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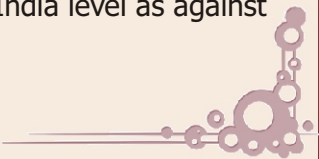
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ECONOMIC SURVEY OF KARNATAKA 2011-12

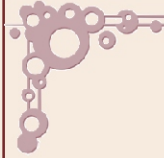
HIGHLIGHTS

- ❖ Advanced Estimates of Karnataka's Gross State Domestic Product (GSDP) at constant (2004-05) prices show that the State's economy is expected to grow at 6.4% and reach Rs. 297964 crore in 2011-12 (from Rs. 279932 crore in 2010-11). Karnataka's economy is showing encouraging trends due to a strong services sector, which grew by 10.6% in 2011-12. However, there has been a slowdown in the agriculture and allied sectors (-2.9 % in 2011-12) attributable to a decline in crop area due to drought and floods.
 - ❖ The growth rate of the industry sector is estimated to have decreased to 3.6% during 2011-12, largely due to adverse impacts of the overall economic slowdown. The significant growth rate of the service sector from 9.1% in 2010-11 to 10.6% in 2011-12 is a key driver of the growth in the current year's GSDP.
 - ❖ A marginal decrease is seen in the composition of GSDP with the contribution of Agriculture & allied activities and industry sectors changing from 16.9% and 28.6% in 2010-11 to 15.9% and 27.7% respectively in 2011-12. At the same time, a marginal increase in the composition of the service sector from 54.6% to 56.3% is apparent. During the last few years, the services sector has been the largest component of GSDP in Karnataka.
 - ❖ During the Eleventh Five Year Plan (EFP), the State's economy has grown by a CAGR of 8.0%, where as India as a whole has grown by a CAGR of 7.9%
 - ❖ The annual average growth rate of the State's agriculture and allied activities sector during the EFP is expected to be 5.7% (at constant 2004-05 prices) as against the target of 5.4% set by the Planning Commission. This growth rate is higher than that achieved during the tenth five year plan. The growth rate of this sector at the all-India level is 3.3% during the EFP as against the target of 4.1%.
 - ❖ The annual average growth rate of the State's industry sector during the EFP is expected to be 5.3% as against the target of 12.5% set by the Planning Commission. This sector's growth rate is 6.7% at the all-India level as against the target of 10.5%.
 - ❖ The annual average growth rate of the State's service sector during the EFP has been recorded at 10.3% as against the target of 12.0% set by the Planning Commission. This sector's growth rate is 9.9% at the all-India level as against the target of 9.9%.
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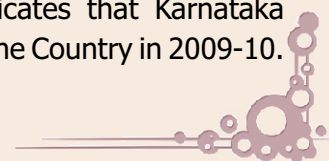


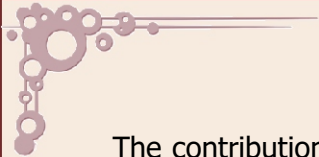
- ❖ Per Capita Net Income (i.e. per capita NSDP) of Karnataka, at current prices, is estimated at Rs. 69493 in 2011-12, an increase of 14.0% as against Rs. 60946 in 2010-11. The per capita income at constant (2004-05) prices, for the year 2011-12, is estimated to increase to Rs. 41545 as compared to Rs. 39301 achieved in 2010-11.
- ❖ Per capita GSDP (or) per capita income at current prices is expected to reach Rs. 77878 in 2011-12 from Rs. 68468 in 2010-11 indicating an increase of 13.7%. At the same time, per capita GSDP at constant prices is expected to increase from Rs. 47310 in 2010-11 to Rs. 49843 in 2011-12, indicating an increase of about 5.4%.
- ❖ The annual rate of inflation (all-India) based on Wholesale price Index in December 2011 was 7.47% whereas the inflation rate was 9.45% for the previous year.
- ❖ The point-to-point rate of inflation based on consumer price index for Industrial workers (CPI-IW) for the month of December 2011 was 6.49%, whereas it was 9.47% in the corresponding month of the previous year.
- ❖ Consumer Price Index for Agricultural Labourers (CPI-AL) in Karnataka recorded an increase of 7.27% in December 2011 over April 2011 as against 5.28% at all India level, whereas the food index in Karnataka showed an increase of 7.81% as against 3.25% at the all-India level.
- ❖ The State's revenue resources are showing signs of recovery from 2010-11, with revenue receipts (as a percentage of GSDP) expected to increase to 15.27% in 2011-12 (from 14.49% in 2010-11 RE). Karnataka's fiscal deficit (as a percentage of GSDP) has reduced to 2.87% in 2011-12 as compared to 3.23% in 2008-09.
- ❖ The State's own tax revenues increased from Rs. 25987 crore in 2007-08 to Rs. 43817 crore during 2011-12 at a CAGR of 14.0%.
- ❖ The share of development expenditure in total expenditure has significantly increased from 8.95% in 2005-06 to 13.23% in 2011-12.
- ❖ The per capita development expenditure in Karnataka during 2008-09, 2009-10 (RE) and 2010-11 (BE) was Rs. 6369, Rs. 7046 and Rs. 7853 respectively as compared to all-State's average of Rs. 4833, Rs. 5770 and Rs. 6055. Karnataka had the second highest level of per capita development expenditure among all Indian States during 2010-11.
- ❖ There has been a significant increase in the State plan outlay by Rs. 7020 crore from Rs. 31050 crore (RE) in 2010-11 to Rs. 38070 crore in 2011-12.



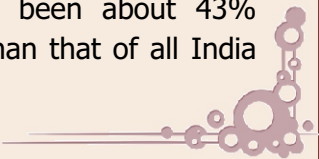



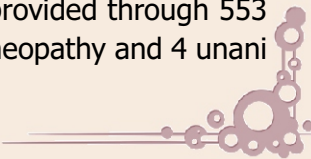
- ❖ The State's plan spending has been growing significantly. The outlay for the eleventh five year plan was Rs. 101664 crore at 2006-07 prices which was 133% more than the tenth five year plan's outlay of Rs. 43558.22 crore. Karnataka' 11th plan achievement is impressive with 112% of the target being achieved.
- ❖ Plan expenditure has contributed to an impressive growth over the years and the State has one of the highest per capita plan expenditure in the Country at Rs. 6345 in 2011-12.
- ❖ During 2010-11, the State achieved an all-time high foodgrain production of 139.86 lakh tons comprising 124.21 lakh tons of cereals and 15.65 lakh tons of pulses. Karnataka has received the prestigious "Krishi Karman Award" from the Hon'ble Prime Minister of India on 16th July 2011 for achieving highest production of coarse cereals (78.45 lakh tonnes) during the year 2010-11.
- ❖ The State Government, after timely and careful review of the rainfall and agricultural crops situation, declared 123 taluks in 24 districts as "Drought Affected Taluks" in the month of October 2011.
- ❖ Due to drought in major parts of the State and failure of Kharif and Rabi crops during 2011-12, the State's foodgrain production is likely to be 124.24 lakh tonnes as against the target of 130 lakh tonnes.
- ❖ The cumulative irrigation potential created under major, medium & minor irrigation upto the end of December 2011 is 36.61 lakh hectares.
- ❖ The area under horticultural crops in the State was 17.64 lakh hectares with 136.64 lakh MTs of production during 2007-08, which is expected to increase to 20.38 lakh hectares with 162.36 lakh MTs of production during 2011-12.
- ❖ There is a steady growth in the production of milk, meat and wool with their production expected to increase to 5.3 million MTs, 1.33 lakh tonnes and 7600 tonnes during 2011-12 respectively as compared to 5.1 million MTs, 1.24 lakh tonnes and 7200 tonnes during 2010-11
- ❖ The State organized a Global Agribusiness and Food Processing Summit in December 2011, during which, 59 MoUs were signed with an investment of Rs. 1.11 lakh crore.
- ❖ The State has successfully enhanced its capacities in the field of Agricultural research, training, education and extension by adding and restructuring Agricultural Universities during the plan period, and is trying to enhance public investment on Agriculture research to 1% in the 12th plan from the existing level of 0.4% of the GSDP of agriculture.
- ❖ The Annual Survey of Industries (ASI) statistics indicates that Karnataka accounted for 5.38% of the total registered factories in the Country in 2009-10.

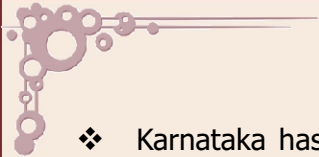
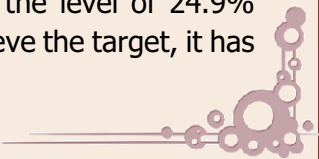




The contribution of registered factories of Karnataka stood at 7.12% of total fixed capital, 6.29% of total output, and 6.46% of Gross Value Added (GVA) in the same year.

- ❖ The highlights of 62nd round of NSSO survey which covered unorganized manufacturing enterprises shows that Karnataka accounted for 5.64% of total number of unorganized manufacturing enterprises and 5.42% of the total unorganized manufacturing employment in the Country in 2005-06. In terms of GVA per enterprise as well as per worker, Karnataka performed better than the all-India average. Karnataka stood fourth among Indian States.
 - ❖ The highlights of the 63rd round of NSSO survey shows that Karnataka accounted for 4.9% of the total service sector enterprises and 4.8% of the total service sector enterprise workers in the Country. In terms of both GVA per enterprise and GVA per worker, Karnataka stood first in the Country and accounted for more than twice as that of all-India average in terms of GVA per enterprise as well as GVA per worker.
 - ❖ The tourist inflow into the State has been increasing from 3.32 crore tourists in 2009 to 3.88 crore tourists in 2010, indicating an increase of 16%.
 - ❖ The total FDI inflows to the State in the last decade accounted for 6% of the total FDI inflows to India and, Karnataka stands third among Indian States in terms of quantum of FDI inflows.
 - ❖ The Government of Karnataka organized the Global Investors Meet 2010 on 3rd & 4th June 2010. During the Global Investors Meet, the State Government entered into MoUs with 389 companies with an investment of Rs. 3.92 lakh crore which would create employment opportunities to more than 7 lakh persons. 22 projects with an investment of Rs.1836 crore have already been implemented and 237 projects with an investment of Rs. 3.29 lakh crore are under various stages of implementation.
 - ❖ Towards attracting more investors, the Government of Karnataka has planned to organize the next Global Investors Meet in June 2012 (7th & 8th June 2012). The mission of Global Investors Meet 2012 is "to attract Rs.5 lakh crore investments which will create atleast 10 lakh jobs and double Karnataka's GSDP by 2020".
 - ❖ In 2010-11, Karnataka's exports amounted to about Rs.165523.04 crore which constituted about 11.74% of the Country's exports in that year.
 - ❖ Karnataka's exports have a fairly large share in the State's GSDP and its contribution has also increased significantly over time. The share of exports in GSDP, which was 7.36% in 1993-94, has grown to 41.5% in 2010-11.
 - ❖ Karnataka's degree of openness to export trade has been about 43% during 2008-09 to 2010-11. This is remarkably higher than that of all India (at about 19%).
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- ❖ Namma Metro Phase-1 spans a length of 42.3 Km and consists of 2 Corridors. The cost of the 42.3 Km long Phase-1 is estimated to be about Rs.11609 Crores. Reach-1 of 6.75 km has already commenced commercial operations on 20th October 2011. The Phase-I (42.3 km) and Phase-II (72.09 km), together will create a Metro Network of 114.39 km, with 101 Stations (80 Elevated, 19 Underground and 2 At-Grade). The network will be capable of carrying 14.80 lakh passengers per day by the year 2016-17.
 - ❖ The State holds 4th and 5th ranks in aggregate deposits and gross credit respectively. The creditdeposit ratio (C-D ratio) (including Co-operative Banks) of the State, as of March 2011 is 76% as against 75% last year.
 - ❖ The State has achieved significant progress in literacy. The literacy rate in the State during 2001 was 66.64% and it increased to 75.60% in 2011. It may be noted that urban male literacy rate in the State has crossed 90%. In contrast, rural female literacy rate in the State is yet to cross 60%. The overall gain in literacy in the State during the decadal period (2001-2011) has been 9.0%.
 - ❖ During 2011-12, the State had 59595 Elementary schools, which included 26065 Lower primary schools (LPS) and 33530 higher primary schools (HPS). 237 LPSs have been upgraded to HPS.
 - ❖ The enrolment during 2010-11 in primary (class I to V) and in upper primary (class VI to VII) stages is estimated to be 54.15 lakh and 29.67 lakh respectively. The gross enrolment ratios at lower primary and higher primary stages are 107.53 and 103.92 respectively while net enrolment ratios at lower primary and higher primary stages in the State are 98.86 and 93.57 respectively.
 - ❖ The dropout rate at the primary school level has reduced from 11.18% in Lower Primary School and 32.98% in Higher Primary School (during 2001-02) to 2.09% and 5.47% respectively. The number of out-of-school children in the State is 111000 (2010 census).
 - ❖ The State has a total of 13447 secondary schools of which the Department of Education runs 4278 schools, 3367 by private aided management, 5259 by private unaided Management and 95 by others. Total enrolment in unaided schools is 28.76 lakh. A total of 51738, out of 122401 teachers, are working in unaided secondary schools. 44.47% of girls are enrolled in Government schools and only 22.74% of them study in private unaided schools whereas 26.24% of the boys study in these schools. The male-female shares in enrolment are 52% and 48% indicating a low gender gap.
 - ❖ The State has 3640 pre-university colleges, 1362 colleges and 18 universities to impart general education. There are 289 polytechnics, 187 engineering colleges to provide technical education. Vocational education is provided through 553 institutions. 39 medical, 41 dental, 75 Ayurvedic, 12 homeopathy and 4 unani colleges, impart medical education in the state.
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- ❖ Karnataka has performed relatively better in population control with total fertility rate likely to achieve the eleventh five year plan target of 1.8 children per woman.
 - ❖ Infant mortality (per 1000 live births) has declined faster during the last few years from 50 in 2004 to 38 in 2010. However, the infant mortality rate (IMR) of about 38 in 2010 is far higher than the Eleventh Five Year plan target of 24.
 - ❖ There are 17 District Hospitals, 10 Other Hospitals and 29 Autonomous & Teaching Hospitals in the State. 8870 Subcentres, 2310 Primary health centres (PHC), 180 community health centres (CHC) and, taluk hospitals cater to the health needs of the rural population.
 - ❖ There are 76 ayurvedic hospitals and 569 dispensaries, 11 Unani hospitals, 50 Unani dispensaries, 10 Homoeopathy hospitals and 43 dispensaries, 6 Nature cure and Yoga hospitals and 5 dispensaries in the State. 10 Yoga & Nature cure units are functioning on PPP mode across the State.
 - ❖ Karnataka (46.1%) has one of the highest labour force participation rates (LFPR) amongst the comparable States during 2009-10. The overall unemployment rate (4.2) and youth unemployment rate (7.0) by daily time disposition basis is relatively lower in Karnataka as compared to other States and all-India average (6.6 overall unemployment rate and 9.4 youth unemployment rate). There is a decline in the child participation rate in Karnataka from 3.3% in 2004-05 to 2.2% in 2009-10.
 - ❖ Organised sector employment in the State has increased by 0.39% from 22.94 lakh at the end of March 2011 to 23.03 lakh at the end of June 2011 thereby indicating an addition of 0.09 lakh jobs.
 - ❖ Employment generation, as estimated from three factors of income, employment elasticity over a period of years and, anticipated estimates of GSDP for 2011-12, was 289.93 lakh person-days as against 285.16 lakh person-days in the previous year.
 - ❖ Under MNREGA, 233.66 lakh person days of employment have been generated in the State as of December 2011.
 - ❖ In overall human development, Karnataka stands at 10th position among 19 major States in the Country. Among the southern States, Karnataka is marginally better than Andhra Pradesh. However, Karnataka is way behind Kerala (rank 1) and Tamilnadu (rank 5) with respect to all the indicators.
 - ❖ There is a decline in the incidence of poverty based on the Planning Commission's poverty line. The overall poverty ratio is 18.52% in the State with 10.96 million poor (2009-10). Karnataka had targeted a goal of achieving 12.4% poverty ratio in the eleventh plan period from the level of 24.9% (2004-05). Although the State has not been able to achieve the target, it has
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made good progress towards poverty reduction by achieving an overall reduction of about 6.5%.

- ❖ The poverty ratio stands at 15.82% with 5.87 million poor in rural areas (20.80% with 7.81 million poor in 2004-05) during 2009-10 and the poverty ratio in urban areas stands at 23.54% with 5.09 million poor (32.60% with 6.38 million poor in 2004-05) during 2009-10.
- ❖ The extent of deprivation, as measured by the headcount ratio, in Karnataka is 31% in rural areas, 18% in urban areas and 26% for the State as a whole. The corresponding figures for all India are 37% in rural areas, 20% in urban areas and 32% for the Country as a whole.
- ❖ Women constituted 49.14% of the population in Karnataka (Census 2011). The main women empowerment initiatives by the State were addition of almost 10000 new Stree Shakti groups (SHGs) and an increase of 16.22% in the budgetary allocation towards Gender based budget.
- ❖ Children constitute 11.21% of the population in Karnataka (Census 2011). A comparison of the nutrition status from the beginning of the Eleventh Five Year Plan, showed an increase in the proportion of normally and moderately nourished children. However, there is an increase of severely mal-nourished children from 0.3% in 2007 to 1.75% in 2011.
- ❖ A total of 1.27 crore PDS cards have been issued in the State of which 11.99 lakh are AAY cardholders and 82.18 lakh are BPL cardholders. The State has 32.41 lakh APL cardholders.
- ❖ The Special Development Plan (SDP) allocation has increased from Rs.2584 (2010-11) crore to Rs. 2984 crore (2011-12). The District sector plan size has increased from Rs. 4870 crore during the year 2010-11 to Rs. 6041 crore during 2011-12.
- ❖ Urbanization in Karnataka increased from 22% in 1951 to 38% in 2011. On an average, the State's urban population witnessed 37% decadal growth. In the 2011-12 State budget, Rs. 7710 crore has been earmarked for urban development, which is about 11.5% of the total budgetary allocation.



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STATE OF KARNATAKA'S ECONOMY: AN OVERVIEW

1.1 General Overview

The Economic Survey 2011-12 is a snapshot of the State's development achievements and concerns in various key economic and social sectors. While the State's overall economic situation during 2011-12 was constrained by unfavourable seasonal conditions and a global economic slowdown, the State has mobilised and managed its public resources well and has focused its attention on the development of key infrastructure to fuel economic growth. Also, the State has initiated various policy interventions in the areas of education, health, skill development and social protection for making growth inclusive by advancing the quality of life of its citizens, more so the poor, the disempowered and the weaker sections of society.

The role of good governance in promoting the State's all-round development is well-recognised. The Karnataka Right to Service Guarantee Act 2011 is a transformational governance reform bringing paradigm shift in the bureaucratic delivery system, empowering citizens to get notified services as a matter of Guaranteed right. Also, Karnataka was the first State in India to establish an independent Evaluation Authority for informed decision making on policy and programme design and results-based monitoring to ensure that the fruits of development reach the intended beneficiaries and regions. The State has tried to further strengthen its e-Governance programme and adopted the Government of India's Result Framework Document (RFD) to tighten monitoring, transparency, accountability and effective results-oriented delivery. Decentralized Governance has been further strengthened by deploying Panchayat Development Officers to the Gram Panchayats and enabling

Panchayats to get additional resources. At the threshold of the 12th Five Year Plan, Karnataka is determined and poised to accelerate the process of its economic growth so as to achieve its vision of an inclusively developed State.

Karnataka, home to 6.11 crore people (2011 Census), accounts for 5.05% (5.14% in 2012) of India's population. The State's population has grown by 15.7% during the last decade, while its population density has risen from 276 in 2001 to 319 in 2011, indicating an increase of about 15.6% during the corresponding period. While birth rate (per 1000 people) in the State has declined to 19.2 in 2011 (from 22.2 in the year 2000), indicating a decline of about 9%. The death rate has declined at a lower rate of about 6.5% from 7.6% in 2000 to 7.1 in 2011. The consequent demographic changes are expected to open up new opportunities and challenges for the State. 50.80% of the population is male with a child sex ratio of 943 Female to 1000 males in 2011 (as against 946 female to 1000 males in 2001), with the adult sex ratio at 968 female to 1000 males (against 965 female to 1000 males in 2001). It is a matter of concern that there is a perceptible decline in the child sex ratio from 2001 to 2011, especially in some of the districts such as Chamarajanagar (decline of 22 as compared to 2001), Davangere (decline of 15), Chitradurga (decline of 13) and Hassan (decline of 12). There is a significant decline of 2.30% in the State's child population of 0-6 years but the decline is uneven across the State. In Yadgir district, 0-6 year-old children constituted 15.83% of the population whereas in Udupi it is just 8.54%, indicating different developmental needs of districts within the State.

In spite of adversities, Karnataka has consistently performed well on various

fronts. Its economic performance has been led by a strong dominance of the service sector which is likely to grow by 10.6% in 2011-12. The State's various initiatives in the primary sector, especially in agriculture and allied activities, have contributed to better redistribution of wealth and inclusive growth. Karnataka's economy is likely to grow at 6.4% (GSDP at constant prices 2004-05) which is slightly less than the all-India average. The decline can be largely attributed to the State's economy being more open to external trade as compared to the National economy. The growth rate of the industry sector is estimated to have decreased to 3.6% due to constraints in the mining and manufacturing sectors. Agriculture and allied sectors have shown a negative growth of 2.9%. Composition of GSDP shows a further decline in the share of Agriculture and allied activities sector (16.9% in 2010-11 to 15.9% in 2011-12) as well as the Industry sector (28.6% in 2010-11 to 27.77% in 2011-12). It is a matter of concern that, over the years, the contribution of the Agriculture sector to the economy has been declining continuously without a commensurate decline in the workforce deployed in agriculture.

Recognizing the potential to reap the demographic dividend, the State has created avenues to channelize its young population into fast growing sectors (such as the ITES sector) by encouraging business activities and supporting the establishment and diversification of its technical institutions including its institutions of higher learning and skill development. Major strides in infrastructure development and a favourable business climate have attracted new investments and led to significant employment generation in the State. The State's initiatives, such as the Global Investors Meets, to showcase opportunities for investment have resulted in new investments by both domestic and overseas entities.

Karnataka's robust economic performance has been supported by the effective management of the State's fiscal situation. The State has enhanced its revenue

receipts through rationalization of its tax systems and development of mechanisms to check leakages. The State's tax effort and public expenditure to GSDP ratio is one of the highest in the country thereby allowing limited tax elasticity. Relatively lower (as compared to the all India average and to other comparable States) and stagnant non-tax revenues may be a possible source of future resource expansion option but it is fraught with dangers of present public perception and mindset about the user charges and cost recovery for the public and municipal services provided. This challenge needs to be tackled sooner than later to avoid its further complication. There is a need to build an early consensus around the issue. The State's fiscal deficit, public debt, revenue surplus, proportion of capital outlay, per capita development outlay are all very positive. However, the same is to be translated proportionately vis-a-vis the overall outcomes of human development indices, regional balance, poverty and the indices of social and gender inclusion. There is an emergent need to rededicate the State's efforts to refocus on these prime priorities of development.

The State has vigorously implemented various programmes to address critical issues relating to health and education. The State's overall literacy rate has improved to 76% in 2011 (from about 56% in 1991) with a higher decadal rate of growth in female literacy as compared to male literacy. However, while urban male literacy stood at about 90% in 2011, rural female literacy was about 60%. While overall literacy performance of the State is encouraging, its regional and rural-urban spread across the State is a matter of concern. 15 districts in the State show overall literacy rates which are lower than the national average (74.0) with Yadgir (52.36) at the bottom and, 14 districts of the State show female literacy rate below the national average with Yadgir district (41.31) again being at the bottom. The State recognises such issues and is committed to taking additional steps to address such regional, gender and social disparities.

The State has a high level of focus on primary and secondary education and is investing significant resources in developing educational infrastructure especially in rural and backward areas. Key indicators such as gross enrolment rate and net enrolment rate have improved significantly while the dropout rates and the number of out-of-school-children have seen a significant decline. These gains need to be consolidated to improve learning and overall quality of education. The State's efforts to enhance the health of its citizens have been well-recognised at various fora. Maternal mortality rates and infant mortality rates have seen a rapid decline during the last decade. Efforts on institutional delivery, Madilu, Thayi Bhagya, 24X7 PHC, Ambulance services have paid rich dividends. However, regional variations in health indicators exist and call for additional efforts in the area of public health. Malnutrition remains a concern and the State has to invest more on the nutrition of the mother, child and adolescent girls.

The State has taken multipronged steps to reduce social, gender and regional disparities. The State's efforts in formulating and implementing programmes to address poverty and other social issues have contributed to the reduction of poverty. However, poverty continues to be a concern as about 18.52% (2009-10) of the population in the State lies below the Planning Commission's poverty line. Urban poverty in Karnataka being slightly above the national average remains a matter of concern, and the same is compounded by the net in-migration to urban centres in Karnataka. Although the State has planned and implemented various interventions for poverty alleviation, it is well recognised that such efforts need to be intensified and realigned for better targeting and impact.

The State has effectively managed infrastructural challenges that have emerged in the wake of rapid economic growth and constraints on availability of certain natural resources like fossil fuels. Karnataka's hydropower sources have been inadequate to meet the growing

demand for energy. This has led to the establishment of infrastructure for thermal sources of power with the active participation of the private sector. However, due to lack of adequate coal (fuel) linkages and timely environmental clearances, it has not been possible to initiate many new projects. The demand-supply gap, increasing cost of acquiring new power, high cost of power subsidy particularly to the agriculture sector, non-metering of certain installations and transformers remain daunting challenges. The State has been striving continuously to reduce its power transmission losses and other operational losses while an active regulatory body for the electricity sector has promoted higher efficiencies in power distribution.

The State has supported the development and maintenance of a robust road network and self-sustaining transport system which needs further strengthening. As public resources are preponderantly needed for the social sectors and agriculture etc., there is a need to accelerate Public Private Partnerships (PPPs) for the resource-intensive infrastructure development projects.

New and enhanced infrastructure for irrigation has led to an increase in the State's Gross and Net irrigated area and, supported diversification of crops towards high value agri-horticultural produce. Recognising the potential of irrigation and agriculture, Karnataka became the first State in the Country to present a separate agriculture budget in 2011-12 and declared 2011-2020 as the Irrigation Decade (Niravari Dashaka). The State is trying to refocus its effort on agricultural research and education, extension and post harvest technology and other linkages to make agriculture vibrant and viable.

Today, environmental sustainability is a cardinal issue to be addressed. Short-term goals of growth and development may lead to new environmental challenges. Afforestation, man-animal conflict, improvement in air-water-soil quality, and policy for recycling, prudent use of natural resources and exploring and tapping

alternate source of energy are daunting challenges. Karnataka Groundwater (Regulation and Control of Development and Management) Act 2011 will go a long way in ensuring water resource sustainability.

1.2 Sectoral performance in the State

1.2.1 State Income and Prices

(i) State Income

Advance estimates show that Karnataka's Gross State Domestic Product (GSDP) at constant (2004-05) prices is expected to grow at 6.4% and reach Rs. 297964 crore in 2011-12. Karnataka's economy is showing encouraging trends due to a strong services sector which grew by 10.6% in 2011-12. However, there has been a slowdown in the agriculture and allied sectors (-2.9% in 2011-12) mainly attributable to the loss of crop area due to drought and floods. The growth rate of the industry sector is estimated to have decreased to 3.6% during 2011-12. A remarkable increase in the growth rate of the service sector from 9.1% in 2010-11 to 10.6% in 2011-12 is a key driver of the 6.4% growth of GSDP in 2011-12, i.e. from Rs. 279932 crore in 2010-11 to Rs. 297964 crore. At the same time, per capita GSDP at constant prices is expected to increase from Rs. 47310 in 2010-11 to Rs. 49843 in 2011-12 i.e. by about 5.4%.

During the Eleventh Five Year Plan (EFP), the State's economy as a whole has grown by a CAGR of 8.0%. In the case of the agriculture sector, Karnataka has achieved substantial growth during the EFP. The annual average growth rate of agriculture and allied activities is expected to be 5.7% (at constant (2004-05) prices) as against the target of 5.4% set by the Planning Commission although the growth rate for the year 2011-12 is expected to decrease by 2.9% due to adverse weather conditions. This growth rate is higher than that achieved during the tenth five year plan. The growth rate at the all-India level is 3.3% during the EFP as against the target of 4.1%. The growth rate of the State during 2007-08 and 2010-11 reached 12.4% and 13.3% respectively.

In case of Industry, the growth rate during 2007-08 over the previous year was 10.8% and it declined to 5.1% and 0.7% during 2008-09 and 2009-10 respectively due to a global slowdown. There was a spectacular recovery in the growth rate which reached 6.1% during the year 2010-11. However, the growth rate is anticipated to decline to 3.6% during 2011-12. The decline in manufacturing growth rate can be attributed to a slowdown in the global economy considering Karnataka's high degree of openness to export trade (about 43% during 2008-09 to 2010-11). The Industrial sector's annual average growth rate during the EFP is expected to be 5.3% as against the target of 12.5% set by the Planning Commission. This rate is 6.7% at the all-India level as against the target of 10.5%.

In the case of the service sector, the State had achieved a substantial growth rate of 13.8% during 2007-08 over the previous year. But the same has declined during three subsequent years and stood at about 9%. During 2011-12, the growth rate is expected to reach 10.6%. The annual average growth rate of service sector was recorded at 10.3% during the EFP as against the target of 12.0% set by the Planning Commission. All subsectors in the service sector have shown positive growth during the EFP as given below:

- The growth of trade, hotel and restaurants is in double-digits throughout the EFP and it was highest in the year 2007-08 at 21.6%. It is evident from the revenue realized from Sales tax / VAT. Sales Tax/ VAT collections which were at Rs.13900 crore in 2007-08 (A/C), increased to Rs. 24200 crore in 2011-12 (BE).
- The growth rate of Real Estate, Ownership of Dwellings and Business services is highest among all the service subsectors and is expected to grow at 22.8% during 2011-12. Its share in the GSDP is the highest at 18.08%.
- The value of exports of Electronics, Computer software & Bio-Technology subsectors was Rs. 69518 crore in 2007-

08 and, this increased to Rs.105351 crore in 2010-11.

- The growth rate of communication was 6.4% in 2007-08 and is expected to increase to 23.6% in 2011-12.

A marginal decrease is seen in the composition of GSDP of Agriculture & allied activities and industry sector from 16.9% and 28.6% in 2010-11 to 15.9% and 27.7% in 2011-12 respectively. At the same time, a marginal increase in the composition of the service sector from 54.6% to 56.3% is apparent. During the last few years, the services sector has been the largest component of GSDP in Karnataka.

(ii) Per capita Income

Per Capita Net Income (i.e. per capita NSDP) of Karnataka at current prices is estimated at Rs. 69493 in 2011-12 as against Rs. 60946 in 2010-11 with an increase of 14.0%. The per capita income at constant (2004-05) prices for the year 2011-12 is estimated to increase to Rs. 41545 as compared to Rs. 39301 achieved in 2010-11.

Per capita GSDP (or) per capita income at current prices is expected to reach Rs. 77878 in 2011-12 from Rs. 68468 in 2010-11 indicating an increase of 13.7%. At the same time, per capita GSDP at constant prices is expected to increase from Rs. 47310 in 2010-11 to Rs. 49843 in 2011-12 i.e. an increase of about 5.4%.

(iii) Prices

At the all India level, the wholesale price index (WPI), which was 146.0 in December 2010 rose to 156.9 in December 2011, showing an annual inflation rate of 7.47%. The inflation rate, based on WPI, was 9.45% for the previous year. During 2011-12, the index of all commodities increased from 152.1 in April 2011 to 156.9 in December 2011, showing a rise of 3.16% as against an increase of 5.57% during the corresponding period in 2010-11. The 'Fuel & Power' group recorded an increase in index by 8.21% while 'Manufactured Products' group index increased by 2.93%.

In Karnataka, during 2011-12, the WPI has marginally decreased from 894 in April 2011

to 892 in December 2011 depicting a decline of 0.22% against an increase of 5.08% during the corresponding period in 2010-11. The 9-month average index in 2011-12 was 890 as against the average index of 780 in 2010-11, showing an increase of 14.10%.

During 2011-12, price indices of gur & sugar, pulses, oilseeds and cereals groups have increased by 8.48%, 6.43%, 3.06% and 0.98% respectively. On the other hand, the indices declined in respect of fiber group by 13.62%, condiments & spices by 4.24% and miscellaneous by 3.17%. Higher decline in index of fiber group has resulted in the decline of the State index.

At the all-India level, the CPI for industrial workers (CPI-IW) moved to 197 points in December 2011 from 185 points in December 2010. The point-to-point rate of inflation for the month of December 2011 was 6.49%, whereas it was 9.47% in the corresponding month of the previous year. The average all India CPI-IW during 2011-12 (upto December 2011) shows an increase by about 8.43% over the same period in 2010-11.

In Karnataka, Bhadravathi & Gulbarga centres recorded the highest increase in CPI-IW (base year 1987-88) out of 11 centres with the index seeing a rise from 471 to 523 and 444 to 493 during April to December 2011 respectively with both the centres showing a rise of 11.04%. The average general index of these centres (499, 469) has increased by 11.63% and 11.40% while that of the food group index increased by 11.25% and 14.26% as compared to the corresponding period of the previous year.

Consumer Price Index for Agricultural Labourers in Karnataka recorded an increase of 7.27% in December 2011 over April 2011 as against 5.28% at all India level, whereas the food index in Karnataka showed an increase of 7.81% as against 3.25% at the all India level. During 2011-12 (upto December 2011), in Karnataka, the average general index moved to 649 from 563 during the same period of 2010-11 thus showing an increase of 15.28%. At the all India level, this increase was 8.26%. The

average food index in the State stood at 644 and at all India level it was 605, indicating an increase of 10.46% and 7.08% respectively over the previous year.

In the State, for construction of the monthly rural retail price index (RRPI), retail prices of 29 essential commodities are collected from 352 villages every month. During 2011-12, the index shows a continuous increase from 3056 in April 2011 to 3310 in November 2011 with a slight fall in December 2011 (index of 3303), thus showing an overall increase of 8.08%. This rise was mainly due to increase in prices of jowar, gramdal, onion and tamarind. By December 2011-12, the average RRPI was 3199 showing an increase of 12.29% over the RRPI level (2849) of the corresponding period of the previous year.

During 2011-12, the urban retail price index (URPI) which was 2031 in April rose to 2196 in December 2011 showing an increase of 165 points or 8.12%. The rise in index is attributed to the increase in prices of jowar, dry chillies, jaggery and groundnut oil. During 2011-12 (upto December 2011), the average URPI (2147) increased by 11.88% over the corresponding period of the previous year (1919).

1.2.2 State Finances

The State's fiscal consolidation efforts have continued to be effective with all the fiscal indicators having been contained within the stipulated limits of the Karnataka Fiscal Responsibility Act, 2002. The 2011-12 budget had the advantage of general economic recovery, particularly in the service sector which significantly guides the overall growth of the State's economy. The Government has maintained revenue surplus throughout the EFP period although the revenue surplus has declined from the high of 1.4% of GSDP during the year 2007-08 to around 0.3% in 2011-12. The State's major fiscal indicators continue to compare well with the 'all-States' average for a number of years. Further, the State has a better capital outlay of 121.3% of the GFD as compared to 84% of all States average. The other important expenditure indicators such as the proportion of interest payments in the

revenue expenditure and that of non-development expenditure in the aggregate disbursements also place Karnataka in a better position.

The global economic meltdown has had a considerable negative impact on the State's tax revenues during 2007-08 and 2008-09, bringing down the share of revenue receipts in GSDP to 14.07% and 14.26% respectively. However, the State's revenue resources are showing signs of recovery from 2010-11, and are expected to increase to 15.27% in 2011-12. Karnataka's fiscal deficit (as a percentage of GSDP) has reduced to 2.87% in 2011-12 as compared to 3.23% in 2008-09.

On the expenditure front, capital outlay as a percent of GSDP has increased from 2.81% in 2004-05 to reach its peak level of 3.76% in 2006-07. The recent decline in capital outlay both in absolute size and as percent of GSDP (2.96% and 2.76% in 2010-11 and 2011-12 respectively) is a matter of concern for Karnataka due to the infrastructure inadequacies prevailing in the State. In this context, the State's Expenditure Reforms Commission has recommended that capital outlay needs to be insulated from revenue adversities.

The composition of revenue receipts during 2004-05 to 2011-12 shows the State's remarkable performance in its own tax collections. The own tax revenues have increased from 60.49% of revenue receipts in 2004-05 to 66.08% in 2011-12 (BE). Non tax revenue has shown a decline and warrants attention.

The total liabilities of the State Government increased from Rs. 63844 crore to Rs. 104445 crore during 2004-05 to 2011-12 at a CAGR of 13.1%. The total liabilities are within the limit of 25% prescribed by the 13th Finance Commission.

As compared to 2010-11, revenue receipts in 2011-12 are expected to increase by 14.76% and capital receipts are expected to increase by 21.38%, resulting in an overall anticipated increase of 16.03%. The State budget for 2011-12 envisages an expenditure of Rs. 82668.51 crore comprising Rs. 65034.33 crore (78.67%) of

revenue expenditure and Rs. 17634.18 crore (21.33%) of capital expenditure. Expenditure during the year 2011-12 is expected to grow by 15.94% over the previous year with capital disbursements growing at a higher rate than that of revenue expenditure. Despite the sharper growth in revenue expenditure over the revenue receipts, the State has managed to maintain a revenue surplus.

Aggregate receipts are likely to increase considerably by about Rs. 11461.95 crore (BE) i.e. by 16.03% in 2011-12. Revenue receipts are expected to increase by Rs. 8528.69 crore and capital receipts are expected to increase by Rs. 2933.26 crore. Revenue receipts account for 79.93% of total receipts.

Revenue receipts comprise of tax and non-tax revenue. The State's own tax revenue in 2011-12 is anticipated to increase by 15.16% and non tax revenue by 4.41%. The share of tax revenue in the total revenue receipts has increased from 77.18% in 2009-10 to 81.79% in 2011-12 BE.

Karnataka's Tax to GSDP ratio, indicating the tax effort, has been good and compares well with other Indian States. The State's own tax revenues (SOTR) increased from Rs. 25987 crore in 2007-08 to Rs. 43817 crore during 2011-12 at a CAGR of 14.0%. The tax effort declined to 9% in 2008-09 largely due to the adverse impact of the economic slowdown. The tax effort has since improved to 10.1% in 2011-12 contributed by improvements in the tax administration, tax rate enhancement and high inflation. Having already achieved the highest tax to GSDP ratio, any further increase in the tax effort is fairly challenging.

Non-tax revenue includes receipts from social, economic and general services, interest and dividends. The budget for 2011-12 has revenue from the above three services at Rs. 3674.79 crore (BE) against Rs. 3519.48 (RE) crore in 2010-11 (indicating an increase of 4.41%). The State has one of the lowest non-tax revenues to the GSDP ratios in the country. ERC has made a number of recommendations to enhance revenues from user charges.

Capital receipts of Rs. 16650.12 crore in 2011-12 (BE) indicates an increase of 21.38% over the 2010-11 (RE) level. Loans from the Government of India account for Rs. 1738.80 crore i.e. 10.44% of the capital receipts and are expected to increase by 13.00% as compared to the previous year. There is an increase in internal debt-open market loans (Net) by 136.66% in 2011-12 whereas recovery of loans and advances has decreased by 61.30%.

The State's efforts to enhance the social and economic infrastructure are seen in the positive gains that the social services and capital expenditure have yielded during the post-FRA period. The share of expenditure on social services has increased from 4.73% of GSDP in 2010-11 to 5.73% in 2011-12 while the share of capital expenditure increased from 3.09% of GSDP to 3.17% of GSDP during the same period. The share of development expenditure has significantly increased from 8.95% to 13.23% while the share of interest payments has declined from 2% to 1.6%.

The focus on social services covering the sectors such as education, health, housing, water supply etc., has significantly increased as reflected in the share of expenditure from 4.65% of GSDP to 5.73% of GSDP. The share of expenditure on economic services has increased from 3.1% to 3.98% of GSDP while that of general services has declined from 5.33% to 4.26% of GSDP during the reference period.

The per capita development expenditure in Karnataka during 2008-09, 2009-10 (RE) and 2010-11 (BE) was Rs. 6369, Rs. 7046 and Rs. 7853 respectively as compared to all State's average of Rs. 4833, Rs. 5770 and Rs. 6055. Karnataka has the second highest level of per capita development expenditure in the Country during 2010-11.

Total expenditure under consolidated fund in 2011-12(BE) is Rs. 85318.76 crore, as against Rs. 72277.02 crore in 2010-11, experiencing an increase of 18.04% in 2010-11. Development expenditure is Rs. 57477.28 crore (69.53% of total expenditure) and non-development expenditure is Rs. 25191.23 crore (30.47%

of total expenditure) of which, Revenue expenditure is Rs. 18512.88 crore (73.49% of total non-development expenditure) and Compensation & assignment to local bodies and Panchayat Raj institutions is Rs. 4343.36 crore (17.24% of total non-development expenditure).

There has been a significant increase in the State plan outlay by Rs. 7020 crore from Rs. 31050.00 crore (RE) in 2010-11 to Rs. 38070.00 crore in 2011-12. Non-Plan expenditure is expected to increase by 15.97% from Rs. 43695.02 crore in 2010-11 to Rs. 50674.28 crore in 2011-12.

Gross capital formation by the Government is expected to decrease by 7.45% in 2011-12. The value of assets anticipated to be created in 2011-12 is Rs.10665.66 crore of which Rs.3031.63 crore will be created by departmental commercial undertakings and Rs.7634.03 crore by the Government.

Karnataka's plan State Budgetary Support (SBS) increased from Rs. 14742 crore to Rs. 31798 crore during the period at a CAGR of 21.2%. As this growth rate has been higher than the growth of GSDP as well as that of the budget size, the plan SBS as a percentage of the budget increased from 30.7% to 37.9%. Relative to the GSDP, the plan SBS increased from 5.5% to 7.3% during the period.

The State's plan spending has been growing significantly. The outlay for the eleventh five year plan was Rs.101664.00 crore at 2006-07 prices which was 133% more than the tenth five year plan's outlay of Rs.43558.22 crore. Karnataka' 11th plan achievement is impressive with 112% of target being achieved. Plan expenditure also has contributed to an impressive growth over the years and the State has one of the highest per capita plan expenditure in the Country at Rs. 6345 in 2011-12.

44 new schemes were announced in the 2011-12 budget. The infrastructure sector has six new schemes followed by Fisheries and Sericulture with five new schemes each; Minorities had four new schemes. There are fifteen externally aided projects under implementation with assistance from the

World Bank and other external agencies during the year 2011-12.

The total outlay of the district sector plan programmes for the year 2011-12 is Rs. 6042 crore, of which Rs. 3726 crore is the State's share and Rs. 2316 crore is the share of the Government of India. This constitutes around 15% of the total State's plan size; the corresponding share of the State and the centre being 10% and 83% respectively.

Despite the State's broad successes in its fiscal consolidation efforts, the State Government faces several fiscal challenges arising from limited upside potential for resource mobilization relative to GSDP, rigidities in the form of committed expenditure, and weak linkages between expenditure and development outcomes.

1.2.3 Agriculture and Allied activities

(i) Monsoon, Cropping Pattern and Agricultural Production

As per the Agricultural Census of 2005-06, Karnataka has 75.81 lakh operational holdings and 123.85 lakh ha of operated area. Small and marginal holdings together account for 75% of the total holdings and 37% of the total operated area, while semi-medium, medium and large holdings together account for 25% of the total holdings and 63% of the total operated area. The average land holding size has declined to 1.63 ha in 2005 from about 3.20 ha in 1970. The varied agro-climatic features enable the farmers in the State to cultivate almost all types of cereals, pulses, oilseeds and commercial crops. Generally, agricultural crops are grown in three seasons viz., Kharif (71 lakh ha.), Rabi (33 lakh ha.) and Summer (6 lakh ha.). Among the crop groups, cereals account for 49%, pulses 25%, oilseeds 15%, cotton and sugarcane 5% each and tobacco 1% of gross cropped area. There is a slight increase in area under paddy, maize, tur, bengalgram, cotton and soybean in the recent years, whereas crops like sunflower, jowar and ragi have been witnessing decline in area.

During 2010-11, the State achieved an all-time high foodgrain production of 139.86 lakh tons comprising 124.21 lakh tons of cereals and 15.65 lakh tons of pulses. Cotton production also touched an all-time high of 12.18 lakh bales during the year 2010-11. Karnataka has received the prestigious "Krishi Karman Award" from the Hon'ble Prime Minister of India on 16th July 2011 for achieving highest production of coarse cereals (78.45 lakh tons) during the year 2010-11.

In October 2011, the State Government, after timely and careful review of the rainfall and agricultural crop situation, declared 123 taluks in 24 districts as "Drought Affected Taluks". On account of drought situation in major parts of the State and failure of Kharif and Rabi crops during 2011-12, foodgrain production of 124.24 lakh tons is likely to be achieved as against the target of 130 lakh tons and the record production of 139.86 lakh tons in 2010-11. It is pertinent to note that the higher production in 2010-11 was enabled by favorable rainfall received from April 2010 to November 2010 in major parts of the state. For the current year, the Rabi target was revised from 33.68 lakh hectares to 35.55 lakh hectares to bring the unsown kharif area under cultivation. Unfortunately, the deficit/scanty rainfall in major parts of north interior Karnataka during October, November and December 2011 hampered normal area coverage of Rabi crops.

To promote rapid growth in agriculture during the EFP, Karnataka had been focusing on the agriculture sector to ensure balanced regional development and achievement of inclusive growth. Against the National target of 4% of the Gross State Domestic Product to be spent as public expenditure on agriculture, Karnataka has consistently invested almost double the said target. To formalize this consistently high focus on achievement of rapid growth in agriculture and allied sectors, the Karnataka Government presented an exclusive budget for the agriculture sector with an allocation of Rs.17857 crore for the year 2011-12, which is the first and the only one of its kind in the entire Country wherein a very unique

attempt was made to give a new thrust to the schemes for better use of land and water.

(ii) Irrigation

The Government of Karnataka has committed itself to plough progressively increased resources for augmenting irrigation potential as well as effectively utilizing them expeditiously by undertaking CADA works pari-passu with major works of creation of potential and focusing on completion of long-pending works. The gross irrigated area has increased steadily from 16% of gross cultivated area in 1980-81 to 32% in 2009-10. The gross irrigated area has increased from 16.76 lakh hectares in 1980-81 to 40.96 lakh hectares in 2009-10. Among all irrigation sources, tubewells and borewells constitute the highest proportion of 37%. The share of tanks, which were historically a major source of irrigation, has declined to about 6 % of the total net irrigated area.

The irrigation potential (anticipated) increased in 2011-12 by 4.2% over the previous year, as compared to a 2.0% increase during 2010-11 over the previous year. The cumulative irrigation potential created under major, medium & minor irrigation upto the end of 2011-12 is 36.61 lakh hectares, as against an estimated total irrigation potential of 45 lakh hectares comprising of 35 lakh hectares under major & medium irrigation and 10 lakh hectares under minor irrigation. An additional irrigation potential of 1.35 lakh hectares is anticipated during the current year (2011-12) through major & medium irrigation projects. Under minor irrigation (surface water), the additional potential, which will be created this year, is 0.14 lakh hectares leading to a total additional potential of 1.49 lakh hectares from the three categories. During 2011-12, a potential of 0.36 lakh hectares is anticipated through the Upper Krishna project alone. The cumulative irrigation potential under major, medium and minor irrigation (surface water) is anticipated to go up to 36.61 lakh hectares (excluding ground water) in 2011-12 from 35.12 lakh hectares in 2010-11.

Minor irrigation works have the definite advantage of providing immediate benefits from the potential created. In 2011-12, an allocation of Rs. 10321 lakh has been made for construction and improvements to anicuts, pickups and feeder channels and Rs. 8919 lakh for SCSP and TSP. Besides this, Rs. 2325.89 lakh has been provided for the Zilla Panchayats to take up Minor Irrigation with an atchkat of 40 Hectares or below and create a potential of 14040 hectares. During the current year, the anticipated expenditure on Minor Irrigation and Surface Water has been recorded as Rs. 95676 lakh with an expenditure of Rs. 78762 lakh during 2010-11.

(iii) Watershed Development

Karnataka has given importance to watershed development as 75% of the cropped area in Karnataka depends upon low and uncertain rainfall. Of the total geographical area of the State, 129.70 lakh ha are available for watershed development. Out of this area, 52.20 lakh ha have been treated upto March 2011 and the remaining 77.50 lakh ha are yet to be treated.

(iv) Distribution of Inputs

For Kharif 2011, the State Government had projected a requirement of 24.65 lakh tons of different grades of fertilizers consisting of DAP (6.15 lakh tons), MOP (2.90 lakh tons), Complex (6.30 lakh tons), Urea (8.00 lakh tons) and others (1.30 lakh tons) including mono-ammonium phosphate, potassium schoenite, ammonium sulphate, ammonium chloride, calcium ammonium nitrate, rock phosphate and single super phosphate. To overcome the scarcity of fertilizer at critical periods, the State is operating a scheme of buffer stocking of fertilizers. This arrangement has helped in managing the fertilizer demand-supply situation smoothly in the State.

As per the Seed Replacement Norms, Seed replacement rates fixed for different Agricultural Crops for 2011-12 are as follows: (i) Cereals (23 to 34%) (ii) Pulses (23 to 26%) (iii) Oilseeds (15 to 87%) (iv) Cotton (17%) (v) All Hybrids (100%). During Kharif 2011, it was planned to distribute

seeds of 12 crops viz., paddy, ragi, jowar, maize, bajra, cowpea, greengram, blackgram, redgram, groundnut, sunflower and soybean at 50% subsidy to farmers through Small and Marginal Farmers Scheme, Rashtriya Krishi Vikasa Yojana and Prime Minister's Rehabilitation Package Programme. 526308 quintals of seeds have been distributed to 19.14 lakh farmers and Rs. 8407.71 lakh of subsidy has been utilized for this purpose. During Rabi-Summer 2011-12, subsidised seeds were also distributed to farmers. As of January 2012, 148836 quintals of seeds have been distributed and Rs.1890.90 lakh of subsidy has been utilized benefitting 4.24 lakh farmers in the State.

Due to implementation of novel mission-mode programmes such as Bhoo Chetana, Suvarna Bhoomi Yojane, interest subsidy, watershed programmes like Sujala and timely provision of inputs, free electricity and prudent use of irrigation water, the productivities of the rainfed crops have increased. About 23 40% increase in the yield of rainfed crops has been recorded in Bhoo Chetana areas.

(v) Horticulture

The State Government has undertaken several initiatives to bolster growth in this sector. Considerable progress has been achieved under the area expansion and the enhanced production of horticulture crops. The area under these crops was 17.64 lakh hectares with 136.64 lakh MTs of production during 2007-08 which is expected to increase to 20.38 lakh hectares and 162.36 lakh MTs respectively during 2011-12. The Gross Value of output of agriculture and horticulture is normally in the ratio of 60:40. But due to drought conditions in the State during 2011-12, this ratio is expected to change to 55:45.

The coverage of districts under the National Horticulture Mission has increased from 15 districts in 2005-06 to 30 districts in 2010-11. During 2005-06 and 2006-07, the Government of India provided 100% assistance. From the year 2007-08, 85% assistance is provided by the Gol and 15% by the State Government. The area

expansion of horticultural crops like fruits, plantation, spices, flower and aromatic crops has been taken up during the year 2011-12. About 18396 hectares of area have been newly brought under horticulture cultivation. An amount of Rs. 3138.75 lakh has been spent upto the end of December 2011. The total approved Annual Action Plan for the year 2011-12 is Rs.125.00 crore. During 2011-12, greater emphasis is given for protected cultivation component as well as for post-harvest management component.

(vi) Animal Husbandry and Dairy Development

Karnataka has livestock and poultry population of 7.53 crores as per the results of the 18th Livestock Census 2007. The share of Karnataka in all India livestock and poultry population was 5.83% and 6.48%, respectively. The density of livestock in the State was estimated at 172 per sq.km and 53448 per lakh human population. The State government provides free health care facilities to livestock. The Government of India has declared the State as a disease-free zone from rinderpest. A similar programme has been taken up for eradication of Foot and Mouth disease. During the financial year 2011-12, an amount of Rs. 705.97 crore has been allocated and Rs. 384.33 crore has been spent (including central share) upto December 2011.

India ranks first in the World and Karnataka ranks eleventh among Indian States in milk production. There is a steady growth in the production of milk, meat and wool with their production expected to increase to 5.3 million tons, 1.33 lakh tons and 7600 tons during 2011-12 respectively, as compared to 5.1 million tons, 1.24 lakh tons and 7200 tons during 2010-11.

During 2011-12, health services for livestock and poultry were rendered through a network of 4110 veterinary institutions comprising 371 veterinary hospitals, 1941 veterinary dispensaries, 1181 primary veterinary centres, 229 artificial insemination centres, 174 mobile veterinary

clinics and 214 other veterinary institutions. During 2009-10 and 2010-11, about 116.06 lakh cases and 114.21 lakh cases respectively were treated for various diseases. During the year 2011-12, 82.12 lakh cases were treated for various diseases till the end of December 2011. During 2009-10 and 2010-11, 399.92 lakh and 387.97 lakh vaccinations respectively were given for various diseases. In 2011-12, 332.10 lakh vaccinations were given for various diseases as a precautionary measure upto December 2011.

The Government introduced the Poultry Feed Act to maintain the quality of poultry feed. There are 23 poultry farms in the State which function under the technical guidance of the Department of Animal Husbandry and Veterinary Services. The major developmental activities are breeding and rearing of Giriraja parent stock and supplying chicks to the farmers and rearing centers of the Department. In 2009-10 and 2010-11, 2384 and 1739 persons respectively were trained in poultry rearing. About 1.07 lakh and 85310 Giriraja chicks were produced respectively during these two years. In 2011-12, upto December 2011, 30782 chicks were reared and 1493 persons were trained. The progress has marginally declined due to incidence of salmonella diseases.

(vii) Fisheries

Karnataka has rich fishery resources with a continental shelf of 27000 Sq. km, 300 km of coastline and 5.60 lakh hectares of inland waters. This offers immense scope for development of fisheries. In addition, 8000 hectares of brackish water area provides good scope for shrimp farming. The total fisherfolk population of the State is 7.66 lakh comprising 2.75 lakh persons in marine areas and 4.91 lakh persons in inland areas. The total fish production in Karnataka was about 2.0 lakh tons in the early eighties and reached a peak of over 5.0 lakh tons in 2010-11, with the contribution of marine sector at 60% and inland sector at 40%. The State's fish production accounts for about 4.3% of India's total fish production. The

current level of per-capita fish availability in the State is 6.8 kg. Karnataka ranks 6th in the marine fish production and 10th position in inland fish production in India. The marine and inland fish production have increased significantly from 1.76 and 1.22 lakh MTs to 3.41 and 1.86 lakh MTs respectively in 2010-11 over 2007-08. However, production may decline and is expected to be 3.05 and 1.60 lakh MTs during 2011-12 due to adverse weather conditions.

(viii) Agricultural Marketing

Karnataka has 153 Agricultural Produce Market Committees (APMCs) to facilitate and regulate the marketing of agricultural commodities in the State. The State has given importance to post-harvest forward linkages to the agriculture sector to reap the benefits of markets through better storage, distribution, processing and value addition. To bring investments to this sector, the Global Agribusiness and Food Processing Summit was organized, during which, 59 MoUs were signed with an investment of Rs. 1.11 lakh crore. This investment covers areas of Sustainable agriculture and Agriculture Infrastructure, food processing, Horticulture, Sericulture, Animal husbandry, Dairy, Fisheries and Institutional finance.

(ix) Agricultural Research and Extension

The State has three Agricultural Universities, one Horticulture University and one Veterinary Sciences University. On an average, there are about 25 Research Stations in each University, thus, making a total of about 100 plus Research Stations. A total of 22 Krishi Vigyana Kendras (KVKs) under the stewardship of ICAR are functioning for the benefit of training line department officials as well as the farming community. During 2011-12, one University of Agricultural Sciences at Shimoga and two Agriculture Colleges at Gulbarga and Hanumanahatti, Haveri District were started. Diploma Courses and Certificate Courses have also been started (in 12 locations) during 2011-12 to augment the available trained manpower in the Agriculture Sector.

The State has successfully enhanced its capacities in the field of Agricultural

Research, training, education and extension by adding and restructuring Agricultural Universities during the EFP, and is trying to enhance public investment on Agricultural research to 1% from the existing 0.4% of the GSDP of agriculture.

The agricultural sector in the State today has many challenges to overcome such as increasing demand for non-agricultural uses of land, depleting soil and water resources, adverse impacts of climate change, rising cost of production, diminishing agriculture labor availability and farmers' reduced interest in agriculture. Addressing these complex issues requires multi-prolonged strategies to have an effective and efficient service delivery mechanism which meets the diverse needs of a better informed, skillful farming community in terms of technologies and policies

1.2.4 Forests and Environment

The State's recorded forest area is 38284 sq. km (19.96% of geographical area) of which reserve forests constitutes 74.94%, protected forests constitute 10.27% and unclassified forests constitute 14.79%. Thus, about one-fifth of the State's geographical area is under forest cover. However, other estimates indicate that about 18.87% of the geographical area is under forest cover and the tree cover is 2.96% of the geographical area totalling 21.83%. The dense forest cover of the State was estimated at about 26156 sq. km (70%) in 2001 and, this has declined to 21958 sq. km (60 percent) in 2007, which is a 10% decline over 7 years.

The forest vegetation is classified into seven types based on gradients of rainfall, length of dry season and temperature. About 15.20% of forests are wet evergreen, 14.10% is semi-evergreen, 24.06% is moist deciduous and 25.23% is dry deciduous. Thorn forests form 12.39%, plantations form 8.22% and broad-leaved hill forests form 0.80% of forest vegetation.

Karnataka's network of five national parks and 23 wildlife sanctuaries covers an area of 6800 sq. km which form 16% of the State's forest area. With about 5500 wild elephants and nearly 300 tigers, the State is home to

about 25% of wild elephants and 20% of the tigers of India. Karnataka ranks first in the tiger population of India. About 4500 species of flowering plants, 500 species of birds, 120 species of reptiles, 70 species of frogs, and 800 species of fish are in the State forests. Among the visitors to the sanctuaries, 98% are domestic visitors while 2% of the visitors are foreigners.

The State has been active in formulating and implementing various programmes for development of forests and protection of its natural environment. Among the schemes of the Forest Department concerning wildlife and national parks, Project Tiger attracted the greatest expenditure of 52% expenditure followed by development of parks and sanctuaries (19%). Nature conservation activities attracted 5% of total expenditure.

The State had realized revenues of Rs. 9254.51 lakh during 2010-11 from marketing of forest produce such as timber, firewood, sandalwood, bamboos, canes and other minor forest produce. The revenue from timber formed 72% of the total with non-timber forest products contributing the rest.

Rapid industrialization in some regions/clusters of the State has led to higher levels of water, air and noise pollution levels. Karnataka is one of the top five industrialized States in India with 132 industrial areas in 40000 acres. Currently, about 46481 industries and other activities categorized as red, orange and green are functioning in the State. (Industries in the 'Red' category are highly polluting, those in the 'orange' category are medium polluting and, those in the 'green' category are less polluting). In the State, 8915 industries have been closed and 7128 industries have been given consent for establishment (CFE) by KSPCB.

Among the industrial activities, mining is one of the leading activities with a total mine lease area of 52857 ha. in the State, of which 27090 ha. is in revenue land, 16,731 ha. is in forest land and 9036 ha is in patta lands. Large-scale mining of iron ore,

limestone and dolomite in Bellary, Chitradurga and Tumkur districts has polluted land, water, air along with noise pollution in the adjoining areas. There are 166 industries under 17 categories of highly polluting industries of which 145 are operating in the State.

Ambient air quality of Bangalore city is being monitored at 7 stations under the National Ambient Air quality Monitoring Programme (NAMP). According to the revised National ambient air quality standards (of 16-11-2009), 18175 ambient air samples were collected and analyzed during 2010-11. RSPM values have exceeded the National Limit of (60µg/M3) at 4 places out of 8 while NO₂ and SO₂ values are within the limits. As per section 5.2.8 (IV) of the National Environment Policy (NEP) - 2006, the Central Pollution Control Board (CPCB) is in the process of developing a noise monitoring network in India. It has decided to include ambient noise as a regular parameter for monitoring in specified urban areas.

The Lake Development Authority (LDA) has taken up the survey and demarcation of 158 lakes in BIAAPA areas at a cost of Rs. 50.62 lakh and water analysis for 86 lakes at a cost of Rs. 50.39 lakh during 2009-10 in Bangalore urban district. LDA has implemented National Lake Conservation Programme (NLCP) and National Wetland Conservation Program (NWCP) in the State for conserving various lakes and wetlands.

As per section 41 of the Biodiversity Act 2002, every local body shall constitute a biodiversity management committee (BMC) within its area for the purpose of promoting conservation, sustainable use and documentation of biological diversity. Till date, 3551 BMCs have been formed at gram Panchayat level, 32 BMCs at taluk Panchayat level and 11 BMCs at zilla Panchayat level.

Although the State's Forest and Environment Department is playing an active role to combat pollution from different sources, challenges exist in ensuring the

sustainable utilization and conservation of the State's natural resources and rich biodiversity. The State Government has also established dedicated institutions to undertake monitoring, development and research in areas relating to forests and environment.

1.2.5 Industry

Karnataka has been spearheading the growth of Indian industry, particularly in high-technology industries of electrical and electronics, information & communication technology (ICT), biotechnology and, more recently, nanotechnology. The general index of industrial production (IIP) of Karnataka covering mining, manufacturing and electricity sectors for 2010-11 stood at 202.14. The overall organised industrial sector of Karnataka has registered 7.96% growth in 2010-11. The compound average rate of growth (CARG) for the decade for the entire organised industry was about 6.56% whereas it was 7.92% for mining, 7.23% for manufacturing and 4.20% for electricity. The high growth industrial sectors in the State are (i) Food Products & Beverages, (ii) Tobacco products, (iii) Wearing apparel, (iv) Publishing & printing Materials, (v) Television and Communication, (vi) Motor vehicles Trailers & Semi-Trailers and, (vii) Other Transport equipments. Karnataka compares favourably with all-India in terms of indicators such as per factory investment, employment, output and gross value added.

The Annual Survey of Industries (ASI) statistics shows that Karnataka accounted for 5.38% of the total registered factories in 2009-10 in the Country. The contribution of registered factories of Karnataka stood at 7.12% of total fixed capital, 6.29% of total output, and 6.46% of Gross Value Added (GVA) in the same year. The share of Karnataka in total registered factories and total investment (fixed capital and working capital) has risen in 2009-10 as compared to 2008-09. However, the relative contribution of Karnataka's registered factories to industrial performance (of All-India) in terms of total output, gross and net value added and profits has declined marginally during the same period.

According to ASI 2009-10 with NIC-2008, the major industrial groups in the registered factory sector of Karnataka in terms of value of output are (i) Coke and Refined Petroleum products (14.79%), (ii) Basic metals (13.56%), (iii) Food products (13.40%), (iv) Other manufacturing materials (8.34%), (v) Machinery & equipment (6.22%) & (vi) Motor vehicle, trailers and semi trailers (6.13%). These six industrial groups together accounted for more than 62% of the total value of output of registered factories of Karnataka in 2009-10.

The highlights of 62nd round of NSSO survey covering unorganized manufacturing enterprises shows that Karnataka accounted for 5.64% of total number of unorganized manufacturing enterprises and 5.42% of the total unorganized manufacturing employment in the Country in 2005-06. In terms of GVA per enterprise as well as per worker, Karnataka performed better than the all-India average. Both in terms of GVA per enterprise and GVA per worker, Karnataka stood fourth among Indian States.

The highlights of the 63rd round of NSSO survey shows that Karnataka accounted for 4.9% of the total service sector enterprises and 4.8% of the total service sector enterprise workers in the Country. In terms of both GVA per enterprise and GVA per worker, Karnataka stood first in the country and accounted for more than twice as that of the all-India average in terms of GVA per enterprise as well as GVA per worker.

Micro, Small & Medium Enterprises (MSMEs) form an important and growing segment of Karnataka's industrial sector. During 2010-11, 18434 MSME Units have been registered in the State with an investment of Rs. 120623 lakh by providing employment to 111226 persons. When compared to the same period of the previous year (2009-10), there is a 7.2% increase in No. of units registered, 1.8% decrease in investment and 0.5% increase in number of persons employed.

Towards supporting the textiles industry in the State, during the 11th five year plan,

3000 handloom weavers have been provided with housing facilities. 12500 Handloom weavers have been provided loans at a subsidized interest rate of 4% / 3% p.a. to the tune of Rs. 350.42 lakh. Rs. 4290 lakh has been utilized during the plan period for waiver of loan and interest of weavers. 120 handloom weavers' co-operative societies are being provided with 20% rebate on sale of handloom goods as a marketing incentive. Power is subsidized and provided at the rate of Rs. 1.25 per unit for 25000 powerloom units having power connections upto 20 HP thereby benefiting more than 90000 weavers. 1500 powerloom weavers are being provided with 2 powerlooms each at a subsidized rate of 50% subject to a ceiling of Rs. 1.00 lakh per beneficiary. Employment for 85000 persons is being generated by imparting skill development training in various segments of textile sector through training and setting up of training centres with an expenditure of Rs. 7000 lakh.

Sericulture is one of the major employment generating sectors and its growth has immense employment generation potential, particularly in rural Karnataka. The area under mulberry cultivation in the State was about 50.71 thousand hectares at the end of November 2011, which is lower than the area under mulberry cultivation in 2010-11. Even the production of cocoons, quantity of cocoons marketed, raw silk production and total employment in industry was lower in 2011 as compared to 2010. During 2010-11, the estimated mulberry silk production in India was about 16957 MTs of which Karnataka's share was 7338 MTs.

The State has a rich deposit of ores and minerals and, as such, the State's mining industry has earned a good position in the National mining map. The Department of Mines and Geology has collected Rs. 671.35 crore as royalty during 2011-12 (upto November 2011) as compared to Rs. 1184 crore during 2010-11. In 2011-12 (up to November 2011), a total of 6 quarry leases for ornamental stone and 330 leases for building stone have been granted, and 7 mining leases have been sanctioned.

During 2010-11, 24 quarry leases for ornamental stone and 774 leases for building stone and 29 mining leases have been granted.

Karnataka has emerged as a major base of information technology (IT) and biotechnology (BT) industries domestically as well as at the global level. The State is one of the most attractive destinations for both domestic and foreign investors. Though FDI inflows to Karnataka have fluctuated in the last three years, the total FDI inflows to the State in the last decade accounted for 6% of the total FDI inflows to India and, Karnataka stands third among Indian States in terms of quantum of FDI inflows.

Karnataka has been pursuing a pro-active industrial policy to facilitate and promote a favorable investment climate both for existing and prospective investors. The State's current industrial policy (2009-2014) has been introduced for a period of five years with effect from 1st April 2009. The Government has established Karnataka Udyog Mitra (KUM) as a single contact point for all investors who are exploring opportunities to establish enterprises/businesses in Karnataka. The Government of Karnataka organized the Global Investors Meet-2010 during 3-4 June 2010. During the Global Investors Meet, the State Government entered into MoUs with 389 companies with an investment of Rs. 3.92 lakh crore which would create employment opportunities to more than 7 lakh people. 22 projects with an investment of Rs.1836 crore have already been implemented & 237 projects with an investment of Rs. 3.29 lakh crore are under various stages of implementation.

Towards attracting more investors, the Government of Karnataka has planned to organize the next Global Investors Meet in June 2012 (7th & 8th June 2012). The mission of Global Investors Meet 2012 is "to attract Rs.5 lakh crore investments which will create atleast 10 lakh jobs & double Karnataka's GSDP by 2020". This event provides investors an excellent opportunity to explore the potential of the State & network with global investors.

1.2.6 Investments and Exports

(i) Investment

Karnataka is a pioneer in introducing many reform initiatives for attracting private investment. Attractive policies that incentivize private domestic and foreign investments are framed from time to time. These policies, along with an investment friendly climate in the State, have helped the State to attract large-scale private investment, especially in information and communication technology (ICT) and biotechnology sectors. The Global Investors Meet - 2010, had aimed at attracting National and Global investments by highlighting the investment opportunities in 12 different sectors namely, minerals, tourism, information, biotechnology, power, health, education, food processing and textiles.

The good performance observed in 2010-11 is particularly worthy of mention in view of the global slowdown that had affected Karnataka too. For the current year, upto December 2011, the State-level single window clearance committee (SLSWCC) has approved 186 projects with an investment of Rs. 2695.74 crore with employment potential of 3.89 lakh. Further, the State High Level Clearance Committee (SHLCC) has cleared 60 projects with an investment of Rs. 34088.80 crore, generating employment potential of 1.65 lakh persons. The total investment cleared by the High powered committee during the period is a whopping Rs. 999295 crore.

Karnataka accounts for a significant share in the total FDI that flows into India. Karnataka attracted FDI of US\$ 9087 million during the period of April 2000 to August 2011, constituting 6.17% of the all-India FDI. During the first four years of the 11th five year plan period, the State attracted 6.18% of FDI in the Country.

Karnataka has played a key role in India's emergence as a significant player in the global biotechnology industry. Karnataka is home to about 60% of the Country's biotech units. Their number has increased to 324 in 2010-11 with total revenue of Rs.3500 crore,

registering a ten fold increase from 2001. This number continues to grow with most of the well-known companies choosing Karnataka for setting up their operations.

(ii) Exports

In 2010-11, Karnataka's exports amounted to about Rs.165523.04 crore which constituted about 11.74% of the Country's exports in that year. Karnataka's share of exports in its GSDP is fairly large and, it has also increased significantly over time. The share of exports in GSDP, which was 7.36% in 1993-94, has grown to 41.5% in 2010-11.

Exports of electronics and computer software constitute the largest and has increasing share in the State's exports with their share increasing over time. The share of electronics and computer software was 61.19% in 2008-09 and, it has increased to 63.65% in 2010-11. The other commodities whose shares in Karnataka's exports are more than 8% are Petroleum and petroleum products (8.8%) and Gems & jewellery (12.0%). These three commodities account for over 84% of Karnataka's exports. Other commodities with significant shares in the State's exports are readymade garments (4.1%) and engineering goods (4.4%).

Karnataka enjoys a unique position in India in exports of electronics and computer software. In 2010-11, the exports of electronics and computer software from the State accounted for as much as 40% of India's total exports. Other commodities from the State accounted for 5% of the exports at the all-India level.

Higher export performance is an important determinant of increasing degree of openness to export trade. Degree of openness is measured by the ratio of value of exports to GDP at National level and by the ratio of value of exports to GSDP at the State level. Karnataka's degree of openness to export trade has been about 43% during 2008-09 to 2010-11. This is remarkably higher than that of all India (at about 19%). Increasing degree of openness to trade is an indicator of economic globalization. From this viewpoint, the levels of Karnataka's economic globalisation have been higher than at all India level.

The Government of Karnataka has explicit policy measures for export promotion in various policies relating to general industrial policy and sector-specific policies such as Information technology policy, Agro-food processing industrial policy and package of incentives and concessions, Industrial Promotion Policy for the Automobile industry, The Millennium Biotech Policy and The Millennium BPO Policy.

1.2.7 Economic infrastructure

(i) Power

Karnataka is one of the first States in India to initiate power sector reforms by unbundling the sector into generation, transmission and distribution entities. The State Government has been taking various initiatives to implement projects in the public as well as private sector for adding new installed capacities of power generation. The total installed generation capacity both in the public sector and private sector including the State's share in the central generation stations as on 31.03.2011 was 11366 MW. The anticipated capacity addition during 2011-12 is 1936 MW of which 304 MW under renewable energy sources has already been synchronised. The power supply shortage was highest at 1296 MW in 2007-08 and has since, reduced to 523 MW in 2010-11. Towards meeting shortages in electricity supply, Karnataka buys power from neighbouring States and other States, and from energy exchanges. Karnataka's power sector has reduced its T&D losses from 38% (in 1999-2000) to 21.27% in 2010-11.

The agricultural sector accounts for the highest share of electricity consumed in the State with about one-third of the State's power being sold to irrigation pumpsets (IP sets). Power supply to IP set and Bhagya Jyothi / Kutira Jyothi consumers have been made free with effect from 01.08.2008. In Karnataka, almost all the villages have been electrified except a few for which extending the grid is extremely difficult. Only four villages in the State are pending electrification. KPCL has planned various projects to augment the State's Generation capacity during the 12th plan period (2012-

17). The total planned installed capacity additions of these projects is expected to be about 8800 MW in the next five years.

On account of widespread agitation for a separate Telangana State in Andhra Pradesh, the supply of coal from Singareni Collieries Company Limited (SCCL, Andhra Pradesh) to Raichur Thermal Power Station (RTPS) was completely stopped from 13.09.2011 to 18.10.2010. During April 2011 to Jan. 2012, coal materialization from SCCL has been only 70.77% of the contracted quantity as per the agreement. The Central Electricity Authority, in its report dated 17.11.2011, had reported that, due to the agitation, mining activities in SCCL collieries had been stopped between September and October 2011. Due to this, coal supply to RTPS of KPCL was affected resulting in severe impact on power generation from RTPS.

(ii) Roads, Transport and communication

Roads

The Government has been implementing various large-scale projects to enhance the road length and quality of roads in the State. Karnataka has an efficient road transport system which includes State-owned road transport corporations and other supporting organizations.

In the State, the average length of the PWD roads (viz; NH, SH & MDR) per 100 sq.km area is 39.34 Kms. Among the districts, Mandya district has the highest road length of 70.36 Kms and Gulbarga district has the least length of 24.58 Kms. Under KSHIP-I, 2414 Kms of State Highways and Major District roads were taken up for development at an estimated cost of Rs. 2304.50 crore. Of this, a length of 2384 Km has been developed with an expenditure of Rs. 2030 crore. Under KSHIP-II Phase-I, it is proposed to develop 1846 kms of roads with the assistance of World Bank and Asian Development Bank.

Through KRDCL, construction of 613 bridges and development of 855 Km length of roads has been completed. Further, the development of MysoreBantwal State Highway, Belgaum-Chorla State Highway, Hiresave-Chattanahalli State Highway,

Mangsuli-Lakshmeshwar State Highway are in various stages of progress. Under PMGSY, the State is establishing rural connectivity. Under this programme, Rs. 3371.14 crore has been spent and 14773.64 km of road length has been asphalted upto December 2011.

Transport

The Karnataka State Road Transport Corporation is a profit-making entity which has won various awards in recognition of its efficient services and use of modern technologies for better utilization of its fleet of buses. The State Government's strategy to create dedicated transport corporations for distinct regions of the State has been successful with most Corporations undertaking viable operations and providing services to various sections of society.

KSRTC, with its Corporate office in Bangalore, is operating in 17 southern districts of Karnataka. With a workforce of 36949 and fleet size of 7783, KSRTC is operating 25.10 lakh kms, earning a daily revenue of Rs 5.74 crore, carrying 24 lakh commuters and also providing services to 13330 villages out of 20196 villages in the State.

Till 2000-01, KSRTC had an accumulated loss of Rs. 328.45 crore. After wiping out the accumulated losses, KSRTC currently has a surplus of Rs. 43.15 crore. It posted the highest ever profit of Rs. 62.05 crore in 2010-11, and stands first among all the State Road Transport Undertakings (SRTUs) in the Country.

As of March 2011, BMTC operated 2367 routes covering 12.55 lakh kms per day. The average number of passengers carried per day is 43.5 lakhs recording an increase of 2.1% over 2009-10. BMTC's traffic revenue increased by 10.8% in 2010-11 as compared to 2009-10. The profit earned by the BMTC during 2010-11 was Rs. 50.35 crore.

During 2010-11, North Western Karnataka Road Transport Corporation (NWKRTC) had a workforce of about 21458 employees, operated 13.15 lakh kms per day by utilizing a fleet strength of 4347, catering to 19.10 lakh passengers on an average, and earning Rs. 282.90 lakh daily. NWKRTC has

extended bus services to 4428 villages out of 4596 in the region, which are in the nationalised routes (96.3%). The total loss incurred by the NWKRTC in 2010-11 has reduced to Rs. 30.44 crore from Rs. 57.81 crore in 2009-10.

The Government of Karnataka has established Devaraj Urs Truck Terminals Ltd. The company has made significant progress at different cities in the State. The company has initiated the construction of truck terminals in Mysore and Dharwad at a cost of about Rs. 22 crore.

During 2011-12, Karnataka, on an average, added 54000 motorcycles every month compared to 52400 per month during the last year. During 2010-11, a total of 887000 vehicles were added to the transport sector of the State. During 2011-12, the addition of vehicles is expected to be higher considering that already 525000 new vehicles have been added to the system in the first seven months of the year.

Ports and Inland Water Transport

Karnataka has a coastline of 300 kms with one major port and 10 minor ports. 10 minor ports come under the control of the State Government. Among them, the Karwar, Belikeri, Malpe and Old Mangalore ports have handled significant volumes of cargo. Towards improving the infrastructure in the minor ports, an investment of Rs. 4.09 Crore has been made by November 2011. The construction of the 2nd stage of Karwar port is proposed to be taken up through PPP mode. Anti-sea erosion works and flood control works have been taken up and an expenditure of Rs. 2.65 crore has been incurred upto November 2011. The Sustainable Coastal Protection Project is being taken up with Asian Development Bank assistance at Ullal in Dakshina Kannada District at an estimated cost of Rs. 223 crore.

Airport

The Country's first greenfield International airport has been developed at Devanahalli, Bangalore, at a cost of Rs. 2470 crore as a passenger and cargo hub under the PPP mode. The Airport has begun its operations in May 2008. The Airport started by handling

9.8 million passengers per year and currently handles 12 million passengers annually. It has a 4000 meter runway and a terminal building of about 70000 square meters area, the capacity of which is being enhanced. The airport is growing at a phenomenal pace of 18% per annum, which is higher than the National average of 16%.

The existing Airport at Mysore has been operationalised. However, no flights are being operated from this Airport for commercial reasons. In Bellary, the Government is developing a new airport on PPP basis and the Project Development Agreement has been signed with the developer. Acquisition of 900 acres of land is under process. The existing airport at Hubli is being upgraded to International standards. The Airport at Mangalore is AAI-owned and is being maintained by them. A second runway and new terminal building complex have been constructed.

Minor airports at Shimoga, Gulbarga, Bijapur and Hassan are being developed on PPP basis through private operators. The Project Development Agreement was signed with the developers and in principle approval has been obtained from the Ministry of Civil Aviation. Environmental clearance has been obtained from the Ministry of Environment and Forests. The existing defence airports at Bidar and Karwar are also being developed for civil operations. The Government is pursuing the matter of starting the civilian operations with AAI and Ministry of Defence. The construction of airstrips in the districts where there are no airports within 150 kms is being examined and, a Minor Airport Policy for the same is being framed.

Railways

In Karnataka, the total broad gauge route length is 2761 Kms while the meter gauge route length is 410.65 Kms. The Government has approached MoR for taking up the following projects on PPP basis: Hubli - Ankola, Talguppa Shahabad, Bijapur Shahabad, Dharwad Belgaum. Apart from these, projects that are being taken up on cost-sharing basis between Government of Karnataka and Ministry of

Railways include Hassan Bangalore, Kadir Chikmagalur, Kolar Chikballapur, Kudachi Bagalkot, Tumkur Rayadurga, Tumkur Davangere, Shimoga Harihar, and Whitefield Kolar.

Bangalore Metro Rail Project (Namma Metro)

Bangalore Metro Rail, also known as Namma Metro (our metro), is a Mass-Transit Rail System for the city of Bangalore. Phase-1 of Bangalore Metro spans a length of 42.3 Km and consists of 2 Corridors, the East-West Corridor and the North-South Corridor. The cost of the 42.3 Km long Phase-1 is estimated to be about Rs.11609 crore. Reach-1 of 6.75 km has already commenced commercial operations on 20th October 2011. The operations are going on smoothly and the response from the public and the media is highly positive.

The Phase-I (42.3 km) and Phase-II (72.09 km), together will create a metro network of 114.39 km, with 101 Stations (80 Elevated, 19 Underground and 2 At-Grade) and will bring about a total transformation in the city's urban transportation scenario as such a network will be capable of carrying 14.80 lakh passengers per day by the year 2016-17. The proposal in respect of Phase-II of the Bangalore Metro Rail Project consisting of a length of 72.095 km and 61 Stations is under the consideration of the Government of Karnataka. The total completion cost of all six lines of Phase-II is estimated at Rs. 26405.14 crore.

Infrastructure

Karnataka has targeted a growth rate of 9% per annum. To realize this high growth, a number of infrastructure projects on PPP basis are being conceived. Under the normal PPP mode, a number of infrastructure projects proposals have been developed with a portfolio of 96 projects costing around Rs. 77548.22 crore. 10 projects have been completed while 16 projects are under implementation. 70 projects are in the pipeline.

Communication

The telecommunication system in the State is operated by both private and public sector

undertakings. Apart from BSNL, a number of private companies are providing cellular telephony services in the State. The urban teledensity in Karnataka (183.21) is above all-India teledensity (163.13). However, Karnataka stands in 2nd position among the southern States in urban teledensity and 5th in rural teledensity.

The number of telephone exchanges has increased over the years. In the last 7 years, 152 new exchanges were added at an average of 21 exchanges per year. Though the number of exchanges has increased, the number of landline connections has declined significantly. The decline in landlines can be partly attributed due to increased private participation in the mobile telephony sector and switchover to mobile phones. The trends in postal services suggest that there is a slight decline in the total number of post offices over the years. This may be due to merger of post offices in urban areas.

(iii) Banking and Financial Institutions including cooperatives

Overall, the financial infrastructure in the State is robust with significant improvements being seen in key indicators such as population per branch, credit-deposit ratio and priority sector advances. The State's network of cooperative institutions has enabled access to finance for farmers, entrepreneurs and other segments of society. With financial inclusion as an important policy initiative adopted by the State, the Government has initiated projects for financial inclusion through use of information technology.

Karnataka is a pioneer in the establishment of various commercial banks. Presently, 27 public sector commercial banks and 16 private commercial banks are operating in the State. In addition, 6 Regional Rural Banks are operating in the State. 7 of these commercial banks play a major role in the State by having more than 75% of business transactions. New generation banks are also making a good contribution in expansion of banking network in the State. There were 755 bank branches at the time of nationalization in 1969. Since then, 6513

bank branches have been added till the end of March 2011.

The population per branch is 8500 (excluding PACS), which is less than the national average and is also lower than that in many States. In aggregate deposits and Gross credit, the State holds 4th and 5th ranks respectively. Karnataka is moderately placed in its banking network, deposit mobilization and gross credit flows.

The Credit-Deposit ratio (C-D ratio) of the State (including Co-operative Banks, as of March 2011) was 76%, as compared to 75 % during the previous year. Domestic banks are required to provide 40% of their net bank credit to the Priority Sector. The Priority sector advances of all bank groups in the State amounted to Rs. 105746 crore in March 2011 contributing to 41.31% of the total advances made by them, thus exceeding the targets fixed by RBI.

Direct advances to the agricultural sector by Scheduled Commercial Banks (SCBs) in March 2011 stood at Rs. 47071 crore as against Rs. 35429 crore recorded in March 2010 thereby contributing 18.39% of the total advances made by the SCBs. Weaker section advances stood at Rs. 27352 crore. The advances made to the minority communities amounted to Rs. 10686 crore, marking an increase of Rs. 1607 crores against the advances made during the previous year (March 2010). Credit disbursed by banks to MSME sectors in the State in March 2011 increased to Rs. 40532 crore from Rs. 29896 crore recorded in the previous year. Advances to SCs/STs accelerated to Rs. 7878 crore in March 2011 as against Rs. 6374 crore recorded in March 2010. Similarly, advances to women stood at Rs. 20686 crore in March 2011 as against Rs. 16743 crore made in the corresponding period of 2010 thereby recording a good growth during the said period.

In Karnataka, as of 31.3.2011, an aggregate amount of Rs. 6425.14 crore has been sanctioned by the National Bank for Agriculture and Rural Development (NABARD) under RIDF. The completed projects include rural roads, rural bridges, minor irrigation projects, medium irrigation

projects, major irrigation project, rural godowns, rural markets, Anganwadi buildings, primary health centers and school classrooms. 15690 Projects have been completed as against 29792 projects sanctioned so far.

Karnataka has been among the top three States in the Country in SHG-Bank Linkage. 656463 SHG groups were promoted as of 31.3.2011, of which, 579969 SHGs have been credit-linked. Of the 48 MFIs which are active in the State, 22 have registered themselves with the Association of Karnataka Microfinance Institutions (AKMI).

For timely flow of credit to farmers, the Kisan Credit Card Scheme (KCC) was introduced. The scheme has made rapid progress in the banking system in the State. The banking system has been releasing crop loans through KCCs having recognised it as an accepted mechanism to deliver credit to farmers. The KCCs have been issued by all the banks, including Cooperatives. During 2010-11, 698736 Kisan Credit Cards have been issued involving a credit limit of Rs. 6453 crore with outstanding balance of Rs. 15708 crore as of March 2011. The banks have issued 178647 KCC Cards upto June 2011 with a credit limit of Rs. 1928 crore.

Keeping pace with the changed economic scenario, Karnataka State Financial Corporation (KSFC) has diversified its lending to newer sectors such as construction activities, infrastructure development, tourism, healthcare, textiles, insurance, food processing, engineering etc. As of March 2011, the assistance rendered by KSFC aggregated Rs. 731.63 crore in sanctions and Rs. 580.41 crore in disbursements as against Rs. 631.49 crore in sanctions and Rs. 434.39 crore in disbursements made by March 2010 registering a fair growth in sanctions and disbursements.

The health of the banking sector largely depends on Non-Performing Assets (NPA). In the State, NPAs have increased as compared to last year. In March 2010, NPAs which were Rs. 7301.02 crore, increased to Rs. 9019.46 crore by March 2011 indicating an increase of Rs. 1718 crores during 2010-

11 (~23%).

The Cooperative credit system in Karnataka has its own place in credit delivery in rural and urban areas. The total number of DCCBs is 21 with 596 branches. There are 4500 PACS functioning in the state. As of 31.3.2011, Rs. 4468.90 crore, Rs. 232.33 crore and Rs. 186.89 crore of Short Term (ST), Medium Term (MT) and Long Term (LT) loans respectively were issued by the co-operative credit system in the State as against Rs. 3576.68 crore, Rs. 166.60 crore and Rs. 180.65 crore respectively during the previous year indicating a marked improvement in all types of Agricultural loans. In the current fiscal year, upto September 2011, the cooperative credit system issued ST, MT and LT loans to the extent of Rs. 3257.40, Rs. 108.94 and Rs. 31.66 crore respectively.

The State Government has implemented the scheme of lending agricultural loans to the farmers at 4% from 01.04.2006 through agricultural cooperative credit Institutions in the State. From 01.04.2008, the Government has implemented the scheme of lending agricultural loans to farmers at an interest rate of 3% p.a. During 2007-08, agricultural loans amounting to Rs. 3158.46 crore have been disbursed to farmers. The Government has reimbursed an amount of Rs. 155.93 crore as difference of interest on behalf of farmers. An amount of Rs. 27700.00 lakh has been earmarked to implement the scheme and the entire amount released by the Government has been released to 1476251 farmers through the concerned cooperative institutions. During 2011-12, the Government reduced the interest rate to 1% p.a. for short term agricultural loans upto Rs. 3.00 lakh. The non-overdue outstanding loans as on March 2011 are also included in this scheme. Medium term and long term agricultural loans upto Rs. 10.00 lakh are disbursed to farmers at an interest rate of 3% p.a.

1.2.8 Human development

(i) Education

(a) Literacy

The State has achieved significant progress in literacy. The literacy rate in the State

during 2001 was 66.64% which, by 2011, increased to 75.60%. It may be noted that urban male literacy rate in the State has crossed 90%. In contrast, rural female literacy rate in the State is yet to cross 60%. It is also noted that on all the literacy rate parameters, the performance of the State is slightly higher than that of the National average. The literacy rank of the State was 9th among 16 major States (considering States with population of more than 100 lakhs) during 2001. It has remained in this position even in 2011.

The overall gain in literacy in the State during the decadal period has been 9.0%. However, some of the districts with a lower base rate in 2001 have been able to do better and cross the State's average growth rate. The 11th five year plan of the Government of India had set a national target of 85% literacy rate by 2012. Only three districts in the State viz. Dakshina Kannada, Bangalore City and Udupi have reached/crossed this target.

(b) Schools by Management in Karnataka

The State's participation in primary education is significant as 78.08% of the State's primary schools are managed by the Department of Education. But, the participation is lower in high schools with 35.14% of the high schools being managed by the Government.

Government schools are mainly located in rural areas but the private schools are largely urban-based. It is significant to note that nearly 85% of SC/ST children in the State are in Government sector (schools managed by the department of education and private aided schools) schools while their share in total enrolments is 27%. Likewise, it is noted that 84.38% of children in schools in rural areas are in Government sector schools.

(c) Primary Education

Performance of Karnataka State in elementary (Lower Primary-LPS and Higher Primary-HPS) education is quite impressive in a National context. Significant progress has been achieved in improving access to

schools in terms of both population and habitations. All the habitations in the State with a population of 100 and above have been provided with access to primary schools within a distance of one kilometer and the access ratio for even higher primary schools has been universalized.

The State's policy is that a Lower Primary School (LPS) is provided in area of 1 Km radius, Higher Primary School (HPS) within every 3 Km radius and High schools in 5 Km radius. Upgradation of HPS by adding 8th standard class is taken up wherever there are no High Schools within 3 Km. A total of 4146 HPS out of a target of 5545 HPS has been upgraded so far. There are 59595 Elementary schools in the State of which, 26065 are LPS and 33530 are HPS during 2011-12. In 2010-11, the State had 26302 lower primary, 33126 higher primary and 13447 high schools. Between 2010-11 and 2011-12, the number of LPS decreased by 237 due to their upgradation to HPS.

The enrolment during 2010-11 in primary (class I to V) and in upper primary (class VI to VII) stages is estimated to be 54.15 lakhs and 29.67 lakhs respectively. The State is making continued efforts for successful completion of schooling at class V and increasing retention at upper primary stage. The enrolment ratio between boys and girls at primary and upper primary stages are well within 52:48 ratios. Both gender parity and gender equity ratios are nearing unity in the State. The proportion of SC/ST children in class I to VII in the State is 27.00 % and, nearly 85.00 % of these children are enrolled in schools run by the State.

The gross enrolment ratios at lower primary and higher primary stages are 107.53 and 103.92 respectively while net enrolment ratios at lower primary and higher primary stages in the State are 98.86 and 93.57 respectively. There are inter-district variations in these rates. Yadgir and Gadag need attention.

The dropout rate at the primary school level has reduced from 11.18% in Lower Primary School and 32.98% in HPS (during 2001-02) to 2.09% and 5.47% respectively. There was a decline in Out-Of-School-Children

(OOSC) which reached a figure of 35000 in 2009. However, there is again a rise in the number of such children with their numbers increasing to 111000 children (2010 census). Bulk of the OOSC were in 7 districts of North Eastern Region namely, Raichur, Bijapur, Bidar, Yadgir, Gulbarga, Koppal and Bagalkot, their summated share being 55247 children or nearly 50% of the total OOSC in the State.

It was seen that, out of the total 6626413 children in the age group of 7 to 14 years in the State, there were 111218 children who remained out of school throughout the State. This figure includes 80149 children who dropped out during different stages of primary school and 31069 who were never enrolled at all. The number of never-enrolled children is quite low as compared to dropped-out children. The ratio between the two is 28:72 for every 100 children.

The State Government has identified 5 facilities as most essential for schools. These are drinking water, toilets, playgrounds, compound wall and the school building (Pancha Soulabhya). The State has made significant progress in this regard. Out of a total of 59595 elementary schools in the State, 45677 belong to the DoE. About 98% of schools of the Department possess own buildings. The remaining 2% include those operating in rent-free or rented building and schools without any building facility. There are 198415 classrooms (188941 in 2008-09) in 45677 elementary schools of the DoE indicating an increase of 9474 classrooms in about three years. 68.04% of classrooms are in good condition. 20.77% classrooms need minor repairs, while 11.18% of classrooms require major repairs.

A total of 193216 teachers of the sanctioned 206788 teachers (93.47%) are working in the LPSs and HPSs of the DoE and other schools under the State Government (2010-11). In addition, 17229 of the sanctioned 21291 teachers are working in aided schools at the elementary stage. 49% of the teachers in Government schools at the elementary stage are female teachers. Teacher-Pupil ratio is satisfactory in Government schools. The average ratio is 1:23.18 at the elementary stage. The

Teacher-Pupil ratio in private aided and unaided schools is comparatively high with figures of 1 : 40.36 and 1 : 27.02 respectively

The Government has taken a number of initiatives to enhance quality of education based on their focus on distinct stakeholder groups such as School-based Initiatives, Students-based initiatives, Teachers-based initiatives, Community-based initiatives and administration-based initiatives.

(d) Secondary Education

With attainment of significant gains in primary education, the State has set in motion the planning process for universalisation of secondary education to achieve the target of 65% enrolment in 14-18 age group population in Standards 9 to 12 by 2012 as envisaged under the eleventh five year plan of the Government of India.

The State has a total of 13447 secondary schools of which 4278 schools are run by the DoE, 3367 by private aided management, 5259 by private unaided Management and 95 by others. 39.10% of the secondary schools are run by the private unaided sector which indicates low access to higher education to students from marginalized groups.

Total enrolment in unaided schools is 28.76 lakhs. A total of 51738 out of 122401 teachers are working in unaided secondary schools. 44.47% of girls are enrolled in Government schools and only 22.74% of them study in private unaided schools whereas 26.24% of the boys study in these schools. The male-female shares in enrolment are 52% and 48 % indicating low gender gap.

Provision of Rs. 40000 per school for maintenance of laboratory, library, classrooms, office and school; Rs.25000 to Government schools with own buildings for minor repairs; minimum of 5 days of in-service teacher training to all Government high school teachers, upgradation of 33 schools with standard 8 to 9th & 10th standards; infrastructure and human resource strengthening of existing Government high schools are significant achievements of Rashtriya Madhyamik Shiksha Abhiyan (RMSA).

74 model high schools, Adarsha Vidyalayas, were started in educationally backward blocks (6th to 10th standards) in English medium during 2010-11. Further, 62 girls hostels for 9th & 10th standard girls, with residential facilities for 100 girls, 50 each in 9th & 10th standards, have been opened in educationally backward blocks. 9th standard BAS was sponsored by RMSA and completed by KSQAQO.

(e) Pre-University Education

The Government participation is more in pre-university education. It is observed that the number of girl students is more in Government PU colleges. The year 2007-08 has been significant in regard to enrolments in the pre-university stage. There is a direct relation between percentage of passes at X standard public examination (SSLC) and demand for pre-university education. Results at X standard were between 50 to 60% till 2007. 10th standard results suddenly jumped from 2007 onwards and are currently at between 60% to 75%. Still, it is observed that there is an attrition of about 17% to 20% between I and II years of pre-university education.

The Education Commission of 1966 had suggested an enrolment limit of 30% to 35% for arts courses. However, even by 2008-09, nearly 50% of enrolments are in Arts courses. Relative proportions at II PUC stage do not change substantially. The low enrolments in science courses are a cause for concern. The problem of supply to science streams gets compounded by the low pass percentage of students at the PU level. Pass percentage at pre-university is well below 50% in science courses. This will normally be around 25% of the previous year's enrolments. It is also seen that girls fare better than boys in II PUC examination.

(f) Collegiate Education

Under the jurisdiction of 11 universities, 1362 institutions are present in Karnataka. The total number of students in colleges is 515838. The average strength in Government and aided degree colleges is 465 and 697 respectively while it is 200 in unaided colleges. Enrolments for degree courses are not considerably appreciating

over the years. In fact, negative growth (-0.42%) has been observed in case of boys during 2010-11. The Male-Female ratio which was in favour of boys during 2007-08 to 2009-10 (51:49), has got reversed during 2010-11 (49:51). This is not a case of improvement in gender parity. Reversal of ratio may be because of increasing enrolments of boys to engineering, medical and other professional courses. Enrolment in science courses is very poor as a proportion of total enrolments in general higher education. This is a carry-over concern of pre-university enrolments. Improving the proportion of enrolments in science courses along with general increases is a significant challenge

(g) Technical Education

During 2010-11, there were a total of 485 technical education institutions in the State which include 187 graduate/PG level engineering institutions and 289 polytechnics under DTE. Only 27.42% of such institutions are under the Government sector. There is a high degree of volatility in private unaided institutions. There is sex and social inequity in enrolments in engineering / polytechnic education. It is more so in the polytechnics.

Civil, mechanical, electrical, electronics and computer science courses together account for 83% - 84% of enrolments in engineering education institutions and 84% - 93 % of enrolments in polytechnics. Three of these courses are traditional courses while electronics and computer science are post-1980 courses. There are 15 other engineering courses such as chemical engineering, biotechnology, medical electronics, silk technology, as well as instrumentation which are demanded by about 14% of the students.

Wastage in engineering courses in general is 45.32%. Highest wastage across courses is in civil and mechanical engineering. Lowest wastage (37.93%) is in computer science. Wastage in polytechnic education courses is 62.95%. Repeaters for every course in polytechnic education are very high. Hence, cumulative attrition is low, except in civil course. However, net wastage

is quite high across all courses, as % of success, including repeaters, is low in all courses. The net wastage rates have messages for planning of investments in technical education. Guidance and counselling before admissions may be intensified. Similar analysis for Government sector institutions, that is Government and aided institutions, may throw light on wastage of Government resources.

(h) Medical Education

There are 39 medical colleges (MBBS degree) in the State which have a summated intake capacity of 4855 students. Ten colleges are run by the Government along with 7 other super-specialty institutions. The Government's presence is visible in nominal strength in other systems. Relatively, the turnout of ayurvedic doctors (GCIM) is quite significant. 12658 doctors graduate from 75 Ayurvedic colleges. Ayurvedic, homeopathic and unani doctors serve rural India in larger proportions. 240 Nursing colleges, recognized by the Indian Nursing Council, turn out 11775 nurses (BSc graduates) every year. Karnataka functions as a nursery for nursing services not only for the State, but also for other regions of India, Gulf countries and Europe.

23 Medical Colleges are permitted to provide Post-graduate (Post-MBBS) courses in the State. They offer degree and diploma courses in various specialties. 4 of them are permitted to offer super-specialty courses. Only 10 of the 23 medical colleges/institutions are in the Government sector. There are 752 PG (MD/MS) seats, 432 PG diploma seats and 18 super-specialty seats respectively.

24 of the 41 dental colleges offer 539 seats in diverse dental specialties (MDS). 5 of the 12 homeopathy colleges provide 80 PG seats in diverse branches of homeopathy. Only one out of four unani colleges offers 28 seats in 4 PG courses in unani medicine. There are no PG courses in naturopathy & yoga. 36 ayurvedic colleges provide 479 PG seats in diverse branches of ayurveda.

(i) Mass Education

During 2010-11 and 2011-12, Saakshar

Bharath Programme is being implemented with Central and State grants in 18 districts of the State where female literacy is less than 50% as per the 2001 census. The aim is to provide literacy to rural non-literates of 15+ age group with priority to women, SC, ST and minority groups. The Karnataka State Literacy Mission Authority, 16 Districts, 107 Block and 3477 Gram Panchayat Lok Shikshana Samithis have been set up. 180 co-ordinators and 7014 preraks have been selected and trained. Survey of households in 3170 Gram panchayats has been conducted. 39.94 lakh non-literates and 118865 voluntary teachers have been identified and literacy classes have commenced.

Assessment of basic literacy conducted by National Institute of Open Schooling (NIOS) and National Literacy Mission Authority (NLMA) has been held in March 2011 in Gram Panchayats of 15 districts and 1.55 lakh neoliterates were identified. Another assessment has been held on 20.08.2011 in 17 districts wherein 486282 neoliterates were assessed.

Progress during 2011-12: Rs. 810 lakh has been allocated for the following programmes of the department during 2011-12. State-level literacy programme; SCP, TSP, CECs, Literacy Centres all under Sakshar Bharath Project; SCP and TSP in Vocational Training; Vidyapeetha scheme for vocational training. Of the allocated Rs. 810 lakh, Rs. 485.00 lakh was a grant from Sakshara Bharath. Rs. 751.73 lakh has been used by December 2011. Financial target of the DME during 2010-11 was Rs.1009.5 lakh and achievement was 100%.

(j) Karnataka Knowledge Commission (KJA)

KJA was established in 2008 to facilitate the transformation of the State into a knowledge society. By 2011-12, KJA held 72 meetings with stakeholder departments, 58 consultation meetings with domain experts, 13 internal meetings, launched 11 projects and commissioned six research studies. KJA was reconstituted in January 2012. KJA launched the Jnana fellowship programme

to tap young and creative talent. 19 fellowships were awarded during 2011-12. Karnataka State Innovation Council on lines similar to National Innovations Council was constituted under the aegis of KJA.

(ii) Health and Family Welfare

The State has a wide institutional network providing health services both in urban and rural areas. There are 17 District Hospitals, 10 Other Hospitals and 29 Autonomous & Teaching Hospitals in the State. The primary health infrastructure in rural areas has fulfilled the norms required under the "minimum needs programme" at the aggregate level. There are 8870 Subcentres, 2310 Primary health centres (PHC), 180 community health centres (CHC) and, taluk hospitals catering to the health needs of the rural population.

Karnataka has performed relatively better in population control with total fertility rate likely to achieve the eleventh five year plan target of 1.8 children per woman for the year 2012. The infant mortality has declined faster during the last few years to the tune of around 12 per 1000 live births from about 50 in 2004 to 38 in 2010. However, the infant mortality rate (IMR) of about 38 in 2010 is far higher than the eleventh five year plan target of 24 set for the year 2012. It is unlikely that the State would achieve the IMR target. Considering this imminent challenge, the State has been at the forefront to introduce several programmes.

The interventions and strategies in the 11th five year plan include training for Ayush personnel, mainstreaming the system of Ayush in National healthcare delivery system, strengthening regulatory mechanisms for ensuring quality control, research and development and processing technology involving accredited laboratories in the Govt. and non-Govt. sectors.

There are 76 ayurvedic hospitals and 569 dispensaries, 11 Unani hospitals, 50 Unani dispensaries, 10 Homoeopathy hospitals and 43 dispensaries, 6 Nature cure and Yoga hospitals and 5 dispensaries in the State. 10 Yoga & Nature cure units are

functioning on PPP mode across the State. Further, Yoga camps are being conducted. There are 3 Govt, 5 government-aided and 50 un-aided Ayurvedic colleges, 1 Govt, 3 Un-aided Unani colleges, 1 government, 10 Private un-aided Homoeopathy colleges and 1 Govt, 2 un-aided Nature cure colleges in the State. During the year 2011-12, the Government has sanctioned a Government Ayurvedic medical college with hospital at Shimoga. There are no Ayush pharmaceutical and paramedical colleges in the State.

(iii) Labour and Employment

The key labour market indicators in select States show that Andhra Pradesh (48.3%) and Karnataka (46.1%) have one of the highest labour force participation rates (LFPR) amongst the comparable States during 2009-10. The overall unemployment rate (4.2) and youth unemployment rate (7.0) by daily time disposition basis is relatively lower in Karnataka compared to other States and all-India average (6.6 overall unemployment rate and 9.4 youth unemployment rate). This indicates the effectiveness of the various steps that have been undertaken by the State government in recent years towards employment generation. In case of child labour, the participation rate of children in work has come down significantly both at the all-India level and across all the states including Karnataka which could be attributed to significant increase in the enrolment and attendance rate of children in schools.

The economically active population comprises of about 46% of the total population (26.96 million), while the remaining 54% of the population is outside the labour force measured in terms of usual principal and subsidiary activity status. Between 2004-05 (27.25 million) and 2009-10 (26.96 million), a decline in both absolute number and percentage share of the population in labour force in the State can be observed. The decline in the labour force and workforce in the State and also at the all-India level is largely attributed to the decline in the labour force and workforce participation rate among women.

Overall, the Labour Force Participation Rate (LFPR) has declined by 4% in Karnataka from about 50% in 2004/05 to 46% in 2009/10 and by 2.8% at the all-India level from 42.8% to 40% during the same period. Across rural and urban areas, the decline in LFPR is relatively higher in the former than the latter both at the state and all-India level. Across gender, that decline in LFPR is much higher among females especially among rural females, whereas in case of males, the LFPR is either stagnant or shows very little change. Among rural females, the LFPR declined by 9% in Karnataka and by about 7.5% at the all-India level. This decline in the participation rate among rural women can largely be attributed to the recent surge in the educational participation and continuance in the educational system by women belonging to the 15-29 age groups.

Trends in the worker population ratio (WPR) show that between 2004-05 and 2009-10, the WPR declined by 3.7% in Karnataka and 2.8% at the all-India level at the overall level. The decline in the WPR is much faster in rural areas compared to urban areas both in Karnataka and all-India level. In Karnataka, the WPR declined by 4.5% in rural areas, whereas in urban areas the decline was to the extent of 0.4%. At the all-India level, the same decline was by 3.1% and 1.5% respectively. It can be observed that the decline in the WPR is much higher among rural females both in Karnataka and at all-India level as compared to their urban counterparts and compared to the male WPR, which is almost stagnant between the two time periods.

The unemployment rate in Karnataka of all persons as per the current daily status shows that, at the overall level, an average of 4.2% of persons in the labour force remained unemployed on a daily basis during 2009-10 which is lower than the all-India average of 6.6%. The Current Daily Status (CDS) unemployment rate in Karnataka is found to be higher in urban areas (4.7%) compared to rural areas (4%). However, the situation at the all-India level is just the opposite wherein unemployment rate is higher in rural areas (6.8%) as compared to urban areas (5.8%).

Nonetheless, rural and urban unemployment in Karnataka are relatively lower than the all-India average.

The rural female unemployment rate at 4.1% is higher as compared to 3.9% for rural male and urban female unemployment rate at 6% is higher as compared to 4.4% for urban males. At the all-India level too, female unemployment rate in both rural and urban areas are higher than that of males.

In Karnataka, self-employment is the predominant form of employment. The self-employed accounted for about 51% of the total employment followed by that of casual (40%) and regular workers (16%). In rural areas, both self-employment and casual work has almost an equal share of 47% each, whereas in urban areas, self-employment and regular wage work have a share of 38-39%. Across gender groups, it is quite evident that in rural Karnataka, females had a higher share in casual work (51.6%) followed by self-employment (42.8%), while for males, the reverse is true. In case of regular jobs, the share of females (5.6%) is lower than that of males (6.9%) in rural areas. In contrast, in urban areas, regular job is the predominant form of employment for females (39.9%) followed by self-employment (34%) whereas, in case of males, the share of self-employment (39.5%) is a little higher than that of regular salaried employment (39.3%).

As far as literacy and general education attainment level are concerned, it is bottom heavy as nearly 52.4% of the total workers were either illiterate or have up to primary level education in Karnataka during 2009/10. At the all-India level, the same ratio is still higher at 56.5%. The share of workers having education up to middle and secondary level is around 31.5% in Karnataka, which is 3% higher than the all-India average of 28.3%. The share of educated workers (with higher secondary and above level of education) is just 16% in Karnataka, which is marginally higher than the all-India average of 15.07%.

In case of regular workers, average wage and salary earnings is Rs. 329 per day at the State level, which is higher than the all-India

average wage of Rs.318 per day by almost 3%. The average wage of regular workers in rural Karnataka is lower than that of rural India by 37%, while in urban Karnataka, the average wage of regular workers is higher by 6% as compared to urban India. Similarly, average wages of male regular workers in Karnataka are higher than their counterparts at all-India level by 9%, whereas in case of female regular workers, average wage is lower as compared their counterparts at all-India level by almost 9.5%. Average wage or salary earnings per day of casual labourers in Karnataka is Rs. 84.50 and Rs.108.64 in rural and urban areas respectively. The male and female wages in rural places are Rs. 96.91 and Rs. 62.77 respectively. The urban wages for males and females are Rs.123.03 and Rs. 67.88 respectively.

Rural average wage rate per day in MGNREGA work in Karnataka (Rs.109.44) is reported to be higher than the all-India average (Rs.89.03). For rural males (Rs.110) and females (Rs.108.90), the MGNREGA wage rates in the State are higher by 21% and 25% respectively as compared to rural India. The wage difference between male and female is very small indicating almost non-discriminatory wage practices in the scheme both at the State as well as the all-India level.

The sectoral distribution of workers across industry shows that agriculture and allied sector is the most important sector wherein about 56% of the workers in Karnataka and 53% of workers at the all-India level are engaged for their livelihood during 2009-10. The corresponding share in the Karnataka and India was 61 and 58.17% respectively in 2004-05. This shows that the share of agricultural employment in Karnataka and all-India level has declined by 5% between 2005 and 2010. The tertiary sector is the second most important sector, which accounts for 26% of the workers, while the secondary sector accounted for the remaining 18% of the total workforce in Karnataka in 2009-10.

Organised sector employment in the State has increased by 0.39% from 22.94 lakh at

the end of March 2011 to 23.03 lakh at the end of June 2011 adding 0.09 lakh additional jobs. Public sector employment accounts for 10.62 lakh (46%) and private sector for 12.33 lakh (54%), with the former having increased by 0.21%, whereas the latter has increased by 0.54% between June-March 2011.

Employment generation has been estimated based on three factors viz., income, employment elasticity over a period of years and, anticipated estimates of gross State domestic product for 2011-12. During 2011-12, employment generation is estimated at 289.93 lakh person-days as compared to 285.16 lakh person-days in the previous year. In MNREGA, the funds available for 2011-12 is Rs. 1841.27 crore of which, Rs. 1162.61 crore has been spent upto December 2011 and 233.66 lakh person days of employment have been generated by 7.71 lakh households. In order to generate employment, the State has initiated various wage employment and self-employment programmes.

In Karnataka, during 2007/08, about 33% of the total population consisted of migrants. The migration rate in urban areas is 36% which is higher than that in rural areas (31%). Across gender, the migration rate among females was far higher than the males in both rural and urban areas. About 52 and 44% of females were migrants in rural and urban areas respectively, in contrast to 10 and 29% in case of males. Across social groups, at the overall level, migration rate was highest among OBCs (34.5%), followed closely by persons from 'others' (34.2%) category. In rural areas, migration rate was highest among OBCs (36%) while in the urban areas, the same can be said of 'others' category (38%). In both rural and urban areas, migration rate is lowest among STs and SCs respectively

Of the total households in the State, about 42 per cent reported out-migration of atleast one family member during 2007-08. The percentage of households reporting out-migration was higher in rural areas (48.4%) as compared to urban areas (32.8%). Across different social groups, percentage

of households reporting out-migration was higher for other caste categories (51.2% in rural and 33.7 % in urban areas), followed by scheduled caste in rural areas (49.2%) and other backward castes in urban areas (33.4%).

The number of job seekers as per the live register figures of employment exchanges was 4.80 lakh in September 2011 as compared to 5.01 lakh at the end of March 2011, indicating a decrease of 4.29%. Between April 2011 and December 2011, 3589 placements were made (399 on an average every month). During the corresponding period of the previous year, this number was 1458 (162 on an average per month). The number of placements was 0.75% of the total registrations as of December 2011. During the year 2010-11, 5936 placements were made (495 on an average every month).

The Government of Karnataka has established various institutions and implemented projects for promotion of social security for unorganised workers, training for self employment, skill development, and implementation of labour laws, maintenance of industrial relations and management of industrial safety.

(iv) Water Supply and Sanitation

(a) Rural water Supply

Access to safe drinking water and sanitation is indispensable for a healthy life. According to the 2011 census, 3.83 crore persons live in rural areas of Karnataka in 59532 habitations. As per the National Rural Drinking Water Programme (NRDWP) standards, there are 2361 habitations with > 0 and < 25% population coverage, 7589 habitations with ≥ 25 and < 50% population coverage, 9526 habitations with ≥ 50 and < 75% population coverage, 8681 habitations with ≥ 75 and < 100% population coverage, 23776 habitations with 100% of population coverage. 7599 habitations are found to be affected with the water quality problems.

The drinking water infrastructure of the State consists of 214644 borewells fitted with handpumps, 24518 piped water supply schemes and 34400 mini water supply

schemes. Among the 59532 rural habitations covered under the schemes, about 23776 (39.94%) of habitations receive above 40 lpcd of water, 28157 (47.30%) receive less than 40 lpcd and 7599 (12.76%) are water quality-affected.

Due to overexploitation of groundwater for irrigation and other uses, conservation of water for drinking purposes is crucial. Accordingly, constructing 216 pits and trenches, 1304 check dams, 422 percolation tanks, 1090 dug wells, and 327 rooftop harvesting structures are proposed for groundwater recharge as per the 2011-12 action plan. The State has provided 20% of Central Government grants amounting to Rs. 259.83 crore for this purpose.

Realizing that water scarcity is imminent, the State has given impetus to rainwater harvesting (RWH). RWH is promoted as the best method of conserving water especially in public buildings such as schools, colleges and offices. In this direction, the State has built 87 rainwater harvesting structures till December 2011.

The Jal Nirmal Project is a demand-driven project implemented in 11 districts (i.e. Bagalkot, Belgaum, Bidar, Bijapur, Dharwad, Gadag, Gulbarga, Haveri, Koppal, Raichur & Uttara Kannada). Water supply schemes were taken up in 744 GPs having 3061 villages/habitations and roads & drain schemes were taken up in 1523 villages/habitations at a cost of Rs. 997 crore. About 51 lakh rural people have been benefited by this project. Since inception, Rs. 943.10 crore has been utilized and Rs. 716.43 crore has been claimed as reimbursement of which Rs. 714.18 crore has been reimbursed by the World Bank. In this project, 2907 water supply schemes and 1429 roads and drain schemes have been implemented.

(b) Urban Water Supply

The Karnataka Urban Water Supply and Drainage Board (KUWSDB) is responsible for providing water supply and sewerage facility in 213 urban areas of Karnataka. KUWSDB has implemented surface-based drinking water supply schemes in 187 urban

areas to provide assured safe drinking water. The Board is implementing 26 schemes for shifting the source of water from groundwater to assured surface water. These schemes are to be completed by 2013. By 2013, only 7 urban areas would be dependent on groundwater as the source of water.

(c) Total Sanitation Campaign

TSC aims at eradication of open defecation particularly in rural areas. The scheme was introduced on 2nd October, 2005 and ends by 2017, ensuring 100% coverage of sanitation. The Government of India, in order to encourage 100 per cent coverage of total sanitation, has instituted the Nirmal gram puraskar at gram Panchayat, taluk Panchayat and zilla Panchayat levels.

To encourage gram Panchayats, taluk Panchayats and zilla panchayats, the State has instituted Nairmalya award for acceleration and sustainability of TSC. The four levels of awards are 'Nairmalya' at taluk level, 'Rajatha Nairmalya' at district level, 'Swarna Nairmalya' at divisional level and 'Nairmalya Ratna' at the State level. The award ranges from Rs. 1 lakh to Rs. 19 lakh for gram panchayats, Rs. 10 lakh to Rs. 20 lakh for taluk panchayats and Rs. 30 lakh for districts. Rs. 491 lakh has been distributed as prize money to gram, taluk and zilla panchayats so far for having achieved the earmarked goals.

(V) Human Development Index

In overall human development, Karnataka stands at the 10th position among 19 major States in the Country. Among the southern States, Karnataka is marginally better than Andhra Pradesh. However, Karnataka is way behind Kerala (rank 1) and Tamilnadu (rank 5) with respect to all the indicators.

In 2009-10, Karnataka experiences an aggregate loss of 30% in human development due to inequality. The State's achievement in terms of the indices with or without inequality adjustment is better with respect to health dimension than the HDI as a whole. The loss due to inequality is highest in the education sector (43%) followed by health sector (30%) and income dimension (16%).

The Education Development Index (EDI), computed by National University of Educational Planning and Administration (NUEPA) based on District Information System for Education under Sarva Shiksha Abhiyan (SSA), indicated that Karnataka ranked 16th on the education dimension, which is a decline by 4 ranks from that of the previous year.

The HDI is highest for Bangalore urban followed by Dakshina Kannada and lowest for Raichur and Koppal. Districts which have slipped in terms of rankings are Uttara Kannada, Belgaum, Bidar, Gadag and Koppal. Most of the districts in Northern Karnataka have declined in their rankings as compared to the second Human Development Report (2005). Southern districts have gained higher positions. Districts which have made good progress are Mysore, Mandya, Chamaraajnar, Tumkur, Kolar and Chikmagalur. The regional and district-level disparities in human development indices call for focused programs for redressal of related issues.

1.2.9 Social sector

(a) Poverty

Poverty in Karnataka continues to be highest among the southern States. Incidence of poverty based on the Planning Commission's poverty line yields poverty ratio of 15.82% with 5.87 million poor in rural areas and, 23.54% with 5.09 million poor in urban areas and, 18.52% with 10.96 million poor for Karnataka as a whole in 2009-10. Karnataka had targeted a goal of achieving 12.4% poverty ratio in the eleventh plan period from the level of 24.9% (2004-05). Although the State has not been able to achieve the target, it has made good progress towards poverty reduction by achieving an overall reduction of about 6.5%.

Rural poverty in Karnataka has declined by 39% during 1973-74 to 2009-10, which is higher by 5% as compared to the decline at the all-India level. The number of rural poor also declined over the period. The decline in number of rural poor in Karnataka between 1973-74 and 2009-10 was 54% which is almost double that of the all-India decline of

29%. Incidence of poverty has always been less in rural Karnataka than the corresponding estimate for the Country as a whole.

Deprivation in the urban sector too declined but at a lesser extent (as compared to rural sector) both in Karnataka (28 %) and India as a whole (30 %) between 1973-74 and 2009-10. The decline in the poverty ratios has not been sufficient to neutralise the growth in urban population. Hence, the number of urban poor has increased both in Karnataka and all-India between 1973-74 and 2004-05. However between 2004-05 and 2009-10, a decline is seen in the number of poor and decline is greater in Karnataka (20%) as compared to All-India (17%). Incidence of urban poverty is much higher in Karnataka than in India as a whole for all the years.

The extent of deprivation as measured by headcount ratio in Karnataka is 31% in rural areas, 18% in urban areas and 26% for the State as a whole. The corresponding figures for all India are 37% in rural, 20% in urban and 32% for the Country as a whole.

District level poverty estimates indicate that poverty is concentrated in northern Karnataka districts as indicated in the regional analysis. Except Uttar Kannada, Haveri, Bellary, Chitradurga and Davangere, rest of the flood-hit districts witnessed an increase in the incidence of poverty between 2004-05 and 2009-10. Districts which showed great improvement in terms of reduction of poverty are Mandya, Mysore, Chamarajanagar, Kolar and Bangalore rural. During the 12th five year plan, the State is committed to accelerate its attempts to reduce poverty, both urban and rural, and across regions.

(b) Women and Child Development

Women constitute 49.14% of the population in Karnataka as per the 2011 Census. Stree Shakti programme has been a major vehicle of women economic empowerment. The State offers financial incentives of Rs. 15000 or Rs. 20000 depending on the savings of the group. So far, 5621 Groups have taken advantage of these incentives. Subsidized

loans at interest of 6% p.a. are also being offered. Financial assistance for marketing of products by the SHG is provided. During the 11th Five Year plan, an expenditure of Rs. 5394.35 lakh was incurred against an allocation of Rs. 6115.88 lakh, with 27067 groups drawing benefits.

Santhwana is a scheme aimed at rehabilitation of women subjected to atrocities such as rape, domestic violence, dowry, sexual harassment etc. The State has sanctioned 165 Santhwana centers which are run with assistance from various NGOs. Special priority is given to the most backward districts identified by the high powered committee for redressal of regional imbalances (2002). During 2011-12, a budget allocation of Rs. 655.00 lakh has been earmarked for the scheme, of which an amount of Rs. 211.10 lakh has been spent upto December 2011. During the 11th five year plan period, an expenditure of Rs. 1191.71 lakh was incurred benefitting 624 victims. To provide shelter and counseling to victims of domestic violence, 19 Swadhar Centres, 28 short stay homes and 68 Santhwana centres are notified as shelter homes in the State.

Karnataka Mahila Abhivrudhi Yojane (KMAY) is a pioneering program that has been introduced in the Country to earmark 1/3rd resources for women in individual beneficiary-oriented schemes and labour-intensive schemes across various sectors. During 2011-12, allocation towards Karnataka Mahila Abhivrudhi Yojane is Rs. 2826.36 Crore, of which an amount of Rs. 1377.81 Crore has been spent by December 2011. Karnataka is one of the 3 States in the Country to have implemented Gender Based Budgeting.

Udyogini scheme is designed to promote income generating activities by women and the same is encouraged through loans from banks and subsidies from KSWDC. During 2011-12, Rs.1500 lakh has been provided in the budget and Rs.877 lakh has been spent covering 8770 beneficiaries upto December 2011. It is proposed to cover 15518 beneficiaries under this scheme.

Under the Women training Programme, various job-oriented and skill training programmes are conducted for women to aid their self employment, with a special focus on widows, physically handicapped and the destitute. The training programmes are organized through Central Government, State Government, and Bank-sponsored organizations. During 2011-12, Rs. 300 lakh has been provided in the budget of which Rs. 215.00 lakh has been spent covering 3890 beneficiaries upto December 2011. The scheme proposes to cover 5430 beneficiaries.

Under the Devadasi rehabilitation programme, during 2011-12, Rs. 400 lakh has been provided in the budget. Rs. 215.64 lakh has been spent covering 595 beneficiaries upto December 2011 and, it is proposed to cover 2057 beneficiaries under this scheme during 2011-12.

Microcredit scheme, introduced in 2011-12, is a new scheme which provides loans to the members of SHGs to improve their economic status. Loans of Rs. 5000 to Rs.10000 are being sanctioned to each member subject to a maximum of Rs. 1.00 lakh to each SHG at an interest rate of 6% per annum. During 2011-12, Rs. 300.00 lakh has been provided in the budget. It is proposed to cover 5600 women under this scheme. Rs.130.00 lakh has been spent covering 2600 beneficiaries upto December 2011.

Children constitute 11.21% of the population in Karnataka (Census 2011). Bhagyalakshmi is a cash transfer scheme that aims at improving the sex ratio in the State by providing incentives to BPL families having a girl child and also, in turn, tries to eradicate social evils like child labour, female foeticide, child marriage, and child trafficking. During 2011-12, out of an amount of Rs. 407.58 crore released for this programme, an expenditure of Rs. 323.12 crore has been incurred benefitting 169247 girl children till December 2011. The period of the 11th five year plan saw an expenditure of Rs. 1524.08 crore against an allocation of Rs. 1662.38 crore and benefits were accrued to 1020562 girl children.

ICDS, a Centrally sponsored scheme, provides a package of six services i.e., supplementary nutrition, immunization, health check-up, referral services, nutrition and health education for mothers and non-formal pre-school education for children between the ages of 3-6. During 2011-12, an amount of Rs. 45272.62 lakh of expenditure has been incurred benefiting about 4676640 beneficiaries.

At the onset of the 11th five year plan, the nutrition pattern in the State showed that 47% of the children were normal, 53% moderately malnourished and 0.3% were severely malnourished. In comparison, as of December 2011, the proportion of normal children stands at 65.17%, with a decrease in the figure of moderately malnourished children to 33.06%. However, the severely malnourished figure has increased to 1.75%.

(c) Food Security through Public Distribution System

In order to ensure food security to people who are below the poverty line, the Public Distribution System (PDS) provides concessional food to the poor. The State Government identifies the poor and makes arrangements for the delivery of foodgrains in a transparent and accountable manner to the poor through Fair Price Shops (FPS). Based on the Planning Commission's criterion, the Government of India has identified 31.29 lakh families in Karnataka as BPL families. The State Government has accepted the Planning Commission's estimates for the AAY families but has not agreed with the BPL estimates. Hence, a massive drive to identify the additional families in the State has been undertaken in January 2011. The additional cards issued by the private agency have been identified by linking Electricity Revenue Register (RR) number to the urban ration cards and the gram Panchayat household number to the rural ration cards. This process was facilitated by the National Informatics Center (NIC). More than 12 lakh cards in urban areas and more than 26 lakh cards in rural areas were identified and cancelled.

Depending on the topography and existing cardholders, there is one FPS in every revenue village and, currently, 20436 FPSs are operating in the State. In the hilly areas of Dakshina Kannada, Kodagu, Raichur, Mysore and Chamarajanagar, 9 mobile FPS are also working which are operated by the Karnataka Food and Civil Supplies Corporation.

Under Anthyodaya Anna Yojana (AAY) scheme, so far, 1199700 families have been identified. 29 kgs of rice at Rs. 3.00 per kg., and 6 kgs of wheat at Rs. 2.00 per kg per month are being provided to these families. Each cardholder is allotted 1 kg of sugar per card per month. 59 sugar mills are working in Karnataka and sugar is lifted from these factories. There are 25567 Superior Kerosene Oil (SKO) retail licences in the State, and there are 339 SKO wholesalers of different oil companies in the State. The allocation quota of the State has been reduced to 44580 KL (from 46900 KL) of SKO since June 2010. In 2008-09, the levy collected from rice mills was 96.9 thousand MTs that declined to 75.5 thousand MTs in 2009-10 which further increased to 153.5 thousand MTs in 2010-11. From 2011-2012, the State Government entered into a Memorandum of Understanding (MOU) with the Government of India to become a Decentralized Procurement State (DCP). As a consequence, it is the responsibility of the State to procure rice from millers for PDS. The target fixed for this year was 300000 MTs. KFCSC is the nodal agency for the procurement of rice from the mills.

(d) Housing

To meet the growing demand for housing, the State Government has been proactive in its housing policies. Housing for the poor and the down-trodden assumes great importance both in Rural and Urban areas in the State. During 2009, a survey of hut dwellers was conducted in the State with the aim of making the State hutless. The survey identified 10.50 lakh hut dwellers in Karnataka.

During 2011-12, the State has allocated Rs. 1002.33 crore for the implementation of housing schemes. As against this, Rs.

432.86 crore has been released and Rs. 317.68 crore has been spent upto December 2011.

Under Rural Ashraya / Basava Vasathi Yojane scheme, the Rajiv Gandhi Rural Housing Corporation Limited (RGRHCL) has constructed 13.38 lakh houses during 2000-01 to 2010-11. During 2011-12, it has been targeted to complete 1.30 lakh houses of which 45033 houses have been constructed upto the end of December 2011. Under Ambedkar Housing Scheme, 1.46 lakh houses have been constructed during 2000-01 to 2010-11. During 2011-12, it has been targeted to complete 8000 houses of which 2061 houses have been constructed upto December 2011.

Indira Awaas Yojana scheme is being implemented by RGRHCL from 2004-05. From 2004-05 to 2011-12, 5.25 lakh houses have been constructed upto the end of December 2011. For the year 2011-12, 15579 houses have been completed as against the target of 1 lakh till the end of December 2011.

During 2010-11, urban Ashraya scheme has been renamed as Vajpayee urban housing scheme with an enhanced unit cost of Rs. 1.30 lakh, including Rs. 50000 subsidy from the State, Rs. 50000 bank loan and Rs. 30000 of beneficiary contribution. During 2000-01 to 2010-11, 1.36 lakh houses have been completed. For the year 2011-12, it has been targeted to complete 32000 houses against which, 2962 houses have been completed.

