Nil	Nil	2	35.15	3839.98	2.47
8	Udupi	50	1438.96	29	956.07	1	116.20	Nil	Nil	2511.23	1.61
	Mysore Division	515	19593.69	140	5377.66	12	5256.76	5	127.96	30356.07	19.51
	North Karnataka	728	40390.09	127	7202.63	100	44289.35	14	549.72	92431.79	59.42
	South Karnataka	1002	39018.35	228	8190.35	53	15690.17	7	222.42	63121.29	40.58
	Karnataka	1730	79408.44	355	15392.98	153	59979.52	21	772.14	155553.08	100.00

SOURCE:NABARD

Table: 22.7
List Of Top Ten States With Total Sanctions And Disbursements
Under RIDF I, II, III & IV,As At March 1999

Rs.Cr

Sl.No	State	Total Assistance Sanctioned under RIDF	Rank	percentage share to Total amount sanctioned at All India level	Total assistance disbursed under RIDF	Rank	percentage share to Total amount disbursed at All India level	percentage of availment
1	Uttar Pradesh	1742.75	1	16.97	588.47	1	15.49	33.77
2	Andhra Pradesh	1141.61	2	11.12	483.38	2	12.73	42.34
3	Maharashtra	961.69	3	9.36	345.93	3	9.11	35.97
4	Madhya Pradesh	898.77	4	8.75	324.82	4	8.55	36.14
5	Karnataka	696.41	5	6.78	272.93	6	7.19	39.19
6	West Bengal	665.46	6	6.48	193.42	10	5.09	29.07
7	Tamil Nadu	653.06	7	6.36	207.00	9	5.45	31.70
8	Orissa	627.28	8	6.11	255.13	8	6.72	40.67
9	Rajasthan	583.49	9	5.68	280.20	5	7.38	48.02
10	Gujarat	568.07	10	5.53	271.42	7	7.15	47.78
11	Other States	1731.09		16.06	574.19		15.14	33.17
12	All India Total	10269.68		100	3796.89		100	36.97

22.5 HUDCO

28. Infrastructure related projects undertaken in the state with assistance from HUDCO may be classified under two categories for the purpose of analysing the regional disparities.

- I) Projects which are exclusive to the districts within the regions of South Karnataka and North Karnataka respectively;
- II) Projects which spread over districts in both the regions of South Karnataka and North Karnataka respectively.

Details of infrastructure related project loans sanctioned by HUDCO during the last five years 1997-98 to 2001-02 are presented in Table 22.8.

29. It may be observed that these loans by HUDCO amount to Rs 2270.67 Cr. Of these loans, Rs 1000.32 Cr. or 44 per cent is claimed by projects benefitting districts in both the regions of South Karnataka and North Karnataka. Out of the remaining project loans, districts in North Karnataka have received Rs 348.56 Cr. or 27.4 per cent and those in the South Karnataka have received Rs 921.79 Cr. or 72.6 per cent.

30. The inference, therefore, that the Government of Karnataka has not utilised the infrastructure related project loans from HUDCO from the perspective of redressing the regional imbalances is inevitable.

22.6 Karnataka Urban Infrastructure Development and Finance Corporation

Development works taken up:

I. Asian Development Bank (ADB) assisted KUID Project

31. The Karnataka Urban Infrastructure Development Project (KUID) is an integrated urban infrastructure and institutional strengthening programme which has been designed to provide and upgrade essential urban infrastructure and services in the four towns of Mysore, Tumkur, Ramanagara and Channapatna in order to promote decentralization of economic growth away from the rapidly expanding Bangalore City and to build up the capacity of the urban local governments and other sector institutions to help ensure the sustainability of the investments.

The primary components of the project include:

- i) environmental sanitation (water supply, solid, waste management, sewerage systems and storm water drainage),
- ii) road improvements (roads, bridges, truck terminals and bus stands),
- iii) poverty alleviation (slum upgrading, low cost sanitation units, residential sites and services, cultural and women's training centres),
- iv) industrial sites & services.

32. The project is estimated to cost US\$ 112.00 million of which \$85.00 million is financed by the Asian Development Bank under Loan No. 1415-IND and the remaining \$27.00 million is financed by the Karnataka State. The project has commenced in the year 1996 and scheduled to be completed by December 2003.

33. Upto the end of February 2002, 36 package of works have been completed out of 65 works awarded. Overall physical progress at the end of February 2002 is 74%.

Table: 22.8
Infrastructure Related Project Loans Sanctioned by HUDCO
During 1997-98 to 2001-02.

(Rs. lakh)

Sl. No.	District	Agency	Loan Sanctioned					Cum. for 1997-98 to 2001-02	% to State Total
			1997-98	1998-99	1999-2000	2000-01	2001-02		
	North Karnataka Region								
1	Bagalkot	Rytar Sahakari	0.00	13150.00	0.00	0.00	0.00	13150.00	5.79
		Shyamaraju Builders	0.00	1219.90	0.00	0.00	0.00	1219.90	0.54
		BWS	0.00	0.00	0.00	0.00	2500.00	2500.00	1.10
2	Belgaum		0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Bijapur	KUWS&DB	720.99	0.00	0.00	0.00	0.00	720.99	0.32
4	Dharwad	KEONICS	0.00	0.00	1400.00	0.00	0.00	1400.00	0.62
		KUWS&DB	0.00	0.00	0.00	0.00	2965.48	2965.48	1.31
5	Gadag		0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Haveri		0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	Uttara Kannada		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Belgaum Division		720.99	14369.90	1400.00	0.00	5465.48	21956.37	9.67
									0.00
1	Bellary	BUDA	600.00	0.00	0.00	0.00	0.00	600.00	0.26
		KUWS&DB	692.47			8314.11	0.00	9006.58	3.97
2	Bidar	KUWS&DB	579.29	0.00	0.00	0.00	0.00	579.29	0.26
3	Gulbarga		0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Koppal		0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Raichur	KUWS&DB	1587.07	0.00	1126.85	0.00	0.00	2713.92	1.20
	Gulbarga Division		3458.83	0.00	1126.85	8314.11	0.00	12899.79	5.68

