

Chapter 28

Strategy of Development

1. The relative position of all the taluks in overall development and in the sectoral components point out to unequal distribution of growth benefits among the taluks and insufficient growth in backward taluks. Therefore, there is a great need for strengthening infrastructural and industrial base of the backward taluks which are served by irrigation projects. Efforts are to be made for developing infrastructure and agricultural growth, on watershed basis and drought proofing of taluks which are constantly drought affected with not much scope for industrial growth. In any case the industrial base in the backward taluks is constrained by inadequacy of natural resources which hold back the prospects of growth. Every effort should be made for making up the backlog in development and also for a more equitable spatial distribution of the growth benefits.

28.1 Target Group and Area

2. The growth disparities both regional and spatial came in for special attention during the IV, V and VI Plans of Karnataka. As a result, concern was shown in the distributive aspects of the economic process on the one hand and the need to adopt smaller areas as the unit of planning on the other. Specific attention to certain weaker sections of the community like small and marginal farmers, agricultural labourers, tribals and artisans who had been earlier bypassed by the development process had to be given priority. Some of these considerations led to the evolution of a target area coupled with target group approach. The target group approach will have to be consciously interwoven into the target area approach in order to realize the people's prosperity along with regional or taluk prosperity.

3. The concern for backward areas and weaker sections led in the past to the adoption of [a] area wise sectoral programmes, [b] area plans. A particular problem or a particular group became the focus in the former, while in the latter attention was on comprehensive development of the area. The drought prone area programme [DPAP], desert development programme [DDP], small farmers development agency [SFDA], marginal farmers and agricultural labourers programme [MFAL] fall in the category of area based sectoral programmes. The other category programmes are confined to tribal/hilly areas and command areas of irrigation projects. Mention has to be made of the Western Ghats Development Programme under the hilly areas and Special Plans for schedule tribes and scheduled castes culled out from the overall development plan. Command areas of irrigation projects offered an excellent area approach with assured water. The development of land and other infrastructure would boost this area's growth and it could even trigger off linked growth in the adjoining taluks.

4. Over the years, the area wise sectoral programmes and the area plans as well as employment generation projects have all been clubbed together with the hope that there would be proper integration and an area approach would maximize the benefits.

28.2 Plan Outlay: 1991-92 to 2001-2002

5. Central planning was accepted as the means for bringing about balanced development. Larger and larger public outlays each year under the Annual Plan and their sectoral distribution were aimed at providing not only the social and economic infrastructure but also for the production and supply of energy [electricity] irrigation and employment generation. Although agriculture is considered as the backbone of this country, it did not enjoy a high priority in the planning decision. In short, prior to 1991-92 the planning process was intended to be very comprehensive in public outlay and an assumption was made that private investment may follow more or less the same magnitude of that of the public sector outlay. However, since the introduction of the economic reforms in 1991, the role of the public outlays is getting more and more oriented towards, education, health, water supply and other social services withdrawing from the manufacturing sector either through disinvestment of the public sector undertakings which were accumulating losses or by outright sale.

6. The rise in the non-plan expenditure was very high and the State had to incur large revenue deficits leading to larger dependence on borrowings. The total plan outlay was Rs.1,557.80 Crores in 1991-92. By 2001-2002 it rose to Rs.8,588.28 Crores registering more than a five-fold increase. However, due to resource constraints and the problems of illiquidity the plan outlays had to be reduced and this has been discussed in the Chapter on **Financial Resources**. Here, it will suffice to say that heroic efforts have been made particularly from 2000-2001 when the present Congress Government came to power to have very substantial increase in plan outlay compared to previous years although the resources in sight were not enough to sustain such outlays. The result was that the sectoral outlays showed a substantial rise from 23.49 percent in 1991-92 to 31.40 percent in 2001-2002 in the matter of social services. In the earlier plans, irrigation used to take away 25 percent of the total plan outlay and another 25 percent was for energy [electricity]. Since the possibility of private investment or foreign direct investment [FDI] was unlikely to come for irrigation due to the non existence of user charges, public investment had to take care of it and there was a major spurt in the outlay on irrigation, rising from 15.86 percent in 1991-92 to 39.58 per cent in 2000-2001 and to a sudden decline to 31.91 per cent in 2001-2002 due to the resource crunch. Foreign Direct Investment [FDI] in a big way was expected for the energy sector since that would be very attractive for the private investors both domestic and foreign. With such a scenario sectoral outlay for energy declined sharply from 23.89 percent to 11.06 percent during 2001-2002.

7. In the process, agricultural and rural development got neglected year after year and this was reflected by a decline in the share of agriculture and allied activities from 9.94 per cent to 2.84 percent between 1991-92 and 2001-2002. Similarly, the villages did not get the infrastructure required and yet the allocation for rural development went down from 7.12 per cent to 4.50 per cent during this period. The details of the Annual Plans are given in the Annexure-1 to this Chapter.

8. The decline in the sectoral outlay on agriculture and allied activities and rural development, inadequate allocations for transport, education, health, water supply, sanitation and housing, and the lack of regional approach in resource allocation are to be attributed to the backwardness in agriculture and infrastructure in the rural sector. This is to be rectified immediately if a further deterioration in infrastructure in rural areas is not to cause greater resentment among the public. Market forces will not operate to bring the desired results in

social infrastructure and also in the case of agriculture and rural development where the markets are imperfect and become unfriendly to the poor. A remedy is to be sought within the framework of the public sector outlay and its sectoral distribution under planning for balanced development.

28.3 Comprehensive Development Plan

9. Looking to the nature of the constraints withholding development in the backward taluks and the experience of having different types of programmes later on yielding place to integration suggest that the development of the backward taluks should be attempted within the framework of overall development of the taluks. Thus, the strategy should be one of preparing a Comprehensive Development Plan for each taluka in which the backlog of the facilities and the infrastructure are to be made good within a specific period and promote the development of the taluka utilizing fully the local resources available including the human skills.

10. Since an Annual Plan of the State covers all the taluks, classified as backward and those above the State average, the supplementary programmes have to be introduced as additionality in the plans of backward taluks.

28.4 Human Resource Development: The Key

11. Our analysis has decisively shown that the most lacking thrust to trigger off development particularly in North Karnataka lies in the absence of educational facilities and health facilities right from the early days even going back to the period prior to integration. Hyderabad-Karnatak districts had another major disadvantage in the matter of the study of English in addition to Kannada for gaining advantages of efficiency in communications. The medium of education [Primary and Secondary] was Urdu and even the court language was Urdu. Consequently there was a serious drag on the developing of the reading skills. As if this was not enough there were no adequate educational facilities and the supporting facilities like free hostels, and scholarships for the poor young students for their education. This coupled with very low literacy rates like 37.43 to 64.7 in most of the backward taluks of North Karnataka magnified the task. In contrast, the South Karnataka taluks including some of the backward taluks have literacy rates ranging from 65 to 82%. In the matter of female literacy the lowest rates like 26.47 obtained in Raichur, 30.91 in Gulbarga, 41.60 in Bidar, 38.10 in Bellary, 46.07 in Belgaum even as late as 1996, in this region. The astonishingly poor literacy rates for women compounded their problems in their efforts to make economic and social progress.

12. It has been recognized that economic and social progress involves not only changes in machinery, but also in human beings. Investment in people turns out to be a process of increasing the knowledge, the skills, physical and academic capacities of the people of a society. In economic terms, it is the accumulation of human capital and its effective investment in the development of the area. Good nutrition and health care facilities provide the strong social capital, which together with education provide the stimulant for development of backward areas. With investment in human resources and non-human capital, both contributing to economic growth in an interdependent manner, more attention should be paid to the adequacy and considerations governing investment in human resources. Thus, investment in Human Resource Development promotes the bringing in of the people

into the main stream of economic growth. The extent of the lag is illustrated by the fact that the human development index for the Northern Karnataka districts was as low as 0.419 in Bidar, 0.42 in Bellary, 0.412 in Gulbarga, 0.399 in Raichur, 0.459 in Dharwad even in 1991. By 1998, they had improved to 0.54 in Raichur, 0.57 in Gulbarga and Bidar, 0.59 in Bellary as against the State Average of 0.63. The North Karnataka districts in general occupied the lowest ranks even by 1998, notwithstanding substantial improvement. In 1991, the position was worse in so far as the lowest ranks from 11 to 20 were assigned to the North Karnataka districts. The situation was no better even in 1998. Therefore, our Committee has given the highest priority to development of human resources in the backward taluks in the overall strategy for achieving balanced development.