Dwelling sites are distributed free of cost to poor siteless families both in urban and rural areas to the beneficiaries whose annual income is less than Rs. 11800. This scheme was introduced during 1992-93. During 2000-01 to 2011-12 (till December 2011), 2.20 lakh sites have been distributed (1.42 lakh in rural and 0.78 lakh in urban areas). For the year 2011-12, it has been targeted to distribute 2.00 lakh sites (1.50 lakh in rural and 0.50 lakh in urban areas). Against this, 12402 sites have been distributed till December 2011.

The State's expenditure on housing schemes for economically weaker sections

(EWS) has been constantly increasing during 2000-01 to 2011-12. During this period, the State Government has spent Rs. 6225.22 crore, including Rs. 1947.12 crore on the Centrally Sponsored Scheme of Indira Awaas Yojana and Rs. 4278.10 crore on the State-sponsored EWS housing schemes.

Under the Karnataka housing board (KHB), 225 housing schemes have been taken up during 2010-11 to develop 305786 sites and to construct 131051 houses. Construction of houses for flood affected families in Bijapur and Bagalkot districts has been taken up with a plinth area of 300 sq. ft at an estimated unit cost of Rs 1.40 lakh. 3483 houses have been sanctioned in 15 villages of Bagalkot district of which construction of 3183 houses has been completed. The construction of 300 houses is under progress. In Bijapur district, out of 1299 houses sanctioned for 8 villages, construction of 1157 houses has been completed and 142 houses are under progress. Construction of remaining houses will be completed shortly.

2722 slums having a population of 40.50 lakhs covering 6.18 lakh households have been identified. In order to provide basic facilities in slum areas, the slum improvement programme is being implemented since 2002-03. In the first phase, 260 slums in 21 Class-I cities and, in the second phase, 265 slums of 17 Class-I cities of the State have been identified to provide basic amenities to the slum dwellers. During 2010-11, an amount of Rs. 50 lakh has been fully utilized for improvement of slums. In the current year, out of the budgeted outlay of Rs. 100 lakh, an amount of Rs. 75 lakh has been utilized upto end of December 2011.

Since the inception of Basic Services to the Urban Poor (BSUP) project, out of 24508 houses, 12774 houses have been completed and, 7401 houses are at various stages of construction upto the end of December 2011. Under Integrated Housing & Slum Development Programme, upto December 2011, construction of 11788 houses has been completed, 4254 houses

are in different stages of completion and the remaining 1195 houses are yet to be taken up.

In order to make the Country slum-free by providing infrastructure facilities to slum dwellers, Rajiv Awaas Yojana has been introduced on the lines of Indira Awaas Yojana since 2009-10. Under this programme, Karnataka has been selected to make the State free from slums by 2017. The Karnataka Slum Development Board has been entrusted with the responsibility of implementing this scheme.

(e) Welfare Programmes for SC's, ST's, BC's, Minorities, Disabled and Senior Citizens

The State is implementing several multi-faceted and multi-pronged programmes for the welfare of SCs, STs, Backward classes (BCs), minorities, disabled and senior citizens. Such welfare programmes include those providing financial assistance for education, providing hostel facilities and, running residential schools for students belonging to SC, ST, BC and minority communities. Programmes for economic empowerment of SCs, STs and BCs, minorities, differently-abled persons and senior citizens are also being implemented.

(i) Welfare Programmes for Scheduled Castes

The Department of Social Welfare has implemented several schemes for the development and empowerment of the SC community. The budgetary allocations as well as expenditures for pre-and post-matric scholarships and pre-matric hostel facilities, construction of Residential Schools, Morarji Desai Residential Schools, Ambedkar Housing under Scheduled Castes Sub Plan (SCSP), etc., have gone up during 2011-12 over the previous year, benefiting a large pool of this community. It has also been found that, in most of the above schemes, except in pre-matric scholarships, the percentage of expenditure is higher than the budgetary allocations.

The budgetary allocation and expenditure under SCSP has declined during 2009-10 (as compared to 2008-09), and increased

during 2010-11 and 2011-12 over the previous year. The percentage utilization of the funds under SCSP, however, has increased during the last two years. The pooling of funds under SCSP allocation is also another strategic approach adopted by the Department for socio-economic upliftment of SCs. The funds are pooled from the Departments which fail to formulate scheme/programmes that directly benefit the SC community. Pooling has progressively increased to Rs. 1000 crore (2011-12) from Rs. 300 crore at the beginning of the plan period.

The Dr. B.R. Ambedkar Development Corporation Limited, Bangalore has launched various programmes focusing on economic welfare of the SC community in the State. It has been found that the budgetary provision and expenditure under the programmes such as Self employment Programmes, Land Purchase Scheme, Ganga Kalyan Scheme and Safai Karmachari Rehabilitation Programme have increased during 2011-12 over the previous year. In the wake of growing incidence of unemployment among the educated youth of the SC community, greater allocation of funds and effective implementation of such programmes is the need of the hour.

(ii) Welfare Programmes for Scheduled Tribe

The Department of STs Welfare has implemented various programmes for the development and empowerment of the ST community in the State. There has been an increase in the budgetary allocation and expenditure under various incentive schemes for educational advancement such as Admission of Meritorious Students in Prestigious schools, Pre-and Post-matric Scholarships and provision of hostel and school facilities, Book Banks Scheme and Rationalization of ZP sectoral schemes during 2011-12 over the previous two years, covering a larger number of beneficiaries. It is seen that the utilization of funds over the budgetary allocation is, by and large, satisfactory in most of the educational incentive schemes, but in respect of Post-

matric Scholarships, the utilization of funds allocated has not been encouraging during 2008-09 and 2009-10, and it remains the same for 2010-11 and 2011-12. The funds allocated for the free housing for ST families remained constant during 2008-09 to 2011-12. For the welfare of Primitive Tribal Groups (PTGs), the budgetary allocation for comprehensive development of these groups in the tribal concentrated districts has declined and its utilization needs improvement.

In the case of the programmes meant for economic advancement of STs such as Self employment Scheme, Land Purchase Scheme and Special Development Programmes mainly implemented in the backward taluks, the budgetary allocation has come down during 2011-12 over the previous year, but under the Ganga Kalyana Scheme largely implemented in the backward taluks (as identified by the High Power Committee headed by the late Dr. D. M. Nanjundappa), it has increased during the same period. Further, the utilization of funds allocated especially in the former three programmes need improvement.

(iii) Welfare Programmes for Backward Classes

Similarly, for the socio-economic development of BCs, several programmes have been implemented by the Department of Backward Classes Welfare. The budgetary allocations and expenditures under the programmes meant for education and skill development of BCs such as construction of Ashrama Schools, Maintenance of Morarji Desai Residential Schools, Pre and Post-matric Hostels, Tailoring Training Centres, Nursing Training, Stipend to Law Graduates and the like have shown an improvement during 2010-11 and 2011-12 over the previous years. Programmes such as Pre-and Post-matric Scholarships, Financial Assistance for Foreign Studies, Koushalya Training Programmes, etc., however, have got less priority in the budgetary allocation during 2011-12 over 2009-10, but their financial and physical achievements are, by and large, closer to the targets during the same

period. The budgetary allocation and expenditure under the schemes meant for the welfare of nomadic and non nomadic backward classes category has persistently increased during 2008-09 to 2011-12, extending benefits for a large number of such communities in the state.

For economic upliftment of BCs, several schemes have been implemented by the D. Devaraj Urs Backward Classes Development Corporation, Bangalore. Most of the schemes such as Chaitanya Subsidy-cum Soft Loan, Micro Credit Scheme, Ganga Kalyana Scheme, National Backward Classes Finance Development Corporation (NBCFDC) Schemes, etc., have got more budgetary allocations during the last three years and have shown improved financial and physical performance. For the dedicated and committed upliftment and welfare of BCs, the Corporation has been conferred with the "Best Performance Award" and the "Chief Minister's Rathna Award".

(iv) Welfare Programmes for Minorities

Budgetary allocations and expenditures under the programmes implemented by the Department of Minorities Welfare, such as Incentive Schemes for Minority Students and Skill Development have shown persistent improvement during 2008-09 to 2010-11. Physical progress is also better during the same period.

For the upliftment of the religious minorities, especially economic upliftment, the Karnataka Minorities Development Corporation Limited has been set up by the Government of Karnataka in 1986 and is implementing various development programmes. The budgetary allocations and expenditures under various schemes such as Shramashakthi Scheme, Micro Loan Scheme, Ganga Kalyan Scheme and Arivu Loan Scheme have increased during 2011-12 over the previous year, and their financial and physical performance over the targets is also encouraging during the same period. The Swavalambana Margin Money Loan Scheme, a self-employment scheme, however, needs a push for realization of its financial and physical targets.

(v) Welfare Programme for Disabled and Senior Citizen

For socio-economic empowerment and security of the persons with disabilities and senior citizens in the State, the Government of Karnataka has established a separate department for the persons with disabilities in 1988 and added the welfare of senior citizens in 2003. Several schemes such as the Maintenance Allowance and Aids and Appliances to the Persons with Disabilities, Medical Relief Fund, Financial Assistance to NGOs to run Special Schools, Sadhane and Prathibhe, Scholarship and Incentives to the Disabled Persons, Grameena Punarvasthi Yojane, Aadhara, etc., have been implemented for their safeguard and their budgetary allocation has been increased in 2011-12 over the previous years. For the programmes such as Maintenance Allowances, the budgetary allocations have been reduced during 2011-12 over the previous year. Most of these schemes, however, have achieved most of their financial and physical targets. In the case of senior citizens, the budgetary allocations to NGOs to run Old Age Homes, Day Care centres and Helpline Centre have been increased during 2011-12.

1.2.10 Balanced Regional Development and Urbanisation

(i) Balanced Regional Development

The State constituted a Committee to look into the problem of regional imbalances. The High Power Committee on Redressal of Regional Imbalances, popularly known as Dr. D.M.Nanjundappa Committee, submitted its report in June 2002. The Committee identified 114 talukas out of the total 175 talukas in the various categories of Backwardness Backward, More Backward and Most Backward. 39 Talukas are in Most Backward category and 26 of them are in North Karnataka.

The Committee had recommended a Special Development Plan based on the resource requirements of the backward taluks. The plan is to be implemented over a period of eight years covering the major programmes in various sectors based on

developmental requirement. The Committee has estimated that to enhance the level of development of the backward 114 taluks to the State average, an investment of Rs. 31000 crore at 2002-03 prices is required. The investment was to be spread over an eight year period till 2010. Out of this amount, Rs. 15000 crore was expected to flow into these taluks in the normal course from the annual budgets. The balance of Rs. 16000 crore was estimated as an additional investment in various sectors to fill the gaps in development. The focus of the Special Development Plan (SDP) is on Irrigation, Rural Development and Social Services.

In recent years, the State and Central Governments have initiated programmes for development of backward regions in the country. Karnataka was selected for implementation of Rashtriya Sam Vikasa Yojane (RSVY) among the other 25 States in the Country. In Karnataka, the scheme was implemented in the four backward districts of Gulbarga, Bidar, Chitradurga and Davangere. An amount of Rs.15 crore per year was provided to each of the districts for a period of three years. The Backward Region Grant Fund, a more comprehensive programme with wide coverage has been introduced to redress regional imbalances in development and the RSVY was merged into it. In Karnataka, the programme is being implemented in five backward districts of Gulbarga, Bidar, Chitradurga, Raichur and Davanagere. It is being implemented over a period of five years starting from 2007-08 to 2011-12. Central assistance has been earmarked on the basis of share in population and share in geographical area. An amount of Rs. 550 crore has been earmarked for this scheme as a whole for five years.

The Special Development Plan is being implemented from 2007-08. The amount provided for various programmes under SDP has been increasing. To begin with, an amount of Rs. 1571.50 crore was provided in the financial year 2007-08 across various sectors of development. The amount released was Rs. 951.44 crore against which an expenditure of Rs. 945.99 crores

was made. Similarly, in the year 2008-09, the allocation was Rs. 2547.34 crore and the expenditure was Rs. 1739.41 crore. For the years 2010-11 and 2011-12, the allocation has been Rs. 2584 crore and Rs. 2984 crore respectively. The total allocation from 2007-08 to December 2011 works out to Rs.12265.81 crore of which Rs. 7881.18 crore has been spent. The major increase in the budget estimates is noticed in the sectors of irrigation, tourism, urban development and infrastructure development.

The allocations under SDP have helped the backward taluks in different categories to get additional resources to speed up the development process. A comparative picture of distribution of allocation among three categories viz., Most Backward, More Backward and Backward taluks shows that the share of most backward taluks in the total allocations has increased from 23.93% to 40.36%. These also include the allocations made under District Sector Schemes. This additional resource transfer has promoted development activity in these backward areas.

The implementation of recommendations of Nanjundappa Committee still remains as an ongoing agenda. The Special Development Plan and The Backward Region Grant Fund are major programmes operating to reduce regional imbalances. Therefore, formulation and effective implementation of development programmes that promote faster development are required to meet the challenges of these regions. The Eleventh Five Year Plan has focused on inclusive growth, which implies that people in all the regions of the country should gain access to development. It is expected that the 12th Five Year Plan would carry forward the same agenda. In this context, intensive efforts are required to bridge the development gap and attain equitable distribution of gains from development across regions and people in the State.

(ii) Role of Decentralised Governance and Civil Society

Karnataka has 5,627 Gram Panchayats, 176 Taluk Panchayats and 30 Zilla

Panchayats. The State has entrusted major responsibilities by devolving all the 29 functions (a first State to do so in the country as a whole) to the panchayats as enlisted under the Eleventh Schedule of the Constitution.

Karnataka Government has been taking a proactive stance to strengthen the decentralised governance and planning processes and to that effect, has introduced many administrative innovations such as the responsibility of plan formulation and implementation has been devolved to the panchayats by transferring functions, functionaries and finances; introduction of social auditing in the form of Jamabandhi to ensure transparency in the system; To ensure transparency and accountability in the implementation of schemes such as MGNREGA, the State Government has appointed 'Ombudsman' at district level; so far in 17 districts ombudsman have been appointed; Computerisation of Grama Panchayats, Taluk Panchayats and Zilla Panchayats; Creation of one post of Panchayat Development Officer (PDO) in each of the 5,628 Grama Panchayats and 2,500 posts of Second Division Accounts Assistants in the larger Grama Panchayats to strengthen the administrative capabilities of these Panchayats; introducing "Accrual Basis Double Entry Accounting System" with new set of accounting and budgeting rules to streamline the budgeting and accounting system of Grama Panchayats; introducing "Pancha Tantra", a new software for implementing double entry accounting system. Pancha Tantra, a web-based application with 3-tier architecture, is a comprehensive system which meets all the requirements of the grama panchayats. It has been designed by incorporating the rules and regulations as defined in Karnataka Panchayat Raj Act 1993; conducting capacity building programmes such as certificate course for panchayat members, imparting functional literacy to illiterate Grama Panchayat members, training through satellite networks to elected panchayats functionaries at ANSSIRD, Mysore, to enhance the knowledge base and to up-grade the skills

among the functionaries of panchayats including the officials.

'Activity Mapping', a first of its kind in the country, has evolved a detailed range of activities for all the three Panchayats. In order to streamline the above process, efforts have been made to simplify and rationalise the schemes that would be transferred to panchayats. Accordingly, the number of schemes in the Panchayat Sector of the Budget is now reduced from 658 to 337 (213 plan and 124 non-plan schemes) thus simplifying the District Sector fund transfer mechanism.

The District sector plan size is increasing over the years. The District sector plan size which was at Rs.4416 crore during the year 2008-09 rose to Rs.4737 crore during the year 2009-10 to Rs. 4870 crore during the year 2010-11. It has further increased to 6041 crore during 2011-12.

The Department of Planning, Government of Karnataka, has prepared Comprehensive District Development Plans (CDDP) for the Eleventh Plan period (2007-12) and accordingly, necessary guidelines were issued to PRIs and municipal bodies to prepare their plans. So far, CDDPs have been prepared for 25 districts. Preparation of CDDP in the remaining districts is under progress.

In strengthening the participatory planning process, Civil Society Organisations have been actively involved in organising skill up-grading and capacity building programmes, training of Panchayat members and in creating awareness in the fields of women and child development, social welfare, health, education, watershed development programme etc. They have been playing multiple roles in promoting decentralised planning and development process by extending their support to PRIs and other development departments in the State. The networking between these grassroots level organisations should be seen as a better strategy for ensuring participatory planning and development process.

(iii) Urbanization in Karnataka

The State's cities are under immense pressure to meet the growing demands and

aspiration of their citizens in a qualitative, cost economic and sustainable manner. Urbanization in Karnataka increased from 22% in 1951 to 38% in 2011. On an average, the State's urban population witnessed 37% decadal growth. This trend declares the State as the fifth most urbanized state in India and is estimated to maintain this position by 2030 after Tamilnadu, Maharashtra, Gujarat and Punjab.

In the 2011-12 State budget, Rs. 5883 crore has been earmarked for the urban development, which is about 12% of the total budgetary allocations. This has increased to Rs. 7710 crore which is 11.5% of the budgetary allocation. Currently, four major projects financed by the external funding agencies at a total investment of Rs. 7500 crore are being implemented. So far, an investment of Rs. 12200 crore has been made in addition to the State Government funding, covering 73 towns of the State.

The State has established an exclusive 'municipal reforms cell' to drive e-governance related reforms and computerization in Urban Local Bodies. Master Plans are approved for 99 cities/towns including Bangalore. A large scale Urban mapping project has been taken up for the preparation of scientific base maps for 31 cities and towns by using satellite imagery, aerial photography and total station survey at a cost of Rs. 23 crore.

Jawaharlal Nehru National Urban Renewal Mission (JNNURM) has been one of the flagship programmes in recent years with the approved investment of Rs. 4625 crore in Bangalore and Mysore. The State has set up an urban transport fund of Rs. 10 crore for Bangalore and Rs. 5 crore for Mysore as a part of JNNURM reforms. The websites for all 214 Urban Local Bodies have been launched which act as a gateway for information to citizens. The key service of registration of birth and death has been computerized in 214 Urban Local Bodies, reducing the issue time from 1 week to 2 days. The State Government has established an effective monitoring and review system through video-conferencing at all 30 districts and headquarters. In

Bangalore and few tier-II cities, online property tax payment has been introduced to assist citizens in filling of property tax forms. GIS-based property tax information system is in its final stages of preparation.

Under the Nirmala Ganga Program, 22.75% of the funds have been provided by the Urban Local Bodies to provide free water supply and sanitation to SC/ST households. The Bruhat Bangalore Mahanagara Palike has initiated specific housing scheme for the slum dwellers called 'Pandit Deen Dayal housing scheme' which envisages construction of 5000 houses at the rate of 25 houses/ward at a total cost of Rs. 150 Crore. Under the Vajpayee Arogyashree program, health insurance is being provided for BPL families living in the State. This program will improve access of BPL families towards quality medicare. The State is one among the top States in implementation of the Centrally Sponsored Scheme 'swarna jayanthi sahari rozgar yojana' (SJSRY), which aims to provide skilled training and loan support for unemployed youth and women through their empowerment. More than 3 lakh urban poor would have been benefited under this program in the State.

1150 buses, funded under JNNURM, have been added to Bangalore and Mysore. The city bus services in Tumkur, Hassan & Mysore cities are being utilized by more than 4 lakh commuters in a day. It is planned to launch the service in a phase-wise manner in other tier II cities. Exclusive parking policies have been prepared for Mysore and Bangalore. A bus rapid transit system (BRTS) for a length of 22.5 km is being developed in Hubli-Dharwad City Corporation. 'Namma metro' is a mass-transit rail system being implemented with funding support from central, State and external agency for the city of Bangalore. The phase-I (42.3 km) and phase-II (72.09 km) costing Rs. 38014.10 crore, will together create a metro network of 114.39 km, with 101 stations (80 elevated, 19 underground and 2 at-Grade) and will bring about a total transformation in the city's urban transportation scenario, as such a network will be capable of carrying 14.80

lakh passengers per day in the year 2016-17.

Bangalore has installed 218 ultrasonic bulk flow meters which is the first large-scale water audit initiative in the Country. Currently, 900 MLD of water is supplied to the city. A project is ongoing to supply additional 500 MLD of water. A 220 MLD sewage treatment plant is under construction in addition to the existing capacity of 431 MLD. Tertiary treatment plants for 73 MLD have been set up to recycle and reuse the waste water. UGD lines are being laid in the entire city to divert sewage discharge from storm water drains / lakes.

The State has initiated Kannada Ganga Yojane in two phases. Phase I covers Integrated bulk water supply project from surface source in Bijapur and Chitradurga districts at a cost of Rs. 3160 crore. Phase II aims at providing pressurized continuous water supply in 16 ULBs at an estimated cost of Rs. 1113 crore. Many water supply projects with funding support from Asian Development Bank have been taken up in the State.

The State is first in the Country to introduce an integrated solid waste management policy (2004). The State has provided funding support for initial infrastructure development in all Urban Local Bodies. With effective awareness programs, all 214 Urban Local Bodies have started doorstep waste collection, a few through self help groups and have achieved a minimum of 70% collection efficiency. All the Urban Local

Bodies have landfill sites of which 8 are sanitary landfills and 154 are engineered landfill sites. The development and maintenance of landfill site under PPP mode is being explored for 11 selected Urban Local Bodies.

The State has initiated 'Nagarothana' in two sub-schemes; Chief Minister's special package of Rs. 100 crore for 7 city corporations with an outlay of Rs. 700 crore and, Chief Minister's Small and Medium Towns Development Programme (CMSMTDP) for infrastructure development of small and medium towns with an outlay of Rs. 1454 crore for 2 years. Under JNNURM, 74 infrastructure development projects in 40 ULBs are being implemented with a total investment of Rs. 3305 crore under sectors like development of roads, drainage, heritage conservation, inter-modal traffic management centers, flyovers etc.

Under the mega city revolving fund, Rs. 1250 crore loan has been sanctioned for 13 projects of cost Rs. 3894 crore which is the highest among all mega-cities. The urban infrastructure development fund has been created out of repayment by ULBs under externally-assisted projects and, guidelines for utilization have been finalized. Its ultimate lending capacity is projected to be of the order of Rs. 1000 crore. The tax base of municipalities has increased by 35% through implementation of GIS-based property tax system. A new water and sanitation policy has been approved with emphasis on both service delivery standards and on recovery of user charges.



2

STATE INCOME AND PRICES

Karnataka's GSDP saw a fall during the year with the decline mainly attributable to a fall in the growth rates of the agriculture and industrial sectors. The State's service sector continued to perform well and achieved double-digit growth rates during the year. The State GSDP's growth (Y-o-Y) is estimated at 6.4% in 2011-12 as compared to 8.9% in 2010-11. At constant prices (base year 2004-05), the State's GSDP stood at Rs. 297964 crore while, at current prices, the GSDP was recorded at Rs. 465552 crore. At constant prices, public administration and real estate sectors recorded higher rates of growth. Per capita GSDP at current prices grew by a modest 5.4%. The State faces a situation wherein it has to take major steps to boost infrastructure and encourage industrial activities. Along with remedial measures to address the decline in the agriculture sector's growth rates, the State is expected to sustain and encourage the service sector.

2.1 STATE INCOME

This chapter analyses Karnataka's economic growth in terms of changes in aggregate and per capita State income and stability of prices by various indices of wholesale and retail price changes in the State. In addition, this chapter provides an analysis of district income estimates and their inter-district variations.

The growth of GSDP at constant prices (year-on-year) decreased from 8.9% in 2010-11 to 6.4% in 2011-12, mainly attributable to negative growth of agriculture from 13.3% in 2010-11 to (-)2.9% in 2011-12 and decreased growth of the industry sector from 6.1% in 2010-11 to 3.6% in 2011-12. The negative growth in agriculture is mainly attributable to the loss of crop area due to drought and floods. However, the State economy is showing encouraging trends with a projected (advance estimates) growth rate of 6.4% during 2011-12, due to a strong services sector which grew by 10.6% in 2011-12.

2.1.1 Growth Trends in Eleventh Five Year Plan

The sectoral growth rates of GSDP of Karnataka and GDP of all India during the eleventh five year plan are compared and presented in Table 2.1.

2.1.2 Advance Estimates of Gross State Domestic Product (GSDP) for 2011-12

Karnataka's Gross State Domestic Product (GSDP) at constant (2004-05) prices is expected to grow at 6.4% and reach Rs. 297964 Crore in 2011-12. 'Railways', 'Storage', 'Trade, hotels and restaurants', 'Real estate, ownership of dwellings and business services', 'Communication', 'Public administration' and, 'Other services' have contributed to the growth of the services sector (10.6%). The manufacturing sector is expected to grow at 4.0%, which is lower than the 7.6% growth that was seen in 2010-11. The expected growth rate of construction and electricity, gas and water supply sectors is 3.0%. The GSDP from agriculture and allied activities is expected to decrease by 2.9% with the decline attributable to drought and flood conditions that prevailed in the State during the first half of this fiscal year.

Table 2.1: Sectoral Growth Rates of GSDP and GDP during XI Five Year Plan (%)

Five Year Plan / Year	Karnataka				All India			
	Agriculture & allied activities	Industry	Services	GSDP	Agriculture & allied activities	Industry	Services	GDP
XI FYP Targets	5.4	12.5	12.0	11.2	4.1	10.5	9.9	9.0
2007-08	12.4	10.8	13.8	12.6	5.8	9.7	10.3	9.3
2008-09	2.3	5.1	9.8	7.1	0.1	4.4	10.0	6.7
2009-10	3.6	0.7	8.2	5.2	1.0	8.4	10.5	8.4
2010-11	13.3	6.1	9.1	8.9	7.0	7.2	9.3	8.4
2011-12	-2.9	3.6	10.6	6.4	2.5	3.9	9.4	6.9
XI FYP Achievement	5.7	5.3	10.3	8.0	3.3	6.7	9.9	7.9

Source: 1. Directorate of Economics and Statistics, Government of Karnataka.
2. Central Statistical Office, Government of India.

2.1.3 Comparison of GSDP and GDP

At constant (2004-05) prices, the GSDP of Karnataka in 2011-12 is estimated at Rs. 297964 crore which is higher by 6.4 % as compared to GSDP of Rs. 279932 Crore that was recorded in 2010-11. The corresponding annual increase in GDP is 6.9% with GDP at Rs. 5222027 crore. The growth rates of GSDP and GDP at constant (2004-05) prices from 2004-05 to 2011-12 are presented in Table 2.2.

The GSDP (current prices) of Karnataka in 2011-12 is estimated to reach Rs. 465552 crore which is higher by 14.9% than the State's GSDP recorded in 2010-11. At current prices, the estimated GDP is equal to Rs. 8279975 crore in 2011-12, an increase of 15.7% over the previous year. The growth rates of GSDP and GDP at current prices from 2004-05 to 2011-12 are presented in Table 2.3.

Table 2.2: Annual Growth Rate of GSDP and GDP at Constant (2004-05) Prices (Rs. crore)

Year	GSDP (Rs. crore)	Growth Rate of GSDP (%)	GDP (Rs. crore)	Growth Rate of GDP (%)
2004-05	166747	-	2971464	-
2005-06	184277	10.5	3253073	9.5
2006-07	202660	10.0	3564364	9.6
2007-08	228202	12.6	3896636	9.3
2008-09	244421	7.1	4158676	6.7
2009-10	257125	5.2	4507637	8.4
2010-11	279932	8.9	4885954	8.4
2011-12	297964	6.4	5222027	6.9

Source: 1. Directorate of Economics and Statistics, Government of Karnataka.
2. Central Statistical Office, Government of India.

Table 2.3: Annual Growth Rates of GSDP and GDP at Current Prices

Year	GSDP (Rs. crore)	Growth Rate of GSDP (%)	GDP (Rs. crore)	Growth Rate of GDP (%)
2004-05	166747	-	2971464	-
2005-06	195904	17.5	3390503	14.1
2006-07	227237	16.0	3953276	16.6
2007-08	270629	19.1	4582086	15.9
2008-09	310312	14.7	5303567	15.7
2009-10	345236	11.3	6091485	14.9
2010-11	405123	17.3	7157412	17.5
2011-12	465552	14.9	8279975	15.7

Source: 1. Directorate of Economics and Statistics, Government of Karnataka.
2. Central Statistical Office, Government of India.

2.1.4 Comparison between Advance Estimates for 2011-12 and Quick Estimates for 2010-11

A comparison of the estimates is presented by annual growth rates in Table 2.4. The agriculture and allied sector is expected to grow negatively by 2.9% in 2011-12 as against a positive growth of 13.3% during 2010-11. After a spectacular recovery from the growth rate of 0.7% in 2009-10 to the growth rate of 6.1% in 2010-11, the growth rate of industry sector (comprising mining & quarrying, manufacturing, construction and electricity, gas & water supply) is estimated to have decreased to 3.6% during 2011-12. A remarkable increase in the growth rate of the service sector from 9.1% in 2010-11 to 10.6% in 2011-12 (especially in Real Estate, Ownership of Dwellings and Business Services, Public Administration and Other Services, which have each grown by more than 13%) is a key driver of the 6.4% growth of GSDP in 2011-12, i.e. from Rs. 279932 crore in 2010-11 to Rs. 297964 crore in 2011-12. At the same time, per capita GSDP at constant prices is expected to increase from Rs. 47310 in 2010-11 to Rs. 49843 in 2011-12 i.e. by about 5.4%.

2.1.5 Net State Domestic Product

The estimates of Net State Domestic Product (NSDP) are derived from the Gross State Domestic Product (GSDP) by deducting Consumption of Fixed Capital (CFC) or Depreciation. The estimated NSDP at constant (2004-05) prices is Rs. 248354 crore in 2011-12 as compared to Rs. 232541 crore in 2010-11, showing an increase of 6.8% against 2.8% of the previous year. The agriculture & allied activities, industry and service sectors are expected to register a growth of (-) 2.8, 3.4 and 10.7 % respectively in 2011-12. The NSDP at current prices is estimated at Rs. 415431 Crore in 2011-12, higher by 15.2% than that achieved in 2010-11 (Table 2.5). On NSDP basis, the agriculture & allied activities, industry and service sectors are expected to register a growth of 9.3, 11.7 and 18.6 % respectively.

On the other hand, Figure 2.1 shows the GSDP, NSDP and CFC at constant (2004-05) prices from 2004-05 to 2011-12. The difference in GSDP and NSDP indicates the extent of consumption of fixed capital or depreciation.

Table 2.4: Sectoral Growth Rates of GSDP for Karnataka at Constant (2004-05) Prices

Sl.No.	Sector	2010-11 (QE)	2011-12 (AE)
1	Agriculture	12.9	-3.9
2	Forestry and Logging	13.4	6.1
3	Fishing	30.2	-11.2
	Agriculture and Allied Activities Sector	13.3	-2.9
4	Mining and Quarrying	-11.8	1.6
5	Registered Manufacturing	7.2	4.0
6	Un-registered Manufacturing	9.1	4.0
7	Construction	6.3	3.0
8	Electricity, Gas and Water supply	-0.3	3.0
	Industry Sector	6.1	3.6
9	Railways	7.1	11.2
10	Transport by other means	8.3	3.9
11	Storage	-2.1	6.9
12	Communication	14.2	13.0
13	Trade, Hotels and Restaurants	5.4	7.3
14	Banking and Insurance	7.2	9.1
15	Real estate, Ownership of Dwellings and Business services	11.7	13.9
16	Public Administration	10.1	14.4
17	Other services	11.9	13.5
	Services Sector	9.1	10.6
	Total GSDP	8.9	6.4

Source: Directorate of Economics and Statistics, Government of Karnataka

Table 2.5: NSDP at Current and Constant (2004-05) Prices (Rs. crore)

Sectors	NSDP at Current Prices		NSDP at Constant (2004-05) Prices	
	2010-11	2011-12	2010-11	2011-12
Agriculture	63314	69179	41218	40068
Industry	93114	104032	48505	50157
Services	204187	242220	142818	158129
NSDP	360615	415431	232541	248354

Source: Directorate of Economics and Statistics, Government of Karnataka

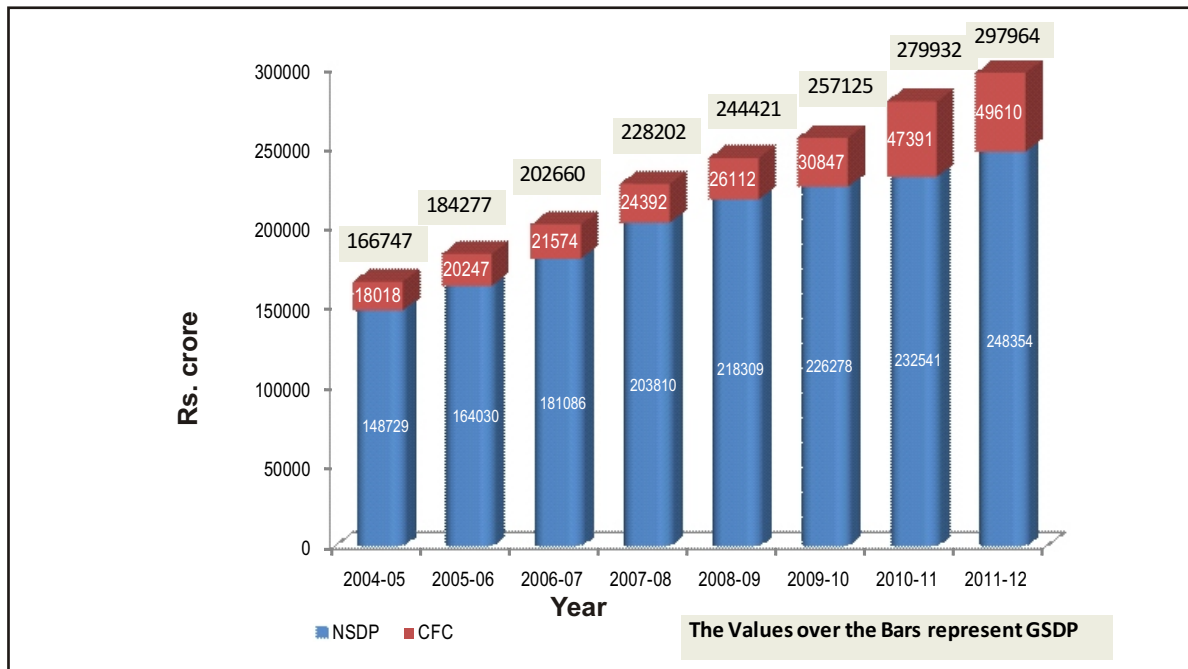
2.1.6 Per Capita Income

Per capita income is estimated by dividing NSDP at current prices by mid-financial year projected population. Per Capita State Income (i.e. per capita NSDP) of Karnataka at current prices is estimated at Rs. 69493 in 2011-12 as against Rs. 60946 in 2010-11 with an increase of 14.0%.

Per capita income at constant (2004-05) prices for the year 2011-12 is estimated to

increase to Rs. 41545 as compared to Rs. 39301 achieved in 2010-11.

Per capita GSDP at current prices is expected to reach Rs. 77878 in 2011-12 from Rs. 68468 in 2010-11 indicating an increase of 13.7%. At the same time, per capita GSDP at constant prices is expected to increase from Rs. 47310 in 2010-11 to Rs. 49843 in 2011-12 i.e. an increase of about 5.4%.

Figure 2.1: GSDP, NSDP and CFC at constant prices

Sectorwise details of GSDP and NSDP for the years 2004-05 to 2011-12, both at current and constant (2004-05) prices and growth rates are presented in Appendices 2.1 to 2.8.

2.1.7 Sectoral Composition of Gross State Domestic Product

A marginal decrease is evident in the composition of GSDP of Agriculture & allied activities and, industry sectors from 16.9% and 28.6% in 2010-11 to 15.9% and 27.7% in 2011-12 respectively. At the same time, a marginal increase in the composition of the service sector from 54.6% to 56.3% is apparent. During the last few years, the services sector has been the largest component of GSDP. The composition of 'Real estate, Ownership of Dwellings and Business services' is highest with 16.91% in 2010-11 and 18.08% in 2011-12. This is followed by 'Manufacturing', 'Trade, Hotels & Restaurants' and 'Agriculture (including livestock and horticulture)'.

The sectoral composition of GSDP by sectors and industries in 2010-11 and 2011-

12 at current prices is given in Table 2.6. This is shown in Figure 2.2 by primary, secondary and tertiary sectors.

Sectoral composition of GSDP and NSDP at current and constant (2004-05) prices are presented in Appendices 2.9 to 2.12. Changes in Karnataka's sectoral compositions of GSDP at current prices show close conformity with the global trends in structural changes (such as long run decline in share of agriculture and allied activities and, increase in share of industry and services in national income) of fast growing developing countries, such as Brazil, Russia, China and India (popularly called BRIC countries).

2.1.8 District Income

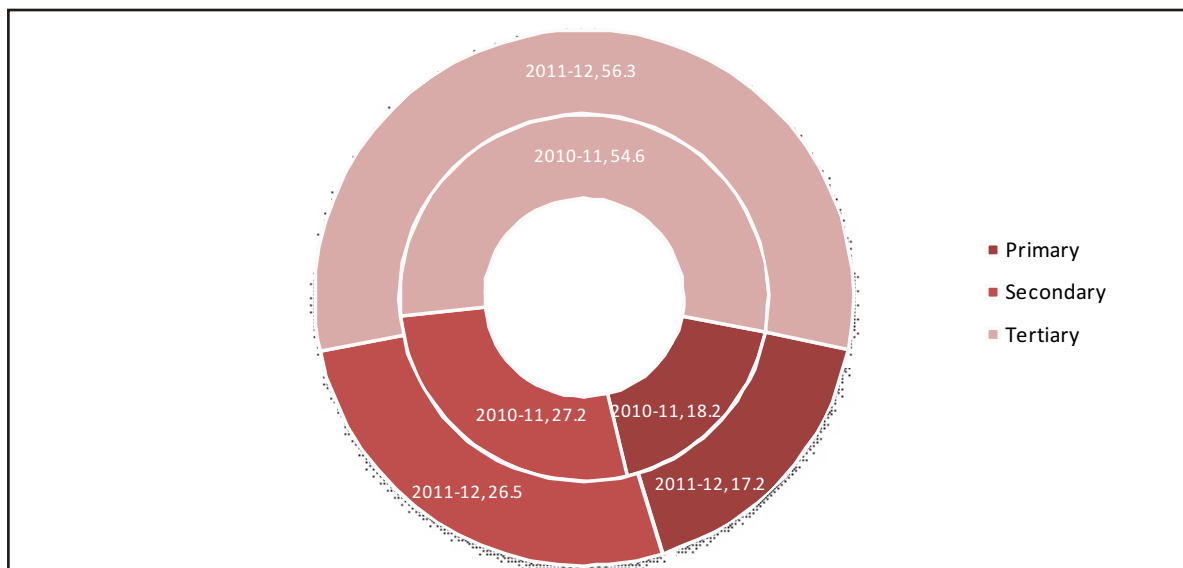
Estimates of gross and net district income at current and constant (2004-05) prices and per capita net district domestic product at current prices for the year 2009-10 for the 30 districts in the State are presented in Appendices 2.13 and 2.14.

The District income estimates are prepared on provisional basis. The database for the

Table 2.6: Sectoral shares of GSDP for Karnataka at Current Prices (%)

Sl.No.	Sector	2010-11	2011-12
1	Agriculture	13.71	12.80
2	Forestry and Logging	2.46	2.59
3	Fishing	0.61	0.55
	Agriculture and Allied Sector	16.78	15.94
4	Mining and Quarrying	1.42	1.30
5	Registered Manufacturing	12.05	11.69
6	Un-registered Manufacturing	3.80	3.69
7	Construction	9.40	9.28
8	Electricity, Gas and Water supply	1.94	1.79
	Industry Sector	28.60	27.74
9	Railways	0.43	0.44
10	Transport by other means	4.67	4.53
11	Storage	0.02	0.01
12	Communication	1.50	1.61
13	Trade, Hotels and Restaurants	14.02	13.69
14	Banking and Insurance	5.73	5.95
15	Real estate, Ownership of Dwellings and Business services	16.91	18.08
16	Public Administration	3.54	3.76
17	Other services	7.81	8.25
	Services Sector	54.61	56.32
	Total GSDP	100.00	100.00

Source: Directorate of Economics and Statistics, Government of Karnataka

Figure 2.2: Sectoral composition of GSDP at Current Prices

estimations is available for primary sector only. In respect of secondary and tertiary sectors, the State level estimates are allocated to the districts with appropriate available indicators at the time of preparation of the estimates as per the guidelines of CSO. Because of the limitations, it may not be very useful to analyze the sectorwise district estimates between two points of time as the estimates are not firmed up. However, a brief description of broad sectorwise district estimates is given in Appendix 2.14.

Bangalore urban district stands first in the total District Income as well as per capita district income for the year 2009-10. Bangalore urban district contributes 34.0% of GSDP at Current Prices followed by Belgaum (5.5%) and Dakshina Kannada (5.1%). Chamaraajanagar with 0.9 % stands last in the districts' contribution to the GSDP.

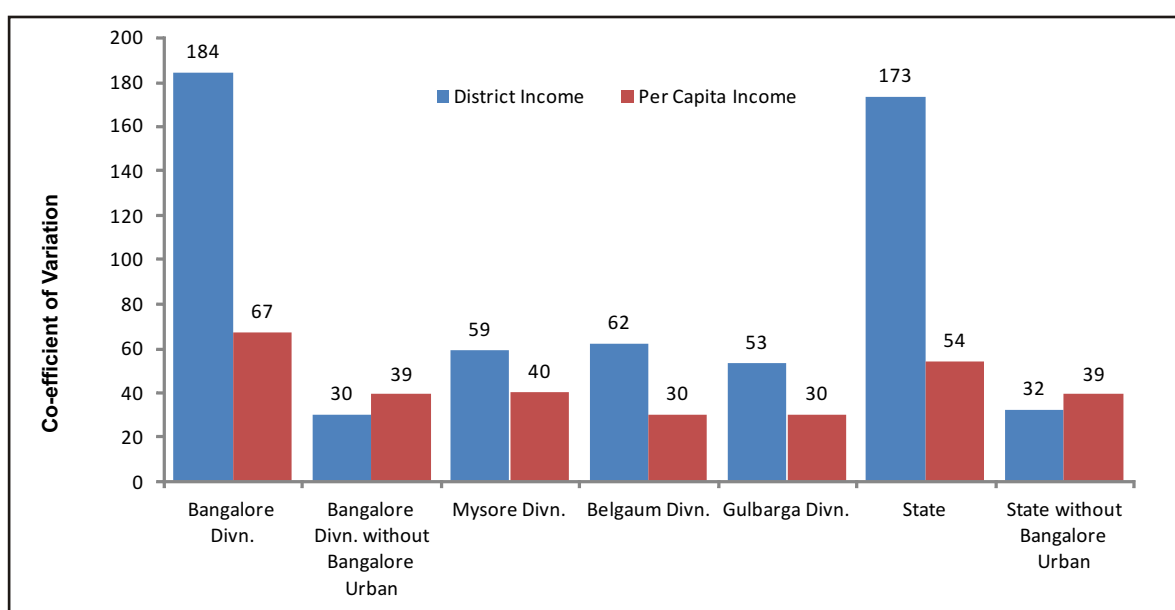
At constant (2004-05) prices, contribution of Bellary district to the primary sector GSDP is highest in 2009-10, due to higher production of Iron Ore. Bangalore urban district tops in secondary and tertiary sectors due to high

concentration of major industries and infrastructure facilities.

District income is a measure of level and growth of economic growth at the district level. It is a useful policy indicator and monitor of the nature and degree of inter-district variations and disparities in the process of economic growth at the State level. A simple summary statistical indicator of inter-district variations in levels of district income is coefficient of variation. Figure 2.3 shows the computed values of coefficient of variations across four divisions and at the State level.

Figure 2.3 indicates the variations in gross district and per capita district income among the districts in each revenue division of the State. The highest variation is evident for Bangalore division if Bangalore urban district is included. Excluding Bangalore urban, inter-district variations in district income and per capita district income are remarkably reduced at the division and State level and to the lowest level as compared to other divisions. The low values of coefficient of variation for Gulbarga

Figure 2.3: Inter-district variations of Gross District Income and Per Capita Income by Divisions in Karnataka for 2009-10



division are mainly attributable to comparable levels of backwardness among the districts in the division. A growing inter-district variation is an important indicator and source of broader inter-regional disparities in the process of the State's economic development. However, a low coefficient of variation as such does not imply a higher or lower district economic growth or regional disparity.

2.1.9 New Initiatives In Regional Accounts

The Karnataka State Strategic Statistical Plan (KSSSP) envisaged the computation of taluk income estimates for the year 2008-09 and contribution of local bodies for the year 2009-10 and onwards at the district level. To achieve these, two consultants were provided to each Zilla Panchayat. Computations of 2008-09 taluk income estimates are done and the estimates are under scrutiny. Verification of these estimates is in progress. A web-based application has been developed to record the contribution of local bodies to the State's income and capital formation. Training to the field level personnel is in progress.

2.2 PRICES

2.2.1 Introduction

Price is one of the key indicators in the economic planning process. Changes in prices have a direct bearing on all sections of society irrespective of their level of living. Prices indicate the purchasing power of money and inflation rate at both wholesale & retail levels. To measure inflation at wholesale and retail levels, the commonly used indicators are Wholesale Price Index and Consumer Price Index.

2.2.2 Wholesale Price Index

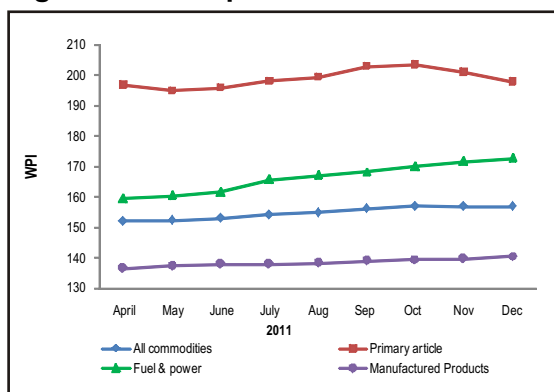
Wholesale Price Index (WPI) is used to measure the price situation in different sectors of the economy. This index is released every week at the National level by the Office of the Economic Adviser in the Department of Industrial Policy and

Promotion, Ministry of Commerce and Industry. The base year for the construction of this index has been changed from 1993-94 to 2004-05 in order to cover existing commodities. For better representation and wider coverage, 676 commodities which include 102 primary articles, 19 fuel & power items and 555 manufactured products are considered.

At the all India level, the WPI, which was 146.0 in December 2010 rose to 156.9 in December 2011, showing an annual inflation rate of 7.47%. The inflation rate, based on WPI, was 9.45% for the previous year. During 2011-12, the index of all commodities increased from 152.1 in April 2011 to 156.9 in December 2011, showing a rise of 3.16% as against an increase of 5.57% during the corresponding period in 2010-11. Groupwise changes in WPI are shown in Fig. 2.4. It can be seen that the 'Fuel & Power' group recorded an increase in index by 8.21% and 'Manufactured Products' group index increased by 2.93%. Details of all India wholesale price index in April and December of 2009-10, 2010-11 and 2011-12 are presented in Appendix 2.15. Appendix 2.16 contains details of annual all India wholesale price index from 2000-01 to 2010-11 and monthly data for the current year.

In Karnataka, the Directorate of Economics and Statistics constructs the WPI for 33 agricultural commodities with 1981-82 as the base year. However, under Karnataka State Strategic Statistical Plan, shifting of

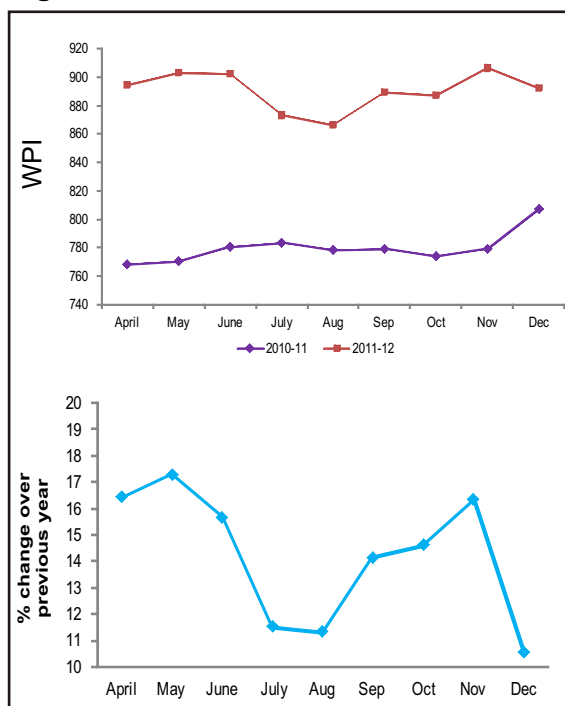
Figure 2.4: Group-wise all India WPI



the base year from 1981-82 to 2007-08 has been taken up for better coverage. In the State, WPI is useful to monitor the trends in prices at the first stage of commercial transactions and estimation of price deflators to obtain GSDP at constant prices. The main source of primary data for the construction of this index is 40 Agricultural Produce Marketing Committees of Agricultural Marketing Department situated across the State, who compile the prices of agricultural commodities and also the Sugar Directorate, Coffee Board, Tobacco Board and Spices Board.

During 2011-12, the WPI has marginally decreased in the State from 894 in April 2011 to 892 in December 2011 depicting a decline of 0.22% against an increase of 5.08% during the corresponding period in 2010-11. The 9-month average index in 2011-12 was 890 as against the average index of 780 in 2010-11, showing an increase of 14.10%. The trends of WPI for 33 agricultural commodities in Karnataka for the year 2011-12 and 2010-11 are shown in Fig. 2.5.

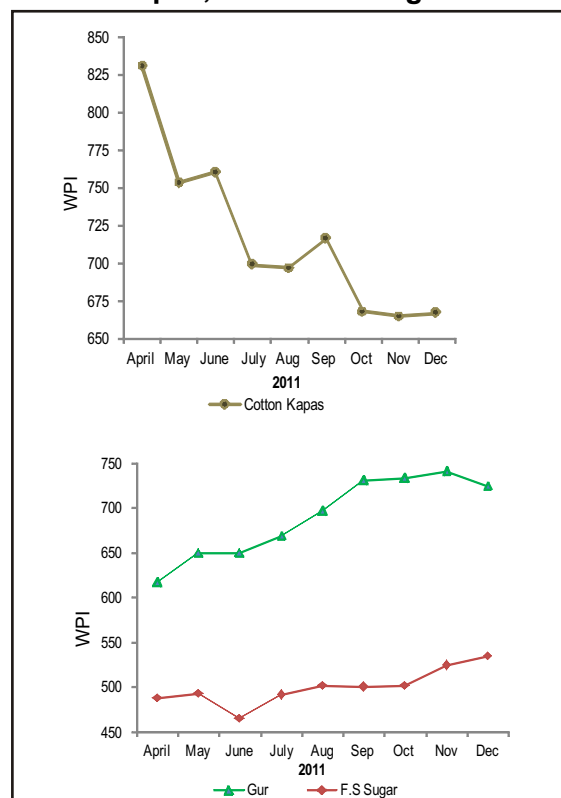
Figure 2.5: Trends of WPI in Karnataka



During the reporting period of 2011-12, indices of Gur & Sugar, Pulses, Oilseeds and Cereals groups have increased by 8.48%, 6.43%, 3.06% and 0.98% respectively. On the other hand, the indices declined in respect of Fiber group by 13.62%, Condiments & Spices by 4.24% and Miscellaneous by 3.17%. Higher decline in index of Fiber group has resulted in the decline of the State index.

The higher decline of 19.64% in index of Cotton Kapas commodity has resulted in a decline in index of Fiber Group. Among Gur & Sugar Group, Gur commodity shows an increase in index of 17.50%. The average index value of Fiber and Gur & Sugar groups between April to December of 2011-12 increased by 12.62% and 8.86% respectively as compared to the corresponding period during 2010-11. Fig. 2.6 shows the trends of Cotton Kapas, Gur & Sugar in Karnataka.

Figure 2.6: Trends of WPI of Cotton Kapas, Gur & F.S. Sugar



WPI numbers of Agricultural Commodities in Karnataka since 2000-01 are given in Appendix 2.17 and commodity groupwise details for 2009-10, 2010-11 and 2011-12 are given in Appendix 2.18.

2.2.3 Consumer Price Index

In order to study the changes in the retail prices of a basket of selected goods consumed and services utilized by a selected group of population, four different types of Consumer Price Indices (CPI) are being constructed every month. They are CPI for (a) Industrial Workers (CPI-IW) (b) Agricultural Labourers (CPI-AL) (c) Rural Labourers (CPI-RL) and (d) Rural and Urban. The first three indices are constructed and released by the Labour Bureau, Shimla and the fourth by the Central Statistical Office (CSO), New Delhi. In Karnataka, the Directorate of Economics & Statistics constructs and releases only the CPI-IW for State series every month, whereas the remaining three indices are not being constructed by the State Directorate.

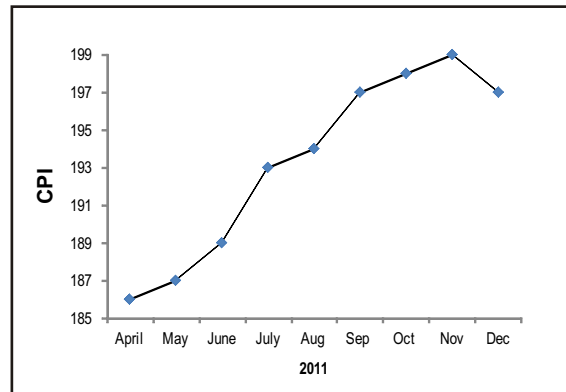
2.2.3.1 Consumer Price Index for Industrial Workers

CPI-IW is for workers of factories, mining, plantations, motor transport, docks, railways & electricity, which is mainly used to determine the dearness allowance for the employees in both the public and private sectors. At the National level, CPI (IW) for Central series is constructed for 78 selected industrially developed centres across the Country, with 5 of these centres based in Karnataka (Bangalore, Belgaum, Hubli-Dharwad, Madikeri and Mysore). The base year of these centres is 2001=100.

At the all India level, the CPI for Industrial Workers moved to 197 points in December 2011 from 185 points in December 2010. The point-to-point rate of inflation for the month of December 2011 was 6.49%, whereas it was 9.47% in the corresponding month of the previous year. The average all India CPI-IW during 2011-12 (upto

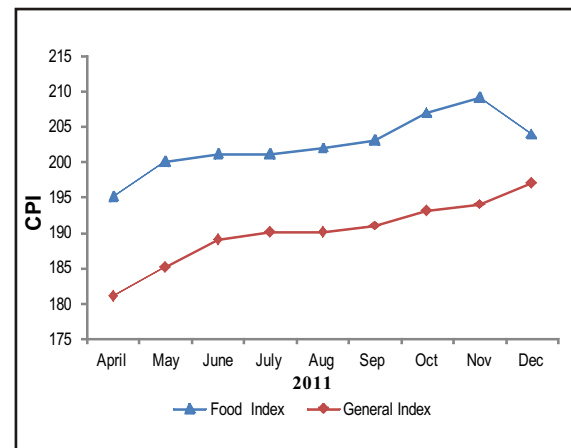
December 2011) shows an increase by about 8.43% over the same period in 2010-11. The trend of all India CPI-IW is shown in Fig. 2.7.

Figure 2.7: Trends of all India CPI-IW



During 2011-12, among 5 centres of central series, Madikeri centre shows the highest increase in index i.e. an increase of 8.84% in December over April and the average general index of this centre was 190 upto December 2011 indicating an increase of 9.83% over the corresponding period of the previous year. For food index, the increase was 7.45%. Changes in Food and General index during 2011-12 till December 2011 are illustrated in Figure 2.8. Details of CPI-IW for all-India and Karnataka are presented in Appendix 2.19.

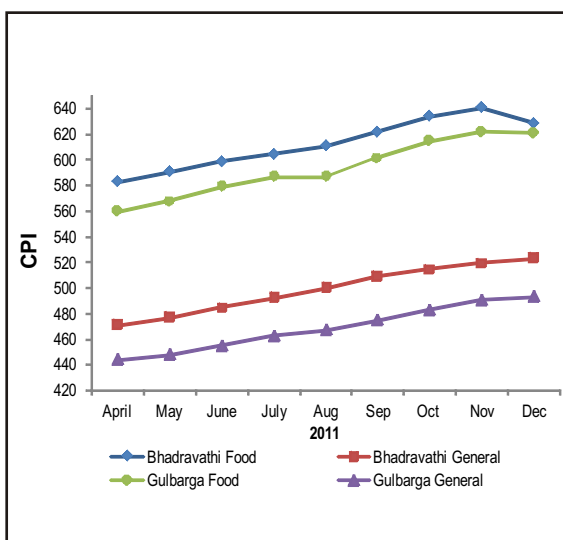
Figure 2.8: Food and General Index of Madikeri Centre



In Karnataka, the Directorate of Economics & Statistics constructs CPI-IW for 11 centres viz. Bellary, Bhadravathi, Davangere, Dandeli, Gulbarga, Harihar, Hassan, Mandya, Mangalore, Raichur and Tumkur. The base year for these State series index is 1987-88=100.

During 2011-12, among the 11 State series centres, Bhadravathi & Gulbarga centres recorded the highest increase in index i.e. from 471 to 523 and 444 to 493 in April to December 2011 respectively with both the centres showing a rise of 11.04%. The average general index of these centres (499, 469) has increased by 11.63% and 11.40% while that of the food group index increased by 11.25% and 14.26% as compared to the corresponding period of the previous year. Details of food and general index during 2011-12 till December 2011 are depicted in Figure 2.9. CPI-IW in April & December for the years 2009-10, 2010-11 and 2011-12 in Karnataka are presented in Appendix 2.20. Details of CPI-IW in Karnataka for the selected Central series centres are given in Appendix 2.21(a) and, for State series centres, in Appendix 2.21(b).

Figure 2.9: Food and General Index of Bhadravathi and Gulbarga Centres



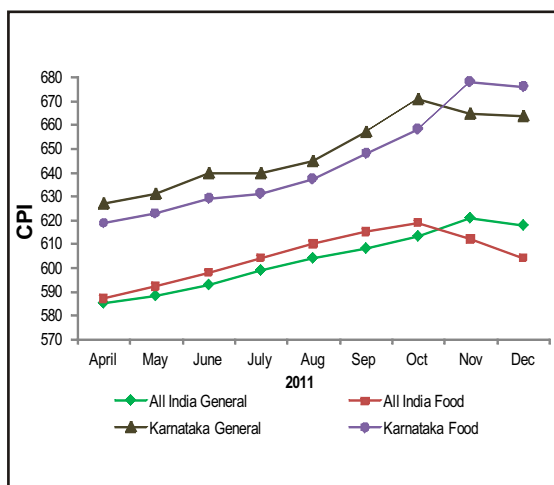
2.2.3.2 Consumer Price Index for Agricultural Labourers

Consumer Price Index for Agricultural Labourers (CPI-AL) for 20 States, including Karnataka, is being constructed every month by the Labour Bureau, Shimla based on the information obtained from the Field Operation Division of National Sample Survey Organisation (NSSO). This index is used for fixation and revision of minimum wages in the agriculture sector. The base year for this index is 1986-87=100.

The general index in Karnataka recorded an increase of 7.27% in December 2011 over April 2011 as against 5.28% at all India level, whereas the food index in Karnataka showed an increase of 7.81% as against 3.25% at the all India level.

During 2011-12 (upto December 2011), in Karnataka, the average general index moved to 649 from 563 during the same period of 2010-11 thus showing an increase of 15.28%. At the all India level, this increase was 8.26%. The average food index in the State stood at 644 and at all India level it was 605, indicating an increase of 10.46% and 7.08% respectively over the previous year. Food and general index during 2011-12 is illustrated in Fig. 2.10. CPI-AL in April &

Figure 2.10: Food and General Index of Agricultural Labourers



December for the years 2009-10, 2010-11 and 2011-12 are presented in Appendix 2.22 and CPI-AL at all India and Karnataka from 2000-01 are given in Appendix 2.23.

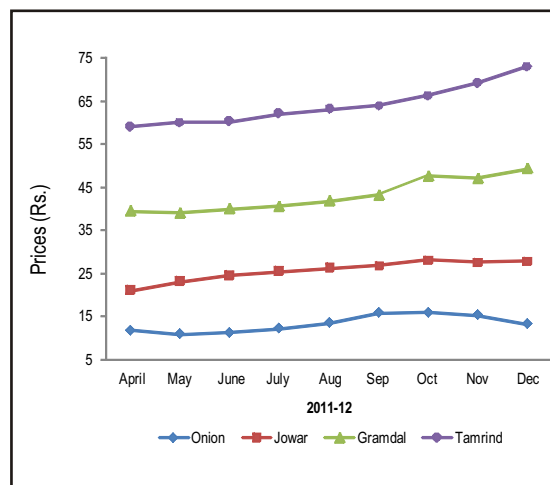
2.2.4 Price Situation in Rural and Urban Karnataka

Directorate of Economics & Statistics, Government of Karnataka, collects retail prices of a basket of essential commodities from selected centres in rural and urban areas in order to assess the price situation in the State. Rural retail prices are collected every month and urban retail prices are collected every week for the construction of monthly Rural Retail Price Index Numbers and Urban Retail Price Index Numbers. For both these index numbers, the base year is 1970=100. These index numbers are based on un-weighted diagram and focuses on broad price trends in rural and urban areas to guide policy decisions.

(a) Price Situation in Rural Areas : In the State, for construction of the monthly Rural Retail Price Index (RRPI), retail prices of 29 essential commodities are collected from 352 villages every month. During 2011-12, the index shows a continuous increase from 3056 in April 2011 to 3310 in November 2011 with a slight fall in December 2011 (index of 3303), thus showing an overall increase of 8.08%. This rise was mainly due to increase in prices of jowar, gramdal, onion and tamarind. Price trends of these commodities are shown in Fig. 2.11. Upto December 2011-12, the average RRPI was 3199, an increase of 12.29% over the RRPI level (2849) of the corresponding period of the previous year. Rural retail price index numbers in Karnataka are given in Appendix 2.24.

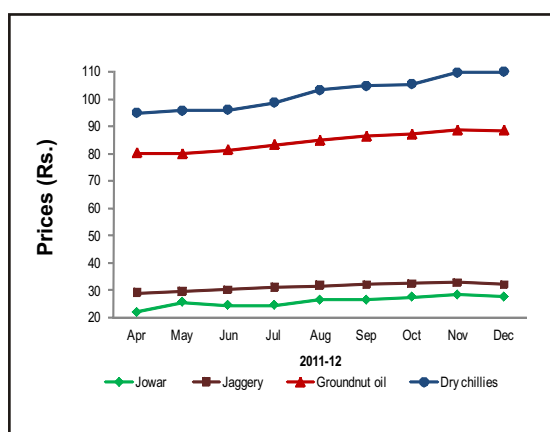
(b) Price Situation in Urban Areas : Every week, retail prices of 20 important commodities are collected from 20 urban centres in the State in order to construct the Urban Retail Price Index (URPI). During 2011-12, the URPI which was 2031 in April

Fig. 2.11: Rural Retail Prices of Onion, Jowar, Gramdal, Tamarind



2011 rose to 2196 in December 2011 showing an increase of 165 points or 8.12%. The rise in index is attributed to the increase in prices of jowar, dry chillies, jaggery and groundnut oil. The price trends of these commodities are graphically illustrated in Fig. 2.12. During 2011-12 (upto December

Fig. 2.12: Urban Retail Prices of Jowar, Jaggery, Groundnut oil, Dry Chillies



2011), the average URPI (2147) increased by 11.88% over the corresponding period of the previous year (1919). Urban retail price index numbers in Karnataka are presented in Appendix 2.25. ■

3

STATE FINANCES

Driven by various fiscal consolidation measures, Karnataka has managed its expenditure well while also enhancing its revenues. The State's fiscal deficit has declined to 2.87% of GSDP in 2011-12 (BE) while the capital outlay has grown to 121% of Gross Fiscal Deficit. The State's revenue receipts have increased to 15.27% of GSDP. Revenue receipts have grown primarily due to growth of tax revenue with the State having an overall revenue surplus. The State's expenditure on social services as a share of GSDP has grown while the Non-tax revenues continue to remain at low levels. Education and Water resources development are significant components of the State's development expenditure. A gradual increase is seen in the plan expenditure of the State with district plan size at about 15% of the State's plan size.

3.1 FISCAL CONSOLIDATION

The State's fiscal consolidation efforts have continued to be effective with all the fiscal indicators having been contained within the stipulated limits of the Karnataka Fiscal Responsibility Act, 2002 (KFRA). The 2011-12 budget had the advantage of general economic recovery particularly in the service sector, which significantly guides the overall growth of the State's economy. The Government has maintained revenue surplus throughout the Eleventh plan period although the revenue surplus has declined from the high of 1.4% of the GSDP during the year 2007-08 to around 0.3% in 2011-12. Over the last few years, the fiscal deficit has been maintained within 3% of GSDP as mandated by the KFRA except in 2009-10 when it was 3.2% as a result of additional expenditure for economic stimulation as prompted by the Government of India. Trends in fiscal and revenue deficits since 2003-04 till date are presented in Figure 3.1.

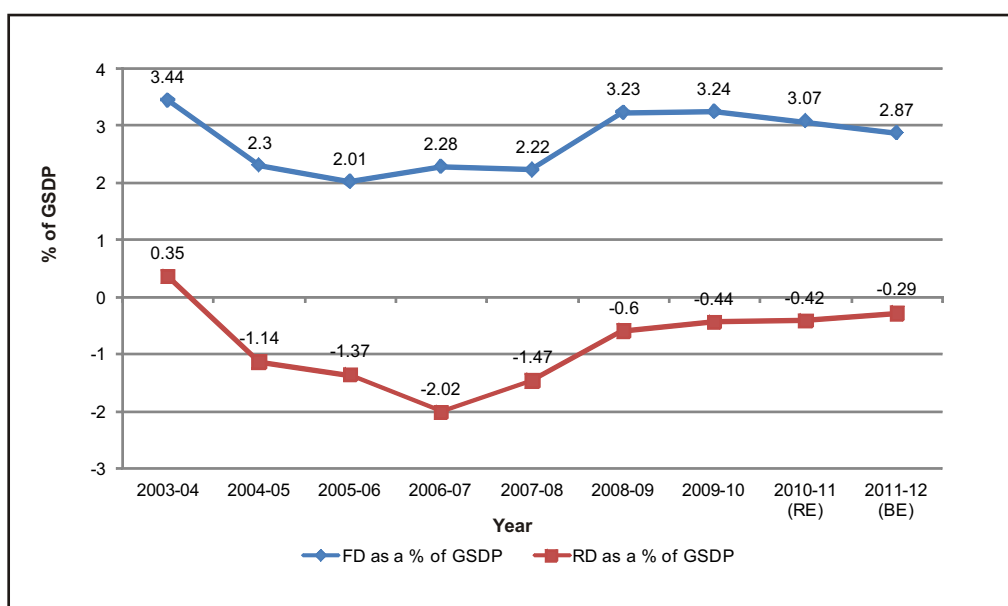
3.2 KARNATAKA VIS-A-VIS OTHER STATES

The State's major fiscal indicators continue to compare well with the 'all States' average for a number of years. This is seen from the information on various fiscal indicators presented in Table 3.1. Revenue deficit as a

proportion of gross fiscal deficit (GFD) is lower than all States average for all the time-points presented and the surplus in the recent years has been larger than the other States. Further, the State has a better capital outlay of 121.3% in the GFD as compared to 84% of all States average. Other important expenditure indicators such as the proportion of interest payments in the revenue expenditure and that of non-development expenditure in the aggregate disbursements also place Karnataka in a better position. On the resources front, while Karnataka has all along performed better than other States in terms of tax revenue as a proportion to revenue expenditure, that of non-tax revenue does not compare favorably with other States. A comparative perspective of Karnataka's fiscal deficit with other Southern states is presented in Figure 3.2.

3.3 STATE FINANCES

The buoyant tax revenues, owing to the tax reforms and toning up of tax administration, largely aided the State's fiscal consolidation efforts since the enactment of the FRA. The State's revenue receipts as a percent of GSDP has increased from 15.97% in 2004-05 to attain its peak level of 16.55% in 2006-07. The global economic meltdown has had a considerable negative impact on

Figure 3.1: Trends in Fiscal and Revenue Deficits/ Surplus**Table 3.1: Major Fiscal Indicators of Karnataka**

Fiscal indicators	2000-01 (Accounts)		2002-03 (Accounts)		2007-08 (Accounts)		2008-09 (Accounts)		2009-10 (RE)		2010-11 (BE)	
	KAR	All States	KAR	All States	KAR	All States	KAR	All States	KAR	All States	KAR	All States
RD/GFD	44.10	61.10	50.10	54.00	-70.80	-56.90	-18.70	-9.4	-4.80	21.60	-5.20	12.30
Capital Outlay / GFD	46.10	33.50	55.60	35.80	162.20	157.50	113.00	106.00	96.60	74.20	121.30	84.00
Non-devpt. Expenditure/ Aggregate disbursement	28.90	34.40	30.10	36.10	23.30	31.00	23.60	28.90	23.10	30.00	24.20	30.90
STR/RE	54.20	43.10	55.50	42.40	69.50	49.30	66.40	47.20	64.00	42.80	68.20	45.50

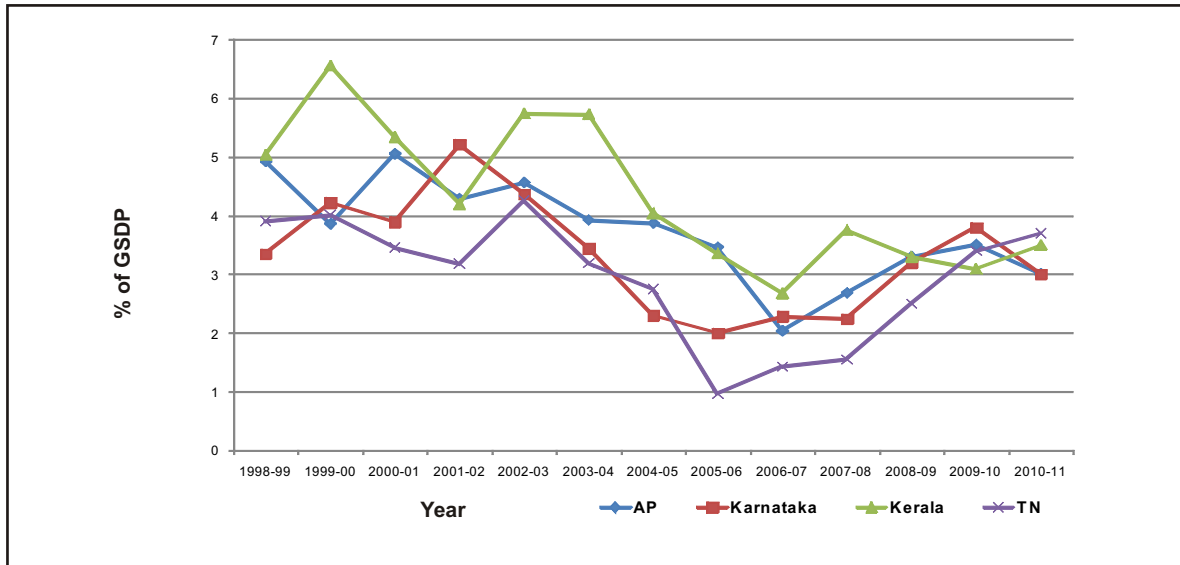
RD = Revenue Deficit; GFD = Gross Fiscal Deficit;
STR = State Tax Revenue

Source: RBI State Finances, various issues

the State's tax revenues during 2007-08 and 2008-09, bringing down the share of revenue receipts to GSDP to 14.07% and 14.26% respectively. However, the State's revenue resources are showing signs of recovery from 2010-11, and are further expected to increase to 15.27% in 2011-12.

On the expenditure front, capital outlay as percent of GSDP has increased from 2.81% in 2004-05 to reach its peak level of 3.76% in 2006-07. The recent decline (Table 3.2 and

Figure 3.3) in capital outlay both in absolute size and as percent of GSDP (2.96% and 2.76% in 2010-11 and 2011-12 respectively) is a matter of concern for Karnataka due to the infrastructure inadequacies prevailing in the State. In this context, the Expenditure Reforms Commission (ERC) constituted by the Government of Karnataka to suggest expenditure reforms has recommended that capital outlay needs to be insulated from revenue adversities.

Figure 3.2: Karnataka's Fiscal Deficit Compared with other Southern States

The composition of revenue receipts during 2004-05 to 2011-12 indicates the State's remarkable performance in its own tax collections (Table 3.3). The State's own tax revenue constitutes the largest share. The own tax revenues have increased from 60.49% in 2004-05 to 66.08% in 2011-12 (BE). There is a marginal increase in the

share of Central taxes. Share of grants from the Central Government has increased from 8.08% to 12.67% during the reference period. Non-tax revenue has declined and warrants attention.

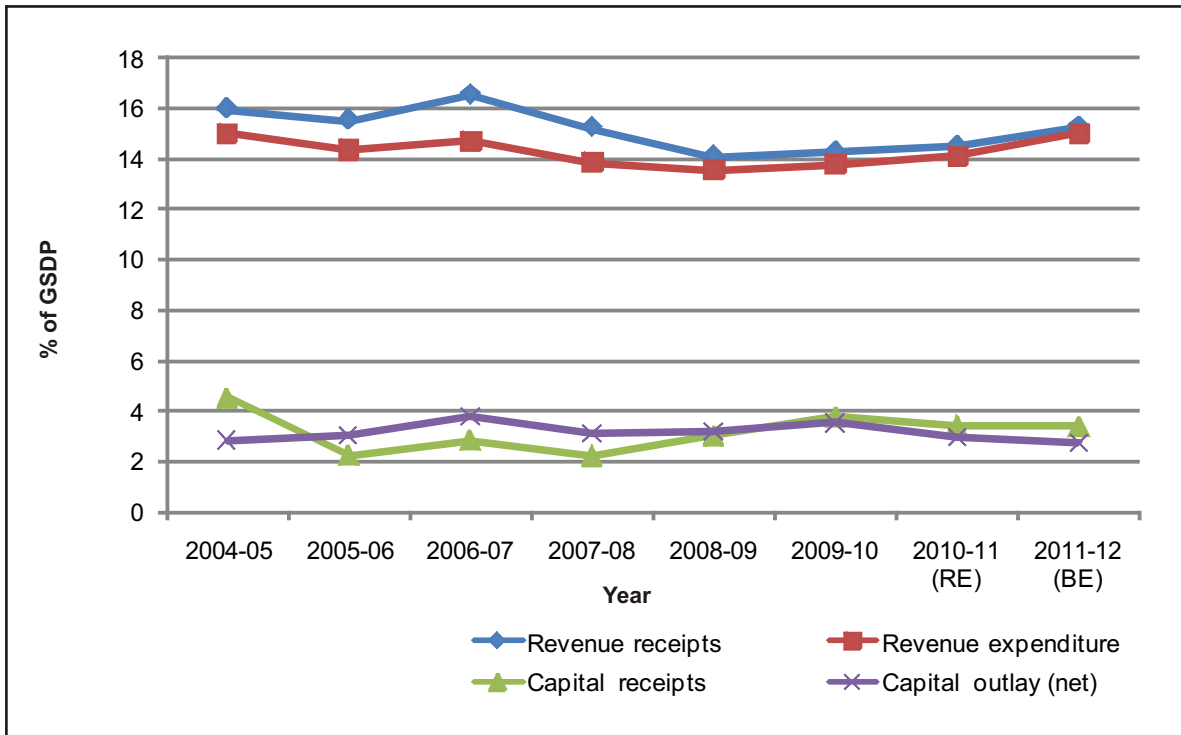
Liabilities : The total liabilities of the State Government increased from Rs. 63844 crore in 2007-08 to Rs. 104445 crore in

Table 3.2: Receipts and expenditure of Karnataka

(Rs. crore)

Items/Years	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 (RE)	2011-12 (BE)
Revenue receipts	26569.66	30352.05	37586.94	41151.14	43290.68	49155.7	57784.58	66313.26
Revenue expenditure	24931.85	28040.89	33435.43	37374.76	41659.29	47536.92	56189.23	65034.34
Capital receipts	7503.83	4401.54	6444.84	6029.69	9285.18	12942.68	13546.76	14650.02
Capital Disbursements	9131.96	6683.12	10416.64	9948.03	11364.92	14310.68	14945.96	15634.18
Capital outlay (net)	4673.68	5821.93	8542.57	8403.16	9689.15	12066.89	11817.42	11754.44
Percent to GSDP								
Revenue receipts	15.97	15.53	16.55	15.23	14.07	14.26	14.49	15.27
Revenue expenditure	14.99	14.34	14.72	13.83	13.54	13.79	14.09	14.98
Capital receipts	4.51	2.25	2.84	2.23	3.02	3.76	3.40	3.37
Capital outlay (net)	2.81	2.98	3.76	3.11	3.15	3.50	2.96	2.71
Capital Disbursements	5.49	3.42	4.59	3.68	3.69	4.15	3.75	3.60

Source: Government of Karnataka, Accounts Reckoner, 2002-12.

Figure 3.3: Karnataka's Revenue and Capital Receipts and Expenditure

2011-12 BE during the period at a CAGR of 13.1%. The total liabilities are within the limit of 25% prescribed by the 13th Finance Commission (Figures 3.4 & 3.5).

3.4 BUDGETARY DEVELOPMENTS IN 2011-12

3.4.1 Highlights

Owing to a recovery in the macroeconomic situation, the State has been in a position to enhance revenue collection in 2011-12. Receipts are expected to be Rs. 82963.29 crore in 2011-12 BE, comprising Rs. 66313.27 crore (79.93%) of revenue receipts and Rs. 16650.02 crore (20.07%) of capital receipts. As compared to 2010-11, revenue receipts are expected to increase by 14.76% and capital receipts are expected to increase by 21.38%, resulting in an overall anticipated increase of 16.03%. The State budget for 2011-12 envisages an expenditure of Rs. 82668.51 crore comprising Rs.65034.33 crore (78.67%) of revenue expenditure and Rs.17634.18

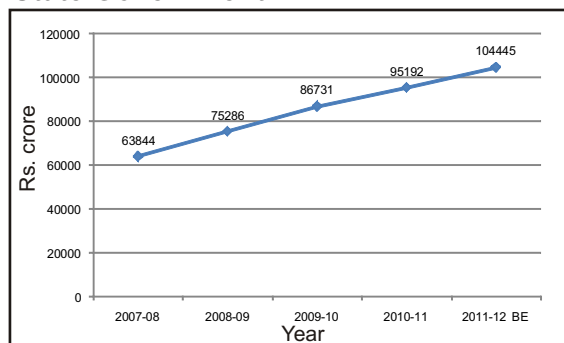
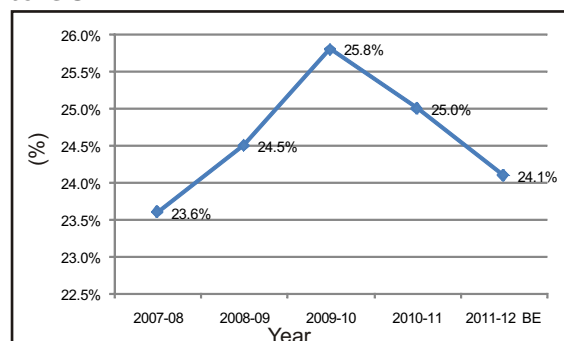
Figure 3.4: Total liabilities of the State Government**Figure 3.5: Share of total liabilities to GDP**

Table 3.3: Composition of revenue receipts

(% of GSDP)

Years	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
State taxes	9.66	9.53	10.26	9.62	8.99	8.87	9.54	10.09
Share of central taxes	2.33	2.16	2.37	2.51	2.33	2.14	2.33	2.40
Grants from centre	1.29	1.86	2.12	1.86	1.73	2.29	1.73	1.93
Non-Tax Revenues	2.69	1.98	1.80	1.24	1.03	0.97	0.88	0.85

crore (21.33%) of capital expenditure. Expenditure during the year 2011-12 is expected to grow by 15.94% over the previous year, with capital disbursements growing at a higher rate than that of revenue expenditure. In addition, despite the sharper growth in revenue expenditure over the revenue receipts, the State has managed to maintain a revenue surplus. The overall budgetary position of the State is reflected in Table 3.4.

Important budgetary indicators for the 2011-12 budget are presented in Table 3.5. The per capita State's own tax revenue has increased from Rs. 6394.73 (2010-11 RE) to

Rs. 7171.38 (2011-12 BE). Revenue from Sales tax/VAT is expected to increase from Rs. 20540 crore in 2010-11 to Rs. 24170 crore in 2011-12, indicating a growth rate of 17.67%. Taxes on goods and passengers have increased by 4.86% and State's excise revenues have increased by 12.18%. The increase in overall revenue receipts is 14.76%. The State's share in the Central taxes is expected to increase by 11.91%.

On the expenditure front, it is interesting to note that development expenditure and some key development sectors such as education, health and social sector and welfare have had an increase in per capita

Table 3.4: Overall Budgetary Position

(Rs. crore)

	Receipts and Disbursements	2009-10 (A/C)	2010-11 (R.E.)	2011-12 (B.E.)	% Variation (2011-12 over 2010-11)
A.	Receipts				
1	Revenue Receipts	49155.70 (79.07)	57784.58 (80.82)	66313.27 (79.93)	14.76
2	Capital Receipts	13012.46 (20.93)	13716.76 (19.18)	16650.02 (20.07)	21.38
	Total A: (1+2)	62168.16	71501.34	82963.29	16.03
B.	Disbursements				
1	Revenue Expenditure	47536.92 (76.77)	56189.23 (78.80)	65034.33 (78.67)	15.74
2	Capital Disbursements	14380.47 (23.23)	15115.97 (21.20)	17634.18 (21.33)	16.66
	Total B: (1+2)	61917.39	71305.20	82668.51	15.94

A/C: Accounts, R.E.: Revised Estimates, B.E.: Budget Estimates

Note: Ways and means advances from RBI have not been included in the Capital receipts and expenditure; values in the bracket indicate percentage to respective totals.

Table 3.5 Important Budgetary Indicators: Karnataka

	Indicator	Unit	2010-11 (RE)	2011-12 (BE)
1.	Aggregate Receipts (Revenue + Capital)	Rs. crore	71501.34	82963.29
2.	Revenue Receipts	Rs. crore	57784.58	66313.27
3.	State's Own Tax Revenue	Rs. crore	38048.67	43817.10
4.	Per Capita State's Own Tax Revenue	Rs.	6394.73	7171.38
5.	Sales Tax / VAT Collection	Rs. crore	20540.00	24170.00
6.	Share of Sales Tax /VAT in the State's Own Tax Revenue	%	53.98	55.16
7.	Non-Tax Revenue including Grants from the Centre	Rs. crore	10425.82	12077.17
8.	Share of Non-Tax Revenue in Revenue Receipts	%	18.04	18.21
9.	Debt Receipts	Rs. crore	7143.72	15353.80
10.	Share of Debts Receipts in Aggregate Receipts	%	9.99	18.51
11.	Per Capita Receipts	Rs.	12017.03	13578.28
12.	Aggregate Expenditure (Revenue + Capital)	Rs. crore	71305.20	82668.51
13.	Development Expenditure	Rs. crore	51992.73	57477.28
14.	Per Capita Development Expenditure	Rs.	8738.27	9407.08
15.	Share of Developmental Expenditure in Total Expenditure	%	72.92	69.53
16.	Per Capita Expenditure - Social Security & Welfare	Rs.	1049.77	1071.05
17.	Per Capita Expenditure on Health, Family Welfare, Water Supply and Sanitation	Rs.	799.49	961.78
18.	Per capita Expenditure on Education, Sports, Art and Culture	Rs.	1903.90	2053.02

R.E.: Revised Estimates, B.E.: Budget Estimate

Per capita are calculated on projected population of 2011 and 2012

terms implying an enhanced per-head financial outlay that has accrued to the citizens of Karnataka in these areas. Development expenditure budgeted for 2011-12 is of the order of Rs.57477.28 crore against Rs.51992.73 crore in 2010-11, an increase of 10.55%. Non-development expenditure is likely to increase by 30.44% over the previous year.

3.4.2 Receipts

Aggregate receipts are likely to increase considerably by about Rs.11461.95 crore (BE) i.e. by 16.03% in 2011-12. Revenue receipts are expected to increase by

Rs. 8528.69 crore and capital receipts are expected to increase by Rs. 2933.26 crore. Revenue receipts account for 79.93% of total receipts. Details of revenue and capital receipts are presented in Table 3.6.

3.4.2.1 Revenue Receipts

Revenue receipts comprise of tax and non-tax revenue. The State's own tax revenue in 2011-12 is anticipated to increase by 15.16% and non tax revenue by 4.41%. The share of tax revenue in the total revenue receipts has increased from 77.18% in 2009-10 to 81.78% in 2011-12 BE.

Table 3.6: Revenue and Capital Receipts of Karnataka (2009-10 to 2011-12) (Rs. crore)

	Category of Receipts	2009-10 (A/C)	2010-11 (RE)	2011-12 (BE)	% Variation (2011-12 over 2010-11)	Percentage to total		
						2009-10 (A/C)	2010-11 (RE)	2011-12 (BE)
I.	Revenue Receipts							
A.	State's Tax Revenue	37938.58	47358.76	54236.09	14.52	77.18	81.96	81.78
(i)	Taxes on Income and Expenditure	535.91	560.00	620.00	10.71	1.09	0.97	0.93
(ii)	Taxes on Property & Capital Transactions of which	30042.70	37488.67	43197.10	15.23	61.12	64.88	65.14
	(a) Sales Tax / VAT	15832.67	20540.00	24170.00	17.67	32.21	35.54	36.45
	(b) Taxes on vehicles	1961.60	2250.00	2630.00	16.89	4.00	3.89	3.97
	(c) State Excise	6946.32	8125.00	9115.00	12.18	14.13	14.06	13.74
	(d) Taxes on Goods & Passengers	1291.13	1440.00	1510.00	4.86	2.63	2.49	2.28
	(e) Others	4010.97	5133.67	5772.10	12.44	8.16	8.88	8.70
	State's Own Tax Revenue (i)+(ii)	30578.61	38048.67	43817.10	15.16	62.21	65.85	66.08
(iii)	Tax Devolution from Centre	7359.97	9310.09	10418.99	11.91	14.97	16.11	15.71
B.	Non-tax Revenues	3333.80	3519.48	3674.79	4.41	6.78	6.09	5.54
C.	Grants - in - aid from Central Government	7883.32	6906.34	8402.38	21.66	16.04	11.95	12.67
	Total I: Revenue Receipts (A+B+C)	49155.70	57784.58	66313.27	14.76	100.00	100.0	100.00
II.	Capital Receipts							
(i)	Loans from Govt. of India	680.85	1538.72	1738.80	13.00	5.23	11.22	10.44
(ii)	Internal Debt (Net of W & M & MB)	6263.88	4633.18	10964.75	136.66	48.14	33.78	65.86
(iii)	Public A/c (Net)	5440.48	7215.36	1884.75	-73.88	41.81	52.60	11.32
(iv)	Recovery of Loans & Advances	555.36	159.50	61.72	-61.30	4.27	1.16	0.37
(v)	Contingency Fund (Net)	2.10	0.00	0.00	0.00	0.02	0.00	0.00
(vi)	Misc. Capital Receipts	69.79	170.00	2000.00	1076.47	0.53	1.24	12.01
	Total II: Capital Receipts (i) to (vi)	13012.46	13716.76	16650.02	21.38	100.00	100.00	100.00
	AGGREGATE RECEIPTS: I+II	62168.16	71501.34	82963.29	16.032			
	Total Tax Revenue as % of Total Receipts	61.00	66.20	65.40				

A/C: Accounts, RE: Revised Estimates. BE: Budget Estimates, W & M = Ways & Means, MB = Market Borrowings

a) Tax Revenues : Karnataka's Tax to GSDP ratio (tax effort), has been good and compares well with other Indian States. The State's own tax revenues (SOTR) increased from Rs. 25987 crore in 2007-08 to Rs. 43817 crore during 2011-12 at a CAGR of 14.0% (Figure 3.6). The tax effort declined to 9% in 2008-09 largely due to adverse impacts of the economic slowdown. The tax effort has since improved to 10.1% in 2011-12 contributed by improvements in the tax administration, tax rate enhancement and higher inflation (Figure 3.7).

Composition of the revenue receipts, as described earlier, reveals that the State's own tax revenue has performed very well during the period under reference. Tax revenue mainly includes taxes on income & expenditure, entry tax, property and capital transactions, VAT, sale of goods, commodities & services, State excise,

Figure 3.6: State's own tax revenues

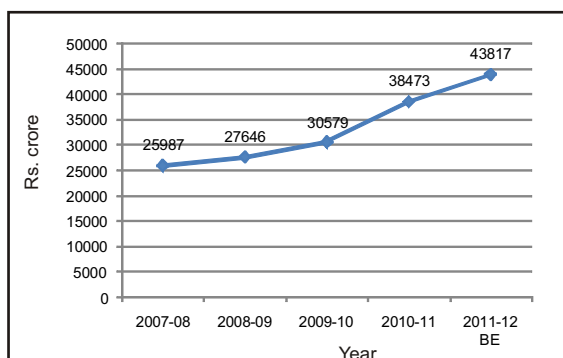
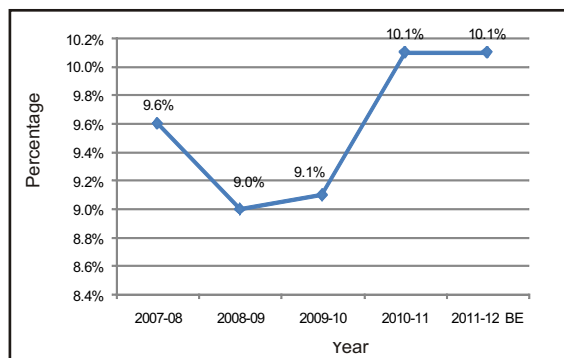


Figure 3.7: Tax effort (tax / GSDP)



motor vehicle taxes and the State's share in central taxes. The budgeted tax revenue is anticipated at Rs. 54236.09 crore in 2011-12 as against Rs. 47358.76 crore in 2010-11. Sales tax/VAT is the main source of tax revenue comprising about 55.16% of own tax revenue in 2011-12, with a growth rate of 17.67%. Revenue from State excise is expected to increase by 12.18%. Taxes on income and expenditure would be higher by 10.71% as compared to the previous year. The State's share in central taxes is anticipated to increase by Rs. 1108.90 crore i.e. by 11.91%. Its share in GSDP has marginally increased from 2.33% (2004-05) to 2.4% (2011-12). Grants from the central government, as a percent of GSDP, have increased from 1.29% (2004-05) to 1.93% (2011-12).

b) Non - tax Revenues : Non-tax revenue includes receipts from social, economic and general services, interest and dividends. The budget for 2011-12 has revenue from the above three services at Rs. 3674.79 crore (BE) against Rs. 3519.48 (RE) crore in 2010-11 (indicating an increase of 4.41%). Grants from the Government of India are expected to increase from Rs. 6906.34 crore (RE) in 2010-11 to Rs. 8402.58 crore (BE) in 2011-12 (an increase of 21.66%). Non-tax revenue as a percent of GSDP has revealed a decline from 2.69% in 2004-05 to 0.85% in 2011-12. This is an important fiscal challenge faced by the State which warrants necessary measures to recover user charges at optimal levels. The ratio of non-tax revenue to total receipts has been continuously declining over the years. Further, the State has one of the lowest non-tax revenues to the GSDP ratios in the Country. It has hovered around the 1% mark over the past two to three years. This is due to low recovery of costs. In many departments, the revision of user charges, fees & fines and other such non-tax receipts have not taken place for many years. Even with revision of rates and better collection

mechanisms, the increase in revenues from this avenue may not be large due to the existing low base. ERC has made a number of recommendations to enhance revenues from user charges.

3.4.2.2 Capital Receipts

Capital receipts include loans from Government of India, internal debt - ways & means, open market loans (net), public account, recoveries of loans & advances and contingency funds (net). Capital receipts of Rs. 16650.12 crore in 2011-12 (BE) is an increase of 21.38% over the 2010-11 (RE) level. Loans from the Government of India account for Rs. 1738.80 crore i.e. 10.44% of the capital receipts and are expected to increase by 13.00% as compared to the previous year. There is an increase in internal debt-open market loans (Net) by 136.66% in 2011-12 whereas recovery of loans and advances has decreased by 61.30%.

3.4.3 Expenditure

Expenditure indicators (Tables 3.7 & 3.8) reveal that the State's total expenditure under Consolidated Fund as a proportion of the GSDP has increased from 18.58% in 2005-06 to 19.65% in 2011-12 B.E. (Figure 3.8). The State's efforts to enhance the social and economic infrastructure are revealed in the positive gains that the social services and capital expenditure have yielded during the post FRA period. The share of expenditure on social services has increased from 4.73% of GSDP in 2005-06 to 5.73% in 2011-12 while the share of capital expenditure increased from 3.09% of GSDP to 3.17% of GSDP during the same period. The share of development expenditure has significantly increased from 8.95% to 13.23% while the share of interest payments has declined from 2% to 1.6%.

Table 3.7: Expenditure Indicators of Karnataka

(Rs. crore)

Particulars	2005-06	2007-08	2008-09	2009-10	2010-11 (RE)	2011-12 (BE)
Revenue Receipts	30352.05	41151.14	43290.68	49155.70	57784.58	66313.27
Revenue Expenditure (RE)	28040.90	37374.77	41659.29	47536.92	56189.23	65034.33
Development Expenditure	16846.11	24577.12	27009.63	32300.57	51992.73	57477.28
Social Services	8898.79	13123.81	15872.99	19118.86	23034.13	24878.75
Economic Services	7947.32	11453.31	11136.64	13181.71	15856.38	17299.34
General Services	10035.84	10871.79	12275.57	12762.34	14613.58	18512.87
Interest Payments	3765.00	4506.00	4532.00	5213.00	5542.00	6950.00
Wage Bill	5750.00	8667.00	9927.00	10296.00	12139.00	14942.00
Pensions	2237.00	3241.00	4113.00	3408.00	4297.00	5500.00
Capital Expenditure (CE)	5821.93	8648.94	9870.29	12136.68	11987.42	13754.44
Total Expenditure (RE+CE)	33862.83	46023.71	51529.58	59673.60	68176.65	78788.77
Consolidated Debt	56027.00	63655.00	71410.00	83482.00	89713.00	101196.00
Total Consolidated Fund	34973.38	48109.22	60178.38	62963.51	72277.02	85318.76

Table 3.8: Expenditure Indicators in Karnataka

(% of GSDP)

Particulars	2005-06	2007-08	2008-09	2009-10	2010-11 (RE)	2011-12 (BE)
Revenue Receipts	16.12	17.60	16.14	14.64	15.17	15.27
Revenue Expenditure	14.89	15.99	15.54	14.16	14.75	14.98
Development Expenditure	8.95	10.51	10.07	13.38	13.65	13.23
Social Services	4.73	5.61	5.92	5.69	6.48	5.73
Economic Services	4.22	4.90	4.15	3.93	4.16	3.98
General Services	5.33	4.65	4.58	3.80	3.84	4.26
Interest Payments	2.00	1.93	1.69	1.55	1.46	1.60
Wage Bill	3.05	3.71	3.70	3.07	3.19	3.44
Pensions	1.19	1.39	1.53	1.02	1.13	1.27
Capital Expenditure	3.09	3.70	3.68	3.61	3.15	3.17
Total Expenditure (RE+CE)	17.99	19.68	19.22	17.78	17.90	18.14
Consolidated Debt	29.76	27.23	26.63	24.86	23.55	23.30
Total Consolidated Fund	18.58	20.58	22.44	18.75	18.98	19.65

Note : Shares in GSDP have been calculated based on GSDP projections from Medium Term Fiscal Plan 2011-2015, Finance Department, GoK.

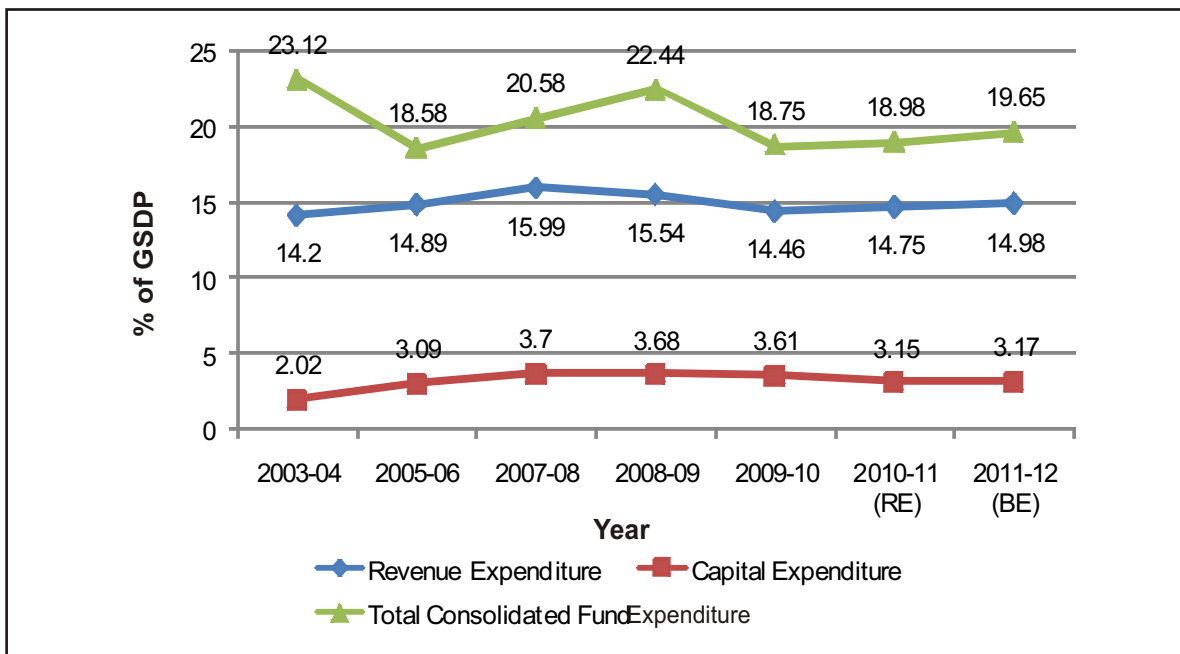
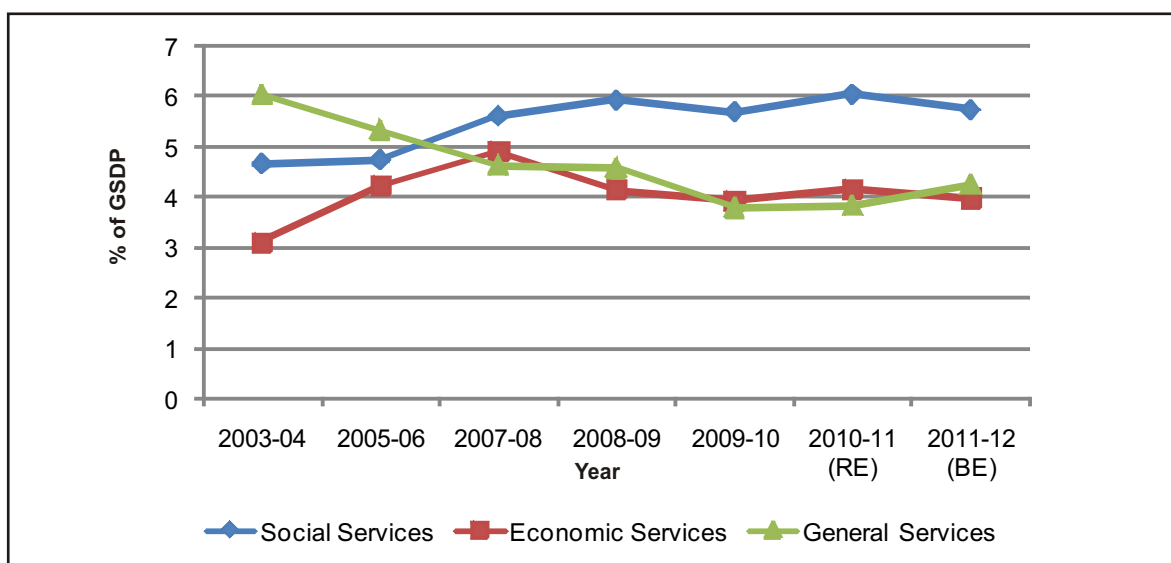
Figure 3.8: Revenue, Capital and Consolidated Fund Expenditure

Figure 3.9: Functional Categories of Expenditure

3.4.3.1 Functional Categories of Expenditure

Services provided by the Government are categorized broadly under three functional categories - General, Social and, Community and Economic services, and reflect the priorities of the Government by its various functions performed. The trends and composition of the functional categories of expenditure from 2003-04 reveal that the focus on social services covering the sectors such as education, health, housing, water supply etc., has significantly increased as reflected in the share of expenditure from 4.65% of GSDP to 5.73% of GSDP (Figure 3.9). The share of expenditure on economic services has increased from 3.1% to 3.98% of GSDP while that of general services has declined from 5.33% to 4.26% of GSDP during the reference period.

3.4.3.2 Development Expenditure: An Inter-State Comparison

The State has a larger size of per capita development expenditure as compared to the National average and that of many other States. Development expenditure comprises of spending incurred by the Government on programs relating to the

social and economic services which, in turn, contribute to the social and economic development of the State. The per capita development expenditure in Karnataka during 2008-09, 2009-10 (RE) and 2010-11 (BE) was Rs. 6369, Rs. 7046 and Rs. 7853 respectively as compared to all State's average of Rs. 4833, Rs. 5770 and Rs. 6055. Karnataka has the second highest level of per capita development expenditure among major Indian States during 2010-11 as can be seen in Table 3.9.

3.4.3.3 Expenditure Highlights - 2011-12

Details of key expenditure components for the 2011-12 BE are presented in Table 3.10. Total expenditure under consolidated fund in 2011-12(BE) is Rs. 85318.76 crore, as against Rs. 72277.02 crore in 2010-11, experiencing an increase of 18.04% in 2011-12. Development expenditure is Rs. 57477.28 crore (69.53% of total expenditure) and non-development expenditure is Rs. 25191.23 crore (30.47% of total expenditure) of which Revenue expenditure is Rs. 18512.88 crore (73.49% of total non-development expenditure) and Compensation & assignment to local bodies and Panchayat Raj institutions is Rs. 4343.36 crore (17.24% of total non-

Table 3.9: Per Capita Development Expenditure in select States

(Rs.)

State	2008-09 (A/C)	2009-10 (RE)	2010-11 (BE)
Andhra Pradesh	6762	8325	8831
Assam	3496	6211	7079
Bihar	2576	3417	3639
Gujarat	6188	6772	7551
Karnataka	6369	7046	7853
Kerala	4586	4925	6121
Madhya Pradesh	3655	4835	4627
Maharashtra	6175	7679	7374
Orissa	4339	5424	5948
Punjab	4789	6038	6469
Rajasthan	4179	4718	4926
Tamilnadu	6355	6643	7306
Total: All States	4833	5570	6055

Note: *Per capita development expenditure is calculated using the projected population of 2009, 2010 and 2011

Source: computed using the RBI state finances data from various issues

development expenditure). Sectorwise break-up of development and non-development expenditures is presented in Table 3.10 and the corresponding revenue, capital and loan accounts are given in Appendix 3.3. The broad trends in development and non development expenditure are depicted in Figure 3.10.

The expenditure on social services is anticipated to go up by 10.20% or by Rs. 2685.73 crore, from Rs. 26329.65 crore in 2010-11 to Rs. 29015.38 crore in 2011-12. Expenditure on economic services is expected to increase by 10.91% from Rs. 25663.08 crore in 2010-11 to Rs. 28461.89 crore in 2011-12. Development expenditure on social security & social welfare in 2011-12 is anticipated to go up by 4.77%; housing & urban development has decreased by 3.68% over the previous year. Water and power development and agriculture and allied services have a large share in the total expenditure with an increased share in 2011-12. Education sector gets the largest share in the expenditure on social services.

Social security and welfare has an enhanced share in 2011-12 BE.

Non-development expenditure is expected to increase to Rs. 25191.23 crore in 2011-12 from Rs. 19312.47 crore in 2010-11, accounting for 30.47% share in total expenditure. Repayment of loans to Government of India and discharge of internal debt account has increased to Rs. 1811.86 crore in 2011-12 compared to Rs. 1491.18 crore in 2010-11. Interest payments in the current year have increased to Rs. 6950.00 crore compared to Rs. 5542.37 crore in 2010-11. Expenditure on administrative services is anticipated to increase by 27.97%, while on pension and miscellaneous general services, an increase of 27.90% is seen (as compared to 2010-11). Lower pension expenditure in 2010-11 was on account of increase in the retirement age for all State Government employees from 58 years to 60 years during 2008-09. This has recommenced from 2010-11 and hence, pension expenditure in 2011-12 has had a sharp increase. Expenditure on the organs of the State has

Table 3.10: Trends in Key Expenditure Components

(Rs. crore)

	Category of Expenditure	2009-10 (A/C)	%	2010-11 (RE)	%	2011-12 (BE)	%	Percent Variation (2011-12 over 2010-11)
I	Development Expenditure							
A	Economic Services of which	22349.23	49.75	25663.08	49.36	28461.89	49.52	10.91
1	Agriculture & Allied Services	4422.74	9.84	5703.20	10.97	7097.27	12.35	24.44
2	Rural Development	1232.51	2.74	1481.51	2.85	2063.98	3.59	39.32
3	General Economic Services	3260.27	7.26	3571.16	6.87	1716.57	2.99	-51.93
4	Water & Power Development	8381.96	18.66	9888.22	19.02	12126.95	21.10	22.64
5	Industry and Minerals	730.27	1.62	1042.36	2.00	968.81	1.69	-7.06
6	Transport and Communication	3796.36	8.45	3794.79	7.30	4305.47	7.49	13.46
7	Others	525.11	1.17	181.85	0.35	182.85	0.32	0.55
B	Social Services of which	22574.64	50.25	26329.65	50.64	29015.38	50.48	10.20
8	Education, Sports, Art and Culture	8792.17	19.57	11328.19	21.79	12543.92	21.82	10.73
9	Medical & Public Health, Family Welfare, Water supply & Sanitation	4054.32	9.02	4756.99	9.15	5876.47	10.22	23.53
10	Social Security & Welfare Including SC & ST Welfare	4469.66	9.95	6246.16	12.01	6544.09	11.39	4.77
11	Housing and Urban Development	2366.51	5.26	2641.69	5.08	2544.54	4.43	-3.68
12	Information and Publicity	43.48	.010	83.36	0.16	75.61	0.13	-9.29
13	Others	2848.51	6.34	1273.27	2.45	1430.74	2.49	12.37
	Total Development Expd. (A+B)	44923.87	100.00	51992.73	100.00	57477.28	100.00	10.55
II	Non-development Expenditure							
A	Revenue Expenditure under General services	12762.32	75.10	14613.58	75.67	18512.88	73.49	26.68
(i)	Organs of the State	543.53	3.20	536.44	2.78	698.87	2.77	30.28
(ii)	Fiscal Services	491.90	2.89	609.71	3.16	725.41	2.88	18.98
(iii)	Interest payment & servicing of debts	5212.91	30.67	5542.37	28.70	6950.00	27.59	25.40
(iv)	Administrative Services	3079.17	18.12	3598.97	18.64	4605.56	18.28	27.97
(v)	Pension & Miscellaneous General Services	3434.84	20.21	4326.09	22.40	5533.03	21.96	27.90
B	Compensation & Assignment to Local Bodies and PRIs	2474.01	14.56	2685.14	13.90	4343.36	17.24	61.76

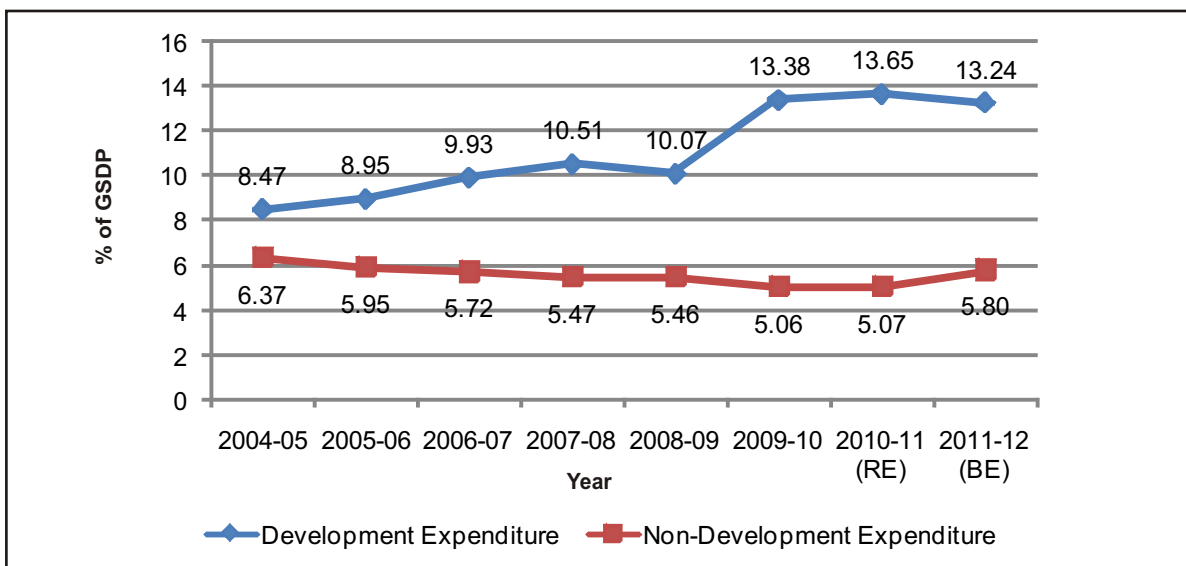
	Category of Expenditure	2009-10 (A/C)	%	2010-11 (RE)	%	2011-12 (BE)	%	Percent Variation (2011-12 over 2010-11)
C	Capital Expenditure	1757.18	10.34	2013.75	10.43	2335.00	9.27	15.95
(i)	General Services	489.85	2.88	502.50	2.60	465.32	1.85	-7.40
(ii)	Discharge of Internal Debt (Net)	791.75	4.66	956.25	4.95	1221.35	4.85	27.72
(iii)	Repayment of Loans to G.O.I.	470.46	2.77	534.93	2.77	590.51	2.34	10.39
(iv)	Loans & Advances to Govt. Servants	5.12	0.03	20.07	0.10	57.82	0.22	188.09
	Total non-development Expenditure	16993.52	100.00	19312.47	100.00	25191.23	100.00	30.44
	Aggregate Expenditure I + II + I	61917.39		71305.20		82668.51		15.94
	Developmental Exp as % of total Exp	72.55		72.92		69.53		
	Per Capita Development Expenditure(Rs)	7627.14		8738.27		9407.08		7.65
	III. Ways & Means & Market Borrowings	1046.12		971.82		2650.25		172.71
	Consolidated Fund	62963.51		72277.02		85318.76		18.04

R.E: Revised Estimates, B.E.: Budget Estimates

Note: Per capita is based on the projected population of 2010, 2011 and 2012

Source: Appendix 3.3 based on Budget Document 2011-12

Figure 3.10: Development and Non Development Expenditure



increased by 30.28% over the previous year.

3.4.3.4 Plan and Non-Plan Expenditure

Table 3.11 presents details relating to plan and non-plan expenditure. Of the aggregate expenditure of Rs. 82668.51 crore budgeted for 2011-12, plan outlay amounts to Rs. 40872.32 crore. There has been a significant increase in the State plan outlay by Rs. 7020 crore from Rs. 31050.00 crore (RE) in 2010-11 to Rs. 38070.00 crore in 2011-12. The central plan component (including CSS) has increased by Rs. 984.24 crore from Rs. 1818.08 crore in 2010-11 (RE) to Rs. 2802.32 crore during the current year. Non-Plan expenditure is expected to increase by 15.97% from Rs. 43695.02 crore in 2010-11 to Rs. 50674.28 crore in 2011-12. The expenditure on irrigation projects pending approval is Rs. 460.17 crore.

Trends in the share of plan and non-plan expenditure in the GSDP during 2004-05 to 2011-12 are presented in Figure 3.11. It can be seen that there has been a gradual increase in the plan expenditure of the State. Restricting the non-plan expenditure has been possible due to the austerity measures adopted by the Government from time to time such as restrictions on fresh

recruitment, vehicle purchases, foreign tours and training, holding Government functions in star hotels and total ban on travel in business class in flights. However, the State government still has a fairly large amount of expenditure locked up under “committed expenditure” category as discussed below.

3.4.3.5 Committed Expenditure

Committed expenditure comprises of items such as salaries, interest, pension, subsidies, grants-in-aid, expenditure on operation and maintenance of assets, administrative expenditure, devolution to PRIs and ULBs and State's share of the centrally sponsored schemes and Central plan schemes. The Figure 3.12 traces the trends in the share of committed expenditure to the uncommitted receipts. To arrive at uncommitted receipts, the revenue receipts have been adjusted (reduced) for the tied grants from the Centre as the State Government has no discretion on the same. Only the untied grants have been factored in the revenue receipts for the purposes of the analysis as they are uncommitted.

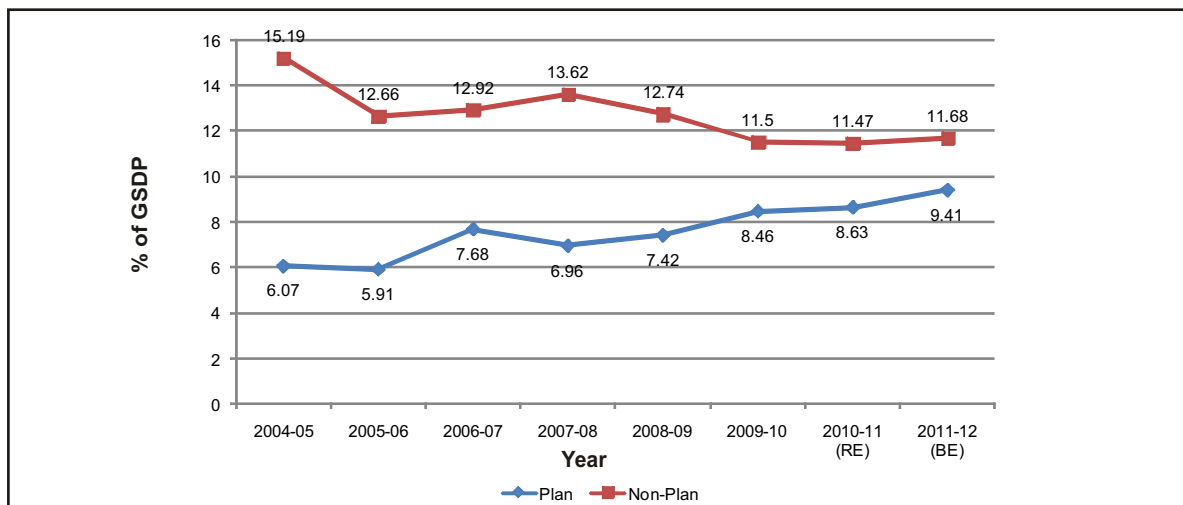
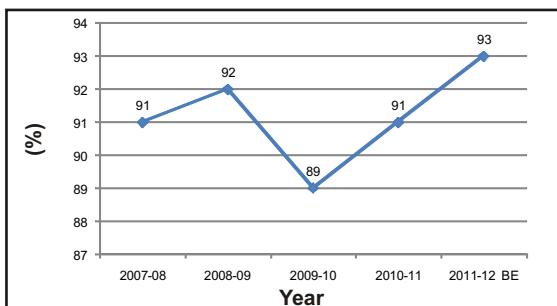
As is evident from Fig 3.12, approximately 93% of the uncommitted revenue receipts in 2011-12 (BE) are committed. Hence, only 7% of the uncommitted revenue receipts are

Table No. 3.11: Plan and Non-plan Expenditure of Karnataka

(Rs. crore)

	Items	2009-10 (A/C)	2010-11 (RE)	2011-11 (BE)
I.	Plan			
1	State Plan	26944.10 (94.80)	31050.00 (94.47)	38070.00 (93.14)
2	Centrally Sponsored Schemes (including Central sector)	1477.68 (5.20)	1818.08 (5.53)	2802.32 (6.86)
	Total Plan Outlay	28421.78	32868.08	40872.32
II.	Non-Plan Expenditure	38626.44	43695.02	50674.28
1	of which Irrigation Projects Pending Approval (Non-Plan)	540.83	661.65	460.17

Note: values in the bracket indicate percentage to grand total. R.E: Revised Estimates, B.E: Budget Estimates

Figure 3.11: Plan and Non Plan Expenditure as a Percent of GSDP**Figure 3.12: Committed expenditure as a percentage of uncommitted revenue receipts**

available for new initiatives and existing capital expenditure commitments of the Government. The size of the uncommitted expenditure in 2011-12 is Rs. 4011 crore. Although the Government has been able to reduce its committed expenditure from 121% in 2001-02 to 93% in 2011-12, it has remained in the 80% to 90% range since 2004-05. In the coming years, based on the projections, in the absence of major policy interventions, this expenditure is likely to continue to be in excess of 90% of the uncommitted revenue receipts.

The analysis of committed expenditure indicates that the fiscal consolidation during the years 2004-07 has been largely neutralized in the recent years due to a greater than proportionate increase in the committed expenditure. The ensuing pay

revision will add to this rigidity in the expenditure.

3.4.3.6 Economic Classification of Expenditure

Under the guidelines from the Central Statistical Organisation, the Directorate of Economics and Statistics classifies Government expenditure under economic categories in the annual budget. This is useful for analyzing the economic significance of the budgetary transactions of the State Government. It throws light on the extent of capital formation out of budgetary resources, savings of the Government, draws of the Government on various resources of the State's economy and contribution of the Government to State income.

Table 3.12 presents a summary of the total expenditure by economic classification for 2011-12 in comparison with the preceding two years. In 2011-12, in the final outlays, the Government's consumption is anticipated to increase by 28.41% over 2010-11. The capital formation has increased by 8.93%. Consumption expenditure forms 21.85% of the total expenditure during the current year. Transfer payments to the rest of the economy are anticipated to go up by 20.05% during the current year. The share of transfer payments to the rest of the economy in total

Table 3.12: Economic Classification of Expenditure of Karnataka (Budget) 2011-12

(Rs. crore)

	Description	2009-10 (A/C)	2010-11 (RE)	2011-12 (BE)	Percent Variation (2011-12 over 2010-11)
1	Final Outlays	19721.80	24268.54	27177.18	11.99
(a)	Government consumption Expenditure	10218.46	13101.77	16824.61	28.41
(b)	Gross Capital Formation	9570.80	11331.42	12343.27	8.93
(c)	Acquisition of Fixed Assets	-67.46	-164.65	-1990.70	
2	Transfer Payments to the Rest of the Economy	31256.51	35690.86	42845.49	20.05
(a)	Current Transfers *	30747.02	35332.98	42532.40	20.38
(b)	Capital Transfers	509.49	357.88	313.09	-12.52
3	Financial Investments and Loans to the rest of the Economy	5854.19	7421.39	6965.38	-6.14
	Total Expenditure (1+2+3)	56832.50	67380.79	76988.05	14.26

* Includes interest and subsidy also
R.E.: Revised Estimates, B.E.: Budget Estimates

Source: An Economic-cum-Purpose Classification of the Karnataka Government Budget 2011-12, Directorate of Economics and Statistics, GoK

expenditure is 55.6%. Within transfer payments, current transfers, which include interest and subsidies, are a major component (99.27%). Financial investments and loans to the rest of the economy that amounted to Rs. 7421.39 crore in 2010-11 have increased to Rs. 6965.38 crore in 2011-12.

3.5 CAPITAL FORMATION BY GOVERNMENT

Table 3.13 presents details of capital formation by the Government. Gross capital formation by the Government is expected to decrease by 7.45% in 2011-12. The value of assets anticipated to be created in 2011-12

is Rs. 10665.66 crore of which Rs. 3031.63 crore will be created by departmental commercial undertakings and Rs. 7634.03 crore by the Government.

3.6 INVESTMENT UNDER PLAN: STATE BUDGETARY SUPPORT (PLAN SBS) FOR STATE PLAN

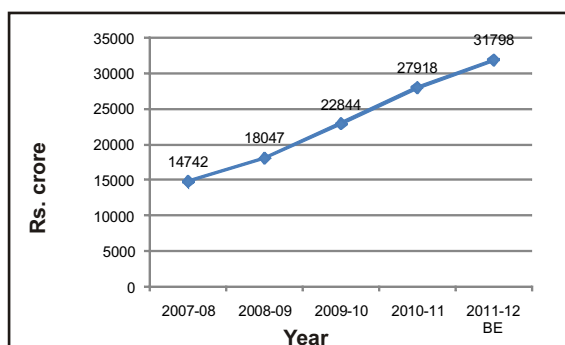
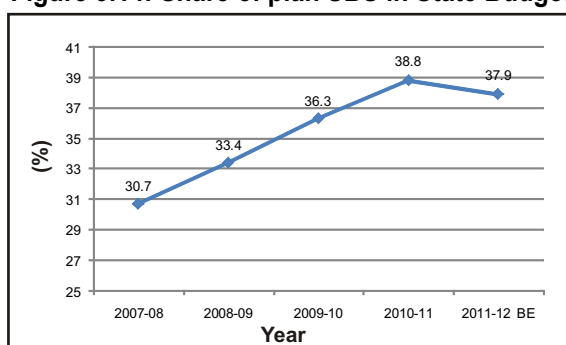
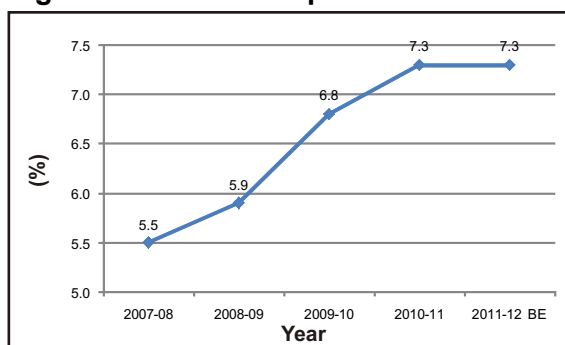
Karnataka's plan SBS increased from Rs. 14742 crore to Rs. 31798 crore during the period at a CAGR of 21.2% (Figure 3.13). As this growth rate has been higher than the growth of GSDP as well as that of the budget size, the plan SBS as a percentage of the budget increased from 30.7% to 37.9% (Figure 3.14). Relative to the GSDP, the plan

Table 3.13: Capital Formation by the Govt of Karnataka (2011-12)

(Rs. crore)

	Description	2009-10 (A/C)	2010-11 (RE)	2011-12 (BE)	Percent Variation (2011-12 over 2010-11)
1	Value of Assets Created	10012.83	11524.65	10665.66	-7.45
(a)	By Departmental Commercial Undertakings	2048.07	2182.19	3031.63	38.93
(b)	By Government Administration	7964.76	9342.46	7634.03	-18.29
2	Change in Stock in (a) & (b) above	-0.93		-5.84	
	Total: Gross Capital Formation	10011.90	11524.65	10659.82	-7.50

Source: An Economic-cum-Purpose Classification of the Karnataka Government Budget 2011-12, Directorate of Economics and Statistics, Government of Karnataka

Figure 3.13: Plan State Budgetary Support**Figure 3.14: Share of plan SBS in State Budget****Figure 3.15: Share of plan SBS to GSDP**

SBS increased from 5.5% to 7.3% during the period (Figure 3.15).

a) Eleventh Five Year Plan (2007-12) : The State's plan spending has been growing significantly. The outlay for the eleventh five year plan was Rs.101664.00 crore at 2006-07 prices which was 133% more than the tenth five year plan's outlay of Rs. 43558.22 crore. Karnataka' plan achievement is impressive with 112% of the target being achieved. Plan expenditure also has revealed an impressive growth over the years and the State has one of the highest per capita plan expenditure in the Country at Rs. 6345 in 2011-12.

b) Inter-sectoral Outlays : The sectors which have performed well in the eleventh plan include Agriculture and Allied Activities, Irrigation and Flood Control, Energy, Industries and Minerals, Transport, Science, Technology and Environment, General Economic Services, Education, Health, Information and Publicity, Welfare of SCs, STs and OBCs, Labour and Employment and Social Security. The performance of certain sectors like Water supply, Housing and Urban Development has been below expectations. The overall financial performance of the State during the eleventh five year plan is presented in Table 3.14. The plan outlays by major sectors for the eleventh five year plan 2007-12 are presented in Table 3.15. Sectoral breakup of plan outlays by major sectors for the last

Table No. 3.14: Financial Resources of Eleventh Plan in Karnataka

(Rs. crore)

	Items	Target	Anticipated. Achievement	% Anticipated Achievement over Target
1	State Borrowings	27594.08	33315.90	120.74
2	State's Own Resources	45078.66	52387.45	116.21
3	IEBR	12709.21	16830.51	132.43
4	Central Assistance	16282.04	11471.23	70.45
	Total	101663.99	114005.09	112.14

Source: Finance Department, GOK

Table 3.15: Plan Outlays and Expenditure by Major Sectors

(Rs. crore)

Sl. No	Sectors	Eleventh Plan 2007-12 (at 2006-07 prices) (Approved)	Expenditure on Eleventh Plan (At deflated prices)	% variation Expenditure over outlays
A.	Economic Services			
1	Agriculture & Allied Activities (incl. Cooperation)	7687.73	8418.31	109.50
2	Rural Development	5200.27	4648.22	89.38
3	Special Area Programme (including HKDB, MADB & BADP)	1369.11	1777.68	129.84
4	Irrigation and Flood Control	14795.36	16671.94	112.68
5	Energy	10050.55	14498.30	144.25
6	Industry & Minerals	2143.37	2476.76	115.55
7	Transport	12959.26	15321.43	118.23
8	Science, Technology & Environments	277.22	436.38	157.41
9	General Economic Services	2650.29	3186.38	120.23
	Total - A: Economic Services	57133.16	67435.40	118.03
B.	Social Services			
10	Education, Sports, Art & Culture	8412.02	9721.44	115.57
11	Health	3376.22	3865.44	114.49
12	Water Supply, Housing & Urban Development			
	a) Water Supply	5409.35	5005.31	92.53
	b) Housing	3393.05	3290.04	96.96
	c) Urban Development	13027.41	10647.28	81.73
13	Information & Publicity	59.00	91.86	155.69
14	Welfare of SCs, STs & OBCs	3626.33	4530.12	124.92
15	Labour & Labour Welfare	572.18	815.77	142.47
16	Social Welfare & Nutrition	3895.36	5433.04	139.47
17	Other Social services			
	Total - B : Social Services	41770.92	43400.30	103.90
C.	General Services	1961.80	2353.17	119.95
D.	Forestry & Wildlife	7983.12	816.14	102.26
	Total - State Plan	101664.00	114005.01	112.14

Source: Draft Eleventh Five Year Plan document, Planning Department, GoK

Table 3.16: Developmental Outlays by Major Sectors

	Sectors	2009-10 (A/C)	%	2010-11 (RE)	%	2011-12 (BE)	%
A.	State Plan						
I	Economic Services						
1	Agriculture & Allied Activities (Including Co-operation)	1832.13	6.32	2302.10	6.86	3830.64	9.26
2	Rural Development	1774.69	6.12	1784.51	5.32	1839.70	4.45
3	Special Area Programme (including HKDB, MADB & BADP)	132.53	0.42	146.57	0.44	353.70	0.86
4	Irrigation and Flood Control	3578.33	12.34	4507.94	13.43	6843.41	16.55
5	Energy	4063.39	14.02	3052.32	9.10	4395.88	10.63
6	Industry and Minerals	490.94	1.69	793.05	2.36	659.35	1.59
7	Transport	3715.64	12.82	3878.05	11.56	3742.79	9.05
8	Science, Technology & Environment	29.08	0.10	42.83	0.13	49.98	0.12
9	General Economic Services	703.70	2.43	1054.03	3.14	1184.78	2.86
	Total - I: Economic Services	16320.43	56.30	17561.40	52.33	22900.23	55.37
II	Social Services						
10	Education, Sports, Art & Culture	2051.01	7.07	3202.87	9.54	2851.40	6.89
11	Health	824.68	2.84	1099.49	3.28	1301.98	3.15
12	Water Supply, Housing & Urban Development						
	(a) Water Supply	1297.47	4.47	1554.24	4.63	2049.88	4.96
	(b) Housing	580.61	2.00	876.64	2.61	1163.02	2.81
	(c) Urban Development	2725.87	9.40	3261.56	9.72	3375.05	8.16
13	Information and Publicity	13.96	0.05	36.95	0.11	33.05	0.08
14	Welfare of SCs, STs & OBCs	1233.81	4.26	1041.13	3.10	1292.87	3.13
15	Labour & Labour Welfare	188.35	0.65	254.28	0.76	319.46	0.77
16	Social Welfare & Nutrition	1142.81	3.94	1733.80	5.17	1590.11	3.84
	Total - II: Social Services	10058.57	34.70	13060.96	38.92	13976.82	33.79
I.	General Services	565.10	1.95	427.64	1.28	1192.95	2.89
	Total - A: State Plan	26944.10	92.95	31050.00	92.53	38070.00	92.05
B.	Irrigation Projects Pending Approval (Non-Plan)	540.83	1.86	661.65	1.97	460.17	1.11
C.	Centrally Sponsored & Central Plan Schemes (GOI Share Outlay)	1477.68	5.10	1818.08	5.42	2802.23	6.78
D.	Western Ghats Development	26.30	0.09	26.32	0.08	26.32	0.06
	Total	28988.91	100.00	33556.05	100.00	41358.72	100.00

Source: 1) Details of provision of Plan schemes, 2009-10 to 2011-12, Finance Department,
2) Details of Estimates of Irrigation, 2009-10 to 2011-12 BE: Budget Estimates
RE: Revised Estimates

three years is also presented in Table 3.16.

c) Centrally Sponsored and Central Sector Schemes : Outlays and expenditure under centrally sponsored and central sector schemes by sectors during 2009-10, 2010-11 (RE) and 2011-12 (BE) are presented in Table 3.17. In 2011-12, the budgeted outlay (Government of India's share) on centrally sponsored and central sector schemes was Rs.2802.32 crore, the revised estimate of 2010-11 was Rs. 1818.08 crore and expenditure in 2009-10 was Rs. 1477.68 crore. Sectorwise breakup reveals that the share of funding support for the 'Agriculture and allied activities' sector has increased from 8.92% in 2009-10 to 9.43% in 2011-12. Social services account for the largest share under the CSS and CPS but its share has decreased from 87.48% in 2009-10 to 75.26% in 2011-12. There is, in fact, an absolute increase in the amount from Rs 1292.74 crore to Rs. 2109.09 crore during the above reference period.