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(Rs. lakh)

Sl. No.	District	Agency	Loan Sanctioned					Cum. for 97-98 to 01-02	% to State Total
			1997-98	1998-99	1999-2000	2000-01	2001-02		
	South Karnataka Region								
1	Bangalore Rural		0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	Bangalore Urban	BDA	512.31	11049.37	4500.00	0.00	2450.63	18512.31	8.15
		BWSSB	12670.00	0.00	0.00	0.00	0.00	12670.00	5.58
		KHB	1400.00	0.00	0.00	0.00	0.00	1400.00	0.62
		KSIIDC	1200.00	0.00	0.00	0.00	0.00	1200.00	0.53
		BCC	0.00	2046.60	3000.00	0.00	1000.00	6046.60	2.66
		Shyamaraju Builders	0.00	1900.00	0.00	2600.00	0.00	4500.00	1.98
		SJIC	0.00	3200.00	0.00	0.00	0.00	3200.00	1.41
		Nagarjuna Edn. S.	0.00	0.00	75.00	0.00	50.00	125.00	0.06
		Karunai Group	0.00	0.00	0.00	1700.00	0.00	1700.00	0.75
		KSCB	0.00	0.00	0.00	738.48	0.00	738.48	0.33
		KSIIDC	0.00	0.00	0.00	15000.00	0.00	15000.00	6.61
		Millennia Realtors	0.00	0.00	0.00	2800.00	1250.00	4050.00	1.78
		Bagmane Developers	0.00	0.00	0.00	0.00	1500.00	1500.00	0.66
		Karnataka Jain Assn.	0.00	0.00	0.00	0.00	200.00	200.00	0.09
		KUWS&DB	0.00	0.00	0.00	0.00	915.00	915.00	0.40
		Subramania Con. & Dev.	0.00	0.00	0.00	0.00	5200.00	5200.00	2.29
3	Chitradurga		0.00	0.00	0.00	0.00	0.00		
4	Davangere	KUWS&DB	2909.50	0.00	0.00	0.00	0.00	2909.50	1.28
5	Kolar		0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Shimoga		0.00	0.00	0.00	0.00	0.00	0.00	0.00

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Specifics of works under this KUID - Project are as follows:-

Mysore City:

A. Water Supply Augmentation Scheme : (Implementing Agency - KUWS&DB)

The water supply augmentation scheme for the city of Mysore is planned to augment the supply of water by 50 mld in first phase and a total of 150 mld in the final stage. The Cauvery river flowing downstream off Sangam at Ramanahally is being tapped for this purpose.

The total estimated cost is Rs. 2,383.46 lakh and total contract value is Rs. 3,012.62 lakh.

B. Sewerage System (Implementing Agency - KUWS&DB)

To make the storm water drains free of sewage and improve the hygienic condition of the city, three Sewage Treatment Plants having capacities 60 mld, 67.5 mld and 30 mld are proposed .

The total estimated cost is Rs.3,500.70 lakh and total contract value is Rs. 4,873.37 lakh.

C. Solid Waste Management (Implementing Agency – Mysore City Corporation)

The solid waste management plan prepared for the city identified that a disposal plant, equipment for transportation and construction of dust bins would be necessary. Accordingly the works are taken up. For disposal of solid waste, a composting plant has been commissioned and is working.

D. Roads, Drains and Bus/Truck Terminals (Implementing Agency – Mysore City Corporation)

The road works include improvement of IRR of 19 km length, 48 city roads of 58 km. The works include widening of certain stretches to four lanes, strengthening, surfacing, footpath drainage and junction improvement. In order to separate the vehicles moving in opposite directions, to reduce the congestion and head on collisions, the four lane stretches are also being provided with the medians. The Outer Ring Road(ORR) and Truck terminal will facilitate the by- passing of truck traffic from the city. The ORR will connect Bangalore - Mysore road to Mysore-Ooty road.

E. Poverty Reduction Components

(Implementing Agency – KSCB)

Under the poverty reduction components, the slum improvement works consisting of providing roads, water lines, sewers, street lighting and some buildings such as community hall and school building have been taken up in ten locations in the first phase.

F. Residential Sites & Services Scheme

(Implementing Agency – MUDA)

The Residential sites and services scheme includes construction of all the infrastructure works for approx. 4000 plots out of which 60% plots are earmarked for EWS and LIG category.

Tumkur Town:**A. Water Supply Scheme**

(Implementing Agency - KUWS&DB)

The scheme involves augmentation of water distribution system by increased quantity as well as greater coverage for the town of Tumkur.

The estimated cost of distribution network is Rs. 387.39 lakh and contract value is Rs. 426 lakh.