28.5 Skill Orientation:

13. The work force and skills availability, analyzed in one of the earlier Chapters has revealed that the basic strategy of development of these backward taluks should aim at the development of human resources, as a whole, through better educational, social and other infrastructural facilities. It is also necessary to fine-tune the professional skills in these areas. Bridge courses for imparting latest technological skills and making the professionals to focus on application-orientation are likely to produce, in a big way, high skill employment opportunities in the State. Therefore, it would be imperative that the strategy of development should include high skill fine-tuning and application-orientation at Special Centers for the establishment of which at places like Gulbarga and Belgaum had been recommended in the First Phase of Recommendations. These should be implemented and continuous monitoring and evaluation of their impact must be done. New vocational training programmes based on the post liberalization/globalization era skills needed in the entertainment industry, fashion technology, specialization in services across the board, should receive immediate attention. In offering such vocational courses, the Rural Development and Self Employment Training Institutes (RUDSETIs), which are presently functioning at the District headquarters, covering most of these backward taluks may form the nuclei. Where RUDSETIs are not existing, they should be started.

14. Setting up of high quality professional institutions like the Indian Institution of Technology in North Karnataka would open up new vistas in higher technical education. It may be recalled in this context that Government of India had moved a proposal for setting up three more IITs in the backward areas of our country one of which was to be at Hubli-Dharwad. Unfortunately, the proposal did not come through due to a sudden change of Government.

15. In Karnataka, there is no Central University, which again, is a matter of providing high quality education. The neighboring States like Andhra Pradesh has a Central University at Hyderabad which was set up with an amendment to Article 371 of the Constitution. North Karnataka would be an ideal location for a Central University at Gulbarga. In Southern Karnataka a State University needs to become a Federal University under the aegis of the Center to provide a balance between North and South Karnataka.

28.6 Primacy for Agriculture and Irrigation:

16. As stated earlier, the overall strategy shall have to be one of planning for development in a comprehensive manner in the backward taluks. Looking to the contribution of different sectors to the State Net Domestic Product (SNDP) the contribution of the primary sector in 1980-81 was as low as 20.12% in Hyderabad-Karnatakata, 23.31% in Bombay-Karnataka and 57.09% in Mysore-Karnataka. By 1996-97 the contribution of the Primary Sector further declined to 17.94% in Hyderabad-Karnataka and to 52.17% in Mysore-Karnataka. Bombay-Karnataka showed a marginal rise in the Primary Sector during nearly 16-17 years to 26.60%. With very few mineral resources being available in plenty for the commercial exploitation, it is the primary sector covering Agriculture, Animal Husbandry and others which dominates the economic activity. No doubt, water resources in this region are plenty and they have been developed to an impressive extent as is evidenced by an investment of more than Rs.10,300 crores in North Karnataka between 1975 and 2000 raising the irrigation facilities from 3.2% in 1957 to about 26% in 2000. Constrained by natural resources endowments and further handicapped by poor Human Resource Development, the development strategy should necessarily be to improve productivity in agriculture and a rise in the share of the SDP in the Primary Sector. Further the decline in plan outlays from about 9.4 % in the beginning of 1990's to 2.68-2.84 % in 1999-2000 and 2000-2001 respectively have resulted in very low incomes for the population depending on agriculture in the backward taluks specially those in North Karnataka. In view of this a major component of the investment strategy in the plan both in Public Sector and in the Private Sector will have to be tilted very much in favour of agriculture, irrigation, horticulture, dairy and allied activities supported by industry wherever possible. Together with massive investment in infrastructure, the overall strategy for agriculture in the Special Development Plan may be relied upon for success in the speedy upliftment of the economies of the backward taluks.

17. Research studies carried out in the two Universities of Agricultural Sciences, Dharwad and Bangalore, in recent years at the initiative of the State Planning Board reveal that an agricultural holding can become viable when its size is from 6 to 10 acres with irrigation facilities. It is therefore obvious that to improve the living conditions of the majority of the farmers, irrigation facilities should be provided utilizing fully the water resources available in the State. HPCFRRI is happy to see the Water Resources Policy of Karnataka put out by the Irrigation Department as recently as 21.01.2002. The policy envisages apart from providing water for drinking purposes on the highest priority that 45 lakh hectares of land can be brought under flow irrigation from major, medium and minor projects and another 16 lakh hectares can be brought under well irrigation. In other words, out of 105 lakh hectares of cultivated area, 61 lakh hectares can be brought under irrigation thereby reducing the dependence on irregular rains and the frustration of dry land farmers to the extent of 44 lakh hectares. At the time of submission of our report, about 26 lakh hectares have been brought under irrigation from all sources. There are still 4,500 villages where there is fluoride content in well water, which has created serious health hazards.

18. If agriculture is to provide sustained prosperity, all out efforts are required to utilize fully the water resources available from the different river basins in Karnataka. The Krishna basin has an ultimate potential of 18.5 lakh hectares, out of which 9.7 lakh hectares potential has been created by March 2000, leaving a balance of 8.8 lakh hectares potential yet to be tapped. The latest cost of the Krishna Basin River Projects is around Rs. 14,260 crore, out of which Rs. 7,505 crore have been spent up to March 2000. Another Rs. 7,000 crore

would be needed to realize its full potential bringing an additional 8.8 lakh hectares under irrigation. We may note that the Krishna basin covers the major portion of North Karnataka where we have the largest number of the backward taluks. The Godavari Basin has an ultimate potential of 42,413 hectares and needs Rs.498 crore for its full utilization. Up to March 2000 Rs.311.38 crore have been spent and it requires Rs.187.5 crore to complete the project and bring an additional 22,786 hectares under irrigation mostly in Bidar district.

19. Cauvery Basin River Projects have an ultimate potential of 5.3 lakh hectares and the total project cost is Rs. 4,408 crore. By March 2000 Rs.3058 Crore have been spent creating an irrigation potential of 2.96 lakh hectares. Rs.1,350 crore are required to complete the projects, which will bring an additional irrigation potential of 2.3 lakh hectares. These projects are mostly in Erstwhile Mysore State and the newly added Coorg district. North and South Pennar Basin River Projects which mostly cater to the South Eastern parts of the State and the Pashchimavahini Basin River Projects that cater to the partly South Western and partly North Western part of the State have an ultimate potential of 15,702 hectares involving a total cost of Rs.303 crore. It is important to note that the entire potential of 15,702 hectares has been fully created by 2000 incurring an outlay of Rs.282 crore. These projects cater to the coastal districts of the State. Thus, the ultimate potential of 24.3 lakh hectares from the major and medium projects of all these basins can be brought under flow irrigation and its full realization requires Rs.19,466 crore as per the latest estimate. By March 2000 Rs.10,896 crore have been spent realizing a potential of 12.9 lakh hectares. This would imply that to realize the full potential by bringing another 11.5 lakh hectares from all these basins would require an additional outlay of Rs.8,600 crore. A part of this has already been covered during March 2000 - March 2002. Even then, an additional investment of not less than Rs. 7,500 crore will have to be provided for the major and medium irrigation projects to get the benefits of assured water for agriculture. This should get the highest priority.

20. In North Karnataka, from major projects, districts of Belgaum and Bijapur benefit from Ghataprabha I and II, Bellary benefits from Tungabhadra RBLLC while Vijayanagar channels feed Bellary and Raichur districts. Again, in North Karnataka region medium projects carry benefits to Bijapur, Dharwad, Uttara Kannada, Belgaum, Gulbarga, Raichur and Bellary districts. In South Karnataka, from major projects, Chitradurga, Shimoga, Bangalore, Hassan, Kodagu, Mandya and Mysore districts have the benefit of assured irrigation. From medium projects districts of Shimoga, Chitradurga, Chickmagalur, Bangalore, Tumkur and Mysore get the benefits in South Karnataka. From other basins west flowing river project Bachanki in North Karnataka and the North Pennar Projects help Tumkur district in South Karnataka.

21. The details of the financial, potential, progress of major and medium irrigation projects, the different river projects and the districts they benefit, the latest estimate of cost for completion of on-going projects, irrigation potential created by March 2000 and the balance of the potential to be realized thereafter with additional outlays are given in Annexure 2 to this Chapter.