3.7 NEW SCHEMES IN THE 2011-12 BUDGET

In all, 44 new schemes were announced in the 2011-12 budget. The infrastructure

sector has six new schemes followed by Fisheries and Sericulture with five new schemes each; Minorities had four new schemes. Distribution of schemes by other departments is presented in Table 3.18.

3.7.1 Description of Major New Schemes for year 2011-12

a. Suvarna Bhoomi Yojane : There are 76 lakh farmer families in the State of which 8.82 lakh families and 4.39 lakh families belong to the Scheduled Caste and Scheduled Tribe categories respectively. 75% of the State's farmers are small and marginal farmers. The main objective of the scheme is to improve the economic condition of small and marginal farmers. Under this scheme, every farmer family with landholding upto two acres will be given financial assistance of Rs. 10000 in two installments, directly through banks or co-operative societies. In case of the holding being less than two acres, the incentive will be given proportionately. The scheme will be applicable mainly to dry land farmers. Rs. 30000 lakh has been provided during 2011-12 for this scheme.

b. Fisheries Development: An area of 9.90 lakh hectares of brackish/saline land in

Table 3.17: Outlay and Expenditure on Centrally Sponsored and Central Plan Scheme (GOI share) (Rs. crore)

Sectors	2009-10 (A/C)	2010-11 (RE)	2011-12 (BE)
Agriculture & Allied Activities	131.86 (8.92)	220.63 (12.14)	263.97 (9.43)
Rural Development	0.71 (0.05)	10.27 (0.56)	11.79 (0.42)
Special Area Programme	0.84 (0.05)	6.54 (0.36)	2.10 (0.07)
Irrigation and Flood Control	19.48 (1.32)	75.87 (4.17)	322.55 (11.51)
Energy	4.44 (0.31)	11.32 (0.62)	12.46 (0.44)
Industry and Minerals	19.08 (1.29)	44.32 (2.43)	40.40 (1.44)
Transport			17.53 (0.63)
Science, Technology & Environment	1.40 (0.09)	3.62 (0.20)	4.90 (0.17)
General Economic Services	7.13 (0.48)	5.00 (0.28)	17.53 (0.63)
Social Services	1292.74 (87.48)	1440.51 (79.23)	2109.09 (75.26)
TOTAL	1477.68	1818.08	2802.32

Note: values in the bracket indicate percentage to total.

Table 3.18: Department-wise New Plan Schemes (2011 -12)

Agriculture	2
Animal Husbandry	3
Fisheries	5
Co-operation	2
Forest & Ecology and Environment	2
Commerce & Industries	3
Sericulture	5
Kannada & Culture	2
Health & Family Welfare	2
Urban Development	2
Labour	1
Minority	4
Public Works Department	2
Infrastructure Development	6
Minor Irrigation	1
Transport	1
Planning	1
Total	44

Source: Details of Provision for Plan Schemes 2011-12, Finance Dept., GOK

the State has been rendered unfit for agriculture. There is sufficient scope to take up pisciculture in these areas. It is proposed to obtain financial assistance from the National Fisheries Development Board to provide 50% subsidy to such farmers with State share of 30% and Board's share of 20%. It is proposed to take up construction of fish ponds in 2000 hectares during 2011-12 by providing financial assistance of Rs. 50000 per hectare. Rs. 5000.00 lakh has been provided for this scheme during 2011-12.

c. Sericulture Development : Sericulture is an agri-based cottage industry, creating employment opportunities for about 10 lakh people in the State. A target has been set to increase silk production from 7500 to 8500 tons and increase the mulberry cultivation to an area of two lakh acres. Incentives will be given for chawki farming of bivoltine variety

throughout the State and sericulture farming will be developed in cluster model particularly in North Karnataka. Silk farming areas will be rejuvenated and encouraged on a large scale. Rs. 9375 lakh has been provided during 2011-12 for this scheme.

d. Restoration of Tanks and Water bodies : All water bodies, post-construction, are being maintained by the concerned departments out of the maintenance grants. In spite of such routine maintenance, the water bodies are subject to deterioration due to aging and other natural processes like siltation etc. Under such circumstances, major repairs, restoration and modernization of the water bodies are to be taken up during their lifetime to increase/restore their efficiencies. Minor irrigation department is taking up works such as strengthening of bund, surplus system and lining of canals to optimize the utilization of water. Rs.8750

lakh has been provided to this scheme for the year 2011-12.

e. Developmental Works in New Districts : An amount of Rs. 50.00 crore has been provided in the budget for the year 2011-12 for taking up developmental works in new districts.

3.8 DISTRICT SECTOR PLANS AND DISTRICT SECTOR OUTLAY FOR 2011-12

District sector plan outlays from 1990-91 to 2010-11 is given in Appendix 3.1. The total outlay of the district sector plan programmes for the year 2011-12 is Rs. 6042 crore, of which Rs. 3726 crore is the State's share and Rs. 2316 crore is the share of the Government of India. This constitutes around 15% of the total State's plan size; the corresponding shares of the State and the Centre being 10% and 83% respectively. Districtwise break-up of the plan outlay is presented in Table 3.19.

3.9 EXTERNALLY AIDED PROJECTS

There are fifteen external aided projects under implementation with assistance from the World Bank and other external agencies during the year 2011-12. Of these, three are under urban development and public works department, two in water resources (MMI & MI) and rural development & Panchayat raj departments and one each in health & family welfare, forest, energy, education and finance departments. The Karnataka urban water sector improvement project was implemented with assistance from the World Bank and the secondary level health care hospitals - Phase-II, was implemented with assistance from KFW Germany. Karnataka urban development and coastal environment management project was implemented with assistance from ADB and has been closed in 2009-10. It is proposed to implement Sujala III and dam rehabilitation & improvement projects from the current year. Expenditure incurred on these projects since inception upto 30.11.2011 is Rs. 6679.693 crore.

Projectwise details are presented in Table 3.20.

3.10 CURRENT FISCAL CHALLENGES AND WAY FORWARD

Despite the State's broad successes in its fiscal consolidation efforts, the State government faces several fiscal challenges arising from limited upside potential for resource mobilization relative to GSDP, rigidities in the form of committed expenditure, and weak linkages between expenditure and development outcomes as detailed below.

1. Tax effort plateau: Having already achieved the highest tax to GSDP ratio, any further increase in the tax effort is fairly challenging. Similarly, achieving a higher level of tax buoyancy is difficult as the marginal increase in the taxes from a high base is likely to be lower. As a result, until the economy as a whole grows at an accelerated rate (which is unlikely at present due to signs of economic slowdown), the tax collections will not see a quantum jump like in the past.

2. Low non-tax revenue: The ratio of non-tax revenue to total receipts has been continuously declining over the years. Further, the State has one of the lowest non-tax revenues to the GSDP ratios in the Country. It has hovered around the 1% mark over the past two to three years. This is due to low recovery of costs. In many departments, the revision of user charges, fees & fines and other such non-tax receipts has not taken place for many years. Even with revision of rates and better collection mechanisms, the increase in revenues from this avenue may not be large due to existing low base.

3. Low recovery of loans and advances: Interest spread of Government borrowings has been negative during 2007-12 meaning that the State's borrowings were more expensive than the loans advanced by it. The recipient boards and corporations are unable to service the loans given to them by

Table 3.19: District-wise Plan Outlay (2011-12)

(Rs. lakh)

District	State	%	Central	%	Total	%
Bangalore Urban	8455.14	1.40	4188.25	0.69	12643.39	2.09
Bangalore Rural	4742.69	0.78	2327.79	0.39	7070.48	1.17
Bagalkote	10474.14	1.73	3747.19	0.62	14221.33	2.35
Belgaum	21072.03	3.49	9022.30	1.49	30094.33	4.98
Bellary	11991.97	1.98	3996.27	0.66	15988.24	2.65
Bidar	9066.47	1.50	3930.27	0.65	12996.74	2.15
Bijapur	12683.98	2.10	5145.93	0.85	17829.91	2.95
Chamarajanagar	6806.82	1.13	2629.51	0.44	9436.33	1.56
Chikballapur	7092.01	1.17	3803.30	0.63	10895.31	1.80
Chikmagalur	8212.02	1.36	3358.26	0.56	11570.28	1.92
Chitradurga	9167.86	1.52	3946.47	0.65	13114.33	2.17
Dakshina Kannada	7496.37	1.24	3570.46	0.59	11066.83	1.83
Davangere	10401.62	1.72	4289.89	0.71	14691.51	2.43
Dharwad	6653.78	1.10	3191.54	0.53	9845.32	1.63
Gadag	6050.09	1.00	2759.03	0.46	8809.12	1.46
Gulbarga	15722.20	2.60	4883.66	0.81	20605.86	3.41
Hassan	9835.06	1.63	4237.51	0.70	14072.57	2.33
Haveri	8816.67	1.46	3761.32	0.62	12577.99	2.08
Kodagu	3123.71	0.52	1716.09	0.28	4839.80	0.80
Kolar	6752.00	1.12	2837.21	0.47	9589.21	1.59
Koppal	9456.94	1.57	2862.20	0.47	12319.14	2.04
Mandya	9660.92	1.60	3720.42	0.62	13381.34	2.21
Mysore	11571.02	1.92	5649.06	0.94	17220.08	2.85
Raichur	12486.27	2.07	4941.00	0.82	17427.27	2.88
Ramanagaram	6147.56	1.02	2141.81	0.35	8289.37	1.37
Shimoga	9594.01	1.59	4820.35	0.80	14414.36	2.39
Tumkur	16059.87	2.66	7850.98	1.30	23910.85	3.96
Udupi	4153.00	0.69	2366.28	0.39	6519.28	1.08
Uttar Kannada	9936.23	1.64	4682.51	0.78	14618.74	2.42
Yadgir	7145.70	1.18	2127.66	0.35	9273.36	1.53
Lump sum - ZP	91761.18	15.19	113071.78	18.72	204832.96	33.90
Total	372589.33	61.81	231576.30	38.19	604165.63	100.00

Table 3.20: Externally Aided Projects under implementation

Sl. No.	Name of the Project & Department	Name of the aiding Agency	Project cost (Rs. crore)	Year of Commencement/ Closing	Expenditure Since Inception up to end of 30-11-2011 (Rs. crore)	Outlay for 2011-12 (Rs. crore)
	FOREST					
1	Karnataka Sustainable Forest Management & Bio-Diversity	JICA	745.00	2005-2013	690.53	52.60
	WATER RESOURCES (MMI)					
2	National Hydrology Phase II	World Bank	29.19	2006-2012	10.27	8.93
3	Dam Rehabilitation & Improvement	World Bank	Project is yet to be signed			
	WATER RESOURCES (MI)					
4	Karnataka Community Based Tank Management (including Additional Finance)	World Bank	815.61	2002-2012	563.25	240.00
	AGRICULTURE AND HORTICULTURE					
5	Sujala - III	World Bank	Project is yet to be signed		0.54	10.00
	HEALTH AND FAMILY WELFARE					
6	Secondary Level Health Care Facilities - Phase II	KFW Germany	121.28	2004-2011	104.14	1.00**
7	Karnataka Health Systems Development & Reforms	World Bank	897.77	2007-2012	768.47	149.00 (Project Finance)
	URBAN DEVELOPMENT					
8	Karnataka Urban Development & Coastal Environment Management	ADB	996.30	2000-2009	982.74	25.00*
9	Karnataka Urban Water Sector Improvement	World Bank	237.04	2005-2011	207.85	3.00**

Sl. No.	Name of the project & Department	Name of the aiding Agency	Project cost	Year of Commencement/ Closing	Expenditure Since Inception up to end of 30-11-2011	Outlay for 2011-12
10	Cauvery Water Supply Scheme- Stage IV Phase II	JICA	3383.70	i. 2005-2012 ii. 2006-2013	1686.41	1150.00
11	Karnataka Municipal Reforms	World Bank	1364.00	2006-2011	518.28	350.00
12	North Karnataka Urban Sector Investment Programme	ADB	1980.00	2008-2016	237.36	200.00
	PUBLIC WORKS					
13	i. Karnataka State Highways Improvement Phase-II	World Bank	4522.50	2011-2016	158.15	325.00
14	ii. Karnataka State Highways Improvement Phase-II	ADB	2150.40	2011-2015	68.79	275.00
15	Sustainable Coastal Protection & Management	ADB	911.00	2011-2018		50.00
	EDUCATION					
16	Karnataka Improving Education Governance	World Bank	3.85	2009-2012	0.63	2.00
	RURAL DEVELOPMENT AND PANCHAYAT RAJ					
17	Jal Nirmal -A.F	World Bank	816.00	2010-2013	92.46	150.00
18	Karnataka Panchayath Strengthening - Gram Swaraj	World Bank	600.00	2006-2012	514.22	88.00
	ENERGY					
19	Bangalore Distribution Upgradation	JICA	563.70	2007-2012	75.60 (including BESCO Share)	150.00 (JICA Share)
	FINANCE					
20	Karnataka Public Financial Management & Accountability System	World Bank	2.40	2011-2014	0.003	***
	Total		20139.74		6679.693	3229.53

* Project has been completed during 2009-10; Amount allocated for 2011-12 is for committed expenditure.

** Project has been completed during 2010-11; Amount allocated for 2011-12 is for committed expenditure which is to be borne by the State Government.

*** Rs. 0.80 cr. has been provided in Supplementary Estimates-2.

Major Policy Announcements in the 2011-12 budget

A) Agriculture

- Rs. 1000 crore earmarked for improvement of lives of 10 lakh agricultural families under the Suvarna Bhoomi Yojane
- Agriculture loan made available for farmers at an interest of 1% p.a. through cooperative societies
- Rs. 3900 crore for supplying quality power to irrigation pumpsets
- For taking up rejuvenation of tanks and for filling up of water to the dried tanks, earmarking an amount of Rs. 1000 crore
- Framing of Karnataka Agri-Business development policy
- Global Agro Investors Meet Organized for the first time in the Country

B) General

- Fiscal position of the government presented on a quarterly basis on the Finance department website
- Setting up of Karnataka evaluation authority by the Planning department
- Allocation to rural development increased to Rs. 4385 crore with allocations of Rs. 1000 crore for rural roads, Rs. 1250 crore for drinking water and Rs. 400 crore for Suvarna Gramodaya.
- Devolution of funds to local bodies increased to 42% of Non-Loan Net Own Revenue Receipts.
- Rs. 500 crore as equity support to the ESCOMs for separation of the electricity feeders under Niranthara Jyothi project.
- Rs. 4770 crore from various sources for infrastructure development and overall development of Bangalore.
- Rs. 750 crore provided in 2011-12 for improving urban infrastructure in urban Areas under the three years Mukhya Mantri Nagarothana Yojana.
- Rs. 400 crore distribution of bonds to beneficiaries under Bhagyalakshmi scheme.
- Pool funds for Special Component Plan/Tribal Sub Plan increased to Rs. 1000 crore.

the State government in view of low recovery of cost of their services from the consumers.

4. Low financial returns on investments:

The return from investments of more than Rs. 32483 crore by the State Government was just 0.1% during 2010-11. While the Government is borrowing at a high cost from the market for these investments, the returns are much lower.

5. Committed expenditure : Committed expenditure on salaries, pensions, interest, subsidies, administrative expenditure, devolution to PRIs and ULBs etc., constitute about 93% of the total uncommitted revenue receipts during 2011-12 (BE). Containing the committed expenditure in light of the ever-expanding demands for welfare

programmes, an increase in the employee strength vis-a-vis capital expenditure is one of the key challenges.

6. Linkage between expenditure and outcomes:

In spite of maintaining one of the highest per capita plan expenditure, the State has been able to achieve economic growth at the all-State average level only. Ensuring the desired levels of outcome from ever increasing outlays for the development mandate is one of the key governance challenges. Karnataka continues to be behind neighbouring states in terms of human development indices. While there is a need for focused investment in these sectors, ensuring effective implementation machinery and monitoring the outcomes closely is a challenge. ■

4

AGRICULTURE AND ALLIED ACTIVITIES

Karnataka has been focusing on the agriculture and allied activities sector to ensure balanced regional development and true inclusive growth. In 2011-12, the State Government presented an exclusive budget for the agriculture sector which is the first and the only one of its kind in the entire country wherein a unique attempt was made to give a new thrust to the schemes related to the better use of land and water. Gross irrigated area in the State has gradually increased from 16% of gross cultivated area in 1980-81 to 32% in 2009-10. The State has enhanced its capacities in the fields of agricultural research, training, education and extension by adding and restructuring agricultural Universities and is trying to enhance public investment on agricultural research. Due to implementation of novel mission mode programmes, the productivity of the rainfed crops has increased. Considerable progress has been achieved under the area expansion and the enhanced production of horticulture crops. There is a steady growth in the production of milk, meat and wool and it is expected to increase further. The State has given importance to post-harvest forward linkages to the agriculture sector to reap the benefits of markets through better storage, distribution, processing and value addition. To attract investments to this sector, the Global Agribusiness and Food Processing Summit was organized.

4.1 Introduction

Agriculture plays an important role in overall growth of the Karnataka economy despite a fall in its share in the State domestic product. It remains as the basic source of supply of foodgrains, fibers and other primary products that are indispensable for human beings. Even with unfavourable climatic conditions and varying natural resource endowments, the State has made great strides in agricultural production.

During 2010-11, the State achieved an all-time high food grain production of 139.86 lakh tons comprising 124.21 lakh tons of cereals and 15.65 lakh tons of pulses. Cotton production also touched an all time high level of 12.18 lakh bales during the year 2010-11. This record growth in production was achieved because of impressive growth in productivity supported by good monsoon in all regions of the State.

To further consolidate the achievements and promote rapid growth in agriculture and allied sectors, the State Government presented an exclusive budget for

agricultural sector for the year 2011-12, which is the first and the only of its kind in the entire country. A unique attempt was made to give new dimensions to the schemes related to land and water. The agriculture and allied sectoral plan outlay amounted to Rs. 3830.64 Crore, which accounted for 10% of the total outlay for the year 2011-12. These initiatives have contributed to higher investments, infusion of new technology and initiation of public-private partnership to strengthen the agricultural markets in the State.

4.2 Monsoon in 2011

Pre-monsoon showers during April and May were timely and helpful for land preparation and sowing of early kharif crops like cotton, tobacco, jowar, sesamum and short duration pulses (cowpea, greengram and blackgram) in parts of Mysore, Chamarajanagar, Hassan, Chitradurga, Chikmagalur, Tumkur and Ramanagaram districts.

Southwest monsoon commenced on 2nd June and covered all parts of the State by 15th June 2011. However, dry spell during

the 2nd fortnight of June and July in some taluks affected the normal/timely sowing of rainfed crops. Rainfall situation was normal during August and hence helped to attain near-normal coverage for Kharif crops through contingent crop sowing. But, the excess rainfall during the week from 27th August to 2nd September caused some damage to kharif crops in certain parts of the State. However, major parts of the North and South Interior Karnataka experienced long dry spells from 3rd September to 7th October 2011 causing severe moisture stress to rainfed crops in about 14.24 lakh hectares. Overall, the actual average rainfall from 1st June to 30th September 2011 was 811 mm as against a normal of 820 mm, but the distribution over time and space was not satisfactory.

Southwest monsoon withdrew from the State on 24th October 2011 with a simultaneous onset of Northeast monsoon. Although the onset of the Northeast monsoon was timely, its distribution was weak. Further, 66 taluks in October and 109 taluks in November registered deficit/scanty rainfall, which not only affected the normal progress under Rabi crops, but also standing Rabi crops in the field. The actual average rainfall from 1st October to 31st December was 172 mm as against the normal rainfall of 190 mm.

The State Government, after timely and careful review of the rainfall and agricultural crops situation, declared 123 taluks in 24 districts as "Drought Affected Taluks" in the month of October 2011. District-wise and month-wise rainfall received during Pre-monsoon, Southwest monsoon and Northeast monsoon for the year 2011 is given in Appendix - 4.1.

4.3 Agricultural Production: Performance and Prospects

On account of drought situation in major parts of the state and failure of Kharif and Rabi crops during 2011-12, the foodgrain production is likely to be achieved at 124.24 lakh tonnes as against the target of 130 lakh tonnes and the record production of 139.86 lakh tonnes in 2010-11. It is pertinent to note that the higher production in 2010-11 was enabled by favorable rainfall received from April 2010 to November 2010 in major parts of the state (Table. 4.1).

For the current year the Rabi target was revised from 33.68 lakh hectares to 35.55 lakh hectares to bring the unsown kharif area under cultivation. Unfortunately, the deficit/scanty rainfall in major parts of north interior Karnataka during October, November and December 2011 hampered normal area coverage of Rabi crops. The

Table 4.1: Area and Production of Major Crops in the State

(Area in lakh hectares, Production in lakh tonnes)

Crop / Group	2011-12 ^a		2010-11*	
	Area	Prodn.	Area	Prodn.
Cereals	50.98	111.92	54.45	124.21
Pulses	23.78	12.32	27.91	15.65
Total foodgrains	74.76	124.24	82.36	139.86
Oilseeds	14.50	10.01	16.24	12.70
Cotton #	5.23	9.09	5.48	12.18
Sugarcane	4.30	379.91	4.23	396.57
Tobacco	1.04	0.89	1.25	1.34

lakh bales of 170 Kg. lint, *Final Estimates,

^a 2011-12 Revised 2nd Advance Estimates of DE&S

production of principal crops in Karnataka for Kharif, Rabi and Summer 2011-12 are given in Appendix 4-2.

The area coverage under Kharif, Rabi and Summer crops during 2010-11 and 2011-12 are provided in Table 4.2 and Appendix 4.3. As discussed the unfavourable weather conditions has brought down the area under all major crops during 2011-12 as compared to the year 2010-11. The trend in index number of area, production and yield of agricultural commodities is given in Appendix 4.4. Area under principal crops in Karnataka over the years is given in Appendix 4.5. Production under principal crops in Karnataka over the years is given in Appendix 4.6. Average yield of selected crops in India and Karnataka are given in Appendix 4.7.

4.4 IRRIGATION

The economic progress of a state is intricately and inseparably related to the management of its scarce water resources and, use of its adequate quantity at right place and at regular intervals. Irrigation plays a dominant role in determining productivity in agriculture. Table 4.3 depicts the trends in irrigated area in Karnataka. There has been a gradual increase in the gross irrigated area in the State. The gross irrigated area has increased steadily from

16% of gross cultivated area in 1980-81 to 32% in 2009-10. The gross irrigated area has increased from 16.76 lakh hectares in 1980-81 to 40.96 lakh hectares in 2009-10.

Table 4.4 presents source wise irrigation for the year 2009-10 for the gross irrigated area of the State. Among all irrigation sources, tubewells and borewells constitute the highest proportion of 37%. The share of tanks, which were historically a major source of irrigation, has declined to about 6 % of the total net irrigated area.

4.4.1. Irrigation Potentials Created through Major and Minor Irrigation Projects

The irrigation projects, based on surface water (through canals), are classified into major, medium and minor irrigation projects according to the amount of cultivated command area generated by them. The irrigation potential (anticipated) increased in 2011-12 by 4.2% over the previous year, as compared to a 2.0% increase during 2010-11 over the previous year. The cumulative irrigation potential created under major, medium & minor irrigation upto the end of 2011-12 is 36.61 lakh hectares, as against an estimated total irrigation potential of 45 lakh hectares comprising of 35 lakh hectares under major & medium irrigation and 10 lakh hectares under minor irrigation.

Table 4.2 Area Coverage: Kharif, Rabi and Summer (Lakh ha)

Crop / Groups	Kharif			Rabi			Summer		
	Normal	2011-12	2010-11	Normal	2011-12	2010-11	Normal	2011-12*	2010-11
Cereals	34.54	34.36	35.52	16.14	13.20	14.87	3.32	3.43	4.06
Pulses	13.85	13.51	16.39	8.95	10.18	11.48	0.22	0.09	0.05
Total foodgrains	48.39	47.87	51.91	25.09	23.38	26.35	3.54	3.52	4.11
Oilseeds	15.99	10.54	11.54	6.66	2.01	2.59	2.44	1.95	2.11
Cotton #	2.36	4.50	4.19	1.67	0.71	1.26	0.02	0.02	0.03
Sugarcane	3.61	4.30	4.23	0.42	-	0.50	0.37	-	0.24
Tobacco	0.98	1.04	1.23	0.07	-	0.02	-	-	-
Aggregate	71.34	68.25	73.10	33.92	26.10	30.72	6.352	5.49	6.48

*Anticipated

Table 4.3 Trends in Irrigated Area in Karnataka

(Area in lakh hectares)

Year	Gross Cultivated Area	Gross Irrigated Area	Net Irrigated Area	Gross Irrigated Area as a percentage of Gross Cultivated Area
1980-81	106.60	16.76	13.62	16
990-91	117.59	25.98	21.13	22
2000-01	122.84	32.71	26.43	27
2001-02	116.70	30.89	26.83	26
2002-03	115.32	28.41	27.05	25
2003-04	114.50	27.02	28.38	24
2004-05	128.07	33.28	29.06	26
2005-06	130.27	36.32	29.70	28
2006-07	124.38	36.03	29.46	29
2007-08	128.93	37.89	31.32	29
2008-09	123.68	39.42	32.38	32
2009-10	128.73	40.96	33.91	32

Source: Annual Season & Crop Statistics Report. (Directorate of Economics & Statistics, GOK)

An additional irrigation potential of 1.35 lakh hectares is anticipated during the current year (2011-12) through major & medium irrigation projects. Under minor irrigation (surface water), the additional potential, which will be created this year, is 0.14 lakh hectares leading to a total additional potential of 1.49 lakh hectares from the three categories. During 2011-12, a potential of 0.36 lakh hectares is anticipated through the Upper Krishna project alone. The cumulative irrigation potential under major,

medium and minor irrigation (surface water) is anticipated to go up to 36.61 lakh hectares (excluding ground water) in 2011-12 from 35.12 lakh hectares in 2010-11.

4.4.2. Expenditure Incurred on Major and Medium Irrigation Projects

Expenditure on major and medium irrigation projects was Rs. 3394.10 crore for plan and projects pending approval together in 2010-11. The corresponding expenditure anticipated in 2011-12 is Rs. 6029.25 crore (Table 4.6). Expenditure incurred up to the

Table 4.4: Source-wise Irrigation (2009-10)

(Area in lakh hectares)

Source	Irrigated Area		Share of Total Net Irrigated Area (%)
	Gross	Net	
Canals	14.47	11.05	32.59
Tanks	2.15	1.96	5.78
Wells	4.79	4.25	12.53
Tube/Bore Wells	14.74	12.52	36.92
Lift Irrigation	1.33	1.06	3.13
Other Sources	3.48	3.07	9.05
Total	40.96	33.91	100.00

Source: Annual Season & Crop Statistics Report. (Directorate of Economics & Statistics, GOK)

Table 4.5 Irrigation Potential Created

Area in lakh hectares (Cumulative)

Source	2009-10	2010-11	2011-12 (Anticipated)
Major and Medium Irrigation	24.56	25.06	26.41
Minor Irrigation (Surface water)	9.87	10.06	10.20
Total	34.43	35.12	36.61

Source: Water Resource Department, GOK.

end of December 2011 was Rs. 349.33 crore for projects pending approval.

The expenditure on Upper Krishna Project (UKP) alone, upto end of December 2011 was Rs. 12297.77 crores. The latest revised estimated cost for UKP, stages I and II is Rs. 3959.80 and 6891.59 crores respectively while the total UKP's estimated cost is Rs. 10851.39 crores. As per Planning Commission approval dated 22.1.2009, the cumulative expenditure upto end of March 2011 on Upper Krishna Project. Stages I & II was Rs. 10478.53 crore. The anticipated expenditure in 2011-12 for the Upper Krishna Project alone accounts for Rs. 1910.00 crore. The Stage I-Phase II and Stage III works are nearing completion.

The works in UKP would be completed in the near future. The above efforts are likely to irrigate about 6.22 lakh hectares of land falling under the drought prone districts of Bijapur, Bagalkot, Gulbarga and Raichur. As

on December 2011, an outlet potential of 611495 ha. has been achieved as indicated in Table 4.7. During 2011-12, a potential of 36000 hectares is anticipated to be created as against the contemplated irrigation potential of 6.22 lakh hectares under the Upper Krishna Project, Stages I and II.

4.4.3. Minor Irrigation - Surface Water

Minor irrigation works have the definite advantage of providing immediate benefits from the potential created. In 2011-12, an allocation of Rs. 10321 lakh has been made for construction and improvements to anicuts, pickups and feeder channels and Rs. 8919 lakh for SCSP and TSP. Besides this, Rs. 2325.89 lakh has been provided for the Zilla Panchayats to take up Minor Irrigation with an atchkat of 40 Hectares or below and create a potential of 14040 hectares. Thus, during the current year, the anticipated expenditure on Minor Irrigation and Surface Water has been recorded as

Table 4.6: Year wise Allocation and Expenditure of Irrigation Sector

(Rs. Crore)

Year	Allocation	Expenditure
2002-03	1613.52	1297.55
2003-04	1897.14	1178.59
2004-05	2041.68	1305.58
2005-06	2856.63	1696.30
2006-07	3224.54	2106.86
2007-08	2396.77	2209.90
2008-09	2857.48	2101.02
2009-10	3144.08	2787.62
2010-11	4640.17	3394.10
2011-12	6029.25	2647.10 (upto 12/2011)

Source: Water Resource Department, GOK.

Table 4.7: Details of progress achieved in Upper Krishna Project - Stages I & II

Particulars	Unit	Upper Krishna Project Stages I & II
Estimated Cost	Rs. Crore	10851.39
Expenditure up to 2010-11	Rs. Crore	10478.53
Expenditure expected in 2011-12	Rs. Crore	1910.00
Irrigation potential envisaged	Area in Hectares	615212
Potential created up to 2010-11	Area in Hectares	611495
Additional Potential anticipated to be created in 2011-12	Area in Hectares	36000

Source: Water Resource Department, GOK.

Rs. 95676 lakh against the expenditure of Rs. 78762 lakh during 2010-11. The development of surface water irrigation from 2002-03 onwards is summarized in Table 4.8.

The budgetary allocation for Jala Samvardhane Yojana Sangha (JSYS) during the year 2011-12 is Rs. 240 crore and the expenditure incurred up to the end of November 2011 was Rs. 145.17 crores.

4.4.4. Command Area Development

The Command Area Development (CAD) Programme, takes up on-farm development works like construction of field channels, land leveling/shaping and realignment of

field boundaries and, wherever necessary, adoption of Warabadi and construction of field drains etc. In 2011-12, the anticipated expenditure is Rs. 760.70 crore, against Rs. 111.45 crore spent in 2010-11. The Central Assistance for Command Area Development Authorities (CADAs) in 2011-12 is anticipated to Rs 322.55 crore. In addition, Krishna Bhagya Jala Nigam Limited (KBJNL), Karnataka Neeravari Nigam Limited (KNNL) and Cauvery Neeravari Nigam Limited (CNNL) have also been carrying out CADA works with an anticipated Central Assistance of Rs. 52.66 crores. The physical progress made by the CADAs is shown in Table 4.9.

Table 4.8: Development of Minor Irrigation from Surface Water

Year	Expenditure (Rs. lakh)	Potential Created (hectares)	Stabilisation (hectares)
2002-03	11057.98	7295	-
2003-04	12988.38	6300	-
2004-05	20395.97	4280	-
2005-06	19418.78	7101	-
2006-07	35470.41	10800	8460
2007-08	35950.44	8954	5477
2008-09	58660.13	16039	22760
2009-10	55195.00	10000	11299
2010-11(RE)	78762.00	15289	11990
2011-12(A)	95676.00	14040	9857

Source: Water Resource Department, GOK.

Table 4.9: Area under Command Area Development Programme (2009-10 to 2011-12)

Items of work	2009-10	2010-11	(Area in 000' Hectares)
			2011-12 (Upto Dec-2011)
Construction of field irrigation channels	15.45	61.30	381.28
Construction of field drains & leveling	50.61	34.70	673.62
Land Reclamation	3.87	10.55	768.67

Source: Water Resource Department, GOK.

4.4.5. Modernization of Bhadra Project

Modernization of Bhadra canal system was taken up in a comprehensive manner during 2008-09 at an estimated cost of Rs. 951.00 crore. This project is wholly assisted under Hon'ble Prime Minister's special package project till completion as per revised guidelines. The expenditure incurred till date is Rs. 818.65 crore, as given in Table 4.10.

The Upper Bhadra Project, a part of the Bhadra project, is envisaged to provide irrigation facility to drought prone areas of Chickmagalur and Chitradurga districts along with drinking water facilities to Tumkur and Kolar districts. The cumulative expenditure incurred till November 2011 was Rs. 349.64 crore.

4.4.6. The National Hydrology Project II

Hydrology Project- II is a follow up action project of World Bank Aided Hydrology Project-I, wherein infrastructure for collection of data was established. The data so collected is now proposed for utilization in

the new Hydrology project- II. This has again been divided into two components. (i) Surface Water Component with Rs. 9.09 crores and (ii) Ground Water Component with Rs. 14.44 crores.

Hydrology Project- II is a follow up action project of World Bank Aided Hydrology Project-I, wherein infrastructure for collection of data was established. The main components are:

1. Institutional strengthening, which includes consolidation of hydrology project-I activities, awareness raising, dissemination and knowledge sharing and implementation support.
2. Vertical extension, which includes development of hydrological design aids, development of decision support system, implementation purpose driven studies.

The total financial progress achieved as on December 2011 was Rs. 135.14 lakh. The target for 2011-12 was Rs. 255.52 lakh and the cumulative progress achieved since

Table 4.10: Modernization of Bhadra Project

Year	Expenditure (Rs. crore)	Physical Progress		
		Main canal (In Kms)	Branch canal (Kms)	Buildings (Nos.) Canal Distributory
2007-08	220.88	166.91	484.59	978
2008-09	127.92	97.62	369.88	664
2009-10	253.76	111.45	122.35	298
2010-11	148.74	22.65	220.42	177
2011-12	200.00	3.00	3.05	5
Total (Till date)	818.65	401.63	1200.29	2120

Source: Water Resource Department, GOK

inception till December 2011 has been Rs. 628.77 lakh.

4.4.7. Accelerated Irrigation Benefit Programme (AIBP):

Under AIBP, 15 projects in the State are being implemented by using Central assistance. Tables 4.11a and 4.11b present the progress achieved under the AIBP programme.

12 major and medium irrigation projects under AIBP have been proposed for Central assistance for the current year. The

cumulative expenditure incurred under AIBP projects till December 2011 is Rs. 4364.10 crore and anticipated expenditure for the year 2011-12 is Rs. 1037.83 crore.

4.4.8. Prime Minister's Special Package

Four major and medium irrigation projects under PM's special package have been proposed for Central Assistance for the current year. The cumulative expenditure incurred under PM's Special Package till November 2011 is Rs. 505.07 crore and anticipated expenditure for the year 2011-12

Table 4.11a: Accelerated Irrigation Benefit Programme (AIBP) (Rs. crore)

Name of Project	CA received (Cumulative)	Remarks
UKP Stage-I Phase-III	1377.30	Nearing Completion
UKP Stage-II	1652.64	Completed
Ghataprabha	544.82	Nearing Completion
Malaprabha	313.37	Nearing Completion
Karanja	189.03	Foreshore LIS & R&R works is nearing completion
Guddadamallapura	57.24	Nearing Completion
Bhima LIS	111.26	
Varahi	68.54	
Maskinala	3.22	Completed
Hirehalla	64.24	Completed
Gandorinala	116.94	
Srirameshwara LIS	-	ERM projects in Gulbarga District (New)
Upper Mallamari	-	
Chadrampalli	-	
Hattikuni	-	
Total	4498.60	

Source: Water Resource Department, GOK.

Table 4.11b: Prime Minister's Special Rehabilitation Package (Rs. Crore)

Name of Project	CA received (Cumulative)	Remarks
Hipparagi	348.28	
Modernisation of Bhadra	147.10	Nearing Completion
Dudhaganga	6.21	
ERM of Bheemasamudra Tank	3.48	
Total	505.07	

Source: Water Resource Department, GOK.

is Rs. 469.49 crore.

4.4.9. Special Development Programme (SDP)

State Government is committed to eradicate regional imbalance by implementing the recommendations of Dr. Nanjundappa Committee Report for completion of on-going major and medium irrigation projects in backward, more backward and most backward areas. The budget allocation to Water Resources Department for the year 2010-11 under Special Development Plan is Rs.328.83 crore. Financial Progress of Rs. 400.99 crore has been achieved. The details are furnished below in Table 4.12.

The budget allocation to Water Resource Department for the year 2011-12 under Special Development Plan is Rs. 475.00 crore. The financial progress of Rs.403.89 crore has been achieved till December 2011.

4.4.10. Water Revolution (Jalakranti)

The country's agriculture, horticulture and rural development depend on rejuvenation and management of water resources. The Jalakranti aims at optimum and effective utilisation of the natural water resources so as to mitigate water scarcity in drought prone areas through "Water Revolution i.e. Jalakranti". In this context, the Government has declared the period from 2011 to 2020 as irrigation decade to enable the comprehensive utilization of natural water resources comprehensively and to effectively cater to the needs of drought prone areas.

4.4.11. Integrated Water Resources Management

More emphasis will now be given to develop water storage capacity, water management and integrated water resources management systems. For the first time in the Country, the State Government has prepared a proposal based on integrated water resource management in rivers and valleys, in consultation with the Asian Development Bank. In order to undertake reforms in irrigation sector, Asian Development Bank team has submitted Capacity Development Technical Assistance report and, Project Preparatory Technical Assistance is in progress. The State Government has identified projects for Project Preparatory Technical Assistance.

An Advanced Centre for Integrated Water Resources Management (IWRM) is being established as per Capacity Development Technical Assistance report by integrating Water and Land Management Institute, Dharwad, Karnataka Engineering Research Station, K.R. Sagar, and Central Mechanical Organisation, Bangalore. A budget provision of Rs.50 crore has been made for the year 2011-12.

4.5 Land Utilization and Operational Holdings

4.5.1. Land Utilization

As per the land utilization statistics for 2009-10, out of the total geographical area of 190.50 lakh ha, 16% was covered under forests, 7.2% area was under non-agricultural uses, 4.1% land was barren and

Table 4.12: Special Development Programme

(Rs. Crore)

Name of Nigam	Budget Allocation for 2010-11	Progress up to 03/2011
Krishna Bhagya Jala Nigam	25.00	55.92
Cauvery Neeravari Nigam Limited	25.00	19.05
Karnataka Neeravari Nigam Limited	278.83	326.02
Total (WRD)	328.83	400.99

Source: Water Resource Department, GOK.

uncultivable land and 2.2% land was cultivable waste (Table 4.13). Permanent pastures, grazing land and miscellaneous tree crops constituted 6.3%. The net area sown in the State was 104.04 lakh ha (54.6%) and the cropping intensity was worked out at 123.7%. The details of land utilization situation are presented in Appendix 4.9 (a) & (b).

4.5.2. Land Holdings

As per the Agricultural Census of 2005-06, Karnataka has 75.81 lakh number of operational holdings and 123.85 lakh ha of operated area (Table 4.14). Small and marginal holdings combined account for 75% of total holdings and 37% of the total operated area, while semi-medium, medium and large holdings combined account for 25% of the total holdings and 63% of the total operated area. The average land

holding size has declined to 1.63 ha in 2005 from about 3.20 ha in 1970.

4.6. CROPPING PATTERN

Karnataka falls in Zone X (Southern Plateau and Hilly region) and Zone XII (West Coast Plains and Ghats region) as per the Agro-climatic Regional Planning prepared by Planning Commission, Government of India. The State is divided into the following 10 Agro-climatic zones based on (a) rainfall pattern - quantum and distribution (b) soil types, texture, depth and physico-chemical properties (c) elevation and topography and (d) major crops and vegetation.

1. North Eastern Transition Zone
2. North Eastern Dry Zone
3. Northern Dry Zone
4. Central Dry Zone
5. Eastern Dry Zone
6. Southern Dry Zone

Table 4.13 Classification of Total Geographical Area (2009-10)

Sl. No.	Classification	Area (lakh ha.)
	Total Geographical Area	190.50
1	Forest	30.72
	<i>Not available for cultivation:</i>	
2	a) Land put to non-agri.uses	13.86
3	b) Barren & uncultivable land	7.88
4	Cultivable waste	4.13
	<i>Uncultivated land excluding fallow land:</i>	
5	a) Permanent pastures & other grazing land	9.14
6	b) Misc. Tree crops, Groves	2.88
	<i>Fallow Land</i>	
7	a) Current fallow	13.01
8	b) Other fallow land	4.84
9	Net Area Sown	104.04
	Total Cropped Area	128.73
	Area sown more than once	24.69
	Cropping Intensity - %	123.73

Source: Annual Season & Crop Report of DE&S, Bangalore.

Table 4.14: Land Holdings in Karnataka

I .Number of Operational Holdings ('000)			
Size Class	1995-96	2000-01	2005-06
Marginal (Below 1 ha.)	2610	3252	3655
Small (1 to 2 ha.)	1707	1909	2014
Semi Medium (2 to 4 ha.)	1204	1259	1278
Medium (4 to 10 ha.)	594	569	555
Large (Above 10 ha.)	106	90	79
Total	6221	7079	7581
II .Area of Operational Holdings ('000 hectares)			
Marginal	1248	1492	1651
Small	2480	2742	2876
Semi Medium	3298	3429	3468
Medium	3490	3317	3206
Large	1593	1327	1184
Total	12109	12307	12385
III. Average Size of Operational Holdings (hectares)			
Marginal	0.48	0.46	0.45
Small	1.45	1.44	1.43
Semi Medium	2.74	2.72	2.71
Medium	5.88	5.83	5.78
Large	15.02	14.74	14.99
Total	1.95	1.74	1.63

Source: Karnataka Agricultural Census Reports.

7. Southern Transition Zone
8. Northern Transition Zone
9. Hilly Zone &
10. Coastal Zone

The varied agro-climatic features enable the farmers in the State to cultivate almost all type of cereals, pulses, oilseeds and commercial crops. Generally, agricultural crops are grown in three season viz., Kharif (71 lakh ha.), Rabi (33 lakh ha.) and Summer (6 lakh ha.). Among the crop groups, cereals account for 49%, pulses 25%, oilseeds 15%, cotton and sugarcane 5% each and tobacco 1% of gross cropped area. There is a slight increase in area under paddy, maize, tur, bengalgram, cotton and

soybean in the recent years, whereas crops like sunflower, jowar and ragi have been witnessing decline in area. Detailed information on cropping pattern is given in Appendix - 4.10.

4.7 DISTRIBUTION OF INPUTS

4.7.1. Fertilizers

4.7.1.1. Distribution of Fertilizers

For Kharif 2011, the State Government had projected the requirement of 24.65 lakh tonnes of different grades of fertilizers consisting of DAP (6.15 lakh tons), MOP (2.90 lakh tons), Complex (6.30 lakh tons), Urea (8.00 lakh tons) and others (1.30 lakh tons) including mono ammonium phosphate, potassium schoenite,

ammonium sulphate, ammonium chloride, calcium ammonium nitrate, rock phosphate and single super phosphate. Trends in fertilizer consumption in terms of NPK nutrients are furnished in Table 4.15 and Appendix 4.11.

4.7.1.2 Buffer Stocking of Fertilizers for Kharif 2011

To overcome the scarcity of fertilizer at critical periods, the State is operating a Scheme of Buffer Stocking of Fertilizers. During Kharif 2011, the State Government planned for stocking of about 5.00 lakh tons of different grades of fertilizers viz., DAP (2.50 lakh tons), MOP (0.25 lakh tons), Complex (1.00 lakh tones) and Urea (1.50 lakh tons). The Karnataka State Co-operative Marketing Federation (KSCMF) has been implementing the scheme, for which Rs. 550.00 crore was allocated. As on 16-12-2011, KSCMF had stocked DAP (71992 MTs), MOP (27627 MTs), NPK (174308 MTs), Urea (59129 MTs) and others (6264 MTs) in various districts. This arrangement helped to manage the fertilizer demand/supply situation smoothly in the State and there was no major problem in availability of fertilizers to the farmers.

4.7.2 Seeds

4.7.2.1 Production and distribution of Seeds

As per the Seed Replacement Norms, Seed Replacement Rates fixed for different Agricultural Crops for 2011-12 are as follows

- Cereals : 23 to 34 %
- Pulses : 23 to 26 %

- Oilseeds : 15 to 87 %
- Cotton : 17 %
- All Hybrids : 100 %

Production and supply of Breeder Seeds of different crops is being done by the State Agricultural Universities and Indian Council of Agricultural Research (ICAR) Institutes. These organizations produce and supply Breeder Seeds required for the State based on the advance indents placed by the Department of Agriculture. The Seed Association of India is the nodal agency for supply of breeder seeds to the private seed producing agencies. Certified Seed production and distribution in the State is carried out by Karnataka State Seeds Corporation, National Seeds Corporation, Karnataka Co-operative Oilseed Growers Federation, State Agricultural Universities and a number of private seed supplying agencies.

Seed producing-and-supplying agencies fix the procurement and selling rates of various seeds taking into account the cost of production, certification, processing, packaging and other overhead charges. Details of Production and distribution of certified-quality seeds in the State from 2008-09 to 2011-12 are shown in Table 4.16.

4.7.2.2 Distribution of Seeds at Subsidized Rate to Farmers during 2011-12

During Kharif 2011, it was planned to distribute seeds of 12 crops viz., paddy, ragi, jowar, maize, bajra, cowpea, greengram,

Table 4.15 Consumption of NPK in Karnataka (Mts)

Sl. No.	Years	N	P	K	TOTAL
1	2008-09	864136	558831	408907	1831874
2	2009-10	962898	629855	465726	2058479
3	2010-11	1016208	696173	398049	2110429
4	2011-12 (Likely Achievement)	1029939	643128	336994	2010061

Source: Department of Agriculture

Table 4.16 Production and Distribution of Certified-Quality Seeds (quintals)

Particulars	2008-09	2009-10	2010-11	2011-12 (Target)
Production	707769	1087450	1128258	1145824
Distribution	919976	1035123	1292765	1159575

blackgram, redgram, groundnut, sunflower and soybean at 50% subsidy to farmers through Small and Marginal Farmers Scheme, Rashtriya Krishi Vikasa Yojana and Prime Minister's Rehabilitation Package Programme. Totally 526308 quintals of seeds have been distributed to 19.14 lakh farmers and Rs. 8407.71 lakh of subsidy has been utilized for this purpose.

During Rabi - Summer 2011-12 also the subsidised seeds were distributed to farmers. As on January 2012, 148836 quintals of seeds have been distributed and Rs.1890.90 lakh of subsidy has been utilized benefitting 4.24 lakh farmers in the State.

4.7.3 Agricultural Implements - Farm Mechanization:

The Centrally Sponsored Scheme of Farm Mechanisation Programme has been implemented under Macro Management Mode of Agriculture (Work Plan) since 2001-02. Under this scheme, 25% subsidy is provided as per the assistance norms indicated by the Government of India. From 2003-04, as per the State Government's announcement, the rate of subsidy was increased to 50% with the additional contribution of 25% from the State Government. From 2008-09, Central fund under Macro Management Mode of Agriculture (Work Plan) was used as a matching grant to State fund. After exhausting the Central fund, the entire 50% subsidy for farm machinery will be borne

from the State fund. Farm Mechanization Programme is also implemented as Karnataka Farm Mechanization Mission under Rashtriya Krishi Vikas Yojana. The total allocation for the year 2011-12 is Rs.14472.00 lakh. As per the State Government Order, 50% subsidy is provided for the implements priced below Rs.5.00 lakh and 40% subsidy for the implements priced above Rs. 5.00 lakh. Details of expenditure incurred during the last three years under this programme are given in Table 4.17.

4.7.4 Micro Irrigation

Considering the varying levels of irrigation water requirements for different crops and improving the water use efficiency, micro irrigation technologies have been promoted among the farmers in the State. In this regard, 75% subsidy is provided to farmers adopting micro irrigation systems through a Centrally Sponsored Scheme on Micro Irrigation. Under this scheme, drip and sprinkler units are provided to the farmers. As per the Government of India's guidelines, 40% of central share is matched with 35% of state share for big farmers, and for small and marginal farmers, 50% of central share is matched with 25% of state share. During 2011-12, an amount of Rs. 7338.00 lakh | has been earmarked for the implementation of this scheme in the State. Details of expenditure during the last three years under this programme are given in Table 4.18.

Table 4.17 Farm Mechanization Programme in Karnataka (Rs. lakh)

Scheme	2008-09	2009-10	2010-11
Farm Mechanization (Under all Schemes)	15382.34	13000.08	10920.00

Source: Directorate of Agriculture

Table 4.18 Details of Micro Irrigation Scheme (Rs. lakh)

Scheme	2008-09	2009-10	2010-11
CSS Micro Irrigation	8426.10	10245.36	6065.63

4.8. Programmes and Schemes implemented by the State Government

4.8.1. National Food Security Mission

A Centrally Sponsored Scheme on "National Food Security Mission (NFSM)" has been implemented in two components in Karnataka. They are NFSM (Rice) in seven districts and NFSM (Pulses) in all 30 districts. The scheme has been conceived with the objective of increasing the productivity of pulses and rice in the NFSM implementing districts. The budget provisions for the successful implementation are given below.

- A) NFSM (Rice) : Rs.1738.46 lakh
- b) NFSM (Pulse) : Rs.3646.81 lakh
- c) A3P : Rs.1757.90 lakh
- d) Additional Pulses area programme : Rs.888.00 lakh

4.8.1.1 Accelerated Pulses Production Programme during 2011-12

The accelerated pulses production programme (A3P) has been implemented from 2010-11 under NFSM (Pulses). The main objective of the programme is to demonstrate the technologies and management practices related to plant nutrient application and plant protection in compact blocks covering four major pulses viz., pigeon pea, greengram, blackgram and bengalgram. This would help in increasing the production and productivity of these crops and stimulate other farmers in the adjoining areas of A3P block demonstration plots to adopt these technologies.

Karnataka has been allotted 22 A3P units for Kharif and 10 units for Rabi 2011-12 with a financial allocation of Rs.1757.90 lakh, of which Rs. 1643.72 has been utilized. In order to provide facilities under A3P to a

large number of small and marginal farmers, INM/IPM input kits were distributed in the selected districts for demonstration in one acre of land. So far the State could take up demonstrations in 65400 ha as against the target of 22000 ha during kharif. Further 112298 INM/IPM kits and seeds minikits were distributed during Rabi covering an area of 2000 ha.

4.8.2 Additional Rabi Area Programme

Due to non receipt of pre-monsoon rainfall and delayed rains during kharif season in the pulse growing districts, a decline in the area coverage of pulses was observed to an extent of 3.47 lakh ha. In order to compensate the shortfall in area coverage, the Government of India approved an additional area programme (2.70 lakh ha) and released Rs. 888.00 lakh for implementation. Total grants available for the year 2011-12 is Rs. 6034.13 lakh, out of which Rs. 5493.03 lakh has been spent upto December 2011.

This programme has been implemented in ten districts viz., Gulbarga, Bijapur, Raichur, Belgaum, Dharwad, Gadag, Bagalkote, Bidar, Bellary and Yadgir with the following components:

- 1) Distribution of quality seed at subsidized rates
- 2) INM/IPM component
- 3) Distribution of plant protection chemicals for 27,000 ha (10% of additional area) at Rs.500 per ha - community spraying
- 4) Distribution of plant protection chemicals for pigeon pea crop for 10,000 ha at Rs. 500 per ha - Community spraying

4.8.3 Rashtriya Krishi Vikas Yojana (RKVY)

The Government of India has launched a Special Additional Central Assistance

Scheme called “Rashtriya Krishi Vikas Yojana” from 2007-08 in order to reorient the agriculture development strategies for achieving higher growth and effectively meet the requirements of the farmers. The RKVY incentivizes the State Governments to increase the public investment in agriculture and allied sectors with the aim of reducing the yield gaps in important crops and thereby the returns to the farmers are increased.

For 2010-11, an amount of Rs. 284.03 crore was allocated, which was utilized for implementing the developmental schemes on agriculture, horticulture, animal husbandry, fisheries, agricultural marketing, sericulture, University of Agricultural Sciences (Bangalore, Dharwad and Raichur) and Karnataka State Seeds Corporation. During 2011-12, an amount of Rs.595.90 crore has been sanctioned for implementation of various schemes and sub-schemes as given in Table 4.19. Out of the sanctioned amount, Rs.274.43 crore has been earmarked for the Agriculture Department for implementation of schemes are given in Table 4.20. So far, the Government of India released Rs. 288.70 crore as first installment, out of which Rs. 207.73 crore has been utilized till October 2011.

4.8.4 Macro Management

The funds under this scheme are utilized to implement the work plan prepared by the State keeping in view the crop-region specific requirements such as quality seed programme and crop production management programme in sugarcane, integrated nutrient management, integrated pest management and farm mechanization. Under this scheme, subsidy is provided to farmers for purchasing farm equipments/ machineries, which helps in reducing the drudgery of farm operations and adoption of scientific farming practices and carry out farm operations on time.

4.8.5 Integrated Scheme for Oilseeds, Oil Palm and Maize (ISOPOM)

ISOPOM is a centrally sponsored scheme for the development of oilseeds, pulses, oilpalm and maize implemented since 2004-05 with the specific objective of increasing production and productivity of these crops. The scheme was modified in 2007 to provide greater flexibility to the States and to increase the assistance for certain components. Since pulses were included under NFSM from April 2010, the ISOPOM now supports only three crops viz., oilseeds, oilpalm and maize. The scheme is implemented in all the 30 districts of the

Table 4.19 Allocation of Funds under RKVY Scheme

(Rs. crore)

Sl. No.	Title	Allocation
1	Normal RKVY	419.37
	Sub-schemes	
2	60,000 Pulses villages programme	30.86
3	Oil Palm Development programme	33.60
4	Vegetable Clusters	17.00
5	Nutri Cereals	26.57
6	Accelerated Fodder Development Programme	30.00
7	Rainfed Area Development Programme	20.00
8	National Mission on Protein Supplements	18.50
	Total	595.90

Table 4.20 Schemes Implemented by the Department of Agriculture

(Rs. crore)		
Sl. No.	Name of the Project	Budget approved
1.	Karnataka Farm Mechanisation Mission	30.00
2.	Bhoo Chetana	45.00
3.	Karnataka Seed Mission	40.00
4.	Strengthening of Raitha Samparka Kendras for Efficient Transfer of Technology through Computerization.	15.00
5.	Raitha Shakthi Groups (RSGs)	1.00
6.	Strengthening of State Pesticide Testing Laboratories	2.50
7.	Strengthening of Fertilizer Control Laboratories	2.00
8.	Strengthening and modernization of State Bio-Control Laboratories(SBCLs)	1.00
9.	Agro processing and post Harvesting Technology	25.00
10.	Organic Farming - on site activities	15.00
11.	Strengthening of Soil Testing Laboratories	2.50
12.	Improving Soil Health through Vermicomposting	13.00
13.	Establishment of Karnataka Agricultural Science Museum and HRD Center	5.00
14.	Mechanized transplanting of Rice	20.00
	Total	217.00
	Sub-Schemes	
15.	Initiative for nutritional security through intensive millet promotion programme (INSIMP)	26.57
16.	Accelerated Pulses Production programme for integrated development of 60,000 pulse villages	30.86
	Total	57.43
	Grand Total	274.43

State with 75% of central and 25% of state share (except infrastructure under oilseeds and publicity component in all the three schemes).

To utilise the production potentiality of oilseed crops particularly groundnut and soybean, Accelerated Oilseed Production Programme was launched in 2010-11 in four districts viz., Tumkur, Chitradurga, Dharwad and Belgaum and covered the area of in 1.50 lakh ha. The objective of the programme is to increase the productivity by

30%, impart improved technology practices to farmers and improve the economic status of farmers. Under this scheme, certified seeds and other inputs which are necessary for Block Demonstration (IPM and FFS Demonstrations) including Rhizobium/PSB, NPV, Gypsum/Pyrites and micronutrients are distributed at 50 per cent subsidy. Pipes carrying water are distributed at 50% subsidy to encourage protective irrigation. To combat pests and diseases, plant protection chemicals and plant protection

equipments are also distributed at 50% subsidy (Table 4.21).

4.8.6. Crop Insurance

4.8.6.1 National Agricultural Insurance Scheme (NAIS)

National Agricultural Insurance Scheme (NAIS) has been implemented in the State since Kharif 2000. All the farmers irrespective of the size of their holdings, both loanee and non-loanee will be insured against any loss of yield due to natural calamities. The scheme is compulsory for loanee farmers and optional for non-loanee farmers. The premium paid by small and marginal farmers is subsidised to the extent of 10%. Claims will be paid based on indemnity level, sum assured and shortfall in the assessed yield against the threshold yield.

During 2011-12, 25 crops were notified at hobli level for Kharif season, 19 crops for Rabi season and 4 crops for Summer seasons. To compensate the crop losses on individual farmers basis in the event of crop failure due to localised calamities like flood, hailstorm, cyclone and landslide, all the

notified districts are covered during the year 2011-12. The financial allocation for the year 2011-12 is Rs. 6000.00 lakh, out of which Rs. 2009.38 lakh has been utilized. The crops notified during Kharif, Rabi and Summer 2011-12 are as follows:

Kharif 2011

Paddy (irrigated), paddy (rainfed), maize (irrigated), maize (rainfed), jowar (irrigated), jowar (rainfed), ragi (irrigated), ragi (rainfed), bajra (irrigated), bajra (rainfed), tur (irrigated), tur (rainfed), soyabean (irrigated), soyabean (rainfed), sunflower (irrigated), sunflower (rainfed), sesamum (rainfed), groundnut (irrigated), groundnut (rainfed), castor (rainfed), horsegram (rainfed), greengram (rainfed), blackgram (rainfed), save (rainfed), navane (rainfed).

Rabi - 2011-12

Paddy (irrigated), maize (irrigated), maize (rainfed), jowar (irrigated), jowar (rainfed), ragi (irrigated), ragi (rainfed), wheat (irrigated), wheat (rainfed), bengalgram (irrigated), bengalgram (rainfed), sunflower (irrigated), sunflower (rainfed), blackgram (rainfed), horsegram (rainfed), greengram

Table 4.21 Target and Achievement of Area and Production of ISOPOM Crops

Year	Area (Lakh Ha.)		Production (Lakh Tonnes)	
	Target	Achievement	Target	Achievement
Maize				
2009-10	10.45	12.40	32.83	29.25
2010-11	10.90	12.87	32.78	44.44
2011-12	12.59	13.31	37.99	41.72
Pulses				
2009-10	21.40	24.80	10.00	11.02
2010-11	22.42	27.91	11.01	15.65
2011-12	28.35	23.78	15.00	12.32
Oilseeds				
2009-10	25.35	20.01	16.00	9.00
2010-11	24.98	16.24	17.60	12.70
2011-12	21.16	14.50	14.90	10.01

2009-10, 2010-11 DES Estimates, 2011-12 2nd Advance Estimates of DES.

(rainfed), safflower (rainfed), linseed (rainfed) groundnut (rainfed),

Summer 2011-12

Paddy (irrigated), groundnut (irrigated), ragi (irrigated), sunflower (irrigated)

The details of progress made under the NAIS from the inception to till 2010-11 are given in Appendix 4.12.

4.8.6.2 Weather Based Crop Insurance Scheme (WBCIS)

This is an alternative scheme for NAIS framed by Government of India and launched in during Kharif 2007. The scheme compensates the insured farmers against the likelihood of financial loss on account of anticipated loss in crop yield resulting from incidence of adverse weather conditions associated with rainfall, relative humidity, temperature, wind velocity etc. The scheme is compulsory for loanee farmers and voluntary for non-loanee farmers. All the payable claims shall be the responsibility of the insurance companies.

During Kharif 2011, the scheme covered 19 crops viz., jowar (RF), maize (RF), ragi (RF), greengram (RF), blackgram (RF), tur (RF), groundnut (RF), soybean (RF), sunflower (RF), cotton (I), cotton (RF), onion (I), onion (RF), chilly (I), chilly (RF), potato (I), potato (RF), grapes and banana grown in 333

reference unit areas (hoblis) of 19 districts.

The actuarial premium rates are charged under the scheme. Farmers pay concessional rates of premium which are equivalent to the premium rates payable under NAIS. The difference in the premium will be borne by State and Central Governments on 50:50 basis. During Rabi 2011-12, 9 crops viz., jowar (irrigated), jowar (rainfed), wheat (irrigated), wheat (rainfed), bengalgram (irrigated), bengalgram (rainfed), potato (irrigated), grapes and mango were notified in 202 reference unit areas (hoblis) of 15 districts. These districts are Bangalore (Rural), Bagalkot, Belgaum, Bellary, Bidar, Bijapur, Chitradurga, Chickballapur, Davangere, Dharwad, Haveri, Kolar, Koppal, Raichur and Yadgir.

The districts have been allocated to four insurance companies for Kharif crops and five insurance companies for Rabi crops. The details of progress made under the WBCIS from the inception to till 2010-11 are given in Table 4.22.

4.8.6.3 Modified National Agricultural Insurance Scheme (MNAIS)

The Government of India has modified the present NAIS and implemented the MNAIS during Rabi and Summer 2010-11. The modifications include:

Table 4.22 Details of Progress of WBCIS

Season / year	No. of farmers participated	Premium paid by farmers (Rs. Lakh)	No. Of Beneficiaries	Claims (Rs. Lakh)
2007-08	43790	159.26	35275	524.10
2008 Kharif	25006	90.24	20087	275.72
2008-09 Rabi	3621	47.71	1632	113.40
2009 Kharif	102227	538.84	67862	1592.519
2009-10 Rabi	7700	42.78	1127	44.98
2010 Kharif	42042	379.85	27626	131.55
2010-11 Rabi	15901	90.92	5103	158.22
Grand Total	240287	1360.76	158712	2840.489

1. Bringing unit of insurance to Gram Panchayat level for major crops
2. Fixing minimum level of indemnity to 70%
3. Excluding two calamity years data out of seven years yield data for the calculation of the threshold yield
4. Claim liability will be on insurance companies and government will provide only premium subsidy
5. Covering pre-sowing and post-harvest risk

During Kharif 2011, the scheme was implemented in three districts viz., Gulbarga, Shimoga and Tumkur. At hobli level, the scheme covered 20 crops viz., jowar (irrigated), jowar (rainfed), ragi (irrigated), ragi (rainfed), bajra (rainfed), navane (rainfed), save (rainfed), blackgram (rainfed), greengram (rainfed), horsegram (rainfed), soyabean (rainfed), sesamum (rainfed), castor (rainfed), sunflower (irrigated), sunflower (rainfed), cotton (irrigated), cotton (rainfed), chilli (irrigated), chilli (rainfed) and onion (irrigated). At Grama Panchayat level, it covered seven crops viz., paddy (irrigated), paddy (rainfed), maize (irrigated), maize (rainfed), tur (irrigated), tur (rainfed) and groundnut (rainfed).

During Rabi and Summer 2011-12, the scheme was under implementation in Tumkur, Uttara Kannada, Gulbarga and Shimoga Districts. At hobli level, it covered six rabi crops viz., paddy (irrigated), maize (irrigated), horsegram (rainfed), greengram (rainfed), safflower (rainfed) and groundnut (rainfed), and at Grama Panchayat level eight crops viz., jowar (irrigated), jowar (rainfed), wheat (irrigated), wheat (rainfed), bengalgram (irrigated), bengalgram (rainfed), sunflower (irrigated) and sunflower (rainfed). For Summer 2011-12, sunflower (irrigated) has been notified at hobli level, whereas paddy (irrigated), groundnut (irrigated) and groundnut

(rainfed) at Gram Panchayat level.

During Rabi 2010-11, 8742 farmers participated in the scheme by paying premium of Rs. 48.40 lakh. In Kharif 2011, 1.49 lakh farmers participated and paid premium of Rs.150.32 lakh.

4.8.7. Minimum Support Price

The State Government implements the minimum floor price scheme for procurement of mainly the perishable agricultural commodities like onion, potato, tomato and green-chillies. The Agricultural Marketing Department arranges the procurement of these commodities through HOPCOMS in districts/taluks after the sanction of the cabinet sub-committee. Details of Minimum Support Prices fixed for 2011-12 crops are furnished in Appendix-4.13. However, to protect the interest of the farming community, the State Government has sanctioned a bonus of Rs. 200 per quintal for common variety of paddy and Rs.250 per quintal of Grade "A" variety over and above the MSP of Rs.1080 and Rs.1110 per quintal, respectively.

4.8.8. Flagship Programmes

4.8.8.1 Bhoochetana

Recognizing the importance of rainfed agriculture in total foodgrain production in the State, the Government of Karnataka initiated a novel mission mode project called 'Bhoochetana' in the year 2009-10 to improve the productivity of selected rainfed crops by 20% in all 30 districts in four years (2009-10 to 2012-13) in a phased manner. The project has been implemented through consortium partners comprising Karnataka State Department of Agriculture, Watershed Development Department, UAS, Bangalore/ Dharwad/Raichur and ICRISAT, Hyderabad. The crops covered under this project are maize, groundnut, ragi, soybean, redgram, blackgram, greengram, bengalgram, sunflower, jowar, rainfed paddy, cotton and bajra.

The main strategies of the programme include; soil test-based nutrient management with a major thrust to micronutrients, distribution of inputs at 50% subsidy at village cluster level, services of farmer facilitators for transfer of technology, wide publicity through wall writings, posters, village meetings and mass media, effective project monitoring and feedback.

The first phase of the project was implemented during 2009-10 in six districts covering 2.25 lakh ha, 1440 villages and 2 lakh farmers. The second phase of the project was implemented during 2010-11 in 16 districts covering 12.00 lakh ha, 5030 villages and 8.70 lakh farmers. The third Phase of the project was implemented during 2011-12 in all 30 districts covering 25.40 lakh ha, 13800 villages and 22 lakh farmers.

In 2009-10, enhancement in yield was observed in the treated areas for maize (44%), ragi (35 to 65%), groundnut (32 to 41%) and soybean (39%). Similarly, about 23-57% increase in yield were observed in treated plots as compared to non-treated plots during 2010-11.

4.8.8.2 Suvarna Bhoomi

Suvarna Bhoomi Yojane Scheme has been implemented from the year 2011-12 with the objective of incentivizing the farmers to shift from low income crops to high income crops viz., pulses, oil seeds and BT cotton. The incentive is also extended to other activities like biofuel, horticulture, apiculture, sericulture and organic farming. Under this scheme, 10 lakh small and marginal farmers including two lakh SC and one lakh ST farmers will be given Rs.10000 for a maximum of two acres in two equal installments of Rs.5000 each through banks to take up the proposed activity. The incentives are given only for dryland farmers and the farmers in the catchment area are not eligible to get the incentives. An amount of Rs. 1000 crore is allocated for this

scheme of which Rs. 258.0 crore has been utilized up to December 2011.

4.8.8.3 Initiative for Nutrition Security through Intensive Millets Programme (INSIMP)

The Government of India announced the INSIMP Scheme under Rashtriya Krishi Vikas Yojana during 2011-12 for promotion of millets as Nutri-cereals. The scheme aims to demonstrate the improved production and post-harvest technologies in an integrated manner so as to increase the production of millets in the country. In Karnataka, demonstration on production aspects has been taken up in 57800 hectares in 16 districts for ragi, jowar, bajra, little millet and foxtail millet. The scheme also has programmed to promote value addition to millets by setting up of post harvest technology centres.

4.8.8.4 Karnataka Seed Mission

The Karnataka Seed Mission Scheme has been implemented since 2008-09 under RKVY. The mission aims to strengthen the certified seed production and certified seed distribution programme in the state. For 2011-12, an amount of Rs.4000.00 lakh was earmarked and Rs.3145.60 lakh had been utilized up to December 2011.

4.8.8.5 Organic Farming

Organic farming aims at the production of quality and safe agricultural produce which contain no chemical residues. It involves eco-friendly production methods and farming systems that restore and maintain soil fertility. To promote organic farming, the State Government brought out an organic farming policy in the year 2004 under which many developmental programmes are implemented.

Further, the Organic Farming Mission Empowered Committee was formed, under which 174 registered organic farmers associations had been selected in 172 taluks. Through these associations, 300 farmer beneficiaries have been identified in

each taluk and a total of 52500 farmers have been brought under organic farming covering an area of 71000 ha.

During 2010-11, organic village/site programme was extended to bring another 100.0 ha of area under organic farming in each taluk. Under this scheme, about 14784 farmers and 21031 hectares have been brought under organic cultivation. However, in 2011-12 the Government made a separate provision for organic farming under Suvarna Bhoomi scheme through which financial assistance is provided to about 196000 farmer beneficiaries for components/activities that are a prerequisite to promote organic farming.

4.8.8.6 Raitha Samparka Kendras

The Department of Agriculture, as part of the Raitha Mitra Yojane, established during 2000-01, 747 Raitha Samparka Kendras (RSKs) at one per hobli to provide services and information at a single point. The main objectives of Raitha Samparka Kendras are service delivery, information dissemination, schemes/ programme implementation and public grievance redressal. Considering various agro climatic zones of the State, new food production technologies and skills are imparted to farmers through these RSKs. Bi-monthly and fortnightly meetings, in the system to continuously upgrade and update the professional skills of the extension workers. The RSKs has facilities for seed sample testing, soil sample testing, space to stock and sell agricultural inputs, space for demonstration and promotional activities by the public sector and private sector companies.

4.8.8.7 Scheme to provide relief to the families of the farmers who have committed suicide

This scheme was launched during 2003-04 to provide Rs. 1 lakh as a relief to families of farmers committed suicide on account of the heavy burden of loans borrowed from the institutional agencies. A budget provision of Rs.202 lakh is provided during 2011-12 and

Rs.89.00 lakh has been distributed up to December 2011.

4.8.8.8 Prime Minister's Rehabilitation Programme

The Prime Minister's Rehabilitation package was launched during October 2006 initially for three years ending in 2008-09, but subsequently the package was extended up to 30th September, 2011. The package was meant for six distressed districts (Belgaum, Chitradurga, Chikkamagalur, Shimoga, Hassan and Kodagu) where a high incidence of farmers' suicides was reported. The departments involved in implementation of the package are Agriculture Department, Major and Medium Irrigation, Water Resource Department (Minor irrigation), Department of Watershed Development, Horticulture Department and Animal Husbandry and Fisheries Department. A budget provision of Rs. 2689.64 crore was made for the whole programme till it closed in September 2011.

4.8.8.9 Relief to farmers/agricultural laborers due to accidental death from snake bites, fall from trees and other accidental death while doing agricultural activities and also compensation for loss of fodder/hay from fire accidents

This scheme was launched during 2010-11 to provide Rs. 1.0 lakh as a relief to farmers/agricultural labourers due to accidental death from snake bites, fall from trees and other accidental death while doing agricultural activities. Further, maximum of Rs.10000 was provided to compensate the loss of fodder/hay from fire accidents. A budget provision of Rs. 100.00 lakh has been provided during 2011-12 and Rs. 49.93 lakh has been distributed till the end of December 2011.

4.8.8.10 Sanction of Crop Loans to the farmers through Commercial Banks and Regional Rural Banks (RRBs)

From 2011-12, the state Government accorded sanction of crop loan to farmers through Co-operative Institutes at an

interest rate of 1% up to Rs.3 lakh. Crop loan target for 2011-12 is Rs.5400 crore, against which 11,50,913 farmers have availed crop loan of Rs.4096.25 crore up to December 2011. Mid-term crop loan is provided up to a maximum of Rs.10 lakh at an interests rate of 3% by Co-operative institutions. During 2011-12, 12513 farmers have availed Mid-term crop loan of Rs.174.22 crore up to December 2011. Long- term crop loan is provided up to a maximum of Rs.10 lakh at an interests rate of 3% by Co-operative institutions. During 2011-12, 11087 farmers have availed Long-term crop loan of Rs.108.96 crore up to December 2011.

4.8.8.11 ATMA - Reformed Agricultural Extension System (CSS)

The scheme has been implemented in the State since 2005. The Revised Scheme focuses on the following key extension reforms:

- Providing innovative, restructured and autonomous institutions at the state/district/block level
- Encouraging multi-agency extension strategies involving Public/Private Extension Service Providers
- Ensuring an integrated, broad-based extension delivery mechanism consistent with farming system approach.
- Adopting group approach to extension in line with the identified needs and

requirements of the farmers in the form of CIGs and FIGs.

- Facilitating convergence of programme in planning, execution and implementation.
- Addressing gender concerns by mobilizing farm women into groups and providing training to them
- Moving towards sustainability of extension services through beneficiary contribution

Details on the scheme's progress are given in Tables 4.23a and 4.23b.

4.8.8.12 Karnataka Krishi Mission

For the comprehensive development of agriculture and allied activities, the "Karnataka Agriculture Mission" has been set up under the Chairmanship of the Hon'ble Chief Minister with the following objectives:

- To induct new ideas, sensitize and develop new plans, projects and programme for agriculture and agriculture related universities and line departments related to agriculture.
- Streamlining and coordinating the functions of line departments viz., agriculture, horticulture, animal husbandry and veterinary services, sericulture and fisheries etc., including agriculture and agriculture related universities in the State to provide technical information and services from a single window.

Table 4.23a. Grants released and Expenditure done under ATMA Scheme

(Rs. lakh)

Year	Administrative Sanction by GOI	Amount Released		Expenditure
		GOI	GOK	
2007-08	1217.15	339.00	74.88	141.21
2008-09	1865.55	452.00	50.22	410.18
2009-10	1857.80	250.00	27.78	692.45
2010-11	1587.52	634.63	70.51	537.64
2011-12	3424.76	1000.00	-	973.55 *

Note: Opening balance of Rs. 307.07 lakh as on 1-4-2011. *Expenditure upto Dec.2011

Table: 4.23b. Achievements under some important activities of ATMA Scheme

Programme		2007-08	2008-09	2009-10	2010-11	2011-12*
Exposure visit of Farmers	No.of farmers Benefited Numbers	5908	7970	16582	13742	15335
Demonstrations		1840	1995	4922	3744	4084
Training						
1. Farmers	Numbers	310	259	377	270	252
	Beneficiaries	18510	16200	19790	13472	11199
2. Extension workers	Numbers	26	46	75	38	50
	Beneficiaries	490	1149	2302	832	1340
3. Farm Schools	Numbers	-	36	45	101	239

(*Achievement up to December -2011)

- Bring new policies and guidelines which can improve the farm productivity to the level 4.5 per cent per annum and also increase the income level of farmers by convergence of line departments.
- Drafting new programmes for sustainable agriculture, conservation of natural resources like land, water and improving the fertility of soil and water use efficiency.
- Promotion of organic farming.
- Intensify training to the farmers in modern agriculture including marketing.
- To provide infrastructure for seed storage, water harvesting and water use efficiency, processing and value addition to the farmers through commodity groups.
- To provide intervention for better prices to the farmers through the commodity groups and future trading etc.
- Promoting integrated farming approach to increase the income of the farmers even under rain fed condition.
- Guiding Universities for producing professional and para professional human resource for changing situations in Agriculture.
- Providing utmost priority for seed production in field and horticulture crops, planting material, Animal poultry and fish breeds and seed production.

4.9 Global Agribusiness and Food Processing Summit 2011

The State Government has given special emphasis for the development of agribusiness sector in the State by coming out with a separate budget for Agriculture and formulating "Integrated Agri Business Development Policy", both being a first of their kind initiatives in the country.

In the two day deliberations, a total of 59 MOUs worth Rs. 110740.50 crore were signed. The sector-wise investment signed is shown in Table 4.24. A Committee has been formed under the Chairmanship of the Additional Chief Secretary and

The "Global Agribusiness and Food Processing Summit 2011" was held on 1st & 2nd December 2011 in Bangalore. The objective of the meet was to bring in investments for the inclusive growth of agriculture & allied sectors to create strong linkage between farming community, logistics, processing and end market. The main area focussed included Agri Business Investment Regions (ABIR), Agri Business Investment Areas (ABIA), Knowledge Hubs and Agri Horti Tourism Corridors. The summit provided common platform of farmers, technology providers, input suppliers, processors, infrastructure providers, exporters and market linkage providers to share experience and to discuss issues of mutual interest to accomplish the objectives of the meet.

Table: 4.24 Sector-wise investment

Sl. No.	Area	Amount of Investment signed (Rs. crore)
1	Sustainable Agriculture	795.00
2	Food Processing	7883.50
3	Horticulture & Sericulture	676.00
4	Animal Husbandry, Dairy & Fisheries	1066.00
5	Agri Infrastructure	50320.00
6	Financing MOUs of Public Sector Banks	50000.00
	TOTAL	110740.50

Development Commissioner for a periodic review to ensure that the projected outlays in the MOUs are implemented over a committed period of three years.

4.10 AGRICULTURAL MARKETING

Karnataka has 153 agricultural produce market committees (APMCs) to facilitate and regulate the marketing of agricultural commodities in the State. The APMCs are managed by an elected managing committee. The Secretary and supporting staff are Government Servants working in the APMCs.

4.10.1 Computerized E-Tendering System

The introduction of computerized E-tendering system under the RKVY Scheme has helped the farmers to overcome the problems existed in the traditional system of sale and get a competitive price through a transparent system. The transaction gets over in a shorter time. Under this Scheme, Rs. 700.00 lakh from the State Government and Rs.133.00 lakh from the Market Committee funds have been allocated. An amount of Rs. 833.00 lakh was utilized for computerized tender system of sale in 24 APMCs during 2009-10. The Government has provided an outlay of Rs. 10.00 crore for the year 2011-12, out of which Rs. 5.00 crore has been released for infrastructure development of 12 APMC's.

4.10.2 Management Software

The day-to-day transactions of APMCs including management of accounts,

property, daily transaction, developmental works, permits and administration works have been computerized with the help of management software developed by the KEONICS. Of total APMCs, 78 have adopted this management software during the year 2009-10.

4.10.3 Minimum Floor Price Scheme

In order to prevent the distress sale of agricultural produce at the time of a crash in prices, the Government of Karnataka has formulated a scheme to provide minimum support price and make arrangements for procuring them. To implement this scheme, a revolving fund has been set up. During 2011-12 (up to December), 4.61 lakh quintals of paddy had been procured from 3011 farmers for which Rs. 39.00 crore was released from revolving fund. Due to distress sale of onion, 3.79 lakh quintals of onion were procured from 13198 farmers at a cost of Rs. 30.20 crore under the Market Intervention Scheme. To facilitate the procurement, Rs.12.91 crore was utilized. Again in 2011-12, an amount of Rs. 51.96 crore was released from the revolving fund including Rs. 0.05 Crore to Kolar Deputy Commissioner to procure Tomatoes.

In 2011-12, the following market developmental works were under taken. In 16 market committees of backward taluks, Rs. 500.00 lakh was invested and 19 projects of constructions of godowns and other infrastructure facilities had been completed. In Chamarajnagar market, basic infrastructure facilities were provided for

marketing of turmeric. Basic infrastructure facilities are provided for marketing of tomatoes by investing Rs. 150.00 lakh in Chintamani Market,

4.10.4 Rural Infrastructure Development Fund (RIDF)

Under the Rural Infrastructure Development Fund, Rs. 2.45 crore was released for the development of seven rural markets. The Gokak APMC work was completed during 2010-11 and the remaining APMC works in Yelburga, Maddur, Hunagund, Lingasuguru, Tumkur and Gangavathi are under progress.

4.10.5 Rural Godown Scheme/Grameena Bhandar Yojana

The Government of India has introduced the Rural Godown Scheme from the year 2001-02 to help farmers to store their commodities scientifically in godowns and to sell when the prices are high. This Scheme has been implemented in the rural areas (excluding corporation areas). Under this Scheme, 594 works have been taken up in 12 APMCs, out of which 365 works were completed during 2010-11 and the remaining 229 works are under progress.

4.10.6 Rice Technology Park

The Government has accorded administrative approval for establishing Rice Technology Park with the State-of-the-Art technology for processing, grading, packing, branding, marketing and export of rice in Karatagi of Gangavathi taluk at an estimated cost of Rs. 3719.00 lakh. During 2011-12, an allocation of Rs. 500.00 lakh has been made to operationalise the scheme.

4.10.7 Establishment of Private Wholesale Markets

In order to provide 25% subsidy and land for investment by private entrepreneurs for establishment of agricultural produce wholesale markets, the Government has allocated Rs. 200.00 lakh in the budget during 2011-12. During 2011-12, Rs. 200.00 lakh has been provided for the establishment of Coconut Processing Unit

at Tiptur taluk Konehalli submarket. Further, for providing infrastructure facilities in 13 selected market committees, an amount of Rs. 1000.00 lakh has been provided in the budget 2011-12 and so far Rs. 500.00 lakh has been released.

4.10.8 Development of Markets under National Horticulture Mission (NHM) Scheme

Under NHM Scheme, 25% Subsidy is given for development of markets where horticultural commodities are sold. During the year 2009-10, development works were taken up in 19 APMCs with a total outlay of Rs. 5088.00 lakh, out of which eight works were completed and remaining 11 works were under progress.

During 2010-11, proposals for an amount of Rs. 120.00 crore have been sent to the Horticulture Department under which it is proposed to develop onion and potato markets at a total cost of Rs. 105.00 crore in Dasanapur; fruits and vegetables markets with a total outlay of Rs. 12.00 crore at Singena Agrahara and vegetable market at a cost of Rs. 3.00 crore at Tiptur.

4.10.9 Pledge Loan Scheme

This Scheme is being implemented by the APMCs by reserving 10% of their income by way of market fee and license fee. A maximum of Rs. 2.00 lakh per farmer is given as loan for a maximum period of 6 months. The loan is interest free for the first 3 months. This Scheme is meant to help the farmers to come out of the clutches of private money lenders.

4.10.10 Raitha Sanjeevini

This is an insurance Scheme for farmers. Under this scheme, farmers who meet with an accidental death or are permanently disabled while being involved in farming / marketing activities are provided a compensation ranging from Rs. 1500.00 to Rs. 50000. From 2008-09 to 2010-11, an amount of Rs. 12.29 crore was given as compensation to 2491 farmers. During 2011-12, 351 farmers were benefited and Rs. 1.64 crore was spent for the purpose.

4.10.11. Janashree Bima Yojane

The Janashree Bima Yojane is an insurance scheme implemented with the help of Life Insurance Corporation of India for the welfare of licensed weighmen, hamals and cartmen working in APMCs. Under the Scheme, for accidental death or permanent disability, an amount of Rs. 75000 and for natural death Rs. 30000 is given as compensation. An amount of Rs. 100.72 lakh was distributed to 291 families from 2008-09 to 2010-11. During 2011-12, an amount of Rs. 21.75 lakh was paid as compensation to 71 farmers. Further, through this scheme two children (who are students of 9th to 12th standards) of the registered persons are eligible to get scholarships at the rate of Rs. 100.00 per month.

4.10.12 Raitha Santhe

The Raitha Santhe scheme provides a direct link between farmers and consumers by eliminating the middlemen to ensure better prices for the farmer produce. The scheme was implemented in Yelahanka town during 2002-03. There are 180 Stalls / Platforms for farmers to sell their produce. On a daily basis, an average of 2000 to 2500 consumers visit the raitha santhe wherein about 150 to 200 farmers regularly participate to sell their produce directly to the consumers.

4.11 Watershed Development Programme

Watershed Development Department was established during 2000 to give a new impetus to watershed management in the State. All the watershed development programmes have been brought under one umbrella. Karnataka has the highest proportion (79%) of drought prone area among all major states in the country and, in absolute terms, it has the second largest area of dryland in the country after Rajasthan. In addition, Karnataka also has the second lowest replenishable ground

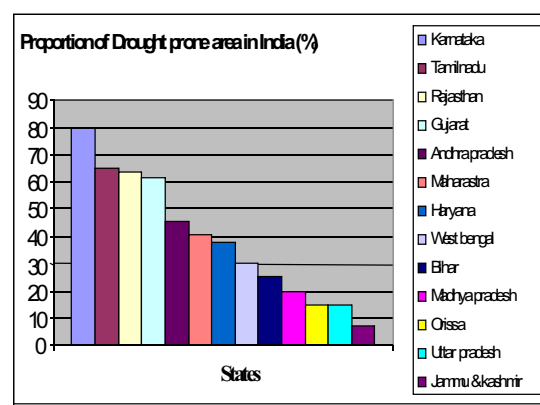
water resources among major states after Rajasthan. Watershed Development Department is having group of multi technical officers intending to effective development of dry land in the state.

The productivity of any crop mainly depends on crucial natural resources namely, land and water, in addition to management practices. Therefore, the conservation, up-gradation and utilization of these natural resources by adopting scientific principles are essential for the sustainability of rainfed agriculture. The watershed concept for development of rainfed area is gaining importance over the years and it is amply demonstrated that watershed developmental tools are very effective in meeting the objectives with a mission approach.

Karnataka has given an important place for watershed development because about 75% of the cropped area in Karnataka depends upon low and uncertain rainfall. Out of the total geographical area of the State, 129.70 lakh ha are available for watershed development. Out of this area, 52.20 lakh ha have been treated up to March 2011 and the remaining 77.50 lakh ha are yet to be treated.

The area covered by soil conservation measures from 2006-07 to 2011-12 (A) is depicted in the table 4.25.

Figure 4.1:



4.11.1. Centrally Sponsored Macro Management Mode Schemes

Under the Centrally Sponsored Macro Management Mode Schemes, two programmes viz. National Watershed Development programme for Rainfed Areas and River Valley Projects are implemented. The sharing pattern of State and the centre is 10: 90. Under these schemes, Rs. 2250.97 lakh has been provided for the year 2011-12 to develop 29835 hectares. So far, 11073 hectares of area has been developed by utilizing Rs. 780.40 lakh till the end of December 2011. Further, Area Development Programmes like Drought Prone Area Programme, Integrated Waste Land Development Programme and Desert Area Development Programme have been implemented with the budget allocation of Rs. 7144.72 lakh to develop 119079 hectares of land during the year 2011-12. Till end of December 2011, about 61112 hectares of land has been developed by utilizing Rs. 4492.19 lakh.

4.11.2. Prime Minister's Special Package (Sujala-II)

The Prime Minister's Special Package programme is a relief programme for revitalization of six distressed districts viz, Chikmagalur, Hassan, Kodagu, Shimoga, Belgaum and Chitradurga. An allocation of Rs. 2603.00 lakh has been made for the year 2011-12 and Rs. 1706.57 lakh has

been spent to develop 13948 hectares up to December 2011.

4.11.3. Fisheries in farm ponds and other harvesting structures

To promote pisciculture by utilizing the available water in farm ponds and other water harvesting structures, Rs. 45.00 lakh has been provided during 2011-12. Pisciculture has been taken up in 2045 water harvesting structures by spending Rs. 10.28 lakh up to December 2011.

4.11.4 Externally Aided Project

Sujala -III: Under this project, an allocation of Rs. 1000.00 lakh has been provided for the year 2011-12 and Rs. 30.25 lakh has been spent for project works till the end of December-2011.

4.11.5 NABARD-WDF

Watershed programme with the assistance of NABARD-WDF has been implemented in the State with a total project cost of Rs. 50.00 crore, of which Rs.120.40 lakh has been allocated to develop 2418 hectares of area during the current year.

4.11.6 Campaign for Check Dams

This scheme was introduced in the State to improve the underground water table. An allocation of Rs. 300.00 lakh has been made to construct 120 Checkdams during 2011-12. Up to December 2011, 34 groundwater recharge water harvesting structures have been constructed by spending Rs. 74.29 lakh.

Table 4.25 Area covered under soil conservation

(lakh ha)		
Year	During the year	Cumulative
2006-07	3.45	42.65
2007-08	2.22	44.87
2008-09	2.35	47.22
2009-10	2.05	49.27
2010-11	2.93	52.20
2011-12*	3.80	56.00

* Anticipated

4.11.7 Integrated Watershed Management Programme (IWMP)

Integrated Watershed Management Programme (IWMP) has been implemented in the State since 2009-10 as per the common guidelines-2008 issued by the Government of India. Increasing pressure on natural resources coupled with degradation of land and water are posing serious challenges to food, social, economic, livelihood and environmental securities. Sustainable development of rainfed, degraded or wasteland, common property resources and social capital to enhance employment and income are the foremost priorities of the Government. To achieve these goals, all the existing projects like Desert Development Programme, Drought Prone Area Development Programme and Integrated Wasteland Development Programme are being phased out and a common programme called integrated watershed management programme is implemented under Common Guidelines-2008. This is a Centrally Sponsored Scheme and the sharing pattern of the State and centre is 10:90. An amount of Rs.21700.00 lakh has been allocated for this scheme for the year 2011-12 and Rs. 9493.96 lakh has been spent towards 1647 entry point activities to develop 13250 hectares of land up to December 2011.

4.11.8 Special Development Plan

In order to develop 114 backward taluks identified by the Dr. Nanjundappa Committee report, the following schemes are being implemented.

(a) Jalasiri: An allocation of Rs. 2700.00 lakh has been provided for the year 2011-12 to construct 1350 water harvesting structures. An amount of Rs. 1216.05 lakh has been spent to construct 523 water harvesting structures till the end of December 2011.

(b) Special Component Plan (SDP Taluks): This new scheme was introduced

to develop the land belonging to Scheduled Caste farmers. An amount of Rs. 1851.25 lakh has been allocated to develop 17527 ha of area and to construct 533 water harvesting structures. An amount of Rs.75.99 lakh has been spent to develop 532 hectares of area and to construct 22 water harvesting structures up to the end of December 2011.

(c) Tribal Sub Plan (SDP Taluks): This scheme was introduced to develop the land belonging to Scheduled Tribe farmers with the allocation of Rs. 748.75 lakh to develop 7007 ha of area and to construct 219 water harvesting structures. An amount of Rs. 31.73 lakh has been spent to develop 159 ha of area and to construct 12 water harvesting structures up to December 2011.

(d) Special Component Plan (Non-SDP Taluks): This new scheme was introduced to develop the Scheduled Caste farmers' landholdings. An allocation of Rs. 692.15 lakh has been made to develop 6557 ha of area and also to construct 243 water harvesting structures. An amount of Rs.38.55 lakh has been spent to develop 119 ha of area and to construct 16 water harvesting structures up to the end of December 2011.

(e) Tribal Sub Plan (Non-SDP Taluks): This scheme was introduced to develop the Scheduled Tribe farmers' landholdings with the allocation of Rs. 279.60 lakh to develop 2177 ha of area and to construct 99 water harvesting structures. An amount of Rs. 14.19 lakh has been spent to develop 60 ha of area and to construct 7 water harvesting structures up to December 2011.

4.11.9. Rashtriya Krishi Vikasa Yojane / Rainfed Area Development Programme

Under this scheme, an allocation of Rs. 2000.00 lakh has been made for the year 2011-12 to develop 17850 ha of land and Rs. 49.16 lakh has been spent to develop 3000 hectares of area till the end of December 2011.

4.12 Horticulture

The horticultural sector has registered a rapid growth in Karnataka. The State Government has undertaken several initiatives to bolster the growth in this sector. The major initiatives include a) area expansion programme b) providing micro irrigation c) providing assistance to farmers d) disease and pest management e) mechanization f) post harvest management and marketing and g) providing infrastructure facilities. With the successful implementation of these programmes, area and production of horticultural crops have increased over a time. During the year 2009-10, horticulture crops covered an area of 18.99 lakh hectares and recorded production of 147.80 lakh tones. Area under horticultural crops in the state from 2007-08 to 2010-11 is given in Table 4.26. A comparative statement of area and production of major horticultural crops during 11th Plan period is given in Appendix-4.14.

4.12.1 Area Expansion Programme

The area expansion programme has been taken up under different schemes viz., a) National Horticulture Mission b) Oil Development Programme and c) Coconut Development Board. The details of these

schemes and progress in implementation are discussed below.

4.12.1.1 National Horticulture Mission

The Government of India launched the National Horticulture Mission (NHM) during the 10th Plan. Karnataka was included under the mission from 2005-06. The comprehensive progress achieved under the Mission is reflected in different activities viz., production of planting materials, cultivation of new gardens, rejuvenation of old gardens, organic farming, construction of water resources, nurseries, protective cultivation, post harvest management and marketing and human resource development.

During 2005-06 and 2006-07, the Government of India provided 100% assistance. From the year 2007-08, 85% assistance is provided by the Gol and 15% by the State Government. The coverage of the districts under the Mission has increased from 15 districts in 2005-06 to 30 districts in 2010-11. The financial progress achieved under NHM is given in Appendix-4.15

The area expansion of horticultural crops like fruits, plantation, spices, flower and aromatic crops has been taken up during the

Table 4.26: Area under Horticultural crops in Karnataka

Crops	(Lakh hectares)			
	2007-08	2008-09	2009-10	2010-11 *
Fruits	2.99	3.18	3.60	3.79
Coconut	4.60	4.71	4.87	4.97
Spices	2.46	2.43	2.66	2.75
Vegetables	4.27	4.21	4.37	4.58
Cashew	0.70	0.70	0.70	0.73
Flowers	0.25	0.27	0.27	0.28
Others	2.37	2.50	2.52	2.57
Total	17.64	18.00	18.99	19.67

* Anticipated

Source: Directorate of Horticulture

Table 4.27: Progress of programme implementation under NHM (upto December 2011)

Programme	(Units)	Annual Target		Achievement (upto end of Dec. 2011)	
		Physical	Financial (Rs.in lakh)	Physical	Financial (Rs.in lakh)
Nursery	Nos.	27	175.00	11	50.85
Tissue Culture Lab	Nos.	1	50.00	*	*
Vegetable seed Production	ha.	205	57.50	46	
Import of Planting Material (District)	No	2	10.00	2	10.00
Seed Infrastructure	Nos	1	200.00	2	215.00
I & II year Maintenance	(Ha.)	29494	1837.11	26788	1688.39
Rejuvenation of Old/Senile Orchards	(Ha.)	5290	793.50	2801	406.79
Creation of Water Storage Structures	(No.)	580	348.0	244	138.64
Protected Cultivation	(Ha.)	532	1274.58	319	867.83
Integrated Nutrient / Pest & Disease Managt.	(Ha.)	50000	500.00	39219	401.77
Organic Farming					
i. Adoption of Organic Farming	(Units)	9230	645.10	7429	186.70
ii. Vermi compost/ Bio-digester units	(No.)	1050	315.00	854	251.34
Pollination support through bee keeping	(No.)	10200	79.95	3497	31.25
Mechanization	(Units)	200	255.00	250	167.55
Human Resource Development	(Units)	17514	272.16	13569	103.02
Integrated Post Harvest Managt.**		513	1335.24		
i. Pack Houses	(Units)			156	208.50
ii. Reefer Vans	(No.)			5	9.93
iii. Primary/Mobile Processing	(Units)			86	312.90
iv. Cold Storage Units	(No.)			1	117.30
v. Ripening Chamber	(Units)			1	71.44
vi. Onion Storage Structures	(No.)	100	50.00	33	16.50
vii. Establishments of Marketing Infrastructures	(Units)	3	208.00	1	*

* Work is under progress, ** cumulative target for items i to v,

year 2011-12. About 18396 hectares of area have been brought newly under horticulture cultivation. An amount of Rs.3138.75 lakh has been spent up to end of December 2011. The total approved Annual Action Plan for the year 2011-12 is Rs.125.00 crore. During 2011-12, greater emphasis is given for protected cultivation component as well as for post-harvest management component (Table 4.27).

Future plans for Implementation of NHM Scheme for 2012-13

The Mission has planned to prepare the draft annual action plan for an amount of Rs.13750.00 lakh. During 2012-13, emphasis will be given on post harvest management, protected cultivation, rejuvenation programmes, integrated pest /disease and nutrient management and marketing Infrastructure Programmes.

4.12.1.2 Oil Palm Development Programme (ISOPOM & RKVY)

Oil Palm Development Programme is jointly sponsored by the Government of India and Government of Karnataka, with fund sharing pattern of 75% and 25% respectively. Under this programme, to establish plantations farmers are given input subsidies at the rate of Rs. 16900 per hectare and planting material at Rs. 10000 per hectare for an initial period of four years or pre-bearing period. Subsidies are also extended for the purchase of harvesting tools, drip irrigation, solar operated systems and drainage, irrigation pipelines, inter cropping, INM/IPM, borewell and diesel pump set. Farmers are taken on exposure visits and given training programmes on advanced practices in oilpalm cultivation.

To facilitate the expansion of area and planting in the next year, oil palm seedlings have been raised in the current year 2011-12. About 149600 sprouts (both indigenous and exotic type) have been procured by entrepreneurs and sown in various nurseries. More than 300000 seedlings in

various nurseries are ready for planting in the current year. Further, to produce indigenous oil palm sprouts, a seed garden in an area of 12 hectares has been established at Taraka, H.D. Kote taluk, Mysore district. During 2011-12, as against the production target of 350000 sprouts, about 335000 good quality sprouts have been produced and sold to entrepreneurs till December 2011.

The price of oil palm Fresh Fruit Bunches (FFBs) are fixed every month by the state Government. The Price Fixation Committee meets regularly once in four months to ratify the decision taken by the Government and discuss various problems pertaining to it. This is a unique and transparent system followed to promote oil palm crop in the State and protect the interest of farming community and entrepreneurs. The FFBs price for the month of December 2011 has been fixed at Rs. 6354 per ton of FFBs. In order to protect the interests of the farmers against cheap imports, the State Government is interacting with the centre for re-imposing import duty in order to restore the FFBs price or, announce minimum support price for oil palm.

Overall, the situation in oil palm development is quite encouraging with better prospects for the crop as the Country is importing huge quantities of edible oil and prospects of crude palm oil for conversion into bio-fuel are bright. The physical and financial achievements of the oil palm development programme are given in Table 4.28.

4.12.1.3 Coconut Development Board

The Coconut Development Board is providing 100% financial assistance for the Integrated Development of Coconut Industry in the state. The activities that are being implemented are, 1) laying out of demonstration plots and their maintenance 2) distribution of plant protection chemicals, organic manures, chemical and Bio

Table 4.28 Physical and Financial progress under Oil Palm Development Programme

Year	Physical (Area Expansion)		Financial (Rs. In lakh)	
	Target (Ha.)	Achievement (Ha.)	Target	Achievement
During 11 th Plan Period	21891	14109	7535.00	3060.38
During 2011-12*	5031	3113	3899.00	1083.62

Source: Department of Horticulture, *up to end of December 2011

fertilizers for improvement in production and productivity of coconut 3) production of TXD hybrids coconut seedlings 4) establishment of Neera Processing Demonstration Centre in Thumbe Horticulture Farm at Bantawal Taluk, Dakshina Kannada District 5) Maintenance of Demonstration-cum-training centre in Javarahalli Horticulture Farm, Mandya district. Details of progress of activities of the board are given in Table 4.29.

4.12.1.4 National Medicinal Plants Mission

Under the National Medicinal plants Mission, action has been taken to expand the area under different medicinal plants. The details are given in Table 4.30.

4.12.1.5 Providing Micro Irrigation Facility

The Department of Horticulture has been promoting the use of drip irrigation system among the horticultural farmers since 1991-92. A Centrally Sponsored Scheme of Micro Irrigation has been implemented from 2006-07 in the State. Under this scheme, subsidy

is provided for drip irrigation, sprinkler irrigation and drip demonstrations for all horticulture crops, except coffee, tea, rubber, and oil palm. The assistance is available for a maximum area of 5 ha per beneficiary family for both drip and sprinkler irrigation. Under drip irrigation, 75% subsidy is provided for the first 2 ha and 50% for the remaining 3 ha. The subsidy for the sprinkler irrigation is 75%. Under drip demonstration component, the State/central Government institutes, farmers of non-governmental organization/progressive farmers can avail assistance of up to 75% for a maximum area of 0.5 ha. Details of the progress are shown in Table 4.31.

4.12.1.6 Providing assistance to farmers

Under this programme, assistance to farmers is given in the form of training and supply of planting materials.

a. Training

The newly developed technologies and improved hybrid varieties of high yielding potential crops are disseminated to farmers through various media to enable them to

Table 4.29 Progress achieved under the Coconut Development Board

Sl. No.	Year	Financial (Rs.in Lakh)		Development of New coconut plot (Ha)	
		Target	Achievement	Target	Achievement
1.	2009-10	484.97	473.66	1000	1000
2.	2010-11	700.00	558.99	1400	1400
3.	2011-12*	364.46(revised)	317.58	200	111

* Upto the end of December-2011

Table 4.30: Area Expansion Programme under Medicinal Plants (2010-11)

Sl. No.	Name	Area Expanded	Achievement (Rs. Lakh)
1	Ashwagandha	2120.00	106.00
2	Oceum	591.61	35.49
3	Sandal wood	335.78	108.45
4	Coleus	286.54	24.64
5	Amla	270.16	35.12
6	Gloriana	24.28	16.68
7	Kokum	22.42	2.80
8	Scivia	13.41	8.38
9	Alovera	2.60	0.22
10	Others	13.95	2.09
	Total	3680.75	339.87

adopt it and get better returns. Training programmes are also conducted by the Horticulture Department on the latest available technologies in horticulture. Since 2005-06, training to farmers scheme is implemented under zilla Panchayat on the following aspects:

- Management of pests and diseases, integrated pests management,
- Importance of organic/inorganic fertilizers; importance of drip irrigation,
- Rain water harvesting management and their uses,
- Information about inter cropping, multi-cropping etc.
- Marketing aspects of horticulture crops,
- Cultivation practices of medicinal and aromatic plants.

Farmers, both women and men, are trained in preservation of fruits, vegetables and mushroom cultivation. For the year 2011-12, about 10600 men and women were trained under this programme up to December 2011. Under the District Sector Scheme, components such as area expansion, social horticulture, development of ornamental plants and distribution of plant protection chemicals are under implementation. As against the allocation of Rs. 184.04 lakh, Rs. 93.85 lakh has been spent as on December 2011.

b. Production and supply of planting materials

A greater emphasis has been given for the mass multiplication of horticultural seed and planting materials through 410 horticultural farms and nurseries spread across the State and supply to farmers at affordable rates.

Table 4.31 Progress achieved under micro irrigation

Period	Physical (In. Hectares)		Financial (Rs. lakh)	
	Target	Achievement	Target	Achievement
During 11 th Plan period	174998	145239	165046.20	37548.27
During 2011-12*	43783	36695	12442.73	11008.52

*upto the end of December 2011

Table 4.32 Distribution of Horticultural Seed and Planting Material

Crops	Unit	During 11 th Plan Period	During 2011-12 *
Fruits	Lakh	1180.79	20.57
Spice crops	Lakh	67.03	31.03
Cashew	Lakh	15.53	1.96
Ornamental and Flowers seedlings	Lakh	11.90	2.07
Vegetable and flower seeds	Quintals	602.35	300.00

Source: Department of Horticulture. *upto December-2011

Progress on these activities are given in Table 4.32

c. Disease and Pest Management

i. Integrated Disease and Pest Management Programme for Horticulture Crops

The Department of Horticulture, through its plant protection programmes, provides bio-pesticides, botanicals, chemicals, pheromone traps and lures to control the pests and diseases of horticulture crops. In addition, pest surveillance is undertaken in different districts to predict the outbreak of pest and diseases and, create awareness in the management of pests and diseases like eriophyid mite, black-headed caterpillar, stem bleeding, tomato leaf curl virus, bacterial blight and koleroga of areca nut. During 2010-11 Rs.123.40 lakh was spent for parasite production, bacrimeria production, chemicals distribution, pest surveillance and publicity. In the year 2011-12, an amount of Rs.152.32 lakh has been spent till the end of December 2011 against the allocation of Rs. 272.31 lakh.

The Department is encouraging 'integrated disease and pest management programme' among farmers with an emphasis on use of bio-pesticides, pheromone traps and lures. Further, there are 20 major and 30 minor parasite laboratories operating in the department wherein 306.78 lakh parasites were produced and released during 2010-11. During 2011-12, about 186.86 lakh Goniozus and 1.74 lakh Brachymeria

parasites were produced till the end of December 2011 and distributed to the beneficiaries for release in coconut gardens. Details of the programmes' progress are given in Table 4.33.

ii. RKVY Schemes

a) A programme for Management of Potato Late Blight Disease has been implemented in 8 districts during 2011-12. Under this programme, out of a total financial allocation of Rs. 200.00 lakh, an amount of Rs. 85.07 lakh was spent till the end of December 2011 and an area of 9114 hectares was covered.

b) "Strengthening of Departmental Laboratories" under RKVY Scheme: This programme has been implemented in Tumkur, Chitradurga, Mysore, Mandya, Ramanagaram, Davanagere, Uttara Kannada, Gadag, Bellary and Chamarajanagar Districts. During 2011-12, four laboratories have been strengthened with a financial allocation of Rs. 80.00 lakh. The work is under progress.

iii) Arecanut Research Centre, Sringeri

The 'Yellow Leaf Disease' has been a limiting factor for cultivation of Arecanut in Sringeri, Koppa and Narasimharajapura taluk of Chikmagalur District. In this context, an exclusive "Areca Research Station" has been established at Sringeri as proposed in the 2008-09 budget to help the areca growers with scientific recommendation for the management of the disease. An amount of Rs.200.00 lakh during 2008-09, Rs.80.00 lakh during 2009-10 and Rs.50.00 lakh

Table 4.33 Details of Disease and Pest Management Programme

Sl. No	Programme Name	During 11th Five Year Plan Period		During 2011-12 (Rs.lakh)	
		Target	Achievement	Target	Achievement**
1	Integrated Disease and Pest Management Programme for Horticulture crops	1229.11	885.024	300.00	152.32
2	RKVY Scheme				
	a) Management of Potato Late Blight Disease Programme*	200.00	200.00	200.00	85.07
	b) "Strengthening of Departmental Laboratories"**	180.00	Work is under progress	80.00	Work is under progress

*Implemented during 2011-12 ** (up to December-2011)

during 2010-11 was provided to Horticulture University, Bagalkot for this purpose. Further, an amount of Rs.37.50 lakh has been released during 2011-12. Research activities are under progress in yellow leaf disease affected areca gardens besides taking up detailed survey of the affected gardens.

4.12.2 Mechanization

In order to reduce manpower drudgery, processing time and expenditure towards post harvest management of arecanut, a scheme on Modern Arecanut Dehusking Machine has been implemented since 2010-11. The financial progress up to March 2011 was Rs. 296.52 lakh as against the annual allocation of Rs. 300 lakh during 2010-11. During 2011-12, an allocation of Rs. 200.00 lakh has been made for promoting mechanization and Rs. 96.45 lakh has been spent till the end of December 2011,.

4.12.3 Post Harvest Management and Marketing and providing Infrastructure Facilities

4.12.3.1 Post Harvest Management

The Government of Karnataka has been implementing a programme called "Processing and value addition for Horticulture crops". It includes activities

related to grape dehydration, red chilli powdering, vanilla processing, wine making unit and, desiccated coconut powder units. Since horticulture produce like fruits, vegetables and flower are perishable, it is important to provide proper post harvest management practices for these produce. Karnataka has 68 cold storages, of which 60 are in private, 4 are in co-operative and 4 are in public sector. To make the existing storages facilities economical and to encourage establishment of new cold storages in private / co-operative sector, electricity subsidy of Re. one is provided for every unit of electricity consumed by the cold storage units. Details of progress of activities for post harvest management are given in Table 4.34.

4.12.3.2 Marketing

At the district level, 19 Horticultural Produce Marketing and Co-operative Societies have been established on the lines of HOPCOMS in Bangalore. At present, these district HOPCOMS are unable to work under profit due to lack of infrastructure and basic amenities. In this regard, a project for strengthening of 19 districts HOPCOMS through Karnataka Horticulture Federation has been approved under RKVY with an

Table 4.34: Progress of physical and financial achievement under post harvest management

Year	Annual Physical		Annual Financial (Rs. lakh)	
	Target	Achievement	Target	Achievement
2006-07	-	134	864.5	537.17
2007-08	13	13	100	99.87
2008-09	162	72	200	174.79
2009-10	39	39	100.00	98.94
2010-11	22	20	871.48	621.34
2011-12 *	12	4	500.00	181.072

* (Upto end of Dec.11)

outlay of Rs. 26.50 crore. So far, Rs.175.00 lakh has been released till December 2011 and has been utilised under the programme.

4.12.3.3 Providing Infrastructure Facilities

During the year 2010-11, a new State sector scheme called "Procurement of fruits and vegetables" has been introduced to create infrastructure facilities for the collection of fruits and vegetables with a financial outlay of Rs.5.00 crore. It is proposed to develop infrastructural facilities in 11 district HOPCOMS in 2011-12. The progress under this scheme is given in Table 4.35.

With a view to strengthen the marketing / forward linkages for flower crops, a project on "Establishment of Flower Auction Centres" is being implemented in Tumkur, Davanagere, Udupi, Uttara Kananda, Sirsi, Kodagu and Belgaum districts, at a total cost of Rs. 15 crore for a period of four years (2008-09 to 2011-12). Establishment of Flower Auction Centres initiated at Tumkur and Davanagere during 2008-09 and Udupi in 2009-10 are under progress. An amount of Rs. 391.40 lakh has been spent up to December 2011 towards the establishment of these auction centres. During 2010-11, an amount of Rs. 400.00 lakh has been

Table 4.35 Progress of scheme to provide infrastructure facilities for procurement of fruits and vegetables

Scheme	For the year 2010-2011				For the year 2011-12 (Upto Dec. 2011)				
	Financial (Rs lakh)		Physical		Financial (Rs lakh)			Physical	
	Target	Achievement	Target	Achievement	Target	Release till Dec. 2011-12	Achievement	Target	Achievement
Creation of Infrastructure Facilities for Collection of Fruits and Vegetables through KHF	500	500	80	71	500	375	375	86	24

released for establishment of flower auction centre at Sirsi and Belgaum

4.12.4 Wine Policy and Establishment of Karnataka Grape Wine Board

To promote wine varieties of grapes and to encourage wine industries in the state, a wine Policy has been enforced since 2007. The Karnataka Grape Wine Board has been set up for implementing the programmes under the Wine Policy. During the year 2007-08, a share capital of Rs. 400 lakh was provided. During 2011-12, an allocation of Rs.100.00 lakh has been earmarked and an amount of Rs.75.00 lakh has been spent till the end of December 2011.

4.12.5 Mango Development Board

Mango Development Board has been established during 2010-11 to promote and streamline the production, processing, marketing and export of mangoes in the State. The Board is looking after the activities taken in the mango resource center in Kolar and Chikballapur. During 2010-11, an allocation of Rs. 1000 lakh was earmarked for this purpose and an amount of Rs.515.00 lakh was spent. During 2011-12, an allocation of Rs. 500 lakh has been earmarked and Rs. 375 lakh has been spent till the end of December 2011. In this scheme, an amount of Rs. 275 lakh as Corpus Fund and Rs.100 lakh as Development Fund have been created by the Department of Horticulture to provide funds to the Mango Corporation. During 2010-11, the Karnataka State Mango Development and Marketing Corporation Limited, has been incorporated under the Companies Act 1956 by the Registrar of Companies, Karnataka. During 2010-11, an Initial Corpus Fund of Rs.511.16 lakh has been provided to this Corporation.

4.12.6 Mango Development Centre

The Mango Development Center is developed at Kolar and Chikballapur at a total cost of Rs. 19 crore under the RKVY. The period of implementation of this project

is four years from 2008-09 to 2011-12. An amount of Rs.1230 lakh has been released of which an amount of Rs. 486.08 lakh has been spent till the end of December 2011. Further, market promotion activities and Mango Melas have been organized at Bangalore, Dharwad, Ramanagaram and Shimoga. Programme to survey the status of mango orchards in the State have also been undertaken. Training programmes on scientific production and post-harvest management of mango for the Departmental Officers have been organized.

4.12.7 Miscellaneous Activities Undertaken by the Department of Horticulture

4.12.7.1 Formation of Karnataka State Horticulture Development Agency (KSHDA) & Development of Horticulture through PPP Framework

In order to develop horticulture farms and nurseries through scientific methods, a Special Purpose Vehicle (SPV) namely 'Karnataka State Horticulture Development Agency' has been constituted in 2008. In accordance with the decision taken by the KSHDA in 2009, 18 farms spread over more than 100 acres of land coming under the purview of KSHDA of the Department of Horticulture have been identified for development under PPP. So far, 38 investors have given their expression of interest for developing 15 farms of which letters of award have been given to investors for developing 13 farms. After agreements for project development and implementation with the investors, it was decided to conduct a Joint Survey and subsequently hand over the farms to the investors for PPP development. As there were some deficiencies in the scheme, the programme has been dropped and it is decided to develop 50 farms in Business Models on a pilot basis. An agency has been appointed to develop the Business Plan and implement the same. However, the

proposal for PPP development of Mallasandra and Purigali farms has been dropped as per the Government decision.

4.12.7.2 Biotechnology

The biotechnology Centre of the Department of Horticulture is taking up activities like germplasm conservation, tissue culture, mushroom development, production of bio-fertilizer and bio-pesticides, soil, water and leaf analysis, DNA fingerprinting etc.

4.12.8 Special Development Programme

By implementing National Horticulture Mission programmes and Rashtriya Krishi Vikasa Yojane in selected SDP taluks, there is an increase in the area of perennial fruit crops and improvement in the quality of fruits. Farmers are being helped to procure good quality seeds and seedlings by opening Nurseries. Horticultural produce has been increased by using biological plant protection techniques and applying organic nutrients to plants. By implementing organic cultivation, farmers are growing organic and healthy fruits and vegetables without chemicals. Rainwater harvesting and construction community tanks have helped farmers to avoid wastage of rain water and have enabled them to supply sufficient water to crops. This has also resulted in increase of ground water level. Farmers are benefitted through processing and preservation of fruits and vegetables. By establishing markets at taluk and village levels, farmers are supported for marketing their produce. Farmers and their children are trained in new technologies, new varieties and improved agricultural practices. These interventions have given ample opportunities for development of backward taluks.

4.12.9 New Interventions in Horticulture

4.12.9.1 Productivity improvement in Coconut

The Hon'ble Chief Minister of Karnataka has announced Rs.25.00 crore package in

2011-12 budget for improving the production and productivity in coconut. With the approval of the proposal by the Government, the scheme is proposed to be implemented in 3 financial years. During 2011-12, the financial target is Rs.1.91 crore and the same has been released by the State government.

4.12.9.2 Rejuvenation of Areca nut Gardens Affected with Yellow Leaf Disease (YLD)

Arecanut is grown in an area of 2.13 Lakh hectares in Karnataka. In recent years, the crop has been affected by yellow leaf disease in an area of 10400 hectares. To control the disease, a proposal has been approved by the Government and the same will be implemented in 8 taluks of Dakshina Kannada, Kodagu and Shimoga. To improve the economic conditions of the farmers who are facing losses due to YLD, the central team and also scientists from Sringeri Arecanut Research Centre opined that the yield of YLD affected gardens can be increased by proper soil and nutrient management. Therefore, the Government of Karnataka has announced Rs. 2.00 crores package in 2011-12 budget for the effective control of yellow leaf disease. The proposal has been approved by the Government of Karnataka.

4.12.9.3 Neera Processing Centre

It is proposed to set up a Neera processing unit at Thumbe horticulture farm in Buntwal Taluk of Dakshina Kannada district under the collaboration of Coconut Development Board (CDB) and Central Food Technological Research Institute, Mysore. The required machineries/equipments for the establishment of Neera Processing Demonstration centre has been supplied by the qualified suppliers. The civil work is already completed in Thumbe farm. Further, the Department is taking action for the installation of the equipments. During 2010-11, an amount of Rs.62.00 lakh has been

released by the State Government. During 2011-12, a financial target of Rs.42.50 lakh is allocated for the establishment of neera processing unit. CDB has released Rs.7.50 lakh of which Rs.6.57 lakh was spent till the end of December 2011.

4.12.9.4 Suvarna Bhoomi Yojane - Horticulture

A new scheme namely "Suvarna Bhoomi Yojane" has been launched in the State during 2011-12 under the "Introduction of new varieties of vegetables". The objective of the scheme is to encourage the farmers to grow high yielding varieties of crops instead of low yielding varieties for earning higher or extra income. All small and marginal farmers, SC and ST farmers having less than 5 acres of land are selected and given a sum of Rs. 5000 per acre subject to a maximum of Rs.10000 per acre in two installments. For this purpose, the Government has provided Rs.250.00 crore for horticulture-related activities and Rs.6.25 crore for bee keeping. A sum of Rs.121.97 crore is disbursed for horticulture farmers and Rs.2.64 crore is disbursed to eligible apiculture farmers till December 2011.

4.13 ANIMAL HUSBANDRY AND DAIRY SECTOR

4.13.1 Animal Husbandry & Veterinary Services

Karnataka has livestock and poultry population of 7.53 crores as per the results

of the 18th Livestock Census 2007. The State government provides free health care facilities to the animals. Government of India has declared the State as a disease-free zone from rinderpest. The same type of eradication programme has been taken up for Foot and Mouth disease. During the financial year 2011-12, an amount of Rs.705.97 crore has been allocated and Rs.384.33 crore has been spent including central share till the end of December 2011.

4.13.1.1 Animal Husbandry

The share of animal husbandry in GSDP of agriculture and allied activities was 26% during 2010-11. The share of Karnataka in all India livestock and poultry population was 5.83% and 6.48%, respectively. The density of livestock in the state was estimated at 172 per sq.km and 53448 per lakh human population. The livestock and poultry statistics is shown in Table 4.36 and the detailed information is given in Appendix-4.16.

A. Livestock and Poultry Production

India ranks first in the world and Karnataka State ranks eleventh among Indian States in milk production. During 2010-11, the production of milk in the State was 5.1 million MT and the per capita daily availability was 226 gms. The production of milk at the all India level was 112.54 million MT and per capita daily availability was 263 gms during the year 2009-10. Details of the

Table 4.36: Livestock and Poultry Statistics

(No.)

Particulars	Livestock Census			
	1997 (Crore)	2003 (Crore)	2007 (Crore)	% change in 2007 over 2003
Cattle	1.08	0.95	1.05	9.40
Buffaloes	0.44	0.40	0.43	7.50
Goat & Sheep	1.29	1.17	1.57	33.05
Other Livestock	0.26	0.30	0.24	-20.00
Total Livestock	3.07	2.84	3.29	15.85
Poultry	2.14	2.44	4.24	73.77

production of milk, meat, wool and eggs are shown in Table 4.37 and more details are provided in Appendix 4.17.

B. Integrated Sample Survey

The purpose of this survey was to estimate production of major livestock and poultry products in Karnataka. Table 4.38 gives the summary of the developmental activities of the Animal Husbandry and Veterinary Services sector in Karnataka.

4.13.1.2 Animal health and veterinary services

During 2011-12, health services of livestock and poultry was rendered through a network of 4110 veterinary institutions comprising 371 veterinary hospitals, 1941 veterinary dispensaries, 1181 primary veterinary centres, 229 artificial insemination centres, 174 mobile veterinary clinics and 214 other veterinary institutions. During 2009-10 and 2010-11, about 116.06 lakh cases and 114.21 lakh cases, respectively were treated for various diseases. During the year 2011-12, 82.12 lakh cases were treated for various diseases till the end of December 2011. During 2009-10 and 2010-11, 399.92 lakh and 387.97 lakh vaccinations, respectively were given for various diseases. In 2011-12, 332.10 lakh vaccinations were given for various diseases as a precautionary measure till the end of December 2011.

A. Performance under Artificial Insemination (AI) Programme

AI facilities have been provided in 4110 centres. Two laboratories of frozen sperms are located at Bangalore and Dharwad. Performance of the State's AI programme is shown in Table 4.39.

B. Divisionwise progress of AI Programme and Milk Production

Division-wise progress of AI programme and milk production is given in Table 4.40. The achievements under AI programme and milk production are relatively very high in Bangalore division as compared to other divisions.

4.13.2 National Project for Cattle and Buffalo Breeding

The National Project for Cattle and Buffalo Breeding (NPCBB) is a 100% centrally sponsored programme and is implemented through the Karnataka Live Stock Development Agency for strengthening of animal breeding services. Because of effective implementation of this programme, the number of productive cattle and buffalo has increased by 9.38% and 7.4%, respectively and the number of unproductive, non-descript cattle and buffalo have decreased as per the latest Livestock Census. Semen production centers, bull mother farms and artificial insemination centers in the State have been provided with necessary infrastructure like buildings, equipments, high pedigreed bulls

Table 4.37 Livestock and Poultry Production in Karnataka

Item	Unit	2009-10	2010-11	2011-12 (up to Dec 2011)	% change in 2010-11 over 2009-10
Milk	'000 T	4821	5113	3973	6.06
Meat @	Tonnes	119247	123910	100061	3.91
Wool	Tonnes	7165	7179	5678	0.20
Eggs	No. in crore	291	307	262	5.50

@ Includes Poultry Meat.

Table 4.38: Development of animal husbandry and veterinary services

Sl. No.	Particulars	Unit	2008-09	2009-10	2010-11	2011-12
1	Veterinary institutions (including AI centres and Mobile Veterinary Clinics)	No.	4110	4110	4110	4110
2	Livestock farms	No.	11	11	11	11
3	Poultry farms	No.	24	24	24	23
4	Artificial inseminations done	Lakh	28.53	30.50	31.66	22.90
5	No. of cases treated	Lakh	107.85	116.06	114.21	82.12
6	Fodder produced	Tonnes	6612	7197	7078	2065.18
7	Milk produced	'000Tonnes	4538	4821	5113	3973
8	Egg produced	Lakh	23746	29083	30674	26234
9	Wool produced	Tonnes	7137	7165	7179	5678
10	Meat produced	Tonnes	114520	119247	123910	100061

Note: 1) Information pertaining to items 1 to 3 is cumulative

2) Information pertaining to items 4 to 10 is up to Dec-2011

and liquid nitrogen storage and transport facilities for production of quality frozen semen.

Rural unemployed youth have been trained for four months in artificial insemination and provided with equipments to carryout AI service at the farmers' doorstep. For the current year, around 146 rural youth were

trained till the end of December 2011. Performance recording in cattle and buffalo has been started under NPCBB programme in collaboration with Karnataka Milk Federation.

4.13.3 Cattle Development

Cattle breeding programme for milch animal production and conservation of indigenous

Table 4.39 Performance of AI Programme

Particulars	2009-10 (lakh)	2010-11 (lakh)	2011-12 (upto Dec 2011) (lakh)	% change in 2010-11 over 2009-10
I) Cow (AI)				
i) Cross breed	12.74	13.95	8.36	9.50
ii) Exotic	5.11	5.00	6.17	-2.15
iii) Indigenous	5.52	5.88	3.91	6.52
Total (AI)	23.37	24.84	18.44	6.29
No. of calves born (Cow)	5.29	5.64	4.61	6.62
II) Buffalo(AI)	7.13	6.82	4.46	-4.35
No. of calves born (Buffalo)	1.59	1.56	1.68	-1.89

Table 4.40: Division-wise progress of AI Programme and Milk Production

Name of the Division	2009-10			2010-11			2011-12 (Upto December 2011)		
	AI		Milk Production ('000 T)	AI		Milk Production ('000 T)	AI		Milk Production ('000 T)
	Target	% of Achievement		Target	% of Achievement		Target	% of Achievement	
Bangalore	1176000	112.98	1635	1236000	115.03	1749	919700	115.88	1298
Mysore	712000	111.16	1311	743000	108.00	1382	589150	102.22	1059
Belgaum	702000	121.32	1183	744500	113.00	1247	598100	104.04	962
Gulbarga	170000	105.39	692	170000	106.00	735	151710	90.10	654

breeds, like Hallikar, Amrutmahal, Khilar and Deoni for draught purposes is carried out through artificial insemination and embryo transfer technology. Indigenous breeds are developed by selective breeding in the livestock farms located at Kunikenahalli in Tumkur, Ajjampura in Chikmagalur and Bankapura in Haveri districts.