B. Sewerage System

(Implementing Agency - KUWS&DB)

The sewerage scheme for Tumkur town is planned for disposal of 24.57 million litre of waste water per day generated in the core areas by the projected population of 2006 in accordance with national Policy on environmental control and regulations

The estimated cost is Rs. 1856.70 lakh and contract value is Rs. 2,542.00 lakh.

C. Solid Waste Management

(Implementing Agency: City Municipal Council - Tumkur)

Development of about 5 acres of land with roads, water supply and electricity for disposal of 48 tonnes per day solid waste of the town is taken up.

The estimated cost is Rs. 32.00 lakh and contract value is Rs. 31.64 lakh.

D. Town Roads & Drains

(Implementing Agency: City Municipal Council - Tumkur)

Of around 70 km of existing major town roads, 28 km is selected for improvement under the scheme strictly on the basis of functional requirements keeping in view the overall improvement in the traffic management system of the town.

The estimated cost is Rs.553.30 lakh and contract value is Rs. 639.00 lakh.

E. Women Training Centre

Construction of about 900 sqm floor area in two storied building is planned to provide vocational training to women of varying educational background.

The estimated cost is Rs.49.70 lakh and contract value is Rs. 57.00 lakh.

F. Southern Bypass

(Implementation Agency: Tumkur Urban Development Authority (TUDA))

The 10.5 km long two lane bypass emerges from National Highway No.4 (Tumkur-Pune Road) at about 7 kms South of Tumkur town near Kyathasandra and meets the National Highway No. 206 (Tumkur-Honnavaara Road) about 3 Kms North of the town near Gubbi Road. At 9th km, the road is to cross Tumkur-Arasikere railway line through an underpass which is presently under construction by the Southern Railway. The road capacity and the geometric of the bypass are designed in accordance with National Highway Standard.

The estimated cost is Rs. 450.23 lakh and contract value is Rs. 57.40 lakh.

G. Truck Terminal

(Implementing Agency: City Municipal Council - Tumkur)

The scheme is planned for parking and operation of about 172 trucks to avoid congestion on town roads and facilitate free flow of transit traffic to promote efficient traffic management. The terminal also provides land for 168 storage godowns along with facilities like water supply, sanitation, roads, electricity, space to establish other public amenities like post office, bank, filling station, restaurant etc.

The estimated cost is Rs. 187.41 lakh and contract value is Rs. 269.00 lakh.

H. Residential Sites and Services

Development of 129 acres of land is planned to provide about 1800 residential plots of which about 60% is allocated for LIG and EWS category. The scheme includes provision of roads, water supply sewerage drainage and electrical services.

The estimated cost is Rs. 49.70 lakh and contract value is Rs. 57.00 lakh.

I. Industrial Sites and Services

[(Implementation Agency: Karnataka Industrial Area Development Board (KIADB)]

Development of 216 acres of land with 90 industrial plots, along with provision of roads, water supply, drainage and electrical services is planned.

The estimated cost of is Rs. 501.50 lakh and contract value is Rs. 648.00 lakh.

Ramanagara - Channapatna Towns:

Water Supply Scheme

(Implementing Agency – KUWS&DB)

The water supply scheme for Ramanagara and Channapatna is planned to supply 15 million litre of drinking water per day to meet with the present requirement of these two towns, augmentable to their ultimate requirement of 26 million litre per day by the year 2021, making use of the perennial flow of river Simsha, a tributary of Cauvery.

The estimated cost of distribution network is Rs. 1,936.43 lakh and contract value is Rs. 2,649.00 lakh.

Town: Ramanagara

A. Sewerage System

(Implementing Agency – KUWS&DB)

The sewerage scheme for Ramanagara town is planned for disposal of 7.56 million litre of waste water per day generated in the core areas by the projected population of 2011 in accordance with national Policy on environmental control and regulations.

The estimated cost is Rs. 1087.48 lakh and contract value is Rs. 1,363 lakh.

B. Roads & Drains

(Implementing Agency: CMC, Ramanagara/Channapatna)

Almost all the major existing town roads are selected for improvement under the scheme for a cumulative length of about 22 km on the basis of functional requirements keeping view of overall improvement in the traffic management system of the town. Of this, improvement of about 6 km is deferred pending installation of underground sewerage system. All the improved roads will be of bituminous finish adequately widened with side drains wherever land permitted. Simultaneously, construction of about 28 km of storm water drains is included in the scheme covering major outlets of the town.

The estimated cost is Rs. 553.30 lakh and contract value is Rs. 436 lakh.

C. Cultural Complex

(Implementing Agency: CMC, Ramanagara/Channapatna)

Construction of about 2000 sqm floor area to extend opportunity to women for social interactions, recreation and training / educational activities.

The estimated cost of is Rs. 97.92 lakh and contract value is Rs. 100 lakh.

D. Residential Sites & Services

(Implementing Agency: CMC, Ramanagara/Channapatna)

Development of 52 acres and 14 acres of land in two locations respectively is planned to provide about 578 and 205 residential plots respectively of which about 60% will be allocated for LIG and EWS category.

The estimated cost is Rs. 356.50 lakh and contract value is Rs. 467.00 lakh.

E. Bus Park

(Implementing Agency: CMC, Ramanagara/Channapatna)

The scheme is planned for parking and operation of about 150 private buses to avoid congestion on town roads and giving room for efficient traffic management.

The estimated cost is Rs. 75.88 lakh and contract value is Rs. 81.00 lakh.

F. Solid Waste Management

(Implementing Agency: CMC, Ramanagara/Channapatna)

Development of about 7 acres of land with roads, water supply and electricity for disposal of 16 tons per day solid waste of the town.