22. Any strategy for maximizing irrigation potential should have a specific time profile and the required budgetary provision. It is true, that Karnataka has obtained external assistance for Krishna and other Basin Projects, which have accelerated the work on them. But it should be pointed out that loose estimates, inadequate outlays due to severe resource constraints and lack of a missionary zeal for getting quality work and also complete the

projects on schedule, the irrigation projects and their implementation have gone out of control in the sense that the time taken for completion has exceeded 25 to 30 years in the case of Upper Krishna, 40 years in the case of Malaprabha I and most other medium projects have also taken an equally long period like 25 to 30 years. With such a disturbing scenario new projects have been initiated in 2000. In the most backward districts and taluks in North Karnataka, projects like Amarja, Maskinala, Upper Mullamari, Gandorinala, Hippargi, Ghataprabha III, Malaprabha, Upper Tunga II, Manchanabele, Karanja have continued for too long a period. Similarly, in South Karnataka, major and medium projects like Arkavathi, Varahi and Mahadayi, Harangi, Hemavathi, Kabini, Yagachi have been still not completed and in the meanwhile, the Cauvery River dispute has created obstacles for financing them under the plan. In spite of it, the State has allocated more than Rs. 2,600 crore over these years on the non-plan side. It is needless to add that irrespective of whether these projects are in North or South Karnataka should be completed within the next eight years i.e, 2010. It is the financial constraint together with a lack of an effective monitoring and implementing system, which have caused mortal agony to the farming community by these never ending projects.

23. It should be noted that under any River Basin Project, the benefits should be able to reach all the farming community in that basin area. Sometimes, the storage capacity and the location of the canals restrict the areas that benefit from it. Keeping in view, the large number of backward taluks and also the predominance of agriculture whose foundation has to be strengthened further to improve the conditions of the people there, all talukas coming within the Krishna, Godhavari and the Cauvery basins will have to be brought under assured irrigation.

24. In any strategy for speedy completion of on-going projects, there is need for a very bold decision looking at the realities. From the details given to us we find that there are too many projects that have been taken up without adequate resources. Any major project should be capable of being completed within 10-15 years. Similarly a medium project should get completed in 4-5 years. To achieve such results, financing of these projects should be done in a manner that its time profile demands. To do so, Government has to stop further spending on river projects for which less than five percent of the total cost has been spent by March 2000. It is estimated that such a measure will save about Rs.500 crore in the irrigation budget. These should be spent on early completion of the other projects, which have been hanging on for several years without the ultimate potential being realized. The Committee would also like to add that the financial strategy should include the levy of user charges for water supply which has been made by making a massive investments on the major and the medium projects. This aspect has been dealt with fully in a separate Chapter 10.

28.7 Minerals Policy

25. The resource utilization and the development potential of each backward taluka has to be carefully analyzed for building up the programmes of any special or additive plan. There are mineral resources in the backward taluks. For example; limestone occurs in the taluks of Badami, Muddebihal, Chitapur, Jeevargi, Sedam, Shorapur, Hiriya, Hosadurga, Gokak, and C. N. Hally. The total limestone reserves are estimated at about 1,95,717 Million Tons. The manufacture of cement and allied industries are to be visualized in these taluks, determining the location of units in places where there is a very high concentration like

Jeevargi, Chitapur and Shorapur. Dolomite is reported to be available in the backward taluks of Badami, Gokak, Supa [Joida], Channagiri, Honnali and H. D. Kote. The reserves are estimated at 500 Million Tons holding out the prospects of manufacturing high temperature firebricks and the like. Iron ore whose reserves of about 6098 Million Tons are found in the backward taluks of Hulugund, Siddapur, Sandoor, Hosadurga, Shimoga and Channagiri. Sandoor, has now, the pig iron manufacturing unit and seems to be sick. Its revival should form a part of the strategy of development.

26. Ornamental stones used in the construction of commercial buildings and other decorative items are reported to be available [about 270 Million Tons] in the backward taluks of Hungund, Shahapur, Shorapur, Gangavati, Koppal, Kustagi, Yalburga, Magadi, Kanakakpura, Deodurg, Gudibanda and Lingasugur. They hold out the prospects of export of ornamental stones to countries outside India also. Magnesite is found in Nanjungud Taluk where magnesium compounds can be manufactured. Bhatkal Taluk has aluminous estimated at 400 Metric Tons, which may be used for making firebricks and alumina; Holalkere and H. D. Kote seem to have Kyanite used in the manufacture of high grade refractories. Manganese ore is reported to be available to the extent of 48 Metric Tons and Supa [Joida] has some potential. Bidar Taluk seems to have small reserves of lithomarge 20 Million Tons of quartz is available in Honnali.. Quantities reported available in these appear to be inadequate for sustained development. Shale used in the manufacture of lime shell and cattle and poultry feed is reported to be available in Chittapur in negligible quantity. Their utilisation can be tried. Soapstone, chromite, China clay, gold (Sira, Deodurg Gadag) and graphite have been identified to be available by the Department of Mines and Geology, but their magnitude is yet to be fully assessed. Therefore, the state should invite international mineral explorers in other countries which have the require expertise and technology to explore the availability of minerals in the backward regions of Karnataka and quantify their availability so that they can all be harnessed for maximizing the welfare of the people.

27. The industrial base in a majority of the backward taluks is somewhat limited. However, in view of the predominance of the agriculture, the strategy of providing irrigation facilities and Agro-based industries will naturally be the preferred route. In most of the backward taluks the underground water seems to have been over-exploited. About 56 taluks where watershed development approach has been adopted seem to have groundwater resources as per Groundwater Estimation Committee Report. About 20 backward taluks spread over both North Karnatak and South Karnatak have been classified as grey or dark taluk and are therefore classified as 'critical blocks.' The details of the mineral and groundwater resources made available to us by the Department of Mines and Geology are given in the Annexure - 3 to this Chapter.

28.8 Infrastructure

28. Industrial development in North Karnataka has suffered due to the lack of infrastructure, whether economic, demographic, financial or social. HPC FRRI has captured as many as 16-18 items of infrastructure in its effort to identify and quantify the regional imbalances. By and large, these have to be provided by the Government, the State and the Center. Even the expectation of private investment in roads is yet to take shape. It is in Information Technology that the State has made a major break through gaining international frame and in placing Bangalore as a destination for investment and a major hub of activity among the World Centers of industry and trade. The Chapter dealing with **Human**

Resources Development and Infrastructure has analyzed in greater detail the disparities and has attempted to show the broad directions in which infrastructure has to be developed and its financing done quickly and adequately. While in some cases incentives and liberalization of the procedures for the entry of capital can bring considerable investment the State itself will have to be a major investor in the rest of the socio-economic infrastructure. While private investment is welcome, it would be delusive to depend upon it for making up of the deficiency in both urban and rural infrastructure. In fact, provision of all infrastructures is demanded before any entry of private capital is envisaged. Our Committee has assessed the level and type of infrastructure, which is to be developed in the State in the next few years. The resource requirement has also been estimated to give an idea of the magnitude of investment needed in different infrastructure items. The success of the plans of developing infrastructure depends very much upon the State's financial stability and its willingness to raise additional resources both from the tax and the non-tax sources. The Tax Reforms Commission set up by the present Government has suggested comprehensive restructuring of the taxes of the State taxes both for rationalization and simplification. This Commission has now been asked to examine the non-tax resources. We are sure that our suggestion in a later Chapter that there is great scope for raising additional financial resources from non-tax resources in the form of user charges for supply of water for irrigation, supply of electricity for pump sets, restructuring and disinvestments of the State Public Undertakings will also receive their attention. Suffice it to say that surpassing the traditional methods of financing infrastructure, innovative measures are absolutely essential if the proposed infrastructure development in the backward talukas identified by our Committee is to succeed in at least raising the level of infrastructure in the backward taluks to the State average level. It will be a continuous process to catch up with the State average attributed to the dynamism of development.

28.9 Role of the Private Sector

29. Making up of the backlog and drawing the backward taluks into the main stream of development is not a task or responsibility of the Government alone. Post 1991 period, has been witnessing unprecedented partnership between the Government and the private sector. The private sector can bring more of capital for investment in the backward taluks taking advantage of the Government measures for improving infrastructure and also the special incentives offered under the New Industrial Policy, New IT Policy and the like. However, the social responsibility has also been widely accepted by entrepreneurs and captains of industry resulting in their being involved in a big way for making up of the backlog in literacy and primary education. However, in the development of infrastructure like air transport the backward taluks are at a disadvantage. Government may try developing areas that may be considered suitable for construction of the airport either by the private sector or as a joint venture of the Government and the private sector. A major incentive like offering a guarantee of a minimum return on investment made has to be an integral part of the strategy of development so as to attract the private sector to own and operate small aircraft linking the State headquarters with all the District headquarters, particularly, those covering Gulbarga, Bidar, Raichur, Bellary, Hubli-Dharwad, Coorg, Mysore and Hassan.