Frozen semen from the centers at Hessaraghatta and Dharwad is supplied for breeding purposes. In 2009-10 and 2010-11, 30.50 lakh and 31.66 lakh artificial inseminations were done, resulting in the birth of 6.88 lakh and 7.22 lakh calves, respectively. Further, 6.96 lakh and 6.72 lakh castrations were also performed during 2009-10 and 2010-11, respectively. In 2011-12, 22.90 lakh artificial inseminations were done leading to birth to 6.29 lakh calves. 4.87 lakh castrations were performed up to the end of December 2011.

4.13.4 Karnataka Sheep and Wool Development Corporation

Karnataka Sheep and Wool Development Corporation (KSWDC) was incorporated under Companies Act 1956, in December 2001. There are six sheep breeding centres functioning under the corporation. As a part of the breed improvement programme, 217 and 206 cross-bred rams were distributed from its sheep breeding centres to sheep farmers during 2009-10 and 2010-11,

respectively. During the current year, a total number of 145 cross bred rams were distributed by the end of December 2011.

During the current year, sheep insurance scheme is being undertaken by KSWDC with an amount of Rs. 100.00 lakh. It has insured 8157 and 7389 sheep farmers under "Kendriya Bhed Palak Bima Yojana" during 2009-10 and 2010-11, respectively. Compensation of Rs. 19.65 lakh and Rs. 25.50 lakh have been released by the Life Insurance Corporation of India (LIC) against claims arising from the death of 26 and 36 Sheep farmers respectively during these two years. In 2011-12, 4902 sheep farmers were insured till December 2011 and steps have been taken for the release of Rs. 12.00 lakh as compensation by LIC towards the death claims of 20 sheep farmers. Further, scholarship amounts of Rs. 37.05 lakh and Rs. 54.96 lakh were released to 3088 and 4580 students under Shiksha Sahayog Yojana (SSY) scheme during 2009-10 and 2010-11, respectively.

KSWDC is implementing sheep and wool improvement scheme (SWIS) in the project area of Badami and Harapanahally in co-ordination with the Central Wool Development Board, Jodhpur. Under breed improvement programme, 175 cross breed rams have been distributed in Badami Taluk. As a part of breed improvement programme,

a scheme for the supply of cross-bred rams at subsidized rates is in operation, under which 944 cross-bred rams in 2010-11 and 244 cross bred rams upto December 2011 for the year 2011-12 were distributed.

During the current year, de-wormers to the sheep and goats of Karnataka have been distributed to the shepherds of the State through sheep and wool producers co-operative societies registered with KSWDC at a cost of Rs. 200.00 lakh.

Training in scientific sheep husbandry has been provided to 88 and 99 sheep farmers at Central Sheep Breeding Farm, Hisar with the assistance of Central Wool Development Board, Jodhpur during 2009-10 and 2010-11, respectively. It is proposed to train 3200 sheep farmers in the current year. Conservation of Bannur breed of sheep has been taken up under the centrally sponsored scheme at Bannur Sheep Breeding Centre, Dhanagur, Malavalli with an assistance of Rs. 63.80 lakh from Government of India. KSWDC has spent Rs. 63.80 lakh and Rs. 2.63 lakh during 2009-10 and 2010-11 respectively.

During the year 2010-11, the establishment of sheep units under the grant-in-aid scheme was sanctioned with an allocation of Rs. 720.00 lakh, out of which Rs.360.00 lakh was released. Under this scheme, 10+1 sheep units were distributed at a cost of Rs.

22213 per unit to the members of sheep and wool producers co-operative societies registered with the Karnataka Sheep and Wool Development Corporation. A sum of Rs. 10000 was provided as subsidy by the corporation and the balance amount of Rs. 12213 was provided as loan by Nationalised / Rural / Co-operative Banks. The progress achieved under this scheme is given in Table 4.41.

The progress of distribution of 10+1 sheep/goat units under Special Component Plan and Tribal Sub-Plan during the year 2009-10 and 2010-11 is given in Table 4.44. During 2010-11, disbursements of Rs. 42.75 lakh and Rs. 17.25 lakh were made under these plans. Under these schemes, 10+1 sheep or 10+1 goats are distributed to SC and ST women/men members of the sheep and wool producers co-operative societies which are registered with KSWDC. The cost of 10+1 sheep units is Rs.23600 and the cost of 10+1 goat units is Rs. 23100 of which the Corporation released Rs.10000 as subsidy and the Nationalised Banks/Rural Banks/Co-operative Banks released the remaining amount as loan to the selected beneficiaries. In 2010-11, 899 units of 10+1 sheep were established at a unit cost of Rs. 22213 with respective shares provided by the corporation and local banks. The progress achieved during 2011-12 is as given in Table 4.42.

Table 4.41: Allocation and Progress Achieved by KSWDC

Allocation (Rs. Lakh)	Releases (Rs. Lakh)	Physical Target	Progress achieved	
			Physical	Financial (Rs. lakh)
720.00	360.00	7050	2942	300.00

Table 4.42: Progress Achieved Under Special Component Plan and Tribal Sub Plan

Sl. No.	Scheme	Year	No. of beneficiaries	Subsidy amount (Rs.in lakh)
1	Special Component Plan	2009-10	06	0.60
		2010-11	638	63.80
2	Tribal sub-plan	2009-10	02	0.20
		2010-11	214	21.40

During 2011-12, Special Component Programme and Tribal Sub-plan were continued with an allocation of Rs. 57.00 lakh and Rs. 23.00 lakh respectively and an amount of Rs. 28.50 lakh and Rs. 11.50 lakh respectively have been released till the end of December 2011. Under these schemes, 10+1 sheep or 10+1 goats are being distributed to SC and ST Women/Men members of the sheep and wool producers co-operative societies registered with KSWDC. The cost of 10+1 sheep units is Rs.46000 and the cost of 10+1 goat units is Rs. 44200 of which the corporation released Rs.15000 and, Rs.14500 respectively will be provided as subsidy and the remaining balance amount will be sanctioned as loan by the Nationalised Banks/Rural Banks/Co-operative Banks to the beneficiaries. The progress achieved is as given in Table 4.43. During 2010-11, poor shepherds were covered by the Karnataka state Sheep Insurance Scheme for which an allocation of Rs. 50.00 lakh was sanctioned and continued during the year 2011-12 with an allocation of Rs.100.00 lakh of which Rs. 50.00 lakh has been released till the end of December.2011. Under this scheme, 10

sheep of more than 6 months of age, ram or ewes, belonging to shepherds below poverty line are insured for Rs.1500.00 each by the State-run insurance companies. An amount of Rs. 66.00 is paid as insurance premium out of which the shepherd contribution is Rs.10.00 and the balance of Rs. 56.00 is borne by Karnataka sheep and wool Development Corporation. The progress achieved under this scheme is given in Table 4.44.

4.13.5 Rashtreeya Krishi Vikasa Yojana (RKVY)

The Government released Rs. 275.00 lakh for implementation of programme for the genetic improvement of sheep and goats during the year 2008-09. The implementation of the programme is under progress. An amount of Rs.147.50 lakh has been utilized as on December 2011.

4.13.6 Karnataka Co-operative Poultry Federation (KCPF)

Presently, 84 primary poultry cooperative societies are affiliated to the federation which receives grant-in-aid from the State government. During 2011-2012, an amount of Rs. 99.25 lakh was sanctioned from plan head and non-plan head. Details of

Table 4.43: Progress under Special Component Programme and Tribal Subplan

Sl. No.	Scheme	Allocated (Rs.in lakh)	Released amount. (Rs.in lakh)	Physical Target	Progress achieved	
					Phy.	Fin. (In lakh)
1	Special Component Plan	57.00	28.50	386	-	-
2	Tribal sub plan	23.00	11.50	156	-	-

Table 4.44: Progress under Karnataka state Sheep Insurance Scheme

Year	Allocated Amount (Rs. in lakh)	Released amount (Rs.in lakh)	Physical Target (No. of sheep)	Progress achieved	
				Phy. (No.of sheep)	Fin. (Rs.in lakh)
2010-11	50.00	37.50	75000	30000	20.00
2011-12	100.00	50.00	150000	10500	7.00

progress under the plan schemes and non-plan schemes are given in Tables 4.45 and 4.46 respectively.

4.13.7 Poultry Development

The Government introduced the Poultry Feed Act to maintain the quality of poultry feed. There are 23 poultry farms in the State

which function under the technical guidance of the Department of Animal Husbandry and Veterinary Services. The major developmental activities are breeding and rearing of Giriraja parent stock and supplying chicks to the farmers and rearing centers of the department. In 2009-10 and

Table 4.45: Physical & Financial Achievements under Plan Schemes of KCPF

(upto Dec 2011)
(Rs. Lakh)

Year	PLAN			NON PLAN		
	Amount sanctioned	Amount released	Amount Spent	Amount sanctioned	Amount released	Amount spent
2008-09	20.00	20.00	20.00	74.41	74.41	74.41
2009-10	20.00	20.00	20.00	87.38	87.38	87.38
2010-11	20.00	20.00	19.82	90.87	90.87	90.87
2011-12	24.75	18.57	17.13	94.50	70.87	70.80

Table 4.46: Physical Achievements under Plan Schemes of KCPF

Year/Activity	Short term training in Poultry rearing to farmers	Rearing and sale of Giriraja birds
2008-09		
Target	1250	10000
Achievement	1366	18715
%	109	187
2009-10		
Target	1250	10000
Achievement	1207	9961
%	97	99
2010-11		
Target	1250	10000
Achievement	1250	10570
%	100	106
2011-12(upto Dec-2011)		
Annual Target	1500	10000
Target	1050	8000
Achievement	1014	7075
%	97	88

2010-11, 2384 and 1739 persons respectively were trained in poultry rearing. About 1.07 lakh and 85310 Giriraja chicks were produced respectively during these two years. In 2011-12, 30782 chicks were reared and 1493 persons were trained upto the end of December-2011(progress is reduced due to incidence of salmonellas diseases.)

4.13.8 Piggery Development

In Karnataka, five Pig Breeding Stations are located in Hesaraghatta in Bangalore District, Kudige in Kodagu District, Koila in Dakshina Kannada District, Bangarpet in Kolar District and Kalasa in Chickmagalur District. Among other activities, these stations are engaged in production and distribution of pure breed piglets to beneficiaries of various socio-economic programmes and, training and extension services in modern pig rearing. There are 682 small, medium and large scale modern piggery units established in the State with the financial assistance from various banks. Under RKVY, the Department of Animal Husbandry and Veterinary Services has chosen 12 districts viz., Bangalore Urban, Bangalore Rural, Ramanagar, Kolar, Mandya, Tumkur, Kodagu, Hassan, Dakshina Kannada, Udupi, Chikballapur, and Chikmagalur to form a Pig Breeding Association Under the Co-operative Society Act to establish good quality pork and marketing facility. The performance of the pig breeding programme in 2011-12 (up to

December 2011) is given in Table 4.47.

4.13.9 Rabbit rearing

Four rabbit rearing farms are functioning in the State. These farms maintain and breed New Zealand White, California White and Grey giant breeds of rabbits. The bunnies are being sold to interested farmers. About 850 bunnies were produced up to the end of December 2011.

4.13.10 Implementation of Livestock Insurance Scheme in Karnataka

The Centrally Sponsored Livestock Insurance Scheme was implemented in four districts viz., Bangalore Urban, Bangalore Rural, Kolar, Mandya on pilot basis during 2006-07. The scheme was continued in 2007-08 in these districts and 13853 animals were insured. But it was not implemented in 2008-09. Again, in 2009-10, the scheme was implemented in four districts viz., Belgaum, Gulbarga, Hassan and Mysore covering 16043 animals under the insurance cover. During 2010-11 and 2011-12, the scheme was implemented in 17 districts viz., Bangalore Urban, Bangalore Rural, Kolar, Mandya, Belgaum, Gulbarga, Hassan, Mysore, Davanagere, Haveri, Bellary, Bagalkote, Dakshina Kannada, Tumkur, Yadgir, Chikballapur and Ramanagaram. About 67877 animals in 2010-11 and 44700 animals have been insured in 2011-12 upto December 2011.

4.13.11 Feed and Fodder Development

Fodder production is gaining more importance in the State due to frequent

Table 4.47: Progress achieved under the Pig Breeding Programme (2011-12)

Sl. No.	Name of the farm	Distribution of Piglets			Farmers Trained	
		Target	Achievement	%	Target	Achievement
1	Pig Breeding Farm, Hesaraghatta	200	121	61	200	149
2	Pig Breeding Farm, Kudige	200	174	87	300	365
3	Pig Breeding Farm, Koila	300	205	68	240	117
4	Pig Breeding Farm, Bangarapet	100	135	135	150	40
5	Pig Breeding Farm, Kalasa	100	122	122	150	122
	Total	900	757	84	1040	793

occurrence of natural calamities like drought and flood in the State. To mitigate the shortage of green fodder availability, Central Minikit Testing programme which involves fodder production in the State livestock farms and training to farmers are being undertaken with the assistance of Government of India and calamity relief funds. The progress made under this programme in the last three years is given in Table 4.48.

During 2011-12, a new scheme called special development programme has been implemented under the State sector. Under this scheme, Rs.389.73 lakh has been released to 114 taluks in 27 districts which are identified as backward, more backward and most backward as per Dr. Nanjundappa's report for redressal of regional imbalance of fodder development. The Department of Animal Husbandry and Veterinary Services has selected 6 AmrithMahal Kavals for Animal Husbandry and Breed improvement during 2010-11. The Government will evict the unauthorized cultivation and these lands will be taken up for development in 3 years at a cost of Rs. 487.50 lakh by an Expert Organisation through Public Private Partnership (PPP). With the administrative approval of the

Government, an amount of Rs. 50 lakh has been released for development of Silvipasture programme in 65 units (1 unit = 10 acres) in 6 selected kavals during 2011-12.

4.13.12 Rashtriya Krishi Vikasa Yojane (RKVY)

During 2011-12, an amount of Rs. 54.00 crore has been approved in the 7th State Level Sanction Committee meeting for five ongoing projects related to genetic improvement of cattle/buffalo, piggery-development and animal health programmes. Out of this allocation, Rs. 3.00 crore was released for the ongoing projects. For four new schemes, Rs. 19.75 crore was released as the first installment. All the 9 projects are being implemented by the Department.

4.13.13 Prime Minister's Special Livestock Package

An amount of Rs. 7644.84 lakh has been released by Government of India to Government of Karnataka for the implementation of various animal husbandry and dairying programmes in six suicide prone districts (Shimoga, Belgaum, Kodagu, Chikmagalur, Chitradurga and Hassan) of Karnataka. Out of the released

Table 4.48: Progress under Feed and Fodder development

Sl. No.	Programme	2009-10	2010-11	2011-12*
1	Central Minikit Testing Program (minikits distributed)	68042	33730	49036
2	Fodder Production in Farms (MTs)	7197	7078	2065.18
3	Fodder seed production in farms (in Qtls)	-	17.85	1.01
4	Root slips distributed in farms (in lakh nos)	5.96	29.95	14.56
5.	Training to farmers regarding fodder) development (in nos	5210	3273	1233

*(Up to December- 2011)

funds, Rs. 2547.53 lakh was provided to Karnataka Milk Federation (KMF) and in pursuance of the State Government order for the implementation of the scheme by Karnataka livestock development agency (K LDA), the remaining amount of Rs.5042.31 lakh was given and utilized by December 2011. A total sum of Rs. 7589.84 lakh (99.28%) has been utilized so far under the scheme.

4.13.14 Assistance to State for Control of Animal Diseases (ASCAD)

Assistance to the State for control of animal diseases has three components viz., systematic control of livestock disease of national importance, foot and mouth disease control programme and animal disease surveillance. For the control of animal diseases component, funds will be shared by the centre and State on 75:25 basis except the training component where 100% central grants are envisaged. The funds will be provided for purchase of vaccines/diagnostics/medicine and upgradation/strengthening of disease diagnostic labs/vaccine production facilities only as per Good Laboratory Practice (GLP) and Good Manufacturing Practice (GMP). The cost of delivery system or the manpower to undertake vaccination is borne by the State Government. During the current year, the budget provided under ASCAD is as follows: State Budget: Rs. 681.00 lakh, Z.P.Budget: Rs. 638.81 lakh, total budget is Rs.1319.81 lakh out of which Rs.424.87 lakh was incurred till December 2011.

4.13.15. New schemes in the year 2011-12

4.13.15.1 Calf Rearing

It is proposed to provide assistance for rearing of male calves of pure breeds such as Hallikar, Amrithmahal, Khillar, Deoni and Krishna valley in the State at the rate of 50% subsidy of Rs. 8000 in the form of cattlefeed initially to 2500 beneficiaries to encourage conservation of native breeds. In the budget

2011-12, Rs.100.00 lakh was earmarked for this purpose.

4.13.15.2 Assistance for Organic Milk Production

In order to popularize organic milk production in the State, a new scheme has been conceptualized with an outlay of Rs. 100.00 lakh for 2011-12 to provide financial assistance to 100 dairy farmers on a pilot basis. The scheme is unique in the Country and paves the way for a new revolution in dairy sector through export of Indian milk products.

4.13.15.3 Establishment of Malenadu gidda Livestock Development and Research Centre at Kuppalli village, Sagar Taluk, Shimoga dist.

It is proposed to establish Malenadu Gidda Livestock Development and Research Centre in Kuppalli village, Sagar Taluk, Shimoga district and also a rearing centre, if necessary, in association with KVAFSU, Bidar and National Dairy Research Institute with a budget of Rs. 100.00 lakh for 2011-12. A new programme with additional funds will help the farmers especially in western ghat regions of the State particularly Shimoga, Chikmagalur, Udupi, Dakshina Kannada, Uttara Kannada, Hassan and Kodagu districts, where these animals with an estimated population of 7 - 8 lakh are reared. To prevent extinction of valuable malenadu gidda animals, it is necessary to prevent the extinction of valuable gidda animals and take up research and develop the strategies for conservation of this category of cattle and to declare it as a distinctive breed in the state.

4.13.15.4 Dhanvanthri Units for Animal Husbandry

An amount of Rs.20.00 crore will be given for purchasing 174 vehicles to provide emergency care to animals and to distribute medicines. In each taluk, there will be one mobile unit, which will run on PPP basis on the model of 108 ambulance of the Health Department.

4.13.15.5 Establishment of Animal Husbandry Polytechnic

Development activities in animal Husbandry sector for livestock production are hindered by an acute shortage of village level technical workers. It is proposed to establish a polytechnic at Konehalli, Tiptur Taluk, Tumkur District, for offering a two year diploma course for the 10th class-passed youth with a budget provision of Rs. 300.00 lakh in 2011-12. The proposed course will be offered by the Karnataka Veterinary, Animal and Fisheries Sciences University with a purpose of imparting skills and knowledge in basic livestock production systems. The diploma holders will have the option of both self employment and employment in private / public animal husbandry sectors.

4.13.15.6 Departmental Policy for overall development of the animal husbandry sector

Karnataka Livestock development policy 2010 is in the final stages of approval. The policy envisages providing requisite infrastructure, institutions and incentives for achieving 8% annual growth rate in the next 10 years. The policy also highlights the opportunities for public private partnership for overall/accelerated growth in the Animal Husbandry Sector.

4.13.15.7 Vision 2020 - Development Goals of Animal Husbandry Sector:

Vision 2020-Development goals of animal husbandry sector has been envisioned and the draft is to be approved. The development goals aim at increasing milk, meat and egg production by 100% during the next 10 years. It also proposes to increase budgetary support from the present Rs. 700 crore in 2010-11 to Rs. 1200 crore per annum.

4.14 DAIRY DEVELOPMENT

The Karnataka Milk Federation (KMF) is a State level Co-operative organization implementing dairy development activities in the State under 'Operation Flood'. This organization has the responsibility of providing remunerative prices and markets to the rural milk producers of the State and to supply pure milk and milk products to the consumers. The progress for the three years is given in Table 4.49.

The Federation has 22 dairy processing plants with a capacity of 35.80 lakh liters a day. The State has 43 chilling centers with 16.57 lakh liters of chilling capacity. There are five product dairies equipped to produce 100 MTs of milk powder per day; ISO 9001/2000 Certification in respect of 4 cattle feed plants is renewed and the quality is

Table 4.49: Progress of cooperative dairy sector in Karnataka

Sl. No.	Items	Unit	2009-10	2010-11	2011-12 (Upto Dec-11)
1	DCS registered	No.	567	539	506
2	DCS made functional	No.	668	625	594
3	Members enrolled	No	68785	65103	61648
4	Milk procured	Lakh Tons	13.06	13.72	11.84
5	Animals treated	Lakh	0.51	0.54	0.40
6	Animals inseminated	Lakh	20.38	22.71	18.26
7	Animals examined for pregnancy	Lakh	14.08	15.20	12.50

Source: Karnataka Milk Federation

being maintained with production and supply of goods. During the current year, 11443 dairy co-operative societies are functioning and 21.33 lakh farmers were enrolled.

The Dairy Programme for Women namely Amrutha Yojane was launched with an allocation of Rs. 5000.00 lakh during 2007-08 for providing milch animals to the Devadasis, Widows, SC and ST women in order to improve their economic and social status. The unit cost of Rs. 20,000 of which the subsidy component is Rs. 10000 for Devadasis and Widows, Rs. 12000 for SC women and Rs. 15000 for ST women was borne by the Government. The Department has spent Rs. 2000.00 lakh. The unit cost has been increased to Rs. 35000. For the year 2010-11, a sum of Rs. 415.00 lakh has been released and as on December 2011, Rs. 349.05 lakh has been utilized. The programme has been continued for the year 2011-12 and Rs. 500.00 lakh has been allocated.

The State Government has taken a decision to strengthen Dairy activities in the backward taluks covered by Bellary and Gulbarga Milk Unions so as to contribute to redressal of regional imbalances. For this purpose, an amount of Rs. 600.00 lakh was earmarked and the KMF has utilized the entire amount to strengthen forward and backward linkages to the milk producers of Bellary, Raichur, Gulbarga and Bidar dairies.

In order to take up the developmental activities in backwards taluks of Dharwad, Haveri, Gadag, Uttar Kannada, Belgaum, Bijapur and Bagalkot Districts, an amount of Rs. 300.00 lakh was provided during 2008-09 and the entire amount has been utilized for developmental activities in the regions. To strengthen the dairy development activities in the backwards taluks of Gulbarga and Bidar Districts, the Government allocated and released Rs.

400.00 in 2008-09 and it was utilized as share capital.

Under the Special development programme, in 2009-10 an amount of Rs. 400.00 lakh was allocated for the Milk Unions at Gulbarga and Bidar Regions and Rs. 200 lakh was released.

For the year 2010-11, under the Special Development Programme, a sum of Rs. 350.00 lakh was allocated for these regions and Rs. 75.00 lakh was released for infrastructure development activities.

In order to strengthen infrastructure in Belgaum and Gulbarga Divisions, a provision of Rs. 500.00 lakh was made for establishment of Chilling Centre in the 2009-10 budget. The amount was earmarked for equity share capital. During the 2010-11 budget, GoK allocated Rs. 2000.00 lakh of which Rs.1000.00 lakh was meant for Establishment of Chilling plants in the Belgaum and Gulbarga Divisions and, Rs.1000.00 lakh was for establishment of Mega Dairy at Chikballapur District. An amount of Rs. 600.00 lakh has been released and the programme is under implementation. For Dairy Development activities, in the 2011-12 budget, the Government allocated Rs. 1000.00 lakh of which Rs. 500.00 lakh has been released.

Under Financial Assistance/Relief in the Northern Karnataka Division for improvement of Dairy development activities in the five districts of Gulbarga, Dharwad, Bijapur, Belgaum and Raichur/Bellary, a Sum of Rs. 400.00 lakh has been allocated in the 2009-10 budget for the organization of Dairy cooperative Societies which includes Rs. 270.00 lakh for special development programme, Rs. 95.00 lakh for Special component Plan and Rs. 35.00 lakh for Tribal Sub Plan. Upon submission of proposals, the Government has released Rs. 200.00 lakh for the first & second quarters of the year. The programme is under implementation.

The Ministry of Women and Children Development, Government of India has sanctioned the programme of "Support to Training and Employment Programme" (STEP) with an objective of achieving Socio-economic upliftment of women. Exclusive women dairy Co-operative societies are organized and women members trained in Dairy Animal Management and Awareness programme on Health and Nutrition, Legal Literacy, Gender Sensitization at village level.

In order to meet the increasing demand for cattle feed, it is envisaged to establish new cattlefeed plants with a capacity of 300 MTs at Hassan and 500 MTs capacity plant at Challaghatta Village, near Bangalore. The construction is under process and the proposal to establish Tetra brick machine (to be established by NDDDB) at Mother Dairy to pack milk in tetra packs is under consideration.

Under the Centrally sponsored special package for suicide prone districts, the central Government has released Rs. 2547.53 lakh to KMF through the State Government. In pursuance of State Government order for implementation of the scheme by the Department of Animal Husbandry, a sum of Rs. 111.76 lakh was refunded to KLDA. With the balance amount with KMF, a sum of Rs. 2409.44 lakh has been utilized and the balance of Rs. 26.33 lakh has been refunded to KLDA during March-2011.

In order to improve the keeping quality of milk, Bulk Milk Coolers (BMC) have been established at village dairy cooperative societies. Training of farmers in clean and hygienic milk production, supply of detergents to dairy cooperative societies, supply of stainless steel equipments etc., are undertaken in this programme.

The Government of India, for the years 2006-2011 has approved "Clean Milk Production Programme" to eight milk unions

with an total approved outlay of Rs. 1466.83 of which Rs. 1185.43 lakh Gol share and Rs. 281.40 lakh is the organization's share. An amount of Rs. 886.04 lakh has been released by the Government of India. KMF has spent Rs. 734.24 lakh by December 2011 and the programme is being implemented as per the approved plan.

The Hon'ble Chief Minister, as part of the 2008-09 Budget speech, announced a scheme to make dairy farming more remunerative for rural families especially for rural women. The GoK is providing a cash incentive of Rs. 2.00 per litre of milk sold by farmers to milk cooperative societies. An amount of Rs. 130.00 crore for 2008-09 and Rs. 200.00 crore for 2009-10 has been released. This programme has been continued in the years of 2010-11 and 2011-12. The Department has spent Rs. 858.85 crore upto end of December 2011.

4.15 Fisheries Development in Karnataka

Karnataka has rich fishery resources with a continental shelf of 27000 Sq. km, 300 km of coastline and 5.60 lakh hectares of inland waters. This offers immense scope for development of fisheries. In addition, 8000 hectares of brackish water area provides good scope for shrimp farming. The total fisherfolk population of the State is 7.66 lakh comprising 2.75 lakh persons in marine areas and 4.91 lakh persons in inland areas. The total fish production in Karnataka was around 2.0 lakh tons in the early eighties and reached a peak of over 5.0 lakh tons in 2010-11, with the contribution of marine sector at 60% and inland sector at 40%. The State's fish production accounts for about 4.3% of India's total fish production. The current level of per-capita fish availability in the State is 6.8 kg. Karnataka ranks 6th position in the marine fish production and 10th position in the inland fish production in India.

4.15.1. Fish Production

The annual fish production in Karnataka has shown a considerable increase from 3.05

lakh metric tons in 2000-2001 to 5.27 lakh metric tons in 2010-11. Details of fish production in the State for the last 10 years are given in Table 4.50.

resources, achieving employment generation, social security of fishers, increased food security and augmenting sea food exports. The marine exports

Table 4.50: Fish Production in Karnataka

(Mts)

Year	Marine	Inland	Total
2000-01	177907	127468	305375
2001-02	128416	121196	249612
2002-03	180161	86262	266423
2003-04	187003	70036	257039
2004-05	171227	80470	251697
2005-06	176974	120598	297572
2006-07	168544	123919	292464
2007-08	175566	122124	297690
2008-09	218137	143717	361854
2009-10	248728	159324	408052
2010-11	340571	186008	526579
2011-12	*210107	113000	323107

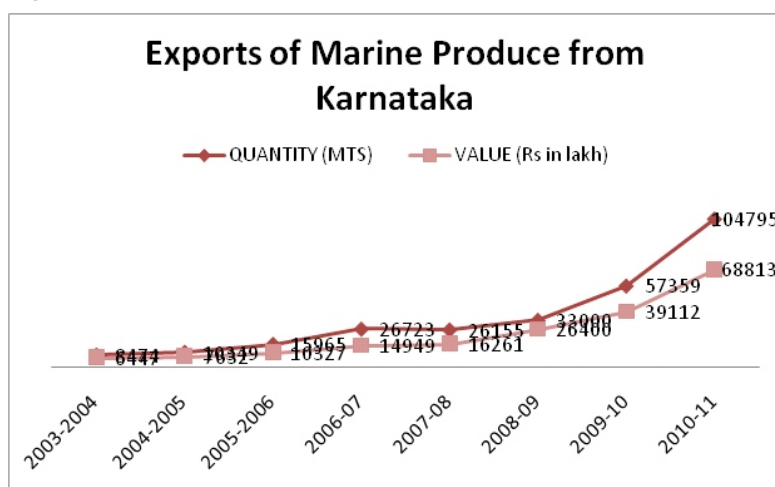
*Provisional (Upto Dec2011)

4.15.2 Marine Fisheries

Development of marine fisheries sector is taken up with a focus on sustainability through empowering the traditional sector, enhancement of sea safety, rational exploitation of untapped deep-sea

including fishmeal and fish oil exports from Karnataka have doubled to Rs. 688.13 crore during 2010-11 from Rs. 392 crore in 2009-10. Trends in fish exports for the last eight years are given in Figure 4.2.

Figure 4.2: Exports of Marine Produce from Karnataka



Source: Dept of Fisheries

4.15.3 Major Programmes

The major programmes under marine fisheries development include construction of fishing harbours and fish landing centres in the selected places of the coastal districts to provide safe landing and berthing facilities for mechanized fishing boats, construction and improvement of fishery link roads. Besides, the State government has sanctioned supply of 100000 kilolitres of VAT-exempted diesel during the current year to mechanized fishing boats with a purpose of reducing the fishing costs. Assistance is also being provided for purchase of modern fishing and navigational aids such as fish finders, radio-telephone equipment etc., for offshore fishing vessels for easy navigation and identification of fish in deeper waters. Application of remote sensing technology is also being used to identify potential fishing zones along the coast which help in saving fuel and time to fishermen.

To rejuvenate ice plants, subsidy at the rate of Rs. 1.00 per unit of electricity consumed by these plants has been introduced in the coastal areas. A new scheme on purchase of life saving equipments such as life buoys and life jackets has been started in 2011-12, with 75% subsidy. Karnataka has seven fishing harbours located at Karwar, Tadri, Honnavar, Bhatkal, Gangolli, Malpe and Mangalore and 20 fish landing centers at

intervening centers. However, an administrative approval has been obtained from the Government for construction of fish landing centre at Koderi at an estimated cost of Rs. 30.00 crore of which Rs. 10.00 crore has been released. Further, sanction has been accorded by Gol for the detailed project report submitted for construction of Mangalore fishing harbor III stage at an estimated cost of Rs. 57.60 crore and Malpe fishing harbor III stage at an estimated cost of Rs. 37.15 crore. The State government has also given administrative approval for the same.

4.15.4 FISHING FLEET OPERATING IN KARNATAKA

4.15.5 Inland Fisheries

Immense scope exists for development of inland fisheries within the vast expanse of inland resources as shown in Table 4.51.

The major programmes initiated under inland fisheries development include assistance for construction of fish ponds, stocking of grass carp seeds, construction of ponds in water logged areas, development of fish sanctuaries and intensive fish culture development through fish farmers development agencies, etc. From 2009-10 onwards, a new scheme on providing 50% subsidy for purchase of fish seed and supply of fishery requisite kits worth Rs. 5000 was introduced. Administrative approval has been obtained

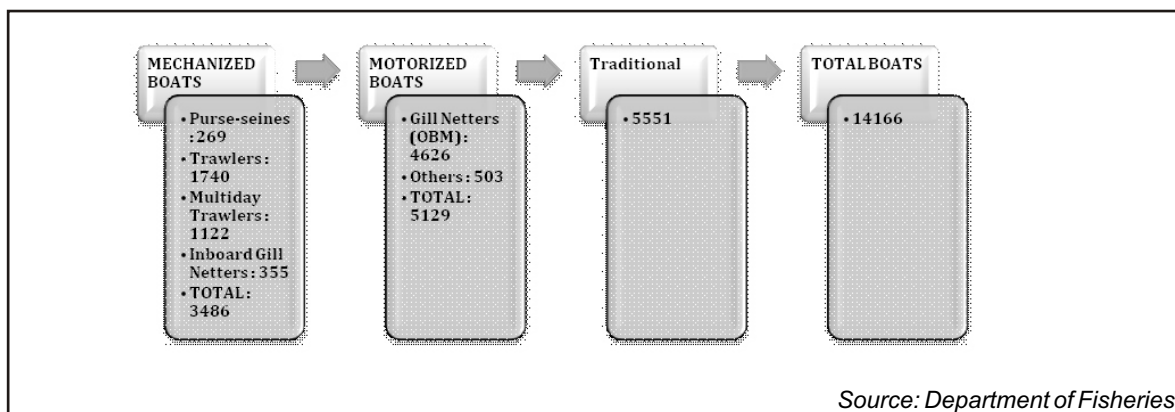


Table 4.51: Inland fisheries resources in Karnataka

Type	Area/Length
Major Tanks	2.40lakh ha
Minor Tanks	0.53lakh ha
Reservoir	2.27 lakh ha
Rivers	5813 km
Canals	3000 km
Brackish water areas	0.08 lakh ha
Production Potential	4.02 lakh MT

Source: Department of Fisheries

for construction of new fish seed farms at Nugu in Mysore district and Karanje in Bidar district during 2010-11. An ornamental fish production and rearing centre called Aquapark is also being established at Hesaraghatta, Bangalore Urban district to promote ornamental fisheries.

In order to develop the much needed infrastructure for producing the required quantities of fish seed for stocking in tanks, ponds and reservoirs, fish seed production and rearing farms and taluk-level nurseries have been set up by the Department of Fisheries. At present, there are 55 fish seed production and rearing farms under the control of the State's Department of Fisheries' Zilla Panchayats' Fish Farmers Development Agencies and 77 Taluk level nurseries in the State. To meet increased demand for fish seed, the Government has also encouraged the establishment of private fish seed production and rearing

farms by providing subsidies. At present, there are 81 fish seed production and rearing farms in the private sector. The State requires atleast about 33.00 crore fingerlings of fish seed to develop 50% water resources for fish culture. Details of fish seed production in the State are given in Table 4.52.

4.15.6 Tank Fisheries Development

Tank fishery development plays a strategic role in providing employment and income to rural people. The fishery rights of the tanks with achkut of more than 40 hectares vest with the fisheries department. These water bodies are disposed of either by lease or tender cum auction. Tanks upto 40 hectares achkut areas have been transferred to the respective Gram Panchayats. A comprehensive policy for disposal of tanks, reservoirs and rivers has been formulated. As per these amendments, the tanks are leased in the following order of priority:

Table 4.52: Fish Seed Production

Year	Target	Achievement
2007-08	3000.00	2287.00
2008-09	3100.00	2068.90
2009-10	3500.00	2965.00
2010-11	4000.00	3998.00
2011-12*	5454.00	3974.03

* Upto Dec 2011,

Source: Department of Fisheries

a) Jalasamvardhana Yojana Sangha, b) Karnataka Co-operative Fisheries Federation, Mysore, c) Societies that have obtained membership of the Federation, d) Registered fisheries co-operative societies, e) Unemployed fisheries graduates, f) Registered water users co-operative societies and other societies / institutions.

4.15.7 Fish Sanctuaries in Karnataka

Fish sanctuaries are places of community conservation which protects not only rare native fish species, but entire riverine habitats through simple, participatory measures. These community conserved fish sanctuaries are some of the very few places where the native fish and undisturbed river stretches can be observed. Most fish sanctuaries are established because the area is a very unique and delicate ecosystem. Many of the fish species in the area are considered "threatened" or "endangered". The protection is to keep commercial interests from dragging nets through the area, causing harm to the underwater structures, and "hook and line" fishermen from targeting species that could break the food chain. Details of fish sanctuaries in Karnataka are given in Table 4.53.

4.15.8 INFRASTRUCTURE IN FISHERIES SECTOR

The State government has given importance for the development of infrastructure facilities like fishing harbours, landing centres, auction halls, ice plants, cold storages, freezing plants and frozen storages. An overview of the infrastructure facilities in the inland and marine sector is given below:

4.15.9 Labour Employed in Fisheries Sector

Fisheries sector has been faring high in terms of its foreign earning potential and employability of vast majority of coastal community in the primary, secondary, and tertiary sectors associated with fishing. Improvements in technology has led to unbridled capital investment in this sector and has attracted more and more people from the adjacent coastal transects who necessarily do not belong to the fishing community. Seafood exports from Karnataka is exploring new heights with increasing opportunities for value addition and branding of products. This has led to mushrooming of export units employing large number of skilled and unskilled workers. Further, over the years, there is

MARINE:
HARBOURS: 7
LANDING CENTRE: 20
SHRIMP HATCHERY: 5

FARMS (INLAND):
PRODUCTION: 28
REARING: 20
TALUK LEVEL NURSERY: 44
TOTAL: 92

FISHERIES CO-OPERATIVE
SOCIETIES: 309(INLAND),
95 (MARINE)

FEDERATION: 1 (INLAND), 2
(MARINE)

COLD STORAGES: 13(INLAND),
35 (MARINE)
ICE PLANTS: 40 (INLAND), 182
(MARINE)
FROZEN STORAGE: 1 (INLAND),
14 (MARINE)
TRAINING CENTRES: 4 (INLAND)

Table 4.53: Fish sanctuaries in Karnataka

Sl. No	Place/Taluk/District	River	Length of protected area
1	“Vanhi Puskarani” (Ramanathapur) Arakalgud, Hassan	Cauvery	-
2	Ranganathittu S.R.Patna, Mandya	Cauvery	5km
3	Muttathi area Malavalli, Mandya	Cauvery	-
4	Shishila Belthangadi, D.Kannada	Kumaradhara	500m
5	Abhirama fish sanctuary (Hariharapura) Koppa, Chikmagalur	Tunga	-
6	Dharmasthala Belthangadi, D.Kannada	Nethravathi	1km
7	Kelkaru Belthangadi, D.Kannada	Palguni	-
8	Marakatha Sulya, D.Kannada	Yenekkal (Kumaradhara)	-
9	Seethanadi Karkala, Udupi	Seethanadi	-
10	Nakurgaya Puttur, D.Kannada	Nethravathi	-
11	Nisargadhama Kushalnagara, Kodagu	Cauvery	-
12	Uppukala Sulya, D.Kannada	Kallaje	-
13	Bachanayakanagudi Sulya, D.Kannada	Yenekkal (Kumaradhara)	2.0 Km
14	Thodikana Sulya, D.Kannada	Chandragiri	500m
15	Thingale Karkala, Udupi	Seethanadi	500m
16	Sringeri Sringeri, Chikmagalur	Tunga	1km
17	Jammatagi (Hariharapura) Koppa, Chikmagalur	Tunga	500m
18	Chippalagudda Thirthahalli, Shimoga	Tunga	500m
19	Mattur-Hosahalli Shimoga Taluk & Dist.	Tunga	1.5 Km
20	Shivanasamudra Malavalli, Mandya	Shimsha	1.4 Km
21	Bhagavathi Chaya Kolla Surpura Taluk, Gulbarga	Krishna	-

Source: Department of Fisheries

increase in the coastal fisherfolk population inducing more and more people into fishing and allied activities. Employment status and opportunities in marine fisheries sector of Karnataka has increased over the years in spite of growing mechanization and increasing replacement of labour-intensive fishing technologies. Fish, being a highly perishable product, needs the services of several people for its fast movement from catching point to consuming point without deterioration in its quality. The size of fisherfolk population in the State is given in Table 4.54.

4.15.10 Steps undertaken for the Development of Fishery in Karnataka

4.15.10.1 Seed Development

The major fish seed farms in the State which have been established to produce and supply quality fish seed are:

- a. Bhadra fish seed production farm at Bhadra Reservoir Project, Shimoga District
- b. National fish seed production farm at Bhadra Reservoir Project, Shimoga District
- c. Tungabhadra fish seed production farm at Tungabhadra Dam, Bellary District (Tungabhadra Board)
- d. Hagaribommanahalli fish seed farm, Bellary District
- e. Narayanapura fish seed farm, Bijapur District
- f. Shivapura fish seed farm, Koppal District

- g. V.V.Sagar fish seed farm, Chitradurga District
- h. Markonahalli fish seed farm, Tumkur District
- i. Kabini fish seed farm, Mysore District
- j. Hessarghatta fish seed farm, Bangalore (Urban) District.

4.15.10.2 Karnataka Co-operative Fisheries Federation, Mysore

The fisheries federation is mainly involved in developing fish culture in tanks through fishermen co-operative societies spread all over the state. It has implemented NCDG-funded Integrated Reservoir Fisheries Development Programme in four districts viz., Mysore, Chamarajanagar, Mandya and Hassan. Further, Integrated Inland Fisheries Development Project is being implemented in six districts viz., Shimoga, Davangere, Haveri, Dharwad, Raichur and Bellary through Fish Cooperative Marketing Federation.

4.15.10.3 Landing and Berthing Facilities

Construction of fish landing centre at Kodibengre was taken up at a revised estimated cost of Rs. 179.00 lakh and an expenditure of Rs. 153.97 lakh has been incurred so far. Government of India has accorded approval for the construction of fish landing centre at Alvekodi in Uttara Kannada district at an estimated cost of Rs. 223.99 lakh. Administrative approval has been provided for construction of fish landing centre at Koderi, Byndoor at an estimated cost of Rs. 30.00 crore.

Table 4.54: Fisherfolk in Karnataka

(In lakh)

Sector	Total number of Fishermen	Number of fishermen actively involved/employed
Marine	2.75	1.42
Inland	4.91	1.16
Total	7.66	2.58

Source: Department of Fisheries.

4.15.10.4 NABARD Assistance under RIDF

Construction of 11 roads and 2 bridges has been completed at a total estimated cost of Rs. 192.51 lakh under NABARD-assisted RIDF-IV and V. Administrative approval was accorded for construction of 16 roads and 2 bridges at a total cost of Rs. 370.12 lakh under RIDF-VII and completed at an expenditure of Rs. 347.81 lakh. Administrative approval was accorded for construction of 5 bridges and 24 roads at a total cost of Rs. 1056.83 lakh under RIDF VIII. Of the proposed activities, work related to 24 roads and 4 bridges were completed at the expenditure of Rs. 827.66 lakh. Further works have been taken up at Kodikanyana (estimated cost Rs. 300.00 lakh), Gangolli fisheries jetty (estimated cost Rs. 300.00 lakh), Belikeri (estimated cost Rs. 300.00 lakh), Balambara (estimated cost Rs. 260.00 lakh) and Karwar net mending shed (estimated cost Rs. 3.00 lakh). The construction of Jetty at Gangavali fish landing centre has been started.

4.15.10.5 Motorisation of Traditional Fishing Crafts

The Centrally Sponsored Scheme of Motorisation of Traditional Fishing Crafts was introduced in the State during 1987-88 and so far, 2360 traditional crafts have been motorised. Under this scheme, for each outboard motor, half of the unit cost is provided as subsidy subject to a maximum of Rs. 30000. This subsidy amount is shared equally by State Government and Central Government. The rest of the amount is borne by the beneficiaries with assistance from financial institutions. 410 beneficiaries have been covered as of December 2011.

4.15.10.6 Centrally Sponsored Scheme - Development of Brackish-water Areas through Brackish-water Fish Farmers Development Agencies (BFDA)

Brackish-water Fish Farmers Development Agency (BFDA) at Karwar and Udupi was

established to promote shrimp farming and also to execute the central Government - approved programmes. The farmers are being trained in shrimp farming and also brackish water fish culture. Apart from this, traditional/improved shrimp farming is also being encouraged by providing licences. So far, 339 shrimp farmers have been provided with licences to take up traditional/improved traditional shrimp farming.

4.15.10.7 Dredging of Fishing Harbours

In Karnataka, under the centrally sponsored scheme and other schemes, major fishing harbours and small landing centres have been constructed. But, due to lack of periodic dredging and other natural reasons (such as less inflow of water), some of these harbours and landing centres face severe problem of siltation. Thus, dredging of harbours has been taken up to overcome the problem of siltation.

4.15.10.8 Maintenance of Coastal Link Roads

The State has 174 fisheries link roads with a length of 276.51 km in the three coastal districts of the State. Every year, an allocation of Rs. 500.00 lakh is made for the repairs, development and maintenance of these link roads.

4.15.10.9 Fish Farmers Development Agencies

There are 13 Centrally Sponsored Fish Farmers Development Agencies established to develop small tanks and ponds (with WSA of less than 10 hectares). The activities of these agencies cover 17 districts with a focus on training of unemployed youths in fish culture and fisheries activities and leasing out of suitable water bodies to them for fisheries development. The beneficiaries are assisted to obtain loan from the financial institutions for purchase of fish seed, feed, manure and fishery requisites and renovation of ponds and, subsidy is provided.

4.15.10.10 Rashtriya Krishi Vikasa Yojana

Under Rashtriya Krishi Vikasa Yojana (RKVY), an allocation of Rs. 2640.00 lakh was provided for improvement of fish seed production and rearing farms through Department of Fisheries. Improvement of marketing facilities through Karnataka Fisheries Development Corporation and various research projects through University of Agricultural Sciences, Bangalore and Karnataka Veterinary, Animal and Fisheries Sciences University Bidar were also encouraged. Under RKVY, for the fisheries sector, "Integrated Fisheries Development Project" at a cost of Rs. 5288.00 lakh has been sanctioned. During 2008-09, Rs. 1314.00 lakh was released and the entire amount has been spent. During 2010-11, an amount of Rs. 600.00 lakh has been released and the same has been spent.

4.15.10.11 Establishment of Aquapark

For the first time in the State, with an objective of promoting ornamental fish seed production and sale in and around Bangalore, the Government has accorded administrative approval for the establishment of Aquapark with ornamental fish seed production and rearing units at Hesarghatta at a cost of Rs. 200.00 lakh. Work is under progress.

4.15.10.12 Brackish Water Shrimp Farming

Karnataka has about 8000 hectares of brackish water area of which, 4200 ha are suitable for shrimp culture. In order to encourage scientific fish farming in these waters, two Brackish Water Fish Farmers Development Agencies were established, one at Karwar and another at Brahmavara (presently in Udupi). These agencies are engaged in training of farmers in shrimp culture, selection of sites and preparation of project reports for getting financial assistance from the banks to beneficiaries.

25% subsidy is provided to the shrimp farmers to encourage scientific shrimp farming. Central and State governments share the cost on 75:25 basis.

4.15.10.13 Fishermen Welfare Schemes

Fishermen in the State are assisted by the Department of Fisheries through several fishermen welfare schemes such as, HUDCO-sponsored Mathsyas Ashraya Scheme for construction of houses to houseless fishermen, construction of link roads for quicker transportation of fish, savings-cum-relief scheme for marine fishermen and group accident insurance scheme.

4.15.10.14 Distress Relief Fund

Distress relief fund was started to provide relief to fishermen/their dependents in case of death/permanent disability while fishing. In 2006-07, the relief amount provided from the distress relief fund was increased from Rs. 25000 per head to Rs. 50000 per head. During 2010-11, 183 cases were settled and Rs. 48.68 lakh has been claimed. During 2011-12, upto December 2011, 95 cases were settled and Rs. 25.74 lakh has been claimed.

4.15.10.15 Group Accident Insurance Scheme

Under the Centrally Sponsored Group Accident Insurance Scheme, the premium amount of Rs. 30.00 per fisherman, shared equally by the State and centre has been paid to the National Federation of Fisheries Co-operative Ltd., New Delhi, towards insurance coverage of 120000 fishermen in the State. During 2009-10, Rs. 18.00 lakh has been paid to FISHCOFED, New Delhi towards premium (Table 4.55).

4.15.10.16 Matsya Ashraya Scheme

Significant demand exists for houses by the houseless fishermen in the State. Since the funds provided by the Government of India for the housing programme was insufficient, the Government of Karnataka, in the year

Table 4.55: Group Insurance scheme

Year	No of cases settled	Amount claimed (Rs. In lakh)
2007-08	35	17.00
2008-09	12	6.00
2009-10	25	12.50
2010-11	31	24.00
2011-12*	46	33.113

* Upto December -2011

2006-07, started the Matsya Ashraya III phase to construct houses at a unit cost of Rs. 40000 per house. Under Matsya Ashraya III phase, construction of 5000 houses was taken up and so far, 4028 houses have been completed. During 2009-10, administrative approval for construction of another 5000 houses has been provided and, constituencywise distribution has been done. Under CSS programme, another 1000 houses have been sanctioned and construction is under progress.

4.15.10.17 CSS Savings-cum-Relief Scheme for Marine Fishermen

Under this scheme, Rs. 75 per month will be collected from marine fishermen for a period of eight fishing months in a year. A total amount of Rs. 600 thus collected from each fisherman will be matched with Rs. 600 each by the State and Central Governments. The

sum of Rs. 1800 thus collected will be distributed during four lean months to the beneficiaries equally at Rs. 450 per month. Every year, about 18000 to 20000 fishermen are assisted under this scheme (Table 4.56)

4.15.10.18 Supply of Fishery Requisite Kits

In the year 2009-10, to improve the livelihoods of the traditional and poor fishermen, a new scheme "Supply of Fisheries Kit" was introduced by the Department of Fisheries. Under this scheme, a kit consisting of fishing net, coracle and other fishery requisites are given to coastal or inland fishermen involved in traditional capture fisheries. The unit cost of each kit is Rs. 5000 and it would be provided as 100% subsidy to the beneficiary. This would improve the economic condition of the poor fishermen.

Table 4.56: Savings cum relief scheme for marine fishermen

Year	No of beneficiaries	Amount disbursed (Rs. lakh)
2007-08	17372	103.144
2008-09	18112	207.07
2009-10	14716	176.04
2010-11	21066	252.78
2011-12*	25721	270.00

*Upto Dec2011

4.15.10.19 Processing, Preservation and Marketing

Karnataka has 203 ice plants with a production capacity of 3225 tonnes of ice per day, 42 cold storages with a storage capacity of 2715 tonnes, 14 freezing plants with a capacity of 117 tonnes and 13 frozen storages with a storage capacity of 1730 tonnes per day. There are 8 canning plants and 15 fish meal plants in the State. There are two Co-operative Fish Marketing Federations and one Fisheries Development Corporation working in the coastal districts to help fishermen in marketing their fish catch. These institutions also help the fishermen in supply of diesel, fishery requisites and spare parts.

4.15.10.20 Fisheries Co-operative Societies (FCS)

There are 530 Fishermen Co-operative Societies in the State of which 476 are functioning and 54 are defunct. One State Level Co-operative Fisheries Federation and two District Co-operative Fish Marketing Federations are functioning in the State. To assist the activities of these Co-operatives, share capital, fishery requisites loan and managerial subsidy are being provided. There are 177436 members are enrolled in all FCS.

4.15.11. Salient Features

RASHTRIYA KRISHI VIKASA YOJANA:

Integrated Fisheries Development Project (IFDP) over a period of four years, starting from 2008-09 has been sanctioned under the Rashtriya Krishi Vikas Yojana (RKVY). The project envisages creation of the inland fisheries infrastructure through up-gradation of state-owned fish seed production and rearing farms, strengthening of fish marketing network and development of technologies for enhancement of fish production and dissemination of practices for wider adoption.

The project is being implemented by four agencies Department of Fisheries,

Karnataka Fisheries Development Corporation (KFDC), Mangalore; Karnataka Veterinary, Animal and Fisheries Sciences University, Bidar; Fisheries Research and Information Centre, Hebbal and Inland Fisheries Division, University of Agricultural Sciences, Bangalore.

The objective of this project is fisheries development in a holistic manner, integrating various components needed for reinforcing the sector to function in a sustainable way benefiting the stakeholders at all levels.

DEVELOPMENT OF HARBOURS AND LANDING CENTRES:

The Karnataka government has embarked on a massive expansion of fishing in the three coastal districts on the west coast for an investment of Rs. 27.50 crore. This is the first time that the department of fisheries has received an approval from both the state and central governments to take up the upgrade of existing fishing ports and construction of new fish landing centres, jetties and breakwaters.

The projects include development of the 3rd stage of Mangalore fishing harbour for Rs.57.5 crore, 3rd stage development of Malpe fishing harbour at a cost of Rs. 37.1 crore, 2nd stage of Honnavar fishing harbour at Rs. 44.7 crore and dredging at Bhatkal, Kodibengre and Hangarkatte at a cost of Rs. 4.8 crore.

The department of fisheries has proposed to take up new projects like a fish landing centre at Koderi in Kundapur taluk, open type fishing harbour at Maravanthe, construction of breakwater at Shirur-Alvegadde, Gangolli, construction of jetty at Kundapur Kodi, extension of the wharf at Alvekodi and improvements at Thenginagundi fish landing centres at a combined investment of Rs. 105 crore. These projects would be fully-funded from the state government funds.

Under the financial assistance through Rural Infrastructure Development Fund (RIDF) of NABARD, the government has proposed to take up projects worth Rs.19.5 crore. They include construction of jetties at Gangavalli, Hangarakatta, Gangolli, Kodi Kanyana, Belikeri, Vannalli and Manjuguni. It has also proposed to take up construction of a new fish-landing centre at Belambara. It is proposed to take up improvement works for Karwar and Honnavar fishing harbours at a cost of Rs. 4.6 crore with NFDB assistance. These projects are to be taken up during the current financial year.

4.16. Agriculture Research, Education and Training

Though Karnataka recorded an impressive 5.9% growth in agricultural production during 2010-11, this can be further enhanced by a combination of inputs in research, training and education. The State has three Agricultural Universities, one Horticulture University and one Veterinary Sciences University. On an average, there are about 25 Research Stations in each University, thus, making a total of about 100 plus Research Stations. A total of 22 Krishi Vigyana Kendras (KVKs) under the stewardship of ICAR are functioning for the benefit of training the line department officials as well as farming community. Special schemes, such as, ATMA are also in operation in two Agricultural Universities for the purpose of technology management and training. The intake capacity of all the Universities at undergraduate level is about 2,500 students for 11 different undergraduate programmes in the State. Further, about 1,200 students seek admission to Master's and Doctoral Degrees in these Universities every year. Overall, the number of Universities is sufficient for imparting education and conducting research in agriculture sector. However, what is important is the number of institutions at the grass root levels, i.e., the Colleges, Research Stations and Extension

Education Units, which are primarily responsible for creation of output in terms of education, research and training, which should be the focus of the policy of agricultural research and training in the future.

4.16.1 Agriculture Research

Improvement in crop varieties has been a major hallmark of the output of research from the agricultural research system in the State. It may be recalled that improved varieties/ hybrids in important crops, such as, rice, sorghum, maize, cotton, groundnut, sugarcane, soybean etc., have contributed significantly to the increase in the agriculture output in the State in the last 30 years. However, this type of research effort is almost reaching a plateau and with the current level of technologies available, it is difficult to increase the productivity. This is more so because there is a restriction on the extent of irrigated area in the State, which has stagnated at about 31 lakh hectares. Also, the other facilitating technologies, such as, crop management, pest and disease management, post-harvest management etc. have their own limitations to increase the output. It is for these reasons that there is an immediate necessity to concentrate on the research activities in the agricultural sector.

The allocation of funds from out of the development grants to the entire Directorate of Agriculture in the State is about Rs.1,500 crores; a part of this comes from the central schemes such as RKVY. The funding under RKVY is restricted to project based finances and these funds cannot be used for those purposes of research, which the Universities feel are of a highly localized nature and of immediate importance. Leaving this apart, it is found in the previous years that the allocation of development grants to each of the farm-based Universities in the State will be Rs. 25 crores.

It is to be mentioned here that rainfed agriculture research activities have to focus on biotech based varieties, developing agricultural technologies/ practices for dryland agriculture and also concentrate on latest technologies such as precision farming. The concept of organic farming, with a view to maintain soil health conditions, also needs special emphasis. This means that the State must be ready for facilitating input supplies if and when the farmers decide to shift to organic farming methods. It is also necessary that large scale efforts are necessary for soil health testing facilities, which can reach for 76 lakh farming families in the State. Emphasis will be laid on tapping the opportunities which are provided by minor millets in providing not only food security, but also nutritional and pharmaceutical benefits through fortification of foods consumed by the State population.

Climate change is playing havoc among the cropping areas. The farmers need to be educated to adjust to the changes in the climate because of which the cropping seasons as well as the cropping pattern and their management practices will have to change. A lot of research will have to come in for this effort also. Fortunately, the watershed technologies developed in the State have become a model for other states to follow and the State to continue its efforts in the form of research on these technologies. In the irrigated areas, the type of research would be of water conservation and maintaining the soil health status, where special varieties will have to be evolved to suit irrigated agriculture. Though research results are available on conservation techniques for water, there is an impression that water is available free of cost and water conservation is not a focus area. Whenever the State Government has started any irrigation project, it may be seen in the command areas that within about 3

years of providing irrigation facilities through large irrigation projects, nearly 22 to 25% of the command area is affected by salinity and alkalinity because of the indiscriminate use of water making the land totally unfertile. It may be seen in TBP area that still about 55,000 hectares has become saline and in Belgaum district, nearly 22,000 hectares have completely become saline soil. Research efforts are needed to reclaim these soils and beyond this, a lot of training and inputs will have to take place for reclamation of the degraded land. More than this, farmers should come under the ambit of irrigation and they will have to be educated in the beginning itself regarding the dangers of indiscriminate use of water. This should be taken-up as a movement by the extension agencies in the form of awareness and training programmes, which will have to be done on a very large scale.

Efforts towards mechanization have focused on large scale operations, while majority of our farmers are small and medium farmers for whom this sort of mechanization is unviable. There is a need to use of agricultural engineering in the State and the government is planning to increase the capacity building in the agricultural engineering sector. This will also cater to the needs of food process sector because that is another area which needs attention to reduce the losses in the agricultural sector. In the present, the agriculture implements which are suitable for use by the small and marginal farmers have been developed by agencies such as Central Institute of Agricultural Engineering, Bhopal, CIPHET, Ludiana and other agencies which can be validated for their use for our small and marginal farmers. The local industries will be encouraged to go in for a large scale production of such appropriate farm implements. All the above activities call for a substantially higher investment on agricultural research.

14.6.2 Agricultural Education

As was mentioned earlier, the 3 Agricultural Universities, one Horticulture University and one Veterinary Sciences University have been charged with the responsibility of imparting agricultural education. During 2011-12 one University of Agricultural Sciences at Shimoga and two Agriculture Colleges at Gulbarga and Hanumanahatti, Haveri District were started. In 12 places Diploma Courses and in 12 places Certificate Courses have also been started during 2011-12 to augment the available trained manpower in the Agriculture Sector.

The agricultural education system has heavily concentrated on imparting formal education in the agricultural sector leading to bachelor's, master's and doctoral degrees. Most of these graduates go out of the system as job seekers in urban and semi-urban areas. As mentioned earlier, a total turnout of graduates from these Universities in the State is about 1,000 undergraduates degree holders passing out every year. There are 76 lakh farm families in the State and going by the norm that there should be one trained graduate for every 1,000 farmers, the State needs a total of 7,600 graduates. Out of these graduates, 80% prosecute their higher studies or seek employment in non-farm sector. Hence, only about 20% or 200 graduates will be available for working as extension workers every year. If we have to achieve the goal of having one extension worker for every 1,000 farmers, we need a total of 7,600 graduates and it takes more than 38 years to put them in place. Hence, there is a dire necessity to look for alternative extension workers at different levels so that the objective of the entire programme of providing extension services at the farmers' door steps can be fulfilled. Keeping this in mind, the Government encouraged the farm-based Universities to start 2-year Diploma course in agriculture. The UAS, Bangalore has

started Diploma course in agriculture in 2 campuses; UAS, Dharwad has started Diploma course in 6 campuses; Vety. Sciences University has started Diploma course in 2 campuses and UAS, Raichur has started Diploma course in agriculture in one campus. It is an ambitious programme of producing 1,000 diploma holders per year in the State so that they act as "bare foot doctors" in the rural areas.

In addition to the above, a few Universities have also embarked upon starting Certificate courses of 6-month duration in viable areas, such as, organic farming, seed production, dairying, poultry etc. A combination of these efforts is expected to provide quality extension services at the farmers' door step in the next few years. Karnataka Government has been helping the Universities to assist these programmes by providing suitable funding support and also permitting the Universities to hire the requisite manpower.

14.6.3 Training

Before the concept of KVKs came into existence, the agricultural University system had a broad based network of extension services. This was in the form of Extension Education Units spread throughout the State and these Extension Education Units were improved by training specialists like Subject Matter Specialists, Information Specialists etc. and they were assisted by a host of Extension Guides who were the last link between University and the farmer. Further, the promotional avenues which had to be necessarily created aggravated the matter as these posts were abolished subsequent upon their upgradation. It is very important to rejuvenate this system of Extension Education Units in the farm based Universities. The Extension Guides of the EEU's who will be placed at the taluka level will be a very important link for technology transfer to the farmers. However, the role played by the Krishi Vigyana Kendras in

transfer of technology as well as in training programmes. However, the KVKs are mandated for particular activities by the ICAR and most of the policies are given by the ICAR. The important point to note here is that different extension agencies in the Universities, namely, KVKs, EEUs, Staff Training Units, SAMETI programmes and others are made to train the trainers and still a major chunk of responsibility of transfer of technology rests with the line Department of Agriculture. However, the extension agencies in the Universities can supplement

the efforts of the State Agriculture Department in training and transfer of technology.

Over all the State has successfully enhance its capacity in the field of Agriculture Research, training, education and extension by adding and restructuring Agriculture Universities during the plan period, and is trying to enhance public investment on Agriculture research to 1% from existing 0.4% of the Agriculture State Gross Domestic product.



5

FORESTS AND ENVIRONMENT

Population growth and industrial activities in the State have placed pressures on the State's natural environment. With forests in about 19% of its geographical area, Karnataka, especially the western ghats is home to a large number of species of flora and fauna, including a few highly endangered species. The State's initiatives to establish and sustain national parks and sanctuaries have contributed to the conservation of natural resources. A number of environment development programmes are being implemented in the State. However, most major water bodies in Karnataka are impacted by pollution due to point and non-point sources. While air and noise pollution levels are marginally higher (vis-a-vis defined standards) in select urban regions, the State has taken various broad-based initiatives to reduce such pollution. The State has also established dedicated institutions for capacity building on environmental issues and to regulate activities that are detrimental to the natural environment. However, the State has to overcome challenges that have emerged due to increasing urbanization, industrialization and demand for natural resources.

5.1 FORESTS

Forests are an integral part of the natural resources, environmental and ecological systems. The State's dense forests are located in the Western Ghats region. About 60% of the Western Ghats are located in the State. In order to protect and develop biodiversity, the State has formed 950 biodiversity management committees at grama Panchayat level. Biodiversity heritage sites (such as the 800-year old tamarind grove at Nallur, Devanahalli taluk) have been developed to conserve and develop the unique genetic diversities.

In recent years, due to fundamental and proximate factors, Western Ghats, one of the hot spots of the world's biodiversity has been severely denuded, depleted and degraded. Although the depletion of forest cover is halted to a large extent and forest cover has quantitatively increased in the recent years, the natural forest stock is qualitatively still under severe degradation. Increased deforestation and degradation of the environmental resource base has serious implications for production and resilience of the ecosystem. The loss of

forest cover is a serious threat to the environment, sustainable development and the livelihoods of millions of people in the State.

Forest resources significantly contribute to the State's Gross Domestic Product (GSDP) by being a major source of timber, medicinal plants, NTFPs, grazing, recreational activities, carbon sequestration, watershed provisions etc. Forest resources are under severe pressure due to rapid population growth and in this scenario, meeting developmental, livelihood, agricultural and industrial needs and conserving forests for productive and ecological services is a major challenge. The main factors responsible for the depletion of the forest resource base are diversion of forest areas for developmental activities, encroachment of forest area, destruction of natural habitat, mining and quarrying, wildlife poaching, smuggling of timber, erosion of common property resources, excessive fuel wood collection and livestock grazing. The forest department of Karnataka has succeeded in halting quantitative depletion of forest cover through afforestation programmes but the

deteriorating quality of forests continues to be a major threat to the sustainability of both human beings and animals.

5.1.1 Area under forests

Karnataka's geographical area of 191,791 sq. km. constitutes 5.83% of India's area, and accounts for the second largest land use after agriculture. The State's recorded forest area is 38284 sq. km (19.96%) of which reserve forests constitute 74.94%, protected forest constitute 10.27% and unclassified forest are present to the extent of 14.79%. Thus, about one-fifth of the State's geographical area is under forest cover. However, classification of recorded forest areas on revenue / legal basis provides a different level of coverage (Table 5.1).

The estimates of forest survey of India (FSI) on the basis of satellite data show that the recorded forest area of the State is 36190 Sq. Km, which is lower than the State's estimates. Thereby, about 18.87% of the geographical area is under forest cover. The estimation of forest cover, classified on the basis of forest canopy density, shows that the State has 1777 sq. km of very dense forest, 20181 sq. km of moderately dense forest and 14232 sq. km of open forest. Districtwise forest canopy density estimates along with the changes (as compared to the 2005 assessment) are given in Table 5.2.

5.1.2 Changes in Forest Cover

The forest resources of the State are under severe pressure with drastic fall in the area of dense forest cover between 2001 and 2007. The dense forest cover was estimated at about 26156 sq. km (70%) in 2001 and declined to 21958 sq. km (60%) in 2007, which is a 10% decline over 7 years. However, the open forest cover increased from 10835 sq. km. to 14232 sq. km. in this period (Table 5.3). The forest cover (%) of the State has slightly declined when compared to the Country's forest cover (%) during the period (Table 5.4). Forest cover as per the State Forest department's estimation shows that about 0.93% area is classified as very dense forests, 10.52% as Moderately Dense Forests, 7.42% as Open Forests and 1.66% as scrub forests.

5.1.3 Types of Forests

The forest vegetation is classified into seven types based on gradients of rainfall, length of dry season and temperature. About 15.20% of forests are wet evergreen, 14.10% is semi-evergreen, 24.06% is moist deciduous and 25.23% is dry deciduous. Thorn forests form 12.39%, plantations form 8.22% and broad-leaved hill forests form 0.80% (Table 5.5).

5.1.4 Tree Cover and forest cover

The estimated forest cover is 18.87% and the tree cover is 2.96% of the geographical area totaling 21.83% (Table 5.6).

Table 5.1: Classification of Recorded Forest Area in Karnataka on Legal Basis

Sl. No.	Legal Status	Area (Sq. Km.)	Percentage of geographical area
1	Reserved Forest	29550.22	15.41
2	Protected Forest	3585.21	1.87
3	Village Forest	49.05	0.03
4	Unclassified Forest	10118.40	5.28
5	Private Forest	54.06	0.03
	Total	43356.94	22.62

Table 5.2: Districtwise Forest Cover along with Geographical Area in 2007 (sq.km)

District	Geographical Area	Very Dense Forest	Mod. Dense Forest	Open Forest	Total Forest Area	% of Geog. area	Change over 2005	Scrub
Bagalkot	6575	0	11	189	200	3.04	-1	233
Bangalore	5815	6	133	671	810	13.93	-1	253
Bangalore City	2190	0	39	110	149	6.8	0	30
Belgaum	13415	17	757	318	1092	8.14	1	467
Bellary	8450	0	110	662	772	9.14	0	253
Bidar	5448	0	18	36	54	0.99	0	12
Bijapur	10494	0	0	12	12	0.11	0	0
Chamarajnaragar	5101	45	1043	1548	2636	51.68	0	179
Chikmagalur	7201	587	2,428	666	3681	51.12	0	17
Chitradurga	8440	0	56	362	418	4.95	0	435
D. Kannada	4560	253	1009	1598	2860	62.72	2	0
Davangere	5924	4	339	399	742	12.53	-1	269
Dharwad	4260	0	232	151	383	8.99	0	6
Gadag	4656	0	0	123	123	2.64	0	64
Gulbarga	16224	0	87	209	296	1.82	0	46
Hassan	6814	67	752	511	1330	19.52	1	91
Haveri	4823	0	154	245	399	8.27	-2	53
Kodagu	4102	246	2142	951	3339	81.4	1	0
Kolar	8223	0	59	449	508	6.18	-2	283
Koppal	7189	0	1	13	14	0.19	0	53
Mandya	4189	1	98	209	308	6.21	0	135
Mysore	6854	4	648	417	1069	15.6	0	38
Raichur	6827	0	2	23	25	0.37	-1	16
Shimoga	8477	205	2809	1394	4408	52	-3	23
Tumkur	10597	0	62	490	552	5.21	-1	219
Udupi	3880	158	1415	617	2190	53.87	-2	0
Uttara Kannada	10291	184	5777	1859	7820	75.99	-1	1
Total	191791	1777	20181	14232	36190	18.87	-10	3176

Table 5.3: Forest Cover in Karnataka (2007)

Type of forest	% of geographical area
Very Dense Forest	0.93
Moderately Dense Forest	10.52
Open Forest	7.42
Scrub	1.66
Non-Forest	79.47
Total	100

Table 5.4: Forest cover according to Forest Survey of India (sq.km)

Sl. No	Forest Type	Year			
		2001	2003	2005	2007
1	Dense Forest	26156	22661	21968	21958
2	Open Forest	10835	13988	14232	14232
	Total	36991	36449	36200	36190
3	India	675538	678333	690171	690899
4	Compare with India %	5.48	5.37	5.25	5.24

Table 5.5: Types of Forests

Sl.No	Types of Forests	% of forest area
1	Wet Evergreen Forests	15.20
2	Semi-Evergreen Forests	14.10
3	Moist Deciduous Forests	24.06
4	Plantation / TOP	8.22
5	Dry Deciduous Forests	25.23
6	Thorn Forests	12.39
7	Sub Tropical Broad Leaved Hill Forests	0.80
	Total	100

Table 5.6: Forest and tree cover

Category	Area (in km ²)	% of Geographical Area
Tree Cover	5683	2.96
Forest Cover	36190	18.87
Total Forest & Tree Cover	41873	21.83

5.1.5 National Parks and Wildlife Sanctuaries

The forests of Karnataka support a wide range of flora and fauna (bio-diversity) through a network of well-connected and protected wildlife sanctuaries and national parks (Tables 5.7 a,b,c). The State has five national parks and 23 wildlife sanctuaries covering an area of 6800 sq. km which form 16% of the State's forest area. These are spread over evergreen to scrub forests, representing different ecosystems with rare and endangered species of plants, animals and birds. With about 5500 wild elephants and nearly 300 tigers, the State is home to

about 25% of wild elephants and 20% of the tigers of India. Karnataka ranks first in the tiger population of India. About 4500 species of flowering plants, 500 species of birds, 120 species of reptiles, 70 species of frogs, and 800 species of fish are in the State forests.

5.1.6 Eco-tourism Visitor days

Among the visitors to the sanctuaries, 98% are domestic visitors while 2% of the visitors are foreigners (Table 5.8). The Ranganathittu Bird Sanctuary attracted the largest number of visitors (31%) followed by Sakarebyle safari (22%), and Bandipur national park (19%). The wildlife

Table 5.7 (a): National Parks in Karnataka

Sl. No.	District	National Park	Area (Sq.km)
1	Bangalore	Bannerghatta National Park	102.74
2	Mangalore	Kudremukh National Park	600.32
3	Uttara Kannada	Anshi National Park	417.86
4	Mysore	Bandipura National Park	872.24
5	Mysore / Kodagu	Nagarahole National Park	643.39
	Total area in Sq. km		2636.55

Table 5.7 (b): Wildlife Sanctuaries in Karnataka

Sl. No.	District	Sl. No	Sanctuaries	Area (sq. km)
1	Mysore	1	Adichunchanagiri Peacock Sanctuary	0.84
		2	Ranganathittu Bird Sanctuary	0.67
		3	Arabithittu Bird Sanctuary	13.50
		4	Melkote Wildlife Sanctuary	49.82
		5	Nugu Wildlife Sanctuary	30.32
2	Chamarajanagar	6	BRT Wildlife Sanctuary	539.52
		7	Cauvery Wildlife Sanctuary	526.96
3	Kodagu	8	Pusphagiri Wildlife Sanctuary	102.59
		9	Talacauvery Wildlife Sanctuary	105.59
		10	Brammhagiri Wildlife Sanctuary	181.29
4	Mangalore	11	Someswara Wildlife Sanctuary	88.40
		12	Mookakambika Wildlife Sanctuary	247.00
5	Uttara Kannada	13	Dandeli Wildlife Sanctuary	475.02
6	Shimoga	14	Shettihalli Wildlife Sanctuary	395.60
		15	Sharavathi Wildlife Sanctuary	431.23
		16	Gudavi Bird Sanctuary	0.73
7	Chikmagalur	17	Bhadra Wildlife Sanctuary	500.16
8	Dharwad	18	Ranebennuru Blackbuck Sanctuary	119.00
		19	Ghataprabha Bird Sanctuary	29.78
		20	Attiveri Bird Sanctuary	2.23
9	Bellary	21	Daroji Bear Sanctuary	55.87
10	Davangere	22	Rangayyanadurga Four Horned Antelope Sanctuary	77.23
11	Belgaum	23	Bhimgad Wildlife Sanctuary	131.67
12	Gulbarga	24	Chincholi Wildlife Sanctuary	134.88
	Total area (sq. km)			4239.90

Table 5.7 (c): Conservation & Community Reserves

Sl. No.	District	Name	Area (Sq.km)
1	Haveri	Bankapura Peacock Conservation Reserve	0.56
2	Tumkur	Mydhanhalli (Jayamangal) Blackbuck Conservation Reserve	3.23
3	Chikkamagalur	BasurAmritMahalKaval Conservation Reserve	7.36
4	Uttar Kannada	Hornbill Conservation Reserve	52.50
5	Uttar Kannada	Agnashini Conservation Reserve	299.52
6	Uttar Kannada	Bedthi Conservation Reserve	57.30
7	Mandya	KokkareBellur Community Reserve	3.12
Total area (Sq.km)			423.59

Table 5.8: Visitors to National Parks & Wildlife Sanctuaries (2010-11)

Sl. No.	Park / Sanctuary	Indians	Foreigners	Total
1	Nagarahole National Park	67030	7401	74431
2	Bandipura National Park	194099	2407	196506
3	Kudremukh National Park	55453	35	55488
4	Someshwara Wildlife Sanctuary	4132	35	4167
5	Mookambika Wildlife Sanctuary	1106	0	1106
6	Dandeli Anshi Tiger Reserve	25647	422	26069
7	Bhadra Wildlife Sanctuary	8468	98	8566
8	Cauvery Wildlife Sanctuary	930	2	932
9	Ranganatittu Bird Sanctuary	309823	6636	316459
10	Pushpagiri Wildlife Sanctuary	2775	0	2775
11	Talacauvery Wildlife Sanctuary	8	0	8
12	Brahmagiri Wildlife Sanctuary	88576	591	89167
13	B.R.T.Wildlife Sanctuary	5462	163	5625
14	Sharavathi, Wildlife Sanctuary	625	0	625
15	Gudavi Bird Sanctuary	6142	0	6142
16	Shettyhalli Wildlife sanctuary	127	0	127
17	Sakarebyle Safari	222602	2556	225158
18	Daroji Bear Sanctuary	3284	172	3456
19	Ranebennur Black Buck Sanctuary	207	2	209
20	Attiveri Bird Sanctuary	10438	0	10438
Total		1006934 (98%)	20520 (2%)	1027454

sanctuaries with modest number of visitors are the Talacauvery wildlife sanctuary (8 visitors), Shettyhalli wildlife sanctuary (127), Ranibennur blackbuck sanctuary (209), Sharavathy wildlife sanctuary (625), Cauvery wildlife sanctuary (932) and Mookambika wildlife sanctuary (1106). These sanctuaries can attract more visitors by strengthening ecotourism efforts. However, the Talacauvery theerthodbhava attracts lakhs of pilgrims which can also be considered as eco tourism visitor days.

5.1.7 Deaths of humans and wild animals

Among the reported deaths of wild animals, elephants top the list (49%), followed by other animals (48.6%) and tigers (4%). Due to attacks by wildlife, 44 humans died

claiming a per capita compensation of Rs. 21.57 lakh (Table 5.9).

5.1.8 Expenditure on National parks and wildlife sanctuaries

Among the schemes of the Forest Department concerning wildlife and national parks, Project Tiger attracted the greatest expenditure of 52% expenditure followed by development of parks and sanctuaries (19%). Nature conservation activities attracted 5% of total expenditure (Table 5.10).

5.1.9 Revenue Realized from Forestry

The State had realized revenue of Rs. 9254.51 lakh during 2010-11 from marketing of forest produce such as timber, firewood,

Table 5.9: Deaths of Wild Animals & Humans

Sl.No.	Particulars	Number
1	Elephants	121
2	Tiger	10
3	Other animals	119
	Total	250
1	Death of humans due to attack by wildlife	44
2	Total Compensation paid (Rs)	94905131

Table 5.10: Project wise Area and Expenditure under Wildlife and National Parks / Sanctuaries

Sl. No	Scheme	Expenditure (Rs. lakh)		
		2009-10	2010-11	2011-12 (upto Dec.2011)
1	Project Tiger	1,153.861	1939.480	381.019
2	Development of Wildlife Sanctuaries & National Parks	870.380	710.900	137.108
3	Project Elephant	278.790	290.540	--
4	Nilgiri Biosphere Reserve	109.731	12.790	--
5	Kudremukh National Park for Rehabilitation	97.424	250.000	125.000
6	KSFMB Project	286.663	310.732	48.668
7	Eco-Tourism	33.720	50.000	11.000
8	Nature Conservation	149.408	198.320	147.936
	Total	2979.977	3762.762	850.731

sandalwood, bamboos, canes and other minor forest produce. The revenue from timber formed 72% of the total, with non-timber forest products forming the rest. The details are provided in Table 5.11 (a) and 5.11 (b).

5.1.10 Developmental programs

5.1.10.1 Afforestation

Afforestation programmes are being undertaken periodically. During 2010-11, afforestation was undertaken on 94308 hectares planting 826.709 lakh seedlings. Under the farm forestry programme, 213.685 lakh seedlings were distributed to farmers and general public for planting in private lands. In 2011-12 (upto end of December 2011), afforestation has been undertaken on 65447 hectares by planting 597.694 lakh seedlings.

5.1.10.2 JICA-Assisted Karnataka Sustainable Forest Management and Bio-diversity Conservation Project (KSFMBBC) (JBIC Phase II):

The Forest Department is implementing the KSFMBBC project since 2005 with an outlay of Rs. 745 crore for 8 years upto 2012-13. The project covers 176 taluks in all the 30 districts of the State. Since inception, Rs. 697.562 crore has been spent to raise 187166 ha. of plantations and for undertaking developmental works. During 2011-12, Rs. 38668 crore has been spent for maintenance of plantations raised and other developmental works upto end of December 2011. The State has formed 1222 Village Forest Committees upto 2009 and no fresh VFCs have been formed after 2009 (Table 5.12). Except Dharwar, Mysore and Kolar

Table 5.11 (a): Extraction and value of Forest Produce

Sl. No	Forest Produce	2009-10		2010-11		2011-12	
		Quantity (Cum.)	Market value (Rs. lakh)	Quantity (Cum.)	Market value (Rs. lakh)	Target Quantity (Cum.)	Market Value upto Dec.2011 (Rs. lakh)
I. Major Forest Produce							
1	Timber	61916	7034.140	35294	6649.020	30000	4309.260
2	Firewood	137000	1273.240	82702	1372.750	80000	811.730
II. Minor Forest Produce							
1	Bamboo	1728000	387.300	697000	311.390	760000	103.710
2	Cane	297000	13.896	177000	48.700	113600	--

Table 5.11 (b): Revenue Realized from Forest Produce (2010-11)

Sl. No.	Forest Produce	Revenue Realized (Rs. lakh)
1	Timber	6649.020
2	Sandalwood	453.290
3	Firewood	1372.750
4	Bamboos	311.390
5	Canes	48.700
6	Minor Forest Produce	420.060
	Total	9254.510

Table 5.12: Target and achievement of VFCs

Sl No.	Division	2005-06		2006-07		2007-08		2008-09		Total	
		Tar	Ach	Tar	Ach	Tar	Ach	Tar	Ach	Tar	Ach
	Project A										
1	Belgaum	8	20	20	12	20	23	-	-	48	55
2	Gokak	8	7	10	12	10	10	-	-	28	29
3	Kollegal	11	11	12	12	12	7	-	1	35	31
4	Chickmagalur	9	15	14	6	15	9	-	-	38	30
5	Koppa	8	10	14	12	15	11	-	-	37	33
6	Dharwad	9	4	16	11	15	1	-	-	40	16
7	Haveri	10	14	16	22	16	14		1	42	51
8	Mysore	8	8	15	6	15	4	-	-	38	18
9	Hunsur	8	10	10	16	10	6	-	-	28	32
10	Hassan	13	13	19	20	20	15	-	-	52	48
11	Shimoga	8	8	11	12	10	7	-	-	29	27
12	Bhadravathi	8	9	11	12	10	16	-	-	29	37
13	Sagar	8	8	11	15	10	13	-	1	29	37
14	Madikeri	6	6	11	11	10	16	-	-	27	33
15	Virajpet	3	3	2	2	0	1	-	-	5	6
16	Karwar	12	12	17	17	15	18	-	-	44	47
17	Halliyal	10	14	14	11	14	13	-	2	38	40
18	Yellapur	9	12	15	18	14	17	-	-	38	47
19	Honnavar	13	21	16	13	15	10	-	3	44	47
20	Sirsi	10	13	17	14	15	30	-	3	42	60
21	Mangalore	9	10	16	15	16	11	-	-	41	36
22	Kundapur	11	11	16	16	15	11	-	-	42	38
23	Chamarajanagar	2	2	2	2	2	2	-	-	6	6
	Total - A	201	241	305	287	294	265	-	11	800	804
	Project B										
24	Bangalore Urban	12	3	3	5	3	0	-	-	18	8
25	Bangalore Rural	22	9	7	4	0	0	-	1	29	14
26	Ramanagara		13	-	3	1	1	-	8	1	25
27	Kolar	14	9	11	6	11	2	-	-	36	17
28	Chickballapur		14	-	5	0	0	-	1	0	20
29	Bagalkote	11	10	10	11	7	7	-	-	28	28
30	Bijapur	3	3	-	4	0	0	-	-	3	7
31	Bellary	9	14	14	9	8	8	-	-	31	31
32	Chitradurga	10	17	13	8	7	12	-	-	30	37
33	Davangere	10	10	13	13	8	10	-	-	31	33
34	Koppal	10	10	1	1	1	8	-	-	12	19
35	Gadag	9	10	12	9	6	8	-	-	27	27
36	Gulbarga	11	11	18	17	9	10	-	-	38	38
37	Bidar	9	9	15	17	8	8	-	-	32	34
38	Raichur	3	9	5	2	3	-	-	-	11	11
39	Mandya	7	7	12	11	8	9	-	3	27	30
40	Tumkur	18	23	16	11	12	5	-	-	46	39
	Total - B	158	181	150	136	92	88	-	13	400	418
	Grand Total	359	422	455	423	386	353	-	24	1200	1222

districts, where the gap between the target and achievement in formation of VFCs is huge, the achievements equal or surpass the target in most other districts.

5.1.10.3 District Sector Schemes

Special Development Plan: The forest department started implementing this scheme since 2008-09 by covering 114 Taluks as per the D.M. Nanjundappa Committee Report. In 2010-11, Rs. 2000 lakh was provided for the forestry sector in these taluks. Rs. 1989.13 lakh was spent for raising 3823 ha. plantations, raising 33.418 lakh seedlings and maintenance of 11,113 ha. of plantations. For 2011-12, Rs. 2000 lakh was provided for forestry sector, of which, upto December 2011, Rs. 821.685 lakh has been spent on raising 4102 Ha. of plantations and on the maintenance of 14836 ha. of plantations including the advance work over 139 ha. for raising 2.705 lakh seedlings.

5.1.10.4 State Sector Plan Schemes in the wake of climate change

i. **Special Component Plan:** In the wake of climate change, the State has developed schemes to encourage tree planting as a coping strategy for climate change. The special component plan was reintroduced during 2010-11 to uplift SC/ ST families by planting fruit-bearing seedlings on their land and in localities of SC/ST families in urban areas. In addition, other benefits such as solar lamps, beehive boxes and LPG stoves are distributed to beneficiaries. During 2010-11, Rs. 454 lakh has been allocated of which most has been spent to benefit 31259 SC beneficiaries. During 2011-12, Rs. 647 lakh has been allocated of which Rs. 268.96 lakh has been spent to benefit 10219 SC beneficiaries by planting 1.6 lakh seedlings, along with distribution of solar lamps, LPG stoves, and Sarala stoves.

ii. **Sandalwood Plantations:** The scheme for protection and maintenance of valuable sandalwood plantations and bearing areas

is initiated by protection with chain link mesh, watch-and-ward and other protective measures. During 2010-11, Rs. 250.00 lakh was earmarked, of which, Rs. 225.93 lakh has been spent on protection of 80 ha. of sandal plantation. For 2011-12, Rs. 250 lakh has been earmarked of which Rs. 32.449 lakh has been spent upto December 2011 for raising 25 ha. of sandal plantation, 20 ha. of advance works for raising 0.785 seedlings besides maintaining 240 ha. of sandal plantations.

iii. **Development of Biofuel Plantations:** The scheme to develop biofuel plantations was initiated in 2008 to meet the increasing demand for fuel and, to reduce effects of global warming due to fossil fuels. In order to increase the usage of bio-fuel as an alternative source of energy, the State constituted a "Biofuel Task Force", and established the Karnataka State Biofuel Development Board under the Department of Rural Development and Panchayat Raj. In 2010-11, a budget provision of Rs. 225 lakh was made for the maintenance of 204 ha. of bio-fuel plantations and for R&D. During 2011-12, Rs. 10 lakh has been provided to maintain 204 ha. of biofuel plantations, of which Rs. 3.08 lakh has been spent upto December 2011.

iv. **Development of Degraded Forests :** Under this scheme, degraded forests are rejuvenated through afforestation, protection, regeneration, soil and water conservation. Wherever there is adequate rootstock, such areas are protected from biotic pressure thereby encouraging natural regeneration. Alternatively, plantations are raised in other areas based on the requirement of small timber, fuelwood and fodder. In 2010-11, Rs. 408 lakh was granted of which Rs. 397.07 lakh was spent on raising 1669 ha. of plantations, 97 ha. of advance works and maintenance of 2323 ha. of plantations and other developmental works. In 2011-12, Rs. 412.00 lakh has been earmarked of which Rs. 146.73 lakh has

been spent upto December 2011 in raising 107 ha. of plantations, 185 ha. of advance works and maintenance of 3178 ha. of plantations.

v. Raising Seedlings for distribution to Public :

In order to create awareness among public and farmers regarding the natural environment and to encourage planting in *hiduvali* (private) lands, seedlings are distributed by the forest department at subsidized rates. During 2010-11, Rs. 128.32 lakh was earmarked of which Rs. 126.46 lakh was spent in raising 30.207 lakh seedlings for distribution in 2011 rainy season. In addition, 20.302 lakh seedlings were maintained. In 2011-12, Rs. 500.00 lakh has been earmarked of which Rs. 94.51 lakh has been spent upto December 2011, on maintaining 30.207 lakh seedlings. About 21 lakh seedlings were sold. In addition, 18.482 lakh seedlings have been raised for distribution for planting in 2012 rainy season.

vi. Krishi Aranya Prothsaha Yojane : In order to encourage participation of farmers in enhancing tree cover in areas outside the forests, the Government launched "krishi aranya prothsaha yojane" from 2011. As part of the scheme, monetary incentives are being provided for protecting and maintaining tree seedlings for 3 years. The salient features of the programme are:

1. Providing monetary incentive of Rs. 10, 15, 20 per seedling to farmers for planting, raising, protecting and maintaining useful income-generating and multipurpose species at the end of 1st, 2nd, 3rd year respectively for three years.
2. Each farmer beneficiary can obtain the benefit for planting upto 400 seedlings per hectare.
3. Interested farmers can register at the nearest forest office and gram Panchayat. Provision is also being made for online registration through nemmadi kendras at the hobli level.

During 2012, 49.12 lakh seedlings have been distributed at subsidized rates. Also, 57464 farmers have registered their names in the department to plant 234.068 lakh tree seedlings for planting in their lands during 2012 rainy season.

vii. Roadside Plantation Scheme: Under various afforestation programmes, about 15000 km of roadside planting has been taken up for planting by the forest department since 1980. Since 2000, a large number of trees have been felled for the purpose of widening roads. Hence, the department has felt the urgency to take up roadside plantations in all the districts under the roadside plantation scheme from 2011-12 with details as under -

1. For roadside plantations, tall seedlings of native tree species of Neem, Ala, Arali, Goni, Tapasi, Tamarind etc will be raised in 14" x 20" size bags to be planted in pits of 1M³ dimension.
2. Plants will be well protected & maintained by staking, thorn-fencing, FYM application and watering during summer months.
3. Tree patta will be issued to adjacent land owners for maintaining them.

In 2011-12, Rs. 8.00 crore has been allotted for raising tree seedlings along 527 kms. and for 2815 km of advance works. Till December 2011, Rs. 384.695 lakh has been spent to raise 526.5 km of monsoon plantation and 1271 km advance works.

viii. Magugondumara Shalegeonduvana: In order to create awareness regarding the natural environment among school children and to encourage them to plant trees, this new scheme from 2011-12 has a budget provision of Rs. One crore. Here, the protected area around educational institution will be identified for planting seedlings of fruit-yielding, flowering and shade trees by providing seedlings to school authorities for raising the trees. Schools from the primary level, colleges and even universities are involved. Seedlings are

distributed to school children for planting in their households or fields on a voluntary basis. Upto December 2011, 3.78 lakh seedlings have been distributed to school children of 2659 schools and 10.96 lakh seedlings are being raised under the scheme for the next year for distribution to schools & students.

ix. *Daivee vana* scheme: A unique programme for development of *daivee vana* on 100 ha. area in each district has been initiated from 2011 in which forest areas of religious significance are taken up for planting of tree species of religious, medicinal and native traditional species. A nursery is also proposed in each of these *Daivee vanas* to distribute such seedlings to those intending to plant them. For 2011-12, Rs. 32 crore has been allocated in this scheme promoting *devarakaadus* of which upto December 2011, Rs. 457.39 lakh has been spent.

x. Greening of Urban Areas : The main objective of this scheme is to minimize effects of pollution caused due to high intensity of population, vehicles and industries in urban areas by planting ornamental, shade and fruit-bearing trees. Tree parks, woodlots and avenue plantations are also established in towns and cities to improve aesthetics. In 2010-11, Rs. 550 lakh was allocated of which Rs. 540.30 lakh has been spent for raising 1160 km of plantations and for maintenance of plantations. In 2011-12, Rs. 500 lakh has been earmarked of which, upto December 2011, Rs. 206.86 lakh has been spent for raising 355 ha. of monsoon plantations, maintenance of 2246 ha. of plantations, besides raising 0.463 lakh seedlings. Further, with Rs. 500 lakh of additional allocation diverted from roadside plantations scheme, 166.5 ha. of monsoon plantations have already been raised and 2207.20 ha of advance works in urban areas have been provided.

xi. Development of Tree parks & Urban Forests: The total land use in urban areas is 4.27 lakh ha. It is estimated that 12-22% of urban area is available for greening. At 12% availability, 0.51 lakh ha. is available and for each of the next 10 years, 5000 ha. are to be planted. Under "greening of urban areas" of the State sector scheme, in the last 3 years, following areas have been planted:-

2008-09 -	465 ha.
2009-10 -	601 ha.
2010-11 -	1180 ha.

All urban local bodies, urban development authorities and municipal corporations are required to provide adequate funds for planting tree species and development and maintenance of urban green spaces in the form of tree parks and planting in-and-around lakes & tanks.

During 2011-12, with the intention of developing such tree parks and urban forests, the forest department has taken up a programme to develop one such area in the vicinity of each district headquarter with details as under:

1. Under the scheme, 4 new parks will be created around Bangalore city. Each tree park will be approximately 300 ha. in area
2. 29 new tree parks will be created near each district headquarter. Each tree park will be about 100 ha. in area
3. Planting of native species along with soil moisture conservation (SMC) works will be taken up
4. Area will be protected by chain link mesh
5. Pavitravanas, theme parks, bio-diversity parks will be created for eco-education
6. Public amenities, children play areas, walking trails, camping places will be created

The total budget for 2011 is Rs. 49.20 crore, of which Rs. 5 crore was provided from *devarakadu* scheme and another Rs. 5 crore is provided in the supplementary budget.

5.1.10.5 Centrally Sponsored Schemes & Central Plan Schemes

i. National Afforestation Programme-Forest Development Agency (NAP-FDA)

- The scheme commenced from 2002 for implementation through 45 forest development agencies constituted in territorial and wildlife divisions, afforesting 86,163 ha. of degraded forests.
- The forest development agencies are registered federations of village forest committees to receive Gol grants under NAP and to spend the same for afforestation and natural regeneration. SMC works along with other village asset creation activities, are taken up as part of entry point activities provided to the VFCs.

During 2011-12, 9523 ha. of advance works with Rs. 1012.143 lakh has been sanctioned of which Rs. 586.27 lakh has been spent upto December 2011 (Table 5.13).

ii. National Bamboo Mission : This central Government programme was launched in 2007-08 to promote growth of the bamboo

sector through area-based, region-specific strategies. The purpose is to increase the area under bamboo in potential areas with improved varieties to enhance outturn. Efforts are on to promote marketing of bamboo & bamboo-based handicrafts. During 2011-12, 2132 ha. of plantations were raised & Rs. 225 lakh was spent out of Rs. 450 lakh (Table 5.14).

iii. Conservation and Management of Mangroves : In 2009, the scheme for maintenance of mangrove plantations in Honnavar, Kundapur, Mangalore and Karwar forest divisions has been initiated. During 2010-11, Rs. 150.00 lakh has been earmarked for the scheme.

iv. Integrated Forest Protection Scheme : During 2010-11, under the integrated forest protection scheme, 8832 km of new fire lines have been created, 5928 km of old fire lines have been maintained and 941 km of survey and demarcation work has been done by spending Rs. 149.557 lakh. For 2011-12, Rs. 375.00 lakh has been earmarked as Central share and Rs. 125.00 lakh as State share. The fire protection works usually start from December every year.

Table 5.13: Physical and financial progress of NAP-FDA

Year	Plantations raised (ha)	Financial Progress (Rs. crore)
2008-09	7800	22.11
2009-10	4967	14.89
2010-11	2393	13.35
2011-12	9523	10.12

Table 5.14: Progress of National Bamboo Mission

Year	Plantations raised (ha)	Financial Progress (Rs. crore)
2008-09	2050	3.86
2009-10	710	4.72
2010-11	853	4.10
2011-12	2132	4.50

5.1.11 Forest Research & Tree Improvement Activities

Following research and tree improvement activities are being undertaken:

1. Identification and maintenance of plus trees
2. Identifying and maintenance of seed production area (Teak & Non-Teak)
3. Raising of Clonal seed orchard/seedlings seed orchard/species Trial/Germplasm Bank/CMA/VMG and collection of quality seeds from the known sources
4. Raising of Grafted seedlings like *Honge*, *Nelli*, Tamarind, *Jaci*, *Seemarouba* etc., and the clonal seedlings of *Eucalyptus* & *Acacia*
5. Taking up Research Study works.

Other Activities:

1. Establishment of medicinal plant gardens
2. Standardized of nursery techniques for various species
3. Extension activities like publication of *Silva* newsletter and *My Forest Journal*.

5.1.12 Revenue and Expenditure

Table 5.15 presents the details of revenue realized by sale of forest produce such as timber, firewood, bamboos, sandalwood, minor forest produce and also revenue realized from sanctuaries, and other miscellaneous revenue items etc. The expenditure component includes the establishment cost as well as cost of afforestation and other departmental programmes.

5.2 ENVIRONMENT

5.2.1 Water Resource and Pollution

Surface water bodies, rivers and lakes are susceptible to pollution due to increasing pollution load from point (industrial effluents and domestic waste) and non point (agriculture) sources of pollution. The study on the bio-mapping of major rivers in Karnataka by the Karnataka State Pollution Control Board (KSPCB, 2006-07) highlights the changes in environmental quality of Tunga, Bhadra and Tungabhadra rivers. The stretch adjacent to Davanagere, Harihara and Bhadravathi are affected by

Table 5.15: Revenue and Expenditure from Forest Department's activities

(Rs. crore)

Year	Revenue	Expenditure
2001-02	100.00	330.68
2002-03	100.88	231.01
2003-04	182.27	231.70
2004-05	168.70	289.80
2005-06	114.79	253.28
2006-07	127.07	326.71
2007-08	130.51	377.14
2008-09	126.23	451.121
2009-10	193.99	500.76
2010-11	164.68	555.098
2011-12(A)	191.25	660.28

A - Anticipated

industrial pollutants as large industries are located on the river banks.

5.2.2 Industrial Pollution

Industrial pollution such as air and water pollution, caused by large, medium and small scale industries, has had significant effects on environmental resources. Karnataka is one of the top five industrialized states in India with 132 industrial areas in 40000 acres. Currently, about 46481 industries and other activities that are categorized as red, orange and green are functioning in the State. (Industries in the 'Red' category are highly

polluting, those in the 'orange' category are medium polluting and, those in the 'green' category are less polluting). In the State, 8915 industries have been closed and 7128 industries have been given consent for establishment (CFE) by KSPCB (Table 5.16).

Among the industrial activities, mining is one of the leading activities with a total mine lease area of 52857 ha. in the State, of which 27090 ha. is in revenue land, 16731 ha. is in forest land and 9036 ha. is in patta lands. Large-scale mining of iron ore, limestone and dolomite in Bellary, Chitradurga and

Table 5.16: Pollution categories of industries in Karnataka (2011)

SI No	Type of establishment	Category	Nos. as on 31.03.2010	Addition from 01.04.10 to 31.03.2011	Total as on 31.03.2011	Operating units	Closed units	Yet to commission (YTC)
1	Industries	Red	5653	416	6069	3387	2050	632
		Orange	4970	398	5368	3325	1542	501
		Green	13879	1098	14977	9642	3238	2097
2	Stone crusher	Red	2718	98	2816	1628	897	291
3	Telephone towers	Green	5855	4589	10444	10327	25	92
4	Local bodies	Green	221	0	221	220	1	0
5	Layouts	Green	1358	116	1474	25	1	1448
6	Infrastructure projects (Apartment, education institutions, commercial establishments) etc.	Red	272	135	407	100	2	305
		Orange	1	1	2	2	0	0
		Green	1921	206	2127	746	104	1277
7	Hospitality (Hotels, resorts etc.)	Red	43	2	45	25	3	17
		Orange	120	2	122	91	7	24
		Green	769	46	815	589	113	113
8	Hospitals/HCEs	Red	10842	1919	12761	12366	354	41
9	Mines	Red	726	21	747	360	239	148
10	Coffee estates	Red	2289	156	2445	2347	96	2
11	Others - banks, Kalyan mantaps, office complex, association offices, with DG Sets	Green	1533	151	1684	1301	243	140
	Total		53170	9354	62524	46481	8915	7128

Tumkur districts has polluted land, water, air along with noise pollution in the adjoining areas. There are 166 industries under 17 categories of highly polluting industries of which 145 are operating in the State.

As self-monitoring is poor, there is poor compliance of the Water Act, the Air Act and the Environmental Protection Act. These industries have generated 596 MTs of effluent and liquid wastes. The wastes are treated and disposed as per the norms of the Board. The industries, Mysore Paper Mills Limited and Visveswarayya Iron and Steel Ltd are permitted to discharge the treated effluents to Bhadra River. The West Coast Paper Mills at Dandeli is permitted to discharge effluent into Kali River and Harihar polyfibers and Grasim division at Harihar are permitted to discharge the effluents to Tungabhadra River. The treated effluents from these industries are generally meeting the defined standards.

Apart from these industries, no other industry is permitted for discharging effluents to rivers. The policy is to ensure that industrial effluents are treated to the standards prescribed by the KSPCB and to use the treated effluent for irrigation / gardening / green-belt development.

5.2.3 Ambient Air Quality Monitoring

5.2.3.1 National Ambient Air Quality Monitoring Programme (NAAQM), Bangalore

Ambient air quality of Bangalore city is being monitored at 7 stations under the National Ambient Air Quality Monitoring Programme (NAMP). Here, monitoring is done twice-a-week for 24 hours. According to the revised national ambient air quality standards (of 16-11-2009), 12 parameters are monitored including respirable suspended particulate matter (RSPM), sulphur dioxide (SO₂) and oxides of nitrogen (NO_x). In this programme, 18175 ambient air samples were

collected and analyzed during 2010-11 at Bangalore and compared with the revised national ambient air quality standards. The air quality in different zones in Bangalore depicted in Fig. 5.1.

Industrial Zone: The pollution data indicates that RSPM values exceeded the National Limit of (60µg/M³) at the three industrial areas and NO₂ & SO₂ values are within the standards.

Mixed urban zone: The pollution data indicate that RSPM values have exceeded National Limit of (60µg/M³) at four mixed urban areas and NO₂ has exceeded the limit (40µg/M³) at City railway station & SO₂ values are within the standards at all places.

Sensitive zone: The RSPM and NO_x values have exceeded the national standards for sensitive areas and SO₂ is within the standards.

The Board is also monitoring ambient air quality at Mysore, Hubli-Dharwad, Hassan, Mangalore, Belgaum and Gulbarga under NAMP. Monitoring is carried out twice-a-week for 24 hours at six stations for RSPM, SO₂ and NO_x. Under this programme, ambient air samples were collected and analyzed during 2006-11 and compared with revised national ambient air quality standards (16.11.2009). The air quality in different zones in the State is depicted in Fig 5.2.

It is seen that RSPM values have exceeded the National Limit of (60µg/M³) at 4 places out of 8 and NO₂ and SO₂ values are within the standards.

5.2.4 Noise Pollution Control

5.2.4.1 National Ambient Noise Monitoring Programme (NANMP)

As per section 5.2.8 (IV) of National Environmental Policy (NEP) - 2006, the Central Pollution Control Board (CPCB) is in the process of developing noise

Fig. 5.1: Annual average values of air pollutants in Bangalore city during the year 2010-11

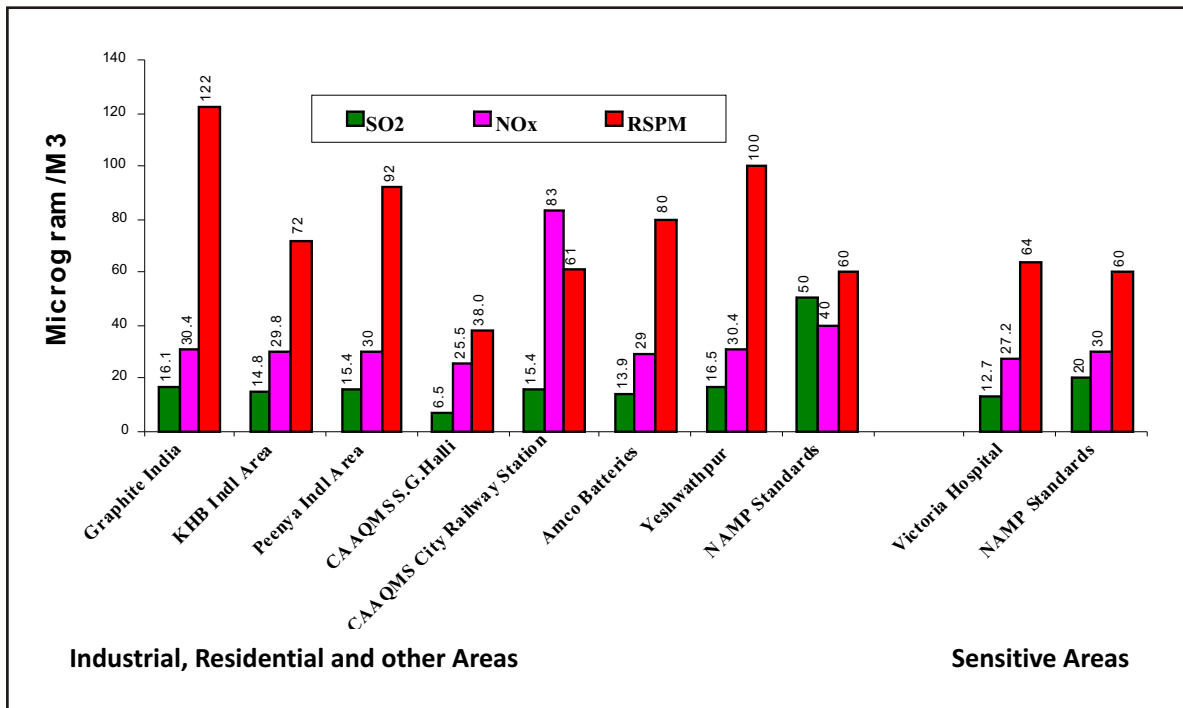
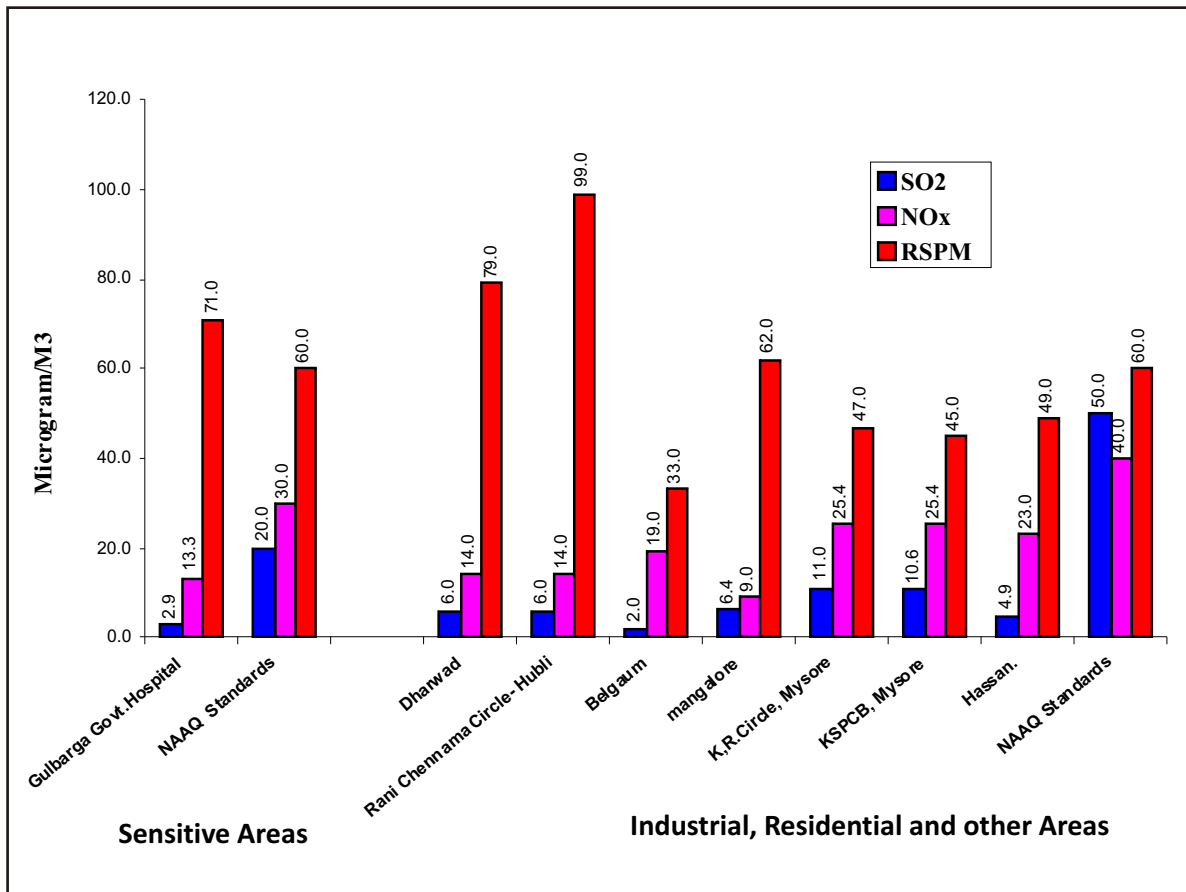


Fig. 5.2: Annual average values of air pollutants at different parts of Karnataka for 2010-11



monitoring network in India. It has decided to include ambient noise as a regular parameter for monitoring in specified urban areas.

The Government of India has announced a roadmap for systematic monitoring of ambient noise through the National noise monitoring network covering 25 cities by 2012 to make Indian cities less noisy. Karnataka is one of the chosen States and, in Bangalore, it is proposed to establish 10 continuous monitoring stations. For every continuous monitoring station, CPCB will provide 100% of the capital cost and 50% of the operation and maintenance cost. Five monitoring stations have been installed during 2010-11 and the remaining five stations are planned to be installed during 2011-12.

5.2.5 Environmental Monitoring

The Pollution Board is monitoring environmental features to assess changes in environmental quality to evolve action

plans to protect the environment. Monitoring covers ambient air quality, surface and ground water quality, effluents, emissions, soil, noise, hazardous waste, leachates and solid waste. A total of 52412 samples were analyzed during 2010-11 in all the laboratories.

The monitoring of the industrial effluents and emissions is carried out to verify compliance. Wherever samples were not meeting the standards, action was initiated according to the statutes such as personal hearing, filing court case, issuing directions for restraining the discharge of effluents or, issuing directions for closure etc.

The board is monitoring and analyzing river water quality at 64 locations under Global environmental management system (GEMS) (Table 5.17) & monitoring Indian natural aquatic resources system regularly.

The river water quality at most of the monitoring stations is meeting the Class - C

Table 5.17: Classification of river water quality under GEMS programme for 2010-2011

Sl. No.	Monitoring Station	River	Apr 2010	May 2010	Jun 2010	Jul 2010	Aug 2010	Sep 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	Mar 2011
1.	At Ullanur Bridge	Tungabhadra	D	D	D	D	D	C	C	C	C	C	C	C
2.	At Balamuri Kshetra	Cauvery	C	C	C	C	C	C	C	C	C	C	C	C
3.	At Satyagala Bridge	Cauvery	C	C	C	C	C	C	C	C	C	C	C	C
4.	At Honnali Bridge	Tungabhadra	C	C	C	C	C	C	C	C	C	B	B	B
5.	At Cause way Suttur (Monitoring Quarterly)	Kabini	C	-	-	C	-	-	C	-	-	C	-	-

Note: Class "A" Drinking water source without conventional treatment but after disinfections.
 Class "B" Outdoor bathing (organized)
 Class "C" Drinking water source with conventional treatment followed by disinfection.
 Class "D" Propagation of wild life, fisheries
 Class "E" Irrigation, Industrial, Cooling, Controlled Waste disposal.
 Quarterly sampling done once in 3 months.

standards i.e. the water source could be used after conventional treatment and disinfection. The major pollution in rivers is due to discharge of domestic sewage from the towns and villages located on the river banks.

5.2.6 Environmental Management Policy & Research Institute (EMPRI)

EMPRI is an autonomous society of the Government of Karnataka, established in September 2002, under the Department of forest, ecology, and environment. The institute undertakes applied scientific research, policy research and offers training on concurrent environmental issues relevant to the society, industry and Government.

EMPRI has a large mandate of researching issues of environment, ecology and the institutions governing them and is the only institute of its kind under Government of Karnataka. Since every human activity has an interface with the environment, EMPRI conducts Research & Training on Climate Change, Biomedical Waste, Lake Conservation, Rainwater harvesting, Slaughter house management & brings out Status of Environment report. To achieve its objectives, EMPRI conducts various activities which include -

1. Training : Capacity building is a thrust area of EMPRI. The Institute conducts need-based training programmes on various environment related issues. During the year, one-day training programmes for Taluk level officers, Gram Panchayat Members and Members of Stree Shakti Sanghas, were taken up in seven districts to generate awareness about environmental concerns.

2. Applied Research : EMPRI conducts Applied Research on concurrent environmental issues of immediate relevance for Government, industry and society. The research identifies problems, determines causes and proposes measures to mitigate them. In the year 2010-11

research work of EMPRI included the following:

a. Inventory of Red Category Industries in Karnataka: A draft report on inventory of red category industries in Karnataka has been prepared and submitted to Central Pollution Control Board.

b. State of Environment Report Karnataka 2011: EMPRI is preparing the second edition of the "State of the Environment Report Karnataka" funded by Ministry of Environment and Forest (MoEF), Government of India and Department of Forest, Ecology and Environment, Government of Karnataka.

c. State Action plan on Climate Change, Karnataka: EMPRI was mandated to prepare the State Action Plan on Climate Change (SAPCC) for Karnataka. The report entitled "Rapid Assessment of Sectoral Actions Initiated" was released to provide a comprehensive account of current sectoral interventions of the Government with a bearing on climate change.

d. Assessment-derived conservation strategies for major lakes of Karnataka: A research project to suggest strategies to conserve water bodies in upcoming urban areas is in progress.

3. Outreach Activities

I. Environment Information System (ENVIS): Ministry of Environment and Forests (MoEF) has notified EMPRI as the nodal agency for Environment Information System (ENVIS) in Karnataka and EMPRI has the responsibility of running the ENVIS Centre from 01-01-2009. The Components of ENVIS carried out at EMPRI are: Indian State Level Basic Environmental Information Database (ISBEID), ENVIS Website, ENVIS Newsletter and Library. The newsletters on Natural Farming and Hydroponics were published during the year.

II. National Green Corps for High Schools (GoI Funded) : During 2010-11, 44 schools

were provided with a financial assistance of Rs. 2500 per school, through the education department, to form and run eco-clubs in schools to inculcate appreciation, sense of belongingness and concern for environment in young minds.

III. National Green Corps in Pre-University Colleges (GoK Funded) : During the year, 1057 Government & aided colleges have been provided with a financial assistance of Rs. 5000 per college with the objective of forming and running an eco-club in each Pre-University college. The programme aims to sensitize the young generation about the importance of environmental conservation and to move towards peaceful co-existence of humans with nature

5.2.7 Lake Development Authority (LDA)

The Lake Development Authority, since inception, has rejuvenated and developed four lakes in Bangalore namely, Nagawara, Vengaiana kere, Lalbagh and Jaraganahally at a cost of Rs. 13.14 crore. In other districts, 10 lakes in Belgaum, Gadag, Hassan, Gulbarga, Haveri, Davangere, Chikmagalur, Bidar, Tumkur and Ramanagaram districts have been rejuvenated at a cost of Rs. 50.46 crore under the National lake conservation programme. LDA has taken up the survey & demarcation of 158 lakes in BIAAPA areas at a cost of Rs. 50.62 lakh and water analysis for 86 lakes has been done at a cost of Rs. 50.39 lakh during 2009-10 in Bangalore urban district. LDA has implemented National Lake Conservation Programme (NLCP) and National Wetland Conservation Program (NWCP) in the State for conserving various lakes and wetlands (Tables 5.18 to 5.20).

5.2.8 Karnataka Biodiversity Board

The Karnataka Biodiversity Board was established vide section 22 of the Biodiversity Act 2002, by Government of Karnataka on 01.08.2003. Main objective of the Board is promotion of conservation and

sustainable use of biological diversity, promotion of in-situ and ex-situ, resources, conservation of biological resources and, incentives for research, training and public education to increase awareness with respect to biodiversity. National Biodiversity Authority and Government of India have conferred 'The Best Biodiversity Board Award' in India to Karnataka Biodiversity Board for the year 2009-10, for the overall performance of the Karnataka Biodiversity Board in implementation of the Biological Diversity Act 2002.

5.2.8.1. Activities and performance of the Board

i. Constitution of Biodiversity Management Committees: As per section 41 of Biodiversity Act 2002, every local body shall constitute a Biodiversity Management Committee (BMC) within its area for the purpose of promoting conservation, sustainable use and documentation of biological diversity. Till date, 3551 BMCs have been formed at gram Panchayat level, 32 BMCs at taluk Panchayat level and 11 BMCs at zilla Panchayat level.

ii. Awareness and Training Programmes : Biodiversity awareness training programme are being conducted for Government employees, university students, teachers, non government organizations, Panchayats and general public. The training programmes are being conducted throughout the state. Till date, 192 training programmes have been conducted.

iii. People's Biodiversity Register (PBRs) : PBR is a Panchayat level register that documents local biodiversity and local community knowledge on biodiversity including its conservation and traditional uses. The PBRs are prepared in various districts at the gram Panchayat level. PBRs are prepared both in Kannada and English. The PBR will help in opposing patenting. Till date, 214 PBRs in different BMCs have been prepared.

Table 5.18: List of lakes covered under NLCP

Sl. No.	Name of the Lake	Estimate approved by Central Govt. (Rs. lakh)
1	Vengaiyanakere Lake, Bangalore	212.21
2	Jaraganahalli Lake, Bangalore	335.82
3	Nagawara Lake, Bangalore	600.00
4	Lalbagh Lake, Bangalore	166.00
5	Kotekere Lake, Belgaum	564.09
6	Bhishma Lake, Gadag	250.00
7	Sharanabasaveshwara Lake, Gulbarga	489.00
8	Kundawada Lake, Davanagere	340.64
9	Tripuranthakeshwara Lake, Bidar	463.50
10	Kotetavarekere Lake, Chikmagalur	364.00
11	Akkamahadevi Lake, Hassan	264.00
12	Channapatna Lake, Hassan	497.10
13	Amanikere, Tumkur	1336.73
14	Gowramma & Hombalamma lakes in Magadi town, Ramanagaram Dt.	477.46
	Total	6360.55

Note : In addition to GoI approval of Rs. 364 lakh for the Integrated development of Kotetavarekere lake at Chikmagalur, the GoK has released Rs. 66 lakh additional grants for the project under Budget Head 3435-03-003-0-14 LDA 139 major works, to meet the actual tender cost of Rs. 430 lakh.

Table 5.19: List of Lakes covered under National Wetland Conservation Programme

Sl.No.	Name of Wetland	Amount released (Rs. lakh)
1	Bonal Wetland, Yadagir	36.22
2	Gudavi Wetland, Shimoga	73.93
3	Magadi Wetland, Gadag	57.40
4	Ghata Prabha Wetland, Gokak	7.02
5	Hidkal Wetland, Belgaum	10.32
6	Ranganathittu Wetland, Mysore	8.85
	Total	193.74

Table 5.20: List of Lakes taken up for development under State grants through Budget Head 3435-03-003-0-14-LDA-139 major works during 2009-10 to 2010-11.

Sl.No.	Lakes	Grants approved by GoK (Rs. lakh)
1	Kukkarahalli Lake, Mysore	100.00
2	Dalvoy Lake, Mysore	117.00
	Total	217.00

iv. Declaration of heritage sites : Karnataka Biodiversity Board has declared the following as heritage sites under section 37(1) of biological diversity Act 2002 (Table 5.21).

a. Nallur Tamarind Grove: This tamarind grove survived vagaries of nature since many centuries. Tamarind trees of this grove have special features namely they have prop roots and root suckers. This feature can be found usually in Banyan trees. This grove is inhabited by different types of plants, animals and birds.

b. Hogrekan: It is a moderately wooded revenue land with dry deciduous vegetation and links Bababudangiri and Kemmannagundi. It is adjoining Bhadra wildlife sanctuary and yemmedoddi tiger reserve. The area has Unique Shola vegetation and grassland.

c. GKVK: The 167 ha. of Gandhi Krishi Vignana Kendra (GKVK) Campus is extensively developed with wide variety of agricultural and biotechnology research plots. This is one of the greenest areas of

Bangalore. As per a survey, this campus is inhabited by 13 species of mammals, 10 species of reptiles, 165 species of birds and 600 plant species.

d. Nethrani Island: It is a coral reef island with 27 fish species. A habitat for various marine biodiversity species some of which are unique to this area, and are under threat due to human interventions. The island is inhabited by rare fauna and flora of high biological significance.

e. Ambaragudda: It is a revenue land located amidst Sharavathi wildlife sanctuary, Someshwara wildlife sanctuary and Kudremukh national park. It has shola vegetation which is primitive vegetation in the Western Ghats and also has grasslands. There is a threat to vegetation of this area due to mining activity.

f. Varada river basin near Banavasi is known for traditional varieties of paddy. In this area, floods are expected every year. Paddy varieties that have evolved here are tolerant to floods and are known for their

Table 5.21: Heritage Sites in Karnataka

Sl. No	Location	Taluk	District	Extent	Gram Panchayat
1	Nallur	Devanahalli	Bangalore (R)	53 acres	Nallur
2	Hogrekhan	Kadur	Chickmagalur	2508.15 acres	Balliganur
3	Gandhi Krishi Vigjana Kendra (GKVK), University of Agricultural Sciences	Bangalore	Bangalore (U)	167 ha.	-
4	Ambaragudda	Sagar	Shimoga	3857.12 acres	-
	The following are under process-				
5	Nethrani coral reef island (yet to be notified)	Bhatkal	Uttar Kannada	50 acres	Mavalli
6	Biodiversity Board has initiated action to declare some villages of Varada River basin near Banavasi as agro biodiversity heritage sites.				
7	Biodiversity Board has initiated action to declare a farmer's Mango orchard In Kirugavalu village of Malavalli taluk, Mandya District as agro biodiversity heritage site.				
8	Biodiversity board has initiated action to declare the Sri. Lakshmikantha swamy, Medicinal Eco-park, Devaragudda (Srigiri), Padmanabhanagar, Bangalore as heritage site.				

medicinal value. Culture related to paddy cultivation is unique. There is an urgent need to conserve these varieties and culture to safeguard the farmers from onslaught of culture of developed countries.

g. In Kirugavali village of Malavalli taluk, Mandya District, a Mango orchard said to have established during the period of Tippu Sultan by one of his soldiers, is maintained by a farmer. This orchard contains 120 traditional varieties of mango and the farmer is also propagating 150 traditional varieties of rice apart from maintaining different varieties of Ragi and other cereals.

h. The Lakshmiranganthaswamy medicinal Eco-park is situated on a small hillock (of 1.46 acres) known as Devaragudda in Padmanabhanagar, Bangalore and has to its credit around 118 species of Medicinal, Plants, Shrubs, Herbs, Climbers and more than 500 species of trees and plants. It represents a unique urban biodiversity.

v. Declaration of Heritage Trees: Karnataka Biodiversity Board has initiated a programme to identify certain trees in various districts which are unique, historical and have high significance. The same are being declared as heritage trees (Table 5.22). Till date, the Board has recommended 10 trees across the State to consider for heritage tree status.

5.2.9 In-situ conservation of biodiversity in dry zone districts of Karnataka

Action has been initiated to identify and demarcate an area of 100-200 ha depending upon availability in the core forest area in 13 dry districts (Table 5.23). There will be no harvest in these areas. Activities such as fire protection, sowing of indigenous species, soil and water conservation will be taken up. Inventorization and documentation of biodiversity will be done. This will help in conservation of dry zone forest species which are under threat due to their high medicinal value. The dry zone biodiversity

conservation sites network project identified 14 Rare, Endemic and Threatened (RET) species.

5.2.10 Survey of bioindustries and Utilization of bioresources

In Karnataka, 198 Pharmaceuticals and 82 Cosmetics industries that use bioresources have been identified. Information on use of bioresources in these industries is collected with the involvement of Karnataka Indian Medicine Manufacturers Association. A report on Bioindustries and use patterns of bioresources has been sent to the Government of India (National Biodiversity Authority).

5.2.11 Project on integrated ecological carrying capacity of Uttar Kannada district

This study is being conducted by the Indian Institute of Science (IISc) to assess the carrying capacity of western ghats in Uttara Kannada district, for developmental activities.

5.2.12 Preparation of Biodiversity Atlas

Biodiversity atlas will be prepared for the State. The main objective of this project is to develop a comprehensive database related to biodiversity distribution and conservation in Karnataka. It strengthens ongoing National efforts to build biodiversity information structures.

5.2.13 Biodiversity Awareness programmes in Eco-clubs established under NGC programme

A sum of Rs. 2500 is provided annually for eco-clubs that are formed in different schools and colleges across the State for conducting awareness programmes on biodiversity. The Commissioner, Dept. of Public Instruction is to identify 100 eco-clubs for this purpose.

5.2.14 Project on baseline profiling of cultural-heritage biodiversity resources in select eco-zones of Karnataka

The project is aimed at carrying out baseline profiling of cultural biodiversity, to prepare

Table 5.22: Heritage trees in Karnataka

SI No	Name of the Tree	Location	Girth in meters	Height in meters	Approximate Age reported by locals (Years)
1	<i>Adansonia digitata</i> - Malvaceae	Bijapur District, Bijapur taluk,	5	10.84	600
2	<i>Adansonia digitata</i> - Malvaceae	Bijapur District, Bijapur taluk.	7	9.20	359
3	<i>Tamarindus indica</i>	Bijapur, Sindagi taluk, Devarahipparagi village	7.78	39.39	883
4	<i>Azadirachta indica</i> (Bevu)	Chikballapur district, Shidlagatta Taluk, T.Venkatapura village	5.4	25	200
5	<i>Ficus bengalensis</i> (Alada Mara)	Mysore district, Mysore taluk, Chikkahally	11.2	30	260
6	<i>Ficus religiosa</i> (Peepal)	Mysore district, Mysore taluk, Manasagangothri Campus	8.80	32	160
7	Kempu Booraga Mara	Mysore district, Mysore taluk, Palace Gate	19.4	28	130
8	<i>Ficus bengalensis</i> (Doddaalada Mara)	Bangalore (U), Kethohalli	-	30	400
9	<i>Araucaria cookie</i>	Bangalore, Lalbagh	7	50	140
10	Pilali	Shimoga District, Soraba taluk, Banavasi	330	5-6	400

Table 5.23: List of in-situ conservation sites in Karnataka

SI.No	Site	Range	Division
1	Karapakapalli	Humnabad	Bidar
2	Sheribikanahalli	Chincholi	Gulbarga
3	Guntagola	Lingasuguru	Raichur
4	Dhonomalai Block	Sandur	Bellary
5	Indargi	Munirabad	Koppal
6	Kolikal Reserve Forest (Siddarbeta)	Koratagere	Tumkur
7	Maklidurga	Doddaballapur	Bangalore Rural
8	Sunakal Royalpod SF	Srinivasapura	Kolar
9	Chikkamakali	Malavalli	Mandya
10	Jogimatti	Chitradurga	Chitradurga
11	Malebennur	Davangere	Davangere
12	Mamadapura	Bijapur	Bijapur
13	Makuta	Badami	Badami

cultural resources mapping of select village clusters, to undertake a baseline enumeration of cultural resources and for development of heritage herbarium. This project is being implemented by IINDICUS, Tarikere, Chikmagalur district.

Rajamudi is a traditional red rice variety and was earlier grown exclusively for Royal Scions of Wadiyars of Mysore State. Karnataka Biodiversity Board has initiated action for Geographical Indication (GI) of Rajamudi rice variety coordinating Sahaja Samrudha (NGO) and Rajamudi growers association to be formed in parts of Hassan and Mysore districts along with University of Agricultural Sciences, Bangalore.

5.2.15 Knowledge creation and dissemination activities

Karnataka Biodiversity Board has also sponsored meetings/workshops/conferences and seminars. The Board has also sponsored various studies and research projects. The Board also publishes a newsletter giving details of important activities of the Board and articles from various sources on issues relating to Biodiversity.