The estimated cost is Rs. 30.40 lakh and contract value is Rs. 39.00 lakh.

G. Low Cost Sanitation

(Implementing Agency: CMC, Ramanagara/Channapatna)

The scheme envisages construction of about 2770 twin pit pour flush latrines for individual houses generally belonging to LIG and EWS category. The scheme provides financial assistance to the beneficiaries by the implementing agency in the form of grants and loans.

H. Improvement of Slum

(Implementing Agency: Slum Clearance Board)

The improvement scheme provides construction of roads, water supply, drains, community hall and street lighting in 6 declared slums covering about 14000 dwellers.

The estimated cost is Rs. 51.00 lakh and contract value is Rs. 53.00 lakh.

I. Low Cost Sanitation

2433 beneficiaries have been identified and 1748 units have been constructed. 34 units are under construction.

Town: Channapatna

A. Roads & Drains

31 major existing town roads are selected for improvement under the scheme for a cumulative length of about 22 km on the basis of functional requirements keeping in view of overall improvement in the traffic management system of the town.

The estimated cost is Rs. 359.00 lakh and contract value is Rs. 452.00 lakh.

B. Residential Sites & Services:

Development of 55 acres of land is planned to provide about 894 residential plots of which about 65% is allocated for LIG and EWS category. The development items include provision of roads, water supply and drainage, while electrical services is applied for.

The estimated cost is Rs. 148.35 lakh and contract value is Rs. 166.00 lakh.

C. Solid Waste Management

Development of about 4 acres of land with roads for disposal of 18 tons per day solid waste of the town.

The contract value is Rs. 32.00 lakh.

D. Low cost Sanitation

The scheme envisages construction of about 3470 twin pit pour flush latrines for individual households generally belonging to LIG and EWS category. The scheme provides financial assistance to the beneficiaries by the implementing agency in the form of grants and loans.

E. Widening of Bangalore-Mysore Road

Implementing Agency: Public Works Dept., Ramanagara/Channapatna

The widening scheme of Bangalore-Mysore road from existing 2 lane to 4 lane divided carriageway covers 6 kms stretch under Ramanagara municipal area and 3 km under Channapatna municipal area. Each lane is of 7 m width with 2 to 2.5 shoulder on one side and the divider generally 1 m. wide and drains on each side. The scheme also includes improvement of 8 major intersections with the town roads. The road capacity and the geometric are designed in accordance with national highway standard.

The estimated cost is Rs. 880.00 lakh and contract value is Rs. 907.00 lakh.

F. Arkavati Bridge

The bridge over river Arkavati is planned to accommodate one side carriageway of the Bangalore-Mysore road undergoing widening in the Ramanagara stretch while the other side carriageway will be taken care of by the existing bridge.

The estimated cost is Rs. 104.76 lakh and contract value is Rs. 117.00 lakh.

G. Improvement of Slum

(Implementing Agency: Slum Clearance Board)

The improvement scheme provides construction of roads, water supply, drains, community hall and street lighting in 7 declared slums covering about 7700 dwellers.

The estimated cost is Rs. 26.20 lakh and contract value is Rs. 32.00 lakh.

H. Low Cost Sanitation

4237 beneficiaries have been identified and 2864 units have been constructed. 124 units are under construction.

II. Bangalore Megacity Scheme:

The Centrally sponsored Megacity Scheme is being administered through the Ministry of Urban Affairs and Employment, Government of India and KUIDFC is the Nodal Agency for the Bangalore Megacity Scheme.

The Central Government contributes 25% of the Project cost as grant and the State Government releases the matching contribution to the funds released by the Central Government. The balance 50% is met out from the resources of the implementing agencies or through institutional finance.

The Megacity Project envisages the overall improvement in the quality of life of Bangaloreans on account of developed infrastructure facilities and modernized transport, road safety, environmental improvements, slum upgradation, easing of traffic congestion by constructing flyovers, underpass, pedestrian subways etc.

The implementing agencies in Bangalore are:

1. Bangalore City Corporation
2. Bangalore Development Authority
3. Bangalore Water Supply and Sewerage Board
4. Bangalore Metropolitan Transport Corporation
5. Karnataka Slum Clearance Board
6. Karnataka Compost Development Corporation

The projects under the Megacity Scheme have been broadly classified as below:

1. Traffic- related projects
2. City Beautification projects
3. City Decongestion projects
4. Commercial projects
5. Environment related projects
6. Miscellaneous projects

The projects taken up under the Megacity scheme are categorized as below:

Category A – Remunerative Projects

Category B – Cost Recovery Projects

Category C – Service Oriented Projects

The rates of interest charged on the onlending loan towards the projects in the three categories are as given below:

Category A - 15% p.a

Category B - 11% p.a

Category C - 5% p.a

95. A moratorium period of two years is allowed on the loans and the repayment of loan and interest is made in quarterly instalments over a period which varies from 3 years to 8 years.

These repayments will form as revolving fund for the development of infrastructural assets on a continuing basis.

A total number of 24 projects amounting to Rs. 384.71 crore has been sanctioned by the Sanctioning Committee constituted for the Megacity Projects. The amount sanctioned by KUIDFC is Rs. 163.90 crore. The balance cost of the project is raised by the implementing agencies from their own resources or from financial institutions like HUDCO. The total loan released by KUIDFC is Rs. 132.07 crore (out of which Rs. 1.90 crores forms grant).