30. Involvement of the private sector is not to be confined only to industry or transport. New initiatives in the backward taluks have also to come from the imaginative entrepreneurs residing in the local areas or elsewhere in the State. To make this work, wide publicity for the scope for the private sector and a single window agency for facilitating the

entry of private sector with capital into gainful and constructive programmes in the backward taluks should be considered a necessity. Finally, the private sector should note that the rural areas, although classified as backward, have still the resources that could be mobilized as individual savings. The institutional infrastructure for investment of the household savings in a more rewarding manner may be attempted by the Government in co-operation with the private sector.

31. While agriculture is, no doubt in the private sector, harnessing the potential contained in this sector by developing appropriate technology delivery systems, building up of a chain of storage facilities appropriate for the produce which needs to be stored or preserved, transport network, starting of agro-processing industries throw open great opportunities for the private sector.

28.10 Equalization Grants

32. Making up the backlog in the backward taluks is beyond the general Annual Plan allocations. The Zilla Panchayat Plan consists mostly of tied-programmes in different sectors. The lump-sum amount available for free allocation to make up the backlog is rather very limited. If the present method of allocation at the State level to the Zilla Panchayats is continued, it will only be a case of the backlog remaining untouched. Therefore, in the various facilities/programmes identified by our Committee as forming the backlog in the different backward taluks, a Special outlay will be needed to raise the level of these facilities to that of the State average. In other words, the infrastructural facilities social, economic or financial will have to be brought into equivalence with the State average. To achieve this, additional resources are to be given as 'equalization grants' for each of these backward taluks. In fact, in a different form, the Central Government is trying to achieving in a limited way such an improvement through its Central assistance for plans by providing in their formula a clause or a criteria to the effect that 20 percent of the Central assistance will not be available for States whose per capita income is above the national average. Again, another criteria like backwardness measured either in terms of per capita income or an index of infrastructure or backwardness is adopted for distribution of funds in the devolution of finances from the Center to the States by the National Finance Commissions. This may also partake the nature of Special Purpose Grants which were in vogue in the earlier years of planning when the Finance Commissions in the first fifteen years after independence made recommendations to raise the level of primary education, administrative services or solve special problem peculiar to that area. Whatever is the nomenclature, the idea is that additional grants should be given by the States to those backward districts/taluks to make up the deficiency in the level of the various services discussed earlier.

33. There need be no apprehensions that giving of equalization grants to backward taluks would lead to a reduction in funds for other taluks. Although federal finance does stipulate that resources from richer or better off areas are to be transferred to poorer or worse off areas for maximizing welfare, HPCFRRRI is not contemplating such transfers. By additional resource mobilisation such grants can be given without affecting the existing level of flow under Annual Plan funds.

28.11 Uniform D.F. is a dis-equaliser

34. The method of financing any Annual Plan or the Special Plan or for providing Development Fund (DF) to MPs or MLAs should not be on a uniform basis if the objective is

to reduce the regional imbalances in the backward taluks when compared to the State's average taluks. HPCFRRI has been told during their visits and the discussions that in the case of Zilla Panchayat funds devolved to the district on the basis of the recommendations of the State Finance Commission are distributed at the Zilla Panchayat level equally among the members of the Zilla Panchayat. It is well known that at the Central level, MPs are given a Development Fund of Rs.2.00 Crore irrespective of their constituency having backward taluks or State average taluks or what proportion of their constituencies fall within the backward or the other category taluks. Similarly, at the State level we are informed that all MLAs are given an equal Development Fund irrespective of their constituency being within the backward or State Average taluks.

35. The First State Finance Commission had adopted a formula for distributing the funds to Zilla Panchayats in which 33 percent weightage was given to backwardness in terms of education, health, and roads. It is our hope that the Second State Finance Commission will consider giving greater weightage to backwardness as in the previous plan periods when weightage was given to the extent of 50 percent for backwards taluks/districts measuring it in objective terms covering more than 15 indicators enveloping different sectors.

36. Our Committee hastens to emphasize that any equal distribution or release of funds on a uniform basis for any of the developments or improvements in the infrastructure or other development programmes would dis-equalize further the existing imbalances. Therefore, the strategy of equalization of funds, which implies differential allocation depending upon the variations or imbalances, should be pursued. If not, a procedure of uniform distribution of funds would enhance the imbalances.

28.12 Commodity Boards

37. High Power Committee for Redressal of Regional Imbalances has emphasized earlier the need to accord the highest priority for development of agriculture and horticulture in the backward taluks that are the victims of very poor facilities or infrastructure. For this reason a policy shift to provide for more investment in irrigation, promote minor irrigation and supply the basic minimum needs is imperative. While these take care of a major components of the strategy to develop dry land agriculture, there is another equally important component viz., marketing of agricultural products, which is facing almost a crisis resulting from the ill effects of globalization and liberalization. The prices of most of the agricultural products have crashed in the recent two or three years pushing the farmers to the great depths of depression resulting in suicides in several cases. Agricultural markets are imperfect and the markets, in general, are not friendly to agriculture and poor farmers. Unless the marketing side is tackled effectively no amount of production inducing measures can bear the full fruit. This is not to imply that production and marketing are two separate and water tight compartments. One is linked to the other. For example; supply of credit, fertilizer, quality seeds and advance information on market conditions both in India and abroad, will undoubtedly, boost production. For the supply of inputs, distributional arrangements or marketing turns out to be crucial since post-harvest period witnesses distress sale for want of proper storage facilities and the poor holding capacity of farmers. The scope for getting advance credit pledging the agricultural products to the commercial banks is limited. Therefore, the two sets of measures have to go together. However, in the case of the former the farmers face an insurmountable problem caused by crash in prices, which do not even cover their cost of production. It is to handle this situation that minimum support price policy

is in operation. The central scheme covers only a few commodities like paddy, wheat and sugarcane. Karnataka has added a few more items. But, the marketing network and the supporting financial and trading framework do not exist to handle extended coverage. Therefore, the farmers suffer due to inordinate delays in intervention, taking decisions about the disposal of the surplus. In the absence of the power and freedom to export agricultural surplus direct to markets where demand exists either national or global and prices are favourable has further complicated the issue. In addition, there is no networking with universities of agriculture, which are expected to provide technical guidance on new variety of seeds, scientific practices based on their research and development adopting latest agricultural technologies. Farm universities are also inadequate in the State, with hardly two, one in Northern Karnataka and the other in Southern Karnataka. Year after year, in continuous succession over the past decades since independence farmers face this problem but there has been no satisfactory solution except in the case of highly profitable plantation crop like coffee. In the case of coffee and tea Commodities Boards have been set up to overcome all the problems encountered by the coffee and tea growers. These Boards have very successfully protected and promoted the interest of the coffee and tea growers whose financial status has generally been on the upswing.

38. But, Governments have been hesitating all along to establish similar Commodity Boards for both commercial crops and food crops in the agricultural sector. As pointed out earlier, Karnataka Government in the past two or three years has added a few items like potato, onion, groundnut, areca, coconut, groundnut under the Minimum Price Support Policy. It is reported in the press that government is contemplating to establish a Tur Development Board. It is pertinent to note that the concept of Commodity Boards has not been fully understood and applied to the different commodities. In view of the different nature of requirement of production and marketing as well as credit, each item like tur, cotton, oil seeds, food grains, and horticultural crops, which include perishable commodities, has its own special features and problems. While the minimum support price policy may meet the problem of food grains, other commercial and high value crops like tur, coconut, oilseeds and areca demand a different approach. High Power Committee for Redressal of Regional Imbalances believes that Commodity Board offers an instrument for tackling the problems of the farming community in respect of these commercial crops.

