

## Chapter 30

### Special Eight-Year Development Plan: An Outline

#### 30.1 Objectives

1. Our analysis of the regional imbalances attempted in the previous Chapters lead us to believe that the deficiencies shall have to be made up to take the level of services and facilities to the State average. This requires additional relevant sectoral programmes that are to be implemented spatially bringing about a fusion of the two in the taluks identified as backward or more backward or as most backward. Keeping in view the Annual Plan and their inadequacies both in outlays and in the location of the programmes, HPC FRRI feels that a **Special Development Plan** will have to be framed based on the disparities / deficiencies in 114 taluks identified by our Committee. Thus, **Special Development Plan** will supplement but not supplant the Annual Plan programmes that may get allocated to the 114 backward taluks. The **Special Development Plan** shall have a 8-Year duration from 2003 to 2010, thus covering five years of the X Plan and three years of the XI Plan.

2. The specific objectives of the **Special Development Plan** are:

- [1] To accelerate growth in the backward taluks through the stimulants of additional investment in the various sectors / areas covered in this Report.
- [2] To promote fuller utilization of State level average infrastructure wherever it obtains by improving performance to match that level.
- [3] To build infrastructure to make good the identified sector backlog in the backward taluks.
- [4] To establish needed institutions / organizations to redress the imbalances in the concerned sectors in backward taluks.
- [5] To provide locations specific sectoral schemes in the backward taluks in order to raise the level of service in that sector to the State level average.
- [6] To offer a group approach as per accorded priority in implementing the 8-Year **Special Development Plan** in 114 backward taluk [taluks are classified into three groups viz., [a] Backward, [b] More Backward and [c] Most Backward
- [7] To help the Planning authority in preparing Action Plans with three priorities [first priority is for most backward taluks to be covered in the first two years 2003-2005. More backward taluks shall have the second priority for allocation of funds for the years 2006-2008. Backward taluks shall have their allocation for the terminal period of the 8-Year Plan [2008-2010]

- [8] To facilitate preparation of programmes or schemes of a single sector or for a group of sectors for seeking external assistance either from the World Bank or ADB or from other countries under bilateral assistance since such projects require a longer period. Action is to be initiated in the beginning of the **Special Plan period**.
- [9] To give scientific and technological support needed for the programmes of the **Special Plan** out of the allocations suggested by the Committee for the **Special Development Plan** and finally
- [10] To give a thrust to the Development programmes in the 114 backward taluks to move towards a more balanced development in the State as a whole

3. It was not possible for the Committee to draw the details of these programmes since it is the responsibility of the concerned departments to work on them taking our recommendations.

### **30.2 Estimated Outlays**

4. The Committee did not succeed in getting the required cost estimates from the concerned departments. However, the Committee had to depend upon the rough estimates or cost norms that were revealed to us either at the discussions or in the specific papers, which were prepared by experts at the request of the Committee.

5. A tentative estimate of the net additional outlay on the **Special Development Plan** is about Rs.16,000 crore as follows:

**Table 30.1**  
**Eight Year Special Development Plan Outlays by Major Sectors**

Sl. No.	Sector/Programme	Outlay [Rs. in Cr.]
<b>I</b>	<b><u>Agriculture and Allied</u></b>	
1	Agriculture [Markets, training and direct investment in land/soil improvement, machinery & equipment]	2000
2	Sericulture	100
3	Horticulture	100
4	Fisheries	70
5	Animal Husbandry	70
<b>II</b>	<b><u>Rural Development</u></b>	
1	Rural Roads	600
2	Z.P. Roads	400
3	Rural Water Supply	4500
4	Rural Housing	1600
<b>III</b>	<b><u>Irrigation</u></b>	
1	Irrigation	7800
2	Water Recharging Scheme	200
<b>IV</b>	<b><u>Energy</u></b>	
1	Power	3000
<b>V</b>	<b><u>Industry &amp; Minerals</u></b>	
1	Industry [Industrial Sheds, Industrial Infrastructure, State Finance Corporation for North Karnataka]	400
<b>VI</b>	<b><u>Transport</u></b>	
1	Railways	500
2	Airstrips/Reviving airports fallen into disuse	1000
3	Ports	150
<b>VII</b>	<b><u>Science &amp; Technology</u></b>	
1	I.T. & B.T.	200
<b>VIII</b>	<b><u>Economic Services</u></b>	
1	Banking, Co-operation & other Financial Institutions	10
<b>IX</b>	<b><u>Social Services</u></b>	
1	Health	800
2	Education	1000
3	Sports	25
4	Tourism	2000
5	Urban Development	200
6	Urban Water Supply [Slums Improvement and Urban Water Supply & Drainage Board for North Karnataka]	3000
7	Weaker Section, Women Development & Social Welfare	1000
	<b>T o t a l</b>	<b>30725</b>
	<b>Rounded off to</b>	<b>31,000</b>
	<b>Anticipated flow (outlay) in Annual plans (114 Taluks)</b>	<b>15,000</b>
	<b>Net Additional Outlay (114 Taluks)</b>	<b>16,000</b>