III. Asian Development Bank (ADB) Assisted Karnataka Urban Development & Coastal Environmental Management Project (Loan No. 1704 IND)

The Karnataka Urban Development and Coastal Environmental Management Project (KUDCEMP) is taken up with the financial assistance from the ADB in the following ten towns of coastal Karnataka

- | | | | | |
|--------------|------------|------------|-----------|-------------|
| 1. Anekal | 2. Bhatkal | 3. Dandeli | 4. Karwar | 5. Kundapur |
| 6. Mangalore | 7. Puttur | 8. Sirsi | 9. Udupi | 10. Ullal |

Objective

The objective of the project is to optimize social and economic development in the urban centers of coastal Karnataka by supporting investments in urban infrastructure and services required to meet basic human needs and facilitate policy reforms intended to strengthen urban management. The investments are for measures to (i) achieve sustainable operation & maintenance of infrastructure (ii) ensure better delivery of urban services by strengthening urban management capacities of urban local bodies and (iii) establish appropriate environment planning, management and monitoring mechanisms to address the potential environmental effects associate with urban and industrial growth in the region.

Components: The project consists of the following 6 parts:

Part A – Capacity building, community participation & poverty reduction

Part B – Water supply rehabilitation & expansion

Part C – Urban environmental improvements

Part D – Street & Bridge improvements

Part E – Coastal Environmental Management

Part F – Implementation assistance

Project Cost

The total cost of the project including physical and price contingencies, duties, taxes and interest during construction, is estimated at US\$ 251.4 million (approx. Rs. 1056 crore) of which US\$ 175 million is financed by the Asian Development Bank under Loan No.1704 – IND and the remaining US \$ 76.6 million is financed by Karnataka State, the Urban Local Governments (and the implementing agencies). The project is scheduled to be implemented over a period of five years commencing form December 2000.

34. To sum up, it is obvious from the foregoing description of various schemes taken up under the umbrella of KUIDFC , that the focus is mainly on developing the towns belonging to South Karnataka.This is ostensibly with the idea of decentralising the process of economic growth away from the rapidly expanding Bangalore city. If so, similar measures have to be initiated in towns around Hubli-Dharwad- Belgaum and so on of North Karnataka to avoid and forestall any problems that these cities may face in future in the area of urban development. The recent Karnataka Urban Development and Coastal Environmental Management Project reveals a welcome departure from the overall bias in favour of towns in South Karnataka in so far as a few towns of North Karnataka (Bhatkal,Dandeli,Sirsi and Karwar) are included for urban development.

22.7 Externally Assisted Projects:

35. The investment in Externally Assisted Projects which are under implementation during 2001-02, is of the order of Rs.6517.95 crore with reimbursable component accounting for 74 per cent.(For details see Table 22.9)

36. The cost of the projects which are exclusively implemented in North Karnataka districts accounts for Rs.197.94 crore, constituting 3 per cent of the total project cost whereas reimbursement component accounted for 76.13 per cent. The cost of the projects which are exclusively implemented in Southern Karnataka districts accounted for Rs.1400.11 crore, constituting 21.48 per cent of the total project cost. The reimbursement component accounted for 74.36 per cent. All other projects are spread over both the regions: South Karnataka and North Karnataka.

37. Five new projects including those which are in the pipeline account for a project cost of Rs. 2418.30 crore, with 78.96 % of reimbursable component. Of these, the project on Jal Nirman assisted by World Bank with a project cost of Rs. 1035.37 crore will be implemented in 11 districts of North Karnataka region covering Uttara Kannada, Belgaum, Bijapur, Bagalkot, Dharwad, Gadag, Haveri, Bidar, Gulbarga, Raichur and Koppal. The project has reimbursable component of 78.33%. Other new projects will be implemented involving districts belonging to both North Karnataka and South Karnataka regions. The details are shown in Table 22.10.

Table : 22. 9**Externally Assisted Projects under Implementation during 2001-02****(Rs. Crore)**

Sl. No.	Sector	Name of the Project	Donor Agency	Project Cost	Reimburse- sible Component	Area of Implementation		Opening/ Closing Date
						NK Dists	SK Dists	
1	Agriculture	a) Cauvery Water Supply Scheme Stage-IV	Japanese Bank for International Co-op.	1072.00	804.00		Bangalore City	Jan. 1997 Dec. 2002
		b) Karnataka Watershed Development Project II	Denmark	21.00	21.00	Gulbarga & Bijapur		June 1997 May.2004
		c) Women & Youth Training Extension Project-III	Denmark	45.93	15.74	All the 27 districts		June 2000 May 2005
2	Urban Development	a) Karnataka Urban Infrastructure Development Project	Asian Development Bank	311.27	226.55		Ramanagar, Channapatna, Mysore & Tumkur	July.1996 Dec. 2003
		b) Karnataka Urban Development & Coastal Environmental Management	Asian Development Bank	1056.20	634.39	Bhatkal, Dandeli, Karwar, Sirsi, Ullal	Udupi, Mangalore, Puttur, Kundapur	Sept. 2000 Dec. 2004
3	Forest Ecology & Environment	Forestry & Environment Project for Eastern Plains	Japanese Bank for International Co-op.	598.28	472.35	Bellary, Bijapur, Bidar, Bagalkot, Gadag, Haveri, Dharwad, Gulbarga, Koppal, Raichur & partially in Belgaum	Bangalore, Kolar, Chitradurga, Mandya, Tumkur, Mysore, CR Nagar, Davangere, Hassan, Shimoga, & Chikmagalur	Apr. 1997 Mar.2002

Contd...