39. The Commodity Boards should not only have the powers of ensuring stability of prices by market intervention, if necessary, but also possess powers for exporting surplus direct to centers where there is a market instead of going through a Central agency as it obtains now in India. Our Committee recommends strongly the strategy of constituting Commodity Boards for agro-based commercial crops which will help eliminating unnecessary middlemen and also ensure that the benefit of higher prices to go to the producers. These Boards should be located in the areas where the concerned commodity's production is concentrated. The strategy must also take advantage of the expertise in the private sector in handling the issues including management and structure of Commodity Boards. It is believed that to begin with they can be in the joint sector with a clear mandate to divest the public share fully to the private sector gradually retaining the full powers of regulation in the interest of agriculturists and the economic growth of the nation.

28.13 Liberalization For Investment

40. Policy framework for reducing regional disparities do necessitate a clear enunciation of investment policy in respect of areas which are assessed to be deficient in infrastructure of different types as well as the production facilities. When the State finances are already strained, Government investment gets constrained by its financial position and its priorities. While reducing regional disparities is, undoubtedly, a high priority objective, the compulsions of scarce resource allocations can go the other way. Fortunately, with liberalization and globalization there exists the potential for the flow of private capital from within or outside the State including overseas investments.

41. In the context of the shortfall in facilities in rural areas or villages, we see some hope in private investment moving into such areas either for irrigation infrastructure or for housing for their own peaceful living away from the crowd and the buzz of the cities or towns. Once the Government introduces user charges for irrigation water, private investment will be encouraged to step into this area, which is otherwise not attractive to them. Fortunately, we find that the Karnataka Irrigation Department has taken the initiative to constitute Water Users' Association [WUA] to whom water will be sold in bulk at a price and in turn the WUAs will pay the money for supply of water by charging their price or user charge for the beneficiaries. No doubt, this is likely to take some time before WUAs are established in the catchments of all river basins and there develops awareness among the irrigators the need to pay for the benefit and thus contribute to the achieving of social justice in irrigation investment.

42. It has come to our notice that private investment is facing difficulties in fulfilling the procedures for getting land for construction of houses. This is due to the Land Reforms Act and the subsequent amendments permitting some relaxation. In this context, the Committee notes that housing is employment-intensive and it creates opportunities of employment in the rural areas with reasonably high wages for housing workers. It has also its spread effect as well as a demonstration effect, which can motivate others in the village to strive for constructing better houses for their living. Therefore, the strategy, which HPC FRRI is visualizing for reducing regional imbalances, should include measures of liberalization for flow of private capital to housing and allied items in rural areas.

28.14 Time Horizon

43. We have reiterated in an earlier Chapter and in the Chapter on Mobilization of Financial Resources for the additive plan that the Special Development Plan has to span over a period of about 8 years beginning from 2002. The priority in the first two years from 2002, comprising of the short term proposals should be on removal of illiteracy, ensuring 100 per cent literacy and enrolment in Primary and Secondary schools, making up the backlog in health facilities, and updating of professional skills. Infrastructure is spread over both the short term and the long term programmes. Roads, drinking water, marketing, storage facilities and institutional credit should receive the highest consideration. In view of the strain on the state's resources, and recognizing the magnitude of the backlog, the strategy should be to prepare three-five year projects for further development of Water Resources, railway development, asphaltting of all rural routes providing the black bituminous top to them for posing to global financial institutions like the World Bank, NABARD or other outside countries which are showing interest in investment in these areas in Karnataka. To

the extent domestic resource mobilization can effectively cover the normal plan investment and a portion of the additional special plan investment, it should be easier for attracting the matching funds from the external sources. HPC FRRI underscores the point that it is only efficient planning and adequate investment for the overall development of these backward taluks that can alone give the hope for reducing regional imbalances in a time bound manner. Finally, the Special Development Plan ought to strengthen the institutional credit network in these areas. Our analysis of Banking and Co-operative Institutions has made us to believe that more of the Bank branches and Gramin Banks (Regional Rural Banks) have to be set up in these backward taluks on a high priority basis and also strengthen the co-operative credit structure to supplement the required resources together with the involvement of the people.

28.15 Town Planning

44. It needs no repetition to impress on the government that there exist very serious imbalances in town and city development. It is acknowledged that rural-urban disparities are widening inspite of four decades of centralized planning followed by Liberalization and the IT Revolution. In particular the district headquarters in North Karnataka and major town of that region are, to use the mildest term, totally shocking. Even the divisional headquarters like Gulbarga, Belgaum, Raichur, Bidar, Bellary, Bijapur, Koppal and Bagalkot present repulsive sight. We wonder how there is such negligence of the sanitary facilities, roads, water supply, quality of educational infrastructure, which have a polluted look. It may not be wrong to even describe the picture as very filthy and intolerable. No doubt, there has been the slogan of carrying infrastructure to rural areas and adopting town planning in the growing towns and cities. But it is strange that no cognizable impact is found. During the visit of the Committee to all the district headquarters in North Karnataka, the Committee could observe the helplessness experienced by the public at large. The people's representatives of that area both at the State Legislature and at the Zilla Panchayats repeatedly pointed out to us that they are confronted with severe drinking water problem and it is so in cities like Gulbarga, Bidar, Hubli-Dharwad, Bidar, Belgaum, Bagalkot, Bijapur, Koppal and the like. The condition of civic roads in the towns and cities is horrible. It is obvious that with the growing population, the process of urban development of the towns and cities, has not brought in its train improved civic amenities which make the quality of life a little better even with low incomes. The development strategy should provide for improving the civic amenities, including urban infrastructure in these towns and cities. If this is the condition in the urbanized centers with major government activity, the rural conditions are pathetic and it is less said the better. The HPC FRRI is aghast that the Hyderabad-Karnatak Development Board or the other Development Boards with their independent resources with allocation powers have not made any dent in the matter of better living environment and the basic minimum needs. Taking note of these factors, the Committee had recommended in the first phase of its suggestions Special Urban Development grants to Gulbarga and Belgaum district headquarters to improve the general conditions of the area. These have to be extended to the remaining district headquarters and major Taluk/Market centers and growing villages. It is felt that the strategy of urban development in some of these cities and towns which act like growth centers will produce forward and backward linkages for reducing not only intra-town / city imbalances, but also the rural-urban imbalances.

28.16 Emotional Integration

45. Linguistic harmony is not a matter of just equal access to socio-economic and infrastructure facilities and opportunities to serve in different spheres. It is not even a matter of money alone. A recent study of the World's largest and excellent Software Company [Infosys Technologies] has shown that employee's emotional satisfaction is crucial for the success of the company and therefore, the company has been able to maintain the high growth rate in comparison with other big and international companies. Even when the employees of the said company are offered higher emoluments and perks elsewhere than what they get at Infosys Technologies, they do not like to move out. According to them it is not just money and growth, alone which satisfy them. They are unanimous that they have an emotional attachment to the company and to its leader who thinks of every possible way of meeting the needs of employees including health, ownership of shares, cafeteria, and the choice of food available there. Thus, emotional attachment turns out to be a strong force of unity. When we talk of the feelings of North Karnataka, this emotional element is of paramount importance.

46. More than some of the disparities in facilities, non-fulfillment of their long-time cherished desire of the people of North Karnataka to have a Bench of the Karnataka High Court in their region has led to greater anguish and frustration. Emotions of the people are important in initiating measures to fulfill the area needs. Statistics will fail to divulge the feelings. In the first phase of Recommendations, we had recalled how as early as 1982, the then Chief Justice of Karnataka High Court Sri D. M. Chandrashekar was convinced about the need and had inquired the then Vice-Chancellor of Karnatak University Dr. D. M. Nanjundappa about sparing of a suitable building at Dharwad for the location of High Court Bench and there was a favourable response from the University side. Unfortunately, before it could fructify Justice D. M. Chandrashekar retired. This issue is dragging on for nearly two decades. Very recently, the Committee Members read in a newspaper that a fresh panel has been set up by the Chief Justice, Karnataka High Court to examine this issue and give their views. People of North Karnataka have shown their resentment in several ways; but it must be said to the credit they have shown remarkable patience over two decades. While it has been possible for the States like Maharashtra and Uttar Pradesh to set up Benches at places like Nagpur, Aurangabad, Lucknow, etc. why not in Karnataka? There being a night train from Gulbarga or Dharwad to Bangalore which is convenient for the lawyers and clients is totally irrelevant. Easy access to the judiciary for the common-man is the criteria. While under economic reforms, inter-alia, administrative decentralization, sale of public undertakings have been attempted, there is no reform of the judiciary, especially, in Higher Judiciary. Hubli-Dharwad is known as "**Chota Mumbai**" and it commands all facilities and infrastructure for a civilized life and society. Educational, health facilities, transport, good climate, cultural activities, housing and perhaps even less polluted air and environment pervade Hubli-Dharwad. In spite of all this, and their two decades long patience, if the people of North Karnataka are denied a Bench of Karnataka High Court, we can easily imagine their emotional feelings, anguish and frustration. How can harmony be expected under such circumstances? Similarly, pursuing the argument of the need for decentralization of Higher Judiciary, the Committee have taken note of the request and feelings of the people of Gulbarga when the Committee visited Gulbarga for discussions on the regional imbalances. The existence of regional imbalance in Higher Judiciary was very much emphasized. We cannot deny the reasoning behind decentralization. Therefore, in this area the strategy of development should include our recommendations about the