5.2.16 Biodiversity Award

The biodiversity award is given for excellent work in conservation and sustainable utilization of biodiversity. The award is given to individuals, educational institutions, NGOs, boards and corporations.



6

INDUSTRY

The presence of Karnataka's strong and diverse manufacturing sector has been partially shadowed by a rapidly growing information technology sector. However, the Government of Karnataka has constantly supported the establishment and activities of various industries in all regions of the State. In 2010-11, the State's organized industrial sector grew by 7.96% with the manufacturing sector recording the highest rate of growth. During the first two quarters of 2011-12, Karnataka has experienced a deceleration in industrial growth with the mining sector seeing a fall of about 30% as compared to the corresponding quarters of 2010-11. Use-based classification indicates that the industry group of intermediate goods recorded a higher growth in 2010-11 as compared to consumer goods etc. Karnataka, which is home to about 9000 factories, has a higher average investment in fixed capital, value of output and gross value added as compared to the National levels. The State's MSME sector is also robust with more than 14000 enterprises employing about 90000 persons. The State has also established institutional networks to support industrial development and, has taken steps to attract domestic and foreign investment. Karnataka has also renewed its focus on promoting the tourism potential in the State by creating tourist infrastructure and implementing programs to attract tourists.

6.1 INTRODUCTION

Karnataka has been spearheading the growth of Indian industry, particularly in high-technology industries in the areas of electrical and electronics, information & communication technology (ICT), biotechnology and, more recently, nanotechnology. However, the industrial structure of Karnataka presents a blend of modern high-tech capital goods and knowledge-intensive industries on one hand and traditional consumer goods industries on the other.

6.2 TRENDS IN INDUSTRIAL PRODUCTION

The general index of industrial production (IIP) of Karnataka covering mining, manufacturing and electricity sectors for 2010-11 stood at 202.14. The sector-wise indices for the period from 2008-09 to 2010-11 with base 1999-2000 is presented in Table 6.1. The overall organised industrial sector of Karnataka has registered 7.96% growth when compared to 2009-10 (12.22%). Within the organised industry,

manufacturing sector registered the highest growth of 9.73% followed by electricity (1.15%) and mining (1.09%). All the three sectors of organised industry have registered a higher growth in 2010-11, when compared to 2008-09 (4.72%) and 2009-10 (12.22%).

The weights of different sectors and sub-sectors in IIP are assigned based on their contribution to Gross Value Added (GVA) of industry in the base year. The manufacturing sector contributes the highest weight of about 78.6% followed by electricity sector (17.3%) and mining sector (4.1%). Aided by the manufacturing sector's growth of 9.73%, the overall industrial growth has moderated to 7.96% in 2010-11.

The average annual growth rates for the overall organised industry mainly for mining, manufacturing and electricity sectors for the decade from 2000-01 to 2010-11 are presented in Appendix 6.1. The compound average rate of growth (CARG) for the decade for the entire organised industry was about 6.56% whereas it was 7.92% for

Table 6.1: Index of Industrial Production of Karnataka: 2008-09 to 2010-11

Base Year: 1999-00

Sector	Weight	2008-09	2009-10	2010-11
Mining	41.3609	241.22 (7.40)	219.21 (-9.13)	221.59 (1.09)
Manufacturing	785.7083	167.45* (5.51)	189.47* (13.15)	207.89* (9.73)
Electricity	172.9308	146.33 (0.08)	169.43 (15.78)	171.38 (1.15)
General Index	1000.000	166.85 (4.72)	187.24 (12.22)	202.14 (7.96)

Note : 1) Figures in brackets indicate percentage changes over the previous year.
2) * Provisional figures.

Source: Directorate of Economics & Statistics.

mining, 7.23% for manufacturing and 4.20% for electricity. The sectorwise general index (revised from 2005-06 to 2010-11) for new base 2004-05 is presented in Appendix 6.1 (a).

The quarterly growth in IIP under major sectors for the first two quarters of 2011-12 with new base year 2004-05 is given in Table 6.2 along with the sectorwise weights. The State has experienced industrial deceleration in the first quarter of the current year. Due to the growth of manufacturing and electricity sectors in the second quarter, the State has experienced a marginal increase when compared to the corresponding period of last year.

6.3 INDUSTRIAL GROWTH BY USE-BASED CLASSIFICATION

Industrial growth in terms of use-based classification of industries is presented in Table 6.3 for four broad groups of organized manufacturing industries: (i) Basic goods, (ii) Capital goods, (iii) Intermediate goods, and (iv) Consumer goods. Consumer goods, in turn, comprise durables and non-durables. Among the four broad groups of the manufacturing industry sector, consumer goods industry sector accounts for the highest weight of 40.8% followed by capital goods (14.5%), basic goods (13.6%) and intermediate goods (9.6%). Within the

consumer goods industry sector, non-durables account for 37% and durables account for 3.8% of the total weight of 40.8%. These weights indicate relative importance of the different groups in the manufacturing industry of Karnataka.

Comparative growth rates of the four broad groups and the two sub-groups of consumer goods from 2008-09 to 2010-11 are given in Table 6.3. For 2010-11, among the four broad groups, intermediate goods registered highest growth of 9.48% followed by consumer goods at 8.29%, basic goods at 5.25% and capital goods at 5.06%. The comparative study of the four groups indicates that, within the consumer goods sector, both durables and non-durables grew more or less evenly by 6.52% and 8.43% respectively during 2010-11. But, consumer durables experienced a double digit growth of 19.58% during 2008-09 & consumer non-durables experienced a growth of 18.46% during 2009-10. Since the growth performance of groups and sub-groups are moderate, the overall growth rate of manufacturing sector is restricted to single digit growth of 9.73% during 2010-11.

The compound average rate of growth (CARG) for the decade for all the groups was about 7% with CARG of basic goods at 8.35%, capital goods at 6.21%, intermediate

Table 6.2: Quarterly Growth in IIP: 2009-10 to 2011-12

Base Year: 2004-05

Period/Sector	Mining	Manufacturing *	Electricity	General
Weight	(69.83)	(811.36)	(118.81)	(1000.00)
2009-10				
Q1 April 09 - June 09	110.80 (0.14)	119.83 (27.58)	126.19 (-6.58)	120.33 (18.71)
Q2 July 09 - Sept. 09	110.59 (10.79)	125.80 (35.77)	131.93 (15.67)	125.90 (30.54)
2010-11				
Q1 April 10 - June 10	134.96 (21.80)	126.12 (5.25)	138.38 (9.66)	128.61 (6.88)
Q2 July 10 - Sept. 10	97.64 (-11.71)	128.43 (2.09)	122.37 (-7.24)	125.70 (-0.16)
2011-12				
Q1 April 11 - June 11	87.52 (-35.15)	123.33 (-2.21)	138.38 (0.00)	122.62 (-4.66)
Q2 July 11 - Sept. 11	68.77 (-29.57)	133.71 (4.11)	159.94 (30.70)	132.29 (5.24)

1.* Estimated, 2. Figures in the brackets indicate percentage over the previous year.

Source: Directorate of Economics & Statistics.

Table 6.3: Index of Industrial Production for Organized Manufacturing Industry in Karnataka

Use-based Classification: 2008-09 to 2010-11

Base Year: 1999-00

Sl. No.	Industry Group	Weight	2008-09*	2009-10*	2010-11*
1.	Basic goods	136.2317	212.00 (2.39)	214.60 (1.23)	225.87 (5.25)
2.	Capital goods	145.1053	148.63 (-5.85)	171.63 (15.48)	180.31 (5.06)
3.	Intermediate goods	95.9852	152.42 (3.83)	176.46 (15.78)	193.19 (9.48)
4.	Consumer goods	408.3859	167.22 (7.40)	190.97 (14.21)	210.65 (8.29)
	a) Consumer durables	38.0612	174.91 (19.58)	178.31 (1.95)	189.94 (6.52)
	b) Consumer non-durables	370.3247	165.49 (3.36)	196.03 (18.46)	212.56 (8.43)
	Total (Manufacturing sector)	785.7081	167.45 (5.51)	189.47 (13.15)	207.89 (9.73)

Note : 1. Figures in brackets indicate percentage change over the previous year.

Source: Directorate of Economics and Statistics.

goods at 6.39% and consumer goods at 5.47%. Details of the compound growth rates are presented in Appendix 6.3. The revised use-based indices (with base 2004-05) from 2005-06 to 2010-11 are presented in Appendix 6.3 (a).

6.4. INDUSTRIAL GROWTH BY TWO DIGIT INDUSTRIES

At the two digit NIC-04 level, manufacturing industry sector has been sub-divided into 22 major industry groups. The weight of each of these major industry groups in the IIP for manufacturing sector is given in Appendix 6.2. Among the major industry groups, food products & beverages account for more than 11% weight followed by tobacco products (8.9%), chemical products (7.3%), and machinery equipments (6%).

The indices for different two-digit level industries from 2008-09 to 2010-11 with growth rates for 2010-11 are given in Appendix 6.2. Among the two digit level industries, tobacco products (19.44%), other transport equipment (15.30%), motor vehicle, trailers and semi-trailers (14.24%), food products and beverages (14.25%), wearing apparels and televisions and communication equipment (11.68%) and publishing and printing materials (10.07%) have experienced double digit growth. The

remaining industry groups registered growth rates ranging from 1% to 9% in 2010-11. Thus, among the 22 two-digit level industry groups, 7 industries have registered growth rate of more than 10%, 7 industries grew by more than 5% but less than 10% and 6 industries grew by more than 3% but less than 5%. Only 2 industry groups show growth of less than 3% in 2010-11. The classification of two digit level industries into high growth, moderate growth & low growth industry groups based on growth rates for 2010-11 is given in Table 6.4.

6.5 ANNUAL SURVEY OF INDUSTRIES (ASI)

The Annual Survey of Industries (ASI) presents detailed statistics on manufacturing and electricity sub-sectors of organized industrial sector and excludes mining and quarrying from its purview. Table 6.5 presents ASI statistics for registered factories in 2008-09 and 2009-10 for Karnataka and All-India. Karnataka accounted for 5.38% of the total registered factories in 2009-10 in the Country. The contribution of registered factories of Karnataka stood at 7.12% of total fixed capital, 6.29% of total output and 6.46% of GVA in the Country during 2009-10. The

Table 6.4: Classification of Industries into groups based on growth rates (2010-11)

Groups	Industries
High-Growth Sector (= \geq 10% growth)	(i) Food Products & Beverages, (ii) Tobacco products, (iii) Wearing apparel, (iv) Publishing & printing Materials, (v) Television and Communication, (vi) Motor vehicles Trailers & Semi-Trailers, (vii) Other Transport equipments.
Medium-Growth Sector (= \geq 5% but <10% Growth)	(i) Textiles, (ii) Paper & Paper product, (iii) Coke, Refine Petrol products, (iv) Chemical & Chemical Products, (v) Rubber and Plastic products, (vi) Basic metals, (vii) Office, Accounting and Computing Machinery.
Low-Growth Sector (>0% but <5% Growth)	(i) Leather goods, (ii) Wood and Wood products, (iii) Other non-metallic mineral products, (iv) Fabricated metal products, (v) machinery equipments, (vi) Electrical machinery, (vii) Medical. Optical Instruments & Watches, (viii) Furniture.

Table 6.5: Selected Key indicators of Registered Factories: Karnataka & All-India

(Rs. crore)

Particulars	2008-09			2009-10		
	Karnataka	India	% share	Karnataka	India	% share
Industries (No)	8451	155321	5.44	8541	158877	5.38
Fixed Capital	86695	1055966	2.36	96244	1351324	7.12
Working Capital	7354	311233	2.36	7979	387761	2.06
Total Output	225813	3272798	6.90	234127	3722777	6.29
Total Input	177044	2661486	6.65	189705	3035605	6.25
Gross value added	48769	611311	7.98	44422	687172	6.46
Net value added	42532	527766	8.06	37586	582024	6.46
Profit	26536	296991	8.93	20693	322834	6.41

Source: Central Statistical Organization (CSO), GOI

share of Karnataka in total registered factories and total investment (fixed capital and working capital) has risen in 2009-10 as compared to 2008-09. However, the relative contribution of Karnataka's registered factories to industrial performance (of All-India) in terms of total output, gross and net value added and profits has declined marginally during the same period.

According to ASI-2009-10 and NIC-2008, the major industrial groups in the registered factory sector of Karnataka in terms of value of output are (i) Coke and Refined Petroleum products (14.79%), (ii) Basic metals (13.56%), (iii) Food products (13.40%), (iv) Other manufacturing materials (8.34%), (v) Machinery &

equipment (6.22%) & (vi) Motor vehicle, trailers and semi trailers (6.13%). These six industries groups together accounted for more than 62% of the total value of output of registered factories of Karnataka in 2009-10. The industry-wise composition of registered factories in Karnataka (in terms of two-digit NIC-2008) is given in Appendix 6.4.

The important indicators per registered factory based on ASI results for 2008-09 and 2009-10 are presented in Table 6.6. Karnataka compares favourably with all-India in terms of the indicators of per factory investment, employment, output and gross value added. Though registered factories of Karnataka, on an average, are more capital

Table 6.6: Important Indicators per Factory

Indicator	Unit	2008-09		2009-10	
		Karnataka	India	Karnataka	India
Investment in fixed capital	Rs. lakh	1025.8	679.9	1126.8	850.5
Employment	No.s	91	73	104	74
Value of output	Rs. lakh	2672.0	2107.1	2741.2	2343.2
Gross Value Added	Rs. lakh	577.1	393.6	520.1	432.5

Source: Central Statistical Organization (CSO), GOI

intensive than that of all-India, they are also more employment-intensive and generated more value added as well as output.

The selected economic indicators per worker for Karnataka and All-India are given in Table 6.7. Net value added, total input per worker, total output per worker and annual wages per worker reveal that Karnataka lagged behind the all-India average in terms of the first three variables but was better-off than all-India in terms of annual wages per worker in 2009-10.

6.6 UNREGISTERED MANUFACTURING SECTOR

The unregistered or unorganized manufacturing sector is another important

component of Karnataka's manufacturing industry. The National Sample Survey Organization (NSSO), Ministry of Statistics & Programme Implementation, Government of India conducts periodic surveys covering unorganized sector at the national level and collect data. The previous survey (62nd round) covering unorganized manufacturing enterprises was conducted by NSSO during 2005-06.

The highlights of Statewise results of 62nd round of NSSO survey covering unorganized manufacturing enterprises are given in Table 6.8. Karnataka accounted for 5.64% of total number of unorganized manufacturing enterprises and 5.42% of the total unorganized manufacturing

Table 6.7: Selected Economic Indicators of Industries (2007-08 to 2009-10)

Year	Labour productivity (Net value added per rupee in wages)		Total input per worker (Rs.lakh)		Total output per worker (Rs. lakh)		Annual wages per worker (Rs.)	
	Karnataka	India	Karnataka	India	Karnataka	India	Karnataka	India
2007-08	9.0	9.4	25.5	27.2	32.5	33.9	67478	62297
2008-09	9.9	8.8	29.6	30.3	37.8	37.3	71120	68103
2009-10	7.7	8.4	32.5	33.1	40.1	40.6	83218	75277

Source: Central Statistical Organization (CSO), GOI

Table 6.8: Unorganized Manufacturing Enterprises (2005-06)

State	Number (lakh)		Annual Gross Value Added (Rs.)	
	Enterprises	Workers	Per Enterprise	Per worker
Andhra Pradesh	15.33	29.39	30062	15683
Bihar	7.72	14.53	26291	13976
Chhattisgarh	2.07	4.58	40519	18341
Gujarat	6.54	18.52	96612	34133
Karnataka	9.62	19.74	58030	28268
Madhya Pradesh	8.55	17.41	29625	14544
Maharashtra	11.26	29.01	121913	47332
Orissa	9.57	20.24	20374	9638
Rajasthan	6.36	12.95	59605	29287
Tamilnadu	14.82	33.70	55590	24449
Uttar Pradesh	23.59	52.88	52041	23220
All India	170.71	364.43	51308	24304

Source: National Sample Survey Organization, GOI.

employment in the country in 2005-06. In terms of GVA per enterprise as well as per worker, Karnataka performed better than the all-India average. Both in terms of GVA per enterprise and GVA per worker, Karnataka stood fourth among Indian States.

In addition to the manufacturing sector, service sector enterprises play a crucial role in Karnataka's economy. The highlights of results of NSSO survey covering service sector enterprises (excluding trade) under the 63rd round (2006-07) are presented in Table 6.9. Table 6.9 indicates the number of enterprises and number of workers as well as GVA per enterprise and GVA per worker. Karnataka accounted for 4.9% of the total service sector enterprises and 4.8% of the total service sector enterprise workers in the Country. In terms of both GVA per enterprise and GVA per worker, Karnataka stood first in the country and accounted for more than twice as that of all-India average in terms of GVA per enterprise as well as GVA per worker.

6.7 MICRO, SMALL & MEDIUM ENTERPRISES

Micro, Small & Medium Enterprises (MSMEs) form an important and growing segment of Karnataka's industrial sector. As per the MSME Act 2006, MSME units have been categorized broadly into those engaged in manufacturing and providing / rendering services. Based on their investment on plant and Machinery, MSMEs are defined as enterprises having investment in plant & machinery upto Rs. 10 crore for manufacturing enterprises and investment on equipments upto Rs. 5 crore for service enterprises.

During 2010-11, 18434 MSME Units have been registered in the State with an investment of Rs. 120623 lakh by providing employment to 111226 persons. When compared to the same period of the previous year (2009-10), there is a 7.2% increase in No. of units registered, 1.8% decrease in investment and 0.5% increase in number of persons employed. During the first nine months of the current year (April to

Table 6.9: Service Sector Enterprises (excluding trade) (2006-07)

State	Number (lakh)		Annual Gross value added (Rs.)	
	Enterprises	Workers	Per enterprise	Per worker
Andhra Pradesh	17.23	36.35	58255	27605
Bihar	8.72	13.09	33079	22031
Chhattisgarh	1.77	4.50	52476	20664
Gujarat	6.44	12.23	189061	99506
Karnataka	8.05	15.92	221559	112097
Madhya Pradesh	4.68	10.17	64742	29822
Maharashtra	14.89	31.60	189679	89400
Orissa	6.22	19.24	36123	11678
Rajasthan	6.00	11.88	93738	47350
Tamil Nadu	11.93	29.22	98969	40413
Uttar Pradesh	22.46	40.64	47380	26188
All India	165.12	328.80	92633	46519

Source: National Sample Survey Organization, GOI

Dec.2011), 14578 units have been registered with an investment of Rs. 110732 lakh by providing employment to 90203 persons. Under this, 13601 micro units, 952 small and 25 medium industries have been registered with an investment of Rs. 30388.21 lakh, Rs 63867.79 lakh, and Rs. 16476 lakh respectively by providing employment to 60455, 24382 and 5366 persons respectively.

Details of yearwise registration of MSMEs in the State and persons employed in the registered MSME enterprises during 2000-01 to 2011-12 are given in Table 6.10. The table also represents the number of persons employed per unit in the newly registered MSMEs from 2000-01 onwards.

Districtwise details of subsidy sanctioned and releases made for MSME units are given in Appendix 6.10.

6.8 SELECTED INDUSTRIAL SECTORS

6.8.1 Food Processing Industries (Food Parks)

Under the 10th five year plan, the Ministry of food processing industries, Govt. of India

had approved the establishment of food parks in Malur, Hiriyur, Bagalkot and Jewargi Districts. Most of the civil infrastructure work in these parks has been established. The status of implementation of these food parks are as detailed below:

i. Innova agri biopark limited, Malur: The company has started processing vegetables, fruits and dal for the local as well as for the export market. An expenditure of Rs. 1827.64 lakh has been incurred (as on 30th Sept 2011) under the project. The Government of Karnataka has provided a grant of Rs. 400 lakh for the project while the implementing agency has mobilized Rs. 549.30 lakh. The project has also mobilized a grant of Rs. 278.34 lakh from the Government of India.

ii. Green food park limited, Bagalkot: The civil works for most of the buildings have been completed. The company has acquired the cold storage equipments and the same are being installed. An expenditure of Rs. 1275.93 lakh has been incurred (as on 29th Oct 2011) under the project. The Government of Karnataka has provided a grant of Rs. 200 lakh for the

Table 6.10: Micro, Small & Medium Enterprises (2000-01 to 2011-12)

Year	MSME units	Employment	Employment per unit
2000-01	16554	85792	5.18
2001-02	16964	73195	4.31
2002-03	12029	57371	4.77
2003-04	12220	56790	4.65
2004-05	11238	49998	4.45
2005-06	12780	58133	4.55
2006-07	12580	57517	4.57
2007-08	14984	123399	8.24
2008-09	15705	105034	6.69
2009-10	17195	111164	6.46
2010-11	18434	111226	6.03
2011-12 (upto Dec 2011)	14578	90203	6.46

Source: Directorate of Industries and Commerce.

project while the implementing agency has mobilized Rs. 421 lakh. The project has also mobilized a grant of Rs. 178.34 lakh from the Government of India. The company has indicated that it would put the food park into operation by March 2012 subject to release of the balance grants from the State and Central Governments.

iii. Akshay food park limited, Hiriyyur: Cold storage equipments, four lines of grading & separating machines for fruits & vegetable processing, two lines of grading machines for foodgrains, oilseeds and spices with a total capacity of 16 MTs per hour and two lines of packaging machines have been acquired and installed. The company has entered into MoUs with six companies for allotting 17 acres of land for establishing gherkin processing plant, food packaging unit and HRD institute in the park. The company has started operations in a small way by availing working capital funds from banks. An expenditure of Rs. 2435.45 lakh has been incurred (as on 31st Oct 2011) under the project. The Government of Karnataka has provided a grant of Rs. 399 lakh for the project while the implementing agency has mobilized Rs. 305 lakh. The project has also mobilized a grant of Rs. 400 lakh from the Government of India. The Company has indicated that it would put the food park into operation by March 2012 subject to release of the balance grants from the State and Central Governments.

iv. Jewargi agro food park limited, Jewargi: The company has acquired cleaning, grading and packing lines for all types of grains with a capacity of 10 tonnes per hour, and the same are to be erected. An expenditure of Rs. 986.99 lakh has been incurred (as on 28th Oct 2011) under the project. The Government of Karnataka has provided a grant of Rs. 200 lakh for the project while the implementing agency has mobilized Rs. 200 lakh. The project has also mobilized a grant of Rs. 196.25 lakh from the Government of India. The promoters of the

company have indicated that they would complete the project implementation by March 2012 subject to release of the balance grants from the State and central Governments.

v. Food parks at Bangalore rural, Tumkur, Shimoga, Davangere, Bijapur and Belgaum districts: The Government of Karnataka had approved the establishment of food parks in Bangalore rural, Tumkur, Shimoga, Davangere, Bijapur and Belgaum districts in the 2008-09 budget. These parks are in various stages of development.

vi. Spice park at Byadgi in Haveri District: Food Karnataka limited (FKL) had issued two notifications in leading newspapers requesting for proposals from private parties for the development of a Spice park at Byadgi. As no proposal was received, the board of FKL had desired that the spice park project could be established by KIADB. In response, KIADB has taken a decision that FKL should reinitiate the tendering process. In the backdrop of FKL being transferred to KAPPEC, further processes would be initiated after completion of the transfer process. Financial transactions of food parks are giving Appendices 6.5 and 6.6.

6.8.2 Textiles Industries

The textile policy "Suvarna Vastra Neethi : 2008-2013" of the Government of Karnataka covers all units which are engaged in various value chain activities of the industry such as spinning, weaving (powerloom and handloom) including preloom activities, knitting, processing, garmenting, units engaged in manufacturing technical textiles and all other supporting ancillary activities including textile machinery manufacturing. The policy has the objective of establishing the textile and garment industry of Karnataka as a producer of internationally competitive value-added products thereby maintaining dominant presence in the growing domestic and international markets and contributing to the sustainable employment and economic growth of the State.

Details of handloom weavers and looms in the State are given in Table 6.11 while details of powerloom weavers and looms are given in Table 6.12. Details of production and employment in the cooperative powerloom and handloom sectors are given in Table 6.13.

During the 11th five year plan, 3000 handloom weavers have been provided with housing facilities. 12500 Handloom weavers have been provided with loans at subsidized rate of 4% or 3% to the tune of Rs. 350.42 lakh. Rs. 4290 lakh has been utilized during the plan period for waiver of loan and interest of weavers. 120 handloom weavers' co-operative societies are being provided with 20% rebate on sale of handloom goods as a marketing incentive. Power is subsidized and provided at the rate of Rs. 1.25 per unit for 25000 powerloom units having power connection upto 20 HP benefitting above 90000 weavers. 1500 powerloom weavers are being provided with 2 powerlooms each at subsidized rate of

50% subject to a ceiling of Rs. 1.00 lakh per beneficiary. Employment for 85000 persons is being generated by imparting skill development training in various segments of textile sector through training and setting up of training centres with an expenditure of Rs. 7000 lakh.

During the 12th five year plan, it is planned that 10000 weavers would be provided with housing facilities. 30000 weavers will be provided with 3% interest loans and 10000 employment opportunities will be created for SC/ST beneficiaries by providing training, looms and accessories, working capital and housing facilities. 200 handloom weavers' co-operative societies will be provided with 30% rebate on sale of handloom goods as a marketing incentive since the Government of India has discontinued provision of 10% rebate on sale of handloom goods. 5000 silk weavers will be covered under the catalytic development program of the Government of India for the development of the silk sector in the State. 50 clusters and groups of weavers

Table 6.11: Handloom Weavers and Looms in Karnataka

Sl.No	Particulars	Rural	Urban	Total
1	Total Weaver households	33854	3826	37680
2	Weaver Population			
	a) Male	61632	6447	68079
	b) Female	60056	6203	66259
	c) Children (Below 14 yrs)	43452	4275	47727
	Total	165140	16925	182065
3	Weaving workforce			
	a) No. of adult weavers	35894	4038	39932
	b) No. of adult allied workers	33762	3125	36917
	Total	69686	7163	76849
4	Looms			
	a) Working	30394	4212	34606
	b) Idle	5268	614	5882
	Total	35662	4826	40486
5	Per capita income of weaver households (Rs.)	24840	25405	24897

Table 6.12: Powerloom Weavers and Looms in Karnataka

SI. No.	Particulars	No.s
1	Weaver households	30988
2	Weavers	127535
3	Looms	88566

Source: Powerloom census conducted by Govt. of India, 1995-96

Table 6.13: Production and Employment in Handloom and Powerloom Industries

(Co-operative sector only)

SI No	Item	Unit	Annual Plan 2009-10		Annual Plan 2010-11		Annual Plan 2011-12	
			Target	Acht.	Target	Acht.	Target	Acht. (Upto Dec. end)
1	Handlooms							
	a) Production	Million mtrs	50.00	48.92	50.00	44.08	50.00	37.24
	b) Employment	Lakh	0.90	0.74	0.90	0.91	0.95	0.89
2	Powerlooms							
	a) Production	Million.mtrs	275.00	253.21	275.00	292.65	300.00	246.43
	b) Employment	Lakh	2.00	2.19	2.20	2.29	2.35	2.30

will be identified and developed under integrated handloom development scheme with coverage of about 10000 weavers. All handloom weavers will be provided with yarn subsidy at the rate of Rs. 15 per kg of yarn purchased through National Handloom Development Corporation which is subject to change according to market fluctuations. The benefit of power subsidy will be extended to powerloom units having power connection upto 50 HP. 20000 powerloom weavers will be provided with 2 powerlooms each at subsidized rate of 50% subject to a ceiling of Rs. 1.00 lakh per beneficiary with 5000 SC/ST beneficiaries being provided looms with 90% subsidy. The benefit of power subsidy of Re. 1 per unit will be extended to the old spinning mills also to prevent further closure of mills. Financial assistance will be provided for taking up modernization of ginning, pressing and spinning mills. Special emphasis will be given to the technical textiles sector. There

would be a special focus on employment generation to the tune of 5 lakh persons and investment mobilization of Rs. 10000 crore.

6.8.3 Sericulture

Sericulture is one of the major employment generating sectors and its growth has immense employment generation potential, particularly in rural Karnataka. The area under mulberry cultivation in the State was about 50.71 thousand hectares at the end of November 2011, which is lower than the area under mulberry cultivation in 2010-11 (Table 6.14). Even the production of cocoons, quantity of cocoons marketed, raw silk production and total employment in industry was less in 2011 compared to 2010. Details of the State's production and imports of silk yarn are given in Table 6.15. Table 6.16 provides details of expenditure incurred under various promotional programs while Table 6.17 presents details of financial assistance availed by reelers

and sericulturists. During 2010-11, the estimated silk production in India was about 16957 MTs of which Karnataka's share was 7338 MTs.

The Karnataka Silk Marketing Board Ltd (KSMB), established in 1979, aims at stabilizing the prices of silk yarn. During the year 2010-11, the turnover of the company was Rs. 3443.90 lakh as against Rs. 2653.89 lakh in the previous year. In the year

2011-12 (upto Dec-11), the turnover was Rs. 3037 lakh. Details are given in Table 6.18.

Details of budget estimates, releases, expenditure under State plan for 11th five year plan are given in Appendix 6.11.

During 2010-11, as compared to 2009-10, the quantity of silk traded at silk exchanges decreased by 4.33% and the average price of silk increased by 36% (Table 6.19). In spite of poor arrivals at the silk exchanges,

Table 6.14: Sericulture industry in Karnataka (2009-10 to 2011-12)

Sl. No.	Category	Unit	2009-10	2010-11	April to November		% variation (2011 over 2010)
					2010	2011	
1.	Area under mulberry	'000 hectares	82.09	62.70	62.70	50.71	-23.72
2.	Production of cocoons	'000 MTs.	54.28	52.71	25.86	25.11	-2.89
3.	Quantum of Cocoons marketed	'000 MTs.	51.70	50.04	24.63	23.86	-3.12
4.	Raw silk production	'000 MTs.	7.36	7.34	3.55	3.53	-0.40
5.	Employment in sericulture	Lakh	10.67	8.15	4.32	3.30	-23.61

Note: MTs -Metric Tonnes

Source: Department of Sericulture.

Table 6.15: Production of silk yarn and import of silk yarn in Karnataka (2000-01 to 2010-11)

Year	Karnataka Silk Production (tons)	Import of Silk Yarn (tons)
2000 - 2001	8121	4713
2001 - 2002	8200	6808
2002 - 2003	8728	9054
2003 - 2004	6760	9258
2004 - 2005	7302	7185
2005 - 2006	7471	8334
2006 - 2007	7883	5567
2007 - 2008	8240	7921
2008 - 2009	7238	8391
2009 - 2010	7360	7341
2010 - 2011	7338	5870

Source : Central Silk Board

Table 6.16: Promotional Programs for Sericulture (2010-11)

Sl. No.	Program	Amount sanctioned (Rs. lakh)	Amount spent (Rs. lakh)
1	Reshme Varadana Yojane	250.00	246.61
2	Special Component Plan		
	(i) State sector	418.40	416.53
	(ii) District Sector	81.51	77.377
3	Tribal sub-plan		
	(i) State sector	159.60	157.02
	(ii) District sector	29.59	26.782
4	Women Development Program	140.03	136.78
5	Catalytic Development Program	5836.00	5088.32

Source: Department of Sericulture.

Table 6.17: Financial Assistance availed by Reelers and Sericulturists (2010-11)

Particulars	Beneficiaries	Amount (Rs. lakh)
A. Financial Assistance to Reelers		
Charaka	-	-
Cottage Basin	1	1.00
Multi-end basin	1	7.50
Total	2	8.50
B. Financial Assistance to Sericulturists		
Mulberry Plantation	615	203.36
Purchase of equipment	487	115.73
Construction of Rearing House	920	1870.58
Irrigation system	16	5.75
Total	2038	2195.43

Source: Department of Sericulture.

Table 6.18: Financial Performance of Karnataka Silk Marketing Board

(Rs. lakh)

Particulars	2008-09	2009-10	2010-11	2011-12 (upto 31.12.2011 provisional)
1. Turnover	1898.47	2653.89	3443.90	3037.00
2. Profit after tax	(-) 361.88	(-) 258.79	(-) 399.64	(-) 287.80

Source: Karnataka Silk Marketing Board Ltd.

Table 6.19: Transactions of Silk Yarn at Silk Exchanges and average prices (2007-08 to 2011-12)

YEAR	Quantity (Tonnes)	Average Price (Rs./Kg)	
		Filature	Charka
2007-08	1363	1204	1100
2008-09	1288	1347	1240
2009-10	1084	1615	1500
2010-11	1037	2199	2037
2011-12 (till Dec '11)	960	1923	1663

Source: Karnataka Silk Marketing Board Ltd.

during 2011-12 (upto Dec 2011), 223 tons of silk worth Rs. 40.38 crore were purchased of which 151 tons were sold at a value of Rs. 30.37 crore. The transaction and financial performance of Silk Marketing Board from 2004-05 to 2011-12 is detailed in Table 6.20. During 2010-11, the prices of imported silk were higher than that of domestic silk. There was a continuous increase in the prices of silk yarn and the price of filature silk rose from Rs.1755/Kg in April 2010 to Rs.2707/Kg in February 2011. Subsequently, there was a constant decline in prices. In Dec 2011, the average price of filature silk was Rs.1855/Kg. Even in respect of charaka silk, the same trend prevailed in the market and the average

price was Rs. 1647/Kg. The sudden fall in the prices from the last week of February 2011 was mainly due to reduction in the import duty on silk by the Central Government and increase in the cocoon production. As a result of this, there was pressure on KSMB to purchase silk. As the company did not have sufficient funds for the purchases, the reelers went on strike in Kollegal and Ramanagaram. The Government released funds in the form of loans of Rs. 12 crore in March 2011. The amount has been fully utilized for the purchases. Thereafter, with guarantee provided by the State Government for a loan of Rs. 25 crore, the company has availed overdraft of Rs. 30 crore from banks. The

Table 6.20: Transaction and Financial Performance of Silk Marketing Board (2004-05 to 2011-12)

(Quantity in tons and Value in Rs. lakh.)

Year	Purchase		Sales		(+ Profit / (-) Loss (Rs.)	Accumulated Loss (Rs.) (-)
	Quantity	Value	Quantity	Value		
2004-05	71	704	103	1100	(-) 186.86	902.16
2005-06	104	1220	104	1219	(-) 195.06	1097.22
2006-07	105	1215	95	1165	(-) 316.65	1413.87
2007-08	87	959	113	1324	(-) 405.86	1819.73
2008-09	127	1569	147	1898	(-) 361.88	2181.61
2009-10	171	2661	163	2653	(-) 258.79	2440.40
2010-11	201	4179	161	3444	(-) 399.63	2840.04
2011-12 (upto Dec'11)	223	4038	151	3037	(-) 287.80	3127.84

Source: Karnataka Silk Marketing Board Ltd.

value of exports of silk goods from Karnataka and India is given in Table 6.21.

6.8.4 Information Technology and BioTechnology Industries

Karnataka has emerged as a major base of information technology (IT) and

biotechnology (BT) industries domestically as well as at global level. The State is one of the most attractive destinations for both domestic and foreign investors. The different dimensions of achievements made in the IT sector are presented in Table 6.22.

Table 6.21: Value of exports of Silk goods from Karnataka and India (2009-10, 2010-11 & 2011-12 (April to August 2011))

(Rs. crore)

Particulars	2009-10	2010-11	2011-12 (April to Sept) (P)
Karnataka	700.32	712.62	320.76
India	2892.44	2863.76	1113.52
Share of Karnataka (Percentage)	24.21	24.88	28.81

Note: 1. Figure includes silk yarn and silk waste
2. Value of export of silk goods figures from Karnataka reflects the export consignments dispatched from ports viz., Bangalore air and Bangalore ICD only.
3. (P) Provisional.

Source: Central Silk Board, Bangalore

Table 6.22: Achievements in Information Technology Sector (2009-10 to 2011-12)

Sl. No.	Particulars	Units	2009-10	2010-11	2011-12 (upto Nov'11)
1.	Software Exports	Rs. crore	76000	70589	44052
2.	No. of STP units approved	Nos.	77	2197	2216
3.	Investment from STP units approved	Rs. crore	818.08	825.8	418.63
4.	No. of Foreign Equity companies	Nos.	34	16	14
5.	Investment from FE's	Rs. crore	449.87	744.24	328.41
6.	No. of Electronic Hardware Companies	Nos.	-	1	1
7.	Investment from Hardware units	Rs. crore	2261.57	12.47	8.0
8.	No. of Major Indian Companies	Nos.	4	-	-
9.	Investment from Major Indian Companies	Rs. crore	213.83	-	-
10.	No. of SME Companies	Nos.	39	25	5
11.	Investment from SMEs	Rs. crore	154.38	81.53	14.89
12.	No. of BPO Companies	Nos.	-	-	-
13.	BPO Exports	Rs. crore	-	-	-
14.	Investment from BPO units approved	Rs. crore	-	-	-
15.	New IT projects approved by the SLSWCC/SHLCC/BT for the current year upto November 2011	Nos.	83	85 IT + 4 BT	34 IT

Source: Karnataka Biotechnology and Information Technology Services

Initiatives of e-Governance

Karnataka has an exclusive DPAR (e-Governance Governance) in the Administrative Reforms wing of the Department of Personnel & Administrative Reforms, which was set up in 2003, to accelerate the process of IT enabling of government processes for the benefit of citizens and to improve transparency and efficiency in administration.

The DPAR (e-Governance) has created the necessary infrastructure for implementing e-Governance in the State. It includes, among others, e-procurement project. This project has been extended to 169 Departments / Organizations as of November 2011. Procurements valued at more than Rs. 87000 crore have been made through this platform. This platform has enabled competition among the bidders and more bidders are participating in the tendering process, resulting in the reduction of 10% in bid amount vis-à-vis the estimated expenditure. More than 21000 Suppliers/bidders are registered on the platform,

Other important developments are as follows:

- Karnataka State Wide Area Network (KSWAN) project has covered 2800 Government offices comprising 56 departments and I.P phones provided to more than 2300 offices. Government business centers are established in 126 taluk headquarters, which can be used by all the offices in the taluk headquarters. Extensive Video Conferencing Programmes conducted between State headquarters and District headquarters using KSWAN network and thereby minimizing the visit of District officers to State Headquarters.
- Service registers of all the Government employees have been computerized under the Human Resource Management System. Nodal officers appointed in 85 field Departments 5000 master trainers trained. HRMS has been extended to all municipalities covering 15000 employees.
- A new State Data Center (SDC) has commenced in Vikasa Soudha since 09.06.2011. In the existing SDC, 60 applications of 28 Departments are hosted. Now, migration is being done.
- Bangalore One centre, started to provide G2C and B2C services under a single roof as a one stop shop, is proposed to be established in each ward of the city. There are now 75 Bangalore One centers. The number of transactions, upto November 2011 was more than 7 crore. This project has bagged the prestigious "MANTHAN and CSI NIHILENT e-Governance award" during this year.
- Thirty two Karnataka one centers have been established (similar to Bangalore One) in tier two cities, namely, Hubli-Dharwad, Shimoga, Belgaum. Bellary, Mysore, Mangalore, Davanagere, Gulbarga and Tumkur.
- Rural Digital Services (Nemmadi), which were launched in October 2006, has a total of 799 rural kiosks established at Hobli level. Rural clients are provided with G2C and B2C services of Government departments and private companies.
- File Monitoring System (FMS) and Letter Monitoring System (LMS) has been operationalised in the Karnataka Government Secretariat. Another package called document management system and court monitoring system has also been operationalised. The upgraded Sachivalaya -2 package has been implemented.

- Wireless LAN connecting 1,500 nodes is in place in the Secretariat.
- Aadhar (UID) project was inaugurated on 08.10.2010. Pilot work in Mysore and Tumkur Districts has been completed. 97% of residents of Tumkur and Mysore Districts have been enrolled. Now, the project has been extended to 24 districts. At the end of November 2011, 1.2 crore residents have enrolled. This project has bagged the excellence award for “Innovative Documentation Management System“ from UIDAI, Government of India.
- The officers and staff of various department of Government of Karnataka have been trained in operating the e-Procurement platform.
- Right to Information Project: To enable citizens to seek information under RTI Act, 2005, through call centre
- Bangalore One/ Karnataka One State Web Portal: This project is in its final stage.
- MIS system for the Planning Department to enable web based collection and collation for information about the implementation of various plan schemes of different departments is under implementation.
- Stamps and Registration Services: Citizens of Bangalore city are given an opportunity to register their property after purchase in any one of the sub-registrar's office in Bangalore city. This facility is being extended to all over the state soon.
- Automation of the services of Labour Department: Under this project, the services of the Department will be automated and electronically made available to the public.
- Vajpayee Arogyashree: The project will be electronically enabled
- Karnataka Residents Data Hub: The State Government is implementing citizen friendly schemes Like Nemmadi, Bhoomi, Bangalore One etc. The intention of this project is to have consolidated information relating to all the citizens availing benefits with linkages established between the different data bases. Now efforts are on the way to link UID data base to this hub.

6.8.5 Mining and Minerals Industries

The State has a rich deposit of ores and minerals and as such, the State's mining industry has earned a recognizable position in the National map. The Department of Mines and Geology has collected Rs. 671.35 crore as royalty during 2011-12 (upto November 2011) as compared to Rs. 1184 crore during 2010-11 (Table 6.23).

In 2011-12 (up to November 2011), a total of 6 quarry leases for ornamental stone and 330 leases for building stone has been granted, and 7 mining leases have been

sanctioned. During 2010-11, 24 quarry leases for ornamental stone and 774 leases for building stone and 29 mining leases have been granted.

The annual plan and actual expenditure incurred during 11th five year plan by the department is enclosed in appendix 6.12.

The Karnataka Mineral Policy, 2008 has been launched on par with National Mineral Policy, 2008. Also, in order to curb illegal mining and transportation, the State has framed the rules entitled Karnataka (Prevention of Illegal mining, Transportation

Table 6.23: Royalty collected by Dept of Mines and Geology, Karnataka

Year	Target	Achievement (Rs. crore)
2007-08	450	475.52
2008-09	519	556
2009-10	815	863.3
2010-11	1125	1184.16

and Storage of Minerals) Rules 2011 under the provisions of section 23(C) of MMRD Act 1957. The Government of Karnataka has issued a ban order on the issue of mineral dispatch permits for exporting iron ore. Further, the stock yard permission given to the traders is also cancelled. The stock yard permissions are accorded only for mine owners and to those who have true mineral beneficiation plant.

The State Government is currently implementing the new sand policy 2011 to prevent illegal sand mining. The State Government has also formulated "The Karnataka Regulation of Stone Crushers Ordinance 2011" for regulating the stone crushing business.

6.9 Industrial Policy Initiatives and Industrial Investment

Karnataka has been pursuing a proactive industrial policy to facilitate and promote a favorable investment climate both for existing and prospective investors. The

State's current industrial policy (2009-2014) has been introduced for a period of five years with effect from 1st April 2009. The policy has the major objectives of i. Building a prosperous Karnataka by developing human and natural resources in a systematic, scientific and sustainable manner ii. Creating an additional employment of 1 million with an investment of Rs. 30000 crore in the industrial sector by the end of 2014 iii. Creating enabling investment for robust industrial growth and achieving inclusive industrial development in the State and iv. Enhancing the contribution of manufacturing sector to the State GDP from the present 17% to 20% by the end of March 2014.

Industrial investments proposed through filing of industrial entrepreneurs' memorandum (IEM) and issuing of industrial licenses (IL) are presented in Table 6.24. The number of investment proposals, amount of proposed investment

Table 6.24: Industrial Approvals in Karnataka

Particulars	2009	2010	2010	2011
			January to October	
Industrial Entrepreneurs Memorandum (IEM) filed (Nos.)	179	261	227	173
Proposed Investment (Rs. crore)	92054	139218	130986	87762
Proposed Employment (Nos.)	82339	112761	89200	89488
Letter of Intent & Direct				
Industrial Licences issued	-	8	8	3
Proposed Investment (Rs. crore)	-	1071	1071	65
Proposed Employment (Nos.)	-	6385	6385	299

Source: Department of Industrial Policy & Promotion, GOI.

and proposed employment in 2011 have increased in 2011 as compared to 2010.

6.9.1 Foreign Direct Investment (FDI)

The figures for State-wise FDI inflows from 2008-09 upto 2011-12 (up to Nov' 2011) as well as cumulative FDI inflows from April 2000 till Nov 2011 are given in Table 6.25. Though FDI inflows to Karnataka have fluctuated in the last three years, the total FDI inflows to the State in the last decade accounted for 6% of the total FDI inflows to India and, Karnataka stands third among Indian States in terms of quantum of FDI inflows.

6.9.2 Karnataka Udyog Mitra (KUM)

Karnataka Udyog Mitra (KUM) is a single contact point for all investors who intend to set up enterprises/business in Karnataka. As the nodal agency, its role is to facilitate investments & execute initiatives to enable a smooth transition from the stage of receiving an investment proposal to the eventual implementation of the project. It acts as a secretariat for State high level clearance committee (SHLCC) for projects above Rs. 50 crore & State level single window clearance committee (SLSWCC) for projects between Rs. 3 to 50 crore. The details of the number of projects, investment & employment to be generated by the projects cleared by the SLSWCC and

SHLCC from 2000-01 to 2011-12 are given in the Tables 6.26 & 6.27 respectively.

6.9.3 Global Investors Meet

6.9.3.1 Global Investors Meet 2010: The Government of Karnataka organized the Global Investors Meet 2010 on 3rd & 4th June 2010. During the Global Investors Meet 2010, the State Government entered into MOUs with 389 companies with an investment of Rs. 3.92 lakh crore which would create employment opportunities to more than 7 lakh people. 22 projects with an investment of Rs. 1836 crore are already implemented & 237 projects with an investment of Rs. 3.29 lakh crore are under various stages of implementation.

6.9.3.2 Global Investors Meet 2012: The Government of Karnataka has planned to organize the next Global Investors Meet in June 2012 (7th & 8th June 2012). The mission of Global Investors Meet 2012 is "to attract Rs.5 lakh crore investments which will create atleast 10 lakh jobs & double Karnataka's GSDP by 2020". This event provides investors an excellent opportunity to explore the potential of the State & network with global investors. Several sectoral sessions have been planned wherein eminent speakers will participate. An exhibition is also planned as a part of the event.

Table 6.25: FDI Inflows¹ to Karnataka

Amount : US \$ million

Sl. No.	Reserve Bank of India Regional Office ²	States Covered	2008-09	2009-10	2010-11	2011-12 (upto Nov 2011)	Cumulative Inflows (April 2000 - Nov 2011)	% to Total Inflows
1	Bangalore	Karnataka	2026	1029	1332	1182	9410	6
	Grand Total ³	India	27331	25834	19427	22835	152673	-

1. Includes equity capital components only.

2. The regional-wise FDI inflows are classified as per RBIs Regional Office received FDI inflows, furnished by RBI, Mumbai.

3. On the basis of clarification received from RBI, the amount of stock swap & advance pending for issue of shares has been deleted from FDI data.

Source : Department of Industrial Policy & Promotion, GoI

Table 6.26: Projects approved by State Level Single Window Clearance Committee (2000-01 to 2011-12)

Year	Approved Projects	Investments (Rs. crore)	Employment (Nos.)
2000-01	292	4557.88	138204
2000-02	103	2042.92	46007
2002-03	95	1822.97	32072
2003-04	162	3797.57	102735
2004-05	202	4524.76	109028
2005-06	293	6647.65	272654
2006-07	871	11511.44	612620
2007-08	727	10266.92	349015
2008-09	310	5181.62	135623
2009-10	359	7749.88	115932
2010-11	439	6879.64	110505
2011-12 (Upto Nov.2011)	186	2695.74	388556
Total	4039	67678.99	2412951

Source: Karnataka Udyog Mitra

Table 6.27: Projects approved by State High Level Clearance Committee 2000-01 to 2011-12

Year	Approved Projects	Investments (Rs. crore)	Employment (Nos.)
2000-01	88	38345.82	109863
2000-02	21	5975.40	30702
2002-03	7	1130.82	9302
2003-04	26	10263.61	99313
2004-05	29	31718.05	130642
2005-06	55	43993.19	588259
2006-07	66	92055.84	781966
2007-08	108	160522.82	1996504
2008-09	50	105266.20	410842
2009-10	110	288548.57	284934
2010-11	186	187185.70	580161
2011-12	60	34088.80	165010
Total	806	999094.82	5187498

Source: Karnataka Udyog Mitra

6.9.4 Special Economic Zones (SEZs)

The Government of Karnataka has formulated a State policy for SEZs as per Central SEZ Act 2005 & Rules 2006, with a view to provide a hassle-free environment for export production and to attract FDI. Salient features of the State Policy for SEZs are: i. Single point clearance to SEZ developers & units ii. No compulsory acquisition of land. Land to be acquired on consent. iii. SEZs have to be set up on waste, dry and single crop land iv. Delegation of labour commissioner's powers to development commissioner SEZ v. Monitoring and review committee constituted to monitor and review implementation of SEZs under the chairmanship of the State's Chief Secretary.

The fiscal package of incentives extended to SEZ developers unit include: Exemption from State taxes for all purchases from domestic tariff area excluding petroleum products, exemption from stamp duty and electricity duty and, capital subsidy for common effluent treatment plant.

The Board of Approvals of SEZ constituted under SEZ Act 2005 has granted formal approvals for 58 SEZs and, in-principle

approval for 1 SEZ in the State. The State has approved a considerably large no. of SEZ proposals (81% of proposals) in the IT / ITES sector. Of the approved 58 SEZ proposals, 20 SEZs are operational. A total of Rs. 18032 crore has been invested in the SEZs generating employment for 142242 persons. Their total exports (upto 30th Sept 2011) was Rs. 49346 crore.

6.9.5 Karnataka State Small Industries Development Corporation

Karnataka State Small Industries Development Corporation Limited (KSSIDC) promotes the development of small scale industry (SSI) sector by providing industrial sheds, channels for procurement and distribution of raw materials and management guidance to SSI entrepreneurs. The Corporation has a network of 24 depots for raw material distribution in the State. It has also acquired land in and around Bangalore and in other districts for the construction of sheds and plots for development as per the SSI units' demand. The details of raw materials sold, sheds constructed and plots developed by the Corporation are given in Table 6.28. The financial performance of KSSIDC is shown in Table 6.29.

Table 6.28: Performance of Karnataka State Small Industries Development Corporation

Particulars	Unit	2008-09	2009-10	2010-11 (April - Mar 11)	2011-12 (April - Dec 11)
Depots for distribution of raw material	No.s	24	24	24	24
Raw material sold (Iron & Steel)	Rs. crore	63.15	67.23	89.24	66.42
Industrial sheds constructed (Incl. of Sheds / Godowns / Flats / Shops)	No.s	5756	6214	6214	6214
Industrial Plots developed (cumulative)	No.s	5943	6301	7036	7036

Source: Karnataka State Small Industries Development Corporation (KSSIDC)

Table 6.29: Financial Performance of Karnataka State Small Industries Development Corporation

(Rs. lakh)

Year	Total income	Total Expenditure	Net Profit after tax
2007-08	10845.80	9726.62	747.57
2008-09	11963.71	10055.09	1247.36
2009-10	12851.46	10916.65	1454.78
2010-11	17488.54	14106.98	2679.66
2011-12 (Upto Dec-2011)	22092.79	21337.28	755.51

Source: KSSIDC

6.9.6 Karnataka State Industrial Area Development Board (KIADB)

KIADB, to facilitate its land acquisition activities for industrial development, has introduced a land-sharing scheme wherein about 9800 sq.ft. of developed land would be provided to the person who loses one

acre of land in addition to the regular land compensation for one acre. The statistics on the performance of KIADB for the last three years are given in Table 6.30.

The outcomes (Target & Achievements) of 11th five year plan of the department are detailed in appendix 6.13.

Table 6.30: Performance of Karnataka State Industrial Areas Development Board

Sl. No.	Particulars	Unit	2008-09	2009-10	2010-11	2011-12 (April to Nov.11)
1.	Area acquired	Acres	7105	3778	25058	2796
2.	Area allotted					
	(a) SSI, L & M	Acres	2316	1985	2128	458
	(b) Single Unit Complex	Acres	1231	262	160	5067
	Total	Acres	3547	2247	2288	5524
3.	Expenditure incurred for acquisition	Rs. lakh	127500	137500	174900	66060
4.	Expenditure incurred for development	Rs. lakh	22500	15670	28625	11150
5.	Total Expenditure incurred	Rs. lakh	150000	153170	203525	77215
6.	No. of Entrepreneurs					
	(a) SSI units, L & M	No.	863	1072	997	414
	(b) Single Unit Complex	No.	11	8	12	17
	Total		874	1080	1009	431

Source: Karnataka State Industrial Areas Development Board, Bangalore.

6.9.7 Karnataka State Electronics Development Corporation Limited (KEONICS)

Karnataka, specifically, Bangalore is a preferred destination for companies looking to offshore their information technology (IT) and back-office functions, due to the metropolis' natural and strategic advantages coupled with the support extended by the Government of Karnataka to the IT industry in the form of allotment of land at concessional rates, IT infrastructure and other tax incentives to the IT Entrepreneurs. Further, the industry has its low-cost advantage and is a financially attractive location when viewed in combination with the business environment which the State offers, and the availability of skilled people. Further, a number of India's top technology firms have their strong base in the Silicon valley of India, i.e. in Electronic City, Bangalore. These IT majors have a decisive role in IT Exports and are instrumental in regularly achieving and sustaining a growth rate of over 20% indicating a robust growth ahead. Reports suggest that the IT industry in the State has offered direct employment to almost 8 lakh people, which is expected to grow by at least 15% in the year ahead.

In order to ensure that the fruits of the IT revolution are obtained in all regions of the State and to encourage the local entrepreneurs to set up their business units, the Government of Karnataka has taken a series of measures to establish IT Infrastructure/IT Parks in the Tier-II cities. To supplement the measures taken in this direction, the Government entrusted the Karnataka State Electronics Development Corporation Limited (KEONICS) with the responsibility of setting up IT Parks in Tier-II Cities in the State and don the role of a nodal agency to provide necessary IT Infrastructure and support to the IT Industry & the entrepreneurs in the State.

The activities that are presently being undertaken by KEONICS can be broadly categorized as i. IT Infrastructure Facility Services ii. Commercial & Marketing Services iii. Training Services iv. Information Technology Enabled Services (ITES) and Allied Services v. Consultancy Services and vi. Human Resources & Manpower Consultancy Services.

KEONICS is actively involved in establishing IT Parks in Tier 2 Cities in the State such as Hubli, Gulbarga, Shimoga, Mysore & Mangalore. The progress made in this direction is as under-

IT Park, Hubli: The Government of Karnataka has initiated several measures to establish IT park in Hubli with state-of-the art infrastructure. The first step in this direction was taken way back in the year 1999-2000 by setting up an IT park with 2,75,000 sq.ft. built up area in a sprawling IT complex at Hubli with a total investment of Rs 42.36 crore. The Government has offered additional incentives including providing work space at concessional lease rentals to prospective entrepreneurs to utilize the space available for establishing IT and IT-enabled businesses in the complex. KEONICS has been entrusted with the responsibility of maintaining the IT Park Complex at Hubli.

IT Park, SEZ, Shimoga: The Government of Karnataka has announced the establishment of IT SEZ and IT PARK in Non-SEZ areas in Shimoga. KEONICS has been mandated to establish and develop IT-SEZ and IT park in KIADB Industrial Estate, off Shimoga-Bhadravathi Highway. Developmental works have been undertaken to create 1 million sq.ft built up area in 25 acres of land allotted for developing the IT SEZ with an estimated investment of Rs. 250 crore on PPP model. Co-developers have been identified and the work is in progress in the first phase in an area of 6 acres. All necessary approvals

have been obtained from the Government of India and other Agencies.

IT Park (Non-SEZ) Shimoga: The first phase of construction for setting up of IT Park in the non-SEZ area at Shimoga for a built-up area of 67599 sq.ft out of total area of 100000 sq.ft. is in progress. The project Cost is Rs. 1546 lakh (approx). The phase-I work is expected to be completed by December 2011.

IT Park, Gulbarga: KEONICS has taken up IT Park project in Gulbarga in an area of 2 acres of land with a built-up area of 150000 sq.ft. in 3 phases with an estimated cost of Rs. 23.90 crore. The construction of the IT Park complex is in its final phase. Several incentives are offered to the local entrepreneurs including allotting workspace at very nominal rates.

IT Park at Mangalore & Mysore: The Government of Karnataka has approved the proposal for establishing IT parks at Mysore and Mangalore under the Public Private Partnership (PPP) mode. The tendering process for identifying the private partner has been initiated and the implementation of the project is expected to take off during 2012.

Along with the implementation of activities related to establishment of IT Parks, KEONICS is also involved in other activities as indicated above. The

financial performance of KEONICS is given in Table 6.31.

KEONICS is poised to play a vital role in the upcoming Information Technology Investment Region (ITIR) project conceived and being developed by the Government of India and Government of Karnataka near the international airport, Bangalore with an initial investment of Rs. 1600 crore in an area spread over 2100 acres in the first phase. The project is aimed at housing IT SEZ, Electronic Hardware park among other ancillary industries with an integrated township.

KEONICS has established a cyber lab at Mangalore with the support of the Department of information technology, Government of Karnataka, to develop capacity building unit for law enforcement agencies, legal fraternity, Government departments, banking, corporates, students and netizens on the fast growing cyber security risks, cyber crime investigating skills, cyber laws of India and other countries, cyber crime mitigation measures, cyber security policies and framework etc. The KEONICS cyber lab was launched on 23.07.2011.

The mission of the KEONICS cyber lab is to provide training and investigation support to agencies and entities involved in prevention, investigation and prosecution of economic and high tech crime. The vision of

Table 6.31: Financial Performance of KEONICS (2009-10 to 2011-12)

(Rs. crore)

Item	2009-10	2010-11	2011-12 (upto September 2011)
Sales and Service Turnover	113.80	113.64	40.18
Other Income	5.36	4.06	0.94
Total Turnover	119.16	117.70	41.12
Profit before Tax	5.92	7.01	0.89
Profit after Tax	4.53	4.57	0.58

Source: KEONICS.

the KEONICS cyber lab is i. Training of law enforcement, prosecution, judiciary in Cyber Crime Investigation (Tools and Techniques), Cyber Forensics Process & procedures and Cyber Laws for their respective roles in dealing with Cyber crimes / Cyber threat incidents ii. Training Banking & Financial Institutions and Education Segment on Cyber Security to prevent security breaches iii. Conducting Cyber safety sensitization programs for all Government Departments iv. To act as a resource center for guiding law enforcement authorities in the investigation of Cyber crime cases and v. Knowledge enhancement for the core departments handling Cyber crime issues.

6.9.8 Department of Factories, Boilers, Industrial Safety and Health

The Department of factories, boilers, industrial safety and health is a regulatory department enforcing various labour laws related to workplace safety, health and welfare measures which include the Factories Act, the Payment of Wages Act and the Maternity Benefit Act. The State has 13765 registered factories. There are about 13.5 lakh workmen working in such industries. The State also has 1072 hazardous industries of which 77 are major

accident hazard units. The details of newly registered units under various production categories are given in Table 6.32.

The Department's achievement during 11th five year plan is detailed in appendix 6.14.

6.9.9 Karnataka State Financial Corporation (KSFC)

KSFC is a State-level financial institution established by the State Government in the year 1959 under the provisions of SFCs Act 1951 to cater to the long term financial needs of MSMEs in Karnataka. The Corporation has extended sizeable assistance to manufacturing, textiles & other service sectors like hospitals, hotels, transport, mining, etc. Over the last 52 years, KSFC has been playing a pivotal role in the promotion of MSMEs, development of backward areas and first generation entrepreneurs etc., in Karnataka. The financial performance of KSFC during the past few years is given in Table 6.33. The Corporation's performance during the 11th plan period is given in Table 6.34.

6.9.10 Karnataka State Industrial Investment & Development Corporation (KSIIDC)

KSIIDC, established in 1964, has been greatly instrumental in the industrialization

Table 6.32: Registration of New Industrial Units in Karnataka (No.s)

Sl. No.	Industrial Units	2009-10	2010-11	April to December	
				2010	2011
1.	Food Products	97	75	66	40
2.	Paper & Paper Products	24	31	18	13
3.	Metals & Alloys	49	65	42	63
4.	Chemicals	48	30	22	11
5.	Transport & Equipment	54	57	45	11
6.	Textiles	28	82	47	39
7.	Wood & Wood Products	19	18	12	13
8.	Others	668	653	513	718
	Total	987	1011	765	908

Source : Department of Factories, Boilers, Industrial Safety and Health

Table 6.33: Performance of KSFC: 2008-09 to 2010-11

(Rs. lakh)

	2008-09		2009-10		April '10 to Dec.'10		2010-11		April '11 to Dec.'11	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
Sanctions	1420	56524	1461	63149	1089	51168	1537	73163	1037	58909
Disbursement	-	38392	-	43439	-	41255	-	58041	-	41403
Recovery	-	50122	-	55494	-	41746	-	58671	-	45707

Source: Karnataka State Financial Corporation

Table 6.34: Performance of KSFC: 2008-09 to 2010-11

(Rs. lakh)

Particulars	Target	Achievement	% achievement
Sanctions	364400	288560	79.19
Disbursements	270800	211586	78.13
Recovery	260913	266109	101.99

of the State, especially in the large and medium sectors. KSIIDC has stopped financial lending activities since October 2002. At present, recovery of the past lending/advances and loans and disinvestment of equity are the main activities. However, certain investments as per the directions of Government of Karnataka are being made from time to time. KSIIDC continued its proactive role in the promotion of infrastructure projects on PPP model and as the nodal agency for the Bangalore international airport project. Duly noting the initiatives taken up by KSIIDC in the infrastructure sector, the organization's name was changed to "Karnataka State Industrial and Infrastructure Development Corporation Limited" with effect from November 2010. The details of loans sanctioned and disbursed in the recent period by KSIIDC are presented in Table 6.35. The departmental achievement during 11th 5 year plan is detailed in appendix 6.15. KSIIDC has initiated the development of various projects as the nodal agency of the

Government, which will be pursued for completion during 12th five year plan. Such projects include i. Expansion of the Bengaluru International Airport ii. Bengaluru International Convention Centre Complex adjacent to the Bengaluru International Airport iii. Development of Devanahalli Business Park iv. Tadadi Port v. Dabhol-Bangalore (Bidadi) Gas Pipeline vi. City Gas Distribution Project and vii. Food Parks at Malur, Hiriyyur, Bagalkot, Jewargi, Shimoga, Tumkur and Belgaum.

Also, KSIIDC through its Joint Venture Company with IL&FS, would extend advisory services for project development to the Government agencies for development of their projects on PPP model.

6.9.11 Department of Public Enterprises

The Government of Karnataka established the Karnataka State Bureau of Public Enterprises in 1981. This Bureau was converted in 2002 as the Department of Disinvestment and Public Enterprises reforms. The main aim of this Department was to take decisions in matters relating to

Table 6.35: Performance of KSIIDC (2008-09 to 2010-11)

Assistance Sanctioned (Gross)	Unit	2009-10	2010-11	April to December	
				2010	2011 (Provisional)
Sanction					
a) Loan	Rs. crore	0.00	0.00	-	-
b) Equity	Rs. crore	4.90	1.00	-	-
Distribution					
a) Loan	Rs. crore	0.00	0.00	-	-
b) Equity	Rs. crore	3.25	4.16	4.15	-
Recovery	Rs. crore	23.04	22.21	16.59	24.71

Source: KSSIDC

disinvestment, restructuring, amalgamation etc. The Government in 2005 accorded independent status of a Department in the secretariat and re-named it as Department of Public Enterprises, and vested it with monitoring, regulatory, evaluatory, and advisory functions for improving performance of the enterprises. 72 State-level public enterprises operate in Karnataka with 30 of them earning profits. Among the predominant profit-making units include the Karnataka Soaps and Detergents Ltd. (KS&DL), Karnataka State

Road Transport Corporation (KSRTC), Bangalore Metro Transport Corporation (BMTC), Mysore Paints and Varnish Ltd. (MPVL), Karnataka Vidyuth Kharkhane Ltd. (KAVIKA), Karnataka Silk Industries Corporation (KSIC), Hutti Gold Mines Limited (HGML) and Mysore Minerals Ltd. (MML) etc.

Out of the 72 operating units, details of the profit-making top 8 State-level public enterprises in Karnataka are given in table 6.36.

Table 6.36: Performance of top 8 State level public enterprises in Karnataka

Sl. No.	Name of the Enterprises	Enterprises' Status as on 31-03-2009			Enterprises' Status as on 31-03-2010		
		Investment (Rs. lakh)	Employment (No.s)	Profit after Tax (Rs. lakh)	Investment (Rs. lakh)	Employment (No.s)	Profit after Tax (Rs. lakh)
1	KS&DL	3182.20	875	1168.40	3182.20	859	931.10
2	KSRTC	133106.00	32100	5770.50	148297.00	33299	4884.68
3	BMTC	3075.89	27644	5517.78	1420.10	30996	6512.62
4	MPVL	103.65	63	364.73	103.65	62	176.58
5	KSIC	1657.95	775	477.63	1906.50	771	798.54
6	KAVIKA	561.00	213	538.62	561.00	212	59.59
7	HGML	19291.00	3933	9319.00	18903.00	3895	9080.00
8	MML	80736.00	1250	12530.00	93356.00	1247	13669.00

6.10 KARNATAKA TOURISM

Karnataka, with its great heritage and cultural background, has vast potential for the sustainable development of the tourism industry. The State Government has declared tourism as an industry since 1988. The Department of tourism has brought out a series of tourism policies with a package of incentives, concessions and subsidies for development of tourist infrastructure in the State through private investment.

The Directorate of tourism at Bangalore administers the tourism-related activities along with promotional and developmental activities. It is supported by two other Government undertaking agencies namely, Karnataka State Tourism Development Corporation Ltd (KSTDC) and, Jungle Lodges and Resorts Ltd. The Directorate of tourism has a special officer to look after the eco-tourism activities, particularly to look after the growth of tourism in forest areas. Every district has a district tourism promotional council which is headed by the Deputy Commissioners of the concerned districts. This committee manages the tourism activities and also monitors the progress of tourism works. KSTDC undertakes commercial activities like operation and maintenance of infrastructure facilities created by the Department and running of cafeterias, restaurants, and organizing package tours in and outside the State. It is also looking after the operation of Golden Chariot (luxury tourist train). The responsibility of Jungle Lodges and Resorts is to manage the eco-tourism units in the State. Currently, it is managing 17 such eco-tourism units across the State, which are the best of its kind in the Country. Jungle trails and camps, eco-sites, have been developed at 10 forest areas across the State, in coordination with the forest department. To develop golf tourism in the State, the Department is directly supporting the creation of tourist infrastructure facilities at

various private golf clubs in the State. A golf course is proposed to be commissioned at Thannirbhavi near Mangalore on PPP model.

During the current year, the Department has extended its travel trade with other Countries by participating in events held at Fete-de-Geneva, Top Resa Paris, International luxury travel mart, Cannes, Fitur etc. As a result of this and vigorous attempts to promote tourism by the Department, some of the Countries have come forward to promote travel trade with Karnataka and have proposed to enter into a MoU with the State. Presently, such offers have come from China and Belgium.

Karnataka tourism has won the prestigious CNBC Award 2011 for its best travel city-Bangalore, Best weekend destination-Mysore, Best luxury train-The Golden Chariot.

Karnataka tourism has made infrastructure development as its top priority, and has taken several concrete steps to enhance facilities at tourist destinations. The Department has also made all possible efforts for aggressive marketing and publicity campaigns both at National and International levels. As a result of this, Karnataka has a considerable growth in tourist arrivals. The tourist inflow into the State has continuously been increasing steadily from 3.32 crore in 2009 to 3.88 crore in 2010, which indicates an increase of 16%. The details of arrivals are given in Table 6.37.

In order to meet the demand for accommodation, the Department has taken initiatives to encourage private stakeholders through the tourism policy to construct more hotels and accommodation facilities, which are affordable. A new venture called 'athithi'-home stay scheme, has been introduced in the State. Initiatives have also been taken to construct international standard hotels in major tourist locations to facilitate the high-

Table 6.37: Tourists' Arrival from 2006 to 2010

Year	Indians	Foreigners	Total
2006	36195907	505524	36701431
2007	37825953	534563	38360516
2008	37010928	520041	37530969
2009	32729679	529847	33259526
2010	38202077	524573	38726650
Total	181964544	2614548	184579092

end tourists. It is also supported by the eco-tourism units managed by Jungle Lodges and Resorts across the State. The Department is also enhancing the budget class accommodation facilities at various tourist locations by way of construction of yatrivas, dormitory accommodation etc. As a result of the Tourism policy and athithi home stay scheme, the demand gap of hotel rooms has been minimized particularly in the peak season.

Towards achieving integrated development of tourism in the State, the Government has announced new tourism policy for 2009-14. In the period of this policy (5 years), it is estimated that Rs. 25000 Crore of private investment will be made in the Tourism sector. And in the same period, 29 to 41 lakh employment opportunities will be generated. To minimize the financial burden to the State, PPP scheme has been introduced to attract more mega-investors. Analysis of work patterns in the tourism industry indicates that about 8% to 11% of the State's population derives its livelihood

from the tourism industry either directly or indirectly.

Tourism earns significant volumes of foreign exchange as compared to other sectors. The revenue generated by the tourism industry is from various sources both as direct and indirect incomes. A report of the National Tourism Development Council (NTDC) states that the foreign exchange earnings share of Karnataka would be 9% of the total foreign exchange earned (Rs. 1170.00 crore in 2008) by the Country. The revenue generation by the public sector during the last 4 years is summarized in Table 6.38 and, the budget allocation & expenditure made from 2009-10 to 2011-12 is given in Table 6.39.

Karnataka tourism has led the development of a comprehensive tourism strategy. District tourism promotion councils have been created for all the 30 districts which are headed by Deputy Commissioners of the concerned district. A State level monitoring committee has also been created for monitoring the overall developments and

Table 6.38: Revenue realised by public sector tourism organizations in Karnataka*(Rs. lakh)*

Name of the Organization	2007-08	2008-09	2009-10	2010-11
Directorate of Tourism	1314.39	3309.73	92.43	119.70
Jungle Lodges & Resorts Ltd	2143.35	2597.68	2785.46	3298.74
Karnataka Tourism Development Corporation	2819.89	4147.90	4020.02	5240.00
Total	6277.63	10055.31	6897.91	8658.44

Table 6.39: Details of Budget allocation and Expenditure (2009-10 to 2011-12)

(Rs. lakh)

Sl. No.	Head of Account	Financial Year					
		2009-10		2010-11		2011-12	
		Budget	Expe.	Budget	Expe.	Budget	Expe. (up to Nov 11)
1	3452-PLAN	7920.52	9353.33	10117.58	10030.44	8552.05	5721.34
2	3452-NON-PLAN	267.00	253.92	288.68	281.76	326.80	187.60
3	5452-CAPITAL OUTLAY	9500.00	9473.45	12430.00	10598.11	13660.00	7760.59
	TOTAL	17687.52	19080.70	22836.26	20910.31	22538.85	13669.53

progress of centrally assisted projects. To promote helitourism in the State, the department has identified four circuits namely, Coastal, Heritage, Malnad and pilgrim. The department would make available basic common infrastructure such as helipads, road connectivity, base station etc. The project has been taken up under PPP mode. It is proposed to develop cruise tourism along the State's pristine coastline with a view to provide an enriching, exciting and memorable experience to tourists in the State. A feasibility study will be carried out shortly.

Bangalore has the distinction of having the largest number of systems of medicine approved by the World Health Organization in a single city. Utilizing this opportunity, the Department would like to develop wellness tourism in the State. There are ample opportunities for adventure tourism and caravan tourism in the State.

The urban development department, Government of India, under the JNNURM scheme, has sanctioned an amount of Rs. 39.45 crore for development of heritage core around Mysore palace in Mysore. The work has been implemented through City Corporation of Mysore. The district tourism development committee's coordination services are being availed for the purpose.

In addition to a mega-tourism project at Hampi, a proposal has been submitted for development of a circuit, namely Badami-Pattadakal-Aihole. The estimated cost of this mega-project is Rs. 143.00 crore. Rural tourism projects have been implemented in various identified places in the State namely, Kokre Bellur, Anegundi, Attiveri Bird Sanctuary, Gokarna and Kodagu.

A biological park is being developed in the Bannerghatta national park, which is about 22 kms. away from Bangalore. It is also proposed to add night safari project to this park at an estimated cost of Rs. 178.00 crore. It is proposed to provide world class wayside facilities on the newly constructed National and State highways at every 50 kms stretch to facilitate the travelling tourists. Signages and hoardings have been erected at appropriate places to guide the travelling tourists. Sound and light shows have been proposed to be provided at Hampi, Srirangapatna, Bidar and Bellary fort. In order to impart hospitality orientation courses, food craft institutes are being commissioned at Belur & it is also proposed to start similar institutes at Gulbarga and Bellary.



7

INVESTMENT AND EXPORTS

Karnataka has intensified its efforts to attract private investments by organizing investor meets that highlight the opportunities in key sectors of the State's economy. The concerted efforts by the State have resulted in a high inflow of investments during the past few years. The State has also developed a distinct policy framework for guiding investments and, has set up dedicated institutions that streamline the approval processes. Karnataka offers a wide range of fiscal and financial incentives to investors while also nurturing the supporting infrastructure such as technical institutions, laboratories and research institutions. The State's information technology and biotechnology sectors have attracted significant investments and contribute to significant exports from the country in those sectors. Exports contribute about 40% of the State's GSDP with electronic, computer software and biotechnology contributing a major portion of the exports. Karnataka's economic growth would be accelerated with a continued emphasis on supporting industrial competitiveness and attracting investments.

7.1 INVESTMENT IN KARNATAKA

Karnataka is a pioneer in introducing many reform initiatives adopted in India and has been highly proactive in attracting private investment. Lucrative policies incentivizing private domestic and foreign investments are framed from time to time. These policies along with an investment friendly climate in the State have helped the State to attract large-scale private investment, especially in information and communication technology (ICT) and biotechnology sectors. The Global Investor Meet, held during 3-4 June 2010, organized by the Government of Karnataka, had aimed at attracting National and Global investments by highlighting the investment opportunities in 12 different sectors namely, minerals, tourism, information, biotechnology, power, health, education, food processing and textiles. Karnataka Udyog Mitra, established under the Department of Industries and Commerce, by the Government of Karnataka, is specially meant for the promotion and facilitation of investments in the State.

7.1.1 Policy Framework for Attracting Private Investments

Foreign investment is a subject in the Central List of the Indian Constitution. All powers for the design of policies for promotion and regulation (including approvals) of foreign investment rest with the Government of India. State Governments complement the National policy efforts by initiating special measures for speedy clearances and smooth facilitation of inflow of investments. The National policy framework is aimed at maximising the inflow of private foreign investment into India. However, investors have the ultimate locational choice of their investment anywhere in India. In this context, policies and programmes of Government of Karnataka for attracting private foreign investment by making Karnataka a competitive and attractive destination for global investments assume special and utmost significance.

Karnataka is one of the industrially developed States in the Country. The State has been laying special emphasis on

promotion of industries, trade and service sectors. In order to make the State more attractive and investor friendly, investment promotion policies and programmes, framed on a periodical basis, have offered attractive incentives and concessions and made attempts to strengthen the required infrastructure. The industrial promotion policies also aim at achieving inclusive development, given the wide regional industrial development disparities prevailing in the State. The State has been making concerted efforts to announce suitable incentives in attracting investment into the backward regions. The current Industrial Policy 2009-14 of the Government of Karnataka provides broad directions for promotion of industrial investment and development in the State.

The fiscal and financial incentives announced by the State government include capital investment subsidy, exemption of electricity duty on captive power generation, exemption of stamp duty & reduction of registration charges, waiver of conversion fee (on lands converted for industrial use), acquisition and allotment of land through Karnataka Industrial Areas Development Board (KIADB), subsidy for setting up of Effluent Treatment Plants (ETPs), concessions on entry tax & special entry tax, technology upgradation and, industrial infrastructure development/common infrastructure/facilities in notified industrial clusters. Agricultural produce processing industries are exempted from payment of APMC cess. Incentives such as interest free loan on VAT for large and mega projects, anchor unit subsidy, special incentives for enterprises coming up in low human development index (HDI) districts (only for large and mega projects), interest subsidy for micro-manufacturing enterprises, exemption from electricity duty for micro and small manufacturing enterprises and refund of cost incurred for preparation of project

reports for micro and small manufacturing enterprises are also provided.

Karnataka Udyog Mitra (KUM), an entity set up for the exclusive purpose of facilitating private investment in the State, mainly acts to promote and facilitate investments and assist investors. It also serves as a single point of contact for all investors who are exploring opportunities for setting up businesses in Karnataka. It facilitates investments and executes initiatives to enable a smooth transition from the stage of receiving an investment proposal to the eventual implementation of the project.

7.1.2 Karnataka's Investment Climate

Karnataka's vast and diversified resource base has emerged as a reputed investment destination for investors worldwide. The World Bank's 'investment climate' survey across 16 States in India has assessed the conduciveness of Indian States to private investment by using a number of indicators. The survey's results place Karnataka in the top rank in terms of the conducive investment climate. The State was the first to enact the Industrial Facilitation Act to help investors. Karnataka has a single window which acts as a one-stop-shop for investments in the State. The specific advantages for Karnataka include i. Good law and order situation which is conducive to foreign direct investments ii. Abundant availability of highly skilled manpower iii. well-developed industrial sector iv. excellent logistic support and connectivity and v. one of the biggest and fast expanding markets in the Country.

Karnataka's investor-friendly and responsive administration has worked towards easing administrative procedures and implemented policy measures for faster and smoother industrial growth. Some of the significant measures are as follows:

- (a) An investor-friendly responsive administration
- (b) State-level single window clearance committee and the State high level

- clearance committee to facilitate clearance of proposals in a speedy manner
- (c) Sector-specific industrial zones and SEZs that match the natural resources and capabilities of a region with the industry requirement
 - (d) World-class, ready-to-use infrastructure through investments in power, roads, water, warehouse and logistic facilities, connectivity through rails and ports etc.
 - (e) State Government's packages of incentives and concessions for new industrial investments that are announced periodically
 - (f) Special focus on skill development to enhance generation of technical manpower
 - (g) Excellent telecommunication network and optical fibre connectivity throughout the State
 - (h) Exemption from State taxes for all purchases from domestic tariff area

7.1.3 Investment flows into Karnataka

Table 7.1 provides details of projects approved by the State Level Single Window Clearance Committee (SLSWCC). The State had attracted maximum investment during the year 2006-07 with almost 26% of the total investments taking place during the year. Number of units and employment too were observed to be the largest during this year. There has also been good flow of investment in 2007-08. The good performance observed in 2010-11 is particularly worthy of mention in view of the global meltdown that had affected Karnataka too in a big way. For the current year, upto December 2011, the SLSWCC has approved 186 projects with an investment of Rs. 2695.74 crore with generation employment potential of 3.89 lakh. Further, the State High Level Clearance Committee (SHLCC) has cleared 60 projects with an investment of Rs. 34088.80 crore, generating employment potential of 1.65 lakh persons (Table 7.2).

Table 7.1: Projects approved by State Level Single Window Clearance Committee (2000-01 to 2011-12)

Year	Approved Projects	Investments (Rs. In crore)	Employment (In Nos.)
2000-01	292	4557.88	138204
2000-02	103	2042.92	46007
2002-03	95	1822.97	32072
2003-04	162	3797.57	102735
2004-05	202	4524.76	109028
2005-06	293	6647.65	272654
2006-07	871	11511.44	612620
2007-08	727	10266.92	349015
2008-09	310	5181.62	135623
2009-10	359	7749.88	115932
2010-11	439	6879.64	110505
2011-12 (Upto Nov.2011)	186	2695.74	388556
Total	4039	67678.99	2412951

Source: Karnataka Udyog Mitra

The total investment cleared by the High powered committee during the period is a whopping Rs. 999295 crore.

Karnataka accounts for a significant share of the total FDI that flows into India. Table 7.3 shows that, in 2008-09, the State had a 7.41% share of the total FDI taking place in India. Karnataka attracted FDI of US\$ 9087 million during the period of April 2000 to August 2011, constituting 6.17% of the all-India FDI. During the first four years of the 11th five year plan period, the State attracted 6.18% of FDI in the Country.

7.1.4 Investment in Information Technology

The information technology (IT) sector in Karnataka has become one of the main growth drivers of Karnataka's economy. A majority of IT activity in Karnataka is concentrated in Bangalore. Lately, other parts of Karnataka have also seen a growth in IT-related activities.

Bangalore was the first city in India to set up a satellite earth station for high speed communication services to facilitate software exports in 1992. The State made a giant leap in the IT sector by establishing the Country's first extended facility of the International gateway and network operations centre at the Software Technology Park of India (STP) in the Electronic city.

7.1.4.1 Information Technology Policy in Karnataka

The State Government has been encouraging IT units to set up their operations in the State. Under the State's IT policy, several infrastructure facilities are proposed in Mysore, Hubli, Manipal & Mangalore apart from Bangalore to help the development of IT industry. The setting up of IT industries under this policy is with the objective of earning valuable foreign exchange through software exports.

Table 7.2: Projects approved by State High Level Clearance Committee (2000-01 to 2011-12)

Year	Approved Projects	Investments (Rs. Crore)	Employment (Nos.)
2000-01	88	38345.82	109863
2000-02	21	5975.40	30702
2002-03	7	1130.82	9302
2003-04	26	10263.61	99313
2004-05	29	31718.05	130642
2005-06	55	43993.19	588259
2006-07	66	92055.84	781966
2007-08	108	160522.82	1996504
2008-09	50	105266.20	410842
2009-10	110	288548.57	284934
2010-11	186	187185.70	580161
2011-12	60	34088.80	165010
Total	806	999094.82	5187498

Source: Karnataka Udyog Mitra

Table 7.3: Foreign Direct Investment Inflow to Karnataka*(US \$ Million)*

Year	Karnataka	All India	Percentage
2007-08	1581	23901	6.61
2008-09	2026	27331	7.41
2009-10	1029	25834	3.98
2010-11	1332	19427	6.86
Total (2007-11)	5968	96493	6.18
2011-12 (Upto August' 11)	858	17370	4.93
April 2000 to August 2011	9087	147209	6.17

Source: Technical Consultancy Services Organisation of Karnataka (TECSOK) Bangalore.

Achievements in the State's IT sector for the years, 2009-10 to 2010-11 (upto November 2011) are summarized in Table 7.4.

7.1.5 Investment in Biotechnology

Karnataka has played a key role in India's emergence as a significant player in the global biotechnology industry. Karnataka is home to 60% of the country's biotech units. Their number has increased to 324 in 2010-11 with total revenue of Rs. 3500 crore, registering a 10-fold increase from 2001. This number continues to grow with most of the well-known companies having chosen Karnataka for setting up their operations.

Karnataka has put in place a strong policy framework to provide all requisite resources for enhancing this industry's research and development capabilities. Being the pioneer of the biotechnology industry, the State has built up considerable resources and talent pool that is well suited to meet the needs of this industry. Karnataka was one of the first Indian States to frame an industry-oriented biotechnology policy. The millennium biotech policy was formulated by Karnataka Government in 2001 to give a thrust to the biotechnology industry in the State. Keeping in tune with rapid changes in the industry, the policy was revised in 2009.

Highlights of Karnataka's IT Promotion Policies

- 1) Karnataka fund for Semiconductor Excellence of Rs. 10 crore to encourage innovation and R&D in Chip Design Development, Telecom etc.
- 2) Contribution of Rs. 25 crore towards KITVEN IT fund to assist start-up semiconductor units engaged in design and embedded software
- 3) Financial assistance to augment Orchid Tech Space in STPI into Characterisation Lab
- 4) Encouragement and assistance to Solar PV manufacturing units
- 5) Special package of incentives for ATMPs
- 6) For focussed school under IIIT and strengthening research labs in the Institute, Rs. 12 crore is being provided
- 7) Fiscal incentives and concessions under Karnataka Industrial Policy 2009-14 being extended

Table 7.4: Investment by Information Technology Sector (STP and EHTP Units)

(Rs. crore)

Sl. No	Particulars	2009-10	2010-11	2010-11 (upto Nov. 11)
1.	STP units	818.08	825.80	418.63
2.	Foreign Equity Companies	449.87	744.24	328.41
3.	Hardware units	2261.57	2956.70	1460.38
4	Major Indian Companies	213.83	-	-
5.	SMES	154.38	81.53	14.89
6.	BPO units approved	331.94	NA	NA

Source: Karnataka Biotechnology & Information Technology Services, Bangalore.

7.1.6 Expected investments

7.1.6.1 Global Investors Meets

a. Global Investors Meet 2010: The Government of Karnataka organized the Global Investors Meet 2010 on 3rd & 4th June 2010. During the Global Investors Meet 2010, the State Government entered into MOUs with 389 companies with an investment of Rs. 3.92 lakh crore which would create employment opportunities to more than 7 lakh people. 22 projects with an investment of Rs. 1836 crore have been already implemented & 237 projects with an investment of Rs. 3.29 lakh crore are under various stages of implementation.

b. Global Investors Meet 2012: The Government of Karnataka has planned to organize the next Global Investors Meet in June 2012 (7th & 8th June 2012). The mission of Global Investors Meet 2012 is “to attract Rs. 5 lakh crore investments which will create atleast 10 lakh jobs & double Karnataka's GSDP by 2020”. This event provides investors an excellent opportunity to explore the potential of the State & network with global investors. Several sectoral sessions have been planned wherein eminent speakers will participate. An exhibition is also planned as a part of the event.

Highlights of the Millennium Biotech Policy II

During 2010-11, 4 projects were cleared through the SLSWCC with investment of Rs.5697 crore.

- ★ Bio-venture fund of Rs.50 crore in partnership with professional VC firm
- ★ Unique package of concessions for Mega projects
- ★ Fiscal incentives and concessions under Karnataka Industrial Policy 2009-14 being extended
- ★ Research labs automatically come under green category
- ★ BT finishing schools to equip students with necessary employable skills to make them industry ready
- ★ Five Biotech parks being established in different parts of the State
- ★ Animal quarantine facility near BIAL
- ★ Bio-IT facility in IBAB.

c. Agriculture Global Investors Meet - 2011: After creating history by presenting the first separate agriculture budget, Karnataka envisions high growth of agriculture and allied sectors by organising 'Bounteous Karnataka', as a means to accelerate the GSDP's growth to enable farmers to earn high income and ensure food security. The agri-mission envisages attracting a whopping Rs. 52000 crore investment in agri-infrastructure and agro-projects. The investment expected for other sectors are: post harvesting facilities Rs. 450 crore, upgradation and modernization of existing facilities Rs. 250 crore, and development of internal support facilities - Rs. 800 crore. 15 MOUs have been signed for an investment of Rs 40000 crore. In order to operationalize the investments, a Special Purpose Vehicle (SPV) - 'Agri-Business Development Corporation' will be created to act as a single-window and monitoring institution for the entire sector. Following are some measures promised by the State Govt. for investors -

- Exemption from stamp duty for MSME, large and mega projects
- Concessional registration charges for MSME, large and mega projects
- Exemption from entry tax for MSME, large and mega projects
- Incentives for export-oriented MSME, large and mega projects
- Exemption of APMC cess/fees for MSME, large and mega projects
- Subsidy for setting up ETPs (Electrical Trading Platforms) for MSME, large and mega projects
- Interest-free loans on VAT for MSME, large and mega projects

Some of the important investment opportunities in agro-based industries in Karnataka are in the areas of i. Integrated commodity parks ii. Food processing iii. Warehousing, storage and certification iv. Farm machinery v. E-chaupal Model Rural

Malls vi. Contract farming vii. Seed production viii. Private markets/terminal markets and ix. Organized retailing.

7.2. EXPORTS OF KARNATAKA

Karnataka has a long tradition of overseas trade. Historically, Karnataka has been a major exporter of commodities like Coffee, Spices, Silk, Cashewnuts, Handicrafts and Agarbathies. In the last two decades, the State has emerged as a major player in the export of Engineering goods, Readymade garments, Leather goods, Chemicals, Minerals and Ores etc. Since the second half of the 1990's, Karnataka has carved out a niche for itself in the global market place as the knowledge and technology capital of the Country. The State has made rapid and spectacular strides in the new economy. Information technology, Biotechnology and Research and Development institutions have enhanced Karnataka's achievements at National and Global levels. Karnataka accounts for more than one third of electronics and computer software exports from the country. It leads in exports of engineering commodities from South India.

7.2.1 Export performance of Karnataka

Karnataka is a pioneer in establishing a continuous database on exports among the States in India. Visveswaraya Industrial and Trade Centre (VITC) in the Department of Industries and Commerce of the Government of Karnataka is the official institution for compilation and publication of export data by 19 commodities from various Export Promotion Councils (EPCs), Commodities Boards and Export Houses. Since VITC has no statutory backing and as there are several exporters in the categories of merchant exporters and manufacturer exporters, a complete export database is yet to be built at the State level. Thus, the data presented here needs to be taken as indicative of overall export patterns and not of the exact magnitude of every exported item.

Karnataka's exports in terms of value in 2008-09, 2009-10 and 2010-11 are shown in Table 7.5. Appendix 7.1 provides data on the State's exports since 2001-02. In 2010-11, Karnataka's exports amounted to about Rs. 165523.04 crore which constituted about 11.74% of the Country's exports in that year. Karnataka's exports as a percentage of GSDP have a fairly large share and it has also increased significantly over time. The share of exports in GSDP which was 7.36%

in 1993-94, has grown to 41.5% in 2010-11. The share of Karnataka's exports in the State's GSDP from 2004-05 to 2010-11 is depicted in Fig. 7.1.

Exports of electronics and computer software constitute the largest and increasing share in the State's exports. Its share was of the order of 61.19% in 2008-09 and has increased to 63.65% in 2010-11. The other commodities whose share in Karnataka's exports is more than 8% are

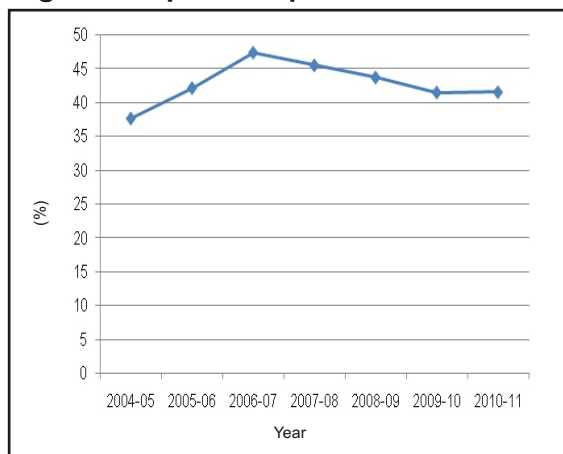
Table 7.5: Export Performance of Karnataka State

Sl. No	Commodity	Value of exports (Rs. crore at current prices)		
		2008-09	2009-10	2010-11
1	Electronics, Computer Software & BT	82153.00	90734.57	105350.77
2	Readymade Garments	5395.00	5125.00	6865.70
3	Petroleum & Petroleum Products	11642.00	11041.41	14602.47
4	Engineering Products	6185.99	4386.57	7324.29
5	Iron Ore & Minerals (incl. Granite)	7274.77	4692.97	967.97
6	Silk Products	896.87	701.56	677.81
7	Coffee Products	1579.05	1423.10	2184.04
8	Basic Chemicals, Pharmaceuticals and Cosmetics	2530.64	2760.91	2892.78
9	Agriculture and Processed Food Products	712.34	662.57	670.30
10	Gem and Jewellery	10892.66	17409.31	19896.82
11	Cashew and Cashew Kernels	638.48	644.18	586.76
12	Handicrafts	428.93	257.27	292.75
13	Leather Products	213.90	193.97	202.18
14	Chemicals and Allied Products	456.87	311.25	338.80
15	Marine Products	236.21	412.27	527.72
16	Plastic Goods	265.77	327.09	562.78
17	Spices	479.25	381.73	449.75
18	Wool & Woolen Products	153.25	144.39	90.96
19	Miscellaneous and Others	2120.39	1261.29	1038.39
	Total	134255.37	142871.41	165523.04
	Karnataka's share in all India exports	12.77	13.33	11.74
	Karnataka's degree of openness to export trade (%)	44.30	42.55	41.49
	India's degree of openness to export trade (%)	20.11	18.51	19.28

Source: Visveswarayya Industrial Trade Centre, Government of Karnataka

Petroleum and petroleum products (8.8%) and Gems & jewellery (12.0%). These three commodities account for over 84% of Karnataka's exports. Other commodities with significant share in the State's exports are readymade garments (4.1%) and engineering goods (4.4%).

Fig. 7.1: Exports as percent to GSDP



Karnataka enjoys a unique position in India in exports of electronics and computer software. In 2010-11, the exports of electronics and computer software from the State accounted for as much as 40% of India's total exports.

Exports of electronics and computer software, basic chemicals, pharmaceuticals and cosmetics, readymade garments, petroleum & petroleum products, gems & jewellery, marine products and, plastic goods have increased significantly in 2010-11 as compared to their exports in 2009-10. Exports of silk products, cashew and cashew kernels, engineering products, iron ore and minerals (including granites), wool & woollen products have come down sharply in 2010-11 as compared to 2009-10. The exports of traditional export commodities such as readymade garments, coffee products, petroleum & petroleum products, engineering commodities have increased significantly in 2010-10 compared to their exports in 2009-10. The exports of agriculture & processed food products,

handicrafts, leather products, chemicals and allied products and, plastic goods increased marginally in 2010-11. In addition, the exports of marine products have marginally increased in 2010-11 compared to their exports in 2009-10.

Karnataka's contribution to India's exports has varied between 11% and 13%. Further, Karnataka's share in India's total exports of information and communication technology products has remained higher than 25% since 2005-06.

Higher export performance is an important determinant of increasing degree of openness to export trade. Degree of openness is measured by the ratio of value of exports to GDP at National level and by the ratio of value of exports to GSDP at the State level. Karnataka's degree of openness to export trade has been about 43% during 2008-09 to 2010-11. This is remarkably higher than that of all India (at about 19%). Increasing degree of openness to trade is an indicator of economic globalization. From this viewpoint, the levels of Karnataka's economic globalisation have been higher than at all India level.

7.2.2 Policy support for exports

Foreign trade is in the Central List of the Indian Constitution. The Government of India is empowered to formulate all rules and regulations (e.g. customs) for foreign trade applicable for the country as a whole. The role of the State Government is complementary by way of providing additional and special promotional measures for promoting foreign trade, especially in regard to exports of goods and services.

The Government of Karnataka has explicit measures for export promotion in various policies relating to general industrial policy and sector-specific policies such as Information technology policy, Agro-food processing industrial policy and package of incentives and concessions, Industrial

promotion policy for the automobile industry, The millennium biotech policy and The millennium BPO policy. The State Government's incentives for exports in the Industrial Policy 2009-14 include the following -

1. Exemption from payment of Entry Tax: For 100% export oriented units, the State provides 100% exemption from payment of entry tax on plant & machinery and capital goods for an initial period of 3 years from the date of commencement of project implementation irrespective of their location in specified Zones.

For other export oriented units (minimum export obligation of 25% of their total turnover), the State provides 100% exemption from payment of entry tax on raw materials, inputs, component parts & consumables (excluding petroleum products) for an initial period of 3 years from the date of commencement of commercial production in zone 1, 2 & 3 and 50% in Zone 4.

2. Refund of certification charges: The State refunds expenses incurred for compulsory marking like Conformity European (CE), China Compulsory Certificate (CCC) etc. to the extent of 50% of expenses subject to a maximum of Rs. 2.00 lakh per unit for both 100% and other export oriented units in all zones.

The Government of India has, in the recent past, initiated a number of measures to promote exports of both primary and manufactured products as also services. Allocation of funds for export development by States, Export promotion industrial park scheme, Critical infrastructure balance Scheme, Export intensive area scheme, Market development scheme and setting up of SEZs in important locations are some of the initiatives taken by the Government of India.

Karnataka has almost similar export promotional measures as those existing in other leading exporting States such as Maharashtra, Gujarat, Tamil Nadu and Andhra Pradesh. Nevertheless, one unique measure that Karnataka has initiated is to set up a dedicated nodal agency for promotion of export namely the Visveswarayya Industrial Trade Centre (VITC). In addition to compiling data on the State's exports, VITC provides initial services in market intelligence, export documentation, finance and other critical areas to the exporting enterprises. Incentives are also provided for technology upgradation /sourcing to meet the specifications of international buyers. VITC also organizes several export-related programmes for both prospective and existing exporters including export awareness programmes at district levels. Export promotion councils, Export houses and several individual major exporters furnish information to VITC on commodities exported from the State. VITC has established computerized trade information centre to facilitate exporters of the State. The promotional activities for exports through VITC include the following -

- Export Awareness Programmes
- Short-term (6 days) Export Management Training Programmes
- Conduct of Seminars, Workshops, Conferences, Open Houses on various export-related matters
- Buyer - Seller meets
- Participation of industries in National / International Exhibitions / Trade Fairs
- Activating Karnataka Pavilion at Pragati Maidan, New Delhi, during India International Trade Fair
- Market Development Assistance to Overseas visits of Trade Delegations from Karnataka

- Providing Live trade enquiries emanating from over 200 countries through VITC Portal
- Computerised Trade Information Centre at Dharwad in association with National Centre for Trade Information, New Delhi to facilitate the exporters
- On behalf of the State, confer State export award to exporters who have outstanding performance
- Provide stall rental assistance / travelling and daily allowance to artisans, women and SC/ST entrepreneurs for participation in exhibitions within the State and outside the State organized by Govt. agencies
- Implementation of Government of India's ASIDE Scheme in the State. Under this scheme, assistance is provided to upgrade essential export infrastructure

VITC is the nodal agency for implementing Assistance to States for Developing Export Infrastructure and Allied Activities (ASIDE) scheme in Karnataka. The agency has taken up 92 export infrastructure projects in

various parts of the State viz. connectivity to ports, formation and upgradation of roads in industrial area/estates, flyovers, by-pass, water supply, cold storage, training centres, warehouses, R&D centres, common facility centre etc., for the promotion of exports from Karnataka. So far, 72 projects have been already completed and remaining 20 projects are under various stages of implementation. Karnataka has been recognised as the best performing State in the implementation of ASIDE scheme.

It is also expected that exports of all commodities mainly engineering commodities will continue to increase by benefiting from the incentives and encouragements provided by the Government. In addition, the export-promotion measures are expected to increase exports of both primary and manufactured products as also services. However, these expectations are subject to the presence of favourable world market demand and other conducive factors for the State's exporters.



8

ECONOMIC INFRASTRUCTURE

The rapid economic growth in Karnataka has necessitated fresh investments to augment core economic infrastructure of the State. The State has created new infrastructure in the power sector to meet the higher demand for electricity. While shortages have reduced, the increasing dependence on thermal sources of energy has increased the average cost of power. The State has also focused on increasing power generation through renewable sources of energy. Institutional reforms in the State's power sector, better metering systems and lower transmission losses have contributed to the sustainability of institutions in the sector and supported investments. Karnataka's public transport systems have performed well with most of the road transport divisions earning profits. Initiatives in the aviation sector are poised to improve air connectivity in the State. New railway projects are being taken up and efforts are afoot to reduce traffic-related congestion in cities and towns. The State also has a vibrant telecommunication network that has been evolving to meet demand from various segments of population and industry.

Karnataka has been striving to accelerate the process of infrastructure development and bridge the prevailing gaps. In this context, this chapter elaborately tracks the progress made by the State with respect to the development of key infrastructure in the areas of power, transport and communication.

8.1 POWER SECTOR

The State of Karnataka has been experiencing conditions of power shortage because of the ever-growing demand for power influenced by the rapid economic progress. The State Government has been taking various initiatives to implement projects in the public as well as private sectors for adding new installed capacities for power generation. Recognizing the crucial role of power in achieving economic progress, Karnataka was one of the first Indian States to implement power sector reforms. The institutional setup for undertaking the reforms was strengthened with the enactment of the Karnataka Electricity Reforms Act in 1999. The Karnataka Electricity Regulatory Commission (KERC) was established as a regulatory authority of the State's power

sector. Among other functions of the KERC, it regulates the tariff for supply of power to different categories of consumers. Four Electricity Supply Companies (ESCOMs), Bangalore Electricity Supply Company Ltd. (BESCOM), Mangalore Electricity Supply Company Ltd. (MESCOM), Hubli Electricity Supply Company Ltd. (HESCOM), and Gulbarga Electricity Supply Company Ltd. (GESCOM) were established during 2002 and another ESCOM, Chamundeshwari Electricity Supply Corporation (CESC) was established in 2005. These five distribution companies are engaged in retail supply of electricity to the end consumers.

Power generation in the public sector is managed by the Karnataka Power Corporation Limited (KPCL) whereas the Karnataka Power Transmission Corporation Limited (KPTCL) deals with transmission of power and, load despatch functions. As part of the restructuring of the power sector in the State, the erstwhile Karnataka Electricity Board (KEB) was restructured as KPTCL in 1999 by giving it a corporate status. As per the Electricity Act 2003, KPTCL, being the State's transmission utility, is not empowered to engage in trading in

electricity. Therefore, the distribution companies directly procure power from power generators, both public and private, and use KPTCL's transmission network to distribute electricity.

8.1.1 Demand and Supply Status

Apart from augmenting its generation, the State has been importing power from central power-generating stations, from neighbouring States, and also through energy exchanges for minimising power shortages. In addition, the State Government is taking steps for conservation of energy through demand side management. In cases wherein it is highly difficult to bridge the supply-demand gap, load shedding is imposed.

Trends in peak demand for power and peak energy supply per day during the year are given in Figure 8.1. It may be observed that both the peak demand and peak energy supply are showing increasing trends since 2007-08. The peak demand recorded during 2010-11 was 7815 MW, which is an increase of about 13% from 6987 MW in 2009-10. The peak demand observed in 2011-12 (April-December 2011) was 7711 MW. The

anticipated peak demand during 2011-12 is likely to be above 8300 MW. The highest day's consumption recorded in 2010-11 was 172 MU and the same during the period of April-December 2011 was 173 MUs. It is anticipated that the likely highest day's consumption during 2011-12 will be about 190 MU.

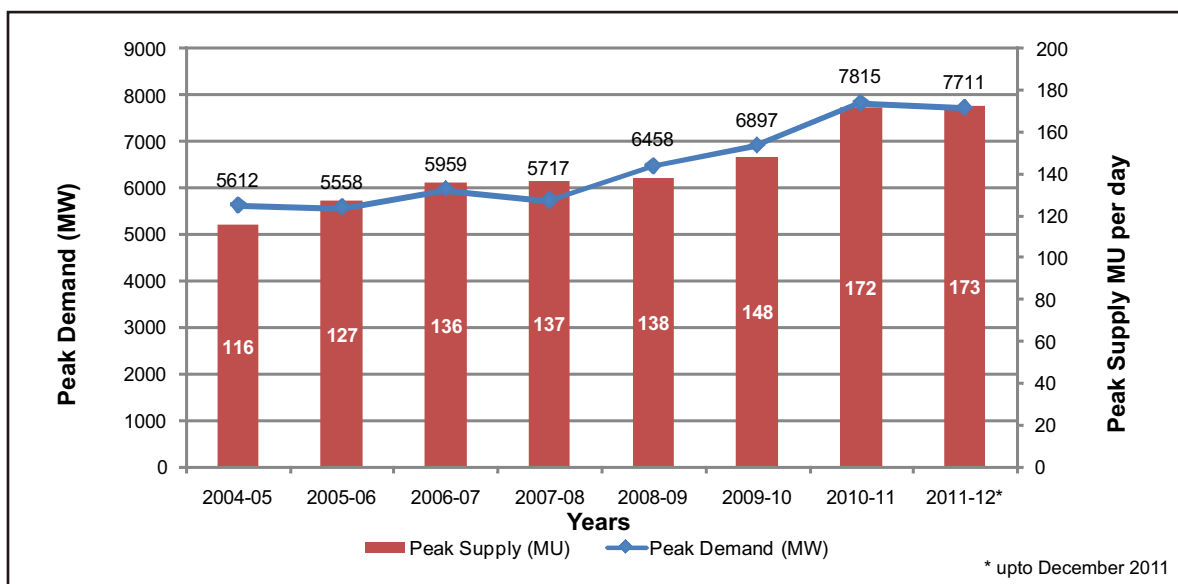
Figures 8.2 and 8.3 show the trends in estimated gaps in demand and supply for both power and energy. From the figures, we may observe that the shortages in power supply are more critical compared to that in energy supply. The power supply shortage was highest at 1296 MW in 2007-08 and has since, reduced to 523 MW in 2010-11. This suggests a substantial improvement in power supply situation in the State since 2007-08. The estimated energy shortages have remained at about 10% since the last three years.

8.1.2 Power Generation

The sources of power generation in Karnataka are:

- a. Generating Stations of KPCL
- b. Independent Power Producers (IPP's) (Conventional and Non-conventional)

Figure 8.1: Trends in Peak Power Demand



Source: Energy Department

Figure 8.2: Power Supply and Demand Gap (2004-05 to 2010-11) (MW and Percent)

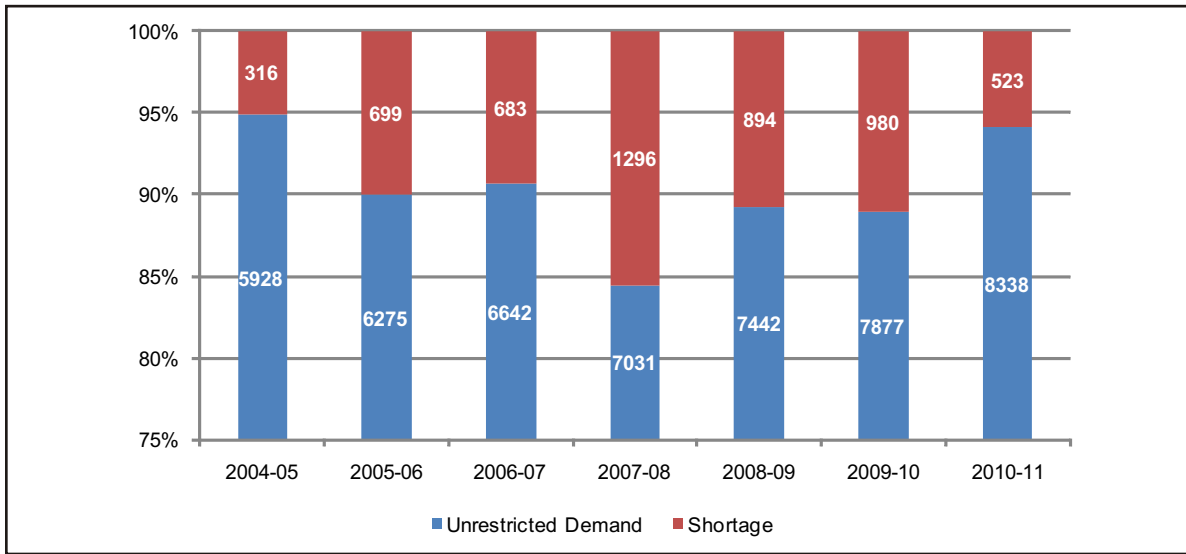
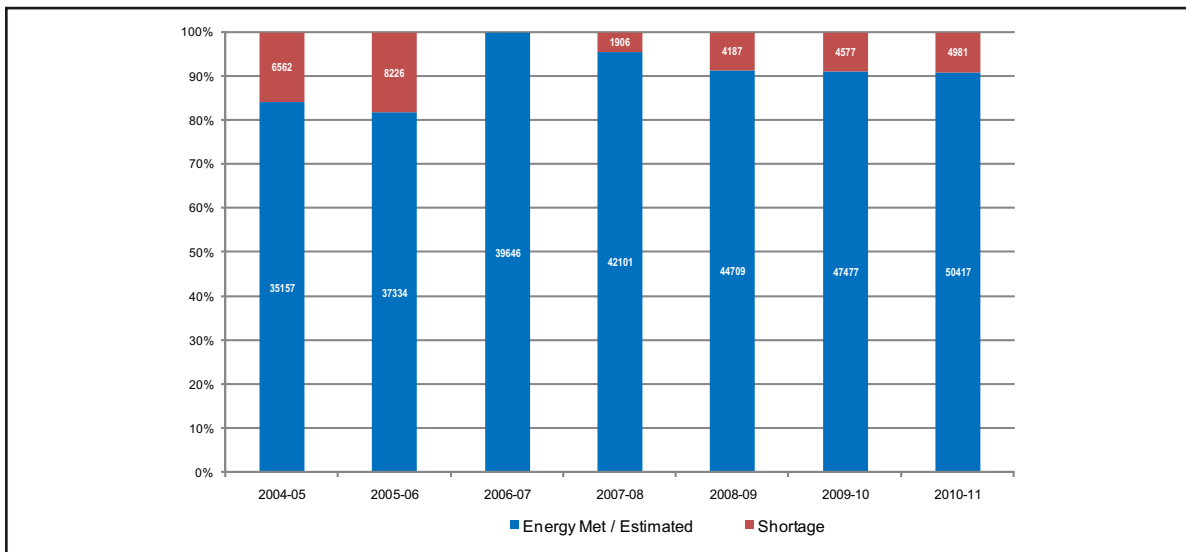


Figure 8.3: Energy Supply and Demand Gap (2004-05 to 2010-11) (MU and Percent)



- c. State's share from Central Generating Stations
- d. Procurement from other States through bilateral trade, purchase and energy exchanges
- e. Barter arrangement (power banking)

8.1.2.1 Installed capacity and capacity addition

KPCL has been pioneering the capacity addition for power generation in the public

sector in the State. Benefiting from the reform processes, various private generators have also established power plants in Karnataka. Further, the State Government has established the Karnataka Renewable Energy Development Ltd (KREDL) to harness non-conventional sources of energy.

The total installed generation capacity both in the public sector and private sector including the State's share in the central

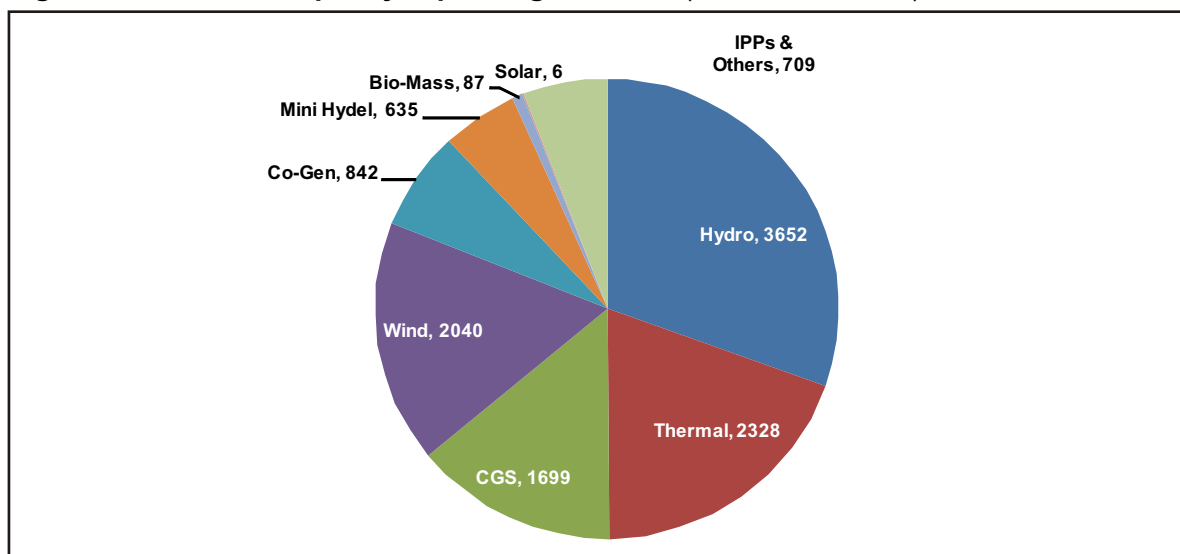
generation stations (CGS) as on 31.03.2011 was 11366 MW. The installed capacity in the public sector was 7587 MW (including CGS allocation) and the private sector's share was 3779 MW. The private sector capacity includes the renewable energy sources of power generation. The status of power sector in terms of both installed capacity and electricity generation for Karnataka is provided in Table 8.1.

The status of the installed capacity of power generation as on 31-12-2011 suggests the domination of hydro power in the State (Fig. 8.4). The contribution from wind power generation is the third highest at 2035 MW after hydro and coal thermal. Out of the total installed capacity of 11911 MW in the private sector, renewable energy's share is 3512 MW accounting for 29% share, and upon including major hydro

Table 8.1: Progress in Power Sector (2008-09 to 2011-12)

Source	Units	2008-09	2009-10	2010-11	2011-12 (Dec'11)
1. Installed capacity (cumulative)					
Public Sector (KPCL)					
a) Hydel	MW	3637	3637	3652	3652
b) Wind energy	MW	5	5	5	5
c) Thermal	MW	1970	1970	2220	2220
d) Diesel plants	MW	128	108	108	108
e) Solar PV plant	MW	-	6	6	6
Total		5740	5726	5991	5991
Private Sector					
f) IPP Thermal	MW	109	109	709	709
g) Hydel	MW	422	572	656	635
h) Wind	MW	1367	1513	1670	2035
i) Co-generation & Biomass & Solar	MW	616	766	744	842
Total (1)		2514	2960	3779	4221
Central Generating Station	MW			1596	1699
Total installed capacity	MW	8254	8686	11366	11911
2. Electricity generation					
a) Hydel (KPCL)	MU	12897	12249	10543	7870
b) Thermal (KPCL)	MU	11718	13263	10434	5535
c) Diesel (KPCL)	MU	451	494	490	203
d) Private sector	MU	5108	5546	8984	6651
e) Wind (KPCL)	MU	14	13	16	10
f) Solar PV plant	MU		3	7	4
Total (2)		30188	31566	30474	20274
3. Electricity imports					
a) Central projects	MU	11600	10974	11041	6307
b) Other States	MU	Nil	35	5757	2796
Total (3)		11600	11009	16798	9102
4. Total Electricity supply	MU	41788	42575	47270	29376

Source: KPCL, KPTCL & KREDL

Figure 8.4: Installed capacity of power generation (as on 31-11-2011)

power, the share of installed capacity based on renewable energy sources increases to 60%, which is one of the highest in the country. The Hydro:Thermal mix in the State generation in public sector is in the ratio of about 60:40.

The anticipated capacity addition during 2011-12 is 1936 MW (2036 MW if CGS of 100 MW is included) of which 443 MW under renewable energy sources has already been synchronised. There are a few major private power producers (IPPs) whose total installed capacity is about 709 MW. It is expected to add 1436 MW (600 MW UPCL & 836 MW of renewable energy) during 2011-12 in the private sector and 600 MW (500 MW BTPS-II & 100 MW CGS) in the public sector. The total installed capacity is expected to be 13305 MW by March 2012.

The total electricity supply made available in the State during 2010-11 procured from various sources was 47270 MU. Recent data suggests that electricity supply upto the end of December 2011 was 29376 MU. The deficits in supply are being met through short term purchases from other States and also through energy exchange. The short term import of energy during 2010-11 was 5757.47 MU and imports till December 2011 was 2796.41 MU.

8.1.2.2 Plant Load Factor (Capacity Utilisation)

The Plant Load Factor (PLF) and availability factor of the KPCL thermal and Hydel plants are provided in Tables 8.2 & 8.3. The trends suggest that the PLFs of both the thermal and hydel plants fluctuate resulting in variation in generation. As can be observed from Table 8.3, the average cost of power generation is higher in thermal plants as compared to hydel plants and the State's reliance on thermal plants for power generation has increased over the years. As a result, the average cost of power generated (paise/kWh) has been increasing.

8.1.2.3 Generation of power by KPCL

KPCL has been establishing power plants to maximize power generation by identifying and utilizing the hydro resources available in the State as well as by procuring coal from outside. The quantities and cost of coal purchased by RTPS and BTPS is indicated in Table 8.4. The electricity generated from the KPCL power plants through its hydro, thermal and other sources during 2006-2011 is shown in Table 8.5.

The thermal generation was lower by 2828 MU during April 2010 to December 2010 (as

Table 8.2: Performance parameters of KPCL Power Generation Stations

SL. No.	Station	2009-10			2010-11			2011-12 (Upto 31.12.2011)		
		Installed Cap.	PLF	Av. Factor (%)	Installed Cap.	PLF	Av. Factor (%)	Installed Cap.	PLF	Av. Factor (%)
1	Raichur Thermal Power Station	1470	65.32	89.38	1720	65.31	78.60	1720	65.01	77.06
2	Bellary Thermal Power Station	500	65.32	77.13	500	60.17	72.39	500	66.95	82.73
	THERMAL TOTAL	1970			2220			2220		
3	Sharavathy Generating Station	1035	57.23	96.99	1035	49.66	88.61	1035	59.83	94.35
4	Gerusoppa Dam Power House	240	26.28	99.26	240	21.86	99.31	240	27.75	99.51
5	Linganamakki Dam Power House	55	58.27	93.78	55	37.46	72.47	55	60.60	98.97
6	Nagjhari Power House	870	32.22	93.57	885	28.06	90.43	885	40.61	94.28
7	Supa Dam Power House	100	44.38	90.83	100	41.49	95.00	100	53.57	97.96
8	Kadra Dam Power House	150	26.75	94.47	150	22.80	95.75	150	37.93	97.86
9	Kodasalli Dam Power House	120	30.26	96.17	120	24.37	94.14	120	40.78	95.18
10	Varahi Under Ground PH	460	29.79	75.22	460	24.45	78.72	460	27.83	86.02
11	Mani Dam Power House	9	33.36	68.66	9	24.67	69.81	9	21.43	59.89
12	Almatti Dam Power House	290	20.91	77.40	290	21.05	87.14	290	24.93	85.46
13	Ghataprabha Dam Power House	32	31.64	99.26	32	32.10	86.17	32	38.54	71.56
14	Bhadra Dam Power House	39.2	15.73	39.05	39.2	13.92	33.47	39.2	18.38	57.14
15	Kalmala, Sirwar, Ganekal & Mallapur	10.75			10.75			10.75		
16	Shivasamudram	42	80.10	94.26	42	38.73	92.88	42	97.73	97.51
17	Shimsha Hydro Electric Station	17.2	54.26	95.74	17.2	25.84	97.84	17.2	34.62	91.76
18	Mahatma Gandhi HE Station	139.2	28.02	88.95	139.2	47.76	85.38	139.2	20.35	48.96
19	Munirabad Power House	28	37.96	91.47	28	33.49	98.94	28	44.01	91.91
	HYDRO TOTAL	3637.35			3652.35			3652.35		
20	DG Plant Yelahanka	108	51.99	78.74	108	54.06	84.87	108	46.70	98.79
21	Kappatagudda Wind Farm	4.555	33.33	95.86	4.555	32.85	98.18	4.555	39.99	95.45
22	Solar PV Plants	6			6			6		
	OTHERS TOTAL	10.555			10.555			10.555		
	GRAND TOTAL	5725.91			5990.91			5990.91		

Table 8.3: Plant Load Factor and Unit Cost of Power for Select Power Stations
(2009-10 to 2011-12)

Sl. No.	Power Station	Type	Plant Load Factor (%)			Unit Cost* 2011-12 paise/kWh
			2009-10	2010-11	2011-12 (upto Nov'11)	
1	Sharavathy	Hydel	49.89	49.66	60.81	23.86
2	Nagjhari	Hydel	27.27	28.06	39.94	49.21
3	Supa	Hydel	33.27	41.50	49.44	
4	Varahi	Hydel	28.68	24.45	28.90	66.23
5	RTPS Unit-1	Thermal	50.86	56.25	65.48	287.30
6	RTPS Unit-2	Thermal	76.45	46.22	66.17	
7	RTPS Unit-3	Thermal	93.73	75.66	69.49	
8	RTPS Unit-4	Thermal	87.28	57.95	75.53	
9	RTPS Unit-5	Thermal	76.30	82.00	70.98	
10	RTPS Unit-6	Thermal	89.56	74.99	76.29	
11	RTPS Unit-7	Thermal	66.65	64.07	65.38	
12	RTPS Unit-8	Thermal	-	-	39.56	
13	BTPS Unit-1	Thermal	57.78	60.18	63.60	303.48

*Before accounting for T&D losses.

Source: KPCL

Table 8.4: Quantities and Cost of Coal purchase by RTPS and BTPS

Year	Raichur Thermal Power Station			Bellary Thermal Power Station		
	Qty. received (MTs)	Amount (Rs. lakh)	Rate (Rs./MT)	Qty. received (MTs)	Amount (Rs. lakh)	Rate (Rs./MT)
2009-10	6875308	172581.61	2510.17	1643003.56	37119.92	2259.27
2010-11	6749381	176270.31	2611.65	1684306.05	40835.5	2424.47
2011-12 (upto Jan 2011)	5934992	174199.57	2935.13	1762303	44076.72	2501.09
Total	19559681	523051.49		5089612.61	122032.14	

Table 8.5: Electricity Generation from KPCL Power Plants

Year	Hydro (MU)	Thermal (MU)	Diesel (MU)	Wind (MU)	Solar (MU)	Total Generation (all sources) (MU)		KPCL % share
						KPCL	State	
2006-07	14997	11483	140	15		26635	40379	65.96%
2007-08	14509	10874	214	14		25611	40195	63.72%
2008-09	12898	11717	451	14		25079	41788	60.00%
2009-10	12249	13262	494	13	3.02	26021	42575	61.10%
2010-11	10540	10434	490	15.72	7.16	21487	47270	45.45%

Source: Energy Department

compared to 2009-10) due to problems in coal handling system in RTPS, lower generation from RTPS Unit-8 which is a new unit and, lower generation from BTPS unit-1 as the unit was shut down for annual OH works during September November 2010 (69 days). Karnataka's share of power generation capacity from CGS is highlighted in Table 8.6.

Table 8.6: Karnataka's share of Power Generation capacity from CGS (in MW)

Sl. No.	Source	Allocation to Karnataka share (MW)
1	Ramagundam Stage I & II (Units 1 to 6)	412
2	Ramagundam Stage III (Unit 7)	103
3	MAPS	33
4	NLC TPS II Stage I	131
5	NLC TPS II Stage II	177
6	NLC TPS I (Expansion)	108
7	Kaiga (1&2)	122
8	Kaiga 3rd & 4th Unit	133
9	Simhadri Unit	105
10	Talcher Stage II	374
	Total	1698

Source: KPCL

Table 8.7 shows that total generation from hydel stations during 2010-11 was lower by 3287 MU as compared to 2011-12 due to lower total inflows to the major three hydel

Table 8.7 Details of power generation in KPCL plants (April 2010 - January 2012)

Source	Generation in MUs	
	2010-11	2011-12
1) Thermal	9005	10863
2) Hydel	8216	11503
3) DG	419	359
4) Wind	12	13
5) Solar	6	6
Total	17658	22744

Source: KPCL

reservoirs and, restriction in generation to conserve water for meeting the peak demand during summer months & upto onset of next monsoon.

8.1.2.4 Generation of power by independent power producers (conventional)

As per Karnataka's Independent Power Producers (IPP) policy enacted in January 2001, three IPPs have been established in the State. These IPPs are contributing power to the State Grid (Table 8.8).

Table 8.8: Power Generation capacity and electricity generation from IPPs

Name of the firm	Installed capacity (MW)	Generation/day (MU)
TATA	81.30	1.95
Rayalaseema	27.80	0.67
UPCL Unit-1	600.00	14.40

Problems in power generation due to disruption in coal supplies due to Telangana agitation

On account of widespread agitation for separate Telangana State in Andhra Pradesh, the supply of coal from Singareni Collieries Company limited (Andhra Pradesh) to RTPS was completely stopped from 13.09.2011 to 18.10.2011. During April 2011 to Jan. 2012, coal materialization from SCCL has been only 70.77% of the contracted quantity as per agreement. The Central Electricity Authority in its report dated 17.11.2011 had reported that in support for agitation to separate Telangana State in Andhra Pradesh mining activities in SCCL collieries had been stopped between Sept. and Oct. 2011. Due to this, coal supply to Raichur Thermal Power Station of KPCL was affected resulting in severe impact on power generation from RTPS.

8.1.2.5 Generation of power by independent power producers (Non-conventional)

Karnataka has successfully encouraged private sector investments in power generation from non-conventional or renewable energy sources of generation. Details of power generation by IPPs using non-conventional sources are given in Table 8.9.

8.1.2.6 Purchase of power from other states and energy exchanges

Towards meeting shortages in electricity supply, Karnataka buys power from neighbouring States and other States, and from energy exchanges. The details of such

purchases during 2007-08 to 2011-12 are given in Table 8.10.

8.1.3 Transmission and Distribution

8.1.3.1 KPTCL - State Transmission Utility

KPTCL is the State transmission utility engaged in the business of transmission of electricity in the State. It is the responsibility of KPTCL to construction power stations & lines and, strengthen the system for easing network congestion, power evacuation etc. The status of transmission infrastructure as in 2011 is given in Table 8.11.

The transmission lines of different voltage classes, new substations and capacity augmentation in the existing substations

Table 8.9: Power Generation capacity from Non-conventional energy source-based IPP producers

Sl. No.	Source of renewable energy	2010-11		2011-12	
		Capacity added during the year (MW)	Cumulative capacity (MW)	Capacity added (upto Dec 2011) (MW)	Cumulative capacity added (MW)
1	Wind	254.05	1687.00	125.00	1812.00
2	Mini Hydel	43.50	611.00	36.00	647.00
3	Solar	0.00	6.00	5.00	11.00
4	Biomass	0.00	86.00	0.00	86.00
5	Co-gen	60.56	680.00	138.00	817.84
	Total in MW	358.11	3070.00	304.00	3373.84

Source:KREDL

Table 8.10: Procurement from other States through bilateral trade & purchase through Energy exchanges

Year	Energy (MU)	Amount (Rs. crore)	Average rate (Rs./kWh)
2007-08	40.50	28.51	7.04
2008-09	1963.49	1327.43	6.76
2009-10	1798.64	1041.06	5.79
2010-11	7815.36	3898.30	4.99
2011-12 (Dec-2011)	3862.41	1902.35	5.25

Source: Power Company of Karnataka Limited

Table 8.11: Power stations & transmission lines

Voltage Level	No. of stations	Transmission Line in CKMs
400 kV	4	1978
220 kV	85	9368
110 kV	325	8954
66 kV	539	9610
33 kV	372	8495
Total	1325	38405

as on 31.12.2011

Source: KPTCL

added during the period 2008-09 to 2011-12 and proposal for 12th plan period are shown in Tables 8.12 and 8.13.

8.1.3.2 Transmission and Distribution losses (T&D Losses)

Karnataka's power sector has reduced its T&D losses from 38% (in 1999-2000) to

21.27% in 2010-11 (Figure 8.5). It is expected to bring down T&D losses to about 19% by March 2012. The utilities in the sector are making planned investments for strengthening and augmenting the network for reduction of technical losses. Figure 8.5 also shows the trends in Aggregate Technical & Commercial (AT&C) losses during 2004-05 to 2010-11. The vigilance efforts undertaken by the utilities have contributed to the reduction in AT&C losses (Table 8.14).