(Rs. Crore)

Sl. No.	Sector	Name of the Project	Donor Agency	Project Cost	Reimburse- sible Component	Area of Implementation		Opening/ Closing Date
						NK Dists	SK Dists	
4	Health & Family Welfare	a) Karnataka Health Systems Development Project	World Bank	545.80	447.56	Entire State		June.1996 Mar. 2004
		b) District Development Hospitals -Raichur	Organisation of Petroleum Exporting Countries	29.25	26.32	Raichur		Feb. 1996 Apr. 2001
		c) Secondary Level Hospitals - Gulbarga Division	KFW (Germany)	59.18	50.60	Bidar, Bellary, Gulbarga & Raichur		Jan. 1997 Dec. 2002
5	Public Works Department	Karnataka State Highways Improvement Projects	World Bank	2030.00	1635.00	Bagalkot, Belgaum, Bellary, Bidar, Bijapur, Dharwad, Gadag, Gulbarga, Koppal, Raichur & Uttara Kannada	Chitradurga, Chickmagalur, Davanagere, Hassan, Mandya, Mysore, Shimoga & Tumkur	Aug. 2001 Dec. 2006
6	Rural Development	a) Integrated Rural Water Supply & Environmental Sanitation	World Bank	542.00 *	349.20	Belgaum, Bidar, Gulbarga, Raichur, Bellary & Koppal	B'lore®, Tumkur, Shimoga, Mysore, Mandya, Hassan, Dakshina Kannada, Davangere, Udupi & CR Nagar	Feb 1994 Sep. 2000 Nov. 2001®
		b) Integrated Rural Sanitation & Water Supply	Denmark	63.63 *	47.81	Bijapur & Bagalkot	Chitradurga & Kolar	Oct.1996 Sept.2001
		c) Integrated Rural Water Supply & Sanitation Project	Netherlands	88.51 *	52.62	Bijapur & Dharwad		Sept. 1993 Mar. 2000 Mar.2002®
		National Hydrology Projects	World Bank	34.86	26.00	Scattered throughout State		Dec. 1996 Mar. 2003
7.	Irrigation	a) Mysore Paper Mills - Phase-II	Netherlands	16.84	10.54		Bhadravathi in Shimoga district	Oct. 1997 Mar. 2003
8.	Industries	b) SERI-2000	Swiss	3.20	3.20	Scattered throughout State		Aug. 1999 Mar. 2002
	Grand Total			6517.95	4822.88			

Source: Finance Department, Government of Karnataka

Table : 22.10
Externally Assisted Projects In Karnataka
New Projects including those which are in the Pipline

(Rs. Crore)

Sl. No.	Sector	Name of the Project	Donor Agency	Project Cost	Reimbursible Component	Area of Implementation`		Opening/ Closing Date
						NK Dists	SK Dists	
1	Agriculture	Karnataka Watershed Development Project launched on 10.9.2001	World Bank	690.30	543.40	Haveri & Dharwad	Kolar & Tumkur	Sept. 2001 Sept. 2007
2	Finance	TA for Introduction of Value Added Tax	World Bank	24.00	24.00	Loan is for technical assistance		Sept. 2001 Sept. 2003
3	Energy	TA for Power Sector Reforms	World Bank	30.80	30.80	Loan is for technical assistance		July 2001 March 2003
4	Irrigation	Jal Nirmal(launched on 11.2.2002)	World Bank	1035.37	810.00	Uttara Kannada, Belgaum, Bijapur, Bagalkot, Dharwad, Gadag, Haveri, Bidar, Gulbarga, Raichur & Koppal		Jan. 2002 Dec. 2007
5	Social Welfare	Karnataka Community Based Tank Improvement Project	World Bank	637.83 *	501.43 *	Bellary, Bagalkot, Koppal, Raichur, Haveri & Bidar	Chitradurga, Tumkur & Kolar	Loan from the World Bank yet to be approved
	Grand Total			2418.30	1909.63			

* Approx.

Source: Finance Department, Government of Karnataka

38. Summing up, regional statistics of AIFIs within the country and of KSFC and KSIIDC within Karnataka need to be interpreted with caution on the count that the financial assistance by all these institutions is largely constrained by the industrial units' location, although their role in triggering industrial development through facilitating the setting up of industrial units in new locations cannot be ruled out. More importantly, a wide range of industrial development correlates and determinants such as, infrastructure, entrepreneurship, marketing facilities, government policy on the fronts of investments, taxation, incentives and so on influence the industrial manufacturing activity across the states/districts/ taluks , which in a way decide the scope of and space for the operations of AIFIs, KSFC and KSIIDC.

39. The crucial question is: How do we tackle the institutional constraints and problems of AIFIs, KSFC and KSIIDC to ensure that they play useful role in redressing the regional disparities, especially when they are operating in the overall policy framework of liberalization/globalisation?

40. Solutions possibly lie in strengthening the infrastructure in backward areas, in providing training for the development of skills and entrepreneurship and so on so that viable/bankable projects emanate increasingly from backward areas. If these things happen, they do contribute to increase the institutional sustainability of financial institutions enabling them to play an important role in reducing regional disparities.