### 30.3 Financing the Special Plan

6. We have discussed in Chapter 31 the scope for additional resource mobilization to finance the **Special Development Plan**. However, in suggesting these broad outlays the Committee has presumed that about Rs.15,000 Crore will be available to these talukas in the Annual Plans from 2003 to 2010. The balance outlay for which additional resources are required may be of the order of Rs.16,000 Crore spread over eight years.

7. The Committee also desires to add that the authorities should explore fully the possibility of getting institutional finance from the All India Institutions as well as outside agencies to the extent that the external financial aid can be attracted, the **Special Development Plan** has only to provide margin money or State contribution as per the accepted norms. This will reduce the financial burden on the State.

### 30.4 Allocation of Outlays among Divisions

8. After detailed discussions, the High Power Committee for Redressal of Regional Imbalances came to the conclusion that the allocation of additional outlay of Rs.16,000 Crore among the Divisions and Districts can be made on a more scientific and objective basis by utilizing further the Comprehensive Composite Development Index constructed by us for identification of backward taluks. Considering that there are 59 backward taluks in Northern region as against 55 backward taluks in the Southern region, one may feel that the regional disparity in terms of backwardness is spread over both the Northern region and the Southern region and that the regional disparity is not very significant. But, a closer inspection reveals that at the lowest strata development, the Northern region is definitely worse off considering that it has 26 most backward taluks as against only 13 backward taluks in the Southern region. The North-South divide is clearly apparent.

9. By aggregating Comprehensive Composite Development Index across taluks, we can obtain the district-level Cumulative Deprivation Index [CDI], which can be further, aggregated to obtain division-wise as well as region-wise Deprivation Indices. These are computed as follows:

**Table 30.2**

#### **Estimation of Cumulative Deprivation Index (CDIs)**

<b>Sl. No.</b>	<b>District</b>	<b>(CDI)</b>
1.	Bellary	1.00
2.	Bidar	1.19
3.	Gulbarga	3.38
4.	Raichur	1.50
5.	Koppal	0.99
	<b>Gulbarga Division.</b>	<b>8.06</b>
6.	Belgaum	0.69
7.	Bijapur	1.40
8.	Bagalkot	0.56
9.	Dharwad	0.22

Sl. No.	District	(CDI)
10.	Gadag	0.31
11.	Haveri	0.53
12.	Uttara Kannada	0.41
	<b>Belgaum Division</b>	<b>4.12</b>
13.	Bangalore (U)	0.10
14.	Bangalore (R)	0.55
15.	Chitradurga	0.86
16.	Davanagere	0.84
17.	Kolar	0.94
18.	Shimoga	0.26
19.	Tumkur	1.77
	<b>Bangalore Division</b>	<b>5.32</b>
20.	Chickmagalur	0.30
21.	Dakshina Kannada	-
22.	Udupi	-
23.	Hassan	0.42
24.	Kodagu	-
25.	Mandya	0.66
26.	Mysore	0.77
27.	Chamarajnar	0.61
	<b>Mysore Division</b>	<b>2.76</b>

10. Thus, based upon the above divisional CDIs, it is seen that the following approximate ratio needs to be adopted for allocating additional resources.