8.1.3.3 Re-structured Accelerated Power Development Reforms Programme

Re-structured Accelerated Power Development Reforms Programme (R-APDRP) is a major programme of the Government of India under the XI plan. The aim of the programme is to strengthen the distribution network and reduce overall AT&C losses. The scheme is implemented in two stages - part-A and part-B. Part-A includes IT applications / energy auditing

Table 8.12: Transmission lines of different voltage class added during last 3 years and proposal for 12th plan period

(Transmission line length in Ckms)

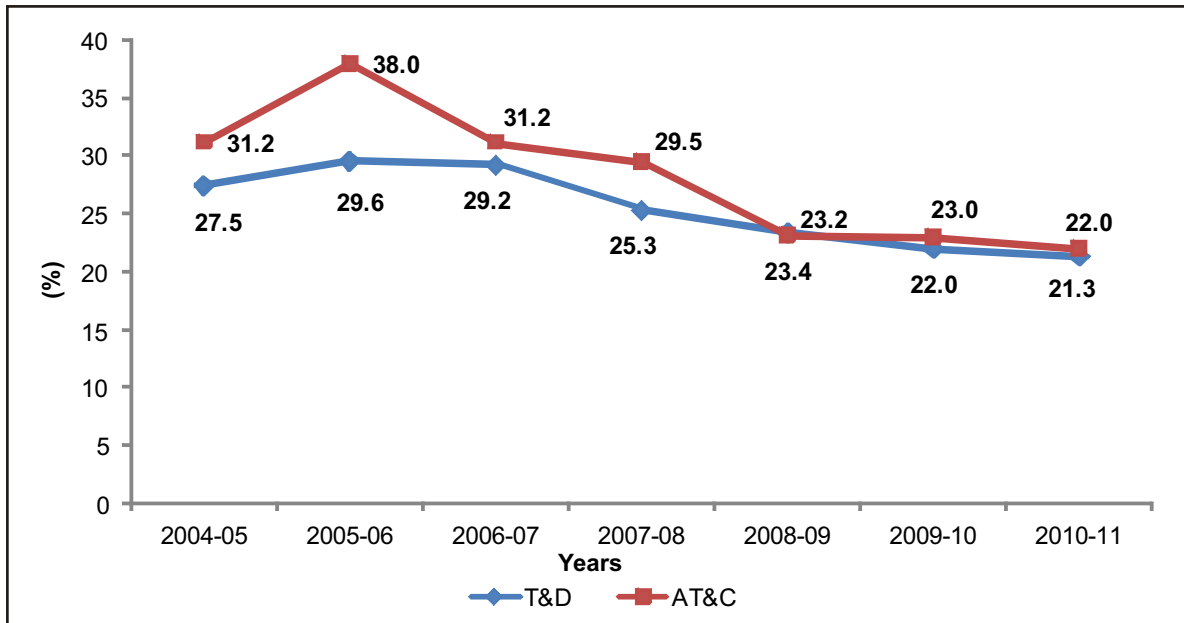
Voltage Class in KV	2008-09	2009-10	2010-11	2011-12	12th Plan 2012-17
400	0.33	-	-	664	580
220	291.35	69.25	329.5	283.12	780
110	412.4	262.33	131.98	258.2	1905
66	535.34	179.46	227.69	131.91	1800
Total	1239.42	511.04	689.17	1337.23	5065

Source: KPTCL

Table 8.13: Details of new sub stations added and capacity augmented during the period 2008-09 to 2011-12 and proposal for 12th plan period

Voltage Class (KVA)	SS added					SS capacity augmented				
	2008-09	09-10	10-11	11-12	12th plan 2012-17	2008-09	09-10	10-11	11-12	12th plan 2012-17
400	-	-	-	-	2	-	-	1	2	2
220	14	3	6	6	25	4	4	-	-	7
110	32	15	5	25	86	22	19	16	31	70
66	55	12	25	20	72	17	22	12	14	111
Total	101	30	36	51	185	43	45	29	47	190

Source: KPTCL

Figure 8.5: Reduction in T&D losses and AT & C Losses**Table 8.14: Vigilance efforts in reducing theft and pilferages**

Year	No of Installations Inspected	No. of Cases Detected	Penalty Imposed (Rs. crore)
2003-04	105458	10967	16.68
2004-05	106896	19379	19.41
2005-06	110615	21477	20.95
2006-07	91099	18570	24.02
2007-08	95066	20071	36.14
2008-09	304542	39889	55.53
2009-10	683966	105747	139.36
2010-11	615101	115687	150.44
2011-12 (Upto Dec '11)	-	80370	135.12

Source: Energy Department

and IT-based consumer service centres while, Part-B consists of regular distribution network strengthening projects such as strengthening 11kV distribution system, re-conductoring of 11kV lines and below, and strengthening, renovation & modernization of 11kV substations, transformers/transformer centres.

In Karnataka, under Part-A, 100 towns have been covered with a total project cost of Rs. 469 Crore of which Government of India has sanctioned Rs. 391.2 crore as a loan. The remaining amount is being provided by ESCOMs. Subject to the implementation of Part-A programme within the stipulated time, the total sanctioned loan amount of Rs.

391.2 crore can be converted into a grant. The implementation of part-A is expected to be completed by Feb-2012. Part-B covers 88 towns with a total project cost of Rs. 948.99 crore of which Government of India has sanctioned Rs. 237.25 crore as a loan. Upon reduction of AT&C losses in the selected towns to 15% over a period of 5 years, the sanctioned loan would be converted to a grant. Of the sanctioned amounts, by December 2011, Rs. 117.07 crore has been released under part-A, and an expenditure of Rs. 67.14 crore has been incurred. Further, Rs. 142.34 crore has been released under part-B.

In part-A, consumer indexing and network surveys are under progress. The latest data suggests that 85.90% consumer indexing and 52.90% network survey has been completed in pilot towns as of December 2011. In addition, 36.70% consumer indexing and 69.50% network survey has been completed in other towns as of December 2011.

8.1.4 Power consumption pattern in the State

As shown in Table 8.15, for the year 2010-11, agricultural sector accounts for the

highest share of electricity consumed in the State with about one-third of the State's power being sold to irrigation pumpsets (IP sets). The commercial consumers have paid highest tariff during 2010-11 as is evident from the table. The IP set consumers are the lowest tariff category.

Details of the quantity and cost of power supplied by the ESCOMs during 2011-12 are given in Table 8.16.

The ESCOMs supply electricity to various categories of customers at different price slabs. Details of the revenue realized from the different categories of customers are given in Table 8.16. It can be seen that about 57% of the ESCOMs revenues arise from LT category customers while electricity supplied for lift irrigation fetches the lowest average revenue of Rs. 1.26 / kWh. Other than temporary installations, commercial LT customers and HT industrial and commercial customers pay higher prices for electricity consumed. The average cost of power supplied by the ESCOMs during 2011-12 is presented in Table 8.17.

There are 2685845 *Bhagya Jyothi / Kutira Jyothi* (BJ / KJ) connections and 1833455 irrigation pumpsets in the State as of

Table 8.15: Electricity Consumption Pattern (2010-11)

Category of Consumers	TOTAL			
	Consumption (MU)	% of Sales	Demand (Rs. crore)	ARR Ps. / kWh
Industries	7047	18.93	3768.3	534.74
IP Sets	12940	34.77	3763.2	290.82
Domestic	8061	21.66	2860.3	354.83
LT Industries & Water Works	2463	6.62	1230.9	499.74
Water Works & Sewage pumping	1171	3.15	482.3	411.86
Commercial Lighting	4595	12.35	3138.0	682.85
Public Lighting	743	2.00	346.2	466.03
Others	197	0.53	328.9	1669.71
TOTAL	37217*	100.00	15918.11	427.71

* After T & D losses
as on 31.3.2011

Source: Energy Department.

Table 8.16: Electricity sales and revenue realization by categories (2011-12)

Category	Description	Sales (MU)	Revenue (Rs. Lakh)	Average revenue realization (Rs./kWh)*
LT 1	BJ / KJ	495.25	23145.00	4.67
LT 2	AEH	8655.15	346587.00	4.00
LT 3	Commercial	2505.59	178102.00	7.11
LT 4	Irrigation Pumpsets	13612.66	393367.00	2.89
LT 5	Industries	1863.98	104291.00	5.60
LT 6	Street lights and water supply	1774.77	76483.00	4.31
LT 7	Temporary installations	215.90	18905.00	8.76
	Sub-total of LT		1140880.00	3.92
HT 1	Water supply installations	1194.25	49568.00	4.15
HT 2	HT Industrial & Commercial	11669.3	731752.00	6.27
HT 3	Lift irrigation	207.01	2618.00	1.26
HT 4	HT Residential	182.09	8971.00	4.93
	Sub-total of HT	13252.65	792909.00	5.98
	Others / Misc. Income	0	56380.00	
	Total	42375.95	1990169.00	4.70

*As approved by KERC

December 2011. The power supply to IP sets and BJ / KJ consumers has been made free with effect from 01.08.2008. The entire cost of supply of free power to agricultural sector has been made good by the State Government through subsidy. The subsidy provided by the State Government during the last 3 years and in 2011-12 is provided in Table 8.18.

Table 8.17: Energy sales by ESCOMs (2011-12)

ESCOM	Energy sales (MU)	Average Cost (Rs./kWh)
BESCOM	21911.30	4.75
MESCOM	3480.50	4.52
HESCOM	7647.45	4.79
GESCOM	5129.19	4.43
CESC	4207.51	4.72
Total/Average	42375.95	4.70

8.1.5 Demand Side Management (DSM)

The Government of Karnataka has implemented and proposes to implement new programmes to conserve energy as part of its demand side management (DSM) initiatives. Some of the important programmes are:

Table 8.18: Subsidy Released by the Government

Year	Subsidy released (Rs. crore)
2007-08	1650.0
2008-09	1742.7
2009-10	2091.1
2010-11	3776.3
2011-12 (up to Jan-2012)	3380.0

Source: Energy Department

- i. Making the currently-optional "Time of Day Tariff" compulsory for industrial consumers
- ii. Energy efficient street lighting systems and installing "Electronic Time Switches" for street light installations for switching "ON" and "OFF"
- iii. Segregating agricultural loads from the existing 11kV feeders through Niranthara Jyothi scheme to provide 24X7 uninterrupted power supply to non-agricultural loads in rural areas
- iv. Adoption of High Voltage Distribution System (HVDS) for agricultural loads
- v. Encouraging consumers to use solar water heaters
- vi. Adoption of Bachat Lamp Yojana launched by Bureau of Energy Efficiency (BEE), Ministry of Power, Government of India
- vii. Mandatory use of solar water heating systems for all residential buildings with a built up area of 600 Sq. feet and above falling within the limits of Municipalities/Corporations and Bangalore Development Authority etc.
- viii. Mandatory use of CFL in Government buildings / Aided institutions / Boards / Corporations
- ix. Mandatory use of energy efficient irrigation pumpsets that conform to standards prescribed by the Bureau of Energy Efficiency

x. Promotion of energy efficient building designs

xi. Mandatory use of electronic ballasts (Choke) instead of conventional copper choke in fluorescent tubelights

BESCOM is currently implementing the smart grid pilot project and a project for implementation of smart meter technologies for online recording of energy consumption and provision of post-paid/pre-paid options to consumers of electricity.

8.1.6 Rural Electrification

Towards meeting the targets stipulated by the National Electricity Policy (NEP), the State Government has planned initiatives for energisation of villages, hamlets, Harijan bastis and thandas. In Karnataka, almost all the villages have been electrified except a few for which extending the grid is extremely difficult. Only four villages in the State are pending electrification. Electrification of these four villages is under progress with the concerned ESCOMs making efforts to provide alternative sources of power like Solar, DG etc.

The ESCOMs have planned to energise hamlets and thandas in a phased manner. The details of power supply to hamlets, Harijan bastis, thandas and IP sets during the last three years and in the current financial year are provided in Table 8.19.

Table 8.19: Progress in Rural Electrification

Year	Irrigation Pumpsets Electrified	Hamlets/Harijan Bastis/Thandas Electrified
	Cumulative No. (lakhs)	Number of hamlets
2008-09	17.53	1300
2009-10	17.91	408
2010-11	18.66	621
2011-12 (Upto Dec-2011)	40980 IP sets energised during the year 2011-12	219

Source: Energy Department

But for a chunk of the BJ/JK installations, rest of the installations in the State are metered. The entire streetlight and water works installations are also metered.

8.1.7 Flagship programmes of State and Central Governments for Rural Electrification

8.1.7.1 State Government flagship programme: Nirantharajyothi Yojane (NJY)

Niranthara Jyothi Yojane is a major project that aims to segregate the rural area loads into agricultural and non-agricultural loads so as to provide 24 hours of quality power supply to rural households, drinking water supply, rural industries and fixed hours of power supply to the irrigation pumpsets. The Niranthara Jyothi scheme is implemented in two phases covering 126 taluks (Table 8.20) with 70 taluks and 56 taluks being covered in the first and second phases respectively. The cost of implementation of Phase-1 is Rs. 1203 crore and Phase-2 implementation cost is Rs. 920 crore. The Government of Karnataka has approved the implementation of the Niranthara Jyothi scheme at a total cost of Rs. 2123 crore with 40% equity. The ESCOMs are expected to borrow the remaining 60% of the project cost as loan. The implementation of Niranthara Jyothi phase-1 is under progress. As per the latest status, 171 Niranthara Jyothi feeder

works are completed of which 90 feeders have been commissioned as of November 2011. It is aimed to complete phase-1 activities by March 2012. The State Government has released Rs. 464.32 crore as equity and an expenditure of Rs. 343.81 crore has been incurred.

8.1.7.2 Central Government flagship programme: Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY)

RGGVY, a programme for developing rural electricity infrastructure and expanding household electrification, was launched in 2005 with the objective of providing access to electricity to all rural households. At the time of inception, the scheme aimed at electrification of over 100000 un-electrified villages and free electricity connections to 23.4 million rural below poverty line (BPL) households in India. Under this scheme, Govt. of India provides 90% grant and 10% is provided as a loan by Rural Electrification Corporation Limited.

In Karnataka, the scheme is being implemented in 2 phases, X plan phase covering 17 districts and XI plan phase covering 7 districts. Works under X plan phase are completed and the works of XI plan phase are under progress. Under X plan phase, electricity connections were provided to 631321 BPL households and 46 villages were electrified. Under XI plan,

Table 8.20: Details of Niranthara Jyothi implementation

Name of the Company	Phase I				Phase II		
	No. of Taluks	No. of villages covered	No. of proposed 11kV NJ feeders	Project cost (Rs. crore)	No. of Taluks	No. of Feeders	Estimate cost (Rs. crore)
BESCOM	20	4750	269	382	20	248	353.08
CESC	10	3358	161	246	14	161	249.92
HESCOM	20	1891	248	288	8	76	101.18
GESCOM	20	2765	227	287	14	183	215.76
Total	70	12764	905	1203	56	668	919.94

Source: Energy Department

electricity connections were provided to 173465 BPL households and 15 villages were newly electrified as of December 2011 (Table 8.21). Under XI plan, Rs. 313.11 crore has been released and an expenditure of Rs. 233.11 crore has been incurred as of December 2011.

8.1.8 Karnataka Renewable Energy Development Limited (KREDL)

KREDL is the nodal agency for the development of renewable energy sources in Karnataka. To harness green and clean renewable energy sources in the State for environmental benefits and energy security, and to initiate energy conservation & efficiency measures in all the sectors for sustainable development, Government of Karnataka issued a policy on renewable energy (for the period 2009-14) on 19.01.2010. The State Government has also published its Solar Policy for 2011-16.

Table 8.21: Electrification during XIth plan period

Total Villages Identified (No.)	16
Total Villages Electrified (No.)	15
Total BPL Houses identified (No.)	234297
Total BPL Houses Electrified (No.)	173465
Total Amount Sanctioned (Rs. crore)	313.11
Total Amount Released (Rs. crore)	237.63
Total Amount Spent (Rs. crore)	233.11

Source: Energy Department

KREDL envisages private investment for renewable energy development in the State. During 2011-12, as of December 2011, a total capacity of 441.00 MW has been added from renewable energy sources (Table 8.22).

It has been targeted to generate about 678.42 MW from renewable energy sources during 2011-12. The State's achievement in renewable energy sector as on 31-10-2011 is shown in Table 8.23. Further, the progress in renewable energy capacity addition during the last three years is given in Table 8.24. The data suggests a marginal decline in capacity additions over the last three years.

8.1.9 New power projects planned by KPCL

KPCL has planned various projects to augment the State's generation capacity during the 12th plan period (2012-17). The

Table 8.22: Capacity addition under Renewable Energy

Sources	Capacity addition during 2011-12 (MW)
Wind Power	262.00
Small/Mini Hydro	38.00
Co-generation	138.00
Solar	3.00
Total	441.00

Source: KREDL

Table 8.23: Achievement in Renewable Energy

Source	Potential Available (MW)	Allotted capacity (MW)	Installed Capacity (MW)
Wind	12950	9764	2035.44
Mini Hydro	3000	2598	635.05
Co-Generation	1500	1193	746.30
Biomass & Waste to Energy	1000	479	87.00
Solar	5000	129	9.00
Total	23,450	14,163	3512.79

as on 31-10-2011

Source: KREDL

Table 8.24: Progress in installed capacity additions through renewable energy sources

Source	2009-10		2010-11		2011-12	
	Capacity added (MW)	Cumulative capacity (MW)	Capacity added (MW)	Cumulative capacity (MW)	Capacity added (MW)	Cumulative capacity (MW)
Wind	145.40	1511.53	254.05	1765.58	125.05	1890.63
Mini Hydro	150.00	567.3	43.50	610.80	36.05	646.85
Solar	6.00	6	0.00	6.00	3.00	9.00
Biomass	0.00	86.5	0.00	86.50	0.00	86.50
Co-gen	109.50	619.3	60.56	679.86	138.00	817.86
Waste to Energy	0.00	0.00	0.00	0.00	0.00	0.00
Total	410.90	2790.63	358.11	3148.74	302.10	3450.84

Source: KREDL

total planned installed capacity additions of these projects is expected to be about 8800 MW in the next five years. The status of various projects planned and under implementation is shown in Table 8.25.

KPCL has adopted a strategy of forming joint ventures with reputed technical firms in the Country. Some of the joint ventures & collaborative programmes of KPCL are with: Raichur Power Corporation Ltd (RPCL), Larsen & Toubro, Bidadi Power Corporation etc. These joint ventures have resulted in new power projects which are listed below.

- i. 1320 MW Coal based Thermal Power Project at Gulbarga
- ii. Three 700 MW Gas based Power Plants in the Districts of Belgaum, Gadag and Davanagere
- iii. 1320 MW Coal Based Thermal Power project at Ghataprabha.
- iv. 1200 MW coal based thermal power project of M/s. Udupi Power Corporation Limited (UPCL).
- v. Jurala Hydro Electric Project (Interstate Project) (6X39.1 MW).
- vi. Establishing 500 MW Coal based thermal power project at Hassan by M/s. Hassan Thermal Power (P) Limited (HTPPL).
- vii. Kudgi Regional Thermal Power Plant

viii. Enhancement of Units 5 & 6 from 2X220 MW to 2X700 MW at Kaiga

In addition, many new projects are being developed by Central, State Sector, Ultra Mega Power Project (UMPPs), Non Conventional Energy (NCE), and IPPs and through competitive bidding routes (Table 8.26)

Further, in the renewable energy sector, about 1006 MW of new installed capacity is

Table 8.25: New Power Projects in Twelfth Plan (2012-17)

Details	Target (MW)
Bellary TPS-Unit III	700.00
Yeramarus TPS (2X800)	1600.00
Etlapur TPS	800.00
RM&U of NPH Unit-6	15.00
Godhna TPS (Chattisgarh) (2X800)	1600.00
Bidadi CCPP	700.00
Tadadi CCPP	2100.00
Gundia Hydro Electric Project	400.00
Shiva Seasonal Scheme	345.00
Additional Unit at Munirabad	10.00
Ghataprabha	20.00
TOTAL	8290.00

Table 8.26: Projects being developed by Central, State Sector, UMPPs, under Competitive Bidding Route, NCE, and IPPs (in MW)

	2012-13	2013-14	2014-15	2015-16	2016-17	Total
Central Sector	195		71	1064	932	2262
State Sector		1430	800	2080	480	4790
UMPP		399	266	133	58	856
Competitive Bidding			1010	1010		2020
IPP			500			500
NCE	300	346	283	283	283	1494
Total	495	2175	2930	4570	1753	11922

expected to be added during 2012-13 (Table 8.27).

8.1.11 National Project on Biogas Development

National Project on Biogas Programme is a centrally sponsored scheme being implemented in the State since 1982-83. During 2011-12, the Government of Karnataka had provided the State's share of Rs. 412.05 lakh and Central share of Rs. 1192.15 lakh as part of the budgetary provisions. A total subsidy of Rs. 1008.24 lakh has been released by the State and Central Governments upto December 2011.

Table 8.27: Capacity addition of Renewable energy sources during 2012-13

Sources	Capacity addition (MW)
Wind Power	530
Small/Mini Hydro	150
Co-generation	56
Biomass/Bio-gas	60
Waste to Energy	10
Solar	200
Total	1006

Based on the cattle population in the State, it is estimated that about 6.80 lakh biogas plants could be constructed, of which, upto March 2011, about 3.97 Lakh biogas plants have already been constructed. Government of India has already allocated 15000 biogas plants as a physical target to the State for 2011-12. By November 2011, 5271 plants have been completed under the programme (Table 8.28).

Table 8.28: Installations of Biogas plants

Source of Energy	2009-10	2010-11	2011-12 (upto Nov.2011)
Biogas Plants	6954	13089	5271

Source: Rural Energy Cell, RD & PR Department

8.2 ROAD, TRANSPORT AND TELECOMMUNICATION

8.2.1 Roads

The State's road network consists of National Highways (NH), State Highways (SH), Major District Roads (MDR), Municipal roads and other roads as well as village connectivity roads. The road development works in the State are carried out by multiple agencies, which include Public Works Department (PWD) of the State Government, local Governments such as

Zilla Panchayat and its wings & in urban areas, the City Corporations, City Municipal Corporations (CMC) etc.

In the State, the average length of the PWD roads (viz; NH, SH & MDR) per 100 sq.km area is 39.34 kms (NH, SH & MDRs). Among the districts, Mandya district has the highest road length of 70.36 kms and Gulbarga district has the least length of 24.58 kms. Further, the road lengths per sq.km in Chamarajanagar, Raichur, Bidar, CB Pura, Bijapur, D.Kannada, Yadgir, Chickmagalur, Kodagu, Chitradurga, U.Kannada, Bellary, Shimoga, Kolar, Koppal & Udupi districts are less than the State average. During the last two years, no increases in the length of National Highways, State Highways and Major District Roads have occurred (Table 8.29).

All the National Highways and a large extent of State Highways (98%) are covered with black top and, 87% of the Major District Roads are covered with black top (Fig 8.6).

The carriage width details of the roads show that about 19% of National Highways, 1% of State Highways and 2% of Major District Roads have four lane width.

Table 8.29: Road length in Karnataka

(Kms)

Type of Road	Year	
	2010-11	2011-12 (Upto Dec-2011)
National Highways	4490	4490
State Highways	20770	20770
Major District Roads	49959	49959
Municipal Roads	8366	8366
Other Roads	148412	148412
All Roads	231997	231997

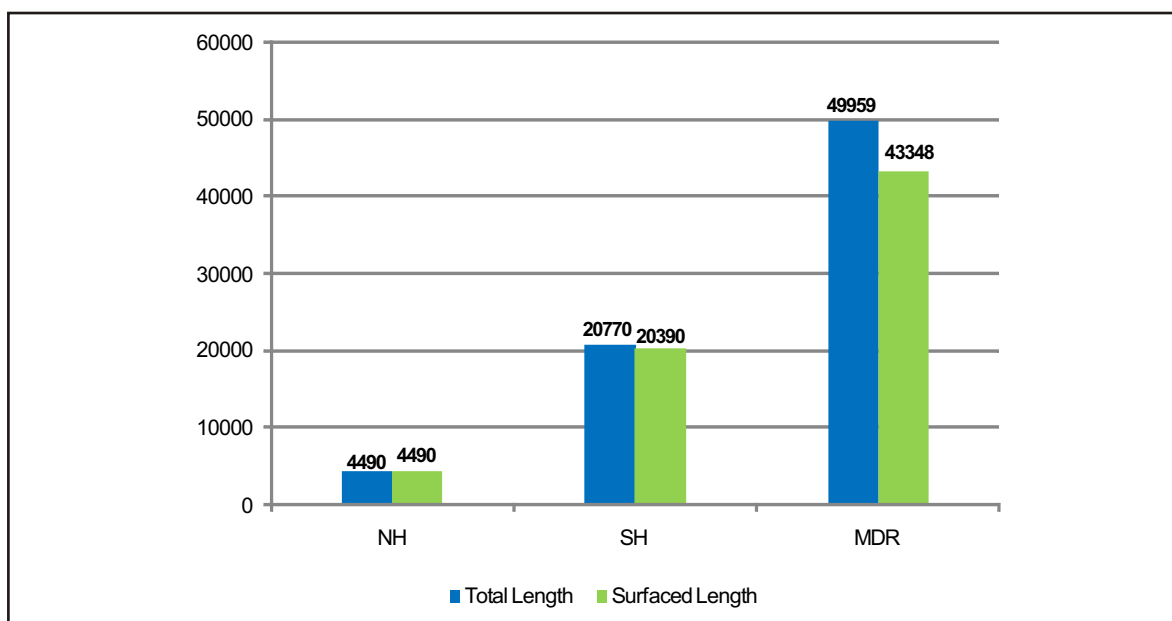
Source: Public Works Ports and Inland Water Transport Department.

8.2.1.1 Karnataka State Highways Improvement Project (KSHIP)

Under KSHIP-I, 2414 kms of State Highways and Major District roads were taken up for development at an estimated cost of Rs. 2304.50 crore. Of this, a length of 2384 kms has been developed with an expenditure of Rs. 2030 crore.

Under KSHIP-II Phase-I, it is proposed to develop 1846 kms of roads with the assistance of World Bank and Asian Development Bank. Under the World Bank component, 269 kms length is tendered

Figure 8.6: Length of Black Top & Cement Concrete surface



Source: Public Works Ports and Inland Water Transport Department.

under Engineering Procurement Contract (EPC) in five packages. About 562 kms is proposed to be developed under Annuity Contract and 400 kms length under Co-financing. Under the ADB component, 615 kms road length is proposed to be developed in 9 packages and the financial bids' evaluation is in process.

8.2.1.2 NABARD-assisted Rural Infrastructure Development Fund (RIDF) scheme

The improvement of rural roads and construction of bridges is being taken up through NABARD-assisted Rural Infrastructure Development Fund. The works under NABARD RIDF-XV and XVI are in progress. The works under NABARD RIDF-XVII have been approved and preparation of DPRs is nearing completion. The details of the progress achieved under these schemes as on December 2011 are furnished in Table 8.30.

8.2.1.3 Karnataka Road Development Corporation Ltd (KRDCL)

In 1999, KRDCL was created as a State-owned enterprise for the development of road infrastructure facilities in the State. Through this agency, the construction of 613 bridges and development of 855 kms length of roads has been completed. Further, the development of Mysore-Bantwal State highway, Belgaum-Chorla State highway, Hiresave-Chattanahalli State highway and

PPP Initiatives through Karnataka Road Development Corporation Limited

- Development of 275 Km of SHs are taken up at an estimated amount of Rs. 723 Crores on VGF (Toll) basis.
- 43 Km of SH is developed under BOT-Annuity basis.
- Agency fixed for development of 73 Km of road under EPC-Toll basis.
- Proposals for improvement of 263 Km of 3 SHs on VGF-Toll basis has been sent to GOI.

Mangsuli-Lakshmeshwar State highway are in various stages of progress.

8.2.1.4 Pradhan Mantri Gram Sadak Yojana (PMGSY)

The status of rural connectivity in the state is given in Table 8.31. PMGSY was launched in the State during December 2000 with the objective of providing rural connectivity by way of all-weather roads to eligible habitations having a population of 500 and above by the end of 2007. Under this programme, Rs. 3371.14 crore has been spent and 14773.64 km of road length has been asphalted upto December 2011.

In order to implement the scheme more effectively, Karnataka Rural Road Development Agency has been formed during October 2005. The agency is involved in preparation of detailed project

Table 8.30: Progress under RIDF

(Rs. crore)

Scheme	Details	Works taken up	Length (Km)	Loan amount sanctioned	Works completed	Length improved (Km)	Amount spent upto Dec.2011
RIDF-XV	Roads, Bridges & Foot Bridges	277	636.01	121.38	142	342.67	74.28
RIDF-XVI	Roads, Bridges & Foot Bridges	404	636.92	158.60	29	43	44
RIDF-XVII	Roads, Bridges & Foot Bridges	636	204.30	DPR's are under preparation.			

Source: Public Works Ports and Inland Water Transport Department.

Table 8.31: Rural Connectivity (Kms.)

Year	All weather Roads (Kms)	Good Roads (Kms)	Earthen Roads (Kms) (Nos.)	Villages not connected by Road
1997-98	15800	6551	4612	103
1998-99	16305	6419	4255	87
1999-2000	16857	6099	4045	65
2000-01	17442	5764	3819	41
2001-02	17802	5462	3769	33
2002-03	17802	5649	3582	33
2003-04	18295	5860	3501	27
2004-05	20934	6065	3473	20
2005-06	22454	6146	3422	20
2006-07	23801	6232	3407	17
2007-08	24710	6540	3376	17
2008-09	64116	27630	55458	1718*
2009-10	65,904	26450	54858	2235*
2010-11	66791	25863	54558	2235*

*Denote habitations

Source: RD&PR Department

reports in each stage, implementation of the works as approved by Government of India as per the required standards and, release of grants provided by the Government of India. As on date, the State has 2235 unconnected habitations.

8.2.1.5 Ports and Inland Water Transport

Karnataka has a coastline of 300 kms with one major port and 10 minor ports. While the New Mangalore major port is under the control of the Government of India, 10 minor ports come under the control of the State

Government. Among the minor ports Karwar, Belikeri, Malpe and old Mangalore ports have handled significant volumes of cargo (Table 8.32).

Towards improving the infrastructure in the minor ports, an investment of Rs. 4.09 crore has been made by December 2011. The construction of 2nd stage of Karwar port is proposed to be taken up through PPP mode and, appointment of Transaction Advisor is being done for the preparation of detailed project report. Anti-sea erosion works and

Table 8.32: Traffic handled by Ports ('000 MTs)

Ports	2008-09	2009-10	2010-11	2011-12 (Upto Dec '11)
Old Mangalore	88.00	75.10	124.90	47.73
Karwar	2956.10	2237.60	1126.60	345.72
Belikeri	1907.72	6273.80	1830.60	-
Malpe	6.00	2.08	1.37	1.62

Source: Public Works, Ports and Inland Water Transport

flood control works have been taken up and an expenditure of Rs. 2.65 crore has been incurred upto December 2011.

The ports and inland water transport department is also implementing the Sustainable Coastal Protection Project with Asian Development Bank assistance at Ullal in Dakshina Kannada District at an estimated cost of Rs. 223 crore. The loan agreement has already been signed and the appointment of Project Management and Design Consultant is under progress.

8.2.2 Transport

Karnataka provides efficient public transport to people of different income groups across the State as well as in neighbouring States.

8.2.2.1 Karnataka State Road Transport Corporation (KSRTC)

KSRTC was established in 1961 to provide efficient, adequate, economic and well coordinated transport services to the commuters. The Government of Karnataka has subsequently bifurcated KSRTC into four separate corporations to achieve the diverse needs of commuters through an effective and efficient distribution of areas of control. The progress achieved by each of the corporations during the last two financial years is presented in Table 8.33. A number of new buses are being regularly added in all the four corporations. With the addition of new buses, over-aged buses have been

withdrawn to some extent in all the corporations.

Today, KSRTC, with its Corporate office in Bangalore, is operating in 17 southern districts of Karnataka. With a workforce of 36949 and fleet size of 7783, KSRTC is operating 25.10 lakh kms per day, earning daily revenue of Rs. 5.74 crore, carrying 24 lakh commuters and also providing services to 13330 villages out of 20196 villages in the State.

KSRTC has also taken up various initiatives to provide sustainable city bus transport operations in medium & small cities viz., Tumkur and Hassan. Prior to the introduction of services, exclusive field studies were carried out for route selection (periphery to periphery through city centre), frequency & timings of services needed, estimation & deployment of required buses, and unique branding of buses involving all the stakeholders. A study has indicated that in Tumkur, a significant (about 20%) modal shift has taken place from earlier modes like autorickshaws and personalized vehicles to public transport and more than 50000 passengers are using the city bus service. This unique public transport initiative has been awarded with 'Award of Excellence' by Ministry of Urban Development, Government of India, for the year 2011.

KSRTC, a frontrunner in innovation and use of ICT, has planned to track the long

Table 8.33: Passenger fleet strength and utilisation by different corporations

Item	2010-11				2011-12 (Upto December 2011)			
	KSRTC	BMTC	NWKRTC	NEKRTC	KSRTC	BMTC	NWKRTC	NEKRTC
No. of Buses at the end of the year	7405	2367	4002	3569	7711	2367	3822	3529
Percentage of over-aged buses	3.8	8.0	19.10	17.00	2.8	2.8	19.10	10.00
Fleet utilisation (Percentage)	91.0	92.3	92.0	91.2	92.4	94.2	94.2	90.07

Source: State Transport Undertakings (STUs) / Transport Department.

destination buses through GPS system and is in the final stages of formalizing the tender for the project. It has also introduced paperless ticketing system for passengers who are booking tickets online by logging into a dedicated website. Passengers will receive an SMS on their phone while booking tickets online, and this can be used as a journey ticket with a valid ID. Intelligent Transport System (ITS) project at Mysore city has been taken up at a cost of Rs. 20 crore under World Bank-GEF grant covering 500 Buses, 105 Bus stops, 6 Bus terminals and 45 platforms.

KSRTC is the first State Road Transport Undertaking (SRTU) in India to start a trial fitment of multiplex wiring system in buses. Considering the initial success of the trial runs, KSRTC has decided to fit multiplex system in all the future procurement of chassis.

KSRTC is the first SRTU to take up market segmentation, and recently added 'Airavat Club Class' (Multi-axle buses) to its existing fleet. It is an award-winning initiative that redefines the luxury segment and has been branded with the tag line 'Sleep like a Baby'. 'Karnataka Vaibhav' is another initiative which redefines luxury travel at affordable prices.

The yearwise data of operational statistics of KSRTC from 2009-10 to 2011-12 (upto October) is furnished in Appendix 8.11.

KSRTC, which was running under a financial loss upto 2001-02, has since turned around and has been earning profits. KSRTC earned a net profit of Rs. 62.05 crore in 2010-11 as compared to Rs. 48.85 crore in 2009-10 (Appendix 8.12)

Till 2000-01, KSRTC had an accumulated loss of Rs. 328.45 crore. After wiping out the accumulated losses, KSRTC currently has a surplus of Rs. 43.15 crore. It posted the highest ever profit of Rs. 62.05 crore in 2010-11, and stands first among all the SRTUs in the Country.

8.2.2.2 Bangalore Metropolitan Transport Corporation (BMTTC)

BMTTC provides bus transport facilities in Bangalore. BMTTC consists of five divisions viz, East, West, North, South and Volvo Divisions. As of March 2011, the corporation operated 2367 routes covering 12.55 lakh kms per day. The average number of passengers carried per day is 43.5 lakhs recording an increase of 2.1% over 2009-10. The detailed operational statistics of BMTTC are shown in Appendix 8.13.

BMTTC's traffic revenue increased by 10.8 % in 2010-11 as compared to 2009-10. The profit earned by BMTTC during 2010-11 was Rs. 50.35 crore. Details of financial position of BMTTC is depicted in Appendix 8.14.

8.2.2.3 North West Karnataka Road Transport Corporation (NWKRTC)

NWKRTC, established on 1-11-1997, has been providing efficient, adequate, economic and well-coordinated transport services to commuters in the north-western region of Karnataka. It has its Corporate Office at Hubli and covers six districts in the State. During 2010-11, the Corporation with a workforce of 21458 employees, operated 13.15 lakh kms per day by utilizing fleet strength of 4347, catering to 19.10 lakh passengers on an average, and earning Rs. 282.90 lakh daily. NWKRTC has extended bus services to 4428 villages out of 4596 villages (96.3%) which are in the nationalised routes in NWKRTC jurisdiction. The yearwise comparison of operational statistics of NWKRTC for the past three years are given in Appendix 8.15. The total loss incurred by NWKRTC in 2010-11 has reduced to Rs. 30.44 crore from Rs. 57.81 crore in 2009-10 (Appendix 8.16).

NWKRTC is operating both city and mofussil services apart from premier services such as *Rajahamsa*, *Meghadooth*, Sleeper Coach and Volvo Buses. It has implemented Electronic Ticket Machines (ETM) on all routes. The benefits derived from this are:

substantial reduction in pilferage of traffic revenue, MIS reports to take effective decisions, user friendliness, minimisation of time for issuing tickets, reduction in hardship for conductors, accuracy in financial accounting, reduction in cost of printing and stationery and reduction in waiting time for the conductors in remitting cash. Conductors can operate any route as there is no ticket inventory. NWKRTC has introduced a unique, computerized, Drivers Trade Testing System (DTTS), which brings transparency in selection of drivers and eliminates human error in awarding marks.

8.2.2.4 North Eastern Karnataka Road Transport Corporation (NEKRTC)

NEKRTC, headquartered in Gulbarga, provides transport facilities to Hyderabad-Karnataka region including Bijapur Division. The Corporation operated 3529 routes by March 2011. The Corporation operates 11.77 lakh kms per day with an average daily passengers carried at 12.78 Lakh. The detailed operational statistics are given in Appendix 8.17. The traffic revenue has increased by 27.9% in 2010-11 as compared to 2009-10. The loss incurred by the corporation has decreased to Rs. 12.05 crore from Rs. 33.85 crore in the year 2009-10. The detailed financial position of NEKRTC is given in Appendix 8.18.

8.2.2.5 Devaraj Urs Truck Terminals Limited

The Government of Karnataka has established Devaraj Urs Truck Terminals Ltd. Company under the Companies Act, 1956 with the primary objective of establishing truck terminals for the benefit of lorry / truck transporters at National highways in Bangalore and other cities of the State. The company has made significant progress towards achieving the above objective at different cities in the State. The company has initiated the construction of truck terminals in Mysore and Dharwad at a cost of about Rs. 22 crore.

Activities in Bangalore, Hospet and Hubli are in progress. It is also proposed to take up the construction of truck terminals in major cities such as Hassan, Chickmagalur, Raichur, Mangalore, Gulbarga, Belgaum, Gadag, Kolar, Shimoga, Davangere, and Chitradurga.

8.2.2.6 Vehicle population

Details of motor vehicles under different categories from 2008-09 to 2011-12 are presented in Table 8.34. It may be observed that a large number of vehicles are added in the private sector, with the highest additions of two wheelers, followed by motorcars. This year, Karnataka, on an average, added 54000 motorcycles every month compared to 52400 per month during the previous year. During 2010-11, a total of 887000 vehicles were added to the transport sector of the State. During 2011-2012, the additions of vehicles are expected to be higher considering that already 525000 new vehicles have been added in the first seven months of the year.

8.2.2.7 Airports

The Country's first greenfield International airport has been developed at Devanahalli, Bangalore at a cost of Rs. 2470 Crore as a passenger and cargo hub under the Public Private Partnership (PPP) mode. The airport has begun its operations in May 2008. The airport started by handling 9.8 million passengers per year and currently, it handles 12 million passengers annually. It has a 4000 meter runway and a terminal building of around 70000 square meters, the capacity of which is being enhanced. With the aim of establishing Bangalore International airport as India's leading airport in terms of quality and efficiency and to set a benchmark for the future amongst Indian airports, it is built and operated to the best international standards and is a new start in Indian aviation with regard to the passenger experience on ground. The airport is growing at a phenomenal pace of

Table 8.34: Number of Motor Vehicles under different categories ('000s)

Sl.No	Item	2009-10	2010-11	2011-12 (Upto Oct 2011)
1	Motor cycles	6404	7033	7411
2	Motor cars	1005	1131	1195
3	Jeeps	40	42	42
4	Auto rickshaws	207	228	242
5	Omnibuses	105	109	111
6	Motor cabs	68	76	80
7	KSRTC buses	29	31	31
8	Private buses	10	10	11
9	Goods carriages	377	415	442
10	Tractors	319	342	355
11	Trailers	215	233	242
12	Others	264	280	293
	Total	9043	9930	10455

Source: Transport Department

18% per annum which is higher than the national average of 16%.

The existing airport at Mysore has been operationalised. However, no flights are being operated from this airport for commercial reasons. In Bellary, the Government is developing a new airport on PPP basis and the project development agreement has been signed with the developer. Acquisition of 900 acres of land is in process. The existing airport at Hubli is being upgraded to International standards and the earlier requirement of land for the expansion and upgradation of Hubli airport was 710 acres. The final requirement of land by Airports Authority of India (AAI) is 615 acres. 520 acres has been acquired on consent basis and about 450 acres has been handed over to AAI. Additional land of 370 acres for Belgaum airport has been acquired and is being handed over to AAI. Memorandum of Understanding will be signed by the end of this year. The airport at Mangalore is AAI-owned and maintained by them. The second runway and new terminal building complex have been constructed.

Minor airports at Shimoga, Gulbarga, Bijapur and Hassan are being developed on PPP basis through private operators. In-principle approval of Ministry of Civil Aviation, Government of India has been obtained. Necessary land for the Gulbarga and Shimoga airports has been acquired and lease agreements have been signed with the developer. Preliminary project works have been undertaken. Project development agreement for the development of Bijapur airport has been signed with the concessionaire. The land lease agreement has to be signed with the developer for handing over of the land. The development of Hassan airport is being taken up on PPP basis. Out of the total land of 960 acres required for the airport, 536.24 acres of land was acquired and transferred to the developer. Project development agreement was signed with the developers and in-principle approval has been obtained from the Ministry of Civil Aviation. Environmental clearance has been obtained from the Ministry of Environment and Forests.

The existing defence airports at Bidar and Karwar are also being developed for civil operations. The Government is pursuing the matter of starting the civilian operations with AAI and Ministry of Defence.

The construction of airstrips in the districts where there are no airports within 150 kms is being examined and a minor airport policy for the same is being framed.

8.2.2.8 Railways

In Karnataka, the railway routes have two types of gauge systems, viz., broad gauge and meter gauge. The total broad gauge route length is 2761 kms and the meter gauge is 410.65 Kms. The broad gauge conversion is being undertaken for making a unigauge system which will enable faster movement of the passenger as well as goods trains. Within Karnataka, the South Karnataka region has major tracks and more stations as compared to North Karnataka. The status of new initiatives in the State is given below:

- Kotturu - Harihara new railway line has been completed and is pending clearance from Railway safety Commissioner. This project is being executed under 2/3 & 1/3 sharing by State Government (GoK) and Ministry of Railways (MoR) respectively.
- Munirabad - Mehabubnagar new railway line: Except for the route passing through Gangavathi, land has already been acquired and handed over to the railways and work is under progress. This project is being executed with cost sharing of 50:50 between GoK and MoR.
- Doubling of Bangalore - Ramanagaram railway line has been completed up to Channapatna. This project has been executed under cost sharing programme between GoK and MoR in the ratio of 2/3 and 1/3 respectively. Work on the Channapatna - Mysore line is also under progress.

- Land at Bidar for Bidar - Gulbarga new railway line has been acquired and handed over to South Central Railway and the work is under progress. However, land is yet to be acquired and handed over on Gulbarga side. The expenditure for this project is being shared by GoK and MoR on 50:50 basis. The State Government has so far released Rs. 155 crore for this project.
- Tumkur - Rayadurga new railway line is being undertaken with cost-sharing in the ratio of 50:50 between GoK & MoR. GoK has so far released Rs. 20.00 crore for this project and land acquisition is under progress.

The Government has approached MoR for taking up the following projects on PPP basis: Hubli - Ankola, Talguppa - Shahabad, Bijapur - Shahabad, Dharwad - Belgaum. Apart from these, projects being taken up on cost-sharing basis between Government of Karnataka and Ministry of Railways are: Hassan - Bangalore, Kadur - Chikmagalur, Kolar - Chikballapur, Kudachi - Bagalkot, Tumkur - Davangere, Shimoga - Harihar and Whitefield - Kolar.

8.2.2.9 Bangalore Metro Rail Project (Namma Metro)

Bangalore Metro Rail, also known as Namma Metro (our metro), is a Mass-Transit Rail System for the city of Bangalore. The agency responsible for its implementation is the Bangalore Metro Rail Corporation Ltd (BMRCL).

Phase-1 of Bangalore Metro spans a length of 42.3 Kms and consists of 2 Corridors, the East-West Corridor and the North-South Corridor. The cost of the 42.3 kms long Phase-1 is estimated to be about Rs. 11609 crore. Reach-1 of 6.75 kms has already commenced commercial operations on 20th October 2011. The operations are going on smoothly and the response from the public and the media is highly positive.

Considering the need for extending the Mass Rapid Transport System in Bangalore and the indicative success of Phase-1, it is felt necessary that Phase-II, consisting of four extensions to the existing lines and two new lines, be taken up immediately. While the four extensions will give the much needed last mile connectivity to the commuters, the two new lines traverse through some of the densest and most traffic-affected areas of Bangalore. The Phase-II will bring connectivity to the Electronic Industry cluster of Bangalore. The Phase-I (42.3 km) and Phase-II (72.09 km) will together create a metro network of 114.39 kms, with 101 Stations (80 Elevated, 19 Underground and 2 At-Grade) and will bring about a total transformation in the city's urban transportation scenario, as such a network will be capable of carrying 14.80 lakh passengers per day by the year 2016-17. It will considerably reduce traffic congestion and bring in its wake, fast, comfortable, safe and affordable mass transportation system, which in turn, will contribute to further development and prosperity of the city.

The proposal in respect of Phase-II of the Bangalore Metro Rail Project consisting of a length of 72.095 kms and 61 Stations is under the consideration of Government of Karnataka.. The total completion cost of all six lines of Phase-II is estimated at Rs. 26405.14 crore.

8.2.2.10 Bus Rapid Transport System (BRTS) - Bangalore

The Comprehensive Transport and Traffic Plan for Bangalore suggests that BRTS can be implemented for 291.5 kms at a cost of Rs. 3498 crore in two phases in 14 corridors. The proposal is to develop BRT system on the Outer Ring Road (ORR) as a pilot project from Silk Board Junction to Hebbal Flyover for a length of 30 kms. The bus system would have a dedicated corridor and, operate new technology buses designed for

the urban environment. Some of the salient features of the proposed BRTS include:

- Open BRT system with central/median bus lanes
- Bus routes to have flexibility to join/leave the BRT corridor at any intersection
- Bus stops at approach arms on intersections for improved commuter access (to reduce walking distances) and, utilising red time at intersections. Some bus stops also proposed at midblock locations with high bus passenger catchment
- Redesign of road cross-section by utilising additional median width and undeveloped shoulders
- Increased overall road width and capacity. 3 motor vehicle lanes retained with additional proposed one bus lane plus one non-motor vehicle lane for either direction
- Additional one motor vehicle and one bus lane at most intersections
- Cross pedestrian facilities through at-grade signalled crossings for user friendliness.
- Physical segregation of bus, non-motor vehicles and motor vehicles lanes.
- Existing service roads retained.
- Integration with existing infrastructure projects viz. flyovers, underpasses etc.
- Flexible pavement for complete cross section.
- PM street parking not desirable on any part of row.

Bangalore needs such a system to reduce the congestion and speeden up the traffic as BRTS, with the use of ITS, would give a leading edge as the transporter is always in control and passenger will be in focus in real time.

8.2.3 New Infrastructure Projects

Karnataka has targeted a growth rate of 9% per annum. Towards realizing this high

growth, a number of infrastructure projects on PPP basis are being conceived. The new Infrastructure Policy-2007 provides for implementation of infrastructure projects in various sectors in the PPP mode. The Infrastructure Policy-2007 mandates taking up PPP projects in 10 sectors namely, Agri-Infrastructure, Education, Energy, Healthcare, Industrial Infrastructure, Irrigation, Public Markets, Tourism, Transportation & Logistics, and Urban Municipal Infrastructure. The potential for a number of subsectors under each of these identified sectors is being explored. The State has identified gaps in infrastructure to meet the growing needs of the economy. As the resources of the Government are limited, most of the infrastructure projects would be developed through PPP mode. Substantial focus is also put on sustainable projects that would reduce the ecological footprints, e.g., the urban transportation projects, Monorail, High Speed Rail, Commuter Rail etc. Further, these projects are also aimed at with inclusiveness as an essential growing factor. The Government of India has communicated that the high speed rail link (HSRL) project would be taken up as a Central Sector Project through BMRCL.

Some of the important projects proposed for development under PPP/Swiss challenge mode are High Speed Rail Project, Minor port at Haldipur, Monorail Project in Bangalore (South-North), Port at Tadadi, 6 Road Projects, Airports at Bellary, Bijapur, Gulbarga, Shimoga, Hassan, Bangalore, Gas based Power Projects, Devanahally Business Park, Agri- Logistics, Intermodal Transit Hubs in Bangalore City and, APMC

Market at Byatarayanapura. Under the normal PPP mode, a number of infrastructure project proposals have been developed with a portfolio of 96 projects costing about Rs. 77548.22 crore. 10 projects have been completed while 16 projects are under implementation. 70 projects are in the pipeline.

8.2.4 Telecommunication

8.2.4.1 Telephone network

The telecommunication system in the State is operated by both private and public sector undertakings. Apart from BSNL, a number of private companies are providing cellular phone services. The number of cellular phones in operation in the State is presented in Table 8.35.

The teledensity (both BSNL and private cellular operators) in the southern States is presented in Table 8.36. Urban teledensity in Karnataka (183.21) is above all India teledensity (163.13). However, Karnataka stands in 2nd position among the southern States in Urban teledensity and 5th in rural teledensity.

The number of telephone exchanges has increased over the years. In the last 7 years, 152 new exchanges were added in the State. Though the number of exchanges has increased, the number of landline connections has declined significantly. The decline in landlines can be partly attributed to increased private participation in the mobile telephony sector and switchover to mobile phones.

The trends in postal services suggest that there is a slight decline in the total number of

Table 8.35: Number of cellular phones in operation

(No. of subscribers)

Year	2005-06	2006-07	2007-08	2008-09	2009-10
BSNL	1284887	1780654	2085432	2743511	3941833
Private Cellular Operators	2200085	5131213	8087446	10799175	20547525
Total	3484972	6911867	10172878	13542686	24489358
(% share of private operators)	(63.1)	(74.23)	(79.5)	(79.7)	(83.9)

Source: CMIE, March, 2011

Table 8.36: Southern States Teledensity

Service Area	Rural Teledensity	Urban Teledensity	Total Teledensity
Tamil Nadu	51.65	158.28	110.37
Kerala	55.01	246.04	103.79
Maharashtra	48.27	144.21	92.96
Karnataka	35.33	183.21	90.48
Andhra Pradesh	35.53	182.84	76.38
All India	35.60	163.13	73.97

(as on 30th June, 2011)

Source: Indian Telecom Services Performance Indicator Report for the quarter ending June, 2011.

post offices over the years. This may be due to merger of post offices in urban areas. The details of number of post offices, telephone exchanges and number of telephones are presented in Table 8.37.

Table 8.37: Number of Post Offices, Exchanges and Telephones

Year	Post offices	Telephone Exchanges	Telephones
2004-05	9884	2637	2785781
2005-06	9864	2639	2534402
2006-07	9835	2649	2381331
2007-08	9826	2626	2610353
2008-09	9862	2651	2326532
2009-10	9820	2694	2187802
2010-11	9772	2789	2040456

Source: Karnataka at a Glance

8.3 BANKING AND FINANCE INCLUDING COOPERATIVES

8.3.1 Introduction

Karnataka has a fairly well developed financial infrastructure. The State has pioneered establishment of many leading commercial banks and is home to a wide network of commercial bank branches in the Country. The banking business is predominantly contributed by seven commercial banks constituting almost three-fourths of the banking business. Currently, twenty seven public sector banks, sixteen private commercial banks and six

regional rural banks are operating in the State.

Disbursement of credit in rural areas takes place through co-operatives, commercial banks and regional rural banks. Credit for industry and service sectors flow from a major State-run lending institution, Karnataka State Financial Corporation (KSFC), which undertakes promotion and development of medium and large scale industries in the State. The Karnataka State Industrial Investment and Development Corporation (KSIIDC) is another financial institution which acts as a nodal agency to formulate proposals for implementation of infrastructure projects. National Bank for Agriculture and Rural Development (NABARD), as an apex level institution, plays a lead role in the promotion of agriculture and rural development, by preparing Potential Linked Credit Plans (PLPs) and annual action plans at the grassroots level.

The evergrowing demand for institutional finance has resulted in expansion of banking network and credit flow. There were 755 bank branches at the time of nationalization in 1969. Since then, 6513 bank branches have been added by March 2011 thus taking the total number of branches to 7268. The branch expansion pattern depicted in Table 8.38 reveals that the branch network has significantly increased over the years. The branch

Table 8.38: Branch network in Karnataka

SI. No.	Branch Network	March 2009	March 2010	March 2011
1	Rural	2207	2730	2806
2	Semi-Urban	1168	1439	1495
3	Urban	1038	1486	1549
4	Metro/PT	1091	1320	1418
	Total Branches	5504	6975	7268

(Includes Co-operative Bank Branches)

Source: State Level Banking Committee, Karnataka

network is providing better access to banking to people in urban as well as in rural areas.

An interstate comparison of the banking infrastructure in terms of population per branch, aggregate deposits and credit is provided in Table 8.39. To obtain an appropriate measure to judge the depth of banking in a state, one has to examine the population that is served per branch. Karnataka compares very well with a number of other States. Population per branch in Karnataka is 8500 (excluding PACS) which is next only to states like Kerala, Punjab and Delhi that cater to about 8000 population per branch. The national average is much higher at 14000 per

branch. Karnataka compares well in terms of aggregate deposits and gross credit by holding the 4th and 5th ranks respectively. In terms of the share in the total deposits of the country, Karnataka constitutes 6.43% while, in terms of credit the State constitutes 6.21% share.

8.3.2 Deposits and Advances

The aggregate deposits of commercial banks (including RRBs) stood at Rs. 349009 crore as of March 2011 as against Rs. 336682 crore recorded a year ago indicating a growth of 3.66%. As of March 2011, the total outstanding advances of commercial banks including RRBs in the State stood at Rs. 255983 crore as against the level of advances of Rs. 213983 crore recorded a

Table 8.39: Comparative Perspective of Karnataka's Banking

State	Population per branch (000)	Deposits (Rs. Crore)	Rank	Credit (Rs. Crore)	Rank
Maharashtra	14	1471685	1	1196639	1
Delhi	8	640993	2	558291	2
Uttar Pradesh	20	373634	3	162890	8
Karnataka	8.5	349009	4	253121	5
Tamil Nadu	11	343635	5	392128	3
West Bengal	17	313348	6	199582	6
Andhra Pradesh	12	292277	7	321372	4
Gujarat	13	261485	8	173432	7
Kerala	8	170547	9	122823	9
Punjab	8	153737	10	118906	10
All India	14	5426510	-	4076868	-

Source: Quarterly statistics issued by R.B. I. - March 2011,

year ago indicating a growth rate of 19.63%. The Credit-Deposit ratio (C-D ratio) of the State as on March 2011 is 76% with the C-D ratio at 75% in the previous year including co-operative banks (Table 8.40).

8.3.3 Priority Sector Advances

Domestic banks are mandated to provide 40% of their net bank credit to the priority sector. The State has excelled in its priority sector lending by contributing 41.3% of the total advances to the priority sector as against the Reserve Bank of India's norm of 40%. The priority sector advances of all bank groups in the State amounted to Rs. 105746 crore as of March 2011. Direct advances to agricultural sector by Scheduled Commercial Banks (SCBs) in

March 2011 stood at Rs. 47071 crore as against Rs. 35429 crore recorded in March 2010 comprising of 18.39% of total advances made by SCBs towards the priority sector. There has been an increase in the share of advances rendered to the weaker sections from 9.69% in 2010 to 10.69% in 2011. The advances paid to minority communities amounted to Rs. 10686 crore, marking an increase of Rs. 1607 crore against the advances paid during the last year as on March 2010. Credit disbursed by banks to MSME sectors in the State in March 2011 increased to Rs. 40532 crore from Rs. 29896 crore recorded in the previous year. Share of lending to the MSME sector has increased from 10.89% to

Table 8.40: Performance of Scheduled Commercial Banks (end-March)

Sl. No	INDICATOR	Unit	2008-09	2009-10	2010-11
1	Branch network				
	a) Commercial Banks	No.	4391	4589	5122
	b) Regional Rural Banks	No.	1180	1201	1256
	c) Co-operative Banks etc	No.			890
	Total	No.	5571	5790	7268
2	Deposits				
	A) Commercial Banks	Rs. crore	198969.51	216972.07	309949.84
	B) Regional Rural Banks	Rs. crore	9428.86	11963.82	14280.68
	C) Co-operative Banks etc	Rs. crore			12452.06
	Total	Rs. crore	208398.37	228935.89	336682.58
3	Advances				
	A) Commercial Banks	Rs. crore	148580.82	161935.40	227507.96
	B) Regional Rural Banks	Rs. crore	8178.07	9872.12	11301.31
	C) Co-operative Banks etc	Rs. crore			17173.70
	Total	Rs. crore	156758.89	171807.52	255982.96
4	Credit-Deposit Ratio				
	A) Commercial Banks	%	74.68	74.63	73
	B) Regional Rural Banks	%	86.73	82.52	79
	C) Co-operative Banks etc	%			128
	Total	%	75.30	75.05	76

Source: State Level Bankers' Committee, Karnataka

15.83% during the reference years. Advances to SCs/STs accelerated to Rs. 7878 crore in March 2011 as against Rs. 6374 crore recorded in March 2010. Similarly, advances to women stood at Rs. 20686 crore in March 2011 as against Rs. 16743 crore made in the corresponding period of 2010 recording a good growth during the period. Details of advances to priority sector by banks in Karnataka from 2009 to 2011 are given in Table 8.41.

8.3.4 Financial Inclusion

Financial inclusion has been an important policy initiative adopted by the State. The State Government has entered into a Memorandum of Understanding with seven banks for a pilot project for financial inclusion through use of information technology in seven districts. Four of those districts are under 'One District-Many Bank' model which have been prescribed by the Government of India and the Reserve Bank of India as the way forward to roll out financial inclusion plan. The State Government is fully committed to adopt the recommended

strategy in all its future endeavours in the remaining 23 districts of the State. There are some challenges that have surfaced which need to be addressed in order to reap the full benefits of the new initiatives -

1. Even though the enrolment process was started almost 3 years back in 4 districts, the enrolment has remained extremely low especially for social security pensioners. In the other 3 districts, which have been taken up on 'One District - One Bank' model, the progress has been relatively better though still being slow. In view of the slow rollout of the financial inclusion plan in those 7 districts, more concerted efforts by the banks are required to take up enrolment, issue of cards, and operation of the accounts through business correspondents. The State government reiterates its commitment to provide all possible coordination in the enrolment process.

2. The Government of India has indicated that the arrangements of electronic benefit transfer (EBT) should be discontinued wherever those arrangements are based on

Table 8.41: Distribution of Priority sector advances

(Rs. crore)

Sl. No.	Indicator	End of March		
		2009	2010	2011
1	Total Advances	155409	213983	255983
2	Agriculture & allied activities	29196.00	42569.00	47071.00
3	Advances to MSME	16920.00	29896.00	40532.00
4	Total priority sector advances	71810.00	90700.00	105746.00
	Outstandings under PSA	5315.00	6374.00	7878.00
5	Percentage of priority sector advances to total advances	46.21	42.39	41.31
6	Percentage of weaker section advances to total advances	10.36	9.69	10.69
7	Weaker section Advances	16103	20733	27352
8	Advances to SCs/STs	5315	6374	7878
9	Advances to Minorities	6489	9079	10686
10	Advances to Women	13466	16743	20686

Source: State Level Bankers Committee, Karnataka.

'One District - One Bank' model so as to implement the financial inclusion plan through the service area approach of 'One District - Many Bank - One Leader' model. Hence, the State Government has requested GoI that before dismantling the limited progress made so far, the banks may focus on establishing the system in areas that are yet to be covered. Even in the areas having EBT through one bank model, the first option to provide the financial inclusion may be given to the bank providing EBT services. If that bank is not in a position to provide financial inclusion in a meaningful manner, the second option may be given to opt for the service area approach.

3. Another aspect about which the State Government has sought attention of the Government of India is regarding service fee payment to banks. The Ministry of Rural Development has indicated that a service fee of Rs. 80 per annum for each active account can be given for disbursement of NREGA wages through the business correspondents. However, the Ministry expects these services to be obtained through a competitive process. This expectation is contrary to the guidelines issued by Department of Financial Services which rightly suggests taking up the financial inclusion including EBT through service area approach of 'One District-Many Bank-One Leader' model. The Government of India has been requested that this divergence between guidelines of the Department of Financial Services and that of the Ministry of Rural Development may be resolved.

4. The use of business correspondents is a new mechanism which is being introduced for delivering financial services through use of technology. While each participating bank may have its own customer complaint system, it will be difficult for the villagers to use internet or letter based system in case they have any grievance with reference to

the services being provided by the business correspondents. It has been suggested that a common mobile phone based grievance redressal system may be set up in each State with centralized monitoring by SLBC.

8.3.5 Status of implementation of Rural Infrastructure Development Fund (RIDF)

Rural Infrastructure Development Fund (RIDF) was initiated by the Government of India in 1995 under the aegis of NABARD for financing rural infrastructure projects. Domestic Scheduled Commercial Banks, both in public and private sectors which are unable to meet their targets for priority sector / agricultural lending are required to deposit the shortfall amount into the RIDF with NABARD, such amounts as may be allocated to them by the Reserve Bank, depending upon the extent of their shortfall, subject to a ceiling of 1.5%. The initial corpus fund was Rs. 2000 crore in 1995-96 and this fund has since increased with an additional corpus being announced every year in the Union Budget and has reached Rs. 116000 Crore from tranches I to XVI. Karnataka got an allocation of Rs. 720 crore for implementing works under RIDF-XVII. The rate of interest charged on loans to State Governments is 6.5% from RIDF tranche VIII and onwards.

The State Government has utilized institutional finance from National Bank for Agriculture and Rural Development (NABARD) under RIDF Scheme for financing various developmental programmes in the State to supplement plan financing. In order to select and prioritize the works for loan assistance from NABARD, a Cabinet Sub-Committee on RIDF has been constituted under the chairmanship of the Hon'ble Minister for Public Works. A High Power Committee (HPC) has also been constituted and chaired by the Development Commissioner for reviewing the implementation of RIDF

projects in the State. The progress in the implementation of the scheme is also being monitored by NABARD from time to time.

In Karnataka, till 16-2-2012, an aggregate amount of Rs. 6966.93 crore has been sanctioned by the National Bank for Agriculture and Rural Development (NABARD) under various tranches of RIDF. Data has been provided in Annexure – III. The completed projects include rural roads, rural bridges, minor irrigation projects, medium irrigation projects, major irrigation projects, rural godowns, rural markets, Anganwadi buildings, primary health centers and school classrooms. 15690 Projects have been completed as against 29792 projects sanctioned so far.

8.3.6 Swarnajayanthi Gram Swarojgar Yojana (SGSY)

The Government of India has launched Swarna Jayanti Swarozgar Yojana (SGSY) from April 1, 1999 by restructuring several self-employment programmes such as IRDP, TRYSEM, DWCRA, SITRA, Ganga

Kalyana Yojana and Million Wells. SGSY is a holistic programme covering all aspects of self-employment like organization of the poor into self-help groups, skills upgradation, credit linkage, technology, provision of infrastructure and providing marketing facilities. The programme is funded by the Centre and State in the ratio of 75:25. The main emphasis is on cluster approach and promotes multiple credit services rather than a one-time credit injection. Physical & financial achievements under the SGSY program during the last few years are indicated in Table 8.42.

The data relating to the sanctions and disbursements reveals a considerable increase over the years for the category of individuals as well as groups. The amount disbursed has increased by 23% from Rs. 188.24 crore in 2008-09 to Rs. 231.04 crore in 2010-11. The gap between the sanctions and disbursements remains to be bridged in order to enhance the support under the SGSY scheme. The targeted number of

Table 8.42: Distribution of Loan and Subsidy under SGSY Scheme

Category	Year	Disbursements		Subsidy released	
		No.	Amount (Rs. crore)	No.	Amount (Rs. crore)
Individuals	2008-09	570	2.16	570	0.86
	2009-10	1435	4.58	1435	1.73
	2010-11	2335	7.08	2335	2.15
	2011-12 (upto Sep.11)	90	0.40	90	0.09
Groups	2008-09	5774	186.08	5774	71.47
	2009-10	5497	191.45	5497	76.25
	2010-11	6222	223.96	6222	79.55
	2011-12 (upto Sep.11)	363	12.94	363	3.92
Total	2008-09	6344	188.24	6344	72.33
	2009-10	6932	196.03	6932	77.98
	2010-11	8557	231.04	8557	82.06
	2011-12 (upto Sep.11)	453	13.34	453	4.01

Source: Government of Karnataka, Rural Development and Panchayat Raj Department.

beneficiaries has been exceeded as indicated in Table 8.43 and it is also interesting to note that SC/ST beneficiaries constitute a large and increasing share in the total beneficiaries with their share increasing from 47.68% in 2008-09 to 48.9% in 2010-11 (Table 8.44).

8.3.7 Micro Credit Delivery Innovations - Self Help Groups (SHGs)

Karnataka has been among the top three States in the Country in SHG-Bank Linkage.

Women and Child Development Department (WCDD), Government of Karnataka (GoK), NGOs, DCCBs, PACS and RRBs continue to play a significant role in the promotion of SHGs in the State. There has been a considerable progress made in the microcredit programme and the details are presented in Table 8.45. The number of SHGs promoted has increased from 594117 to 656463 amounting to an increase of 10.5%. The amount of bank loan availed has had a significant increase of 28% and there has been a considerable increase in the average loan per SHG from Rs. 107389 to Rs. 144092 during the reference period.

NABARD has also launched the scheme for promotion of Joint Liability Groups (JLGs) to develop effective credit products for

small/marginal/tenant farmers/oral lessees and sharecroppers as also entrepreneurs engaged in various non-farm sector (NFS) activities. Generally, members of a JLG engage in a similar type of activity in agriculture/Non farm sector. The JLG concept ensures that the joint liability agreement and peer pressure in the group serves as security for loan repayment. Agencywise number of SHG accounts and amount outstanding is presented in Table 8.46. The commercial banks hold a large number of accounts, followed by Cooperatives and RRBs.

Micro-Finance Institutions (MFIs)

MFIs in Karnataka are registered either as NBFC-MFI under Companies Act or as MFO under Trust/Societies Act. Out of 48 MFIs which are active in the State, 22 have registered themselves with Association of Karnataka Microfinance Institutions (AKMI). The MFI's Portfolio Report of SLBC Karnataka as on 31.3.2011 is given below.

Particulars	A/c	Amount (Rs. Crore)
No. of MFI	27	
Disbursements	553796	12912.86
Outstanding	4459832	2922.69

Source : SLBC Karnataka June 2011

Table 8.43: Beneficiaries under Self Employment Schemes

(No.s)

Programme / Scheme	2008-09		2009-10		2010-11	
	Target	Acht.	Target	Acht.	Target	Acht.
SGSY	76834	88794	63216	91366	90420	104527

Source: SLBC, Karnataka

Table 8.44: Progress made under the SGSY programme

Indicator	2008-2009	2009-2010	2010-2011
Beneficiaries (in thousands)	88.79	91.37	90.42
Of which SC/STs (in thousands)	42.34	40.87	44.22
Loan Component (Rs.Cr.)	188.24	196.03	208.31
Grant in aid (Rs.Cr.)	72.33	77.97	82.07

Source: SLBC, Karnataka, June 2011.

Table 8.45: Progress of the Micro credit programme

Sl. No.	Particulars	As on 31.3.10	During 2010-11	As on 31.3.11
1	No. of SHGs promoted	594117	62346	656463
2	No. of SHGs credit linked (new Groups)	530210	49759	579969
3	No. of SHGs financed (new and repeat groups)	NA	100424	NA
4	Amount of Bank loan availed (Rs. in lakh)	5255.65	1447.03	6702.68
5	No. of families covered under the programme (lakh)	80.84	9.75	90.59
6	Average loan per SHG	107389	NA	144,092
7	No. of bank branches lending to SHGs (including PACS)	NA	NA	11022
8	No. of NGOs participating in the programme directly/ indirectly	NA	NA	350

Source: NABARD Focus Paper, Year 2012-13

8.3.8 Kisan Credit Cards

For timely flow of credit to farmers, the Kisan Credit Card Scheme (KCC) was introduced by the Government of India (GoI) during the period 1998-99. The scheme aims at providing adequate and timely credit for the requirements of farmers under a single window, with flexible and simplified procedures by adopting a whole farm approach including short term and medium term credit needs and reasonable component for consumption purpose. The scheme has also been tied up with Personal Accident Insurance Scheme (PAIS) wherein card holders are insured upto Rs. 50000 at a nominal premium of Rs. 15 for three years.

The scheme has made rapid progress with the banking system in the State. The banking system has been releasing crop loans through KCCs having recognised it as

an accepted mechanism to deliver credit to farmers. The KCCs have been issued by all the banks, including Cooperatives. During 2010-11, a total of 698736 Kisan Credit Cards have been issued involving a credit limit of Rs. 6453 crore with an outstanding balance of Rs. 15708 crore in March 2011. Agencywise number of cards issued and limit sanctioned during 2010-11 is given in Table 8.47.

8.3.9 Regional Rural Banks (RRBs)

Regional Rural Banks (RRBs) have evolved into a major institution for credit dispensation in rural areas. These banks have been promoted to serve the rural areas with specific objectives. Owing to various reform measures, these banks have achieved considerable operational and financial stability in recent years. Considering operation feasibility, these

Table 8.46: Distribution of SHG accounts agencywise (as of March 2011)

Agency	No of accounts	%	Amount (Rs. crore)	%
Commercial Banks	216177	41.17	2046	49.16
RRBs	80052	15.24	581	13.96
Cooperatives	228826	43.58	1535	36.88
Total	525055	100	4162	100

Source: SLBC, Karnataka June 2011

Table 8.47: Agencywise distribution of KCC cards (as of March 2011)

Agency	Target for 2010-11	During the Year		Outstanding Balance	
		No. of cards Issued	Limit sanctioned Rs. Crore	No. of cards	Amount Rs. Crore
Commercial Banks	375000	300566	4322	881679	7548
RRBs	400000	239324	1746	707700	3701
Cooperatives	225000	158846	385	1491500	4459
Total	1000000	698736	6453	3080879	15708

Source: SLBC Karnataka

banks were amalgamated from 13 banks to 6 banks.

In accordance with the policy decision taken by the Government of India, 4 RRBs sponsored by Canara Bank were amalgamated into one and renamed as Pragati Grameena Bank. Similarly, another 4 RRBs sponsored by Syndicate Bank were amalgamated and renamed as Karnataka Vikas Grameena Bank. The status position of other RRBs sponsored by the State Bank of Mysore, Corporation Bank, State Bank of India and Vijaya Bank remained unaltered. The State Government, in accordance with the provisions of Section (6) of RRB Act 1976, has provided 15% contribution towards equity share to the 6 RRBs in the State. In 2010-12, the State Government has refinanced Chikmagalur-Kodagu Grameena Bank to an extent of Rs. 1.73 crore as sought by Gol.

8.3.10 State Term Lending Institutions

Karnataka State Financial Corporation (KSFC) and Karnataka State Industrial Investment & Development Corporation (KSIIDC) are the two major State term lending institutions engaged in the development of small/medium and large

term industries and enterprises. While KSFC supports small scale industry and service sectors, the KSIIDC undertakes promotion and development of medium and large scale industries in the State and acts as a nodal agency to formulate proposals for the implementation of infrastructure projects. Keeping in pace with the changed economic scenario, the KSFC has diversified its lending to newer areas such as construction activity, infrastructure development, Tourism, Health care, Textiles, Insurance, Food processing, Engineering etc.

The assistance rendered by KSFC aggregated to Rs. 731.63 crore in sanctions and Rs. 580.41 crore in disbursements by end-March 2011 as against Rs. 631.49 crore in sanctions and Rs. 434.39 crore in disbursements made in March 2010 registering a growth in sanctions and disbursements. The details of both the institutions are presented in Table 8.48.

8.3.11 Non-Performing Assets (NPA) in Banks

In Karnataka, NPAs have increased as compared to last year. During March 2010, NPAs were Rs. 7301.02 crore and by March

Table 8.48: Assistance rendered by State Term Lending Institutions

(Rs. crore)

Institute	2008-09		2009-10		2010-11		2011-12 (Anticipated)	
	Sanctions	Disbursements	Sanctions	Disbursements	Sanctions	Disbursements	Sanctions	Disbursements
KSFC	565.24	383.92	631.49	434.39	731.63	580.41	589.09	414.03
KSIIDC	2.65	7.53	4.90	3.25	0.00	4.16	0	0

Source: KSFC & KSIIDC

2011, it was Rs. 9019.46 crore registering an increase of Rs. 1718 crore (Tables 8.49 and 8.50). The increase is alarming; this increase may be due to excessive growth in credit expansion without adequate safeguards. If one analyzes the breakup of the NPAs by the banking categories, it is very revealing to note that the commercial banks have the largest share both in terms of accounts and amount. However, in terms of the increase in amount of NPAs, it is very large with regards to Cooperatives and the RRBs as compared to that of the Commercial banks. Hence, balance has to be struck between credit quality and associated risks, while allowing bank lending to contribute to higher growth. In view of the rapid growth in bank credit, there may be a need for stricter management techniques for prudent evaluation of investment proposals.

8.3.12 Interest Subsidy Schemes

The Government of Karnataka has sanctioned an interest subsidy scheme on crop loans to farmers. As per the scheme, farmers availing crop loans through Public Sector Banks and Regional Rural Banks in

Karnataka upto Rs. 50000 on or after 1.4.09 and repaying the loans as per due date or earlier are eligible for an interest subsidy of 4%. Similarly, the State has provided interest subsidy to Weavers and Fishermen at the rate of 3%. The scheme is applicable to loans availed by Weavers and Fishermen with effect from 1.4.2009 and 1.11.2009 respectively

8.3.13 Co-operative Credit

The Cooperative credit system in Karnataka has its own place in the credit delivery of rural and urban areas. Apart from urban cooperative banks, major cooperative banks are operating in rural areas. Unlike in other States, two types of Cooperative credit institutions are functioning in Karnataka with one looking after short term credit and another looking after long term credit needs.

A. Short Term Credit Cooperative Credit Structure (STCCS)

The Karnataka State Cooperative Apex Bank through its affiliated District Central Cooperative Bank (DCCB) and Primary Agriculture Cooperative Societies (PACS) at the village level extends short term credit to the farmers and others. The total number

Table 8.49: NPAs by banking categories

(Rs. Crore)

Sl. No	Type of Banks	As on 31/3/2010		As on 30/3/2011		Increase in amt
		A/Cs	Amount	A/Cs	Amount	
1	Commercial	327750	6404.67	413933	7367.84	963.16
2	RRBs	58521	209.20	64165	343.01	133.81
3	Cooperatives	62021	687.14	72509	1308.62	621.48
	Total	448292	7301.02	550607	9019.47	1718.45

Source: SLBC Karnataka

Table 8.50: NPAs position in various sectors (as of March 2011)

(Rs. crore)

Sl No	Name of Bank	Total NPAs		Agriculture		Small Scale Industries		Other priority Sector Adv		Non Priority Sector Adv	
		A/Cs	Amt	A/Cs	Amt	A/Cs	Amt	A/Cs	Amt	A/Cs	Amt
1	Commercial	387955	6441.64	125523	1458.96	78103	1006.98	120905	1869.59	91092	2501.78
2	RRBs	64165	343.01	20534	142.92	23402	77.60	49345	233.29	7222	59.41
3	Co-operatives	66663	1057.47	34705	648.44	641	10.25	15622	406.83	25396	266.18

Source: SLBC, Karnataka

of DCCBs is 21 with 596 branches. There are 4500 PACS functioning in the State. These institutions have prepared Development Action Plan (DAP) with a view to strengthening capital base of their financial and organization setup.

As on 31-3-2010, the working capital of DCCBs was Rs. 11207.47 crore. By March 2011, it had grown to Rs. 12610.50 crore indicating a growth of 12.52%. The total amount of Deposits in DCCBs was Rs. 7088.51 crore, as on 31-3-2010. It had grown by 10.21% to Rs. 7812.11 crore as on 31-3-2011. During 2010-11, 20 out of 21 DCCBs in the State have shown profits. These credit institutions at the grassroots level deal directly with individual borrowers and provide short, medium and long term credit. The financial status of DCCBs is shown in Table 8.51.

B. Long Term Credit Cooperative Credit Structure (LTCCS)

Apex Bank, Karnataka State Cooperative Agriculture and Rural development Bank (KASCARD) at the State level and, Primary Cooperative Agriculture and Rural Development Bank at taluk level numbering 177, cater to long term credit needs in the two-tier credit delivery system. The National bank for Agriculture and Rural Development (NABARD) provides refinance to KASCARD Bank.

As on 31-3-2011, the Short term (ST), Medium term (MT) and Long term (LT) loans issued by the co-operative credit system in the State was Rs. 4468.90 crore, 232.33 crore and 186.89 crore respectively as against Rs. 3576.68 crore, Rs. 166.60 crore and Rs. 180.65 crore issued a year ago indicating a marked improvement in the issue of all type of agricultural loans (Table 8.52). In the current fiscal, upto September 2011, the cooperative credit system issued ST, MT and LT loans to the extent of Rs. 3257.40, 108.94 and 31.66 crore respectively. The target for long term lending for 2010-11 has been fixed at Rs. 236.01 crore. Against this target, banks have advanced Rs. 31.66 crore by September 2010. Medium and long term lending has exceeded the targeted levels.

C. Recovery of Loans

The comparative position of recovery of short, medium and long term loans under the cooperative credit system in the State from 2008-09 to 2011-12 is presented in Table 8.53. The recovery figures show that there is high overdue in long term loan compared to medium term and short term loans, which have improved to a certain extent in 2010-11.

D. Business Development Plans (BDP) for Primary Cooperative Agricultural Credit Societies (PACS)

Business Development Plans (BDP) are being implemented by primary credit

Table 8.51: Consolidated financial Status of DCCBs (Rs. crore)

Particulars	2008-09	2009-10	2010-11
No. of DCCBs	21	21	21
Total share capital	302.11	378.99	410.26
States' share capital	19.09	19.27	19.27
Share of state share capital %	6.32	5.08	4.69
Deposits	5590.8	6867.8	7812.11
Borrowings	2665.34	2240.76	2766.29
Loans & Adv O/S	5788.34	2240.76	7645.21
Banks showing profit	21	18	20
Loss for the years (AMT)		2.75	21.72

Source: Co-operation Department

Table 8.52: Performance of Short Term, Medium Term and Long Term Credit (Rs. crore)

Year	Type of Loan	Target	Achievement	% Achievement
2008-09	Short term	3422.22	3010.62	88.0
	Medium term	146.00	114.40	78.4
	Long term	218.17	171.89	78.8
2009-10	Short term	3617.56	3576.68	98.9
	Medium term	158.93	166.59	104.8
	Long term	279.00	180.65	64.7
2010-11	Short term	4095.86	4468.90	109.11
	Medium term	201.47	232.33	115.32
	Long term	236.05	186.89	79.17

Source: Co-operation Department

cooperative societies from 1995-96. 4500 societies have adopted this programme by March 2011.

During 2009-10, 4500 societies achieved a business turnover of Rs. 4705.52 crore as against the target of Rs. 5428.78 crore. The Government has sanctioned a sum of Rs. 324.50 Lakh as grant to 651 societies (including the Integral Cooperative Development Project) so far for the creation of basic infrastructure facilities such as opening of banking counters and cash chests. In addition to this, the Apex Bank and DCC Banks have sanctioned a sum of Rs. 338.50 lakh to 676 societies and Rs. 379.91 lakh to 823 societies respectively for the above purpose since 1995-96 till date. The deposits mobilised by PACS as of March 2010 was Rs. 1869.86 crore. It has increased to Rs. 3124.03 crore at the end of March 2011 indicating a growth rate of 67.07%.

During 2010-11, against the credit business annual target of Rs. 9912.42 crore, the achievement has been Rs. 6989.61 crore. As far as non-credit business is concerned, PACS have achieved Rs. 1331.43 crore of business against the target of Rs. 1255.20 crore (Table 8.54).

E. Subsidised loans to farmers @ 4 % p.a. and waiver of interest and penal interest

The State Government has implemented the scheme of lending agricultural loans to the farmers at 4% interest rate p.a. from 01.04.2006 through agricultural cooperative credit institutions in the State. During 2006-07, agricultural loans amounting to Rs. 2471.24 crore has been disbursed to 9.20 lakh farmers. The Government has reimbursed an amount of Rs. 123.78 crore as difference of interest on behalf of the farmers. From 01.04.2008, the Government has implemented the scheme of lending agricultural loans to farmers at 3% p.a..

Table 8.53: Recovery of loans in Karnataka

Type of loan	2008-09 (%)	2009-10 (%)	2010-11 (%)	2011-12 (upto sept.) (%)
Short term	76.50	80.49	88.53	95.75
Medium term	65.95	72.17	84.88	80.43
Long term	43.50	39.43	52.50	24.50

Source: Co-operation Department

Table 8.54: Performance of Business Development Plans

(Rs. crore)

Details	2008-09		2009-10			2010-11		
	Target	credit and non-credit transaction achievement	Annual Target	Annual achievement	Percentage of achievement	Annual Target	Annual achievement	Percentage of achievement
Credit	3740.57	3773.99	4473.19	3551.98	79.40	9912.42	6989.61	70.51
Non-Credit	780.97	565.75	955.54	583.36	61.05	1255.20	1331.43	106.07
Total	5057.68	4339.73	5428.78	4507.52	83.03	11167.62	8321.04	74.51

Source: Co-operation Department

During the year 2007-08, agricultural loans amounting to Rs. 3158.46 crore have been disbursed to farmers. The Government has reimbursed an amount of Rs. 155.93 crore as difference of interest on behalf of farmers. An amount of Rs. 277.00 crore has been earmarked to implement the scheme and the entire amount released by Government has been released to 1476251 farmers through concerned cooperative institutions.

For the year 2011-12, the State Government has reduced the interest rate to 1% p.a. upto Rs. 3.00 lakh of short term agricultural loans. The non-overdue outstanding loans as of March 2011 are also included in this scheme. The medium term and long term agricultural loans upto Rs. 10.00 lakhs are disbursed to farmers at 3% interest rate p.a.

The Government is reimbursing the differential interest at pre-determined rates to concerned institutions. An amount of Rs. 300.00 crore has been earmarked to implement the scheme for the year 2011-12 and Rs. 225.00 crore has been released by the State Government to farmers through concerned cooperative institutions.

Interest subsidy to Self Help Groups: The scheme of advancing loans to Self Help Groups in Karnataka at 4% p.a. has been implemented from 01-04-2007. The Government is reimbursing the differential interest at 9.00% to PACS and 7.50% to DCC Banks on loans disbursed by these institutions. During the year 2011-12, an amount of Rs. 410.02 crore of loans has

been disbursed to 34053 groups and Rs. 10.63 crore of interest subsidy has been released.

F. Revival Package for Short Term Co-operative Credit Structure

In order to strengthen the short term co-operative credit structure in the State, the Govt of Karnataka has signed the Memorandum of Understanding with Govt. of India and NABARD on 25-03-2008 for implementation of Prof. A. Vaidyanathan Committee recommendations. In view of the above, the State-level Implementation Committee (SLIC) under the Chairmanship of the Principal Secretary to the Govt., Finance department, has approved Rs. 769.87 crore as the amount under this package pertaining to 4472 PACS coming under the jurisdiction of all DCCBs as on 31-3-2011 (Table 8.55).

- The PACS share of Rs.75.85 Crore has to be adjusted by the PACS after improving the resources using their own capital by adopting Business Development Plan.
- The GoK has made budgetary provision of Rs. 91.89 crore towards Revival Package.
- For the year 2009-10, Rs. 202.27 crore has been released to 1834 'A' category PACS in March 2010 through respective DCCBs.
- For the year 2010-11, Rs. 245.43 crore has been released to 1459 'A' category

Table 8.55 Revival of PACS

SI No.		Date of Release	No of PACS	Category	Total Revival package Amount				Progress
					GOI Share	GOK Share	PACS Share	Total	
1	First instalment	31-3-2010	1834	A	139.74	39.53	23.00	202.27	Amount Released
2	Second instalment	28-2-2011	1459	A, B & Few C	201.62	25.97	17.84	245.43	Amount Released
3	Third instalment	31-4-2011	960	C	215.17	21.22	28.47	264.86	Amount Released
4	Ineligible PACS	-	219	-	45.6	5.17	6.54	57.31	Not yet released
	Total	-	4472	A,B,C	602.13	91.89	75.85	769.87	

Source: Co-operation Department

PACS of Bidar, South Canara and Udupi and, all 'B' and few 'C' category PACS in March-2011 through respective DCCBs.

- For the year 2011-12, Rs. 264.86 crore has been released to 960 PACS of the remaining 'C' category in April-2011 through respective DCCBs.

As per Prof. Vaidyanathan revival package for STCCS, there are 219 ineligible PACS in the State. A committee has been constituted by the GoK to decide the future of these 219 ineligible PACS. The financial status of these PACS as on 31-03-2011 has been taken into consideration. It is proposed to the GoK that 69 PACS can be retained & the remaining 150 PACS could be liquidated. The final decision on these ineligible PACS will be taken by the State Level Implementation and Monitoring Committee (SLIC).

8.3.14 Life Insurance

As per the data published by IRDA, the first year premium which is a measure of new business secured by the life insurance industry, increased by 15% to Rs. 126381 crore in 2010-11 from Rs. 109894 crore in the last fiscal. The total premium underwritten by the life insurance sector in 2010-11 was Rs. 291605 crore as against Rs. 265447 crore in 2009-10 exhibiting a growth of 9.85%. Details of Registered

Insurers in India as on 30-9-2011 are given in Table 8.56.

Table 8.56 : Insurers Details

Types of Business	Public Sector	Private Sector	Total
Life Insurance	1	23	24
General Insurance	6	18	24
Reinsurance	1	0	1
Total	8	41	49

In the fiscal year 2010, insurance contributed around 20% of the total gross savings in the household sector. The above shift in the preferences towards insurance sector was mainly on account of the households preferring to invest in Unit Linked Insurance Products (ULIPs) of life insurers in the background of bullish stock market, as the returns of a part of ULIPs depend on the behavior of the stock market. Insurance in India has been viewed as a tax saving instrument and risk cover in life insurance was purely incidental. The mindset continues to be the same, although the unit-linked instruments are becoming popular. The emergence of pure risk products has thus taken a back seat.

9

HUMAN DEVELOPMENT

Karnataka's focus on education, health and family welfare, labour and employment, water supply and sanitation, and human development have contributed to a better quality of life for its citizens. The State's extensive network of educational institutions (primary to higher education) has been strengthened over the years resulting in a human resource pool that is prepared to initiate and participate in economic activities. Karnataka's literacy rates have grown steadily and the gender literacy gap has been narrowed. On the health front, the State's initiatives have led to a decline in the key indicators of infant mortality rate and maternal mortality rate. However, the State is required to consolidate its efforts in this direction so as to obtain further gains. The State's labour force has grown and, has been employed in both the formal and informal sectors. Karnataka's initiatives in providing water supply and sanitation facilities have benefitted most habitations in the State. However, challenges in this direction are expected to increase with rapid rates of urbanization and increasing demands for irrigation water. The State has gradually inched up the HDI ranks in the Country but additional efforts are required to bridge disparities that exist across various regions of the State.

9.1 EDUCATION

Education's positive externalities make it a partly public good and therefore, it needs to be supplied by the State as markets may not be able to provide it to the socially optimal levels. The human development paradigm also recognizes the role of education in expansion of choices to lead a decent life. Therefore, Right to Education is recognized as one of the fundamental human rights and, the drive towards universal primary education aims at ensuring its delivery. Karnataka is a fast growing economy and this growth is largely based on the State's knowledge base. The growth is higher in the secondary and tertiary sectors, where the need for middle level skills are most significant. The State has embarked on significant reforms in the education sector with increased public investment to ensure access, equity and quality in education, with community involvement.

9.1.2 Literacy in Karnataka

It is evident that the State has achieved significant progress in increasing literacy rates during the decadal period of 2001 to

2011. The literacy rate in the State during 2001 was 66.64% which by 2011, increased to 75.60% (Table 9.1)

It may be noted that urban male literacy rate in the State has crossed the 90% mark. In contrast, rural female literacy rate in the State is yet to cross 60%. It is also noted that on every literacy rate parameter, the performance of the State is slightly higher than that of the national average.

The literacy rank of the State was 9th among 16 major States (considering States with population of more than 100 lakhs) during 2001. It has remained in this position even in 2011. The overall gain in literacy in the State during the decadal period has been 9.0%. However, some of the districts with a lower base rate in 2001 have been able to do better and cross the State's average growth rate. Some of those districts are Gulbarga (including Yadgir), Bangalore Rural, Bagalkot, Raichur, Kolar, Chamarajanagar, Bijapur and Bidar. It is incidentally seen that the literacy programmes in the State implemented by the Department of Mass Education were also concentrated in

Table 9.1: Literacy rates in Karnataka and India

(%)

	Karnataka	India	Karnataka (Rural)	Karnataka (Urban)
Persons	75.60	74.04	68.86	86.21
Males	82.85	82.14	77.92	90.54
Females	68.13	65.46	59.60	81.71

Source: 2011 Census

backward districts/regions of the State, as well as on women illiterates.

The 11th five year plan of the Government of India had set a national target of 85% literacy rate by 2012. Only three districts in the State viz. Dakshina Kannada, Bangalore City and Udupi have reached/crossed this target.

There is a decrease in the number of illiterates in the State from 152.33 lakhs in a population of 528.51 lakhs to 132.46 lakhs in a population of 611.31 lakhs. The decrease is 19.88 lakh illiterates while the increase in population is 82.80 lakhs. While there was a net decrease in total population in Chikmagalur district, there was a net increase in number of illiterates in Bangalore urban district. This increase may be due to in-migration of unskilled, illiterate labour triggered by the fast growth of real estate activities. It also needs to be noted that illiterates are more in number in high end age-slabs, contributed by evolutionary dynamics of growth in literacy, while the life-expectancy in the State has also appreciated wherein elderly illiterate persons of 2001 survived longer by 2011.

Literacy is a proxy for development awareness and involvement. In this sense, the State is in a better position in 2011 than in 2001. However, it is also to be noted that women's literacy rate in the State in rural regions is 59.60%. Examination of inter-district variations may reveal lower rates in many districts. Low women's literacy is also a proxy for low women's status, unemployment / underemployment, poverty

levels and low wages. Development programmes of the Government such as NREGA need to focus on the districts with low women's literacy rates.

9.1.3 School Education

School education in Karnataka is imparted through Lower Primary Schools (LPS, class I to V), Higher Primary Schools (HPS, class I to VII / VIII) and High Schools (VIII to X). These schools fall under three categories based on the type of management. They are (i) Government schools managed by the Department of Education (DoE), Department of Social welfare and local self-government (ii) Private aided schools and (iii) Private unaided schools. There are also a few 'other' schools consisting of assorted categories.

The State participation in primary education is significant as 78.08% of the primary schools are managed by the Department of Education (Table 9.2). But, the participation is lower in high schools with 35.14% of the high schools being managed by the Government. Government schools are mainly located in rural areas but the private schools are largely urban based. Further, it is significant to note that nearly 85% of SC/ST children in the State are in Government sector schools while their share in total enrolments is 27%. Likewise, it is noted that 84.38% of children in schools in rural areas are in Government sector schools.

9.1.3.1 Primary Education

Performance of Karnataka State in elementary (Lower Primary and Higher

Table 9.2: Schools by Management in Karnataka (2010-11) (No.s)

Schools by Management	LPS	HPS	Total Primary Schools	High Schools	Total Schools
Department of Education	23109	22568	45677	4278	49955
Social Welfare + Local Bodies	184	539	723	448	1171
Aided	239	2418	2657	3367	6024
Unaided	2761	7491	10252	5259	15511
Central + Others	09	110	119	95	214
Total Schools	26302	33126	59428	13447	72875

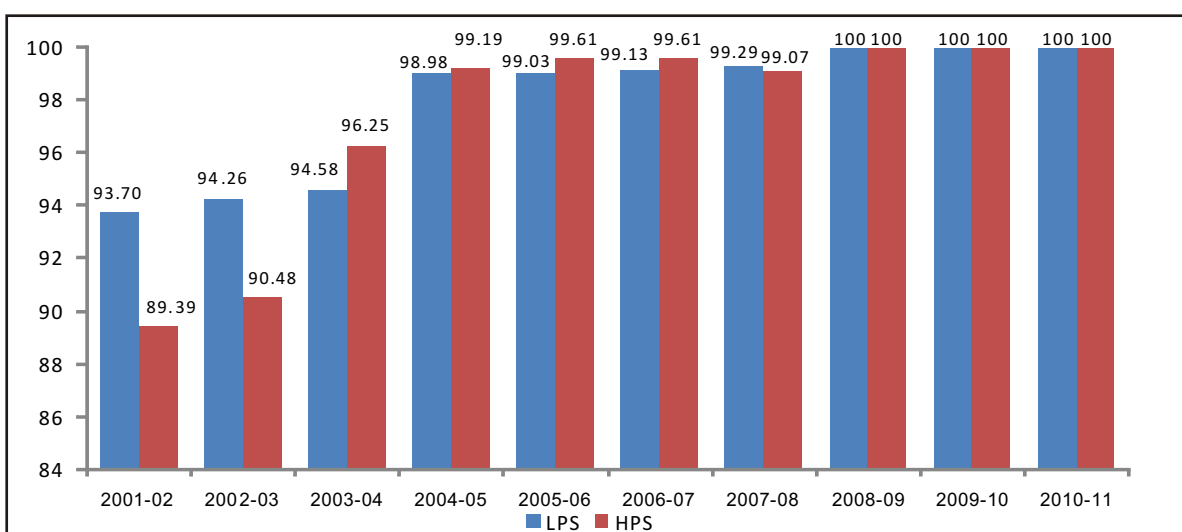
Source: Education in Karnataka, 2010-11 ; An Analytical Report ; based on DISE data, SSA / GoK / Department of Education.

Primary) education is quite impressive in a national context.

a) Access: Significant progress has been achieved in improving access to schools in terms of both population and habitations. All the habitations in the State with a population of 100 and above have been provided with access to primary schools within a distance of one kilometer and the access ratio for even higher primary schools has been universalized. The State has the policy to start a new primary school within 1 kilometer in habitations where the population is more than 100 and child population of school-going children is more than 10. In such habitations, the school will be provided

within a distance of 1 Km. Feeder schools will be started in small and sparsely populated habitations or transportation facilities will be provided to nearby primary or upper primary schools. The State's policy is that a LPS is provided in an area of 1 Km radius, HPS within every 3 Km radius and High schools in 5 Km radius. Upgradation of HPS by adding 8th standard is taken up wherever there are no High Schools within 3 Km. A total of 4146 HPS out of a target figure of 5545 HPS has been upgraded so far. The increase in access facilities over the years is shown in Figure 9.1.

b) Institutions: During 2011-12, 59595 Elementary schools in the State, of which

Figure 9.1: Increase in Access facilities over the years

26065 are LPS and 33530 are HPS were operational. In 2010-11, the State had 26302 lower primary, 33126 higher primary and 13447 high schools. Between 2010-11 and 2011-12, the number of LPS decreased by 237 due to their upgradation to HPS. The number of HPS increased by 404 between 2010-11 and 2011-12 (Table 9.3a).

It is noted that there is a decrease of 579 schools in the number of lower primary schools during the period 2008-09 to 2011-12. This decrease is not a natural decrease but a notional one, as the lower primary schools get upgraded as higher primary

schools every year. In contrast, there is an observed increase of 2554 higher primary and 2178 high schools in the State.

c) Enrolments: (i) Trends: The enrolment during 2010-11 in primary (class I to V) and in upper primary (class VI to VII) stages is estimated to be 54.15 lakhs and 29.67 lakhs respectively (Table 9.3b). Over the years, the enrolment has decreased marginally in the primary stage due to decline in the growth rate of population and the subsequent decline in the school-going age group. However, the State is making continued efforts for successful completion

Table 9.3a: Elementary schools in Karnataka

Schools / Enrolments (All schools)	2008-09	2009-10	2010-11	2011-12 (Provisional)
Lower Primary Schools (Number)	26644	26254	26302	26065
Higher Primary Schools (Number)	30876	32041	33126	33530

Table 9.3b: Schools and Enrolments in Karnataka (2008-09 to 2011-12) (No.s)

Enrolments (All types of schools)	2008-09	2009-10	2010-11	2011-12 (Provisional)
Enrolments - Classes I to V				
Total (lakhs)	55.42	54.60	54.15	54.03
Boys (lakhs)	28.60	28.20	28.02	28.00
Girls (lakhs)	26.82	26.40	26.13	26.03
Enrolments - Classes VI to VII				
Total (lakhs)	20.28	19.97	20.11	20.71
Boys (lakhs)	10.48	10.33	10.37	10.69
Girls (lakhs)	9.80	9.64	9.73	10.02
Enrolments - Classes VIII to X				
Total (lakhs)	25.22	25.78	26.04	25.95
Boys (lakhs)	13.13	13.42	13.51	13.49
Girls (lakhs)	12.08	12.36	12.54	12.46
Enrolment - Classes I to X	100.92	100.35	100.29	100.70
Boys (lakhs)	52.20	51.95	51.90	52.19
Girls (lakhs)	48.71	48.40	48.40	48.51
Number of High Schools	11753	12453	13447	13931
Total Schools in State (1 to 10)	69273	70748	72875	73526

of schooling at class V and increasing retention at upper primary stage. The enrolment ratio between boys and girls at primary and upper primary stages are well within 52:48 ratios. Both gender parity and gender equity are nearing unity in the State. The proportion of SC/ST children in class I to VII in the State is 27% and, nearly 85% of these children are enrolled in schools run by the State. The detailed enrollment statistics for gender and social groups are given in Appendix 9.1 & 9.2.

Proportions (out of 100)

Level	Boys	Girls
1 to 5	51.50	48.50
6 to 8	51.85	48.15
1 to 8	51.83	48.16

Gender Parity in enrolment at Primary and Upper Primary levels are 1.00 and 0.98 in Government and aided schools. Gender Parity is counted as number of boys and number of girls in school for every 100 boys and girls in the population of respective age-groups, taken as a ratio of each other.

Enrolments in the State in 1 to 10 standards have marginally declined from a figure of 100.92 lakhs in 2008-09 to 100.70 lakhs in 2011-12. This decrease is due to fertility effects and confined to enrolment in 1st to 5th standards. This phenomenon is true in general as well as in case of boys and girls.

(ii) Gross Enrolment Ratio (GER) and Net Enrolment Ratio (NER): The gross enrolment and net enrolment ratios in the State at lower primary and higher primary stages are 107.53, 103.92 and 98.86, 93.57 respectively (Table 9.4). There are inter-district variations in these rates. Yadgir and Gadag need attention. Changes in GER and NER across the years are marginal.

d) Drop-out Rates: The *Sarva Shikshan Abhiyan (SSA) / DoE / State* had identified 111218 children as Out-Of-School Children (OOSC), as per updation of Census 2010, during 2011. Bulk of the OOSC were in 7 districts of North Eastern Region, namely, Raichur, Bijapur, Bidar, Yadgir, Gulbarga, Koppal and Bagalkot, their summated share being 55247 children or nearly 50% of the total OOSC in the State. [Source: Annual Report, SSA, 2010-11]. As far as possible, every OOSC child is being enrolled in a nearby school and provided schooling under alternative schooling strategies in the school premises. Progress of the child on a learning ladder is periodically assessed on the basis of which, the child is admitted to an appropriate standard on the ladder of 2nd to 8th standards, based on the age of the child and learning attainments. A gestation time of 3 to 24 months is provided for the purpose. Primers 1, 2 and 3 that are harmonized with school syllabus of the State are used for the purpose. The strategy

Table 9.4: GER and NER at lower primary and higher primary stages (%)

Year	Primary level		Upper primary level	
	GER	NER	GER	NER
2004-05	109.00	97.81	117.00	98.11
2005-06	121.83	97.51	103.04	98.75
2006-07	108.28	98.43	107.25	98.52
2007-08	110.93	96.1	107.53	95.61
2008-09	107.15	97.33	107.48	98.09
2009-10	106.53	95.21	103.10	95.15
2010-11	107.53	98.86	103.92	93.57

adopted for OOSC children is fixed on the basis of reasons of the child / parents for the OOSC status.

Drop-out rates have steadily declined over the years. It is highest at the higher primary stage for scheduled caste girls.

Drop-out counts that are cumulative across 2 consecutive years from a given standard to a higher standard are given in Table 9.5. and Fig. 9.2 The dropout rate has reduced from 11.18% in LPS and 32.98% in HPS (during 2001-02) to 2.09% and 5.47% respectively.

e) Household Survey / Out-of-School Children: In order to identify the educational status of all school-going age children in the age group of 7 to 14 years, a comprehensive child census programme was conducted during January 2010. It was seen that out of

the 6626413 children in the age group of 7 to 14 years in the State, there were 111218 children who remained out of school throughout the State. This figure includes 80149 children who dropped out during different stages of primary school and 31069 who were never enrolled at all. The details are given in Table 9.6.

Enrolments in the State are increasing. The number of never-enrolled children is quite low as compared to drop-out children. The ratio between the two is 28:72 for every 100 children. The number of OOSC as per the child census shows a decreasing trend over the years. The children of 6+ and below 7 years were mainstreamed during the enrolment drive conducted in June 2010 (Fig. 9.3 and Table 9.7).

Table 9.5: Dropout rates in lower primary and higher primary stages (2010-11) (%)

Stage	All children	All (Boys)	All (Girls)	SC (All)	SC (Boys)	SC (Girls)	ST (All)	ST (Boys)	ST (Girls)
Lower Primary	2.09	2.03	2.15	4.05	3.22	4.94	1.95	1.95	1.95
Higher Primary	5.47	5.34	5.60	8.79	8.52	9.08	7.06	6.21	8.01

Fig 9.2: Cumulative Dropout Rates in lower primary and upper primary

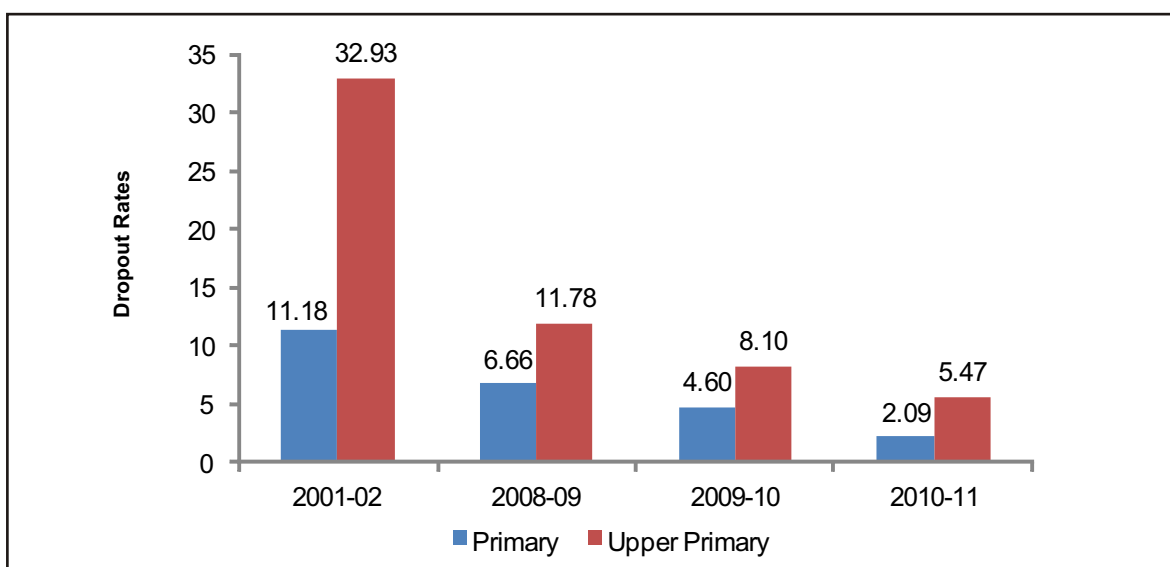


Table 9.6: District-wise Out of School Children (7 - 13+ years) as per child census - 2010 (in Descending order)

SI No.	District	Dropout			Never Enrolled			Total		
		Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total In Desc.order
1	Raichur	2712	3629	6341	1227	1551	2778	3939	5180	9119
2	Bijapur	2158	2959	5117	1538	1905	3443	3696	4864	8560
3	Bidar	3005	3096	6101	1170	1205	2375	4175	4301	8476
4	Yadagiri	2654	3211	5865	1079	1274	2353	3733	4485	8218
5	Gulbarga	2770	2798	5568	1142	1187	2329	3912	3985	7897
6	Koppal	2609	2997	5606	648	715	1363	3257	3712	6969
7	Bagalkote	1908	2178	4086	966	956	1922	2874	3134	6008
8	Bangalore South	1313	1263	2576	747	593	1340	2060	1856	3916
9	Gadag	1476	1456	2932	528	447	975	2004	1903	3907
10	Chikkodi	1155	1243	2398	773	641	1414	1928	1884	3812
11	Mysore	1574	1304	2878	471	274	745	2045	1578	3623
12	Haveri	1407	1198	2605	504	448	952	1911	1646	3557
13	Bellary	1226	1426	2652	403	398	801	1629	1824	3453
14	Bangalore North	1070	890	1960	643	603	1246	1713	1493	3206
15	Shimoga	1312	1033	2345	305	418	723	1617	1451	3068
16	Davangere	1225	1162	2387	318	283	601	1543	1445	2988
17	Chamarajanagar	1217	967	2184	241	177	418	1458	1144	2602
18	Tumkur (madhugiri)	1196	838	2034	252	209	461	1448	1047	2495
19	Chikkaballapur	1034	935	1969	209	151	360	1243	1086	2329
20	Chitradurga	802	802	1604	328	274	602	1130	1076	2206
21	Belgaum	644	759	1403	381	313	694	1025	1072	2097
22	Kolar	757	759	1516	227	213	440	984	972	1956
23	Dharwad	702	555	1257	260	255	515	962	810	1772
24	Uttar Kannada	626	597	1223	217	157	374	843	754	1597
25	Chickmagalur	712	524	1236	178	168	346	890	692	1582
26	Mandya	817	416	1233	198	92	290	1015	508	1523
27	Ramanagaram	389	313	702	168	83	251	557	396	953
28	Hassan	390	298	688	100	71	171	490	369	859
29	Dakshina Kannada	242	185	427	145	120	265	387	305	692
30	Bangalore Rural	280	211	491	104	94	198	384	305	689
32	Kodagu	238	186	424	100	77	177	338	263	601
33	Udupi	196	145	341	83	64	147	279	209	488
	Total	39816	40333	80149	15653	15416	31069	55469	55749	111218

There has been a steady decline in number of OOSC since the year 2001, when there were 10.22 lakh OOSC in the State. There was a marginal increase from 75000 to 93000 in 2007 census which was explained in terms of intensified efforts in tracking OOSC. Again, there was a decline of OOSC to 35000 in 2009. However, there is again a rise in the figures to 111000 children during 2010 census. Floods in northern Karnataka during 2009 threw up a large number of destitute children who became OOSCs. Another explanation is the sensitization of the administrative machinery about the Right to Education Act (RTE) 2009, effective date being April, 2010 and the zeal that must have been infused in the system regarding children's rights because of RTE.

f) Infrastructure

(i) *Pancha Soulabhya* and Other Basic Facilities under *Sarva Shiksha Abhiyan*

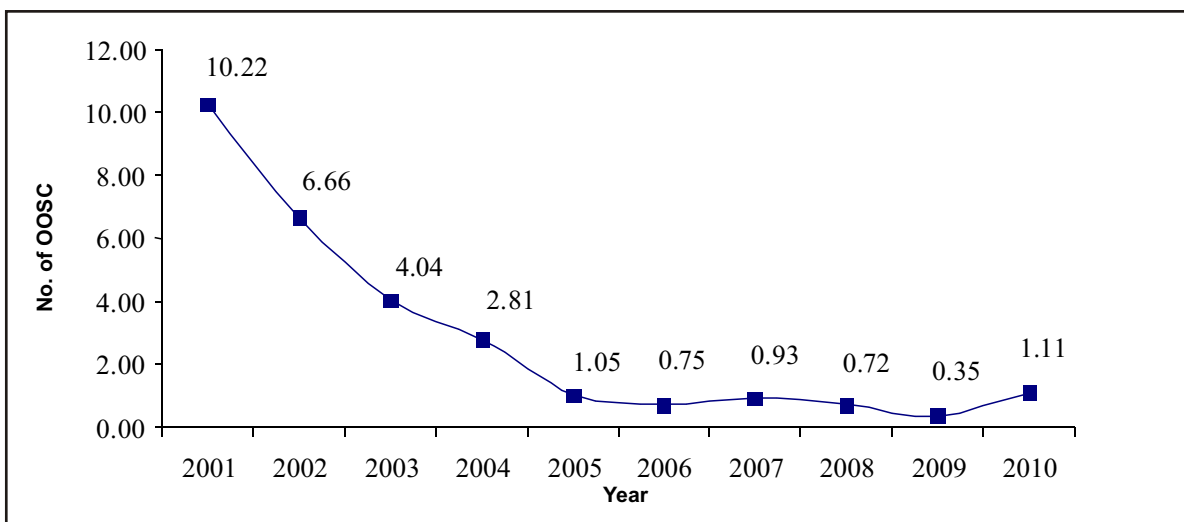
Under the National flagship programme of *Sarva Shiksha Abhiyan* for universalizing elementary education, the State has

accorded special significance for the provision of infrastructure facilities such as school buildings, additional classrooms, maintenance and repairs of school buildings. The State has made efforts to comply with the national norm for provision of MHRD-defined 8 basic facilities comprising of common toilets, girls' toilets, electricity, playground, ramps, library, compound and drinking water for schools. The State government has identified 5 facilities as most essential for schools. These are drinking water, toilets, playgrounds, compound wall and the school building (*Pancha Soulabhya*). The State has made significant progress in this regard as shown in Table 9.8.

(ii) School Buildings and Classrooms (2010-11): Out of a total of 59428 elementary schools in the State, 45677 belong to the DoE. About 98% of schools of the Department possess own buildings. The remaining 2% include those operating in rent free or rented building and schools

Fig 9.3: Number of Out of School Children (7 to 14 years)

(lakhs)



Note: (1) Figures for 2001 to 2004 correspond to 6 to 14 years age-group

(2) Figures for 2005, 2006, 2007, January 2008, December 2008 and January 2010 correspond to 7 to 14 years age-group.

Table 9.7: OOSC Annual Work Plan & Budget Target different strategies(2010-11) (No.s)

Sl.No	Strategies	Fresh	Contd.,	Total
1	12 months Non-residential Bridge Course (NRBC) (feeder schools + transportation facility + 12 NRBC)	1185	10293	11478
2	6 Months Residential Bridge Course	0	8075	8075
3	4 Months seasonal residential school	0	50	50
4	Tent Schools	1060	5879	6939
5	<i>Madarasa / Maqtab</i>	3830	5957	9787
6	Mobile Schools	400	1045	1445
7	Home Based Education	655	14065	14720
8	Bridge Course 12 months (residential)	5645	0	18942
	<i>Ashakiran</i>	0	13297	
9	<i>Chinnara Angala</i> Non Residential	10000	0	10000
10	<i>Chinnara Angala</i> Residential	7802	0	7802
11	Special Enrolment Drive	4530	0	4530
12	National Child Labour Project Schools	530	4309	4839
13	Summer Remedial Teaching (<i>Chaitrada Chiguru</i>)	0	74470	74470
14	Alternative & Innovative Education (AIE) Centers (Transportation to hard to reach children)	0	1476	1476
		35637	138916	174553

without any building facility. There are 198415 classrooms (188941 in 2008-09) in 45677 elementary schools of the DoE indicating an increase of 9474 classrooms in about three years. 68.04% of classrooms are in good condition. 20.77% classrooms

need minor repairs, while 11.18% of classrooms require major repairs.

g) Teachers : 193216 teachers of the sanctioned 206788 teachers (93.47%) are working in the LPSs and HPSs of the DoE

Table 9.8: Infrastructure Provision in Elementary Schools of the State (DoE) (%)

Year	Common Toilet	Girls' Toilet	Electricity	Play Ground	Ramps	Compound	Drinking Water	Library	Total Schools (Nos.)
2008-09	82.95	50.23	84.44	49	52.1	68.2	80.54	86.44	45476
2009-10	88.01	64.66	87.55	52.05	64.62	59.59	88.12	86.97	45648
2010-11	91.96	74.26	91.89	54.42	72.95	66.61	93.60	91.86	45677
% 2010-11 change in coverage	03.95	09.60	04.34	02.37	08.33	07.02	05.48	04.89	+29

Source : Education in Karnataka 2010-11. An Analytical Report, SSA, GoK, Dept. of Public Instruction.

and other schools under the State Government (2010-11). In addition, 17229 of the sanctioned 21291 teachers are working in aided schools at the elementary stage. 49% of the teachers in Government schools at the elementary stage are female teachers. Teacher:Pupil ratio is satisfactory in Government schools. The average ratio is 1 : 23.18 at the elementary stage. However, variations are seen across district, block and school levels. The State has adopted a rational teacher deployment policy to correct such imbalances. The Teacher:Pupil ratio in private aided and unaided schools is comparatively high with figures of 1 : 40.36 and 1 : 27.02 respectively (Table 9.9).

Note: Except the teachers of unaided schools, all other teachers are given an annual grant of Rs. 500 per year for preparing Teaching-Learning Materials. They are also considered for capacity building plans, estimates and allocations.

h) Quality Improvement Initiatives : Elementary Education: Quality Initiatives are classified based on their focus on distinct stakeholders groups: Schools, Students, Teachers, Community and Administration. Programmes under these initiatives serve more than one stakeholder groups simultaneously.

i. School-based Initiatives: Provision of infrastructure facilities and adequate classrooms is the basic strategy for quality schooling. In addition, every school is given the following grants: School grant, School maintenance grant and, grants for major repairs. They are directly transferred from the district educational office to individual

schools and jointly operated by the President of the School Development and Monitoring Committee (SDMC) and the Headteacher. School grant is used for procurement of charts, maps, specimens, newspapers, consumable chemicals, chalks and other sundry items. School maintenance grant is used for paying electricity, water bills, white-washing, hygienic maintenance of school and similar heads. Major repairs grants are given on the basis of evidence-based demands. An update of the grants given during 2010-11 is shown in Tables 9.10 and 9.11.

a. Teaching Learning Equipments Grants: All new schools and schools upgraded from V to VI standard are given Rs. 20000 and Rs. 50000 respectively. 120 (out of a target of 135) new LPS and 329 (target of 330) upgraded HPS were given Rs. 24.00 lakh and Rs. 164.50 lakh respectively during 2010-11. This grant is used for laboratory / library / furniture and other essential items.

Computers at the rate of 5 computers per school were given to 500 higher primary schools during 2010-11, along with accessories, UPS units and AMC facilities. By 2010-11, 3280 HPS have been covered which account for 14.72% of total Government HPS. Allocation per school is Rs. 300000 which includes hardware, software (content-enrichment DVDs) and training of teachers. Rs. 1500 lakh of approved outlay was spent during 2010-11. This expenditure was met under SSA. Since 2001-02, expenditure under this head has been Rs. 7201.76 lakh.

Table 9.9: Teachers in various types of schools (2010-11)

Teachers (Working)	Education Dept.	SW + LB	Aided	Unaided	Others	Total
Elementary level (No.s)	189451	3765	17229	82787	1830	295062
Teacher:Pupil Ratio	23.18	16.63	40.36	27.02	21.34	25.16
High Schools (No.s)	37752	2941	28348	51738	1622	122401

Source: Education in Karnataka 2010-11. An Analytical Report, SSA, GoK, Dept. of Public Instruction.

Table 9.10: School grants (2010-11)

Level	Physical	Financial (Rs. lakh)	Achievement %
Primary [1 to 5]	48317	2375.82	98.34
Upper Primary [6 to 7/8]	25061	1740.36	99.20
Total	73378	4116.18	

Note :- Rs. 5000 is given to LPS and Rs.7000 is given to UPS. Government and aided schools are eligible. HPS with LPS will get for LPS also.

Table 9.11: School Maintenance Grants (SMG) (2010-11)

	Physical	Financial (Rs. lakh)	Achievement %
Primary / Upper Primary Schools	63365	4752.38	94.00

Note : Only Government schools with own buildings are considered.
No. of rooms are considered for SMG.

b. Nali-Kali (Joyful Learning)

All the 45476 schools in the State have adopted *Nali-Kali* method of learning-teaching. At a rate of 2 teachers per school, more than 90000 teachers have been trained to engage *Nali-Kali* classes. Heads of all the schools have also been trained. *Nali-Kali* kits that include learning cards have been supplied to all schools. *Nali-Kali* toll-free helpline has been set up in all district offices.

Other programmes which reach the schools are EDUSAT (in Chamarajanagar, Gulbarga, Bangalore Rural and Ramanagaram districts), as well as the Radio lessons programmes that are integrated with school syllabus and daily timetable. Classes 1 to 2, 3 to 5 and 6 to 8, receive *Chinnara Chukki*, *Chukki Chinna* and *Keli-Kali* programmes respectively.

921 higher primary schools are treated as nodal schools for organizing activities and providing leadership to neighbouring HPS for the benefit of education of girls in 62 Educationally Backward Blocks (EBB). These schools are treated as Model Cluster Schools (MCS) under a national level programme, known as National Programme for Education of Girls at Elementary level

(NPEGEL). A variety of activities are conducted under NPEGEL. Total allocation for NPEGEL during 2010-11 was Rs. 587.87 lakh.

Library development in each school was a major initiative of 2010-11. Every LPS was provided Rs. 3000 while every HPS was provided Rs. 10000. Districts which had reached saturation in civil works were eligible. A total of 21236 LPS and 17847 HPS purchased school-use books in bookmelas organized at every district headquarter in the State. The State SSA Directorate facilitated this process through involvement of 240 publishers of children's literature and nearly 10000 books for choice through systematic selection procedures. A total sum of Rs. 2421.78 lakh was spent on this programme.

64 Kasturba Gandhi *Balika Vidyalayas* (KGBV) have been set up in backward blocks of the State for the benefit of drop-out, disadvantaged, nearly destitute girls. They are all residential since 2010-11. 7 more KGBVs were sanctioned during 2010-11. 6422 girls are enrolled and studying in KGBVs. Rs. 1813.53 lakh was the allocation for KGBVs during 2010-11 of which the expenditure was Rs. 858.99 lakh.

Every higher primary school receives a monthly wall magazine (named *Chinnara Chethana*) to reinforce reading skills and promote reading habits among children. The schools also receive a monthly newsmagazine known as '*Shikshana Vaarthe*'. A flannel board for every standard is also supplied to every school for displaying the creative works of children.

c. School / Habitation as the Unit of Planning

School is the basic unit of planning. The imposing National / State level plans are built on the foundations of school development plans. Databases from school / village level, through cluster, block, district, State and National levels are collected, consolidated and analyzed for purposes of planning, implementation, monitoring and reviews. District Information for School Education (DISE), Quality Monitoring Tools (QMT), and Baseline Attainment surveys are sources of school-level data. Child census and census of children with special needs provide habitation-level data. All these databases are used for annual and perspective plans and reviews.

ii. Student-based Initiatives

a. Rights-based Planning: There are several initiatives that address the variety and diversity of needs of more than 100 lakh children in the system of school education in the State. With regard to nearly 84 lakh children in 1st to 8th standards, the whole perspective of planning has metamorphosed as a result of relocation of elementary education from its earlier position of Article 45 of the Constitution, under directive principles of State policy, to a new position of Article 21A, a fundamental right. The substantive change has been from an incremental planning of the 1990s, through a need-based planning of the first decade of the 21st century to a fresh perspective of rights-based planning. Although the texture of basic programmes

has not changed much, the way they are looked at and planned has changed. For instance, the Government of India, in partnership with the States has been providing eight basic facilities under SSA. District planning for these facilities was based on demand and capacity of the State in India. After the adoption of Article 21A, provision has become mandatory. Even the Judiciary has been declaring ultimatums to the State in India to provide them on priority and upto saturation limits. Many of these facilities are treated as children's entitlements.

b. Other Entitlements: Model rules of the Government of India, Framework of Implementation of Right to Education Act (RTEA) document, treat other programmes in vogue as entitlements. The entitlements include free distribution of textbooks, two sets of uniforms and workbooks. In addition to these, mid-day meal, hot cooked food, is served to all children though it is not mentioned as an entitlement. In Karnataka, free textbooks, uniforms, *Nali-Kali* workbooks and mid-day meals are served to all children in Government sector schools and private aided schools (Table 9.12). Details of incentives for children in primary and secondary schools are given in appendix 9.3.

c. Children With Special Needs (CWSN) : 125251 children were identified in the State under CWSN category. 14739 children with severe challenges are facilitated with home-based education. Others are enrolled in schools and provided aids and equipments after identification of differential needs in medical camps. Aids and appliances to 24281 children. 2490 children were subjected to corrective surgery.

A total budget of Rs. 3757.53 lakh was allocated for CWSN during 2010-11. Expenditure was Rs. 3473.12 lakh (92.43%). A few NGOs are also involved in implementation of CWSN programmes.

Table 9.12: Incentives in Primary Schools & Secondary Schools (No.s in lakhs)

	2008-09	2009-10	2010-11	2011-12
Free Text Books to pupils in primary (I-VII)	58.89	55.51	57.19	62.57 (including high school children)
Free Uniforms to pupils in primary (I-VII)	54.06	51.75	46	57.03 (including high school children)
Free school bags to pupils in primary (I-VII)	12.15	12.05	11.58	11.12
Free bicycles to class VIII Boys	3.41	2.66	2.73	2.72
Free bicycles to class VIII Girls	3.25	2.66	2.69	2.62
No. of children provided with mid-day meal	68.95	66.73	66.76	65.12

Source: SSA

d. SC/ST/ Minority Community Children : *Chinnara Jilla Darshana*, tourism in districts for children, is a very popular programme in the State. Normally, children in 7th standard are targeted under this programme. 87335 children were covered under this programme during 2010-11 of whom 56419 children were under SC/ST categories. Unit cost was Rs. 500 per child and total expenditure during 2010-11 was Rs. 434 lakh.

In collaboration with General Thimmaiah Academy, 617 children which included 193 SC, 129 ST, and 88 minority children were exposed to adventurous and nature study experiences in 3-day camps held during December 2010 and January 2011, at Ramanagaram, Badami, Kondaji and Vani Vikas Sagar. Rs. 62.08 lakh was spent on this programme.

Urban deprived children comprising of rag-pickers, street children, beggars, destitutes, orphans, and abandoned migrants numbering 6640 children from 18 districts of the State were provided food, shelter and learning exposures. 2411 of these children were mainstreamed to regular schools. 34.67%, 16.30% and 20.53% of these children belonged to SC, ST and minority

categories respectively. A total of Rs. 132.80 lakh was spent on this programme.

In order to contain the incidence of under-aged children of below 6 years joining 1st standard of schooling, 620 zero grade schools for Early Childhood Care and Education (ECCE) were opened in Bangalore Urban district at a total cost of Rs. 232.50 lakh. Similar programmes were organized in all other districts at a total cost of Rs. 197.74 lakh. Block level seminars for minority children on science and technology, hikes and field visits were also organized.

iii. Teacher-based Initiatives: The quality of education is dependent on the quality of teachers. The DoE has reposed utmost concern on the quality of teachers. All teachers in Karnataka are qualified and trained as per expected norms. There are no para-teachers, contract teachers, and stipendary teachers. Professional development and capacity building of teachers are accorded high priority. The following programmes are specific to teachers:

- Pre-service training of two years duration (D.Ed.) (mandatory for recruitment)

- Induction programme of 30 days duration to all newly recruited teachers
- 15 days of in-service teacher training for all teachers of which 7 days are at District Institutes of Education and Training (DIETs) / Block Resources Centres (BRCs) / Cluster Resource Centres (CRCs). 8 days are earmarked for monthly sharing meeting of all teachers at the cluster level.
- Satellite-based training to teachers
- Headteachers' training on school leadership and management
- An annual grant of Rs. 500 for every teacher to develop teaching-learning materials
- Best teacher awards
- Exposure visits

a. Teacher Training: There were 226260 elementary-grade working teachers in the State and, each of these teachers was trained. A total of Rs. 1524.62 lakh was used for conducting training programmes. Teachers of Government schools and one-third of high school teachers who teach 8th standard are trained. The Department of State Educational Research and Training (DSERT) is the academic authority of the State and nodal agency for all training. It works through a network of 30 DIETs, 202 BRCs and 4120 CRCs. There are 42 types of trainings excluding ICT-related trainings. During 2010-11, the average number of mandays covered for training was 9.80 days out of a target of 15 mandays.

b. Teacher Grants: All teachers in Government sector schools of DoE,

Department of Social Welfare, Local Bodies and Aided schools have been given teacher grants of Rs. 500 each (Table 9.13).

iv. Community-based Initiatives: Community-based management of schools is the ultimate level in decentralization of education. The management of schools by SDMCs is a step in this direction. The shifts have been from participation to involvement and currently, ownership. SDMCs are extension wings of Panchayats. Even the RTEA looks at them from this perspective. The Civic Amenities Committee (CAC) of the Panchayat oversees the functioning of SDMCs. 273888 members were given 3 days of non-residential training while 82166 members and 7285 CAC members were given 3 days of residential training. A total sum of Rs. 162.14 lakh was spent for this programme during 2010-11.

a. Community-based Initiatives for Minorities : Sensitisation programmes on the need and values of enrolment, retention, transition and completion of formal education for children of Muslim community were held during June and November 2010 for fathers, mothers and religious leaders in separate groups. Rs. 59.08 lakh was spent on this Statewide programme.

Policy Planning Unit (PPU) is a joint collaboration of GoK and Azim Premji Foundation for promotion of excellence in elementary education. Apart from several ICT as well as leadership development programmes operated by the PPU, an action research project on School-Community Connect known as 'Namma Shale', was operated in 75 schools of 66

Table 9.13: Teacher Grants (2010-11)

(Rs. lakh)

Details	Sanctioned		Expenditure	
	Physical	Financial	Physical	Financial
Teachers grant - primary	48865	244.32	48447	242.24
Teachers grant upper primary	177395	886.98	172829	864.145
Total	226260	1131.30	221276	1106.38

villages during 2010-11. Leadership development programmes, ICT promotion programmes and *Namma Shale* Project have been undertaken with an expenditure of Rs. 100.35 lakh. The Government of Karnataka has partly funded PPU activities.

v. Administration-based Initiatives

a. SISLEP

A new institution known as State Institute for School Leadership and Educational Management (SISLEP) had been established in Dharwad during 2009-10. SISLEP is essentially an institution for capacity building and professional development of educational administrators in the State. In a humble way, it began training programmes for headteachers of schools during 2010-11 and 540 Headteachers were trained.