41. In order to ensure that these things increasingly happen, the financial resources available especially from NABARD under RIDF , from HUDCO under infrastructure related projects, from KUIDFC under urban infrastructure development schemes and, also from externally assisted projects need to be deployed largely in the backward regions. There is no denying of the fact that there exists some evidence to the effect that the State Government is utilizing these funds for the development of backward regions through strengthening their infrastructure .Nevertheless a clear perspective and commitment in making use of these resources for the purpose of reducing the regional disparities is still wanting. Also , in this context, setting up in particular a separate KSFC with its jurisdiction of operations limited to North Karnataka region which is lagging behind among others in the development of industry and services sector compared to South Karnataka (as already noted in Chapter .12 of this report) should receive a serious consideration by the Government of Karnataka, as it will help redress the regional imbalances.

ANNEXURE-22.1**Abbreviations**

1. GIC	General Insurance Corporation of India.
2. ICICI	ICICI Ltd.
3. ICICI Venture	ICICI Venture Funds Management Company Ltd.
4. IDBI	Industrial Development Bank of India.
5. IFCI	Industrial Finance Corporation of India Ltd.
6. IIBI	Industrial Investment Bank of India Ltd.
7. IVCF	IFCI Venture Capital Funds Ltd.
8. LIC	Life Insurance Corporation of India.
9. SIDBI	Small Industries Development Bank of India
10. TFCI	Tourism Finance Corporation of India Ltd.
11. UTI	Unit Trust of India.

ANNEXURE-22.2

**Taluk-Wise Assistance Rendered By KSFC
For The Year 2000-2001**

(Rs. lakh)

Sl. No.	Districts		Taluk	Amount Sanctioned	Percentage to State Total		
1	Bagalkot	1	Badami	3.80	0.01		
		2	Bagalkot	97.01	0.23		
		3	Bilagi	105.20	0.25		
		4	Hungund	35.65	0.08		
		5	Jamkhandi	61.25	0.15		
		6	Mudhol	113.44	0.27		
			Total		416.35	0.99	
2	Belgaum	7	Athani	29.95	0.07		
		8	Bailahongala	83.08	0.20		
		9	Belgaum	643.64	1.53		
		10	Chikkodi	64.52	0.15		
		11	Gokak	17.27	0.04		
		12	Hukkeri	3.50	0.01		
		13	Khanapur	18.90	0.04		
		14	Raibagh	13.70	0.03		
		15	Ramdurga	-	0.00		
		16	Soundati	-	0.00		
			Total		874.56	2.08	
		3	Bijapur	17	Basavanabagewadi	4.45	0.01
				18	Bijapur	282.53	0.67
19	Indi			30.10	0.07		
20	Muddebihal			-	0.00		
21	Sindgi			45.65	0.11		
	Total				362.73	0.86	
4	Dharwad	22	Dharwad	322.57	0.77		
		23	Hubli	629.89	1.50		
		24	Kalgatgi	14.06	0.03		
		25	Kundagol	-	0.00		
		26	Navalgund	14.00	0.03		
			Total		980.52	2.33	

Contd...

Sl. No.	Districts		Taluk	Amount Sanctioned	Percentage to State Total
5	Gadag	27	Gadag	111.58	0.27
		28	Mundargi	-	0.00
		29	Naragund	2.52	0.01
		30	Ron	2.50	0.01
		31	Shirahatti	30.59	0.07
		Total		147.17	0.35
		34	Haveri	35.72	0.09
		35	Hirekerur	-	0.00
		36	Ranebennur	36.80	0.09
		37	Savanur	44.00	0.10
		38	Shiggaon	11.50	0.03
		Total		128.02	0.30
7	Uttara Kannada	39	Ankola	24.09	0.06
		40	Bhatkal	-	0.00
		41	Honnavar	18.33	0.04
		42	Kumta	3.96	0.01
		43	Mundagod	-	0.00
		44	Siddapur	-	0.00
		45	Supa (Joida)	-	0.00
		46	Yellapur	13.52	0.03
		47	Sirsi	2.59	0.01
		48	Halyal	2.00	0.00
		49	Karwar	165.23	0.39
		Total		229.72	0.55
Belgum Division			3,139.09	7.47	
1	Bellary	1	Bellary	899.93	2.14
		2	Hadagali	-	0.00
		3	Hagaribommanahalli	-	0.00
		4	Hospet	253.69	0.60
		5	Kudligi	12.80	0.03
		6	Sandur	84.07	0.20
		7	Siraguppa	200.03	0.48
		Total		1,450.52	3.45

Contd...

Sl. No.	Districts		Taluk	Amount Sanctioned	Percentage to State Total	
2	Bidar	8	Aurad	28.70	0.07	
		9	Basavakalyana	27.84	0.07	
		10	Bhalki	41.23	0.10	
		11	Bidar	122.76	0.29	
		12	Humnabad	5.50	0.01	
			Total		226.03	0.54
3	Gulbarga	13	Afzalpur	4	0.01	
		14	Aland		0	
		15	Chincholi	29.50	0.07	
		16	Chittapur	11.30	0.03	
		17	Gulbarga	335.39	0.80	
		18	Jewargi	-	0.00	
		19	Sedam	18.20	0.04	
		20	Shahapur	13.70	0.03	
		21	Shorapur	5.00	0.01	
		22	Yadgir	113.10	0.27	
			Total		530.19	1.26
		4	Koppal	23	Gangavati	169.54
24	Koppal			146.41	0.35	
25	Kushtagi			6.51	0.02	
26	Yalburga			21.96	0.05	
	Total				344.42	0.82
5	Raichur	27	Deodurga	25.00	0.06	
		28	Lingasugur	140.92	0.34	
		29	Manvi	138.95	0.33	
		30	Raichur	389.28	0.93	
		31	Sindhanur	91.57	0.22	
			Total		785.72	1.87
Gulbarga Division			Total	3,336.88	7.94	
1	Bangalore Rural	1	Channapatna	67.60	0.16	
		2	Devanahalli	470.65	1.12	
		3	Doddaballapura	136.47	0.32	
		4	Hoskote	530.10	1.26	
		5	Kanakapura	15.00	0.04	
		6	Magadi	105.45	0.25	
		7	Nelamangala	664.30	1.58	
		8	Ramanagara	67.60	0.16	
			Total		2,057.17	4.90