setting up of a Bench of Karnataka High Court in North Karnataka. Similar was the outcome when the South-western Railway Zone Headquarters was shifted from Hubli to Bangalore despite the agitation of the people. Earlier a big establishment like the Railway Workshop at Hubli provided employment to the local people apart from the linkage effect for development of the area. Its shifting to Bangalore has generated a sense of alienation. While disparities continued, even whatever major projects were in North Karnataka, though few, are also shifted from there to other regions, it is quite obvious such deprivation adds oil to the fire of disenchantment.

47. Any strategy of development cannot ignore the emotional aspect of the people of any region. In an overall framework of more equitable distribution, either judicial or other facilities, in the development process, decisions are to be taken in a manner that establishes harmony among the integral parts of the State. The Committee would even say that continued regional imbalances coupled with emotional disintegration are bound to affect the oneness of the State. It is for this reason that the Committee in its First Phase of Recommendations had highlighted the need for emotional integration and in that context, apart from other measures, re-emphasized its recommendation for starting a Bench of the Karnataka High Court at Hubli-Dharwad and also for quick re-transfer of the South-western Railway Zone Headquarters from Bangalore to Hubli. It should not be forgotten that easier the access to any of the organizations of the Government, greater is the ease with which people would identify themselves with the Kannadigas in other regions. If every major development agency is located at the State Headquarters like Bangalore, it fuels the feeling that North Karnataka is ignored from the viewpoint of the convenience. The strategy shall be one of creating an environment both physical and non-physical, which would promote speedy emotional integration of the people of the different regions. This makes the Committee to suggest the setting up of a **Circuit Bench of the High Court of Karnataka** at other centres in addition to the setting up of a Bench of Karnataka High Court at Hubli-Dharwad.

28.17 Focus on Permanent Remedies

48. In the strategy of development, equalizing the benefits of development is, no doubt, very crucial. While so doing, in our anxiety to meet the situation as quickly as possible, or avoid a high cost project, often the remedies are not of a long lasting nature. This is detrimental to balanced regional development. For example; in fulfilling one of the basic minimum needs like drinking water, resort is made to tap underground water where available and depend on deepening as the water table goes down. The fluoride content makes its appearance the deeper it goes. Also, even after knowing that high fluoride content in a given region causes the deadly disease of fluorosis no permanent remedial measures are envisaged. The reason may be lack of adequate resources. Thinking that drawing water from a river nearby is easy for adoption, the thought that such rivers may go thin or dry during summers or due to the diversion of water for irrigation from the same source do not enter the calculus of decision making. Such a development even in the short or the medium term will create more problems. It is, therefore, prudent for the Government to frame a policy for providing drinking water facilities in both urban and rural areas on a more permanent basis. This may imply the choice of a river remote from the area but the flow is more reliable throughout the year. Costs, no doubt, are likely to be high. It should be noted that providing for such expenditures is wiser from the point of view of welfare maximization.

28.18 Regional Representation

49. Sustainable policies for balanced development should not be construed as applicable only for physical infrastructure or investment in productive activities. The situation that obtains in Karnataka and its two broad regions, North and South, in this matter is discussed in the subsequent Chapters. However, the Committee has felt from its tours and discussions with the people and their representatives in the different district and state bodies, more than the physical disparities in facilities like schools, hospitals, roads and the like, people are much more vocal and worried about their being denied year after year opportunities of participation in the various committees and other organizations set up by the State Government to promote the overall interests in areas of representation in services, literature, sports, art and culture. In this list are included the Karnataka Public Service Commission, selection of candidates to various posts, various literary Academies, **Rajyotsava** Awards, Family Pensions, appointment of Vice-Chancellors, and the like. If any district or region, which is an integral part of the State, does not get its legitimate share in the above areas, it is natural that a sense of frustration overtakes them. This often results in ill thought out proposals like demanding a separate State for any less developed region. For example; some people of North Karnataka have started agitating for a separate State for North Karnataka or for Hyderabad-Karnataka.

50. This may give an impression that this is a good strategy for reducing regional imbalances. HPC FRRI has looked into the outcome of such frustration in other similar states like Bihar, Uttar Pradesh, where separate States have been carved out like Jharkhand, and Uttaranchal. The patent result is one of inadequate resources, further frustration and the creation of a fertile soil for social unrest. HPC FRRI asserts that the strategy of seeking a separate State from its votaries is no solution to removal of regional imbalances. The simple reason is that the backward areas with less of contribution to the GDP have very little to claim by way of massive investment, industrial structures and more financial resources. With less of industrialization, modernization, and with the predominance of agriculture, such a regions will be trapped in a resource crunch, deepening their disparities syndrome. What little they can get from the parent body will not even be adequate to have its own capital let alone the chances of more liquid resources being transferred. Instead, they have to inherit their proportion of the debt, which in itself will be weighing heavily on the New State. It is true that some political leaders may get the satisfaction of securing power to themselves in the name of a new State. Years will role for bifurcation of staff; seniority problems plague the services, thereby get trapped in non-plan expenditures at the cost of true development investment. Beyond this, the prospects of massive investment and development will only be a will-o- the-wisp. HPC FRRI, therefore, urge the people of the state residing in all regions to appreciate the need for absorption and not rejection, assimilation and not dispossession, construction and not destruction to constitute a vibrant approach in the strategy for balanced development.

28.19 Quality of Life

51. Making up of the backlog through development plan is not to be viewed only in terms of physical facilities or the development of the local resources for improving the incomes of the people of that area. Equal importance should be attached to improving the quality of life of the people at large in terms of development of their potential through appropriate living environment, social and cultural programmes. People's wide participation

in the socio-economic development process could ensure drawing them in to the improvement process in terms of better general living conditions, environment, good roads and equal access in a total participatory set up.

52. The formation of Karnataka in 1956 marked the beginning of a physical integration of the parts with Kannada speaking population spread over two or three neighboring States. The understanding and assimilation of the diverse habits and customs, cultures, disparities in facilities and the feeling of oneness among all the Kannadigas in the newly formed State ought to lead to emotional integration over a period. Perhaps, the feeling of neglect is to be erased by a determined effort at reducing the physical regional disparities in infrastructure and employment opportunities which are invariably and deeply tied up with the emotions of the people. This needs to be taken into cognizance for building up of harmonious relations among the people of the State.

28.20 Authority For Earmarking Funds

53. In the allocation of funds for the proposed **Special Development Plan**, there should be some earmarking of plan resources for making up the backlog. What is the appropriate agency or authority for determining this proportion which is to be set aside? Left to the State Government and the legislature, it has been observed all these years that no one has raised a finger about the neglect of backward regions when the Budget and the Annual Plan of the State are presented. That was the right occasion to demand higher allocations for districts or taluks, which are lagging behind the State in infrastructure and growth. Instead, without a whisper, they have been approved all these 45 years or more. In view of this, the Committee feels that a new strategy for earmarking these funds lies in getting an amendment to Article 371 of the Constitution of India under which the President of India can order the Governor of the State to decide on the proportion of these funds to be set aside for making up the backlog and also for directing the State Government to implement it. Recently, this has been done in 1999 for Maharashtra to make up the backlog in Vidharbha and Maharashtra region. Similar amendments have been done for Andhra Pradesh, West Bengal and North Eastern States. The Committee feels that a similar strategy shall be necessary, in Karnataka.

54. It needs no emphasis that the planning and implementation of these programmes for overcoming the hindrances to development in backward talukas should be through decentralizing planning and the Panchayat Raj institutions. The District Planning Body or Committee shall have to play a very important role. The institutional framework has to be strengthened. At the District level full decentralization should mean that social instruments of decision-making should be such as to be a happy blend of local autonomy, administrative capability and planning expertise.