In addition to the community-based initiatives, the Policy Planning Unit conducted Educational Leadership Development Programmes and trained BRCs/CRCs. DSERT/DIETs also conducted several programmes for BRCs/CRCs. There are 606 Inclusive Education Resource Teachers (IERTs) in the Department who are regular school teachers and function as teacher-administrators for CWSN programmes. They were given training in collaboration with All India Institute of Speech and Hearing (AIISH), Mysore, for identification of children with learning disabilities in regular schools. 90-days foundation course training in CWSN concerns was arranged for 1500 regular teachers at a cost of Rs. 60.00 lakh. Training for identification of multi-category challenges was arranged during 2010-11 for 968 IERTs and special teachers with the association of National Association for the Blind, *Manovikasa* and *Seva-in-action*.

b. Multi-Level Monitoring System : The DoE engages in a highly systematized monitoring mechanism. The Department's senior officers, directors and joint directors are allotted districts of the State and, they

are expected to act as nodal officers for review, feedback and efficiency monitoring. A similar exercise is adopted in SSA/*Rashtriya Madhyamik Shiksha Abhiyan* (RMSA) using Project officers for efficiency monitoring. Monthly Monitoring Reviews at all levels is a convention.

The DIETs use Attainment Survey results for quality monitoring of schools. A specific tool, QMT, is also used for quality monitoring. DIETs and BRCs also adopt nodal blocks/clusters convention of monitoring schools.

i. Attainment Surveys: Karnataka's work on attainment surveys has a good record. The District Primary Education Programme's (DPEP) baseline, mid-term, terminal surveys and the Karnataka School Quality Assessment Organisation's (KSQAO) surveys are well known. During 2010-11, the attainments levels of children at class 3/5/7 [completed] were assessed under the aegis of SSA. The State-level update is as follows:

a. Student learning achievement study (BAS) for 2010-11

An outlay of Rs. 79.00 lakh has been sanctioned to conduct the baseline study of the learning levels of III, V and VII standards. This exercise has been completed. Teachers and experts have prepared the question papers and, centralized evaluation was done at DIET levels. Based on the results, reflective analysis by the blocks and districts is under progress and necessary steps are being taken to make up the deficiencies.

The State has initiated a study on students' learning assessment. The major findings of the study are being disseminated with all senior officers and section officers. The average achievements (%) are as follows:

Students / Class	III	V	VII	Average
Boys	58.20	57.90	54.10	56.73
Girls	60.89	60.80	57.06	59.58
Total	59.53	59.37	55.61	58.17

The gist of the findings is sent to pedagogy, training and quality interventions sections. Also, DIETs and Deputy Project Coordinators (DYPCs) are preparing modules for training on monitoring the classroom process, and to create a child-friendly environment in the classroom. DIETs have conducted various studies to improve learning levels. SSA will conduct learning achievement study for evaluation of the action-taken points. These findings will be compared with QMT data, National Council for Educational Research and Training's (NCERT) achievement test's data and other assessments conducted through NGO's. A State-level workshop for DIET nodal officers on BAS provided indicators and data to prepare block and district analytical reports. Based on these reports, action plans are being prepared for conducting training programmes.

9.1.4 Secondary Education

With attainment of significant gains in primary education, the State has set in motion the planning process for universalisation of secondary education to achieve the target of 65% enrolment in 14-18 age group population in standards 9 to 12 by 2012 as envisaged under the eleventh five year plan of the Government of India. The State is also committed to strengthening the knowledge base of the society to sustain higher rate of economic growth.

a) Institutions / Enrolment / Teachers:
The State has a total of 13447 secondary

schools of which 4278 schools are run by the DoE, 3367 by private aided management, 5259 by private unaided Management and 95 by others. 39.10% of the secondary schools are run by the private unaided sector which indicates low access to higher education to students from marginalized groups.

Total enrolment in unaided schools is 28.76 lakhs. A total of 51738 out of 122401 teachers are working in unaided secondary schools (Table 9.14). The State has set the goal of making secondary education of good quality available, accessible and affordable to all children in the age group of 14 to 16 years.

44.47% of girls are enrolled in Government schools and only 22.74% of them study in private unaided schools whereas 26.24% of the boys study in these schools. The male-female shares in enrolment are 52% and 48 % indicating low gender gap.

b) Infrastructure Facilities: During 2010-11, Rs. 600.00 lakh was allocated for construction of school buildings and repairs for needy high schools, in 39 more backward taluks, under the State sector. 202 additional classrooms in 41 high schools are provided under RIDF scheme (Rs. 999.00 lakh). Non-Government fee (Sports, Reading Room, TWF, SWF, etc) is reimbursed to 15.94 lakh SC/ST boys in Government secondary schools at a cost of Rs. 486.59 lakh. X Standard examination fee is reimbursed to girls in Government schools at a cost of Rs. 4.78 lakh.

Table 9.14: Schools, Teachers & Enrolment in High Schools (2010-11)

(No.s)

Particulars	Govt.	Aided	Unaided	Others	Total
No. of Schools	4278	3367	5259	95	13447
Enrollment of Boys (VIII to X)	555130	430691	354489	10238	1350548
Enrollment of Girls (VIII to X)	557480	403665	285174	7379	1253698
Total	1112610	834356	639663	17617	2604246
No. of Teachers Working	40693	28348	51738	1622	122401

During 2010-11, 39 KGBV type schools in more backward taluks, not covered by SSA, are proposed at a total cost of Rs. 3500.00 lakh. Water and toilet facilities to needy Government high schools are provided at a cost of Rs. 6500.00 lakh. Further, 114 most backward taluks of the State will receive Rs. 300.00 lakh for construction of compound and provision of playground facilities.

c) Rashtriya Madhyamik Shiksha Abhiyan (RMSA) : Provision of Rs. 40000 per school for maintenance of laboratory, library, classrooms, office and school; Rs.25000 to Government schools with own buildings for minor repairs; minimum of 5 days of in-service teacher training to all Government high school teachers, upgradation of 33 schools with standard 8 to 9th & 10th standards; infrastructure and human resource strengthening of existing Government high schools are highlights of RMSA. 74 model high schools, *Adarsha Vidyalayas* were started in educationally backward blocks (6th to 10th standards) in English medium during 2010-11. Further, 62 girls hostels for 9th & 10th standard girls,

with residential facilities for 100 girls, 50 each in 9th & 10th standards have been opened in educationally backward blocks. 9th standard BAS was sponsored by RMSA and completed by KSQAO. The State level update is given in Table 9.15. Yearwise plan and non-plan expenditure is given in Appendix 9.4.

9.1.5 Pre-University Education

Pre-University education is an important milestone between school education and higher education. A separate Pre-University education department has been established in the State to design, plan and implement the whole Pre-University education programme. The Government participation is more in pre-university education (Table 9.16). It is observed that the number of girl students is more in Govt. PU colleges. This indicates the need for expansion of these colleges in future to promote girls' education.

Financial assistance is provided under NABARD-RIDF and Special Development Plan to meet the infrastructure requirements

Table 9.15: Subject wise, Gender wise Learning Achievement in 9th Std. (% , 2009-10)

Medium	First Lang.	Second Lang.	Third Lang.	Maths	Social Science	Science	Part-B	Boys	Girls
Kannada	58.17	39.93	58.92	33.99	47.17	42.78	69.23	48.06	51.09
English	59.52	54.17	63.21	32.75	41.3	37.75	64.29	48.33	51.62
Urdu	76.49	54.33	62.16	49.53	59.23	57.79	71.68	54.08	57.41
Marathi	68.03	51.8	54.24	45.13	52.78	52.68	68.46	57.16	62.3
Tamil	62.51	43.54	32.08	27.6	39.61	47.29	59.32	44.27	46.29
Telugu	69.56	43.77	67.96	51.74	60.35	61.8	75.18	62.64	59.96
Overall	65.71	47.92	56.43	40.12	50.07	50.02	68.03	48.44	51.83

Table 9.16: Institutions and Enrolment at Pre-University level (No.s)

Institutions	Govt.	Aided	Unaided	CorporateTotal
2009-10	1200	803	1647	133663
2010-11	1201	803	1811	133838

of PU colleges. Orientation programmes are organized by the Department for lecturers to upgrade their knowledge and improve the results. The focus is on those districts where the pass percentage of students is low. Henceforth, as per a National policy, pre-university stage of education will be a part of secondary education. It will not be tailored to University needs and, it will not be pre-university stage but senior secondary stage.

a) Enrolments : The year 2007-08 has been significant with regard to enrolments in the pre-university stage (Table 9.17). There is a direct relation between percentage of passes at X standard public examination (SSLC) and demand for pre-university education. Results at X standard were between 50 to 60% till 2007. X standard results suddenly jumped from 2007 onwards and is currently around 60 to 75%. Still, it is observed that there is an attrition of around 17% to 20% between I and II years of pre-university education. This attrition has implications for expenditure levels across two years. Career guidance and counseling, if conducted immediately after the announcement of the X standard examination results, may help in reduction of attrition rates.

The Education Commission of 1966 had suggested an enrolment limit of 30 to 35% for arts courses. However, even by 2008-09, nearly 50% of enrolments are in Arts courses (Table 9.18). Relative proportions at

II PUC stage do not change substantially. The low enrolments in science courses are a cause for concern. There is a rush for professional courses from science stream. This is not the case with respect to Arts and Commerce Courses. Low proportion of science enrolments and the attraction of professional courses leads to low enrolments in graduate science courses. Graduate science courses serve as nurseries for preparation and supply of science teachers for secondary schools, as well as for creation of pool of scientists in the Country after post-graduate and research courses. Both school science education and scientific pursuits suffer because of this trend. Initiatives by the Indian Institute of Science (Bangalore) to attract science talent for integrated 5-years, post-graduate courses after the pre-university stage by offering a variety of incentives need to be emulated and expanded.

b) Completion Rates : The problem of supply to science streams gets compounded by the low pass percentage of students at the PU level.

Pass percentage at pre-university is well below 50% in science courses (Table 9.19). This will normally be around 25% of previous year's enrolments. It is also seen that girls fare better than boys in II PUC examination. Girls who reach II PUC are from among those who are left out after being subjected to higher degree of

Table 9.17: Students' Strength in Pre-University courses (No.s)

Year	Ist PUC	IInd PUC	Attrition	% age
2005	412240	340296	-	-
2006	427988	361807	50433	12.23
2007	528879	433183	5195	1.2
2008	534430	434425	94454	17.86
2009	555977	428580	105850	19.80
2010	518179	450700	105277	18.94

screening at various levels. This is not the case of boys. It is also noted that English medium results are always better than Kannada medium results.

c) Sports / Games / NSS at PU level : The pre-university stage supports college / district / division / State level sports and games competitions. Students also get groomed for National competitions. Colleges also facilitate NCC and NSS activities. 920 pre-university colleges in the State have NSS units.

9.1.6 Collegiate Education

The Department of Collegiate Education (DCE) was established in 1960. It works along with 6 regional offices that are in-charge of 1362 institutions under the jurisdiction of 11 Universities.

a) Institutions: There are 58 more colleges in the unaided sector than in the Government sector (Govt. + Aided) (Table

9.20). The average strength in Government and aided degree colleges is 465 and 697 respectively while it is just 200 in unaided colleges. It is difficult to give a valid explanation to this variation. Still, it is observed that government sector colleges have to balance both excellence and equity while unaided colleges have no transparent obligation for equity. Variations are observed in overall performance in final examinations, vertical mobility for post-graduate education and research as well as in the market for jobs.

55% of students and 37% of institutions of unaided sector in the State are in Bangalore region. In fact, 67% of degree colleges of Bangalore region are in the unaided sector. Government sector institutions are, by and large, uniformly spread (Table 9.21).

b) Enrolments : Analysis and discussion in this section is confined to Government and private-aided colleges.

Table 9.18: Enrolments across Courses in Pre-University (2008-09)

Stage	Arts	Commerce	Science	Total
I year (No.s)	258291	137613	130788	526292
II year (No.s)	202551	103509	112348	418408
Proportions (%)				
I year	49.00	26.15	24.85	100
II year	48.41	24.74	26.85	100

Table: 9.19: Pass percentages at pre-university level across courses (2008)

Performance	Arts	Science	Commerce	Total
Appeared (No.s)	139501	67867	46465	253833
Passed (No.s)	61161	31497	30833	123491
Percentage	43.84	46.40	66.35	48.65

Table 9.20: Institutions for graduate education (2009-10)

Management	Government	Pvt. Aided	Pvt. Unaided	Total
Institutions (Nos.)	356	296	710	1362
Students (Nos.)	165461	206186	141995	515838
Av. Per college (Nos.)	465	697	200	379

Enrolments for degree courses are not considerably increasing over the years (Tables 9.22 and 9.23). In fact, negative growth has been observed in case of boys during 2010-11. The Male-Female ratio which was in favour of boys during 2007-08 to 2009-10, has got reversed during 2010-11. This is not a case of improvement in gender parity. Reversal of ratio may be because of increasing enrolments of boys to engineering, medical and other professional courses.

Enrolment in science courses is very poor as a proportion of total enrolments in general higher education. This is a carry-over concern of pre-university enrolments. Improving the proportion of enrolments in science courses along with general increases is a significant challenge. An initiative to open science courses in degree colleges was begun in 2007-08. Rs. 5,

Rs. 7.5, and Rs. 8.0 crore were allocated for the purpose during 2007-08 to 2009-10. Allocation was stepped up to Rs. 50.00 crore during 2010-11. The total plan allocation for DCE during 2010-11 was Rs. 343.18 crore. This is allocated to colleges. Student-specific incentives, especially to SC/ST and girls, would be useful. It can be in addition to the current allocation of Rs. 22.23 crore under SCP/TSP grants which are used for free supply of books and other items.

Participation of SC/ST in graduate education in BBM / BCA / BSW courses is quite low as compared to general trend (Table 9.24). This is also true of Commerce courses. Their participation is higher than the general trend by more than 11%. SC/ST students can be provided additional incentives to join B.Sc and B.Com courses.

Table 9.21: Spread of Govt. sector Degree Colleges

Region	Bangalore	Mysore	Shimoga	Mangalore	Dharwad	Gulbarga	Total
No.s	130	97	75	66	183	01	652
Proportion (%)	19.97	14.87	11.50	10.13	28.07	15.49	100.00
No. of Revenue Blocks	32	26	27	11	49	31	176

Table 9.22: Growth of Enrolments in Degree colleges

Year	Boys (No.s)	% growth	Girls (No.s)	% growth	Total (No.s)	% growth	M:F Ratio
2007-08	174729	-	154584	-	329313	-	53:47
2008-09	179380	2.66	163731	5.92	343111	4.19	52:48
2009-10	181779	1.34	176226	7.63	357975	4.33	51:49
2010-11	181018	-0.42	186790	3.28	367605	2.69	49:51

Table 9.23: Enrolments across courses (2010-11)

Courses	BA	B.Sc	B.Com	Others	Total
Number of students	1,42,617	49,199	98,876	39,979	3,30,671
%	43.13	14.88	29.90	12.09	100.00

Note: Others include BBM, BCA, BSW.

c) Fresh Initiatives

- The DCE has initiated quite a few new programmes. Under an initiative known as '*Hosa Hejje*' [Fresh Step], 6 programmes are in force. They are: (a) *Sahayog* - softskill training, (b) *Manavathe* - Value Education (c) *Angala* - Spoken English Training, (d) *Sampark* - free internet facility (e) *Aptamitra* - Partnership between Government and aided colleges and (f) *Shikshana Adalat* - grievance redressal mechanism for teachers. Programmes (a) - (d) are for students. *Sahayog* is a collaboration between DCE, Karnataka Vocational Training and Skill Development Corporation (KVTSDC) and Karnataka Knowledge Commission (KKC). Placements of students after training are also facilitated.
- 'Daksha' is a programme for capacity building for teachers, administrators and non-teaching staff. A training cell is opened in DCE for the purpose.
- Continuous Evaluation of Quality and Excellence (CEQE): The State Quality Assurance Cell is created within the DCE. It manages peer reviews of Government colleges under this programme by using standard formats. This is a prelude to NAAC evaluation exercises. Since the beginning of this initiative, 111 colleges have been subjected to NAAC accreditation. Of these, 14 colleges are accredited during 2007-11 while 31 colleges have got themselves reaccredited (5 years being the validity period for every accreditation) during 2009 to 2011. Karnataka State has received 2nd position in regard to total

number of Government colleges accredited/reaccredited by NAAC in all Indian States.

- The Karnataka State Higher Education Council (KSHEC) has been established under an Act of 2010, with effect from 08.08.2010. This has replaced the Inter-University Board. This is in line with the Higher Education and Research Bill 2010, of the Government of India (NCHER) which is visualized to replace all regulatory authorities like UGC/AICTE/NCTE/DEC etc. and MCI/BCI/CoA/PCI. The National Knowledge Commission had recommended such a measure. The higher education task force in Karnataka also recommended the creation of KSHEC in 2002.

9.1.7 Technical education

Bangalore is counted among the 26 global IT hubs. This electronic city has been spearheading the growth of Indian industry, especially in the area of high-technology such as Electronics & Electricals, ICT, Nano and Biotechnology. There were 12000 MSMEs (2010-11) in Bangalore generating employment for 75000 persons. All these developments need a strong and sustained manpower supply chain. The Department of Technical Education (DTE) satisfies this need through its technical and polytechnic institutions.

During 2010-11, there were a total of 485 technical education institutions in the State which include 187 graduate/PG level engineering institutions and 289 polytechnics under DTE (Table 9.25). Only 27.42% of such institutions are under the Government sector. There is a high degree

Table 9.24: SC/ST enrolments across degree courses (2010-11)

Courses	BA	BSc	B.Com	Others	Total	% to All total
SC/ST	28729	7977	11557	4152	52415	36.75
%	54.81	15.20	22.06	7.93	100.00	-

of volatility in private unaided institutions. Government also has control over a fixed percentage of seats in unaided institutions. It has control over definition of fee structures in unaided and aided colleges. Hence, Government participation and stakes are higher than management of Government sector institutions in technical education.

There is sex and social inequity in enrolments in engineering / polytechnic education (Table 9.26). It is more so in the polytechnics.

Civil, mechanical, electrical, electronics and computer science courses together account for 83 - 84% of enrolments in engineering and 84 - 93 % of enrolments in polytechnics (Table 9.27). Three of these are traditional courses while electronics and computer science are post-1980 courses. There are 15 other engineering courses such as chemical engineering, biotechnology, medical electronics, silk technology, as well

as instrumentation which are demanded by about 14% of the students. Diversification of the economy would become difficult with such an imbalanced enrolment structure. In fact, there is a plethora of institutions in the non-government sector that provide hands-on experiences and functional skills in computer applications. There is no count of such institutions.

Wastage in engineering courses in general is 45.32% (Table 9.28). Highest wastage across courses is in civil and mechanical engineering. Lowest wastage (37.93%) is in computer science.

Wastage in polytechnic education courses is 62.95% (Table 9.29). Repeaters for every course in polytechnic education are very high. Hence, cumulative attrition is low, except in civil course. However, net wastage is quite high across all courses, as % of success, including repeaters, is low in all courses.

Table 9.25: Technical Education Institutions (2009-10 and 2010-11) (No.s)

Type		Govt.	Aided	Private	Total
Polytechnic	2009-10	81	43	149	273
	2010-11	81	43	165	289
Engineering. Colleges	2009-10	14	11	149	174
	2010-11	14	11	162	187
Junior Technical Schools	2010-11	06	-	-	06
Fine Arts Colleges	2010-11	-	03	-	03

Table 9.26: Enrolments in Technical Education Institutions

Institutions / Years	ENGINEERING		POLYTECHNICS	
	2010-11	2011-12	2010-11	2011-12
Total (No.s)	60680	64614	56300	67738
Boys (No.s)	38101	40707	40490	47417
Girls (No.s)	22579	23907	15810	20321
% Girls	37.20	37.00	28.08	30.00
SC / ST	11189	11630	8270	11515
% SC / ST	18.44	18.00	14.69	17.00

Table 9.27: Enrolments in Technical Education Courses (No.s)

Institutions / Courses	Engineering				Polytechnics			
	2010-11	%	2011-12	%	2010-11	%	2011-12	%
Civil	6435	10.60	7628	11.80	8513	15.12	1660	14.26
Mechanical	11455	18.88	11955	18.50	11551	20.52	13100	19.34
E & E	4955	8.17	5122	7.93	6150	10.92	7250	10.70
E & C	14575	24.02	15235	23.58	15560	27.64	16150	23.84
CS	13025	21.47	13155	20.36	10550	18.74	11100	16.39
Others	10235	16.87	11519	17.83	3976	7.06	10478	15.47
Total	60680	-	64614	-	56300	-	67738	-

The net wastage rates have messages for planning of investments in technical education. Guidance and counselling before admissions may be intensified. Similar analysis for Government sector institutions, i.e. Government and aided institutions, may throw light on wastage of Government resources. Bifurcated data across managements and student categories such as freshers vs. total (including repeaters) would be needed for this purpose. The DTE may engage in this annual exercise. DTE would need an Examinations Research Cell for this and other purposes.

A scheme known as Technical Quality Improvement Programme (TEQIP) for engineering education is currently operational. This is an academic staff quality

improvement as well as curriculum development programme. Only 15 institutions are engaged in this programme as nodal institutions. Expenditure levels and associated performance under this scheme is very poor. It is better to set up regional-level Academic Staff Colleges for Technical Education as equations across institutions matter in operation of programmes and, the Government can play a significant role as a moderating agency.

9.1.8 Medical Education

The field of medical education is diverse. There are 6 distinct, evolved systems of medical care which are popular in India. They vary in their popularity across States, rural-urban locales and regions. These 6 systems are Allopathy, Ayurveda,

Table 9.28: Wastage in Engineering Education

Courses	Engineering					
	Enrolments 2007 (No.s)	Appearance 2011 (No.s)	% Attrition	Pass out (No.s)	% Success	% Net Wastage
Civil	3186	1339	57.97	1275	40.02	59.98
Mechanical	9589	4400	54.11	4327	45.12	54.88
Electrical	4694	2525	46.21	2481	52.85	47.15
Computer	12251	7887	35.62	7599	62.03	37.93
Electronics	13400	8096	39.58	7737	57.74	42.26
15 Other Courses	13990	7938	43.26	7811	55.83	44.17
Total	57110	32185	43.64	31230	54.68	45.32

Note : There is no break-up of data on repeaters.

Table 9.29: Wastage in Polytechnic Education

Courses	Polytechnic Education					
	Enrolments 2008-09 (No.s)	Appearance 2011 (No.s)	% Attrition	Pass out (No.s)	% Success	% Net Wastage
Civil	10038	7928	21.02	2743	27.33	72.67
Mechanical	12267	14290	-	3374	27.50	72.50
Electrical	5892	6187	-	1952	33.13	66.87
Electronics	12847	13438	-	5349	41.64	58.36
Computers	9062	12609	-	3795	41.85	58.15
37 Other Courses	8993	9994	-	4683	52.07	47.93
Total	59099	64446	-	21896	37.05	62.95

Note: Repeaters are included under appearance column.

Homeopathy, Unani, Naturopathy/Yoga and Siddha. There are other systems which deserve mention - Acupuncture, Tribal Medicine, Bone-setters, etc. Each of these systems claims its superiority and maintains orthodoxies. Costs of treatment, hospital, health-care facilities also vary across systems. Due to a variety of positive dynamics, there has been a movement to promote 'Integrated Medicine' in the Country. In Karnataka, distinct importance has been given to non-allopathic systems through a programme known as 'AYUSH'. Ayush focuses on health disorders generated by unhealthy lifestyles as well as on primary health care.

a. Institutions of Medical education: There are 39 medical colleges (MBBS degree) in the State which have a summated intake capacity of 4855 students (Tables 9.30 and 9.31). Ten colleges are run by the Government along with 7 other super-specialty institutions. The Government's presence is visible in nominal strength in other systems. Relatively, the turnout of ayurvedic doctors (GCIM) is quite significant. 12658 doctors graduate from 75 Ayurvedic colleges. Ayurvedic, homeopathic and unani doctors serve rural India in larger proportions. 240 Nursing

colleges, recognized by Indian Nursing Council, turn out 11775 nurses (BSc graduates) every year. Karnataka functions as a nursery for nursing services not only for the State, but also for other regions of India, Gulf countries and Europe.

Availability of dependable and internally consistent data across various sources needs serious attention. There is considerable clarity with regard to undergraduate and postgraduate medical education. However, there are a large number of institutions which offer paramedical certificate and diploma courses about which there is hardly any reliable data. Various autonomous councils, boards of examinations, universities regulate medical education.

b. Rural Services: There are 19 district hospitals, 10 'Other' hospitals (specialized) and 29 teaching hospitals with a cumulative bed strength of 25294 beds. In addition, there are 325 community health centres (CHC) with bed strength of 20400, with 144 CHCs operating in taluk headquarters. There are also 2220 Primary Health Centres (PHC) of which 27 are urban PHCs which together possess bed strength of 10639 beds. There are also 8143 sub-centres (Primary Health Units) with a bed strength of

Table 9.30: Medical Education Institutions and Enrolments

Type of Institution	No.s	Enrolments (No.s)	Year, Source
Medical Colleges (MBBS)	39	4855	2009-10, DES
Ayurvedic Colleges (GCIM)	75	12658	2009-10, DES
Homeopathic Colleges (BHMS)	12	830	2007-08, RGU
Unani Colleges	05	200	2007-08, RGU
Naturopathy & Yogic Sciences (BNYS)	04	110	2007-08, RGU
Dental Colleges (BDS)	44	2990	2009-10, DES
Pharmacy Colleges (B. Pharm)	56	3510	2007-08, RGU
Nursing Colleges (B.Sc)	240	11775	2009-10, RGU

Table 9.31: Medical Education Institutions by Managements (No.s)

	Govt.	Aided	Unaided
Allopathy			
Colleges	10	-	29
Institutions	07	-	-
Ayurveda	03	03	69
Homeopathy	01	-	11
Unani	01	-	04
NC & Yoga	01	-	03
Dental	02	-	42
Pharmacy	01	-	55

56495. Qualified doctors are needed for all these hospitals and health centres. There is a shortage and imbalanced distribution of doctors, nurses and paramedical staff in all these healthcare institutions. This is especially true in rural areas.

103 Ayurvedic Medical hospitals in the State have a bed strength of 1595. The Doctor : Population, Nurses and paramedical staff : Population ratio, Bed strength : Population ratio leaves much to be desired.

The MBBS doctors have three months of exposure to rural medical care during their 5 and a half year course work. They are hardly available for rural service after graduation. There is no mandatory compulsion of rural

service for doctors. In effect, in spite of a history of 150 years of systematic allopathic medical education and a timeless history of Ayurvedic medical education, medical care for the common man has been expensive and out-of-reach. This is to be viewed from a perspective of absence of National health insurance for all citizens and their families. The bottom-line is that medical education needs regulation and a niche under a single umbrella.

PG Institutions and Enrolments in the State: 23 Medical Colleges are permitted to provide Post-graduate (Post-MBBS) courses in the State (Table 9.32). They offer degree and diploma courses in various specialties. 4 of them are permitted to offer super-specialty courses. There are several super-specialties like nephrology, gastroenterology and endocrinology where medical education facilities for super-specialization are not available. The market for super-specialists is highly volatile and rewarding. It is difficult to get them into teaching careers. Without qualified teachers as guides, MD/MS/DM/M.Ch cannot be offered. Many students who complete MBBS and do not get PG seats enroll themselves with the National Board of Examinations and qualify as Diplomats of the National Board (DNB). Only 10 of the 23

Table 9.32: Enrolments Capacity across Medical Courses (2007-08)

PG Degrees					
MD	No. of Seats	PG Diploma Courses	No. of Seats	Super Specialities	No. of Seats
General Medicine	107	DMRD / DMRT	39	MCH Urology	2
Radiology	25	Dip.Ophthalmology	20	MCH Plastic Surgery	3
Orthopedics	50	D.Ortho	34	MCH Surgical oncology	2
Pediatrics	48	DGO	73	DM oncology	2
OBG	68	DLO	37	DM Cardiology	4
Anesthesia	52	D. Anesthesia	76	MCH Cardio Thoracic Surgery	2
Psychiatry	7	Dip.Bacteriology	6	MCH Pediatric Surgery	1
Aviation Medicine	11	Dip. VD	22	DM Neurology	2
Pathology	48	DPM	5	Total	18
Dermatology	20	DFM	6		
Anatomy	23	DTCD	4		
Community Medicine	9	DOMS	21		
Forensic Medicine	9	DCH	44		
Pharmacology	36	DCP	45		
Physiology	29	Total	432		
Bio-chemistry	14				
Micro Biology	23				
PSM	10				
Skin & VD	1				
TB & RD	1				
MS					
General Surgery	97				
Ophthalmology	35				
ENT	29				
Total	752				

medical colleges/institutions are in the Government sector. There are 752 PG (MD/MS) seats, 432 PG diploma seats and 18 super-specialty seats respectively.

24 of the 41 dental colleges offer 539 seats in diverse dental specialties (MDS). 5 of the 12 homeopathy colleges provide 80 PG seats in diverse branches of homeopathy. Only one out of four unani colleges offers 28

seats in 4 PG courses in unani medicine. There are no PG courses in naturopathy & yoga. 36 ayurvedic colleges provide 479 PG seats in diverse branches of ayurveda. (Note: all PG course data is for reference year 2007-08).

There is no systematic institutional facility and effort to provide Continuing Medical Education (CME) for faculty of medical

colleges / institutions for their professional development.

There is a need to bring about convergence between engineering and medical fields. Electronics and mechanical engineering expertise needs to enrich pursuit and research in medical electronics in India and wean away imports of expensive medical equipments. Life-saving medical care can become cheaper and within reach of commoners. Unlike general higher education, as well as, by and large, the field of university education, there is a *laissez-faire* status in medical practices and para-medical education. The field needs a systematic, need not be Governmental, regulation. Perhaps, NCHER, as currently proposed, may redress the situation.

9.1.9 Karnataka Knowledge Commission (KJA)

KJA was established in 2008 to facilitate the transformation of the State into a knowledge society. The education sector in its entirety, health, humanities, social sciences, law and management are within its foci. 60 recommendations, of which 15 are on priority, were submitted by 2011-12. KJA desires to promote faster, sustainable and more inclusive growth as envisioned by the 12th plan approach paper of the Gol.

By 2011-12, KJA held 72 meetings with stakeholder departments, 58 consultation meetings with domain experts, 13 internal meetings, launched 11 projects and commissioned six research studies. The projects include Arivu - open libraries in Government schools; *Sahayog* - sandwich courses for undergraduates to step up their employability; *Kanaja* - Knowledge portal in Kannada; *Samarth* - empowering DSERT; *Swasthya* - a preventive health-care programme; *Dravya Kosha* - Tapping and promoting district-specific knowledge of medicinal plants; *Odhu putani* - strengthening children's library; *Daksha* -

Developing leadership for educational management; *E-Mahithi* - MIS for total school education; and *Manava Bhandara* - promoting demand for social sciences and humanities.

KJA was reconstituted in January 2012. KJA launched the Jnana fellowship programme to tap young and creative talent. 19 fellowships were awarded during 2011-12. Karnataka State Innovation Council, on lines similar to the National Innovation Council, was constituted under the aegis of KJA. The Public Affairs Centre, Bangalore, completed a social audit of KJA and submitted a report which showed a positive impact of KJA's activities.

9.1.10 Mass Education

In accordance with Article 45 of the Constitution, the Directorate of Mass Education (DME) has the mandate to make literates of all those in the age group of 15 years and above who could not join school and, all those adults who dropped out of schools midway. In Karnataka, the adult education programme was implemented during pre-independence period too. Distinguished Litterateur Prof. B.M Srikantiah started literacy classes in Maharajas College, Mysore, as early as in 1932.

Some of the important programmes implemented by DME include -

Continuing Education Programme (CEP): A Centrally-sponsored programme which commenced in the year 2000-01, was continued during the years 2007-08 and 2008-09. The programme provided scope for continued learning and enhancement of the reading and writing abilities of neo-literates through Nodal Continuing Education Centers (NCEC's) and Continuing Education Centers (CEC's)

Project for eradication of Residual Illiteracy (PRI):- This programme was implemented

through Central and State funds allocation to eradicate illiteracy. The programme was implemented in 17 districts of Karnataka during 2004-05 to 2008-09.

The other important programmes undertaken under the State Government budget during 2007-08 and 2009-10 were: Camp literacy, literacy through students, special literacy programme for non-literate under SCP and TSP component, computer literacy, broadcasting literacy programmes through radio and EDUSAT.

During 2007-08 to 2011-12, short-term vocational training was provided to educated rural youth through *vidyapeethas* in different districts under the erstwhile Karnataka Adult Education Council. Vocational training has also been provided under SCP/TSP component during 2010-11. In 2010-11 and 2011-12, literacy programmes have been conducted in the rural areas of backward taluks identified by Dr. Nanjundappa report.

During 2010-11 and 2011-12, *Saakshar Bharath* Programme is being implemented with Central and State grants in 18 districts of the State where female literacy is less than 50% as per the 2001 census. The aim is to provide literacy to rural non-literates of 15+ age group with priority to women, SC, ST and minority groups. The Karnataka State Literacy Mission Authority, 16 Districts, 107 Block and 3477 Gram Panchayat Lok Shikshana Samithis have been set up. 180 co-ordinators and 7014 *preraks* have been selected and trained. Survey of households in 3170 Gram panchayats has been conducted. 39.94 lakh non-literates and 118865 voluntary teachers have been identified and literacy classes have commenced.

Assessment of basic literacy, conducted by National Institute of Open Schooling (NIOS)

and National Literacy Mission Authority (NLMA), has been held in March 2011 in Gram Panchayats of 15 districts and 1.55 lakh neoliterates were identified. Another assessment has been held on 20.08.2011 in 17 districts wherein 486282 neoliterates were assessed.

Fund and Accounts Management System, a web based system developed by NLM-CDAC to bring in better financial management, transparency and accountability has been adopted for all the main account and subsidiary account of 16 districts, 97 blocks and 3170 Gram Panchayats.

In the 12th plan period, the Directorate of Mass Education will focus on four components namely:

1. Basic literacy programme covering non-literates
2. Equivalency classes for neo-literates to achieve education levels equivalent with the formal system
3. Providing vocational training to neo-literates in improving their standard of living
4. Strengthening continuing education through the existing AECs (Adult Education Centres) and Continuing Education Centres (CECs).

Progress during 2011-12: Rs. 810 lakh has been allocated for the following programmes of the Department during 2011-12. State-level literacy programme; SCP, TSP, CECs, Literacy Centres all under *Sakshar Bharath* Project; SCP and TSP in Vocational Training; *Vidyapeetha* scheme for vocational training. Of the allocated Rs. 810 lakh, Rs. 485.00 lakh was a grant from *Sakshara Bharath*. Rs. 751.73 lakh has been used by December 2011. Financial target of the DME during 2010-11 was Rs.1009.5 lakh and achievement was 100%.

9.2 HEALTH AND FAMILY WELFARE

Health is an important human development indicator and has a great significance for the overall development of the State. Achieving and maintaining health is an important and ongoing process. The Government of Karnataka has given significant importance to the health sector during the last few years. Provision of good health care to the people is an essential component of the health strategy adopted by the State.

The focus of possible health intervention is to present and manage diseases, injuries and other health conditions through surveillance of cases and the promotion of health behaviours, communities and environments. Provision of good health care to the people is an essential component of the development strategy adopted by the State to achieve overall socio-economic development.

Karnataka has made significant progress in improving the health status of its people in the last few decades. However, despite the progress, the State has a long way to go in achieving the desired health goals. The State has made substantial progress in building credible health infrastructure at different levels.

9.2.1 Health Indicators

The State has a wide institutional network providing health services both in urban and rural areas. Table 9.33 presents information on health infrastructure in the State. There are 17 District Hospitals, 10 Other Hospitals and 29 Autonomous & Teaching Hospitals in the State. The primary health infrastructure in rural areas has fulfilled the norms required under the “minimum needs programme” at the aggregate level. There are 8870 Subcentres, 2310 Primary health centres (PHC), 180 community health centres (CHC) and, taluk hospitals catering to the health needs of the rural population. Districtwise distribution of health facilities is given in Appendix 9.5.

The Eleventh Five year Plan (2007-12), in respect of the health sector, has aimed at controlling population and reducing infant and maternal mortality through strengthening of health services. In addition, attempts have been made to remove intra-regional and regional disparities by improving health services. The progress of the health indicators has been encouraging in the State during the last few years. The death rate is already at a lower level and the birth rate is declining at a faster rate.

Table 9.33: Public Health Infrastructure of the State Government

(as on 31st Dec 2011)

Type of Institution	No.
District Hospitals	17
Other Hospitals under Health & FW	10
Autonomous & Teaching Hospitals	29
Taluk / General Hospitals	146
Community Health Centres	180
Primary Health Centres	2310
Urban PHCs	27
Health Centres under IPP	108
Mobile Health Clinics	19
Sub-Centres	8870

Karnataka has performed relatively better in population control with total fertility rate likely to reach the eleventh five year plan target of 1.8 children per woman for the year 2012. The infant mortality has declined faster during the last few years to the tune of around 12 per 1000 live births from about 50 in 2004 to 38 in 2010 (Fig. 9.4) . However, the infant mortality rate (IMR) of about 38 in 2010 is far higher than the eleventh five year plan target of 24 set for the year 2012 (Table 9.34). It is unlikely that the State would achieve the IMR target. Considering this imminent challenge, the State has been at the forefront of introducing several programmes.

9.2.2 Family Welfare

The State offers an excellent family welfare programme operating through the existing health infrastructure. The main objective of the programme is to provide better health services in general and family planning services in particular to check the rapid growth of population. Table 9.35 provides details of the State's achievements in

sterilization and IUD during the last three years.

Though sterilization continues to be the main method of family planning, the spacing between the births of two children is also equally emphasized. The percentage of couples protected by modern contraception has been steadily going up in the State and currently stands at 71%.

9.2.3 National Rural Health Mission

National Rural Health Mission (NRHM) was launched on 12th April, 2005 by the Government of India to improve medical facilities in the rural areas of the country. The NRHM seeks to provide accessible, affordable and quality health care to the rural population, especially the vulnerable sections. At present, schemes such as the National Vector Borne Disease Control Programme (NVBDCP) and Revised National Tuberculosis Control Programme (RNTCP) come under the NRHM. The NRHM is being implemented in Karnataka through creation of a State health society at the State Level and district health societies

Figure 9.4: Infant Mortality Rate (2004-2009) and Total Fertility Rate in Karnataka (2004-2010)

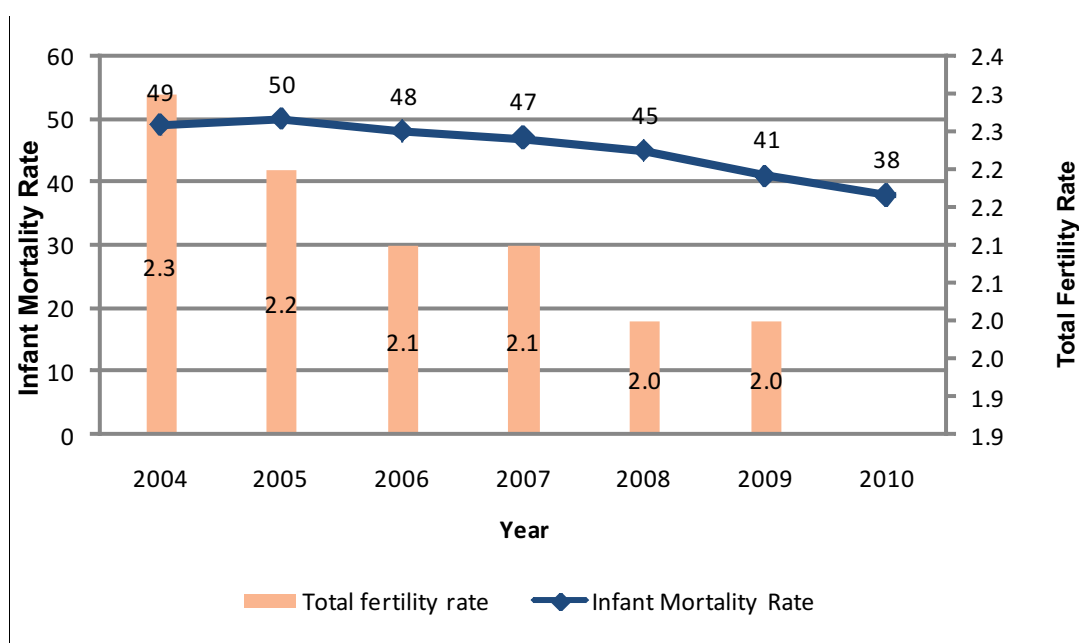


Table 9.34: Achievement of the Family Welfare Programme in Karnataka

Sl. No.	Indicator	1981	1991	2008	2009	2010
1	Birth Rate (for 1000 Population)	28.3	26.9	19.8	19.5	19.2
2	Death Rate (for 1000 Population)	9.1	9.0	7.4	7.2	7.1
3	Total fertility rate	4.7	3.87	2.0	2.0	-
4	Maternal Mortality Rate (for every 1,00,000 live births)	NA	266 SRS 1999-01	213 SRS 2004-06	178 SRS 2007-08	-
5	Infant Mortality Rate (per 1000 Live births)	69	77	45	41	38
6	Child Mortality Rate (0-4Years) (per 1000 children)	NA	12.8 (2004)	12.3	12.0	
7	Eligible Couples protected (%)	22.3	46.9	54.9	54.9	
8	Average life expectancy (years)	Total	1983	62.1	65.3	65.3
		Male		61.0	63.6	63.6
		Female		63.2 (1991-92)	67.1 (2002-06)	67.1 (2002-06)

***Maternal Mortality in India 1997-2003: Trend, Causes and Risk Factors", 2006, Maternal Mortality in India, 2004-06 Office of the Registrar General of India. NA - Not available

Source: 1. Office of Registrar General of India. All the above data are based on Sample Registration System, Office of the Registrar General of India.

Table 9.35: Performance of Family Welfare Sterilization Programme (No.s)

Year	Sterilization				IUD		Couples Protected (%)
	Target	Achievement			Target	Achievement	
		Vasectomy	Tubectomy	Total			
2009-10	522296	3629	385330	388959	308250	274305	68
2010-11	528748	6787	253068	259855	279705	219485	71
2011-12 (Dec -2011)	503047	3133	223947	227080	277404	148168	72

in each of the districts. Program implementation is being done through its district Chief Medical Officer's office, blocks, CHCs, PHCs, sub-centres (SCs) and village health sanitation committees (VHSC's). Certain activities are managed at the State level such as drug procurement, information education and communication (IEC), civil works, training using specialized entities such as State Institute of Health and Family Welfare (SIHFW), IEC bureau and, Directorate of Health, and Municipal

Corporations for the urban health components. In addition, funds are also released to NGOs and private entities under Public Private Partnership (PPP) arrangements.

9.2.4 Other Major Health Programme Initiatives

The Department of Health and Family Welfare Services implements various National and State health programs of public health importance and also provides

comprehensive healthcare services to the people of the State through various types of health and medical institutions. The progress of the health programmes is given in Table 9.36.

9.2.4.1 Janani Suraksha Yojane (JSY)

The goals of JSY are reduction in maternal and infant mortality rate as well as to increase the institutional deliveries of BPL and SC/ST families. Under this scheme, besides ensuring maternity services like 3 antenatal checkups and referral transport, cash assistance is provided for deliveries taking place both in health institutions and home. In rural areas, cash assistance to the mother for institutional delivery is Rs. 700 per case whereas, in urban areas, cash assistance to the mother is Rs. 600 for institutional delivery. The cash assistance is also available for women delivering at home with an amount of Rs. 500 being given per case. If specialists are not available in Government-run health centers or hospitals, the institution can hire such specialists to manage complications or for caesarean section. Assistance up to Rs.1500 per delivery can be utilized by the health institution for hiring services of specialists.

9.2.4.2 Thayibhagya

In order to reduce IMR and Maternal Mortality Rate (MMR) in the backward districts of Bidar, Gulbarga, Yadgir, Raichur, Koppal, Bagalkot and Chamarajanagar, empanelled private hospitals are given an incentive of Rs. 3 lakh for every 100 deliveries conducted including surgeries with treatment being free to the patients. 101205 beneficiaries have availed the facility.

9.2.4.3 Arogya Kavacha 108

This scheme provides free first aid and referral transport in case of medical, police, and fire emergencies. As of this year, about 2.57 crore calls have been received of which about 2.55 crore calls have been attended. Of the calls attended, 42% were pregnancy-related. 517 ambulances have been deployed under this programme.

9.2.4.4 Suvarna Arogya Chaitanya

This is a unique programme being implemented for the first time in the Country. In this programme, about one crore school children (both private and Govt. sector) are medically screened and, children needing surgeries are provided surgical treatment free-of-cost in empanelled hospitals. Till now, 14291 surgeries have been done.

Table 9.36: Progress of Various Health Programmes

(No.s)

Sl. No.	Programmes	2009-10	2010-11	2011-12 (Dec 2011)
1	PrasutiAaraike	236277	178041	367269
2	Madilu	247372	287075	234724
3	Thayi Bhagya	28186	39262	37939
4	Janani Suraksha Yojane	473145	445997	308809
5	SuvarnaArogya Chaitanya	2072	2538	777
6	Arogya Kavacha	351966	600606	401889
7	Dialysis	6294	12137	23131
8	Telemedicine	12211	12090	10219
9	VajpayeeArogya Sree	264	7439	8465
10	Geriatric	10689	7995	6122
11	Burns Care Wards	622	732	865

9.2.4.5 Madilu

It is one of the schemes started by the State Government to provide post natal care for the mother and the child. The objective of the scheme is to encourage poor pregnant women to deliver in health centres and hospitals in order to considerably reduce maternal and infant mortality in the state. Under this programme, a kit is provided to women belonging to below-poverty line families delivering in Government hospitals. The benefit is limited to two live deliveries.

9.2.4.6 Prasooti Araike

This scheme was introduced in six 'C' Category districts of Gulbarga, Bidar, Raichur, Koppal, Bijapur and Bagalkot for the benefit of pregnant women belonging to below poverty line SC and ST families. This has now been extended to all below-poverty line pregnant women of all the districts. The women of below-poverty line will get Rs. 1000 (for first two deliveries) during her antenatal care to get nutritious food.

9.2.4.7 Bhagyalakshmi Scheme

Under this scheme, 909000 girl children across the State have been medically examined. This is to achieve the aim of gender parity. The scheme is being implemented in co-operation with Women and Child Department.

9.2.5 School Health Programme

The school health programme is a major initiative specifically focusing on school age children. Its aim is to holistically address the health and nutrition needs of children in a manner which fulfils the needs of today's

lifestyle. School health program is envisaged as an important tool for the provision of preventive, promotive and curative health services to the population. The programme at the National level has been developed to provide guidance to States which are already implementing or plan to implement their own versions of the programme and to give guidance. The progress achieved under the school health programme of the State is presented in Table 9.37. The achievement under this programme has been below target in the previous two years. However, in 2011-12, the progress under this scheme has been impressive with most of the target having been achieved by October 2011.

9.2.6 Universal Immunization

The universal immunization programme was started to achieve 100% immunization and to reduce the mortality and morbidity among infants and young children due to vaccine-preventable diseases such as tuberculosis (T.B.), diphtheria, whooping cough, tetanus, polio and measles. It is clear that the coverage of different vaccinations is increasing but it is yet to reach the 100% target. Table 9.38 presents information on the achievement of different vaccinations in the State. The full immunization rate is increasing and is about 78% currently.

9.2.7 Causes of Death

For the effective control of maternal and infant mortality, it is important to understand the causes of such mortality. Tables 9.39 and 9.40 present information on top five

Table 9.37: Achievement under School Health Programme

(No.s)

Year	No. of Students Examined (lakhs)		No. of Students Treated for Minor ailment (lakhs)	No. of Major operations performed (No.s)
	Target	Achievement		
2009-10	89.29	82.45	17.97	2072
2010-11	92.22	86.08	9.72	2538
2011-12 (Dec 2011)	89.91	85.65	7.88	885

**ACHIEVEMENTS OF THE DEPARTMENT OF
HEALTH AND FAMILY WELFARE SERVICES**

1. IMR has been brought down from 47 to 38 per 1000 live births during 2007-2010
2. MMR has been reduced from 228 to 178 for 100000 live births between 2001-03 to 2007-09
3. Total fertility rate has been reduced to replacement level (2 children per couple). The Govt. of India had set a target of total fertility rate of 2.1 to be achieved by 2012. This has already been achieved.
4. Institutional delivery increased from 65% to 93%.
5. Fully Immunized children from 78% to 80%. From 2009-10 to 2010-11
6. No Malaria deaths have been reported in the year 2011 while there were 11 malaria deaths in the year 2010

causes of mortality for infants and females, in the age group 15-49 respectively. The major causes of infant deaths are prematurity or low birth weight. Pneumonia, bronchitis and birth asphyxia also account for a major proportion of deaths. Among females in the age group of 15-49, post-partum hemorrhage is the leading causes of death. This is followed by pre-eclampsic toxemia and sepsis.

9.2.8 Karnataka Health System Development and Reform Project (KHSDRP)

The Karnataka Health System Development & Reform Project (KHSDRP) is a World Bank-assisted project, implemented over five years from 11.1.2007 to 31.3.2012. Keeping in view the positive contributions of the project in enhancing health outcomes (reducing maternal & child

Table 9.38: Performance of Universal Immunization Programme

Vaccine Name	No. of Beneficiaries (lakh)		
	2009-10	2010-11	2011-12 (Dec 2011)
BCG	1085556	1115364	886081
DPT (3rd)	1070125	1097911	846904
Polio (3rd)	1068705	1092220	836483
Hepatitis B		924522	729847
Measles	1018121	1038012	796847
DPT (Booster)		1097911	633245
Polio (Booster)		795030	625827
TT (10 years)		1055101	657774
TT (16 years)		1179189	546812
TT (Mothers)	1190192	1183952	953389
Fully Immunized Children (%)	78	80	76

mortality and communicable diseases) and understanding the need to sustain/continue the innovative programs, an extension of the project by 2 years upto March 2014 and additional financing of US\$ 100 million, duly supported by the Department of Economic Affairs, GoI, is under the active consideration of the World Bank.

The project aims to increase utilization of curative, preventive and public health services, particularly in the underserved areas and among vulnerable groups. The major aim of the project is to accelerate achievement of the health-related Millennium Development Goals (MDGs). The project has two windows of financing viz. project finance & program finance. The outlays in each of these components are presented in Table 9.41.

Project finance (Table 9.42) has several innovative components for achieving the overall project objectives.

Program Finance is an incentive funding to the Government of Karnataka for increased spending on health & family welfare programs and thereby, promotes the cause of universal health & improved availability of health care to all, particularly to the weaker & deprived sections of society. The IDA share of credit is to be availed on the basis of the incremental expenditure by the Government of Karnataka on the ongoing State sector schemes related to primary health care subject to achievement of the agreed reform milestones.

Out of the original disburseable component of US\$ 141.83 million, the project has achieved a disbursement of 83.76%

Table 9.39: Top Five Causes of Infant Mortality

Cause of Death	% of total deaths during 2010-11
Pre maturity & low birth weight	22.04
Pneumonia & Bronchitis	8.33
Intrauterine hypoxia & Birth Asphyxia	18.65
Congenital Malformation	0.95
Diarrhoeal diseases	0.66
Others	42.40
Total	100.00

Table 9.40: Top five Causes of Death for women of age group 15-49

Cause of Death	No. of deaths during 2010-11
Post partum hemorrhage	253
Pre eclamsic toxemia	90
Sepsis	116
Anaemia	81
Ante partum hemorrhage	54
Obstruct Labour	15
Others	479
Total	1088

Table 9.41: KHSDR Project Outlay

Component	IDA Share		GoK Share		Total	
	US \$ million	INR crore	US \$ million	INR crore	US \$ million	INR crore
Project Finance	86.83	377.54	9.65	41.95	96.48	419.49
Program Finance	55.00	239.14	55.00	239.14	110.00	478.28
Total	141.83	617.59	64.65	280.18	206.48	897.77

Table 9.42: KHSDR Project Financing

	Euro Million			INR Million		
	Original	Revised	Actual	Original	Revised	Actual
Total Project Cost	17.9	18.2	17.9	750.85	1118.03	1099.53
KFW financial contribution	14.3	14.7	14.4	600.86	901.66	883.16
Counterpart funding by GoK	3.6	3.5	3.5	149.99	216.37	216.37

ACHIEVEMENTS UNDER KARNATAKA HEALTH SYSTEM DEVELOPMENT AND REFORM PROJECT (DEC 2011)

Organizational Development

1. Doctors trained in embedding leadership and in master facilitation course in leadership & human resource development. In-service personnel deputed for various workshops conducted by reputed institutions & sponsored for IGNOU correspondence courses to acquire higher qualifications & knowledge. 89 officers exposed to better international practices by sponsoring them to attend a hospital management course at Asian Institute of Technology, Bangkok.
2. 25000 personnel of the DoH & FW at all levels covered under "attitudinal change and managerial capacity building workshops", aimed at better service delivery.
3. Medical manual for medical officers developed and disseminated.
4. Draft revised public health Act is under wide consultation.
5. Fostering knowledge implementation links in the health field taken up in collaboration with IIM-B.
6. Reorganization of the department by developing a separate public health cadre/wing is being actively pursued.
7. Health accounts, IEC, PPP, quality assurance, blood bank and biomedical waste management cells set up for capacity augmentation of the personnel.

Public Health Competitive Fund (PHCF)

1. Training & capacity building for about 4.50 lakh members in 8463 VHSCs and Arogya Raksha Samithis (ARS) initiated.
2. Services of 44 NGOs across the State engaged for creating health awareness & social mobilization in non-curative services like immunization, TB, public health, maternal health etc.

3. District nodal environment officers appointed for all the 30 districts to monitor liquid & solid waste management in the health facilities and thereby contribute to improved public health.
4. Process of acquiring accreditation for two district hospitals from National Accreditation Board for Hospitals initiated.

Service Improvement Challenge Fund (SICF)

1. 97 mobile health clinics (MHCs) in most backward, hilly and inaccessible areas operationalised.
2. 19 citizen help desks operationalised in the district and major hospitals.
3. 17 specialists contracted to address the problem of shortage of specialists in Govt. health facilities.
4. To improve health infrastructure, 267 civil facilities comprising of 35 PHCs, 152 Sub Centres, and 9 ANM training centres & 13 drug warehouses completed and handed over to the DoH & FW. 76 more facilities including 24 x 7 Model PHCs, State food laboratory are under upgradation/construction.

Health Financing (HF)

1. Of the envisaged target to support nearly 32 lakhs BPL families in Gulbarga & Belgaum Divisions for tertiary care and serious ailments under a cashless benefit scheme in collaboration with the GoK, Vajpayee Arogyashree Scheme is being implemented by Suvarna Arogya Suraksha Trust. The project has reimbursed Rs 25.06 crore for 4791 beneficiary claims till April 2011 by the Trust.

Infrastructure facilities improved/upgraded

1. 1133 computers provided to PHC/taluk hospitals towards infrastructure development and improving communication & managing HMIS effectively along with providing furniture & essential equipments to new facilities.
2. Procurement of computers & equipments for upgrading/enhancing enforcement measures by the drugs control department and State food laboratories in progress

Health Management Information System (HMIS) developed

1. Web-based health MIS software developed & training completed for all the hospitals. PHC/hospitalwise data available online.
2. A Web-based GIS system has been developed and hosted.
3. Equipment management system implemented in the district & taluk hospitals and CHCs.

Impact Assessment and Evaluation Studies taken up

1. Impact evaluation of MHCs and citizen helpdesks completed.
2. Baseline survey for Thaiy Bhagya Yojane and health facility is in progress.
3. Public expenditure review (PER) & medium-term expenditure framework (MTEF) for the DoH & FW for a period of 5 years from 2011-16 is completed
4. Support provided for the establishment of a State health informatics center and a new integrated Health Management Information System (HMIS).

**Improving Primary and Secondary Care Services' Effectiveness
through KFW assistance**

1. Completed construction, extension and rehabilitation of 13 facilities - 2 district hospitals, 4 general hospitals and 7 CHCs.
2. Efforts were made for procuring medical equipments, waste disposal, and IEC activities under the project.
3. Nearly 10000 personnel of the DoH & FW in Gulbarga and Belgaum Divisions were trained in the attitudinal and managerial capacity building program.

amounting to US\$ 118.79 million by the end of December 2011. Table 9.43 presents the project's expenditure and disbursement for the current year till December 2011.

9.2.9 National AIDS Control Programme (NACP)

This programme aims at prevention of the spread of HIV infection and decreased instances of death due to AIDS and prevention of impact of AIDS. State AIDS Cell was established during 1992 in the Directorate of Health & Family Welfare Services to implement AIDS control programme. Karnataka State AIDS Prevention Society was formed during 1996-97 under Karnataka society registration Act for more effective implementation of this programme. The society is functioning independently since 2001.

NACP-III seeks to learn from the lessons of the previous two phases of programme implementation and build on the strengths

thereof. Its priorities and thrust areas have been drawn up accordingly and includes the following components for 2011-12:

Component-I: Prevent new infection-implementation on TIs on priority basis; training of NGOs and CBOs, IEC and awareness, ICTC/PPTCT, STD services, condom promotion, blood safety etc.

Component - II : Care and Support and treatment- IEC related ART, CCCs training etc.

Component - III : Institutional strengthening -Providing training and capacity building; expenditure on administration cost of KSAPS; Maintenance and calibration of blood bank equipments, M & E, minor civil works, infrastructure etc.

Component - IV : Strengthening strategic information management system - providing infrastructure including computers and networking for SI unit at State level, sentinel surveillance etc.

Table 9.43: KHSDR Project Expenditure and disbursement (upto December 2011)

Component	Project Cost			Progress up to 31.12.2011
	Original		Revised (due to exchange rate variation)	
	US \$ million	INR crore	INR crore	INR in crore
Project Finance	96.48	419.49	449.19	263.33
Program Finance	110.00	478.28	513.10	513.10
Total	206.48	897.77	962.29	776.43

These components are being implemented at an estimated cost of Rs. 47.26 crore of which, Rs. 39.95 crore has been spent upto December 2011.

Programmes taken up for prevention of HIV/AIDS

1. Sexually Transmitted Diseases (STD): 45 STD Clinics have been established in district hospitals and selected taluk hospitals to prevent spread of sexually transmitted diseases & 166 STD clinics have been established in CHCs all over the State.

2. Information, Education, Communication (IEC): Activities have been taken up for encouraging behavioural change of people by taking up IEC activities through media such as All India Radio, CCTV, printing of messages about ICTC, VBD and ART on postcards, printing of posters on WAD and funds have been released to all districts on the eve of World AIDS day. Funds have also been released for conducting one day convention of HIV/AIDS for the elected Presidents of Panchayat raj institutions across the State. To create awareness among the general population, an advertisement was published through magazines.

3. Blood Safety: Priority has been given for blood safety. 173 blood banks are working in Karnataka. 65 centres are financed by NACO.

ART Programme

Currently, 43 ART centres are functioning in the State. During 2011-12, NACO has sanctioned 4 new ART centres to Karnataka. The progress of ART centres is given in Table 9.44.

STD / RTI (sexually transmitted infection /reproductive tract infection): The programme aims to treat STI/RTI cases in all districts and some sub-district hospitals. It also acts as referral centers to other State-supported NRHM facilities providing STI/RTI services. It also provides supportive supervision to NRHM facilities regarding STI/RTI services. In addition, all State Government doctors, staff nurse, LTs are trained in treating STI/RTI with an objective to reduce and treat STI/RTI cases in the community thereby reducing the incidence of HIV.

In addition, STI/RTI Services for the high risk group (HRG i.e. female sex worker (FSW), male having sex with male (MSM), transgender, truckers & migrants) is provided by NGOs which are funded by KSAPS/NACO. Training of doctors working for NGOs, monitoring & supervision of the STI/RTI services provided by these doctors/NGOs is an additional responsibility.

1. Six new Government medical colleges' blood banks & one district hospital blood bank are being upgraded to blood component separation units. They are located in 1) Hassan 2) Mysore 3) Shimoga 4) Raichur 5) Bidar 6) Belgaum & 7) District Hospital, Bijapur.

2. To increase voluntary blood donation in the State, district-level task force committee is formed with Deputy Commissioner as Chairman and District AIDS Prevention Control Officer (DAPCO) as the member-Secretary of the respective districts, who will form the monthly calendar of events for the year and blood bank-wise.

Table 9.44: Status report on ART (Dec 2011)

Total Screened	Alive & on ART					
	Adult Male	Adult Female	TS/TG	Child Male	Child Female	Total
167958	27122	24630	100	2162	1600	55614

ACHIEVEMENTS UNDER NACs UPTO DECEMBER 2011

1. IEC materials and registers were supplied for the first time.
2. All the 45 clinics are fully functional. Counselors were appointed in many of the STD clinics.
3. Many of the non-functioning clinics were made functional. Physical targets improved from 16% in the beginning of the year to about 80% by the end of the year.
4. Training for doctors, staff nurses, and counselors & lab technicians was done. Procurement of consumables was done
5. 7 New STD clinics will be started in the year 2011-12

3. Blood storage centres opened in Chamarajnar, Gadag district hospitals & general hospitals in Siruguppa and Bellary districts.

4. Establishment of blood bank in district hospital Chamarajanagar is under Process.

5. 750 red ribbon clubs have been in degree colleges across Karnataka to increase voluntary blood donation in the State & also 9 blood transportation vans are provided to 9 blood banks to promote voluntary blood collection & distribute tested blood to the blood storage centers. (Victoria Hospital, Bowring Hospital, K.C. General Hospital Bangalore, KR Hospital Mysore, KIMS Hubli, VIMS Bellary, SIMS Shimoga, BIMS Belgaum & DH Gulbarga).

ICTC integrated counseling and testing centres

Existing staff position at ICTCs (Dec 2011)

Total No. of ICTCs	565
Counselors	648
Lab Technicians	565

The existing staff nurse and lab technicians have been trained in counseling and testing for HIV/AIDS and their services are being utilized. Pre-test, HIV test and post-test are being provided to all ICTC clients. The scientific information on HIV/AIDS, types of HIV testing and procedures is available in ICTC. Psychological support, positive life

skills, risk reductions, nutrition and hygiene, treatment for opportunistic infections, care support and treatment are provided. Confidentiality of all clients is maintained. All tested positive persons are referred to care and support treatment at ART centres. Nevaripine drug is administered to all ANC positive women during labour and the same suspension will be given to newborn baby to prevent mother-to-child transmission. During 2011-12, 759 (24x7) PHCs were identified to establish ICTCs, and these PHCs are providing ICTC services effectively (Table 9.45).

District AIDS Prevention and Control Officers: The monitoring and implementation of all HIV/AIDS activities at district level is being done through District AIDS prevention and control officers, who have been appointed in all districts. The officer works as a convener under district AIDS prevention and control unit under the Chairmanship of district Collector or Commissioner.

Quality Assurance Scheme : As per NACO guidelines, 10 medical colleges (Government and private) are identified as State referral laboratories (SRL) to ensure the quality of HIV testing of ICTCs. The selected samples are sent to these 10 SRLs to evaluate and assess the quality of the tests. The quality of SRL will be assessed by National referral laboratory (NRL) and NIMHANS, Bangalore.

Table 9.45: Tested and found positive in ICTC

Year	Non-ANC					ANC				
	Target (No.s)	Achievement				Target (No.s)	Achievement			
		Tested (No.s)	% Achievement	Positive (No.s)	% Positivity		Tested (No.s)	% Achievement	Positive (No.s)	% Positivity
2007-08	500000	171415	34.28	22251	12.98	400000	242021	60.51	2771	1.14
2008-09	650000	445415	68.53	44878	10.08	550000	569474	103.54	3257	0.57
2009-10	800000	745671	93.20	48444	6.49	700000	797449	113.92	3494	0.43
2010-11	1000000	780450	78.05	41887	5.36	900000	784404	87.15	2671	0.34
2011-12 (upto Dec.2011)	1000000	868447	86.84	29732	3.42	1000000	769066	76.90	1891	0.24

Performance of Program-targeted Interventions in last 2 years

- 81107 female sex workers, 23668 men having sex with men and transgenders, 1070 IDU's, 45,000 migrants and 16738 truckers have been covered across the State. As of current mapping data available, the program has been able to cover 100% of FSW, 100% MSMT and 33.47% of truckers.
- 95348 clinic visits were made for health check-up by FSW, MSM in the year 2009-10. For the year 2010-11, 86868 visits by FSW and MSM were done.
- Free condom distribution has been taken up by the targeted intervention program for the most-at-risk groups.
- 3000 Villages covered under link workers scheme in 29 category-A districts of Karnataka.
- Impact on scheduled caste and scheduled tribe: No special programs for SC/ ST populations are implemented under targeted interventions.
- Gender Impact: Women, especially FSW, are vulnerable to HIV. HIV prevalence among FSW in the year 2007 was 5.83%. This is a 10-fold higher HIV prevalence as compared to the general population in Karnataka. 77% of core population of high-risk groups is women.

Through behavioral surveillance, for 2007, condom usage is 66 % among the FSW. HIV prevalence among FSW has shown a decline from 21.6% in the year 2004 to 5.83% in the year 2007. Prevalence among MSM-T has risen from 10% to 17% in the corresponding period. Prevalence among IDU has shown a decline from 3.6% (2006) to 2% (2007).

9.2.10 Department of Ayush

The Department has the objective of providing health services by preventive promotive & curative principles of Ayush mainly in the management of lifestyle health disorders, focusing on primary health care & quality Ayush education in the State.

The interventions and strategies in the 11th five year plan include training for Ayush personnel, mainstreaming the system of Ayush in the National healthcare delivery system, strengthening regulatory mechanisms for ensuring quality control, research and development and processing technology involving accredited laboratories in the Govt. and non-Govt. sectors.

Apart from the centers of excellence in Ayush, there are 76 ayurvedic hospitals and 569 dispensaries, 11 Unani hospitals, 50 Unani dispensaries, 10 Homoeopathy

hospitals and 43 dispensaries, 6 Nature cure and Yoga hospitals and 5 dispensaries in the State. 10 Yoga & Nature cure units are functioning on PPP mode across the State. Details of bed strength, patients, statistics etc are given in Tables 9.46 and 9.47.

Yoga wings of 5 beds each have been established to provide treatment in Yoga therapy at SJIM, Bangalore Ayurveda medical college and hospital, Mysore and Bellary. Further, Yoga camps are being conducted.

There are 3 Govt, 5 Govt. aided and 50 un-aided Ayurvedic colleges, 1 Govt. 3 Un-aided Unani colleges, 1 Govt., 10 Pvt. Un-aided Homoeopathy colleges and 1 Govt. 2 Un-aided Nature cure colleges in the State. During the year 2011-12, the Government

has sanctioned a Govt. Ayurvedic medical college with hospital at Shimoga. The details of UG and PG students' intake in Govt., Govt. Aided and Pvt. Colleges are given in Appendix 9.9.

There are no Ayush pharmaceutical and paramedical colleges in the State.

9.2.11 Medical Education

The Department of Medical Education is in charge of medical and dental education, training of nurses and other paramedical staff, and teaching hospitals attached to Government medical colleges. Presently, there are five teaching hospitals, six nursing colleges and nine nursing schools, under the direct control of the Directorate. Further, ten autonomous Government medical colleges at Bangalore, Mysore, Bellary,

Table 9.46: Ayush medical facilities in Karnataka (Government Sector) (as on 31-12-2011)

Sl. No.	Faculty	Hospitals	Disps.	PHC's	PHU's	Tq. Bd Hosps & Clinics	Beds at Institutions	Beds per lakh of population
1	Ayurveda	76	561	489	-	-	1167	-
2	Unani	11	50	41	-	-	202	15
3	Homoeopathy	10	43	40	-	-	135	16
4	Nature Cure	3	5	-	-	-	26	17
5	Yoga	3	-	-	-	-	15	
6	Panchakarma			-	-	-	-	12
	Total	103	659	570	-	-	1545	60

Table 9.47: Details of In-patient and Out-Patient in AYUSH Hospitals (No.s)

Year	Ayurveda		Unani		Homoeopathy		Nature Cure and Yoga		Total	
	In-patient	Out Patient	In-patient	Out Patient	In-patient	Out Patient	In-patient	Out Patient	In-patient	Out Patient
2007-08	4279	4383076	930	698735	311	429951	69	54042	5589	5565804
2008-09	4766	4083262	773	562050	412	215318	-	34177	5951	4894807
2009-10	8199	3177807	1594	566104	545	764418	144	26639	10482	4534968
2010-11	5443	3783417	794	491148	280	520395	41	18045	6558	4813005
2011-12 (Upto Dec. 2011)	6052	4014244	745	528670	278	562870	40	19179	7114	5124966

**PHYSICAL ACHIEVEMENTS DURING THE 11TH FIVE YEAR PLAN PERIOD
(2007-12)**

1. Autonomous status has been accorded by the Karnataka Government during the year 2008-09 of the 11th Five Year Plan period, to the Government Medical Colleges at Bangalore, Mysore and a Government Dental College at Bangalore. The 4 hospitals at Bangalore viz., Victoria hospital, Vani Vilas hospital, Bowring & Lady Curzon hospital and Minto ophthalmic hospital, are being administered by the Bangalore Medical College & Research Centre; and three hospitals viz, K.R. hospital, Cheluvamba hospital and P.K.T.B. hospital at Mysore are retained under the administrative purview of the Mysore Medical College & Research Centre at Mysore.
2. S.D.S.T.B & Rajiv Gandhi institute of Chest Diseases, Bangalore, hitherto functioning under the administrative control of the Bangalore Medical College & Research Institute, Bangalore, has been given autonomous status during 2009-10.
3. Karnataka Institute of Mental Health and Neurosciences, on the lines of NIMHANS, Bangalore, has been established at Dharwad during 2009-10.
4. One healthcare unit of Sri Jayadeva Institute of Cardiology, Bangalore, has been established during the year 2009-10, at K.R. hospital, Mysore, for which the Government of Karnataka has provided 15 acres of land. In this connection, a new programme viz., *hridaya sanjeevini* has been started with a coverage of 2000 poor patients at a cost of Rs. 75000 per patient.
5. During 2009-10, Kidwai Memorial Institute of Oncology, Bangalore, has established a Kidwai satellite centre at K.R. hospital, Mysore.
6. During 2008-09, a regional paediatric care centre at Mangalore attached to Wenlock district hospital, Mangalore, has been established under the State sector plan scheme of the Department of Medical Education, and during 2009-10, the same has been brought under the State plan scheme viz., Government colleges with attached hospitals under the control of Director of Medical Education.
7. During 2009-10, the school of nursing attached to district hospital, Gulbarga has been upgraded to a nursing college, with an intake capacity of 50 students, under the administrative purview of the district surgeon, district hospital, Gulbarga, of the Directorate of Medical Education.
8. A new scheme is being implemented for providing additional facilities to the existing 4 old Government medical colleges viz., Bangalore Medical College & Research Centre, Mysore Medical College & Research Centre, Vijayanagar Institute of Medical Sciences, (VIMS), Bellary and Karnataka Institute of Medical Sciences (KIMS), Hubli.
9. A Super-Specialty hospital at Bellary has been established during the year 2010-11 of the 11th plan period.
10. During the year 2011-12 budget, earmarking has been made under the State plan for the benefit of SC and ST students, covering all the Government medical colleges in the State. This is meant for catering to various requirements of medical

students such as computers, laptops, stethoscope, lab equipments, hostel buildings and so on.

FINANCIAL ACHIEVEMENT: MEDICAL EDUCATION

11. During the year 2011-12, a plan expenditure of Rs. 13868.53 lakh has been incurred upto the end of Dec. 2012.

Hubli, Hassan, Shimoga, Mandya, Bidar, Belgaum and Raichur, two Government dental colleges at Bangalore and Vijayanagar Institute of Medical Sciences, Bellary and seven autonomous institutions viz., Sri Jayadeva institute of cardiology, Kidwai memorial institute of oncology, Indira Gandhi Institute of Child Health, Institute of Nephro-Urology, Karnataka Institute Of Diabetology, S.D.S.T.B & Rajiv Gandhi Institute of Chest Diseases (all in Bangalore), and Karnataka Institute of Mental Health and Neuro Sciences, on the lines of NIMHANS, Bangalore, established at Dharwad, are functioning under the direct control of the State Government in the Department of Medical Education.

Apart from these, the paramedical and nursing examination boards are functioning independently in the State and these are catering to the academic needs in varied fields of medicine and nursing. The provision of staff and equipment for teaching hospitals, grants-in-aid to autonomous health institutions and buildings for teaching hospitals, form the important areas of the plan schemes, being implemented by the Department.

9.2.12 Expenditure on Health

The plan and non-plan outlays for the health sector during the last three years are given in Table 9.48. The details of the Central assistance and its disbursement are also provided in Table 9.49.

9.3 LABOUR AND EMPLOYMENT SCENARIO IN KARNATAKA

Achieving high rate of growth along with commensurate generation of productive and quality employment opportunities for the rising labour force continues to be a major challenge for both the central and the state governments alike. Low growth in employment, prevalence of low productive and low quality employment especially in the unorganized sector and high unemployment rate among the youth and educated show that our achievements on employment front are not quite impressive. Therefore, expansion of productive, quality and decent employment has been the principal concern of the state government's policy in recent years to reduce poverty and to make growth process more inclusive. In Karnataka, agriculture is the predominant source of livelihood for the majority of the population

Table 9.48: Plan & non-plan Expenditure on Health & Family Welfare

(Rs. lakh)

Year	Plan Expenditure	Non-Plan Expenditure	Total
2009-10 A/c	108370.08	116465.77	224835.85
2010-11 BE	138817.16	136898.25	275715.41
2010-11 RE	139970.12	142528.46	282498.58
2011-12 BE	166698.13	175378.40	342071.53

Table 9.49: Funds received from Government of India and Utilization (Rs. lakh)

Financial Year	Gol releases thro' State Health Society	GoK releases thro' State Health Society	Opening Balance (Unspent Balance)	Total Fund	Expenditure of State Health Society	Expenditure as % of Gol releases
2009-10	31199.17	12210.10	25195.37	68604.64	48256.91	156
2010-11	42010.10	13630.41	19617.44	75257.95	57564.75	100
2011-12 (Oct 2011)	29390.21	4434.00	17693.10	51517.31	21045.23	75

and employment is largely unorganized, rural and non-industrial in nature.

9.3.1 Key Labour Market Indicators

The analysis of key labour market indicators in select states shows that Andhra Pradesh and Karnataka have one of the highest labour force participation rates (LFPR) amongst the comparable states, while that of Gujarat and Kerala having relatively low participation respectively during 2009-10 (Table 9.50). Similar to the LFPR, work participation rate (WPR) of men and women among those who are in the labour force are high in Andhra Pradesh and Karnataka and low in Kerala.

Therefore, it is not surprising to note that both overall unemployment rate and youth unemployment rate by daily time disposition basis is very high in Kerala and Tamil Nadu compared to other similarly poised states.

Most importantly, these two rates are relatively lower in Karnataka compared to other States and all-India average which inter alia speaks volume about various steps that have been undertaken by the state government in recent years towards employment generation. However, at the same time it is posing a challenge to the State Government to provide gainful employment opportunities to all especially the youth and new entrants to the labour force which requires following a desired mix of active labour market policies, enhancing employability of the youth through skill development and achieving high rate of economic growth especially in the labour intensive and rural sector. In case of child labour, the participation rate of children in work has come down significantly both at the all-India level and across all the states

Table 9.50: Key Labour Market Indicators in Select States, 2009-10

States Labour	Force Participation Rate (UPSS)	Workforce Participation Rate (UPSS)	Unemployment Rate (CDS)	Youth Unemployment Rate (CDS)	Child Work Participation Rate (UPSS)
Karnataka	46.1	45.6	4.2	7.0	2.22
Maharashtra	45.0	44.3	6.3	8.9	1.36
Tamil Nadu	45.8	44.8	11.7	20.5	0.17
Kerala	40.8	37.7	16.7	20.0	0.05
Andhra Pradesh	48.3	47.6	7.0	10.6	1.54
Gujarat	42.9	42.4	5.0	6.8	3.61
All-India	40.0	39.2	6.6	9.4	2.01

Source: 66th Round Employment and Unemployment Survey, NSSO, 2009/10

Note: UPSS – usual principal and subsidiary status, CDS – Current Daily Status

including Karnataka which could be attributed to significant increase in the enrolment and attendance rate of children in schools. Despite decline in the child participation rates in Karnataka to 2.2 per cent in 2009/10, it need to be understood that children who are still at work are hardcore child labour and contribute immensely to their family income. Therefore, child labour and livelihood centric government programmes need to be focused towards child labour families by achieving convergence to eradicate child labour from the state in a time bound manner.

9.3.2 Estimated Population, Labour Force and Workforce

The age composition of the population shows that in 2009-10; nearly 64.9 per cent of the total population in Karnataka was in the working age group of 15-59 years, which is higher than the all-India average of 61.5 per cent by 3.4 per cent (Table 9.51). In rural and urban areas of the state also, the ratio of working age to total population is higher compared to the all-India average. Between 2004-05 and 2009-10, while the ratio of working age to total population reduced marginally by 0.3 per cent in Karnataka, and at the all-India level, ratio shows an increase by 0.5 per cent. In contrast, in the below 14

age-group, one finds a consistent decline in the population share due to falling birth rates, while in the age-group of 60 years and above consistent increase in the proportion of working age population is observed. These demographic facts clearly show that the dependency ratios in the state are relatively lower compared to the all-India average. The state should harness this 'demographic dividend' as a sizeable proportion of the working age population especially those in the age-group of 15-34 will enter the workforce in the future, thereby bolstering growth of state's economy and speeding up income convergence process. As this demographic window will not last long and has already shown the sign of tapering off, the best way to take full advantage of this is by bridging the education and skill gap both quantitatively and qualitatively.

In Karnataka, the estimated number of total population which was 55.1 million in 2004/05 increased by 3.6 million and reached 58.7 million during 2009/10 (Table 9.52). The composition of the population shows that the labour force or the economically active population comprises of around 46 per cent of the total population (26.96 million), while the remaining 54 per cent of the population are outside the labour

Table 9.51: Distribution of Persons (in %) by Age Group for Karnataka and All-India

Age Groups	2004-05					
	Karnataka			All-India		
	Rural	Urban	Total	Rural	Urban	Total
0-14	28.8	27.0	27.9	35	29	32
15-59	64.0	66.3	65.2	57	64	61
60 & Above	7.2	6.8	7.0	7	7	7
2009-10						
0-14	26.7	23.8	25.7	32.3	26.3	30.6
15-59	63.2	67.9	64.9	59.8	65.8	61.5
60 & Above	10.1	8.3	9.4	7.9	7.9	7.9

Source: 61st (2004/05) and 66th Round (2009/10) Employment and Unemployment Survey, NSSO

Table 9.52: Estimated Population, Labour Force, Workforce and Unemployed in Karnataka and All-India in 2004-05 and 2009-10 (in millions)

Estimated Persons	Karnataka		All-India	
	2004/05	2009/10	2004/05	2009/10
Population	55.1	58.7	1092.9	1174.9
Labour Force (UPSS)	27.25	26.96	469	468.8
Workforce (UPSS)	26.89	26.64	457.9	459
Unemployed (UPSS)	0.68	0.72	12.4	9.8

Source: 61st and 66th Round Employment and Unemployment Survey, NSSO, 2009/10

force measured in terms of usual principal and subsidiary activity status. Between 2004/05 and 2009-10 one could observe a decline in both absolute number and percentage share of the population in labour force in the state. The workers and the unemployed who are 26.6 and 0.72 million in 2009/10 comprises of 98.8 and 1.2 per cent of the labour force respectively. Similar to the labour force one could observe a decline in the absolute number of workers and work participation rates in Karnataka between 2004/05 and 2009/10. The decline in the labour force and workforce in the state and also at the all-India level is largely attributed to the decline in the labour force and work force participation rate among women. This suggests substantive increase in educational participation especially among girls in the age-group of 15-29 years.

9.3.3 Employment Trends

This section examines both qualitative and quantitative dimensions of the overall employment trends over the period 2004-05 and 2009-10 measured in terms of labour force and workforce participation rates, unemployment rates, educational and employment status of the workers and wages and earnings.

9.3.3.1 Quantitative dimension

Labour Force Participation Rates:

Table 9.53 shows labour force participation rate (LFPR) in Karnataka and all-India level across rural and urban areas and by male and female between 2004-05 and 2009-10.

As per the usual principal and subsidiary activity status, 46 per cent of the total population in Karnataka and 40 per cent at all India level belonged to the labour force in 2009-10. The LFPR is higher in rural compared to urban areas and significantly lower among females than males both in rural and urban Karnataka and at all-India level. To elaborate, in 2009-10, the LFPR for males was 63 per cent in rural and 59 per cent in urban Karnataka. For Females, LFPR was 37.2 per cent in rural and 17.7 per cent in urban Karnataka. Similarly, at all-India level also the male LFPR was around 56 per cent in rural and urban areas in 2009-10, whereas the female LFPR was much lower at 26.5 and 14.5 per cent in rural and urban India respectively. Another interesting fact which emerges from table 9.53 is that both males and females in rural and urban Karnataka are economically more active compared to their counterparts at the all-India level both during 2004-05 as well as in 2009/10.

Between 2004-05 and 2009/10, the LFPR shows a declining trend both at the state as well as at the all-India level (Table 9.53). At the overall level, the LFPR has declined by 4 per cent in Karnataka from about 50 per cent in 2004/05 to 46 per cent in 2009-10 and by 2.8 per cent at the all-India level from 42.8 per cent to 40 per cent during the same period. Across rural and urban areas, the decline in LFPR is relatively higher in the former than the later both at the state and all-India level. Across gender, it is evident

Table 9.53: Labour Force Participation Rate (in %) in Karnataka and India by Location and Gender (UPSS)

Location/Year	Karnataka			India		
	Male	Female	Persons	Male	Female	Persons
Rural						
2004/05	62.8	46.2	54.6	55.4	33.0	44.5
2009/10	62.7	37.2	49.9	55.6	26.5	41.4
Urban						
2004/05	58.7	19.2	39.7	57.0	17.8	38.7
2009/10	59.0	17.7	39.3	55.9	14.6	36.2
Total						
2004/05	61.5	38	49.9	55.8	28.8	42.84
2009/10	61.4	30.4	46.1	55.7	23.3	40.0

Source: Same as in Table 2

from the table 3 that decline in LFPR is much higher among females especially among rural females, whereas in case of males the LFPR is either stagnant or show very little change. Among the rural females, the LFPR declined by 9 percentage points in Karnataka and by about 7.5 per cent at the all-India level. This decline in the participation rate among rural women can largely be attributed to recent surge in the educational participation and continuance in the educational system by women belonging to the 15-29 age groups.

Workforce Participation Rates:

The work participation rate (WPR) by usual principal and subsidiary activity status shows that of the total population, 45.6 per cent participated in work in Karnataka and the same ratio is 39 per cent at the all-India level during 2009-10 (Table 9.54). This shows that worker population ratio is 6.4 per cent higher in Karnataka compared to the all-India average during 2009/10. Much like the LFPR, the WPR is higher in rural areas compared to urban areas. In Karnataka, the rural WPR is higher than urban WPR by 11.5

Table 9.54: Work Participation Rate in Karnataka and India (UPSS)

Location/Year	Karnataka			India		
	Male	Female	Persons	Male	Female	Persons
Rural						
2004/2005	62.3	45.9	54.2	54.6	32.7	43.9
2009/10	62.4	37.0	49.7	54.7	26.1	40.8
Urban						
2004/2005	57.6	18.1	38.6	54.9	16.6	36.5
2009/10	57.6	17	38.2	54.3	13.8	35
Total						
2004/2005	60.8	37.4	49.3	54.7	28.7	42.0
2009/10	60.7	30.1	45.6	54.6	22.8	39.2

Source: Same as in Table 2

per cent whereas the same is 5.8 per cent at the all-India level during 2009-10. In both rural and urban areas, the female WPRs are considerably lower than the male WPRs during 2009-10. In rural Karnataka, the female WPRs are lower than males by 25.4 per cent and in urban areas the same difference is just 40.6 per cent during 2009-10. In rural India, the female WPR is lower than males by 28.6 per cent and in urban areas the difference is almost 40.5 per cent during the same time point. Further, like the LFPR, the WPR both in rural and urban areas and among males and females in Karnataka are higher than their counterparts at the all-India level. The difference in the WPR between Karnataka and all-India level is particularly very high in case of rural females.

The trend in the WPR shows that between 2004/05 and 2009/10, the WPR declined by 3.7 per cent in Karnataka and 2.8 per cent at the all-India level at the overall level. The decline in the WPR is much faster in rural areas compared to urban areas both in Karnataka and all-India level. In Karnataka, the WPR declined by 4.5 percentage points in rural areas, whereas in urban areas the

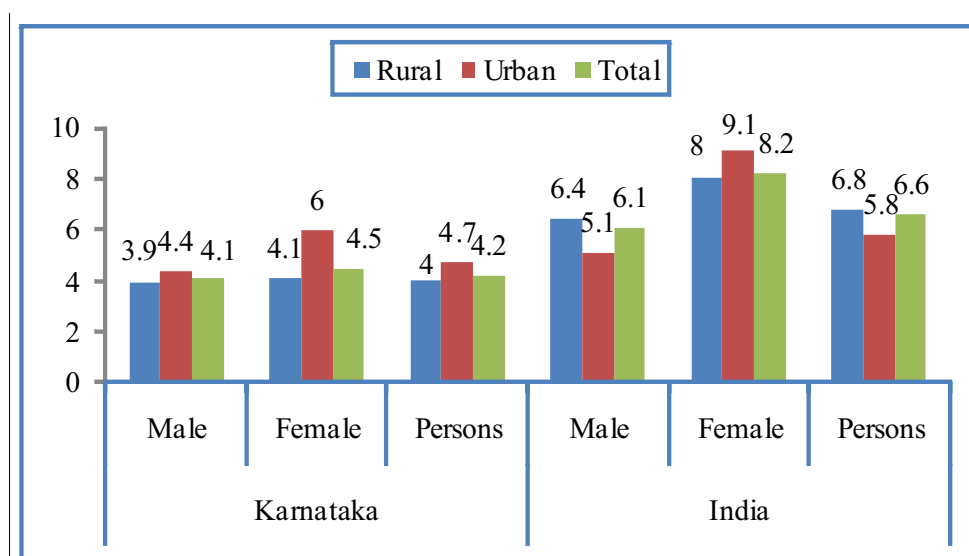
decline was just by 0.4 per cent. At the all-India level, the same decline was by 3.1 and 1.5 percentage points respectively. Further it can be observed from the table that the decline in the WPR is much higher among rural females both in Karnataka and at all-India level compared to their urban counterparts and compared to the male WPR, which is almost stagnant between the two time period.

Unemployment Rate

The unemployment rate in Karnataka of all persons as per the current daily status shows that at the overall level on an average 4.2 per cent persons in the labour force remained unemployed on a daily basis during 2009/10 which is lower than the all India average of 6.6 per cent (Fig. 9.5). The CDS unemployment rate in Karnataka is found to be higher in urban areas (4.7%) compared to rural areas (4%). However the situation at the all-India level is just opposite wherein unemployment rate is higher in rural (6.8%) compared to urban areas (5.8%). Nonetheless, rural and urban unemployment in Karnataka are relatively lower than the all-India average.

Figure 9.5: Unemployment Rate of all persons by Location and Gender, 2009-10

(CDS)



Source: same as Table 1

The gender differential in unemployment rate is observed in both rural and urban areas of Karnataka. The unemployment rate among females in both rural and urban areas of the state is higher than those of the males. The rural female unemployment rate at 4.1 per cent is higher compared to 3.9 per cent for rural male and urban female unemployment rate at 6 per cent is higher compared to 4.4 per cent for urban males. At the all-India level also female unemployment rate in both rural and urban areas are higher than that of the males. Among all the population category, unemployment rate is highest among urban females both at the state and all-India level. Lastly, both the female and male unemployment rate in rural and urban areas of the country is higher than that of their counterparts in Karnataka.

9.3.3.2 Qualitative Dimensions

The qualitative dimensions of the employment in the state have been analysed in terms of three broad indicators namely employment status of the workforce, literacy and educational level of the workers and wages and earning levels of regular workers and casual workers in public and non-public work.

Status in Employment

An important qualitative dimension of employment is the composition of the workforce in terms of their status of employment: self-employment, regular/salaried employment and casual employment. While regular paid employment is generally considered secure in terms of income, duration of work and other benefits, for the typical casual workers, neither the duration of employment nor income is certain. The self-employment though fairly secure, but income from certain types of self-employment activities might be highly irregular, inadequate and even uncertain.

It has been observed that over the years self-employment base is gradually eroding and that of the casual employment share is increasing, while the proportion of workers in regular employment is stagnating. At the all-India level, a little over half (51%) of the total workforce comprises of self-employed, one-third casual workers (33%) and the remaining less than one-fifth comprises of (16%) regular/salaried employed (Table 9.55). The share of female employment is higher both in case of self-employment and

Table 9.55: Percentage Distribution of workers by employment status (UPSS) for Karnataka and All-India, `2009/10

Employment Status	Rural			Urban			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Karnataka									
Self-Employment	48.4	42.8	46.3	39.5	34.1	38.3	45.3	41.1	43.9
Regular wage	6.9	5.6	6.4	39.3	39.9	39.4	18.2	12.3	16.3
Casual Labour	44.7	51.6	47.3	21.2	26.0	22.2	36.5	46.6	39.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
All-India									
Self-Employment	53.5	55.7	54.2	41.1	41.1	41.1	50.0	53.3	51.0
Regular wage	8.5	4.4	7.3	41.9	39.3	41.4	17.7	10.1	15.6
Casual Labour	38.0	39.9	38.6	17.0	19.6	17.5	32.2	36.6	33.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: same as Table 1

casual employment, while their share in regular employment is much lower compared to their male counterparts. In rural areas of India, the self-employed had the dominant share (nearly 54%) followed by casual workers (39%), while the regular salaried account for a small share of 7 per cent. In contrast, in urban areas, the self-employed and regular salaried accounted each for about 41 per cent of the total employment while the casual labour accounted for 18 per cent of the remaining workforce. Across gender, the share of females in secured regular salaried jobs was lower than the male share in both rural and urban areas. In rural areas, nearly 9 per cent of the male workforce and 4 per cent of the female workforce were in regular wage jobs, whereas in urban areas the same share stands at 42 and 39 per cent for males and females respectively.

Like at the all-India level, in Karnataka as well, self-employment is the predominant form of employment. At the overall state level, the self-employed accounted for about 51 per cent of the total employment followed by that of casual (40%) and regular workers (16%). In the rural areas, both the self-employment and casual work has almost an equal share of 47 per cent each, whereas in urban areas, self-employment and regular wage work has a share of 38-39 per cent. Across gender it is quite evident that in rural Karnataka females had a higher share in casual work (51.6%) followed by self-employment (42.8%), while for males the reverse is true. In case of regular job, the share of females (5.6%) is lower than that of males (6.9%) in rural areas. In contrast in urban areas, regular job is the predominant form of employment for females (39.9%) followed by self-employment (34%) whereas in case of males the share of self-employment (39.5%) is little higher than that of regular salaried employment (39.3%). This inter alia suggests that in urban Karnataka, the share of regular salaried

among female workforce is higher than that of male workforce by 0.6 per cent which is a great achievement in itself.

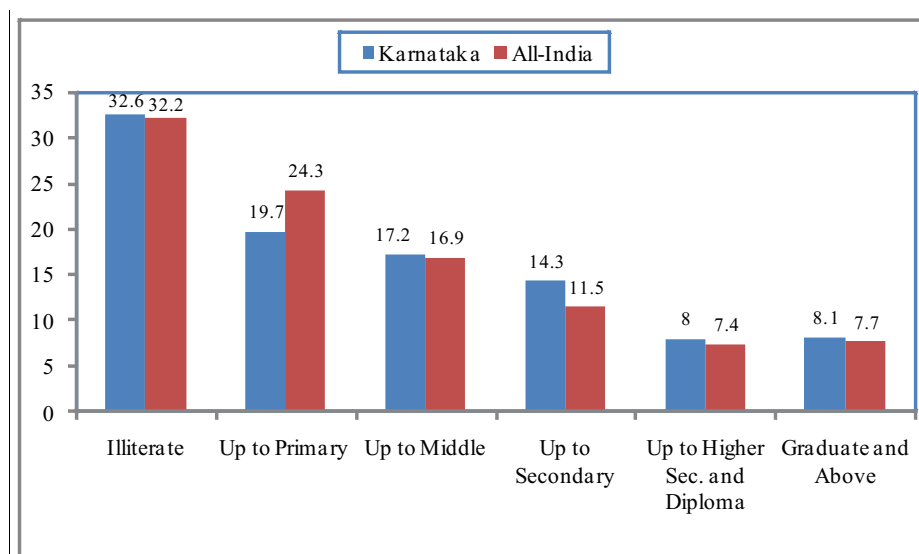
However, in Karnataka, the share of casual employment is noticeably higher for all types of population category, while that of self-employment share is lower compared to all-India level. Further, the share of casual employment in the state is especially very high in rural areas and among females which is a cause of immense concern. Clearly, casualisation in the state is conspicuous phenomenon and increasing casualisation has profound implications in the labour market from the policy plane. When work is casual and irregular, the people depending on such kind of employment will have little or no opportunity to enhance their skill base which is critical from the standpoint of view for bettering employment and livelihoods. Therefore, immediate policy interventions are required to shift the workers from the casual status to other two statuses in the state.

Workforce by Levels of Education

As far as literacy and general education attainment level is concerned, it is bottom heavy as nearly 52.4 per cent of the total workers were either illiterate or have up to primary level educated in Karnataka during 2009/10 (Figure 9.6). At the all-India level, the same ratio is still higher at 56.5 per cent. The share of workers having education up to middle and secondary level is around 31.5 per cent in Karnataka, which is 3 per cent higher than the all-India average of 28.3 per cent. The share of educated workers (with higher secondary and above level of education) is just 16 per cent in Karnataka, which is marginally higher than the all-India average of 15.07 per cent.

Thus, the Figure 9.6 clearly states that the educational attainment levels of the workers are extremely low in the state. Given the low level of human capital base among the workers, it is therefore not astonishing to

Figure 9.6: Percentage Distribution of Workforce (UPSS) by Level of Education, 2009/10



Source: same as Table 1

note that a higher proportion of the worker in the state are in low paid irregular casual jobs or in self-employment. Therefore, improving the education and skill attainment level of the workers should be given importance in the policy making to shift workers from low quality jobs to high quality regular, productive and decent work.

Wages and Earnings

Apart from employment status and level of education, wages and earnings is yet another indicator to judge the quality of employment in the state. Wage and earnings is an important determinant that has profound implications for bettering employment and productivity of the workers.

It is well known that regular employment is considered better, secure and durable and returns associated are usually higher than casual and intermittent nature of employment. At the overall level, the average wages and earnings per day received by the regular workers are noticeably higher in the state compared to that of all-India average. Average wage and salary earnings works out to be Rs. 329 per day at the state level, which is higher than the all-India average wage of Rs.318 per day by almost 3 per cent (Table 9.56). The average wage of regular workers in rural Karnataka are lower than that of rural India by 37 per cent, while in urban Karnataka average wage of regular workers is higher

Table 9.56: Average Wage (in Rs.) per day received by Regular Workers (15-59 years), 2009/10

Area	Karnataka			All-India		
	Male	Female	Persons	Male	Female	Persons
Rural	195.08	112.6	168.55	249.15	155.87	231.59
Urban	414.95	293.37	387.58	377.16	308.79	364.95
Total	361.56	231.25	328.85	332.37	253.02	317.93

Source: same as Table 1

by 6 per cent compared to urban India. Similarly, average wages of male regular workers in Karnataka are higher than their counterparts at all-India level by 9 per cent, whereas in case of female regular workers average wage is lower compared their counterparts at all-India level by almost 9.5 per cent.

Urban male wages and earnings of regular workers in the state are higher by about 9 per cent but for urban females the wages and earnings are lower by about 5 per cent in the state in comparison to all India. Unexpectedly, rural wages and earnings for males and females in the state are substantively lower (28 and 39 %, respectively) compared to all India (Table 9.57). This huge dichotomy of rural wage and earnings vis-a-vis urban areas and between males and females within the state raises some of the issues which are essentially related to the differences in education, skills and living costs in the rural and urban areas.

Average wage/salary earnings of casual labourers in Karnataka are lower for males and females across rural and urban areas. Overall, urban wages/salary earnings are lower by about 12 per cent in the state and male and female differences are lower by 8 and 13 per cent respectively in the state compared to that of all-India (Table 9.57). Rural wages/salary earnings differences are lower compared to urban area in the state but clearly female get lower wage/salary earnings compared to their male counterparts. In general, rural wage/salary

earnings are lower by a little over 9 per cent, for males it is lower by 5 per cent and for females it is still lower (9.5%). Clearly, the wages/salary earnings differences between the regular wage/salaried employment and that of casual labourers is significantly higher which is closely associated with education and skill differentials among males and females that are linked to disparities in employment opportunities and earnings.

Rural average wage rate per day in MGNREGA work in Karnataka is reported higher than the all-India average for both sexes. At the overall level, MGNREGA wage rates in the state are higher by about 23 per cent compared to the all-India level. For rural males and females, the MGNREGA wage rates in the state are higher by 21 and 25 per cent respectively compared to rural India (Figure 9.7). The wage difference between male and female is very small indicating almost non-discriminatory wage practices in the scheme both at the state as well as all-India level.

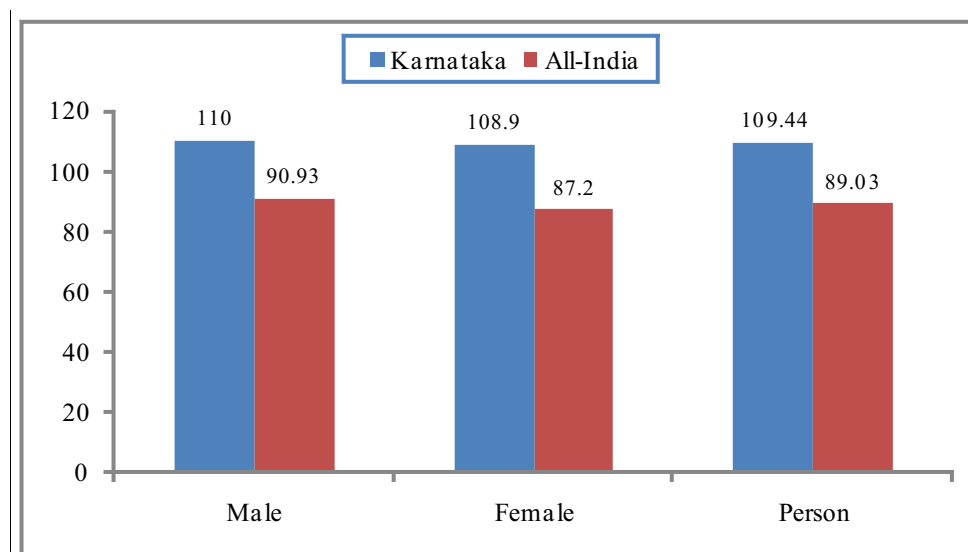
Average wage rates in the non-public works in rural areas is observed to be lower compared to that of MGNREGA work in Karnataka, while the same is just opposite in case of rural India. Female wages, in particular, are far above in the MGNREGA scheme than the non-public casual works in the state. However, it has been noted that market wages is far higher for unskilled wage labour per day in the state. This has obvious implications to the labour market; male members generally don't come

Table 9.57: Average Wage (in Rs) per day received by casual labourers (15-59 years) engaged in Works other than Public Works, 2009/10

Area	Karnataka			All-India		
	Male	Female	Persons	Male	Female	Persons
Rural	96.91	62.77	84.50	101.53	68.94	93.06
Urban	123.03	67.88	108.64	131.92	76.73	121.83

Source: same as Table 1

Figure 9.7: Average Wage (in Rs) per day received by Rural Casual Labourers (age 15-59 years) engaged in MGNREGA Works, 2009/10



Source: same as Table 1

forward for MGNREG works but attracts females in large numbers. This has far reaching implications for the local labour markets drawing manual labour out from the agriculture thereby raising the floor minima for agriculture unskilled wages. Farmers are facing shortage of manual labourers as the floor level wages are higher in the MGNREGA works than the rates prevailing in agricultural works. This has resulted in rise in cost of farm production by 10 to 20 per cent due to labour shortage as reported by a recent study by Institute for Social Economic Change, Bangalore.

9.3.4 Sectoral Distribution of Workers

The sectoral distribution of workers across industry shows that agriculture and allied sector is the most important sector wherein about 56 per cent of the workers in Karnataka and 53 per cent of workers at all India level are engaged for their livelihood during 2009/10 (Table 9.58). The corresponding share in the Karnataka and India was 61 and 58.17 per cent respectively in 2004-05. This shows that the share of agricultural employment in Karnataka and all-India level has declined only by 5 per cent

between 2005 and 2010, which though low but a positive trend towards structural transformation. Given the negative employment elasticity of the sector and relatively low contribution to the GVA in the state (Table 9.58), there is an urgent need to shift the unproductive labour from agriculture to the non-agricultural sector by putting in place appropriate policies to ensure fast tracked and rapid structural transformation process in coming years.

The tertiary sector is the second most important sector, which accounts for 26 per cent of the workers, while the secondary sector accounts for the remaining 18 per cent of the total workforce in Karnataka in 2009/10 (Table 9.58). The share of these two sectors in GVA is also higher than their respective employment share and the employment elasticity of these two sectors are also positive (Table 9.59). Between 2004/05 and 2009/10, one can notice that the share of secondary sector in total employment has gone up by 3.2 per cent and that of the tertiary sector by 2 per cent in the state. Despite these changes one could observe that the employment share of

Table 9.58: Sectoral Distribution of Workers (UPSS), 2009/10

(in %)

Sector	Karnataka			India		
	Rural	Urban	Total	Rural	Urban	Total
Agriculture and Allied	75.7	9.5	55.8	68.0	7.5	53.2
Mining and Quarrying	0.8	0.5	0.7	0.6	0.6	0.6
Manufacturing	5.9	20.7	10.4	7.2	23.0	11.0
Electricity, Gas and Water Supply	0.0	0.9	0.3	0.2	0.6	0.3
Construction	4.4	12.8	6.9	9.4	10.2	9.6
Secondary Sector	11.1	34.9	18.2	17.4	34.4	21.5
Trade, Hotel and Restaurants	6.7	22.0	11.3	6.5	24.2	10.8
Transport, Storage and Communication	2.1	9.8	4.4	2.9	8.7	4.3
Finance, Business, Real Estate, etc	0.6	10.1	3.4	0.6	6.7	2.1
Public Admn, Health, Education, etc	3.9	13.8	6.8	4.7	18.4	8.1
Tertiary Sector	13.2	55.6	25.9	14.7	58.1	25.3
All Sector	100 (18.5)	100 (8.2)	100 26.6	100 336.4	100 122.6	100 459

Note: Figures in the parentheses are in millions

Source: same as Table 1

Table 9.59: Share of Different Sectors in Gross Value Added (GVA) and Sectoral Employment Elasticity

Share of GVA (in %)	Agriculture	Manufacturing	Non-Manufacturing	Services	All
2004/05	18.7	18.4	11.7	51.2	100
2009/10	13.9	17.7	10.4	58	100
Employment Elasticity	-0.81	0.07	1.55	0.21	-0.05

Source: Report of the working group on Employment, Planning & Policy for the 12th Plan, December, 2011, Planning Commission, Government of India

manufacturing and construction within the overall secondary sector in the state is well below the all-India average during 2009/10 and there is still scope to enhance the absorption capacity of these two sectors especially in rural areas. As far as the tertiary sector is concerned, the employment share of public administration, health and education etc is still low in the state compared to the all-India average and there is a need for greater investment in health and education and other such

services especially in the rural areas which would help in generation of corresponding employment opportunities. Further, there is still a need to give greater emphasis to other sub-sectors such as trade, hotels and restaurants and transport, storage and communication in the state for further enlarging their employment potential.

9.3.5 Employment in Public and Private Sector:

Organised sector employment in the state has increased by 0.39% from 22.94 lakh at

the end of March 2011 to 23.03 lakh at the end of June 2011 adding 0.09 lakh additional jobs. Public sector employment accounts for 10.62 lakh (46 per cent) and private sector for 12.33 lakh (54 per cent), while the former has increased slightly by 0.21 per cent, where as the latter has increased by 0.54 per cent between June and March 2011.

Branch wise comparison shows that employment in the State Government and local bodies has increased from 5.73 to 5.77 lakh and 0.68 to 0.69 and respectively from March 2011 to June 2011. Central Government, and Local bodies employment has marginally decreased from March 2011 to June 2011. Employment in public sector has increased from 10.61 lakh in March 2011 to 10.63 lakh in June 2011. Table 9.60 gives branch wise details of the organised sector employment at the end of June 2011.

a. Employment in Public and Private Sectors (Industry group wise):

An analysis of the organized sector employment by industry group reveals an increase in the employment in manufacturing sector employment from 6.769 lakh in March 2011 to 6.799 lakh in June 2011, an addition of about 3000

workers employed (Table 9.61). In Transport, Storage and Communication sector employment was increased from 1.809 lakh in March 2011 to 1.826 lakh in June 2011, an addition of about 1700 workers employed. In Education sector employment had increased from 3.330 lakh in March 2011 to 3.346 lakh in June 2011. Public Administration & Defence, Compulsory Social Security from 2.822 lakh in March 2011 to 2.836 lakh in June 2011. Real Estate & Business activities employment, Wholesale & Retail Trade sector, Electricity, Gas and Water, Construction, Other Community and Social & Personal Services, had slightly increased. Organisation sector employment has remained constant in Fishing, Mining & Quarrying, Finance & Insurance, and Private Households with Employed persons. The employment in Agriculture & Forestry, Hotels and Restaurants, Health & Social work had decreased from March 2011 to June 2011. Detailed information is given in the Table 9.61

9.3.6 Additional Employment

Employment generation has been estimated based on three factors viz., income, employment elasticity over a period

Table 9.60: Employment in Public and Private Sector

(In '000)

Branch	Employment as on			Percentage Variation June - 11/ March - 11
	March - 10	March - 11	June - 11	
1. Central government	97.40	95.50	95.40	-0.10
2. State government	570.90	573.50	576.90	0.59
3. Central government (Quasi)	164.50	163.30	163.40	0.06
4. State government (Quasi)	160.80	160.20	160.20	0.00
5. Local bodies	68.30	68.90	67.70	-1.74
6. Private sector - Act	1157.50	1166.90	1173.50	0.57
7. Private sector - Non-Act	65.90	66.20	66.30	0.15
Public sector	1061.90	1061.40	1063.60	0.21
Private sector	1223.40	1233.10	1239.80	0.54
Total	2285.30	2294.50	2303.40	0.39

Table 9.61: Employment in Public and Private Sectors (Industry group wise) (in lakh)

Industry	Employed as on 31-03-2010			Employed as on 31-03-2011			Employed as on 30-06-2011		
	Public	Private	Total	Public	Private	Total	Public	Private	Total
1. Agriculture & Forestry	0.277	0.133	0.41	0.278	0.129	0.407	0.278	0.127	0.405
2. Fishing	0.009	0.001	0.1	0.009	0.001	0.010	0.009	0.001	0.010
3. Mining & Quarrying	0.072	0.074	0.146	0.071	0.076	0.147	0.071	0.076	0.147
4. Manufacturing	0.61	6.125	6.735	0.590	6.179	6.769	0.588	6.211	6.799
5. Electricity, Gas and Water	0.403	0.012	0.415	0.400	0.012	0.412	0.402	0.012	0.414
6. Construction	0.296	0.015	0.311	0.306	0.015	0.321	0.308	0.015	0.323
7. Wholesale & Retail Trade	0.064	0.247	0.311	0.064	0.260	0.324	0.064	0.265	0.329
8. Hotels and Restaurants	0.002	0.231	0.233	0.002	0.242	0.244	0.002	0.238	0.240
9. Transport, Storage & Communications	1.607	0.195	1.802	1.599	0.210	1.809	1.599	0.227	1.826
10. Finance & Insurance	0.808	0.253	1.061	0.807	0.254	1.061	0.809	0.252	1.061
11. Real Estate, Renting & Business activities	0.26	0.453	3.713	0.258	3.450	3.708	0.257	3.459	3.716
12. Public Administration & Defence, Compulsory Social Security	2.805	0.002	2.807	2.820	0.002	2.822	2.834	0.002	2.836
13. Education	2.167	1.172	3.339	2.154	1.176	3.330	2.164	1.182	3.346
14. Health & Social Work	1.167	0.268	1.435	1.184	0.272	1.456	1.118	0.275	1.455
15. Other Community, Social & Personal Services	0.072	0.053	0.125	0.072	0.053	0.125	0.071	0.056	0.127
16. Private Households with Employed Persons	0	0	0	0.000	0.000	0.000	0.000	0.000	0.000
Total	10.619	12.234	22.853	10.614	12.331	22.945	10.574	12.398	23.034

of years and anticipated estimates of gross state domestic product for the 2011-12. During 2011-12, it is 289.93 lakh person-days compared to 285.16 lakh person-days in the previous year.

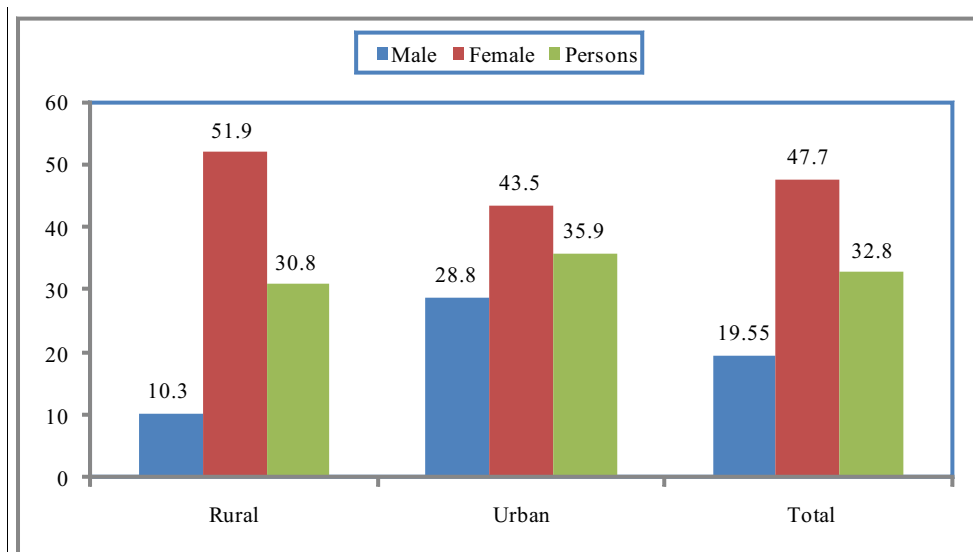
9.3.7 Migration, Employment and Remittances in Karnataka

9.3.7.1 Profile of Individual Migrants

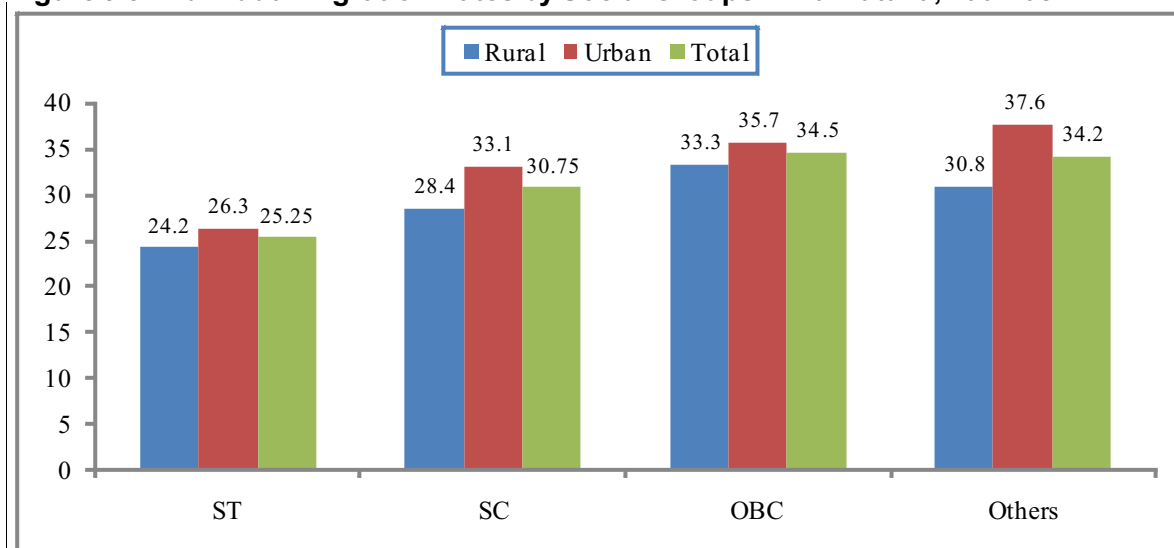
In Karnataka, about 33 per cent of the total populations were migrants during 2007/08. One observes significant rural-urban and male-female variations in the migration pattern of the state (Figure 9.8). The migration rate in urban areas at 36% was

higher than rural areas (31%). Across gender, the migration rate among females was far higher than the males in both rural and urban areas. About 52 and 44 per cent of the females were migrants in rural and urban areas respectively, in contrast to 10 and 29 per cent in case of males.

Across social groups, at the overall level migration rate was highest among OBCs (34.5%), followed closely by persons from 'others' (34.2%) category (Figure 9.9). In the rural areas, migration rate was highest among OBCs (36%) while in the urban areas the same can be said of 'others'

Fig. 9.8: Individual Migration Rates in Karnataka, 2007-08

Source: 64th Round Employment and Unemployment Survey, NSSO, 2007-08

Figure 9.9: Individual Migration Rates by Social Groups in Karnataka, 2007-08

Source: same as in Figure 1

category (38%). In both rural and urban areas migration rate is lowest among STs and SCs respectively.

At the overall level and also in urban areas, it is observed that there is a positive relationship between the level of education and migration rate with some exception (Table 9.61a). In contrast, in rural areas, no such positive relationship was observed. Although migration rate is highest among

persons with graduation and above category of persons in rural areas, the same was also high among persons who are illiterate compared to persons who are having education up to higher secondary.

From Table 9.62, it is clear that migration rate was lowest for middle MPCE deciles classes in both rural and urban areas and migration rate is higher in case of persons both in higher and lower level MPCE

Table 9.61a: Individual Migration Rates by Level of Education in Karnataka, 2007-08

Level of Education	Rural	Urban	Total
Illiterate	36.8	30.6	33.7
Primary	28.9	33.6	31.25
Secondary	24.1	40.9	32.5
Higher Secondary	28.6	42	35.3
With Diploma Certificate	40.4	48.8	44.6
Graduate and Above	45.2	47.8	46.5

Source: same as in Figure 1

Table 9.62: Individual Migration Rates for Economic Deciles in Karnataka, 2007-08

Economic Classes	Rural	Urban
MPCE1	36.9	38.3
MPCE2	31.3	31.4
MPCE3	29.1	31.2
MPCE4	28.5	29.1
MPCE5	28.9	34.3
MPCE6	28.1	34.7
MPCE7	29.7	35.8
MPCE8	33.9	36.5
MPCE9	33.9	39.3
MPCE10	27.5	37.0

Source: same as in Figure 1

classes Migration rate of bottom deciles class was about 37 per cent in rural and 38.3 per cent in urban areas. Whereas migration rate for the top deciles class were 27.5 per cent in rural and 37 per cent in urban areas respectively. In Karnataka the lowest migration rate were found in the sixth deciles class in rural area and fourth deciles class in urban areas respectively.

The people of Karnataka migrate both due to work and for other reasons. Table 9.63 shows that marriage is the most prominent reason for female migration in both the rural and urban Karnataka. About 83 per cent of rural female migrants and 55.2 per cent of the urban female migrants, migrate with their spouses after marriage. In contrast, for both the rural and urban male migrants

employment reasons are the most important reason for migration. Nearly, 50 per cent of rural male migrants and 60.5 per cent of urban male migrants had migrated due to employment related reasons in Karnataka.

At the destination, a higher percentage of migrants were found to be engaged in various types of work (Table 9.63). Among the male migrants, the percentage of workers to total migrants were about 71 per cent in rural and about 65 per cent in urban areas. As far as female migrants are concerned, about 55 per cent in rural and about 20 per cent in urban areas were found to be working at the destination. A higher share of male migrants workers were either self-employed or casual labour in both rural and urban Karnataka. In contrast, a higher

Table 9.63: Employment Status of Individual Migrants and Reasons for Migration during 2007-08 in Karnataka

Reasons for Individual Migration	Rural			Urban		
	Male	Female	Total	Male	Female	Total
Employment	49.8	3.8	11.4	60.5	5.4	28.2
Studies	4	0.5	1.1	5	2.4	3.5
Marriage	6.4	83	70.1	0.7	55.2	32.7
Movements of parents/ earning member	27.7	9.9	12.9	25.9	33.7	30.5
Others	12.1	2.8	4.5	7.9	3.3	5.1
Total	100	100	100	100	100	100
Employment Status of Migrants	Male	Female	Total	Male	Female	Total
Self-employed	21.6	6.6	12.8	18.7	4	11.2
Regular employees	6.3	2.3	4	28	9.1	18.3
Casual labour	35.2	27.6	30.7	14.1	4.6	9.3
Household unpaid labour	8.2	17.7	13.8	3.6	4.2	3.9
Unemployed	19	10.7	14.1	21.3	18.4	19.8
Not in labour force	9.7	35.1	24.6	14.3	59.7	37.6
Total	100	100	100	100	100	100

Source: same as in Figure 1

proportion of female migrant workers were engaged either in casual labour or in household unpaid activities in rural areas and in regular salaried jobs in urban areas.

9.3.7.2 Profile of Out-Migrant Households and Remittances Received

Of the total households in the state, about 42 per cent reported out-migration of at least one family member during 2007-08. The percentage of households reported out-migration was higher in rural (48.4%) compared to urban areas (32.8%). Across different social groups, percentage of households reported out-migration was higher for other caste categories (51.2% in rural and 33.7% in urban areas), followed by scheduled caste in rural areas (49.2%) and other backward caste in urban areas (33.4%) (Table 9.64).

Across locations, the average amount of remittance received during the last one year was around 3.5 higher for urban households

compared to rural households in 2007/08 (Table 9.65). Across social groups, the lowest amount of remittances were received by SC followed by that of ST households and the remittances received were highest in case of 'others' category household. It is also observed that there are wide variations in the remittances received across types of social groups. The amount of remittances received by 'others' household is 2.5 times that of remittances received by SC households. The variations in remittances received are more pronounced in rural compared to urban areas.

In terms of monthly per capita consumption expenditure (MPCE) classes, it is observed that the amount of remittances received is positively correlated with MPCE class of the households i.e., higher the MPCE class, higher is the amount of remittances received by the households with a few exceptions (Table 9.65). Similar to the

Table 9.64: Percentage Households Reporting Out-Migration in Karnataka, 2007-08

Social Groups	Rural	Urban	Total
ST	45.6	27.9	36.8
SC	49.2	29	39.1
OBC	46.8	33.4	40.1
Others	51.2	33.7	42.5

Source: same as in Figure 1

Table 9.65: Average amount of Remittances Received (in Rs.) during last 365 days by Social Groups and Economic Class in Karnataka, 2007/08

Social Groups	Average Amount of Remittance Received during last 365 days (in Rs.)		
	Rural	Urban	Total
ST	9631.81	24116.66	11860.25
SC	9334.86	17959.37	10834.78
OBC	11218.1	34625.25	19769.86
Others	12311.77	45763.31	26467.21
Economic Classes			
MPCE1	6749.36	8993.33	6943.37
MPCE2	8545.82	5854.9	8082.96
MPCE3	9391.57	7213.41	9048.75
MPCE4	11199.35	17465.85	12145.67
MPCE5	12588.78	11739.47	12359.1
MPCE6	10126.27	21927.82	12706.46
MPCE7	13131.44	18660.83	15593.5
MPCE8	12252.24	25789.02	19822.15
MPCE9	21375.88	47438.03	33194.76
MPCE10	21576.5	80266.05	64745.55
Total	11085.81	38029.04	20370.59

Source: same as in Figure 1

pattern of social groups, in case of economic classes as well, there are wide variations in the amount of remittances received by households in highest and lowest MPCE classes especially in urban areas.

9.3.8 Employment Exchange Statistics

The number of job seekers as per the live register figures of employment exchanges was 4.80 lakh in September 2011 compared to 5.01 lakh at the end of March 2011, a

decrease of 4.29 per cent. As compared to previous year there is marginal increase in post-Graduates and Graduates. There has been 5.86 percent decline in the registrants of Matriculations and stenographers followed by Below Matriculation (5.99), Diploma holders (0.71 percent) and ITI certificate holders (0.33 percent). Registrants on the live registers of Employment exchanges in Karnataka are given in Table 9.66.

Table 9.66: Registrants on the live registers of Employment exchanges in Karnataka

Registrants	At the end of			Variation (Sept-11 /Mar-11) %	Net registrants as at the end of Sept.-11
	Mar-10	Mar-11	Sept-11		
1. Post-Graduates	4334	4803	4805	0.04	3141
2. Graduates	57935	52870	53115	0.46	27673
3. Diploma Holders	21082	22881	22719	-0.71	13236
4. I.T.I. Apprenticeship, Other Certificate holders	53233	57983	57794	-0.33	30353
5. Matriculates and Stenographers	325235	274695	258600	-5.86	115077
6. Below Matriculation	102118	88367	83070	-5.99	36443
Total	563937	501599	480103	-4.29	225923

Source: Department of Employment and Training.

9.3.9 Placements and Vacancies

Between April 2011 and September 2011, only 3589 placements were made (399 on an average every month). During the corresponding period of the previous year this number was about 1458 (162 on an average per month). The number of placements was 0.75 per cent of the total registrations at the end of September 2011. During the year 2010-11, 5936 placements were made (495 on an average every month).

1575 vacancies have been notified during the current year up to September 2011 (175 on an average every month) compared to 807 during the corresponding period of the previous year (90 on an average every month). The number of vacancies notified has increased to 0.33 per cent of registrations at the end of September 2010. During the year 2009-10, 7421 vacancies have been notified (618 on an average every month).

9.3.10 Wage Employment Programmes

a. Mahatma Gandhi Rural Employment Guarantee Scheme

National Rural Employment Guarantee Act came in to operation in five districts of

Karnataka State with effect from 2nd February 2006 viz., Bidar, Gulbarga, Raichur, Davanagere and Chitradurga under Phase-I. As required under the Act a scheme was formulated and notified in the gazette.

The object of the Act is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work. If the work is not provided within 15 days of the demand for work by the applicant, then unemployment allowance has to be paid. Rate of unemployment allowance is 25% of the minimum wage for the first 30 days and 50% for the remaining period. Under the scheme, other objectives can also be achieved by generating productive assets, protecting the environment, empowering rural women, reducing rural-urban migration etc.

The scheme has been extended to 6 more districts namely Belgaum, Bellary, Chickmagalur, Hassan, Shimoga and Kodagu under Phase-II with effect from 1st April 2007. The scheme was further extended to cover the remaining districts from the 1st April 2008.

MGNREGA programme is a demand based one and implemented as a Centrally Sponsored Scheme on cost sharing basis between the Centre and the State. The wage component is fully borne by the Centre whereas the material component is borne by Central and State Governments in the ratio of 75:25.

The fund available for 2011-12 is Rs.1841.27 crore of which, Rs.1162.61 crore has been spent upto December 2011 and 233.66 lakh person days of employment has been generated by 7.71 lakh households Table 9.67. The cumulative picture of physical progress is given in Table 9.68a. Districtwise information is given in Appendix. Wage Employment Generation under Major Programmes:

Wage employment generated under various state government programmes was 5.86 crore Mandays between April and Sept. 2011. During the corresponding period of the preceding year 3.90 crore Mandays

were generated. The breakup is – Buildings 0.47 crore mandays (39.85 percent), followed by Minor Irrigation 0.47 crore Mandays (35.13 percent), Roads and Bridges 1.69 crore mandays (29.98 percent), Watershed development 0.53 crore mandays (27.39 per Major medium irrigation and Flood control generated 1.71 crore mandays, (16.90 percent), cent), CADA 0.02 crore mandays (3.27percent) and MGNREGS 0.97 crore mandays. The wage employment generated as a proportion of the annual target was the highest in respect of Major and Medium Irrigation 1.71 crore mandays (16.90 per cent), followed by Roads and Bridges 1.69 crore mandays (29.98 per cent) Watershed development 0.53 crore mandays (27.39 percent), Building 0.47 crore mandays (39.85 per cent), Minor Irrigation 0.47 crore mandays (35.13 percent), CADA 0.02 crore mandays (3.27 percent). During the corresponding period of the previous year 31.48 per cent of the annual target was

Table 9.67: Progress achieved from 2006-07 to 2011-12 (up to Dec.11)

Year	Available Funds (lakh)	Expdr. (lakh)	Person days (Rs. lakh)	Employment provided generated (Nos)	Works		
					Under taken (Households) (Nos)	Com- pleted (No.s)	Under Progress (Nos)
1	2	3	4	5	6	7	8
2006-07 (5 districts)	34133.36	25189.00	222.05	545185	18642	11004	7638
2007-08 (11 districts)	41925.46	23650.80	197.77	549994	26180	18040	8140
2008-09 (29 districts)	54745.44	35787.47	287.64	896212	96598	8446	88152
2009-10 (30 districts)	302629.19	256920.37	1793.23	3310995	519471	27919	491552
2010-11 (30 districts)	234912.00	208131.03	1099.82	2366290	391657	195430	195657
2011-12 (30 districts) (up to the end of Dec.2011)	184126.55	116261.09	233.66	771463	260476	26728	233748

achieved in Minor Irrigation followed by Watershed development (27.74 per cent) and Major and Medium Irrigation (21.89 percent). Details are given in Tables 9.68 & 9.68a.

9.3.11 Self Employment Programmes

a. Swarna Jayanthi Grama Swarozgar Yojana:

SGSY aims at alleviating the poverty among the rural poor. The programme has been launched by restructuring the then self-employment programmes like IRDP, DWCRA, TRYSEM, SITRA, Ganga Kalyana Yojana and Million Wells Scheme. The programme has been launched from the 1st April 1999. SGSY is a holistic programme covering all aspects of self-employment like organization of the poor into self-help groups, Training, Credit linkage, Technology, Infrastructure and Marketing facilities. SGSY is being funded by the Centre and State in the ratio of 75:25. The main emphasis is on cluster approach.

SGSY will help in promoting multiple credit rather than one-time credit. Selected Swarozgaries will be trained in marketing, norms of the yojana, etc before providing loan. Cumulative total number of beneficiaries are 39.77 lakh of which 46% were from SC/ST categories up to the end of Dec 2011. During 2011-12, four special project proposals, to be taken up in Dharwad, Mysore, Kolar, and Bagalkot, amounting to Rs.26.08 crore have been approved and the projects are under implementation. For effective implementation of scheme, many areas of preferences have been identified & stress is being laid on those areas. Some of the important identified areas are:

- 1) Three Village Hats per district were constructed.
- 2) 26 Apparel Training and Design Centres are established in 24 districts in coordination with AEPC.