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Sl. No.	Districts		Taluk	Amount Sanctioned	Percentage to State Total
2	Bangalore Urban	9	Bangalore North	1,238.20	2.95
		10	Bangalore South	2,170.70	5.17
			Bangalore City	15,386.37	36.63
		11	Anekal	1,798.74	4.28
			Total	20,594.01	48.69
		13	Chitradurga	171.65	0.41
		14	Hiriyur	174.44	0.42
		15	Holalkere	13.00	0.03
		16	Hosadurga	-	0.00
		17	Molakalmur	11.75	0.03
	Total	370.84	0.88		
4	Davangere	18	Channagiri	10.70	0.03
		19	Davangere	432.31	1.03
		20	Harapanahalli	-	0.00
		21	Harihara	325.90	0.78
		22	Honnali	-	0.00
		23	Jagalur	28.58	0.07
			Total	797.49	1.90
5	Kolar	24	Bagepalli	59.45	0.14
		25	Bangarpet	41.58	0.10
		26	Chikkaballapura	15.30	0.04
		27	Chintamani	198.65	0.47
		28	Gowribidanur	51.50	0.12
		29	Gudibanda	-	0.00
		30	Kolar	169.31	0.40
		31	Malur	211.68	0.50
		32	Mulbagal	21.70	0.05
		33	Sidlaghatta	3.50	0.01
		34	Srinivasapura	28.10	0.07
			Total	800.77	1.91
		6	Shimoga	35	Bhadravathi
36	Hosanagar			4.00	0.01
37	Sagar			21.92	0.05
38	Shikaripura			43.30	0.10
39	Shimoga			797.64	1.90
40	Soraba			30.75	0.07
41	Thirthahalli			5.94	0.01
	Total			971.44	2.31

Contd...

Sl. No.	Districts		Taluk	Amount Sanctioned	Percentage to State Total
7	Tumkur	42	Chikkanayakanahalli	51.25	0.12
		43	Gubbi	89.19	0.21
		44	Koratagere	2.16	0.01
		45	Kunigal	121.90	0.29
		46	Madhugiri	39.84	0.09
		47	Pavagada	77.14	0.18
		48	Sira	21.59	0.05
		49	Tiptur	416.31	0.99
		50	Tumkur	726.94	1.73
		51	Turuvekere	25.20	0.06
				Total	1,571.52
Bangalore Division				27,163.24	64.66
		3	Kollegal	42.30	0.10
		4	Yallandur	10.58	0.03
			Total	52.88	0.13
2	Chickmagalur	5	Chickmagalur	282.14	0.67
		6	Kadur	89.98	0.21
		7	Koppa	16.58	0.04
		8	Mudigere	66.67	0.16
		9	Narasimharajapura	39.92	0.10
		10	Sringeri	-	0.00
		11	Tarikere	85.60	0.20
				Total	580.89
3	Dakshina Kannada	12	Bantwal	220.04	0.52
		13	Belthangady	58.90	0.14
		14	Mangalore	1,489.14	3.54
		15	Puttur	352.48	0.84
		16	Sullya	258.01	0.61
				Total	2,378.57
4	Hassan	17	Alur	45.45	0.11
		18	Arakalgudu	32.08	0.08
		19	Arasikere	62.40	0.15
		20	Belur	29.30	0.07
		21	Channarayapatna	201.35	0.48
		22	Hassan	499.71	1.19
		23	Holenarasipur	52.20	0.12
		24	Sakleshpur	38.00	0.09
				Total	960.49

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Sl. No.	Districts		Taluk	Amount Sanctioned	Percentage to State Total
5	Kodagu	25	Madikeri	286.54	0.68
		26	Somwarpet	200.96	0.48
		27	Virajpet	230.33	0.55
			Total	717.83	1.71
6	Mandya	28	Krishnarajapet	44.33	0.11
		29	Maddur	97.81	0.23
		30	Malavalli	163.00	0.39
		31	Mandya	99.00	0.24
		32	Nagamangala	5.50	0.01
		33	Pandavapura	37.30	0.09
		34	Srirangapatna	50.74	0.12
			Total	497.68	1.18
7	Mysore	35	Heggadadevanakote	8.80	0.02
		36	Hunsur	110.00	0.26
		37	Krishnarajanagar	3.00	0.01
		38	Mysore	1,334.63	3.18
		39	Nanjangud	263.75	0.63
		40	Periyapatna	160.30	0.38
		41	T. Narasipur	25.68	0.06
			Total	1,906.16	4.54
8	Udupi	42	Karkala	163.32	0.39
		43	Kundapur	151.68	0.36
		44	Udupi	961.03	2.29
			Total	1,276.03	3.04
Mysore Division				8,370.53	19.93
	North Karnataka			6,475.97	15.42
	South Karnataka			35,533.77	84.58
	State			42,009.74	100.00

Source: Karnataka State Finance Corporation