**Cumulative Deprivation Index  
(CDI)**

**% Resource Allocation**

Gulbarga Division = 8.06	40.0% (= 8.06 / 20.26)
Belgaum Division = 4.12	20.0% (= 4.12 / 20.26)
B'lore Division = 5.32	25.0% (= 5.32 / 20.26)
Mysore Division = 2.76	15.0% (= 2.76 / 20.26)

Total	<u>20.26</u>
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11. The optimal share of the Northern Region needs to be 60% as against 40% for the Southern Region, in order to reduce the existing inter-regional disparity.

12. Applying this, we show below that the proposed additional outlay of Rs.16,000 Crores for the **Eight-Year Special Development Plan** may be allocated among the four regional Divisions as follows:

Division / Region		Additional Outlay (Rs. crore)
Gulbarga Division	40%	6,400
Belgaum Division	20%	3,200
NORTH KARNATAKA	60%	9,600
B'lore Division	25%	4,000
Mysore Division	15%	2,400
SOUTH KARNATAKA	40%	6,400
Total		<u>16,000</u>

13. Thus, it is seen that our estimated taluk-wise CCDI values are eminently suitable not only to estimate the level of development but also to assess the extent of deprivation which can be used as a basis for resource allocation.

14. In this context, it needs to be noted that the existing criteria of resource allocation among the districts should be revised. The reasons for revision are:

(i) They use a very small set of indicators (ii) some of them are incapable of being measured accurately, and (iii) All of these accorded weights on a completely ad hoc basis which have no reflections with economic reality. Our estimated CCDI values overcome all these drawbacks. Moreover, most of our chosen indicators are deflated with respect to either population or area; and therefore there is no need to include these two variables separately in the estimated index.

15. We recommend that the Government of Karnataka seriously considers using our CCDI values (suitably updated each year with the inclusion of the latest available data) in the future as a basis for resource allocation in view of its scientific nature, wide coverage and extreme adoptability.

16. Finally we recommend that in keeping with the terms of reference of the HPC FRRI that the optimal 60:40 ratio in favour of the North Karnataka be implemented as a basis for (additional) resource allocation, because only then will we be able to ensure that regional "convergence" (in the Sense of Robert Barro) is achieved and maintained in the long-run.

17. Our proposals are aimed at raising the backward taluks to the level of the state average. It should not be forgotten that by the time this happens, taluks now at the state average will have moved up further by virtue of the usual Annual Plan Schemes. This will leave the disparity to continue. Therefore, government will have to, as stated by us already elsewhere monitor the progress and evaluate the impact at least once in every two years and make necessary adjustments in allocation to ensure convergence in the development of different taluks.

18. In our Report, we have made certain recommendations which the State has to pursue for fulfillment by the Central Government. For example: establishing of the Central University at Gulbarga, establishing of IIT at Raichur or establishing of an IIM at Hubli-Dharwad or Belgaum will call for some marginal investments or expenditures which we believe can be absorbed by the State either within the overall outlay suggested in the Annual Plan or in the budgetary support available for the regular Plan components.

### **30.5 Project Profile**

19. HPC FRRI has discussed in the various Chapters covered in Parts III to Part VI the backlog in development and the redressal measures with reference to specific taluks or areas. In several cases, specific location has also been suggested. The Chapter containing the recommendations also captures **briefly** the projects needed. In view of this, we feel it is not necessary to repeat here all over again the targets or lines on which project profiles are to be built up for implementation. It is hoped that the authorities concerned will take them from the concerned Parts and Chapters for preparing the Action Plan for implementation.

### **30.6 Time Profile and Management**

20. While mobilizing additional resources for implementing the **Special Development Plan** needs firm and bold decisions of the State Government, it is equally important to adhere to the time profile for the completion of the projects so that there can be neither cost over-runs nor time over-runs. A time bound **Special Development Plan** of the type proposed can only build up confidence among the people of the affected taluks or regions.

21. We have discussed monitoring and modifications in organization and management in a separate Chapter which are to be accepted and implemented for the success of the special effort of the State to reduce regional imbalances and move towards a prosperous State with more of balanced development and least disparities.