28.21 Decentralized Governance

55. The disparities identified by us are found in the different villages / towns of the various talukas identified as backward. The specific programmes for making up these deficiencies will have to be carefully formulated at the district and the taluk level and have to be implemented by the existing machinery which functions under State Government and the Zilla Panchayat administration. Apart from the need to provide the expertise, administrative decentralization right up to the village level is imperative. Unfortunately, while much is talked about decentralization of powers to accompany decentralized administration, in reality

the hold of the State authorities still continues in various ways. During the 1980's Karnataka implemented the Panchayat Raj system wherein the Zilla Panchayats were supposed to function like Mini- Government at the district level. For achieving this purpose very senior administrators were appointed as Chief Secretaries of the Zilla Panchayats. Following the 73rd and 74th Amendment to the Constitution of India, the two-tier system was replaced by a three-tier system but in the process the Mini-Government idea evaporated. The Committee would emphasize that very detailed delegations of powers have to be worked out and guidelines issued to the implementing agencies down the line from the State Headquarters to the Zilla Panchayats and Panchayats at the village level. This is not an easy task. Development administration and implementation oriented towards timely achievement of the end results call for not only a thorough knowledge of the governance attuned to delegation of powers with appropriate mechanism for accountability but also demands high ethical standards at all levels. While training to some extent can make up the shortfall in skills, insensitivity in matters of moral integrity are not so easy to be removed in the implementing staff. The Committee feels that this may even call for a Constitutional Moral Order and also a functioning of a highly informed Social Order prevailing in the society.

56. It has been increasingly recognized that implementation of programmes should involve the people, voluntary organizations and Self-Help Groups, which are service oriented and are capable of mobilizing people's participation. Not all voluntary organizations and Self-Help Groups can be presumed to be free from the malaise of selfishness and corruption, which is almost an ubiquitous phenomenon. The people should be sensitized to the various programmes which are going to be implemented in their area for improving the level of facilities and services and they should function as Watch and Ward for ensuring transparency expected in implementation.

Annexure – 28.1
Annual Plan – Intersectoral Plan Outlay (Rs. lakhs)

Sl.	Sector	Outlay B.E	% Share	Outlay B.E	% Share	Outlay B.E	% Share	Outlay B.E	% Share	Outlay B.E	% Share	Outlay B.E	% Share	Outlay B.E	% Share	Outlay B.E	% Share	Outlay B.E	% Share
No		1991-92		1994-95		1995-96		1996-97		1997-98		1998-99		1999-2000		2000-01		2001-02	
1	Agriculture and Allied Activities	15487.00	9.94	22861.17	6.98	23734.93	6.64	25446.18	5.84	17607.00	3.87	17357.07	3.24	17156.70	2.91	19462.43	2.68	24374.20	2.84
2	Rural Development	11091.16	7.12	16784.00	5.12	21055.31	5.89	27640.46	6.34	25060.97	5.51	24916.15	4.65	24352.99	4.14	28396.17	3.90	38688.72	4.50
3	Special area Programmes	7000.00	4.49	11246.00	3.43	10000.00	2.80	10250.00	2.35	10250.00	2.26	10900.00	2.04	11804.00	2.00	12656.00	1.74	12556.00	1.46
4	Irrigation and Flood Control	24712.70	15.86	73990.00	22.59	88261.70	24.69	116881.96	26.81	124296.00	27.35	162906.20	30.43	181450.40	30.82	287914.00	39.58	274027.16	31.91
5	Energy	37217.72	23.89	61088.00	18.65	68906.00	19.27	59002.00	13.53	67594.50	14.87	87378.30	16.32	101178.32	17.18	76364.10	10.50	94992.60	11.06
6	Industry and Mining	10766.10	6.91	23985.00	7.32	21294.76	5.96	25793.95	5.92	19892.90	4.38	14668.75	2.74	15791.00	2.68	16357.22	2.25	27701.56	3.23
7	Transport	9325.48	5.99	17255.00	5.27	18224.47	5.10	17954.33	4.12	30874.00	6.79	34316.99	6.41	33267.00	5.65	50562.00	6.95	79099.90	9.21
8	Science, Technical, and Environment	188.00	0.12	398.00	0.12	559.00	0.16	627.00	0.14	763.00	0.17	512.70	0.10	513.00	0.09	421.00	0.06	407.00	0.05
9	General Economic Services	1440.53	0.92	1090.00	0.33	1259.71	0.35	1531.50	0.35	1679.86	0.37	12529.12	2.34	13191.79	2.24	14356.00	1.97	17516.75	2.04
10	Social Services of which	36591.05	23.49	94740.83	28.93	100604.12	28.14	146940.45	33.70	147703.81	32.50	155341.69	29.02	171506.38	29.13	204106.76	28.06	269636.17	31.40
	a. Education	9834.00	6.31	28374.43	8.66	30787.66	8.61	37508.00	8.60	28374.82	6.24	32988.52	6.16	45643.39	7.75	79224.57	10.89	102740.48	11.96
	b. Medical and Public Health	4700.00	3.02	10823.00	3.30	11472.41	3.21	19136.75	4.39	20073.47	4.42	19544.30	3.65	23119.04	3.93	22558.11	3.10	26879.60	3.13
	c. Water supply and Sanitation	7658.15	4.92	18111.00	5.53	21055.38	5.89	33628.14	7.71	36927.77	8.12	43214.17	8.07	47854.00	8.13	56866.00	7.82	61017.32	7.10
	d. Housing	5631.07	3.61	14889.00	4.55	13578.00	3.80	13755.00	3.15	14950.18	3.29	14048.67	2.62	15430.98	2.62	23476.00	3.23	47675.00	5.55
11	General Services	1960.00	1.26	4062.00	1.24	3600.00	1.01	3932.00	0.90	3520.00	0.77	5010.00	0.94	4950.00	0.84	4937.00	0.68	6595.51	0.77
12	Forestry and Wild Life									5259.46	1.16	9475.04	1.77	13638.42	2.32	11867.00	1.63	13232.43	1.54
	Grand Total	155780.00		327500.00		357500.00		435999.83		454501.50		535302.01		588800.00		727400.00		858828.00	

Source : Draft Annual Plan figures are taken for the years 1994-95 and 1995-96. Annual Plans of Karnataka for the remaining years.

Annexure - 28.1

ANNUAL PLAN - INTERSECTORAL PLAN OUTLAY (Rs. lakhs)

Sl. No	Sector	Outlay B.E 1991-92	% Share	Outlay B.E 1994-95	% Share	Outlay B.E 1995-96	% Share	Outlay B.E 1996-97	% Share	Outlay B.E 1997-98	% Share	Outlay B.E 1998-99	% Share	Outlay B.E 1999-2000	% Share	Outlay B.E 2000-01	% Share	Outlay B.E 2001-02	% Share
1	Agriculture and Allied Activities	15487.00	9.94	22861.17	6.98	23734.93	6.64	25446.18	5.84	17607.00	3.87	17357.07	3.24	17156.70	2.91	19462.43	2.68	24374.20	2.84
2	Rural Development	11091.16	7.12	16784.00	5.12	21055.31	5.89	27640.46	6.34	25060.97	5.51	24916.15	4.65	24352.99	4.14	28396.17	3.90	38688.72	4.50
3	Special area Programmes	7000.00	4.49	11246.00	3.43	10000.00	2.80	10250.00	2.35	10250.00	2.26	10900.00	2.04	11804.00	2.00	12656.00	1.74	12556.00	1.46
4	Irrigation and Flood Control	24712.70	15.86	73990.00	22.59	88261.70	24.69	116881.96	26.81	124296.00	27.35	162906.20	30.43	181450.40	30.82	287914.00	39.58	274027.16	31.91
5	Energy	37217.72	23.89	61088.00	18.65	68906.00	19.27	59002.00	13.53	67594.50	14.87	87378.30	16.32	101178.32	17.18	76364.10	10.50	94992.60	11.06
6	Industry and Mining	10766.10	6.91	23985.00	7.32	21294.76	5.96	25793.95	5.92	19892.90	4.38	14668.75	2.74	15791.00	2.68	16357.22	2.25	27701.56	3.23
7	Transport	9325.48	5.99	17255.00	5.27	18224.47	5.10	17954.33	4.12	30874.00	6.79	34316.99	6.41	33267.00	5.65	50562.00	6.95	79099.90	9.21
8	Science, Technical, and Environment	188.00	0.12	398.00	0.12	559.00	0.16	627.00	0.14	763.00	0.17	512.70	0.10	513.00	0.09	421.00	0.06	407.00	0.05
9	General Economic Services	1440.53	0.92	1090.00	0.33	1259.71	0.35	1531.50	0.35	1679.86	0.37	12529.12	2.34	13191.79	2.24	14356.00	1.97	17516.75	2.04
10	Social Services	36591.05	23.49	94740.83	28.93	100604.12	28.14	146940.45	33.70	147703.81	32.50	155341.69	29.02	171506.38	29.13	204106.76	28.06	269636.17	31.40
	of which																		
	a. Education	9834.00	6.31	28374.43	8.66	30787.66	8.61	37508.00	8.60	28374.82	6.24	32988.52	6.16	45643.39	7.75	79224.57	10.89	102740.48	11.96
	b. Medical and Public Health	4700.00	3.02	10823.00	3.30	11472.41	3.21	19136.75	4.39	20073.47	4.42	19544.30	3.65	23119.04	3.93	22558.11	3.10	26879.60	3.13
	c. Water supply and Sanitation	7658.15	4.92	18111.00	5.53	21055.38	5.89	33628.14	7.71	36927.77	8.12	43214.17	8.07	47854.00	8.13	56866.00	7.82	61017.32	7.10
	d. Housing	5631.07	3.61	14889.00	4.55	13578.00	3.80	13755.00	3.15	14950.18	3.29	14048.67	2.62	15430.98	2.62	23476.00	3.23	47675.00	5.55
11	General Services	1960.00	1.26	4062.00	1.24	3600.00	1.01	3932.00	0.90	3520.00	0.77	5010.00	0.94	4950.00	0.84	4937.00	0.68	6595.51	0.77
12	Forestry and Wild Life									5259.46	1.16	9475.04	1.77	13638.42	2.32	11867.00	1.63	13232.43	1.54
	GRAND TOTAL	155780.00		327500.00		357500.00		435999.83		454501.50		535302.01		588800.00		727400.00		858828.00	

Source: Draft Annual Plan figures are taken for the years 1994-95 and 1995-96.

Annual Plans of Karnataka for the remaining years.

Annexure 28.2
Expenditure on Major and Medium Irrigation (North and South Karnataka-wise)

(Rs. Lakh)

Sl.No		1997-98		1998-99		1999-2000		2000-2001	
		North	South	North	South	North	South	North	South
1	Major Irrigation	100516.20	688.88	133488.34	970.16	166582.07	1085.06	177908.10	1281.69
2	Medium Irrigation	7850.07	161.83	6759.94	256.12	7111.40	886.51	5928.80	100.00
3	General	19264.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total	127630.27	850.71	140248.28	1226.28	173693.47	1971.57	183836.90	1381.69
	Projects pending approval								
1	Major Irrigation	0.00	27643.19	0.00	26720.80	0.00	21213.04	0.00	25247.10
2	Medium Irrigation	0.00	1979.91	0.00	1906.13	0.00	3012.60	0.00	4967.74
3	General	0.00	0.00	0.00	243.04	0.00	1880.83	0.00	3900.00
	Total	0.00	29623.10	0.00	28869.97	0.00	26106.47	0.00	34114.84
Grand total		127630.27	30473.81	140248.28	30096.25	173693.47	28078.04	183836.90	35496.53

Indivisible

1997-98	1988.36	359.66	2348.02
1998-99	1026.87	608.22	1635.09
1999-00	92.07	862.40	954.47
2000-01	3633.00	1019.93	4652.93
Total	6740.3	2850.21	9590.51

Annexure - 28.3
RESERVES OF MAJOR & MINOR MINERAL RESOURCES (2000-2001)
AND SUGGESTED POTENTIAL INDUSTRIES IN THE TALUKS IDENTIFIED AS
BACKWARD BY HPC - FRRI

Minerals Resources				Suggested Potential Industries / Applications
Major Minerals		Minor Minerals		
Mineral / Taluk	Reserves MT	Mineral / Taluk	Reserves MT	
<u>Limestone</u>				1. Manufacture of Cement 2. Calcined Lime 3. Bleaching Powder 4. Calcium Carbide
Badami	47.00			
Mundargi	1.58			
Muddebihal	1.92			
Chittapur	302.00			
Jewargi	11000.00			
Shorapur	183825.00			
Sedam	4.40			
Hiriyur	1.50			
Hosadurga	260.00			
Chikkanayakanahalli	20.00			
Gokak	64.00	<u>Limekankar</u>		
		Kadur	2.04	
Total	195717.48		2.04	

<u>Dolomite</u>				1. High temperature fire bricks 2. Fluxing Agent
Badami	-			
Gokak	414.00			
Supa (Joida)	6.00			
Channagiri	5.40			
Honnali	69.30			
H.D. Kote	-			
Hosadurga	0.24			
Total	494.94			

<u>Quartz</u>				1. Construction material 2. Manufacture of avrasives and abrasive paper
Badami	-			
Gokak	0.20			
Sandur	3.80			
Shorapur	-			
Gangavathi	-			
Honnali	20.00			
Koppal	3.50			
Kushtagi	0.53			
Holalkere (Green Quartz)	0.15			
Sindhur	0.02			
Jagalur (Pink Quartz)	0.06			
Pandavapura	0.41			
Total	28.667			

Minerals Resources				Suggested Potential Industries / Applications
Major Minerals		Minor Minerals		
Mineral / Taluk	Reserves MT	Mineral / Taluk	Reserves MT	
Iron Ore				
Bilagi	3.10			Iron Ore is used in the mfg. of pig iron
Mundargi	2.64			
Hungund	1.00			
Siddapur (low grade)	3.30			
Sandur	6080.00			
Bidar	-			
Holalkere	-			
Hosadurga	5.00			
Channagiri	2.28			
Shimoga	1.00			
Total	6098.315			
Ornamental Stones				
		Hunagund	175.00 MM3	Used in the construction of commercial buildings and other decorative items
		Shahapur	1.40 MM3	
		Shorapur	0.06 MM3	
		Gangavathi	2.72 MM3	
		Koppal	2.50 MM3	
		Kushtagi	1.40 MM3	
		Yalburga	26.20 MM3	
		Kanakapura	14.20 MM3	
		Magadi	28.00 MM3	
		Gudibanda	0.06 MM3	
		Deodurg	16.66 MM3	
		Lingasugur	2.86 MM3	
		Malavalli		
		Hunsur		
		Nanjangud		
		Total		
Magnesite				
Nanjangud				Magnesite is used as a raw material for obtaining magnesium compounds
Aluminous				
Bhatkal	400.00			Fire bricks and Alumina
Kyanite				
Holalkere	0.46			As aluminium silicaste is used in the manufacture of high grade refractories
H.D. Kote				
	-			

Minerals Resources				Suggested Potential Industries / Applications
Major Minerals		Minor Minerals		
Mineral / Taluk	Reserves MT	Mineral / Taluk	Reserves MT	
<u>Manganese Ore</u>				
Supa (Joida)	44.21			Benification of Manganese Ore. Ferro Manganese.
Sandur	-			
Hosadurga	4.65			
Total	48.86			
<u>Lithomarge</u>				
Bidar	0.04			Litomarge as Lithium is used in glass & ceramic industries. As an alloy, it is used in nuclear reactor in aero space industries.
<u>Shale</u>				
Chittapur	0.18			Used in the manufacture of lime shell and cattle & poultry feed.
<u>Steatite (Soap Stone)</u>				
Holalkere	0.06			Used in manufacture of talcum powder
<u>Soap Stone</u>				
H.D. Kote				Used in the form of utensils and electric insulators
<u>Chromite</u>				
Hosadurga	0.24			Ferro Chromium
<u>China Clay (Kaolin)</u>				
Hosadurga	5.65			Ceramic Tiles, White cement & Plaster of Paris
Mulbagal	0.10			
Holenarasipur	-			
Total	5.75			
<u>Gold</u>				
Sira, Gadag	2.00			
Deodurga	4.20			
Total	6.20			
		<u>Dyke</u> Chamarajanagar	0.044 MM3	
<u>Graphite</u>				
H.D. Kote	-			Pencil Industry

Source: Department of Mines & Geology, Govt. of Karnataka (adopted)