Table 9.68: Wage Employment Generation under Major Programmes (2011-12)

(Mandays in lakhs)

Programmes	Annual target		Target for 2011-12 (Sept. 2011)	Achievement	
	2010-11	2011-12		2010-11 (up to Sept.10)	2011-12 (up to Sept. 11)
1. Major and Medium Irrigation & Flood Control	401.88	1012.27	523.93 (21.89)	87.98 (16.90)	171.04
2. Minor Irrigation	150.48	132.47	49.51 (31.48)	47.37 (35.13)	46.54
3. CADA	15.36	46.73	8.43 (3.39)	0.52 (3.27)	1.53
4. Watershed Development	248.29	194.95	77.98 (27.74)	68.88 (27.39)	53.40
5. Roads & Bridges	436.82	564.99	204.10 (18.71)	81.75 (29.98)	169.41
6. Buildings	49.28	118.36	46.10 (10.17)	5.01 (39.85)	47.17
Total Programmes (Targeted)	1302.11	2061.77	910.05	291.51 (22.39)	489.09 (23.71)
N.R.E.G.S	*	*	*	98.32	96.59
Total Programmes	1302.11	2061.77	910.05	389.83	585.68

Figures in brackets indicate percentage to annual target.

* Demand driven programme - no target

Table 9.68a: Physical progress under MGNREG's Cumulative since inception upto 2011-12 (December 2011)

Sl. No.	Schemes	Unit	Progress
1	Job Cards issued	No.	51,50,694
2	House holds demanded employment	No.	6,27,567
3	House holds provided with employment	No.	6,21,673
4	Employment Generated (Person days)	Lakh	233.66
5	Households provided with 100 days of employment	lakh.	7.72
6	Average No. of person days provided per household	No.	30.27

3) RUDSETI / RSETIs have been established in 28 districts to provide skill development training.

Physical & Financial Achievement for the year 2007-08 to 2011-12 (up to December-2011) is given in Table 9.68b. The beneficiaries under SGSY and advance disbursement through the SGSY programme are given in Tables 9.69 and 9.70. The State Government is also providing benefits through various

programmes which are given in Table 9.71.

b. Training for Self Employment

Training is provided by different organisations to help the unemployed to start their own units. Additional details of the training given under various programmes are shown in Table 9.71.

c. National Rural Livelihood Mission (Renamed as AAJEEVIKA)

To address the Credit Related Issues under SGSY, based on the recommendation of

Table 9.68b: Swarna Jayanthi Grama Swarojgar Yojana: Sanctions, Disbursements of Loan and Subsidy from 2007-08 to 2011-12 (Upto December, 2011)

Category	Year	Sanctions		Disbursements		Subsidy	
		No.	Amount	No.	Amount	No.	Amount
Individuals	2007-08	1641	6.12	1549	5.78	1549	2.13
	2008-09	709	2.69	570	2.16	570	0.86
	2009-10	1607	4.58	1435	4.58	1435	1.73
	2010-11	2616	7.93	2335	7.08	2335	2.51
	2011-12 (up to 31-12-2011)	889	2.92	711	2.34	711	0.85
Groups	2007-08	9107	154.06	8789	148.68	8789	64.91
	2008-09	6325	203.79	5774	186.08	5774	71.47
	2009-10	6131	213.53	5497	191.45	5497	76.25
	2010-11	7068	254.41	6222	223.96	6222	79.55
	2011-12 (up to 31-12-2011)	2493	83.75	2092	70.28	2092	28.62
Total	2007-08	10748	160.18	10338	154.46	10338	67.04
	2008-09	7034	206.48	6344	188.24	6344	72.33
	2009-10	7738	218.11	6932	196.03	6932	77.98
	2010-11	9684	262.34	8557	231.04	8557	82.06
	2011-12 (up to 31-12-2011)	3382	86.68	2803	72.62	2803	29.47

Table 9.69: Beneficiaries (SGSY) under Self Employment Schemes for the Period 2007-08 to 2011-12

2007-08		2008-09		2009-10		2010-11		2011-12	
Target	Acht.	Target	Acht.	Target	Acht.	Target	Acht.	Target	Acht. (Dec-2011)
65032	82158	76834	88794	63216	91366	90420	104527	82610	30841

Table 9.70: Advances under Swarna Jayanthi Gram Swarojgar Yojana (SGSY) Disbursement

Indicator	2007-08	2008-09	2009-10	2010-11	2011-12 (Dec-2011)
1. Beneficiaries (in thousands)	82.15	88.79	91.37	90.42	11.57
2. Of which SCs/STs (in thousands)	38.97	42.34	40.87	44.22	4.67
3. Loan Component (Rs. in crores)	154.46	188.24	196.03	208.3	24.06
4. Grant in Aid (Rs. in crores)	67.04	72.33	77.97	84.96	29.47

Table 9.71 : Beneficiaries under Self Employment Schemes 2009-10 to 2011-12

Programme/Scheme	Unit	Achievement		Target	Achievement
		2009-10	2010-11	2011-12	(upto Dec.-11)
Karnataka State Finance Corporation					
a) Single Window	Nos	261	223	-	152
	Rs lakh	4890.67	4952.60	-	2811.75
b) Hospitals/Nursing Homes	Nos	17	17	-	31
	Rs lakh	1756.75	1562.95	-	2658.50
c) Assistance to SCs and STs	Nos	139	184	-	190
	Rs lakh	3143.17	4733.38	-	6201.58
d) Minority Community	Nos	138	174	-	121
	Rs lakh	4348.75	6285.08	-	5260.30
e) Women Entrepreneurs	Nos	339	352	-	231
	Rs lakh	16566.18	20460.64	-	18309.25
f) Credit Linked Capital Subsidy	Nos	23	53	-	25
	Rs lakh	1188.25	1860.75	-	1362.80
g) Privileged Entrepreneurs	Nos	201	353	-	211
	Rs lakh	4331.75	11944.40	-	7165.10
Dr. Devaraj Urs Backward Classes Development Corp.Ltd					
i. Chaitanya Subsidies Cum Margin Money Scheme	No. of beneficiary	14014	25804	15835	9653
	Rs lakh	1608.59	3642.06	3500	1731.25

Table 9.71 : Beneficiaries under Self Employment Schemes 2009-10 to 2011-12 (Contd.)

Programme/Scheme	Unit	Achievement		Target	Achievement (upto Dec.-11)
		2009-10	2010-11	2011-12	
ii. Nomadic Tribes	No. of beneficiary	1947	2010	-	-
	Rs lakh	304.29	183.98	-	-
iii. Shramashakthi	No. of beneficiary	3024	-	-	-
	Rs lakh	500.36	-	-	-
iv. Ganga Kalyana	No. of beneficiary	2250	3800	4500	3044.37
	Rs lakh	2584.48	5001.25	6500	9653
v. Job Oriented Training	No. of beneficiary	2300	-	150	78
	Rs lakh	121.84	-	12.00	13.50
vi. Micro Credit	No. of beneficiary	10000	-	-	-
	Rs lakh	500	-	-	-
vii. Special scheme to Savitha Samaja	No. of beneficiary	7092	-	-	-
	Rs lakh	200	-	-	-
viii. Special scheme to Uppara Samaja	No. of beneficiary	1643	-	-	-
	Rs lakh	254.96	-	-	-
ix. NBCFDC Schemes	No. of beneficiary	15652	20645	11046	5786
	Rs lakh	2119.74	2230.31	2000.00	891.64
x. Traditional artisans	No. of beneficiary	3001	21669	18000	12230
	Rs lakh	150.05	4012.03	5000.00	2820.59
xi. Other Communities	No. of beneficiary	2978	-	-	-
	Rs lakh	547.20	-	-	-
xii. Higher education in foreign Country	No. of beneficiary	-	4	15	3
	Rs lakh	-	14.29	50.00	10.00
KSIIDC					
a) Loan	Nos.				
	Rs. crore	-	-	-	-
b) Equity	Nos.	-	-	-	-
	Rs. crore	4.90	1.00	-	-
Disbursements					
a) Loans	(Rs. crore)	-	-	-	-

Table 9.71 : Beneficiaries under Self Employment Schemes 2009-10 to 2011-12 (Contd.)

Programme/Scheme	Unit	Achievement		Target	Achievement (upto Dec.-11)
		2009-10	2010-11	2011-12	
b) Equity	(Rs.crore)	3.25	4.16		
c) Recovery	(Rs.crore)	23.04	22.21	36.00	20.93
Stree Shakti Programme					
a) No.of Groups taken loans from Bank	No. Cum	7076	3811	13444	2998
b) Loan amount	Rs. crore	238.05	102.09	-	74.73
Revolving Fund Released by Govt.	Rs. Lakh	-	-	-	-
Dr.B.R.Ambedkar Development Corporation Ltd. Self Employment Programme					
SC No.	10692	11051	12175	2621	
STNo.	-	-	-	-	
PMEGP					
a) Projects	Projects	1248	1383	770	-
b) Persons trained	No.	-	-	-	-
c) Total amount spent out of Budget	Rs. Lakh	-	-	-	-
Vishwa Programme					
a) Persons Provided with Continuous Productive Employment	Nos	20	30	-	150
b) Total amount Spent out of State budget	Rs.lakh	0.42	0.93	-	5.75

Prof. Radhakrishna Committee, Ministry of Rural Development created a National Rural Livelihoods Mission (NRLM) to provide greater focus and momentum for poverty reduction to achieve the Millennium Development Goal (MDG) by 2015 through rapid increase in the coverage of rural poor households under self-employment. In addition to self employment, the Mission will also help in enhancing their capabilities and facilitate access to other entitlements such as wage employment and food security and benefits of Indira Awas Yojana (IAY), drinking water, land improvement, education, and health and risk mitigation through convergence and coordination

mechanism. State Government has notified to implement NRLM effectively in the State through AAJEEVIKA - Karnataka State Rural Livelihood Promotion Society (KSRLPS)

The State has decided to implement the programme in phases from 2011-12. During 1st phase 20 taluks of 5 districts viz., Belgaum (Athani, Gokak, Soudatti, Hukkeri), Dharwad (Khalghatgi, Kundagol, Navalgund), Gulbarga (Gulbarga, Jewargi, Sedam, Aland), Mysore (H.D. Kote, Hunsur, Nanjangud, T.Narasipura), Tumkur (Gubbi, Kunigal, Madhugiri, Pavagada, Koratagere) are selected for implementation

9.3.12 Social Security Schemes:

a. Initiatives by the Construction Welfare Board:

District wise meetings were conducted in the office of the Deputy Commissioners of each district wherein the representatives of the development departments like PWD, Irrigation, Z.P., City Corporations, Local Bodies were invited. They have been appraised of the obligation to collect cess on the cost of the building and other construction works undertaken by them and to collect cess from the permission seekers for construction of building. This has facilitated a great deal in augmenting the cess collection. With the help of Legal Services Authorities in various districts meetings with construction workers are being held to educate them regarding registration as beneficiary and the welfare benefits available to them. Doordarshan/Akashwani programmes has been conducted to create awareness about the Boards' activities.

So far 1462 number of establishment have been registered and 938 number of inspections have been conducted under section 7 of the main act. The number of construction workers registered with construction welfare board are 1,57,792 workers. Of which 1,23,057 and 34,735 males and female workers respectively (Table 9.72). Welfare benefits has been distributed to 6760 workers by the board (Table 9.73). The cumulative figure of cess collected so far is Rs.10067.74 crores. The detailed information is given in Table 9.74.

b. Unorganised Workers Social Security Board:

Karnataka State Unorganised Workers Social Security Board has been setup as per the Unorganised Workers Social Security Act, 2008 by the Department of Labour. It intends to extend social security schemes to unorganized workers. At present, a contributory pension scheme namely, NPS Lite – Swavalamban (NPS Lite) administered by Pension Fund Regulatory and Development Authority (PFRDA) is being extended to unorganised sector workers, namely (1) Tailors (2) Washermen (3) Hamals (4) Auto, Taxi Drivers, Private Bus and Lorry Drivers and Conductors (5) Hotel Workers (6) Workers of automobile Workshops and (7) Domestic Workers.

NPS Lite – Swavalamban has been exclusively designed to benefit the weaker and economically disadvantaged sections of the society. This group with their limited investment potential can now avail NPS for securing their old age income security needs. Karnataka is the first State to have introduced this scheme.

The State Government has allocated Rs. 12.10 crores for the year 2011-12 to cover the unorganized sector workers under NPS Lite-Swavalamban. The said scheme is being implemented by Karnataka State Unorganised Workers Social Security Board. The scheme was launched during March 2011 and a total number of 2073 subscribers were registered. From April 2011 to December 2011, 4161 subscribers have been registered.

Table 9.72: Number of Construction Workers Registered with Construction Welfare Board

Registration fee	Monthly subscription	Total no. of registered workers		
		Male	Female	Total
Rs.25/-	Rs.10/-	1,23,057	34,735	1,57,792

Source: Construction Workers Welfare Board

Table 9.73: Welfare Benefits Distributed

Sl. No	Name of the Scheme	Amount Earlier	Current	Total no. of beneficiary	Total amount paid Rs.lakhs
1	Funeral Expenses	Rs.2000/-	Rs.19,000/-	687	77.15
2	Medical Assistance	Rs.2000/-(max)	Rs.2000/- (max)	571	5.81
3	Accidental Death/ Permanent Disability	Rs.1-00 Lakh	Rs.1-00 Lakh	101	78.15
4	Assistance for treatment of Major Ailments	Rs.10000/-	Rs.50000/-	62	28.84
5	Marriage Assistance	Rs.5000/-	Rs.10000/-	1077	56.00
6	Maternity Assistance	Rs.4000/-	Rs.6000/-	255	15.08
7	Educational	a) Rs.750/-(min)	Rs.6000/- (max)	4007	117.14
	Assistance	b) Rs.1000/-(min)	Rs.10000/- (max)		
	Total			6,760	378.42

Source: Construction Workers Welfare Board

Table 9.74: Cess Collection As on 01-01-2012

Year	Cess Amount (Rs in Crores)
2007-08	44.17
2008-09	154.61
2009-10	222.46
2010-11	325.18
2011-12	255.32
Total	1006.74

Source: Construction Workers Welfare Board

c. Rashtriya Swasthya Bima yojana:

Rashtriya Swasthya Bima Yojana, a health insurance scheme for the Below Poverty Line Unorganized Sector workers is implemented during 2009-10 in Karnataka, in 5 districts- Bangalore Rural, Dakshina Kannada, Belgaum, Mysore and Shimoga Districts. The Government of India and the Government of Karnataka shall share the contribution of the health insurance premium amount at the ratio 75 and 25 per cent. The scheme will cover the BPL families of Unorganized sector workers survey of Sarva Kutumba Sameeksha during the year 2002-03. The details of the scheme

implemented in the year 2010-11 is given in Table 9.75.

In 2011-12, The Scheme has been extended to all 30 districts and covers about 40 lakhs unorganized sector BPL Families of various categories as under:

- i. Rural BPL & MGNREGA Workers
- ii. Urban BPL Family Workers
- iii. Licensed vendors, porters, hawkers
- iv. Construction workers
- v. Beedi workers
- vi. Domestic workers/ Street vendors

The Beneficiary data of Rural and Urban BPL Family Workers was sent to Gol for

Table 9.75: Progress of RSBY (2010-11)

Total BPL Families (lakh)	3.81
Smart Cards Issued to beneficiaries (lakh)	1.61
Total No.of claims made	2,461
Claimed amount settled (Rs. lakh)	125.5

validation and the same is available in the RSBY Centre Server for enrollment. The remaining category of workers will be taken up for enrollment in the next Phase. The enrollment process commenced from October, 2011 for Bangalore Rural district followed by other districts. The Enrollment process is under progress in 23 Districts and the process will commence shortly in the remaining 7 districts. The figures for the Beneficiary Data & Enrollment status up to 03/01/2012 for each district, in brief, are given in the appendix. The contribution of state government towards RSBY expenditure and year wise release details are given in Table 9.76.

d.ESI Scheme:

The E.S.I Scheme is a premier social security scheme implemented in accordance with the E.S.I. ACT, 1948 and rules framed there under. The scheme was inaugurated on February 24th 1952 in the Industrial Town of Kanpur and Delhi.

The scheme provides two types of services, namely Medical and Non -Medical. Medical services are rendered by E.S.I.S. (M) Services, which is under the control of State Government, Labour Secretariat. The Non-

Medical services are rendered through ESI Corporation, which is under the control of Central Government.

The Scheme was first implemented to cover non seasonal factories using power and employee twenty or more persons who were drawing a salary of Rs. 400/pm or less. This Limit as been raised to Rs. 15,000/pm with effect from 1/5/2010. Further the Act as been amended to cover other sectors of employment with ten or more persons working using power/without power. The Government of Karnataka have issued notification to cover the employees of educational institutions (including private, aided or partially aided) and medical institutions. ESI Scheme in Karnataka Region at a Glance is given in Table 9.77.

In Karnataka full medical care has been extended to about 16.00 lakhs Insured Persons and about 80.00 lakhs of their families through a network of 8 E.S.I. Hospital (Including ESI Hospital, Rajajinagar) 103 full time E.S.I. Dispensaries, 4 I.M.P systems dispensaries and 1 Diagnostic Centre.

The State Government has entered into an agreement with E.S.I corporation to provide

Table 9.76: Contribution of State Government towards RSBY Expenditure

(Rs. lakhs)

Sl. No.	Year	Budget Allocated	Budget released	Amount spent	Balance
1	2008-09	0.00	10.00	0.65	9.35
2	2009-10	551.00	551.00	185.54	365.46
3	2010-11	1500.00	750.00	114.02	635.98
4	2011-12	4800.00	0.00	0.00	0.00
	TOTAL	6851.00	1311.00	300.20	1010.80

Table 9.77: ESI Scheme in Karnataka Region at a Glance

1.	Number of implemented centers/sub centers	37/134
2	No. of District covered	26
3	Approved No. of employees as on 31.03.2011 (lakhs)	14.75
4	Approved No. of Insured Persons as on 31.03.2011 lakhs	16.00
5	Employers registered under Sec.2(12) as on 31.03.2011	18104
6	Employers registered under sec.1 (5) as on 31.03.2011	12409
7	Employers registered under Sec.2(12) for the period from 1/4/2011 to 31/7/2011	817
7	Employers registered under sec. 1 (5)	2034
8	No. of ESI Hospitals	8
9	Total No. of beds commissioned	1175
10	No. of ESI Dispensaries	103
11	No. of IMOs sanctioned/in position [in ESIS (M) services]	580/322
12	No. of Asst. Dental Surgeons sanctioned/in position [in ESIS (M) services]	8/3
13	No. of Tie-up Hospitals	82

full medical care to insured persons and their families for which E.S.I corporation reimburses 87.5% share of the total expenditure and State Government Bears 12.5% share subject to ceiling prescribed by the E.S.I corporation on full medical care from time to time. The State Government initially bears the expenditure and then gets reimbursement from E.S.I Corporation.

The State Government releasing the budget under the Head of account 2210-01-102-0-01 the details of 11th five year plan

expenditure and number of Insured Persons in the State are given in the Tables 9.78 and 9.79.

(v) Social Security and Pension:

The Directorate of Social Security and Pension, Revenue Department of the Government is also providing social security benefits to the old, widows and physically challenged. Under old age pension scheme any person aged above 65 years and belonging to BPL household is eligible to avail the pension of Rs. 400 per month.

Table 9.78: Expenditure Details of ESI by the State Government

(Rs. lakh)

Sl. No	Year	Allocation under plan scheme	Expenditure	Achievement (%)
1	2007-08	1673.14	1262.01	75.42
2	2008-09	1821.32	1709.04	93.83
3	2009-10	1941.62	1762.70	90.78
4	2010-11	1760.00	1665.26	94.61
5	2011-12 (Till November)	5000.00 surrender - 3000.00 2000.00	1169.78	58.48

Table 9.79: Number of Insured Persons in Karnataka

Sl. No	Year	Insured Persons in Lakhs
1	2007-2008	9.86
2	2008-2009	14.09
3	2009-2010	15.55
4	2010-2011	15.55
5	2011-2012	16.00

Widows aged between 40 to 65 years belonging to BPL households are eligible to avail pension under Destitute Widow pension scheme. Under State's non-Plan a pension amount of Rs. 400 per month is given as pension for Disabled person having disability above 40% and below 75% and Rs.1000 per month for those having disability above 75%. Shandya Suraksha Yojane is the recent programme initiated by the government to provide social security benefits to small and marginal farmers, agricultural labourers, weavers, fisher men and other labourers from unorganized sector excluding construction workers. Under this programme workers in the age group of 65 years and above having income Rs.20,000 per annum are eligible and they are paid Rs.400 per month. The information about number of beneficiaries and expenditure details of these programmes are given in the Table 9.80.

9.3.13 Skill Development

The distribution of youth across skill levels in various NSS regions of Karnataka is given in Figure, which suggests that across 5 regions in Karnataka, the pattern of skill acquisition varies significantly. It is quite evident from the figure 9.10 that a very high share of both formal and informal trained youth in Karnataka is concentrated in the seven Inland Southern districts, which accounts for 52 per cent of all formally trained youth and 44 per cent of all informal trained youth. The primary reason attributed to this high share is the fact that these

districts are industrially very advanced and have large education and training infrastructure.

In view of the above, the State Government of Karnataka has taken up the Skill Development as a major development policy since 2008-09. The State Government has also initiated many new initiatives in achieving the targeted goals and objectives of ensuring adequate availability of qualitative skilled man power with social and regional justice. Some of them are discussed below:-

Karnataka has established its own State Skill Commission with representatives from the trade & industry. Secretaries of relevant departments & experts in the field are on the Commission as the members. The Commission is fully functional and has already deliberated six times and drawn several useful ideas and guidelines.

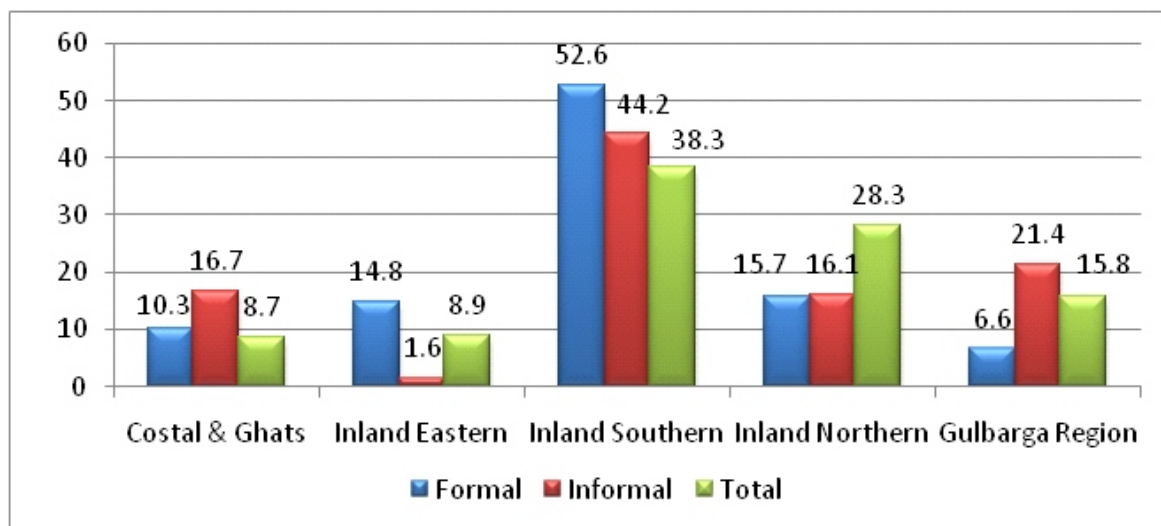
The State has adopted its own Skill Development policy on the lines of National Skill Policy. Ensuring adequate availability of Skilled man power, equitable access to all, matching supply of & demand for Skill, meeting the challenges of emerging technologies, promoting a strong and symbiotic Public Private Partnership are major objectives of the policy.

A State level Corporation is established on 12th Sep 2008 as a special purpose vehicle to implement the recommendations of the Skill Commission and State Government in achieving the objectives of the Skill

Table 9.80: Progress of Social Security Schemes

Year	Old age pension		Financial assistance to physically handicapped		Pension to destitute widows	
	Exp. (Rs. lakhs)	Beneficiaries (000's)	Exp. (Rs. lakhs)	Beneficiaries (000's)	Exp. (Rs. lakhs)	Beneficiaries (000's)
1991-92	3617	552	1490	266	2300	469
1992-93	3637	509	1212	276	2631	482
1993-94	3530	503	1531	280	2336	485
1994-95	3503	496	1913	289	2237	495
1995-96	3979	496	2614	300	4181	508
1996-97	3753	492	2421	304	4040	523
1997-98	3635	493	2431	311	4190	528
1998-99	4946	491	3486	318	5876	546
1999-2000	4666	487	3687	319	6085	545
2000-2001	4830	420	3938	301	6448	531
2001-2002	5154	436	4049	314	6856	567
2002-2003	5657	437	4716	318	6747	578
2003-2004	5517	458	5481	345	7688	604
2004-2005	6070	469	5790	352	8365	613
2005-2006	6570	495	6619	373	8237	634
2006-2007	12777	550	9817	407	16504	690
2007-2008	27841	686	22491	464	32874	771
2008-2009	26253	791	17802	530	38674	865
2009-2010	41758	818	35261	636	45408	1023
2010-2011 (Upto Dec. 2010)	31141	794	35525	683	44496	1114

Source: Directorate of Treasuries.

Figure 9.10: Percentage distribution of Youth with Skill in the Age-group of 15-29 across regions in Karnataka

Development Policy. The Corporation is given a target of imparting Skills and getting employment for 10 lakh persons during the next 5 years.

The Corporation has taken measures like establishing Helpline, organizing Skill N Job Fairs, Skill Training programmes under MES in convergence with other line departments and technical institutes, establishing HRD centers in Employment exchanges, studies in Skill Mapping among other such activities. Helpline is established at KVTSDC office which helps the youth to register with all the relevant particulars. The data available are shared with employers and other agencies for training as well as for the purpose of employment. So KVTSDC helpline number is 080 – 23441212/1717 and KVTSDC Web Portal is established www.koushalyasiri.in

Skill N Job Fairs

With a view to enhance the Employability of unemployed/un-trained professionals through proper Skill Training and providing Job opportunities through creating common platform for Employers & Job Seekers, Skill N Job Fairs are organized in a larger scale at State level and also such mini fairs at district

level since Oct 2008. Registration, Assessment, Training & Placement of applicants are under taken at these Skill N Job fairs. Also other institutions are also effectively used in creating Jobs and trained skilled manpower. The achievements are given in Table 9.81.

New Initiatives in the area of Skill Development

- A path breaking step has been taken to convert Employment exchanges as Human Resource Development Centers. To match the Skill Demand & Supply on continuous basis comprehensive & integrated solution is being provided through HRD centers. Already Mangalore, Bijapur, Kolar, Mandya, Hubli and Chamarajanagar centers are started functioning & Bellary and Gulbarga centers shall be established by the end of March 2012 (Table 9.82).
- E-Learning Lab: A new dimension is being added to Skill training through E-learning lab. KVTSDC in association with Social Welfare. Department and NIIT has established E-learning lab in 50

Table 9.81: Achievements of State Skill Commission

Mega Skill and Job fairs	6
Mini Job fairs	58
Job seekers participated	65716
Employment Assistance Provided	31551
Skill development Training Provided	39897

Table 9.82: HRD Centers in Karnataka

	Mangalore	Bijapur	Kolar	Chamarajnagar	Hubli	Mandya
Candidates Registered	4767	2604	3570	1510	1748	919
Employers Registered	131	130	84	75	39	38
Assessed	86	960	-	-	-	50
Trained	180	180	638	40	20	-
Placed	1802	1144	828	431	241	47
Shortlisted for Placement	3990	-	1168	200	240	135

post metric hostels covering 8159 students

- Central Placement Cell: To bridge the demand & supply in the job market web based technology is being utilized for job matching & mapping. 3286 Candidates selected for employment (Table 9.83).

Table 9.83: Particulars of Central Placement Cell

Particulars	Performance
Total Candidate Registered	13476
No of Employers Registered	163
Joined (Placed)	3286
Shortlisted for Placement	4035

- Career Guidance Centers in 577 Schools of 114 Backward talukas through "Margadarshi Project"
- KVTSDC has launched India's first Public-Private employment center in Bangalore in PPP mode along with Team Lease services Pvt.ltd. as Karnataka Employment Center. 2814 Candidates selected for employment.
- Koushalyasiri centers: Skill Training Programmes in most backward talukas identified by the high power Committee to study regional imbalances under the Chairmanship of Dr.D M Nanjundappa. 13 districts covered and 14620 candidates trained under the Special Development Programme.
- Skill training for minority: Skill Development Training programs is provided for 5440 candidates belonging to Minority Communities in association with Minority Development Corporation
- To enhance the quality of Vocational Training MoU has been signed with Quality Council of India (QCI) to accredit vocational training providers.
- To provide job matching effectively MoU is being signed with IBM India by

developing Voice portal through the use of mobile phones

- KVTSDC has launched India's first Public-Private Retail Training Center at Govt.ITI Peenya Bangalore in PPP mode along with Bharati Wall Mart Pvt.ltd.
- Cisco web based training: Web based Skill Development Training program organizing in association with CISCO.
- Sabala program: In association with Women & Child Welfare Department, the skill development training programme for adolescent Kishories in the age group of 16-18 yrs in 5 Districts Training started for 2000 candidates.
- Special Skill Training for Disabled: BPO Training provided to 31 disabled Candidates. Sri. Rama Dorai, Advisor to Hon'ble PM for National Skill Development during his visit to Bangalore on 20.12.2011 to review the progress of skill development in Karnataka appreciated the initiative & progress.

To summarize KVTSDC has brought Skill Development at the Center stage of Development and is striving hard to ensure adequate qualitative skilled manpower with Social and Regional justice. KVTSDC is the hub of skill training and employment extending Comprehensive & integrated end to end solution to job seekers & job providers.

9.3.14 Labour Laws in Karnataka

Labour is a concurrent subject in the Constitution of India, on which both the Centre and the states can legislate in their respective spheres. Labour regulations can be broadly grouped into four broad areas based on the aspects of employment covered by them: conditions of work, wages and remuneration, employment security and industrial relations and social security and welfare of workers. This section looks specifically at the applicability

and coverage of the important labour regulations in the industry.

1. on Conditions of Work
 - a. Factories Act, 1948
 - b. The Contract Labour (Regulation & Abolition) Act, 1970
 - c. Shops and Commercial Establishments Act (State Act), 1961
2. on Wages and Remuneration
 - a. The Minimum Wages Act, 1948
 - b. Payment of Wages Act, 1936
3. on Social Security
 - a. Employees' Provident Fund Act, 1952
 - b. Workmen's Compensation Act, 1923
 - c. Employees State Insurance Act, 1948

4. on Employment Security and Industrial Relations

- a. The Industrial Disputes Act, 1947
- b. Industrial Employment (Standing Orders) Act, 1946.

The statistics regarding the progress of Labour laws enacted in Karnataka State is provided in Tables 9.84 and 9.85. The Table illustrates the remarkable achievements in the matter of enforcement of various Acts in terms of prosecution and imposition of fine by the Department.

9.3.15. Industrial Relations:

a. Strikes and Lockouts:

The number of strikes and lockouts indicate the level of industrial peace in a State.

Table 9.84: Progress under Various Labour Laws in Karnataka

(Amount in Rs.)

Sl. No	Name of the Acts	2009-10				2010-11				2011-12 (April to December-2011)			
		No. of Cases inspected	No. of Cases filed	No. of Convictions	Total Penalty Amount	No. of Cases inspected	No. of Cases filed	No. of Convictions	Total Penalty Amount	No. of Cases inspected	No. of Cases filed	No. of Convictions	Total Penalty Amount
1	The Karnataka Shops & Commercial Establishments Act, 1961	2971	878	527	647500	21767	3749	4045	7172891	22340	3019	1291	2511250
2	The Maternity Benefit Act, 1961	456	25	3	3250	190	7	17	10000	77		1	800
3	Minimum Wages Act, 1948	1757	744	365	225000	14282	2522	2171	3682931	10083	527	484	1328818
4	The Payment of Wages Act, 1936	600	176	34	0	1824	207	145	350000	7515	361	309	1168625
5	The Plantation Labour Act, 1951	148	0	0	0	656	7	2	8500	177	0	0	0
6	The Motor Transport Workers Act, 1961	630	1	0	0	180	63	43	39050	95	3	2	1300
7	The Karnataka Industrial Establishments (National & Festival Holidays) Act, 1963	540	35	7	500	196	24	9	2350	209	6	5	1000
8	The Karnataka Labour Welfare Fund Act, 1965	272	1	1	750	480	4	0	0	1361	0	0	0
9	The Payment of Gratuity Act, 1972	630	1			1529	18	0	0	1619	7	1	1000
10	The Payment of Bonus Act, 1965	627	12	0	0	245	27	26	6000	231	2	2	3000
11	The Beedi & Cigar Workers (Conditions of Employment) Act, 1966	42	5	0	0	164	42	5	0	199	2	7	4400

Table 9.84: Progress under Various Labour Laws in Karnataka (Contd.)

Sl. No	Name of the Acts	2009-10				2010-11				2011-12 (April to December-2011)			
		No. of Cases inspected	No. of Cases filed	No. of Convictions	Total Penalty Amount	No. of Cases inspected	No. of Cases filed	No. of Convictions	Total Penalty Amount	No. of Cases inspected	No. of Cases filed	No. of Convictions	Total Penalty Amount
12	The Equal Remuneration Act, 1976	257	2	9	5600	2590	75	17	83000	3280	52	19	131000
13	The Child Labour (Prohibition & Regulation) Act, 1986	1641	38	92	920000	7684	917	561	891300	12373	121	66	340400
14	Agriculture Minimum Wage	1454	0	0	0	14282	2522	2171	3682931	9610	4	0	0
15	The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979	18	19	1	2500	104	12	17	139250	107	7	10	0
16	The Contract Labour (Regulation & Abolition) Act 1970	230	66	51	25500	693	192	181	1123200	1099	96	40	209722
17	Industrial Employment (Standing Orders) Act, 1946	23	0	0	0	101	0	0	0	76	0	0	0
18	The Trade Unions Act, 1926	19	0	0	0	32	0	0	0	42	0	0	0
19	The Shops and Establishments Act, 1961 (Sec.24)	1898	781	330	31250	819	164	21	57000	5908	45	53	299500
20	Agriculture	1454	0	0	0	0	0	0	0	9610	0	0	0
21	Other than Agriculture	0	0	0	0	0	0	0	0	7733	326	432	840380
22	The Shops and Establishments Act, 1961 (Sec.24a)	Currently there is a stay order regarding this by the Hon'ble High Court											
23	The Building & Other Construction Workers Act	0	0	0	0	0	0	0	0	251	33	22	39267
	Total	15667	2784	1420	1861850	67818	10552	9431	17248403	93995	4611	2744	6880462

Table 9.85: Progress under Industrial Disputes Act

Particulars	2009-10	2010-11	2011-12 (April to December-2011)
No. of Pending Cases at the beginning of the year	809	586	308
No. of Cases received	1015	597	446
Total no. of Cases	1824	1183	754
No. of cases settled	93	215	34
No. of cases failed	1082	514	236
No. of cases withdrawn	63	146	22
Total No. of cases disposed	1238	875	292
No. of Pending Cases at the end of the year	586	308	462

Karnataka is by and large, a peaceful State as far as industrial environment is concerned. The number of strikes, lockouts and layoffs and the consequent man days lost in 2009-10, 2010-11 and 2011-12 (upto December 2011) are shown in Table 9.86. There were two strikes and just a single lockout and a single layoff incident in the current year (upto December 2011). The number of workers involved and man days lost due to strikes and layoffs were so far less in the current year compared to the previous two years. However unlike the current year in which the State has experienced one lockout, there was not a single incident of lockout in the previous two years.

b. Absenteeism: In the first 9th months of 2011-12 (up to up to December 2011), the proportion of absenteeism of industrial workers was 14.42 percent which was 9.16 percent in the previous year. Absenteeism of plantation labour was 18.51 percent, which was 21.71 percent in the previous year. Details are given in Table 9.87.

c. Occupational Safety

The State of Karnataka has 13,765 registered factories and 3500 registered boilers. There are about 13.5 lakh workmen working in registered factories. The State has nearly 1072 hazardous industries, out of which 77 are classified as Major Accident Hazard Units. The main aim and objective of the department is to secure Safety, Health and Welfare facilities to the working class. It is basically a regulatory in nature but over the years it has changed itself as service provider to meet the present day demand of the industrial captains in the changed industrial scenario. While doing so it has not compromised keeping the aim and objective of the legislations enforced by the department. The department does not have any developmental schemes under the Government of India or State's sponsored programmes having physical targets.

The Department also protects the rights and responsibility of Women workers employed in the registered factories and to ensure safety at workplace and to provide social security and prevent exploitations of women

Table 9.86: Industrial Relations in Karnataka

Details	2009-10	2010-11	2011-12 (April to December 2011)
I Strikes			
a) Strikes	1	4	6
b) Workers involved	583	1198	1459
c) Man days lost	1426	73029	74718
II Lockouts			
a) Lockouts	-	4	3
b) Workers involved	-	407	282
c) Man days lost	-	20824	17073
III Layoffs			
a) Layoffs	1	2	2
b) Workers involved	85	73	85
c) Man days lost	1950	1690	1870

Source: Department of Labour, Bangalore

Table 9.87: Labour Absenteeism in Karnataka 2009-10, 2010-11 and 2011-12 (up to December 2011)

Details	Unit	2009-10	2010-11	2011-12 (April to March 2012)
Industrial Workers:				
Mandays Scheduled to work	000s	168955	160860	618505
Mandays Absent	000s	30116	14743	89195
Percentage of absenteeism	Percent	17.82	9.16	14.42
Plantation Labour				
Mandays Scheduled to work	000s	11687	7485	126651
Mandays Absent	000s	2439	1625	23454
Percentage of absenteeism	Percent	20.86	21.71	18.51

Source: Department of Labour

workers engaged in the organized sectors. The Cell is formed with an objective to prevent the atrocities on women workers, to alleviate the ignorance, the benefits available under various provision of law, to motivate them to understand their rights and to make them self dependent and self reliable so as to improve their quality of life. In Karnataka there are about eleven thousand registered factories and about 13 lakh workers employed in these factories. Out of which 3.9 lakh are women workers employed mostly in readymade garments, agarbatti, electronic goods, jarda-cashew processing, coir, coffee. To achieve the objectives of the cell the department is organizing various Training programmes under the supervision of senior officers to

bring about awareness in the respect of their rights (Table 9.88).

The department has brought out a small booklet in a form of a compendium containing various schemes available, benefits, the department details, the contact address etc., so that the workman are benefitted and will be able to contact the right department in the hours of need and are being issued.

Outlook and Way forward -

For growth to be inclusive it must create adequate livelihood opportunities and add to decent employment commensurate with the expectations of a growing labour force. One of the most remarkable things brought out by the 66th round NSSO survey on Employment (2009-10) is that the number of

Table 9.88: Number of Training programmes for Women by Department of Factories and Boilers

Year	No. of training Programmes		No. of women workers benefitted
	Target	Achievement	
2007-08	09	09	977
2008-09	120	120	6328
2009-10	120	125	7779
2010-11	120	135	7062
2011-12 (upto Dec 11)	118	69	3067

young people in education, and therefore out of the workforce, has increased dramatically causing a drop in the labour participation rate. The total number of young working-age (15-24) people who continued in educational institutions has been doubled. The state should harness this 'demographic dividend' as a sizeable proportion of the working age population especially those in the age-group of 15-24 will enter the workforce in the future, thereby bolstering growth of state's economy and speeding up income convergence process. As this demographic window will not last long and has already shown the sign of tapering off, the best way to take full advantage of this is by bridging the education and skill gap both quantitatively and qualitatively.

The survey also shows that between 2004-05 and 2009-10, the overall labour force expanded. This was considerably lower than comparable periods earlier, and can be attributed to the much larger retention of youth in education, and also because of lower labour force participation among working-age women. The lower growth in the labour force is not expected to continue in future and we can assume that much larger numbers of educated youth will be joining the labour force in increasing numbers during the Twelfth Plan and in the years beyond. The clear implication of this is that the pace of job/livelihood creation must be greatly accelerated. The shakeout of labour from the un-organised manufacturing sector needs to be examined in detail and appropriate steps taken so that the obvious potential of the MSME sector as a source of jobs/livelihoods is realised fully.

The 66th round NSSO Survey of Employment also shows that the vast majority of new jobs created between 2004-05 and 2009-10 were in casual employment, mainly in construction. While such jobs are often more attractive for rural labour than casual work in agriculture, there is a

potential for an accelerated pace of creation of more durable rural non-farm jobs/livelihood opportunities. Such job opportunities could come from faster expansion in agro-processing, supply chains and the increased demand for technical personnel for inputs into various aspects of farming that is undergoing steady modernisation, and also the maintenance of equipment and other elements of rural infrastructure. The service sector too has to continue to be a place for creation of decent jobs/livelihood opportunities, in both rural and urban areas.

9.4. WATER SUPPLY AND SANITATION

9.4.1 Rural Water Supply

The norm for providing potable drinking water is 40 litres per capita per day (lpcd) with a provision of 3 litres for drinking water, 5 litres for cooking, 15 litres for bathing, 7 litres for washing utensils and domestic applications and 10 litres for ablution. The population should be 100 or more for coverage under the rural water supply norms. A 'Habitation' is a locality in a village where a cluster of families reside. Considering the average size of the family as 5 persons, a 'habitation' includes 20 families totaling 100 persons, with an exception in hilly areas, where the habitation can have a population below 100 persons. Fully Covered (FC) indicates that population in all habitations is provided drinking water as per the norms. Partially Covered (PC) means supply of drinking water is less than 40 LPCD. Habitations with access to safe drinking water source / point (from public/private source) of 10 to 40 LPCD, within 1.6 kms in the plains and within 100 meters in hilly areas are characterized as PC. Not Covered (NC) village implies habitations where volume of safe water from any source is below 10 LPCD and/or, habitations with a source of drinking water, affected by excess salinity, iron, fluoride, arsenic or other toxic elements or biologically contaminated.

Access to safe drinking water and sanitation is indispensable for a healthy life. According to the 2011 census, 3.83 crore persons live in rural areas of Karnataka in 59532 habitations. Among them, 39.94% (23776) are fully covered, 47.30% (28157) are partially covered and 12.76% (7599) are quality-affected by March 2011. As per the present National Rural Drinking Water Programme (NRDWP), the concepts of FC and PC are modified from conventional LPCD to percentage of population covered by water supply schemes. Accordingly, there are 2361 habitations with > 0 and < 25% population coverage, 7589 habitations with ≥ 25 and < 50% population coverage, 9526 habitations with ≥ 50 and < 75% population coverage, 8681 habitations with ≥ 75 and < 100% population coverage, 23776 habitations with 100% of population coverage. 7599 habitations are found to be affected with water quality problems. Districtwise details are furnished in Table 9.89.

The drinking water infrastructure of the State includes 214644 bore wells fitted with handpumps, 24518 piped water supply schemes and 34400 mini water supply schemes. Among the 59532 rural habitations covered under the schemes, about 23776 (39.94%) of habitations receive above 40 lpcd of water, 28157 (47.30%) receive less than 40 lpcd and 7599 (12.76%) are water quality-affected. Details are shown in Table 9.90.

Distribution of households by source of drinking water as per 2001 census is given in Table 9.91.

9.4.1.1 Bharat Nirman / National Rural Drinking Water Programme (NRDWP)

In order to meet adequate and safe drinking water supply requirements in rural areas, particularly in those areas that have water coverage lower than 40 lpcd and those villages which are affected by water quality problems due to excessive dependence on

groundwater-based water supply schemes, Bharat Nirman, a unique central Government programme for building infrastructure and basic amenities in rural areas was launched in 2005. Phase-I of the Programme was implemented in the period 2005-06 to 2008-09. Phase-II is being implemented from 2009-10 to 2011-12. During this programme period, 5618 PC and 6036 slipped-back habitations were provided of drinking water facilities. Details of this programme's performance are given in Table 9.92.

Target and achievement from 2008 to 2011-12 are provided in Table 9.93.

A. Action Plan 2011-12

As per the NRDWP guidelines, action plan 2011-12 has been formulated to cover habitations coming under 0-25%, 25-50% category and quality affected, to bring them to 100% coverage category by providing 40 LPCD. In addition to this, spillover works of 2010-11 falling under more than 25-50% coverage category are also incorporated. Further, it is proposed to bring about 1689 habitations affected by water quality under this coverage. In realizing the above-mentioned target, a provision of Rs. 1482.42 crore is made for rural water supply programme in the annual action plan 2011-12 (Table 9.94).

i. Source Sustainability Measures

Groundwater forms the main source of water supply for rural drinking water needs in Karnataka. Due to overexploitation of groundwater for irrigation and other uses, conservation of water for drinking purposes is crucial. Accordingly, construction of 216 pits and trenches, 1304 check dams, 422 percolation tanks, 1090 dug wells, and 327 roof top harvesting structures are proposed (Table 9.95) for groundwater recharge as per the 2011-12 action plan. The State has provided 20% of Central Government grants amounting to Rs. 259.83 crore for this purpose.

Table 9.89: Drinking Water status in habitations with population coverage as on 31st March 2011 (No.s)

Sl. No.	District	Water Quality Affected Habitations	Coverage of habitations					
			0	0 and < 25%	>= 25 and < 50%	>= 50 and < 75%	>=75 and < 100%	100% Coverage
1	Bagalkot	110	0	128	71	106	83	512
2	Bangalore (R)	97	0	44	161	83	159	728
3	Bangalore (U)	100	0	2	397	74	9	455
4	Belgaum	103	0	86	427	486	205	483
5	Bellary	586	0	2	54	50	20	300
6	Bidar	85	0	5	157	71	18	545
7	Bijapur	39	0	16	41	73	83	798
8	Chamarajnaragar	0	0	117	414	11	0	288
9	Chikballapur	327	0	67	153	409	338	627
10	Chikmagalur	217	0	183	426	782	147	1722
11	Chitradurga	251	0	13	348	311	117	593
12	D.Kannada	121	0	43	68	615	876	1869
13	Davangere	589	0	27	96	98	62	262
14	Dharwad	41	0	1	17	44	36	249
15	Gadag	118	0	0	37	61	56	72
16	Gulbarga	367	0	0	38	174	189	501
17	Hassan	156	0	14	177	799	1234	1434
18	Haveri	14	0	0	32	60	183	422
19	Kodagu	2	0	41	73	25	34	357
20	Kolar	942	0	103	60	158	185	512
21	Koppal	168	0	27	48	220	32	242
22	Mandya	764	0	90	271	164	56	641
23	Mysore	213	0	24	68	160	206	1332
24	Raichur	171	0	66	306	244	45	611
25	Ramanagaram	36	0	288	640	469	357	327
26	Shimoga	180	0	5	166	804	2032	1446
27	Tumkur	1625	0	11	652	600	845	1576
28	Udupi	19	0	165	1399	948	270	696
29	Uttara Kannada	31	0	792	777	1314	647	3841
30	Yadgir	127	0	1	15	113	157	332
	Total	7599	0	2361	7589	9526	8681	23776

Table 9.90: Rural Water Scenario in Karnataka

Service levels of water (lpcd)	Habitations (No.)	Percentage
40 & above	23776	39.94
Less than 40	28157	47.30
Quality Affected	7599	12.76
Total	59532	100

(Norm for Rural Area = 40 lpcd)

Table 9.91: Distribution of households by source of drinking water in Karnataka (2001)

Source of Water	Rural	Percent	Urban	Percent	Overall	Percent
Taps	3236	48	2790	78	6025	58
Handpump	1530	22	220	6	1750	17
Tubewell	609	9	267	8	876	9
Wells	1038	16	230	7	1269	12
Tanks, Ponds & Lakes	101	2	10	0.3	111	1
Rivers and Canals	105	2	7	0.2	112	1
Springs	28	0.4	2	0.1	31	0.3
Other sources	28	0.4	31	0.9	58	0.6
Total	6675		3557		10232	

Source: Karnataka Human Development Report, 2005

Table 9.92: Water Supply Coverage under Bharat Nirman / NRDWP programme

Year	Total Coverage	Coverage of Habitations (No.)					Quality Affected
		0-25%	25-50%	50-75%	75-100%	Above 100%	
2008-09	1078	-	-	-	-	-	-
2009-10	7668	-	-	-	-	-	-
2010-11	6130	120	1146	952	1204	2708	-
2011-12 (Upto Dec 2011)	3061	121	618	284	215	1397	426

Table 9.93: Financial Target and Achievement under NRWDP

(Rs. crore)

Year	Target	Achievement
2008-09	1013.66	827.74
2009-10	1072.25	860.06
2010-11	1167.07	947.53
2011-12 (Upto Dec. 2011)	1038.80	439.00

Table 9.94: Target and achievement under Action Plan 2011-12

Sl. No.	Category (Percentage)	No. of habitations proposed for Coverage	Achievement	Action Plan amount (Rs. crore)	Expenditure (Rs. crore)
1	>0 <25	1329	121	1482.42	439.00
2	>=25 <50	3190	618		
3	>= 50 <75	680	284		
4	>= 75 <100	427	215		
5	100	2380	1397		
6	Quality Affected	1689	426		

Table 9.95: Groundwater Conservation Measures

Structure	Pits & Trenches	Check Dam	Percolation Tanks	Point Recharge System	Dug Wells / Injection Wells	Others	Ooranies/ Village Ponds/ Traditional Water Bodies	Roof Top Harvesting
No	216	1304	422	203	1090	289	166	327

ii. Rain Water Harvesting (RWH):

Realizing that water scarcity is imminent, the State has given impetus to rainwater harvesting. RWH technique is encouraged as the best method of conserving water especially in public buildings such as schools, colleges and offices. In this direction, the State has built 87 rainwater harvesting structures till December 2011. Further, to ensure people's participation, a community-based pilot project is being implemented in 3 taluks wherein rooftop and surface rainwater harvesting is being taken up by adopting scientific approaches. During 2011-12, the project is being implemented in 1 taluk.

iii. Water Quality Monitoring and Surveillance (WQM&S)

The State has established 30 district-level laboratories to monitor the quality of groundwater to meet drinking water standards. Field water testing kits have been procured at a cost of Rs. 134.28 lakh for distribution to all the 5628 gram Panchayats. These kits are used to test all the groundwater sources in pre-monsoon and post- monsoon seasons. If the water

sample parameters are beyond the permissible limits, the values are sent to the district level laboratory for confirmation. Training is also given to village water and sanitation committee (VWSC) for testing water quality using the testing kits.

During 2011-12, under the WQM&S programme, Rs. 33.95 crore has been allocated as given below:

1. HRD Activities	: Rs. 3.00 crore
2. IEC Activities	: Rs.13.45 crore
3. Water Quality Monitoring & Surveillance	: Rs. 7.00 crore
4. MIS	: Rs. 9.00 crore
5. R&D Project	: Rs. 1.50 crore
Total	: Rs. 33.95 crore

Out of the total allocation of Rs. 33.95 crore for the above programme, a sum of Rs. 5 crore has been spent upto December 2011.

iv. Sub-mission programme to tackle water quality problems

The State has identified acute water quality problems in 7599 habitations, of which 22% (1689 habitations) have to be addressed

during 2011-12. The balance of habitations will be addressed subsequently. An estimated Rs. 1500 crore is required to cover them.

9.4.1.2 World Bank-assisted Jal Nirmal Project

The World Bank-assisted second Karnataka rural water supply and sanitation project - "Jal Nirmal" and the additional financing projects (refer section 9.4.1.3) are being implemented in the State for providing safe drinking water and sanitation facilities to cover the rural populace.

The Jal Nirmal project was launched on 18th December 2001. Karnataka Rural Water Supply & Sanitation Agency is the nodal agency implementing the project from 11th February 2002. The project was completed in June 2010.

The Jal Nirmal Project is a demand-driven project implemented in 11 districts (i.e. Bagalkot, Belgaum, Bidar, Bijapur, Dharwad, Gadag, Gulbarga, Haveri, Koppal, Raichur & Uttara Kannada). Water

supply schemes were taken up in 744 GPs having 3061 villages/habitations and roads & drain schemes were taken up in 1523 villages/habitations at a cost of Rs. 997 crore. About 51 lakh rural people have been benefited by this project.

Since inception, Rs. 943.10 crore has been utilized and Rs. 716.43 crore has been claimed as reimbursement of which Rs. 714.18 crore has been reimbursed by the World Bank. In this project, 2907 water supply schemes and 1429 roads and drain schemes have been implemented (Table 9.96)

9.4.1.3 World Bank - assisted Jal Nirmal Additional Financing Project

Jal Nirmal Additional Financing project is also a demand driven project taken up with similar objectives, principles, components and parameters as the Jal Nirmal project. 1552 water supply schemes and rural internal road and drain works have been taken up for implementation from July 2010, at an estimated cost of Rs. 816.18 crore for

Table 9.96: Details of schemes completed under the Jal Nirmal Project (No.s)

Sl. No.	Districts	Target				Achievement	
		GPs	Villages / Habitations	Water Supply Schemes Targeted	Roads & Drains Schemes Targeted	Water Supply Schemes Completed	Road & Drains Schemes Completed
1	Bagalkote	60	221	221	96	221	96
2	Belgaum	124	468	455	112	428	112
3	Bidar	77	308	308	200	308	200
4	Bijapur	84	350	352	217	349	129
5	Dharwad	45	99	99	72	99	71
6	Gadag	50	140	135	86	135	86
7	Gulbarga	79	473	469	262	468	260
8	Haveri	95	297	306	145	212	145
9	Koppal	47	172	164	121	160	120
10	Raichur	37	116	116	72	111	70
11	U. Kannada	46	417	417	140	416	140
	Total	744	3061	3042	1523	2907	1429

a period of 3 years in the existing 12 districts (erstwhile 11 districts) of northern Karnataka and water quality-affected habitations in a few other districts.

By December 2011, of the 514 water supply schemes taken up, 492 schemes have been tendered and, 424 schemes have been awarded. 29 schemes have been completed while 395 schemes are in progress. Of the 489 road & drain works taken up, 487 works are tendered, 483 works are awarded and 307 works are completed while 176 works are under progress by utilizing the allocation of Rs. 150 crore in 2011-12 (Table 9.97). By December 2011, an expenditure of Rs. 122.14 crore has been incurred of which Rs. 69.15 crore i.e. 57% is eligible for reimbursement from the World Bank. A proposal has been sent to the World Bank seeking reimbursement of Rs. 51.16 crore.

9.4.2 Urban Water Supply

The Karnataka Urban Water Supply and Drainage Board (KUWSDB) is responsible

for providing water supply and sewerage facility in 213 urban areas of Karnataka except the areas serviced by the Bruhath Bangalore Mahanagara Palike (which provides services in Bangalore city and surrounding areas). KUWSDB has implemented surface-based drinking water supply schemes in 187 urban areas to provide assured safe drinking water. The Board is implementing 26 schemes for shifting the source of water from groundwater to assured surface water. These schemes are to be completed by 2013. By 2013, only 7 urban areas in the State would be dependent on groundwater as the source of water.

Presently, 42 urban areas have been provided with underground drainage (UGD) facilities. In most of the urban areas, the sewerage system is covered in core areas. The newly-developed areas are yet to be provided with sewerage systems. KUWSDB has prepared a plan for Rs.16921 crore for

Table 9.97: Targets and Achievements of Schemes under Jal Nirmal Additional Financing Project (Dec 2011) (No.s)

Sl. No.	Districts	Target		In Progress		Achievement / Completed	
		Water Supply Schemes	Roads & Drains Works	Water Supply Schemes	Roads & Drains Works	Water Supply Schemes	Roads & Drains Works
1	Bagalkote	23	33	21	0	-	33
2	Belgaum	20	51	20	30	-	21
3	Bidar	23	86	21	07	-	79
4	Bijapur	43	-	20	-	-	-
5	Dharwad	11	13	11	7	-	6
6	Gadag	5	35	03	21	-	14
7	Gulbarga	131	139	104	64	24	75
8	Haveri	8	3	8	3	-	-
9	Koppal	3	27	2	5	-	22
10	Raichur	60	49	38	6	-	37
11	U. Kannada	187	53	147	33	5	20
	Total	514	489	395	176	29	307

providing UGD to all the urban areas in the State in a phased manner depending upon the availability of funds.

The following reforms have been taken in KUWSDB to increase its operational efficiencies -

1. Management Information System
2. e-tendering
3. e-payment
4. Water & wastewater center at Yelahanka, Bangalore to train KUWSDB employees, local body authorities and the public.
5. Third-party inspection of works and materials to ensure quality.

In recognition of the above reforms, the Board has been accredited with ISO 9001-2008 certificate.

Urban water supply and sewerage works are being executed with resources sourced from financial institutions, State Government and local bodies, in the following categories.

9.4.2.1 Piped water supply scheme

Urban areas with population less than 20000 (as per 1991 census) receive benefits

under this scheme, wherein 100% of the cost is provided as grant-in-aid (Table 9.97a and 9.97b). By March 2011, 286 schemes have been commissioned. During 2011-12, 13 ongoing schemes and 6 new schemes are being executed with an allocation of Rs. 49.4 crore (Table 9.98). Two schemes of the current year have been commissioned.

9.4.2.2 Urban Water Supply Schemes

Urban areas with a population of more than 20000 receive benefits under this scheme.

By March 2011, 177 schemes have been commissioned. In 2011-12, 32 schemes are ongoing while 8 new schemes have been proposed for sanction (Table 9.99). The allocation is Rs. 219.77 crore. It is proposed to commission 14 schemes during the year. By December 2011, 4 schemes have been commissioned and the remaining schemes are in various stages of progress.

9.4.2.3 Underground Drainage Schemes (UGD)

These schemes aim at providing the underground drainage system in all urban areas irrespective of population size. The funding pattern for UGD schemes is as follows:

Table 9.97a: Sources of funds for Piped Water Supply Scheme

Population range (as per 1991 census)	Financial Institution Loan (%)	State Govt. Grant (%)	Local Body Contribution (%)
a) Above 20000 upto 75,000	50	50	--
b) Above 75000 including city corporation	66 2/3	23 1/3	10

Table 9.97b: Sources of loans for Urban Water Supply Scheme

SI No	Category	Loan Funding Pattern		
		From Financial Institution	From Govt.	From Local Body
1	Corporations	50%	20%	30%
2	City Municipal Council	50%	25%	25%
3	Town Municipal Council and Town Panchayat	50%	30%	20%

Table 9.98: Target and Achievement under Piped water supply schemes

Year	Financial (Rs. crore)		Physical (No.s)	
	Target	Achievement	Target	Achievement
2005-06	55.47	39.95	8	8
2006-07	79.80	54.40	5	5
2007-08	70.29	44.97	12	6
2008-09	69.64	34.05	9	6
2009-10	19.12	36.20	7	4
2010-11	32.45	24.07	7	4
2011-12 (Upto Dec. 2011)	10.30	19.29	2	2

Table 9.99: Target and Achievement under Urban Water Supply Schemes

Year	Financial (Rs. crore)		Physical (No.s)	
	Target	Achievement	Target	Achievement
2005-06	108.51	85.96	10	7
2006-07	119.24	65.13	10	2
2007-08	205.10	103.71	14	4
2008-09	235.00	122.85	17	13
2009-10	295.95	163.21	10	3
2010-11	223.41	109.51	14	6
2011-12 (Up to Dec 2011)	88.50	98.48	9	4

By March 2011, 48 UGD schemes have been commissioned. During 2011-12, 37 ongoing schemes and 25 new schemes have been proposed with an outlay of Rs. 451.04 crore (Table 9.100 and 9.101). Among ongoing schemes, 7 schemes are proposed to be commissioned during 2011-12.

9.4.2.4 Kannada Ganga Programme

It is proposed to implement 24 X 7 water supply in the selected 16 urban areas of Karnataka at an estimated cost of Rs. 1100 crore under Kannada Ganga programme (Table 9.102).

9.4.2.5 Bangalore Water Supply and Sewerage Board (BWSSB)

BWSSB is implementing projects relating to water supply and sewerage in Bangalore

Metropolitan Area. Cauvery Water Supply Scheme (CWSS) Stage IV, Phases I to IV are being implemented to supply 810 MLD of water to about 6 lakh connections. The following major projects are being implemented:

- CWSS Stage-IV, Phases-I and II
- Mega City Works
- Infrastructure Mapping
- Recycling Treatment Plants

The Cauvery water supply scheme stage IV phase-II is in progress with financial assistance from Japan Bank for International Co-operation to augment 500 MLD of water at an estimated cost of Rs. 3383.70 crore. The scheme consists of 13 water supply and 11 sewerage contract packages apart from distribution

Table 9.100: Targets and Achievement under Underground Drainage Scheme

Year	Financial (Rs. crore)		Physical (No.s)	
	Target	Achievement	Target	Achievement
2005-06	45.91	23.91	6	8
2006-07	33.05	15.98	6	1
2007-08	104.45	30.67	5	4
2008-09	117.45	39.02	4	--
2009-10	139.93	63.49	6	1
2010-11	97.10	72.52	8	1
2011-12 (Up to Dec. 2011)	52.00	35.29	1	--

Table 9.101 Schemes Commissioned (Cumulative)

(No.s)

Year	Piped Water Supply	Urban Water Supply	Board Water Supply	Under Ground Drainage
2005-06	261	149	20	41
2006-07	266	151	20	42
2007-08	272	155	20	46
2008-09	278	168	20	46
2009-10	282	171	20	48
2010-11	286	177	20	49
2011-12 (Upto Dec. 2011)	288	181	20	49

improvement component (water that is unaccounted) and management improvement component. Rs. 1297.77 crore has been utilized for executing various projects during 2010-11, whereas Rs. 683.23 crore has been utilized till December 2011.

The following projects are being implemented during 2011-12 -

- Augmentation of 500 MLD water from river Cauvery under CWSS Stage IV, Phase II by March 2012 - JICA funded
- Providing underground drainage system to the newly added areas of 8 ULBs under KMRP - World Bank Loan
- Replacement/rehabilitation of existing sewerage system in Bangalore

Environmental Action Plan-B (EAP-B) under JNNURM & JICA

- Laying water supply mains and distribution lines in erstwhile 8 ULBs under greater Bangalore water supply and sewerage project - pooled funds
- Other major water supply & sewerage maintenance works

Outlook for 2012-13

1. Augmenting city water supply by 500 MLD Cauvery water supply scheme stage IV-phase II (see box)
2. Submission of expert committee report for identification of new sources of water to Bangalore city- initiating a new BWSSP-III scheme

Table 9.102: Urban areas under Kannada Ganga Programme

SI No.	Town / City	District
1.	Humnabad	Bidar
2.	Chittaguppa	
3.	Sedam	Gulbarga
4.	Hukkeri	Belgaum
5.	Sankeshwar	
6.	Bijapur	Bijapur
7.	Mandya	Mandya
8.	Srirangapatna	
9.	Kadur	Chikmagalur
10.	Birur	
11.	Kushalnagar	Kodagu
12.	Tumkur	Tumkur
13.	Tiptur	
14.	Shimoga	Shimoga
15.	Therthahalli	
16.	Malur	Kolar

3. Water security plan- completion of conversion of open channel flow to conduit transfer

4. Additional storage capacity- 15 new reservoirs of 213ML capacity.

5. Launching water leakage reduction scheme in south Bangalore to reduce unaccounted water

6. Launching water supply and sewerage infrastructure scheme in all Bangalore slums

7. Commissioning zero sewage flow in rainwater drains of Hebbal valley scheme

8. Additional Wastewater treatment capacity plan - 459MLD -12 new sewerage treatment plants

9. 45 new automatic payment kiosks to be installed in newly added areas

10. 42 new jetting and sucking machines proposed to be procured

11. Prevention of flow of sewage in rainwater drains - environmental action

plans- rehabilitation of 77 kms of trunks sewers to commence

9.4.3 Total Sanitation Campaign (TSC)

TSC aims at eradication of open defecation particularly in rural areas. The scheme was introduced on 2nd October, 2005 and ends by 2017, ensuring 100% coverage of sanitation.

The objective of TSC is to provide access to toilets for every household in rural areas, schools and anganwadis, with no open defecation, to render the villages clean and, manage solid and liquid waste efficiently. The scheme creates awareness among public about disadvantages of unhygienic habits to motivate them to construct and use toilets and keep their environment clean. It aims at inculcating clean habits among school and anganwadi children and giving them access to toilets. It aims to educate people about proper management of solid and liquid waste and create clean villages.

The main components of TSC are -

a. Individual household latrines: All households should have access to toilet facilities. BPL families are given Rs. 3700 as incentive amount for construction of toilets.

b. School and anganwadi Toilets: Schools and anganwadis are given incentive of Rs. 35000 and Rs. 8000 respectively for construction of toilets.

c. Solid and liquid waste management: About 10% of the project cost is earmarked for solid and liquid waste management for which 60% of the expenditure is borne by the centre, 20% by the State and 20% by the community.

The performance of TSC during 2011-12 (upto December 2001) is given in Table 9.103.

9.4.3.1 Awards for total sanitation

i. Nirmal Gram Puraskar

The Government of India, in order to encourage 100 per cent coverage of total sanitation, has instituted the Nirmal gram

Cauvery Water Supply Scheme Stage IV Phase - II	
Funding Agency	Japan Bank for International Co-operation
Implementing Agency	Bangalore Water Supply Sewerage Board
Objectives	To reduce the gap between the demand and supply by 2011 and to meet water supply demand of 7 CMCs and one TMC in and around Bangalore at the rate of 150 LPCD.
Area of Operation	Bangalore City, 598 SQ Kms
Date of Commencement	July 2005, 2006
Date of Completion	July 2015, 2016
Project Cost	Rs. 3383.70 crore
Loan	Rs. 2830.70 crore

puraskar at gram Panchayat, taluk Panchayat and zilla Panchayat levels. The criterion for such a puraskar is 100% toilet construction and their use by households, schools and anganwadis and efficient management of solid and liquid wastes. In the State, 966 gram Panchayats and 4 taluk Panchayats have been awarded with Nirmal gram puraskar.

ii. Nairmalya State Awards

The progress of TSC in Karnataka is yet to reach the expected levels. Coastal and Malnad districts have achieved considerable progress. To encourage gram Panchayats, taluk Panchayats and zilla panchayats, the State has instituted Nairmalya award for acceleration and sustainability of TSC. The four levels of

awards are 'Nairmalya' at taluk level, 'Rajatha Nairmalya' at district level, 'Swarna Nairmalya' at divisional level and 'Nairmalya Ratna' at the State level. The award ranges from Rs. 1 lakh to Rs. 19 lakh for gram panchayats, Rs. 10 lakh to Rs. 20 lakh for taluk panchayats and Rs. 30 lakh for districts. Rs. 491 lakh has been distributed as prize money to gram, taluk and zilla panchayath so far for having achieved the earmarked goals.

9.5 HUMAN DEVELOPMENT

The 2010 Human Development Report undertook a comprehensive review of the criticisms it received since its inception in 1990 and introduced several major changes to the methodological issues in estimating human development index (HDI). Although

Table 9.103: Physical Performance of Total Sanitation Campaign (upto December 2011)

Sl. No.	Units	Project Objective	Performance	Percentage (%)
1	BPL IHHL	2889224	1936180	67
2	APL IHHL	2981691	2073640	70
	Total	5870915	4009820	68
3	School Toilets	39267	41275	105
4	Anganwadi Toilets	26353	27798	105
5	Sanitary Complex	1305	803	62
6	Rural Sanitary Mart	290	217	77
7	Partially Covered	6	15	

the input variables representing health and income remained the same, the education indicator underwent a major change. Mean years of schooling index and expected years of schooling index with equal weight replaced adult literacy rate index and combined gross enrolment ratio index. Treatment of income is by a natural logarithmic transformation without a cap. With respect to fixing the bounds, only the lower bounds are set equal to subsistence minima, whereas the upper values are set to observed values over the time series between 1980 and the most recent year. The most radical innovation with respect to

the aggregation formula was the shift to geometric mean, which addresses the issue of perfect substitutability that was a problematic assumption of the arithmetic mean formula. The 2010 Human Development Report also introduced major measurement innovations beyond the HDI, designed in particular to address the key dimensions of inequality and deprivation i.e., Inequality-adjusted HDI (IHDI). A recent UNDP discussion paper (M.H. Suryanarayana, Ankush Agrawal and K. Seetha Prabhu (2011)) provides HDI and IHDI estimates for Indian States following the new methodology (Table 9.104).

Table 9.104: Statewise Human Development Index

States	Per Capita Income (PPP 2008\$)	Life Expectancy at Birth (years) (2002-06)	Mean Years of Schooling (years) (2004-05)	School Life Expectancy (years) (2007-08)	HDI	IHDI	Loss (%)	Rank HDI
Andhra Pradesh	3399	64	3.06	9.66	0.485	0.332	31.6	11
Assam	2883	59	3.96	9.54	0.474	0.341	28.2	12
Bihar	2162	62	2.97	9.58	0.447	0.303	32.1	18
Chhattisgarh	2497	60	3.39	9.31	0.449	0.291	35.1	17
Gujarat	3783	64	4.54	8.79	0.514	0.363	29.5	8
Haryana	4575	66	4.74	9.68	0.545	0.375	31.2	5
Himachal Pradesh	4168	67	4.88	11.05	0.558	0.403	27.8	3
Jharkhand	2516	63	3.32	9.68	0.464	0.308	33.7	15
Karnataka	3270	65	3.95	9.75	0.508	0.353	30.4	10
Kerala	5263	74	6.19	11.33	0.625	0.520	16.8	1
Madhya Pradesh	2674	58	3.47	8.95	0.451	0.290	35.7	16
Maharashtra	3913	67	5.12	9.86	0.549	0.397	27.8	4
Orissa	2186	60	3.34	8.74	0.442	0.296	33.1	19
Punjab	4885	69	5.12	9.80	0.569	0.410	28.0	2
Rajasthan	3289	62	2.96	9.19	0.468	0.308	34.0	14
Tamil Nadu	3835	66	4.79	10.57	0.544	0.396	27.3	6
Uttar Pradesh	2911	60	3.56	9.19	0.468	0.307	34.5	13
Uttarakhand	3536	64	4.97	10.23	0.515	0.345	33.0	7
West Bengal	3414	65	4.36	8.87	0.509	0.360	29.3	9
India	3337	64	4.10	9.62	0.504	0.343	32.0	

Source: M.H. Suryanarayana, Ankush Agrawal and K. Seetha Prabhu (2011), UNDP working paper.

9.5.1 Human Development in Karnataka

In overall human development, Karnataka stands at 10th position among 19 major states in the Country. Among the southern States, Karnataka is marginally better than Andhra Pradesh. However, Karnataka is way behind Kerala (rank 1) and Tamilnadu (rank 6) with respect to all the indicators. Karnataka experiences an aggregate loss of 30% in human development due to inequality. The State's achievement in terms of the indices with or without inequality adjustment is better with respect to health dimension than the HDI as a whole (Table 9.105). The loss due to inequality is highest in the education dimension (43%) followed by health dimension (30%) and income dimension (16%).

9.5.1.1 Income Dimension

To calculate the income index and inequality-adjusted income index, Net district domestic product (2008-09) and, NSS per capita consumer expenditure (2009-10) are used for the size distribution of income. Income, which is an indication of the level of living, shows a wide variation across districts. Consumption inequality for Karnataka as a whole, measured through Gini co-efficient, is 0.35. Consumption inequality was highest in Raichur and Mysore districts. Seven districts fared better than the State income as a whole (Table 9.106). The average loss in income index due to inequality is highest in Raichur (16.4%) followed by Gulbarga (16.1%).

Bagalkot (4.6%) and Chitradurga (4.1%) districts witnessed lowest loss due to inequality.

9.5.1.2 Educational Dimension

Literacy rate in Karnataka, according to 2011 census, is 75.60% with 83% males and 68% females being literates clearly indicating the gender differences. Although the State's literacy rates lag behind that of Kerala and Tamilnadu, it is marginally better than Andhra Pradesh and is on par with all-India figures. The Education Development Index (EDI), computed by National University of Educational Planning and Administration (NUEPA) based on District Information System for Education under Sarva Shiksha Abhiyan (SSA), indicated that Karnataka ranked 16th which is a decline by 4 ranks from that of the previous year. Chickmagalur and Kodagu fared better in EDI index. Koppal, Bidar and Bijapur were lowest in terms of EDI index (Table 9.107)

The average number of years that children today could be expected to attain in school, measured as school expectancy, is 9.3 years for rural Karnataka and 10.4 years for urban Karnataka. However, there is a marginal gender difference in school expectancy for the State as a whole. At the regional level, it is noticed that the school expectancy is higher for females than for males in Coastal & ghats and Inland southern (Table 9.108).

Table 9.105: Estimates of Sub-indices by Dimension; With and Without Adjustment for Inequality for Karnataka State

Dimension	Index Value without adjustment	Index Value adjusting for inequality	Ratio	Loss (%)
Income	0.461	0.387	0.839	16.17
Education	0.396	0.226	0.571	42.85
Health	0.717	0.503	0.702	29.76
Overall	0.508	0.353	0.695	30.44

Source: Suryanarayana et al (2011)

Table 9.106: Income Index and Consumption inequality

Districts	Per capita district domestic product (Rs.) 2008-09	Income index	Consumption Inequality 2009-10	Income Index adjusted for Inequality	Loss (%)
Bagalkote	33043	0.2687	0.1635	0.2562	4.63
Bangalore Urban	129620	1.0000	0.3029	0.8588	14.12
Bangalore Rural	50341	0.4939	0.2088	0.4584	7.19
Belgaum	32045	0.2522	0.2046	0.2330	7.63
Bellary	53289	0.5244	0.1892	0.4938	5.84
Bidar	23979	0.0971	0.2560	0.0873	10.10
Bijapur	29777	0.2130	0.1813	0.2015	5.41
Chamarajanagar	26617	0.1529	0.2379	0.1396	8.72
Chikmagalur	38474	0.3501	0.1903	0.3303	5.64
Chitradurga	30731	0.2298	0.1592	0.2204	4.11
Dakshina Kannada	61867	0.6042	0.3154	0.5115	15.35
Davangere	34295	0.2886	0.2385	0.2621	9.17
Dharwad	48738	0.4766	0.2860	0.4180	12.29
Gadag	31675	0.2460	0.2436	0.2238	9.04
Gulbarga	27533	0.1710	0.3216	0.1435	16.09
Hassan	30412	0.2243	0.1862	0.2113	5.79
Haveri	26918	0.1590	0.2195	0.1449	8.81
Kodagu	66309	0.6413	0.2331	0.5842	8.91
Kolar	32961	0.2673	0.2084	0.2494	6.70
Koppal	28281	0.1854	0.1851	0.1750	5.59
Mandya	27846	0.1771	0.2141	0.1645	7.13
Mysore	38118	0.3451	0.3324	0.2901	15.94
Raichur	27512	0.1706	0.3343	0.1426	16.43
Shimoga	41189	0.3866	0.2193	0.3576	7.50
Tumkur	31188	0.2377	0.2426	0.2161	9.10
Udupi	54691	0.5383	0.2642	0.4783	11.15
Uttara Kannada	35173	0.3021	0.2207	0.2783	7.88
Karnataka	47604	0.4640	0.3502	0.3811	17.86

Source: DES and NSS 66th round

9.5.1.3 Health Dimension

Karnataka's maternal mortality rate (MMR) for 2007-09, based on Sample Registration System (SRS), is 178 per 100000 live births. Although Karnataka has made good progress in decline in MMR from 213 in

2004-06 to 178 in 2007-09 (a fall of about 16%), its figures are above other southern States i.e., Kerala (84), Tamilnadu (97) and Andhra Pradesh (134). However, it has to go a long way to achieve the MDG target of 109 by 2015.

Table 9.107: Education Development Index and Literacy Rates (2011)

Districts	EDI Index	Literacy rates	
		Males	Females
Bagalkote	0.5631	80.16	58.55
Bangalore Urban	0.7395	91.82	84.80
Bangalore Rural	0.6915	85.44	70.73
Belgaum	0.5235	82.90	64.74
Bellary	0.5014	77.24	58.28
Bidar	0.4901	79.94	61.66
Bijapur	0.4997	77.41	56.64
Chamarajanagar	0.5350	67.88	54.32
Chikballapur	0.6107	78.36	61.55
Chikmagalur	0.7768	85.66	72.88
Chitradurga	0.7334	81.37	66.05
Dakshina Kannada	0.7007	93.31	84.04
Davangere	0.6762	83.02	69.39
Dharwad	0.6452	86.83	73.57
Gadag	0.5725	84.89	65.29
Gulbarga	0.5288	75.11	55.87
Hassan	0.6925	83.55	68.30
Haveri	0.6862	84.22	70.65
Kodagu	0.7571	87.24	77.91
Kolar	0.7230	81.94	66.56
Koppal	0.5001	78.21	56.22
Mandya	0.6454	78.14	62.10
Mysore	0.6850	78.44	66.59
Raichur	0.5264	71.35	49.56
Ramanagaram	0.6314	76.92	61.30
Shimoga	0.7263	86.11	74.89
Tumkur	0.7054	82.05	66.45
Udupi	0.7091	91.69	81.41
Uttara Kannada	0.7298	89.72	78.21
Karnataka		82.14	65.46

Infant Mortality Rate for 2007-09 for Karnataka is 41. The decline is by 9% between 2004-06 and 2007-09. Even with respect to IMR, to achieve the MDG target of 28 by 2015, Karnataka has to go a long way. However, Bangalore urban, Dakshina Kannada and Udupi districts have already

achieved the goal. Also, Bangalore rural, Chikmagalur, Kodagu and Mandya districts are close to achieving the MDG goal (Table 9.109). In terms of the health index, Bangalore urban and Udupi figured in the top two positions. Raichur and Koppal occupy the last two positions.

Table 9.108: School life expectancy (in years) in Karnataka

	Male	Female	All
Coastal & Ghats	10.1	10.7	10.4
Inland Eastern	10.6	10.4	10.5
Inland Southern	10.2	10.3	10.3
Inland Northern	9.4	8.8	9.1
All	9.9	9.6	9.8

Source: Prof. M.H. Suryanarayana et al (2011)

Table 9.109: Infant Mortality Rate (IMR) and Health Index

Districts	IMR 2008	Health index
Bagalkote	50	0.3167
Bangalore Urban	26	0.9523
Bangalore Rural	30	0.8327
Belgaum	35	0.7077
Bellary	51	0.3005
Bidar	41	0.5653
Bijapur	43	0.4941
Chamarajanagar	35	0.7145
Chickmagalur	31	0.8193
Chitradurga	41	0.5451
Dakshina Kannada	25	0.9806
Davangere	41	0.5613
Dharwad	40	0.5828
Gadag	40	0.5789
Gulbarga	49	0.3301
Hassan	33	0.7696
Haveri	41	0.5505
Kodagu	32	0.7884
Kolar	42	0.5277
Koppal	61	0.0237
Mandya	29	0.8583
Mysore	33	0.7602
Raichur	52	0.2508
Shimoga	37	0.6473
Tumkur	36	0.6728
Udupi	26	0.9577
Uttara Kannada	32	0.8018
Karnataka	41	0.5653

Source: Indirectly Estimated

9.5.2 Human Development Index Estimates

Based on the above three indices (dimensional), overall Human Development Index (HDI) was estimated as a geometric mean of the three (Table 9.110). The HDI is highest for Bangalore urban followed by Dakshina Kannada and lowest for Raichur and Koppal. Districts which have slipped in terms of rankings are Uttara Kannada, Belgaum, Bidar, Gadag and Koppal. Most of the districts in Northern Karnataka have declined in their rankings compared to the second Human Development Report. Southern districts have gained higher positions. Districts which have made good progress are Mysore, Mandya, Chamarajnar, Tumkur, Kolar and Chikmagalur.

Note: Comparability of the estimates with that of Second Human Development Report: 2005

The magnitude of HDI so obtained cannot be compared with that of the estimates of second Human Development Report (SHDR) for the following reasons.

1. Variables used in the computations are different: In SHDR, Life expectancy at birth is used to represent Health dimension, Literacy rate and combined gross enrolment ratio with $2/3^{\text{rd}}$ and $1/3^{\text{rd}}$ weight was used to represent knowledge and per capita district income was converted to its equivalent PPP\$. In the current estimate due to the non availability of life expectancy at birth, Infant mortality rate is used to represent health. With regard to knowledge dimension literacy rate and education development index, which is a better estimates than the gross enrolment ratio due to the coverage many variables, is used to compute education index with the same weights. No special effort was made to convert the per capita district income to its PPP\$ equivalent as it does not alter the position.

Table 9.110: Human Development Index

Districts	Income index	Education Index	Health index	HDI	Rank HDI Report	Rank HDI as per 2005
Bagalkote	0.269	0.563	0.317	0.363	23	22
Bangalore Urban	1.000	0.740	0.952	0.890	1	1
Bangalore Rural	0.494	0.692	0.833	0.658	5	6
Belgaum	0.252	0.524	0.708	0.454	16	8
Bellary	0.524	0.501	0.301	0.429	19	18
Bidar	0.097	0.490	0.565	0.300	25	21
Bijapur	0.213	0.500	0.494	0.375	22	23
Chamarajanagar	0.153	0.535	0.714	0.388	21	25
Chikmagalur	0.350	0.777	0.819	0.606	6	9
Chitradurga	0.230	0.733	0.545	0.451	17	16
Dakshina Kannada	0.604	0.701	0.981	0.746	2	2
Davangere	0.289	0.676	0.561	0.478	13	12
Dharwad	0.477	0.645	0.583	0.564	9	10
Gadag	0.246	0.573	0.579	0.434	18	13
Gulbarga	0.171	0.529	0.330	0.310	24	26
Hassan	0.224	0.693	0.770	0.493	11	11
Haveri	0.159	0.686	0.551	0.392	20	20
Kodagu	0.641	0.757	0.788	0.726	3	4
Kolar	0.267	0.723	0.528	0.467	14	17
Koppal	0.185	0.500	0.024	0.130	27	24
Mandya	0.177	0.645	0.858	0.461	15	19
Mysore	0.345	0.685	0.760	0.564	8	14
Raichur	0.171	0.526	0.251	0.282	26	27
Shimoga	0.387	0.726	0.647	0.566	7	5
Tumkur	0.238	0.705	0.673	0.483	12	15
Udupi	0.538	0.709	0.958	0.715	4	3
Uttara Kannada	0.302	0.730	0.802	0.561	10	7

2. *Bounds are different: SHDR followed the UNDP bounds, to arrive at the indices. Here, except for literacy rate where the minimum was fixed at 0% and maximum at 100%, in rest all the variables fixation of the minimum and maximum were within the data set, which to a greater extent, follows the suggestion of UNDP 2010.*

3. *Aggregation formula: SHDR used arithmetic mean to aggregate the three indices and here geometric mean is used to aggregate the indices, which is again in line with UNDP 2010.*

9.5.3 District Human Development Reports

Karnataka has successfully implemented the Strengthening State Plans for Human Development (SSPHD) project by end-2009. As part of the project activities, four pilot districts (Bijapur, Gulbarga, Mysore and Udupi) were selected for preparation of District Human Development Reports (DHDRs) in the first phase on a pilot basis which were released in the year 2010 adopting UNDP methodology on the lines of second Karnataka Human Development Report 2005. While releasing these reports, the then Hon'ble chief Minister had taken a view that DHDRs would be prepared for all the districts in the 11th Five Year Plan. Based on this decision, five districts viz., Bidar, Chamarajanagar, Chitradurga, Davangere and Raichur were selected in the second phase and the process of report preparation had been initiated. Subsequently, another 11 districts were selected for this purpose in the third phase.

Meanwhile, it was felt that a common methodology for these reports would facilitate better comparison of the human development status across the districts and to this effect, the planning department, in consultation with the Institute for social and economic change, Bangalore has prepared a manual for this purpose.

It has now been decided to prepare DHDRs for all the 30 districts in the State within the next two years. The Deputy Commissioners or CEOs of Zilla Panchayats have been advised to take all necessary steps such as constituting a core committee, identifying a lead agency (preferably a local entity) and identifying officers who can play the role of trainers in the district. The Regional Commissioners of the divisions have been requested to monitor the functioning of the districts and accelerate the processes so that districts could bring out their DHDRs and thereby, enable the design of appropriate, specific human development interventions. In support of this, training programs in human development issues to all the departmental officers and officials at the district level are being organized in collaboration with ATI, Mysore. The training programmes have commenced and are expected to be completed by August 2012.

The Planning Department, Government of Karnataka, has also submitted a draft project proposal for collaboration under the Planning Commission - UNDP project on 'human development - bridging inequalities'. The Planning Department has also proposed the formulation of a human development policy for the State and the preparation of the third Karnataka Human Development Report.



10

SOCIAL SECTORS

With about 19% of the State's population below the defined poverty line, Karnataka has initiated various poverty alleviation programmes in both rural and urban areas. While these programmes have resulted in a marked decline in the number of the State's poor, much remain to be done to address regional and social variations in poverty. The State has been proactive in formulating and implementing programmes for women and child development with most of these programmes aiming at enhancing health and economic conditions of various segments of women and children. Karnataka's Karnataka Mahila Abhivrudhi Yojane, gender budget and Bhagyalakshmi scheme are pioneering attempts in this direction and have demonstrated significant impact. Towards ensuring food security to its citizens, the State operates an extensive food distribution system to provide basic foods with a focus on those who are below the poverty line. The State has also recently completed an elaborate exercise to weed out fake ration cards and to enhance the targeting of the public distribution system. The State has also established institutions to provide affordable housing to the poor. On the social welfare front, various programmes for SCs, STs, BCs and Minorities provide basic facilities and access to education, skill training and basic assets.

10.1 POVERTY IN KARNATAKA

This section is based on the findings of the latest National Sample Survey (NSS) 66th round consumer expenditure data (2009-10) as well as the findings of the 61st round (2004-05). Comparison of the two rounds enables an understanding of the progress made in the area and allows for an examination of the level of deprivation both at regional and district levels.

10.1.1 Incidence of Poverty

Poverty in Karnataka continues to be highest among the southern States (Table 10.1). Incidence of poverty based on the Planning Commission's poverty line yields poverty ratio of 15.82% with 5.87 million poor in rural areas and, 23.54% with 5.09 million poor in urban areas and, 18.52% with 10.87 million poor for Karnataka as a whole in 2009-10. Karnataka had targeted a goal of achieving 12.4% poverty ratio in the eleventh plan period from the level of 24.9% (2004-05). Although the State has not been able to achieve the target, it has made good progress towards poverty reduction by

achieving an overall reduction of about 6.5%. Details of changes in status of poverty during the period 1973-74 to 2009-10 are given in Table 10.2.

Rural poverty in Karnataka has declined by 39% during 1973-74 to 2009-10, which is higher by 5% as compared to the decline at the all-India level. The number of rural poor also declined over the period. The decline in number of rural poor in Karnataka between 1973-74 and 2009-10 was 54% which is almost double that of the all-India decline of 29%. Incidence of poverty has always been less in rural Karnataka than the corresponding estimate for the Country as a whole.

Deprivation in the urban sector too declined but at a lesser extent (as compared to rural sector) both in Karnataka (28 %) and India as a whole (30 %) between 1973-74 and 2009-10. The decline in the poverty ratios was not sufficient to neutralise the growth in urban population. Hence, the number of urban poor has increased both in Karnataka and all-India between 1973-74 and 2004-05.

Table 10.1: Poverty across Southern States

2004-05						
States	Rural		Urban		Combined	
	% poor	Number of poor (million)	% poor	Number of poor (million)	% poor	Number of poor (million)
Andhra Pradesh	11.2	6.47	28.0	6.14	15.8	12.61
Karnataka	20.8	7.51	32.6	6.38	25.0	13.89
Kerala	13.2	3.24	20.2	1.72	15.0	4.96
Tamil Nadu	22.8	7.65	22.2	6.91	22.5	14.56
All India	28.3	220.9	25.7	80.79	27.5	301.72
2009-10						
Andhra Pradesh	6.5	3.92	16.4	3.81	9.3	7.77
Karnataka	15.8	5.87	23.5	5.09	18.5	10.87
Kerala	6.6	1.68	12.4	1.09	8.1	2.78
Tamil Nadu	11.7	3.67	14.3	5.09	12.9	8.61
All India	22.42	184.95	19.27	67.33	21.57	253.28

However between 2004-05 and 2009-10, a decline is seen in the number of poor and decline is greater in Karnataka (20%) as compared to All-India (17%). Incidence of urban poverty is much higher in Karnataka than in India as a whole for all the years.

Appropriateness of poverty lines was questioned by several researchers and to address these questions, an expert committee under the chairmanship of the Late Prof. Suresh Tendulkar was set up in 2005 by the Government of India. The committee recommended different set of poverty lines and the poverty estimates based on the new set of poverty line indicated higher poverty estimates for rural and lower estimates for urban (Table 10.2). The extent of deprivation as measured by headcount ratio in Karnataka is 31% in rural areas, 18% in urban areas and 26% for the State as a whole. The corresponding figures

for all India are 37% in rural, 20% in urban and 32% for the Country as a whole.

10.1.2 Levels of Living : A Regional Profile

Regional profiles of deprivation in levels of living and inequality are presented in this section for rural and urban sectors of Karnataka for the years 2004-05 and 2009-10. The National sample survey provides information for 4 regions viz., Coastal & ghats, Inland eastern, Inland southern and Inland northern*. Karnataka witnessed one of the worst floods in over a century during October 2009. All the districts belonging to Inland northern region were affected. Regional analysis highlights this impact which is evident in Tables 10.3 and 10.4.

Rural Karnataka: All the regions except Inland northern stand out with levels of consumption being higher than the State average and incidence of poverty lower than

* Coastal & Ghats : Uttara Kannada, Dakshina Kannada and Udupi
 Inland Eastern : Shimoga, Hassan, Chikmagalur and Kodagu
 Inland Southern : Tumkur, Kolar, Bangalore, Bangalore(Rural), Mandya, Mysore and Chamarajanagar
 Inland Northern : Belgaum, Bagalkot, Bijapur, Gulbarga, Bidar, Raichur, Koppal, Gadag, Dharwad, Haveri, Bellary, Chitradurga and Davangere.

Table 10.2: Trends in Incidence of Poverty: Karnataka and All-India

Karnataka						
Year	Rural Sector		Urban Sector		Combined	
	% of poor	No of poor (million)	% poor	No of poor (million)	% of poor	No of poor (million)
1973-74	55.14	12.84	52.01	4.19	54.34	17.03
1993-94	29.88 (56.60)	9.60	40.14 (34.20)	6.05	33.16 (49.50)	15.65
2004-05	20.80 (37.50)	7.51	32.60 (25.90)	6.38	25.00 (33.40)	13.89
2009-10	15.82 (30.81)	5.87	23.54 (18.34)	5.09	18.52 (26.46)	10.87
All India						
1973-74	56.44	261.29	49.23	60.31	54.93	321.60
1993-94	37.27 (50.10)	244.03	32.36 (31.80)	76.34	35.97 (45.30)	320.37
2004-05	28.30 (41.80)	220.90	25.70 (25.70)	80.79	27.50 (37.20)	301.72
2009-10	22.42 (36.50)	184.95	19.27 (19.80)	67.33	21.57 (31.99)	253.28

Note: These estimates are based on URP consumption of the National Sample Survey. Figures in the brackets correspond to the poverty estimates as per the Tendulkar Committee's recommendations.

Table 10.3: Regionwise Consumption Distribution in Rural Karnataka

Regions	2004-05					
	Consumption levels (Rs. / Month)		HCR* (%)	Poverty Gap	Squared Poverty Gap	Gini Ratio
	Mean	Median		Index (%)	Index (%)	(%)
Coastal & Ghats	695.40	501.58	20.26	3.04	0.75	38.37
Inland Eastern	569.36	482.23	5.10	0.55	0.07	23.19
Inland Southern	534.68	447.40	15.14	1.72	0.35	25.43
Inland Northern	444.71	384.63	27.35	4.00	0.90	22.97
State	508.46	425.55	20.67	2.86	0.63	26.64
2009-10						
Coastal & Ghats	1166.98	1071.20	1.41	0.12	0.02	22.25
Inland Eastern	917.83	893.25	4.56	0.19	0.01	18.74
Inland Southern	948.27	816.67	4.94	0.49	0.09	22.89
Inland Northern	650.18	615.00	26.31	5.26	1.53	19.57
State	806.54	700.50	15.82	2.93	0.83	23.99

* Headcount rate of poverty

the State average in both the years 2004-05 and 2009-10 (Table 10.3). Coastal & ghats and Inland southern regions have made big strides in the reduction of poverty between 2004-05 and 2009-10. Although Inland Eastern did not make much dent in the incidence of poverty, its reduction in the depth and severity of poverty is substantial between 2004-05 and 2009-10. For the year 2009-10, although Inland eastern and Inland southern had more or less same the incidence of poverty, with respect to depth and severity, Inland southern lags behind compared to Inland eastern. Inequality in nominal consumption distribution declined marginally in rural Karnataka as a whole. Inequality declined in all the regions but the decline in Coastal & ghats is substantial. The extent of inequality (Lorenz ratio) in consumption distribution in rural Karnataka was 24% in the year 2009-10.

Urban Karnataka: Inland southern excels in terms of both mean-based and order-based averages. Inland eastern and Inland northern regions fare badly with levels of

consumption being lower than the State average (Table 10.4). Extent of poverty reduction was substantial in Coastal & ghats region i.e., the reduction in incidence of poverty was 23.5% between 2004-05 and 2009-10. On the contrary, Inland northern witnessed only 3% for the reasons stated above. Inequality in nominal consumption distribution in urban Karnataka is much higher compared to rural areas. Inequality declined marginally in urban Karnataka as a whole. Although inequality declined in all the regions, the decline was substantial in Coastal & ghats region. The extent of inequality (Lorenz ratio) in consumption distribution in Urban Karnataka was 34% in the year 2009-10.

District Poverty: District level poverty estimates indicate that poverty is concentrated in northern Karnataka districts as indicated in the regional analysis. Except Uttar Kannada, Haveri, Bellary, Chitradurga and Davangere, rest of the flood-hit districts witnessed increase in the incidence of poverty between 2004-05 and 2009-10 (Appendix 10.8).

Table 10.4: Regionwise Consumption Distribution in Urban Karnataka

Regions	2004-05					
	Consumption levels (Rs. / Month)		HCR* (%)	Poverty Gap Index (%)	Squared Poverty Gap Index (%)	Gini Ratio (%)
	Mean	Median				
Coastal & Ghats	1141.49	702.50	42.88	12.03	4.07	45.62
Inland Eastern	934.61	816.70	28.96	5.34	1.38	27.47
Inland Southern	1274.86	1004.75	14.07	2.71	0.84	33.35
Inland Northern	697.96	541.25	57.04	17.01	6.71	32.40
State	1033.21	763.68	32.61	8.73	3.25	36.85
2009-10						
Coastal & Ghats	1799.86	1429.00	19.33	3.57	1.18	34.00
Inland Eastern	1289.51	1111.33	22.44	4.76	1.57	23.64
Inland Southern	2102.54	1766.80	7.64	1.66	0.50	29.92
Inland Northern	1042.80	847.60	53.85	14.19	5.04	28.57
State	1716.38	1413.75	23.54	5.87	2.02	34.12

* Headcount rate of poverty.

Districts which showed great improvement in terms of reduction of poverty are Mandya, Mysore, Chamarajanagar, Kolar and Bangalore rural. Table 10.5 depicts the results derived when district income is juxtaposed with poverty estimates for the year 2009-10.

Clearly, districts in the 4th quadrant need more emphasis as they are poor districts which restrains them from trickledown effect. Districts in the third quadrant except Bagalkot, need more emphasis in the urban regions as these districts have more urban population coupled with more slums.

10.1.3 Outlook

Having attained a reasonable decline in poverty estimates in spite of the 2009 floods, sustaining this growth of reduction of poverty and tackling urban poverty should be the main areas of concern in the forthcoming Plan. In order to sustain the existing growth in the reduction of poverty, proper implementation of different schemes is necessary. Promotion of livelihood

opportunities through modernizing agriculture, establishing rural industries, and skill upgradation should be considered as effective strategies.

10.2 WOMEN AND CHILD DEVELOPMENT

10.2.1 Women constitute 49.14% of the population in Karnataka as per the 2011 Census. The issue of empowerment of women and engendering the development objective has moved centrestage, in the recent years. Keeping this objective in mind, the Department of Women and Child Development, Government of Karnataka, has designed the following schemes that aim at, not only empowering women, but also works towards their well-being in various spheres.

A. Stree Shakti

Launched in 2000-01, Stree Shakti has been a major vehicle of women's economic empowerment. Under this programme, self help groups of 15-20 members drawn from

Table 10.5: Poverty Vs. District Income

	Above Median Income	Below Median Income
Below State level Poverty	Bangalore Urban Bangalore Rural Chickmagalur Dakshina Kannada Kodagu Mysore Shimoga Udupi Uttara Kannada II	Chamarajanagar Chitradurga Hassan Haveri Kolar Mandya Tumkur I
Above State level poverty	Bagalkot Bellary Davangere Dharwad III	Belgaum Bidar Bijapur Gadag Gulbarga Koppal Raichur IV

families below poverty line, landless agricultural labourers, and SC/ST, are formed and encouraged to take up income generating activities. The operations of these SHGs are based on simple concepts of saving and internal lending to enable women to take up the activities.

The State also offers financial incentives of Rs.15000\Rs.20000 depending on the savings of the group. So far 5621 groups have taken advantage of these incentives. Subsidized loans at interest of 6% p.a. are also on offer. Financial assistance for marketing of products by the SHG is also provided. An amount of Rs. 75,000 per year is provided, to each district, for conducting exhibitions of SHG products at district/taluk levels (Table 10.6).

Budgetary allocations for various activities under Stree Shakti are

- Rs. 1042.20 lakh (Rs. 942.20 lakh for rural groups and Rs 100 lakh for urban Stree Shakti groups to be created by KSWDC) for creation of SHG, of which expenditure of Rs. 496.50 lakh has been incurred as of Dec 2011.
- With a focus on backward areas, an amount of Rs. 126 lakh under Special Development Programme is allocated with an expenditure of Rs. 81.20 lakh as of Dec 2011.
- Towards construction of marketing outlets for Stree Shakti products at the taluk level, Rs. 350.00 lakh has been allocated, of which Rs. 70.00 lakh was spent as of Dec 2011.

- Rs 200.00 lakh has been allocated for construction of 2 division-level Stree Shakti training centres at Gadag and Mysore. Rs. 100.00 lakh has been released for Gadag during December 2011.

During the 11th Five Year plan, an expenditure of Rs. 5394.35 lakh was incurred against an allocation of Rs. 6115.88 lakh, with 27067 groups deriving benefits.

Impact of the Scheme:

- Inculcated habit of savings
- Self reliant, confident and economically independent women
- Development of delivery mechanisms for poverty alleviation
- Group dynamics being directed for effecting social changes

B. Santhwana

Santhwana is a scheme aimed at rehabilitation of women who have been subjected to atrocities like rape, domestic violence, dowry, sexual harassment etc. In addition to provision of legal assistance, support is also provided in the form of financial aid, temporary shelter and protection and training/education to equip them with skills needed to get back on the normal course of life.

The State has sanctioned 165 Santhwana centers, which are run with assistance from various NGOs. Special priority is given to the most backwards districts identified by

Table 10.6 Progress of Stree Shakti during the 11th Five Year Plan

Years	Expenditure (Rs. lakh)	Achievement (No.s)
2007-08	2134.17	14407
2008-09	959.92	80947
2009-10	832.93	49989
2010-11	970.83	86359
2011-12 (upto Dec. 2011)	496.50	38905

Source: Dept of Women and Child Development

the High Powered Committee for Redressal of Regional Imbalances (2002). During 2011-12, a budget allocation of Rs. 655.00 lakh has been earmarked for the scheme, of which an amount of Rs. 211.10 lakh has been spent upto December 2011.

During the 11th Five year plan period, under this programme, an expenditure of Rs. 1191.71 lakh was incurred benefitting 624 victims (Table 10.7).

Table 10.7 Progress of Santhwana scheme through the 11th Five Year Plan

Years	Expenditure (Rs. lakh)	Physical Achievement
2007-08	116.65	75
2008-09	126.28	109
2009-10	148.13	125
2010-11	592.44	150
2011-12 (upto Dec 2011)	211.10	16

Source: Dept of Women & Child Development

10.2.2 Protection of Women against Domestic Violence

The State implemented the Protection of Women from Domestic Violence Act in 2007 which goes a long way in achievement of gender equality and saving women from oppression. To provide shelter and counseling to victims of domestic violence, 19 Swadhar Centres, 28 short stay homes and 68 santhwana centres are notified as shelter homes in the State. Free legal aid is also provided to the victims. One Protection officer has been appointed for the purpose in each taluk.

10.2.3 Women Component Plans

A. Karnataka Mahila Abhivrudhi Yojane (KMAY)

Functioning under the aegis of the Department of Women and Child Development, KMAY has been one of the first programmes that has been introduced in the Country to earmark 1/3rd resources for women in individual beneficiary-oriented

schemes and labour intensive schemes across various sectors. Since its introduction in 1995-96, 25 departments have been identifying schemes to benefit women. During 2011-12, 276 schemes are involved in the Yojane across Central, State and District sectors. Allocation towards KMAY for the current financial year is Rs. 2826.36 crore, of which an amount of Rs. 1377.81 crore has been spent by December 2011.

B. Gender based Budgeting

Karnataka has taken major steps towards promoting gender equality, Gender based Budgeting is yet another development in the direction. Making a beginning in 2006-07, gender based budgeting helps to prioritize and orient public expenditure to reflect the concerns of women. Subsequently, the Finance Department also established a Gender Budget Cell (GBC) to identify the quantum of resource allocation and expenditure for women and proper translation of policy commitments. Karnataka is one of the 3 States in India that has implemented Gender based Budgeting.

The GBC has been regularly bringing out a Gender budget document reflecting allocation of funds under various schemes cutting across various departments. The schemes are presented in two parts; Category - A and Category - B. The classification is broadly on the lines adopted by Gol in the Expenditure Budget Vol. II. The categorization of schemes is based on;

- Category - A that presents women specific budget provisions in which 100% provisions are meant for women.
- Category - B presents women - specific budget provisions wherein least 30% provisions are meant for women.

Details of allocation are given in Table 10.8.

10.2.4 Karnataka State Women's Development Corporation (KSWDC)

The Karnataka State Women's Development Corporation was established

Table 10.8: Gender Budget through the 11th Five Year Plan

Year	No. of Departments	Category A			Category B		
		No. of Schemes	Allocations (Rs. lakh)		No. of Schemes	Allocations (Rs. lakh)	
			Plan	Non-Plan		Plan	Non-Plan
2007-08	30	43	55017	149	193	642019	986017
2008-09	36	44	63626	166	659	806556	1140488
2009-10	39	47	64323	199	742	906026	1275871
2010-11*	39	49	86712	608	737	1104126	1437667
2011-12*	39	45	87440	514	759	1327588	1640751

*Budget Estimates

Source: Gender Budget Cell, FPAC, Finance Dept.

in 1987 for social and economic upliftment of women and has, since then, been implementing various schemes benefitting women.

A. Udyogini

Udyogini is designed to promote income generating activities by women and the same is encouraged through loans from banks and subsidies from KSWDC. For special category women, a subsidy of 30% of the project cost subject to a maximum of Rs. 10000 and for general category women, a subsidy of 20% of the project cost subject to a maximum of Rs. 7500 is provided. During 2011-12, Rs. 1500 lakh has been provided in the budget and, Rs. 877 lakh has been spent covering 8770 beneficiaries upto December 2011. It is proposed to cover 15518 beneficiaries under this scheme (Table 10.9).

An evaluation of the scheme by the Institute for Social & Economic Change has revealed that the scheme has been highly useful to women across different castes, classes, regions and demographic backgrounds. It is particularly true of women who were deserted by their husbands or for widows and, physically handicapped women, by providing them a source of independent livelihood.

B. Women Training Programme

Under this scheme, various job oriented and skill training programmes are provided to women aiding their self employment, with a special focus on widows, physically handicapped and the destitute. The training programmes are organized through Central Government, State Government, and bank-sponsored organizations.

Table 10.9: Progress of Udyogini scheme through the 11th Five Year Plan

(Rs. lakh)

Year	Physical		Financial	
	Target	Achievement	Target	Achievement
2007-08	1513	2605	122.67	283.28
2008-09	5002	5002	490.00	490.00
2009-10	5563	5530	495.00	460.50
2010-11	9600	7910	1000.0	821.05
2011-12 *	15518	8770	1500.0	877.00

* Upto Dec. 2011

Source: KSWDC

During 2011-12, Rs 300 lakh has been provided in the budget. Rs 215.00 lakh has been spent covering 3890 beneficiaries' upto December 2011. The scheme proposes to cover 5430 beneficiaries. (Table 10.10).

C. Devadasi Rehabilitation Programme

This scheme is being implemented in 10 districts of North Karnataka. Under this scheme, Devadasis are provided with financial assistance by way of 50% subsidy from the Corporation and 50% Loan from the banks, for taking up income generating activities with an unit cost of Rs. 20000. In addition, awareness campaigns against this evil system, formation of self help groups providing microcredit to the groups at 6% p.a. interest and, health camps are also being implemented.

During 2011-12, Rs. 400 lakh has been provided in the budget. Rs. 215.64 lakh has been spent covering 595 beneficiaries upto December 2011 and it is proposed to cover

2057 beneficiaries under this scheme during 2011-12 (Table 10.11).

The Corporation also runs schemes that provide pension and housing support to devadasis. A pension of Rs 400 p.m. is paid to devadasis aged above 45. Houses are constructed through the Rajiv Gandhi Rural Housing Corporation for those devadasis who own sites.

D. Marketing Assistance Scheme

This scheme provides a marketing platform to sell products produced by women entrepreneurs and *Stree Shakti* Groups. During 2011-12, Rs. 65 lakh has been provided in the budget to cover 1520 women. Of this, Rs. 25 lakh has been spent covering 1405 beneficiaries upto December 2011 (Table 10.12).

E. State Resource Centre

Under this scheme, KSWDC has established 15 Women's self employment counseling centers at Bangalore Urban & Rural, Belgaum, Mangalore, Chitradurga,

Table 10.10: Progress of Women Training Programme through the 11th Five Year Plan

Year	Physical (Nos.)		Financial (Rs. lakh)	
	Target	Achievement	Target	Achievement
2007-08	5415	5099	300.00	300.00
2008-09	3250	2960	235.00	225.00
2009-10	4680	4395	255.00	235.00
2010-11	9510	1845	350.00	64.76
2011-12 *	5430	3890	300.00	215.00

* Upto Dec. 2011

Source: KSWDC

Table 10.11: Progress of schemes pertaining to Upliftment of Devadasis (Rs. lakh)

Name of the Scheme	2008-09		2009-10		2010-11		2011-12 (till Dec 2011)	
	Target	Achvt	Target	Achvt	Target	Achvt	Target	Achvt
Devadasi Rehabilitation	300.00	291.66	500.00	442.56	250.00	250.00	400.00	215.64
Pension Programme	620.50	620.50	600.00	584.00	700.00	700.00	700.00	525.00
Housing Programme for Devadasi	0.00	0.00	1000.00	9124.00	1000.00	1000.0	500.00	375.00

Source: KSWDC

Table 10.12: Progress of Marketing assistance scheme

Year	Physical (Nos.)		Financial (Rs. lakh)	
	Target	Achievement	Target	Achievement
2008-09	70	70	35.00	19.95
2009-10	1055	911	35.00	29.81
2010-11	1070	1070	35.00	29.11
2011-12 *	1520	1405	65.00	25.00

* Upto Dec. '11

Source: KSWDC

Davanagere, Dharwad, Gulbarga, Mysore, Mandya, Bellary, Tumkur, Chikmagalur, Shimoga and Raichur to provide information /counseling about self employment, training, market assistance, economic activities etc., to women.

During 2011-12, Rs. 91.00 lakh has been provided in the budget to cover 8340 women of which Rs. 50.00 lakh has been spent covering 4583 beneficiaries upto December 2011 (Table 10.13).

F. Micro Credit Scheme

This is a new scheme introduced in 2011-12 which provides loans to the members of SHGs to improve their economic status. Loans of Rs 5000 to Rs 10000 is being sanctioned to each member subject to a maximum of Rs 1.00 lakh to each SHG at the rate of 6% per annum.

During 2011-12 Rs 300.00 lakh has been provided in the budget. It is proposed to cover 5600 women. Rs 130.00 lakh has been spent covering 2600 beneficiaries upto December 2011.

10.2.5 Child Development Programmes

Children constitute 11.21% of the population in Karnataka (Census 2011). The department is laying greater stress on implementation of policies and programmes for the welfare and development of children, an investment in itself for overall socio economic growth of the State.

A. Bhagyalakshmi

Bhagyalakshmi, a flagship programme of the Department of Women and Child Development is a cash transfer scheme aimed at improving the sex ratio in the State by providing incentives to BPL families having girl child. The programme also attempts to eradicate social evils like child labour, female foeticide, child marriage, and child trafficking. This is an umbrella programme for child development for providing financial assistance to a maximum of 2 girl children born to a family, which will be deposited with the selected financial partner as a bond in the name of the girl child and the bond's maturity value will be given to

Table 10.13: Progress of the Resource Centre Scheme during the 11th Five year plan

Year	Physical (Nos.)		Financial (Rs. lakh)	
	Target	Achievement	Target	Achievement
2007-08	3660	3768	30.00	37.36
2008-09	4800	3998	35.00	28.36
2009-10	4260	3780	56.00	56.00
2010-11	6960	4947	56.00	43.11
2011-12 *	8340	4583	91.00	50.00

* Upto Dec. '11

Source: KSWDC

the girl child at the age of 18 years along with accrued interest. The bond can also be mortgaged with banks against loans for further education of the girl child.

During 2011-12, upto Dec. 2011, out of an amount of Rs. 407.58 crore released for this programme, an expenditure of Rs. 323.12 crore has been incurred benefitting 169247 girl children. The period of the 11th Five year plan saw an expenditure of Rs. 1524.08 crore against an allocation of Rs. 1662.38 crore with benefits accruing to 1020562 girl children. Details of achievements under the Bhagyalakshmi scheme are given in Table 10.14.

Child Tracking System under Bhagyalakshmi Scheme: All eligible girl children are registered under the scheme at birth and monitored till they attain the age of 18, by using software developed with assistance from NIC. The software, so developed, enables the viewer to know the status of the beneficiaries with regard to health, education, migration from one place to another and benefits availed from other departments under different schemes.

B. Integrated Child Development Services (ICDS)

ICDS is a centrally sponsored scheme, which provides a package of six services i.e., supplementary nutrition, immunization, health check-up, referral services, nutrition and health education for mothers and non-formal pre-school education for children

between the ages of 3-6. Running since 1975, the scheme has expanded and covering 175 taluks in the State (166 rural projects, 10 urban projects and 9 tribal projects) with the number of Anganwadi Centres (AWCs) reaching 60046 and mini-AWCs numbering 3331.

Under supplementary nutrition programme, added nutrition provided (per day) is as follows

- 500 calories of energy and 12-15 gms of protein to 0-6 years children
- 600 calories of energy and 18-20 gms of protein to pregnant women/lactating mothers/ adolescents girls
- 800 calories of energy and 20-25 gms of protein to severely underweight children as a supplement to their normal intake,

Training of functionaries like anganwadi workers/helpers is the responsibility of the State with Central/State funding. In recognition of their services to the community, the State Government is paying an additional honorarium of Rs. 1500 to the worker and Rs. 750 to the helper out of State funds along with the Central contribution of Rs. 3000 p.m. to Anganwadi Workers (AWWs) and Rs. 1500 p.m. to Anganwadi Helpers (AWHs).

During 2011-12, an expenditure of Rs. 45272.62 lakh has been incurred, benefitting 4676640 beneficiaries (Table 10.15).

Table 10.14: Progress of Bhagyalakshmi Scheme through the 11th Five Year Plan

Year	Physical		Financial (Rs. crore)		% Achievement	
	Target	Achievement	Target	Achievement	Physical	Financial
2007-08	150000	123789	150.00	132.43	82.53	88.29
2008-09	200000	299764	266.65	316.65	148.91	118.75
2009-10	200000	144999	229.89	229.89	72.50	100.00
2010-11	185493	284763	558.00	521.98	153.51	93.54
2011-12	211316	169247	407.84	323.13	80.09	79.22

Source: Dept of Women and Child Development

Table 10.15: Progress of ICDS scheme through the 11th Five Year Plan

Year	Expenditure (Rs. lakh)	No. of beneficiaries
2007-08	21537.21	3998179
2008-09	24644.90	4245671
2009-10	45473.90	4491148
2010-11	54587.07	4687803
2011-12 (Dec 2011)	45272.62	4676640

Source: Dept of Women and Child Development

At the onset of the 11th five year plan, the nutrition pattern in the state showed that about 47% of the children were normal, about 53% moderately malnourished and 0.3% were severely malnourished. In comparison, as of Dec. 2011, the proportion of normal children stands at 65.17%, with a decrease in the figure of moderately malnourished children at 33.06%. However, the severely malnourished figure has increased to 1.75%.

C. Sabala

Sabala or Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (RGSEAG) is a new scheme of the Government of India. This programme is being implemented in 9 districts of the State on a pilot basis. It is a 100% centrally sponsored programme with the objective of empowering adolescent girls in the age group of 11-18 years by bringing improvement in their nutritional and health status and upgrading various skills like home skills, life skills, and vocational skills. The scheme aims to benefit about 24000 adolescent girls. The budgetary allocation for the 2011-12 is Rs. 433 lakh of which an expenditure of Rs. 137 lakh has been incurred till Dec. 2011.

D. Kishori Shakti Yojana (KSY)

KSY is being continued in rest of the ICDS projects other than the 9 districts wherein SABALA is being implemented. Under KSY,

180 adolescent girls in each project are given 5-days residential training every year from funds released exclusively for the scheme and supplementary nutrition is being provided to 2 adolescent girls in each anganwadi centre.

E. Balasanjeevini

This is a new scheme initiated in the year 2010-11 to focus on rehabilitation and treatment of severely malnourished children. An amount of Rs. 750 is being given to meet therapeutic and medical needs of malnourished children. Children requiring tertiary care receive a maximum of Rs. 35000 and in cases of neonatal care, the amount goes up to Rs. 50000. During the year 2011-12, the budgetary allocation for the scheme is Rs. 1600 lakh and an expenditure of Rs. 653.55 lakh has been incurred till Dec 2011. 2503 children in the age of 0-6 have been treated for acute illness under Balasanjeevini.

F. Integrated Child Protection Scheme (ICPS)

ICPS was launched in 2010-11 with the objective of providing a safe and secure environment in the State for comprehensive development of children who are in need of care and protection as well as children in conflict with the law. ICPS provides preventive and statutory care and rehabilitation services to any vulnerable child including, but not limited to, children of potentially vulnerable families and families at risk, children of socially excluded groups like migrant families, families living in extreme poverty, families subjected to or affected by discrimination and minorities, children infected and / or affected by HIV / AIDS, orphans, child drug abusers, children of substance abusers, child beggars, trafficked or sexually exploited children, children of prisoners, and street and working children.

For the current financial year, an expenditure of Rs 184.91 lakh has been

incurred as against an allocation of Rs 5449.20 lakh.

There are 56 children homes, each housing around 60-120 children, intended for total care and protection of children. Another 43 institutions are run by NGOs for those children sent by the Child Welfare Committee for rehabilitation. There are 16 observation homes which are intended for care and protection of children who are in conflict with law. 4 Shishugruhas are run by the Department to enable adoption of children. 12 Shishugruhas have been sanctioned and 30 NGOs are recognized by the Government as specialised adoption agencies.

Financial assistance is also given to families in the form of sponsorship to enable a child to continue to remain in the family and, continue his/her education. This is an effort towards preventing children from becoming destitute/vulnerable, running away from home, forced into child marriage, child worker etc. The District Child Protection Unit (DCPU) with the help of its social workers, outreach workers, volunteers as well as the village child protection committees identify vulnerable families or children for sponsorship support. DCP units have been formed in all districts of Karnataka under the scheme.

The Juvenile Justice Act envisages an after care programme for children who return from juvenile home, with an objective of

rehabilitating such children and helping them adapt to society.

10.2.6. Way Forward

Though the State has taken many initiatives for empowerment and upliftment of women and protection of children through the five year plans, the results are muted. The Census of India 2011 has shown a marginal improvement in the Sex ratio of 965 in 2001 to 968 in 2011. Notwithstanding the achievements, this leaves Karnataka much behind other southern States. The sex ratio at 0-6 years range is 943 which is a marginal decline from 946 in 2001 (Table 10.16).

The other areas that seek attention going forward into the 12th Five year plan could be (i) The improvement of skill sets of the Stree Shakti groups which would place them on par with other players in the industry in terms of enhanced manufacturing and marketing facilities

(ii) Development of better systems for ICDS and Stree Shakti implementation.

(lii) Malnutrition is again an area of concern, which is intended to be tackled through introducing the proposed village child development centers, better implementation of ICDS and for adolescent girls, extension of the Sabala scheme to other districts.

Also, it is appropriate to note that the Eleventh Plan approach paper had emphasized on programmes for social and

Table 10.16: A comparison of sex ratios among south Indian States

	2001		2011	
	Sex Ratio Total Population	Sex Ratio 0-6 years	Sex Ratio Total Population	Sex Ratio 0-6 years
Karnataka	965	946	968	943
Andhra Pradesh	978	961	992	943
Tamil Nadu	987	942	995	946
Kerala	1058	960	1084	959
All India	933	927	940	914

Source: GOI Census 2011 provisional data

economic growth of women. However, opportunities exist to strengthen the design number and coverage of programmes or schemes relating to economic empowerment of women. The Twelfth Plan would need to focus on this aspect by designing efficient programmes for economic empowerment, while also deepening the reach and impact of social development programmes.

10.3 FOOD SECURITY THROUGH PUBLIC DISTRIBUTION SYSTEM

10.3.1 Provision of Food to the Poor through Public Distribution System in Karnataka

In order to ensure food security to the people who are below the poverty line, the public distribution system (PDS) provides concessional food to the poor. Procurement and supply of food to the State is the responsibility of the Central Government and its distribution through fair price shops (FPSs) is the responsibility of the State Government. Foodgrains are distributed through the PDS to the poor at fixed rates throughout the year. The PDS runs parallel with the market mechanisms to provide food at controlled rates to the poor to provide sustenance and food security to the people for whom food at market prices are beyond reach. As in other States, rice, wheat, sugar, and kerosene oil are distributed through the FPSs in Karnataka as well.

The identification of beneficiary families and allotment of foodgrains to them is the responsibility of the State Government. The issue rates (i.e., the rate at which food is supplied through the FPS to different categories of cardholders) are fixed by the State government, except for those who are eligible under *anthyodaya anna yojana* (AAY) scheme for whom the issue rate is fixed by the Central Government (Table 10.17). The Central Government allotment of foodgrain to the state is for 31.29 lakh families which includes AAY and other below

poverty line (BPL) families. The balance requirement of foodgrains are purchased by the State from the central pool at the above poverty line (APL) rates and distributed at BPL rates to the ration card holders who have been identified by the State Government.

10.3.2 Fair Price Shops

Depending on the topography and existing cardholders, there is one FPS in every Revenue village and, currently, 20436 FPS are operating in the State. In the hilly areas of Dakshina Kannada, Kodagu, Raichur, Mysore and Chamarajanagara, 9 mobile FPS are also working which are operated by the Karnataka Food and Civil Supplies Corporation. Details of the number of FPS in various districts of the State are given in Annexure 1.

10.3.3 Targeted Public Distribution System (TPDS)

The PDS was revamped as targeted public distribution system (TPDS) in 1997 in order to target the system towards the poor. The State government identifies the poor and makes arrangements for the delivery of foodgrains in a transparent and accountable manner to the poor through the FPS. Based on the Planning Commission's criterion, the Government of India has identified 31.29 lakh families in Karnataka as BPL families. The State Government has accepted the Planning Commission's estimates for the AAY families but has not agreed with the BPL estimates. For identification of the same, the State Government conducted a BPL survey in 2005 on the basis of its own criteria. The task of issuing computerized cards with bio-metric indicators and photographs were given to a private agency. It was found that the number of BPL families in the State were more than the number of families as estimated by the Planning Commission for the State. Hence, a massive drive to identify the additional families in the State has been undertaken in

Table 10.17: Issue Prices for the BPL/AAY Food Grains (Rs/Quintal) (2011)

Sl. No	Commodities	Central Issue Price (Rs.)	State Issue Price (Rs.)	Difference (Subsidy borne by the State Government) (Rs.)
AAY Issue Prices				
1	Rice	300.00	300.00	Only the margin amount to the wholesale and retail issues are borne by the state.
2	Wheat	200.00	200.00	
3	Sugar	1767.75	1350.00	GOI bears the difference
BPL issue prices				
1	Rice	565.00	300.00	265.00
2	Wheat	415.00	300.00	160.00
3	Sugar	1767.75	1350.00	GOI bears the difference
APL issue prices (This quantity is for the BPL families identified by the State in addition to the central Government figures)				
1	Rice	830.00	300.00	530.00
2	Wheat	610.00	300.00	355.00

January 2011. The additional cards issued by the private agency have been identified through linking Electricity Revenue Register (RR) number to the urban ration cards and the gram Panchayat household number to the rural ration cards. This process was facilitated by the National Informatics Center (NIC). Consequently, more than 12 lakh cards in urban areas and more than 26 lakh cards in rural areas were identified and cancelled. All the details of this cancellation has been published in the website of the Food and Civil Supplies department.

10.3.4 Anthyodaya Anna Yojana (AAY)

Anthyodaya Anna Yojana (AAY) covers the poorest of the poor and is designed for those

who are not able to afford two square meals per day. They are the poorest segment of the BPL population such as landless agriculture labourers, households headed by widows, terminally-ill persons and elderly persons with no specific income or family persons affected by HIV. These beneficiaries are identified by Panchayats in the gram sabha. Under this scheme, so far, 1199700 families have been identified. 29 kgs of rice at Rs. 3.00 per kg., and 6 kgs of wheat at Rs. 2.00 per kg per month are being provided to these families.

Table 10.18 provides details of numbers of AAY, BPL and APL category as identified by the State Government.

Table 10.18 Number of PDS Cardholders in Karnataka

(lakh)

Annual income	Card type	No of Card holders				2011-12 (upto Dec 11)
		2007-08	2008-09	2009-10	2010-11	
Upto Rs 12000 in rural area and Rs 17000 in urban area	AAY	1199700	1199700	1199700	1128912	1199700
	BPL	5387103	9413430	8643323	8504993	8217916
More than Rs 12000 in rural area and Rs 17000 in urban area	APL	5293443	5297772	5297772	3996511	3240793
Total Cards in the State		11880246	15910902	15140795	13630416	12658409

10.3.5 Allotment and Offtake of Foodgrains

The allocated quota of foodgrains to the State is transported to the State's godowns by the Food Corporation of India (FCI). The subsequent distribution of the foodgrains is the responsibility of the State Government. The State Government has identified agencies for lifting and distribution from FCI wholesale godowns to the taluk godowns in the State. The State Government has two agencies, Karnataka Food And Civil Supplies Corporation Ltd., (KFCSC) which is a Government organization, and Taluk Agricultural Produce Cooperative Marketing Societies (TAPCMS). Under PDS, foodgrains are lifted from FCI godowns and stored in State-owned or hired godowns.

The total capacity of State-owned godowns and hired godowns is indicated in Appendix 10.2. The percentage of allotment and offtake of foodgrains by the State in the last three years is given in Table 10.19.

10.3.6 Sugar Allotment and Offtake

As in the case of rice, the Government of India allots levy sugar from sugar mills under its sugar directorate. Levy sugar, thus collected, is being supplied to the AAY and BPL families through PDS at the rate of Rs. 13.50 per kg. Each cardholder is allotted 1 kg of sugar per card per month. 59 sugar mills are working in Karnataka and sugar is lifted from these factories. Details of allotment and offtake during the past few years in Karnataka are given in Table 10.20.

Table 10.19 Allotment and Off take of foodgrains for different categories

Year	Rice			Wheat		
	Allotment	Off take	Percentage	Allotment	Off take	Percentage
AAY						
2007-08	402885	401669	99	86304	82399	95
2008-09	416508	415779	99	87384	87510	100
2009-10	416508	416343	99	87384	87363	99
2010-11	208254	208267	100	43692	43692	100
2011-12*	242963	242963	100	50974	50890	99.83
BPL (Excluding AAY)						
2007-08	639840	639375	99	130544	123519	95
2008-09	669840	669588	99	129024	129024	100
2009-10	669840	669558	99	140544	140544	100
2010-11	334920	334920	100	70272	70272	100
2011-12*	549995	549995	100	114005	113975	99.97
APL						
2007-08	663586	581695	88	86813	64463	74
2008-09	666102	627387	94	78263	71703	92
2009-10	914170	857699	94	119507	93142	78
2010-11	396178	391735	99	45382	41689	92
2011-12*	537592	493248	92	51263	48171	94

*(till Nov 2011)

Table 10.20: Allotment and Offtake of sugar

Year	Allotment (MTs)	Offtake (MTs)
2008-09	108714.00	73389.41
2009-10	118659.00	81301
2010-11	196330.71	167740.88
2011-12	69184.10	57864.20 (upto Dec. 2011)

10.3.7 Superior Kerosene Oil (SKO)

The allocation quota of the State has been reduced to 44580 KL (from 46900 KL) of SKO since June 2010. SKO is distributed to FPS through designated wholesale distributors and allotment to these wholesalers is fixed by the oil companies. For the distribution of SKO at the household level, ration cards are divided as Gas and Non-Gas cards. The quota of SKO is fixed according to number of gas connections. LPG cards do not get SKO allotment. In January 2011, due to linking of LPG connections of Electricity RR numbers, more than 2288478 LPG connections are identified as fictitious and cancelled. Thus, the State Government has contributed to reduction in the subsidy burden of the Government of India. The retail price of SKO in the State differs across taluks, and between urban and rural areas, as the retail end price is based on the terminal point distance. The retail price varies between Rs. 14.40 to Rs. 15.80 per litre. There are 25567 SKO retail licences in the State, and there are 339 SKO wholesalers of different oil companies in the State. The districtwise list of SKO dealers is given in Annexure 3. In order to avoid misuse, the colour of PDS card for SKO has been made blue and is distributed only to ration card holders. SKO is also given to fishing purposes through permits issued by the deputy commissioners in the coastal districts of

Dakshina Kannada, Udupi and Uttar Kannada. Each permit holder is eligible for 200 litres of SKO per month during the fishing season.

10.3.8 Levy on Rice Millers

Under the Karnataka Rice Millers (Levy) Order 1999 (Essential Commodities Act 1955), levy is imposed on all the working rice mills. These rice mills are required to deposit 33% of the rice milled by them in the form of levy to the Central Government through FCI. The levy period starts in October/November. In 2008-09, the levy collected from rice mills was 96.9 thousand MTs that declined to 75.5 thousand MTs in 2009-10 which further increased to 153.5 thousand MTs in 2010-11. From 2011-2012, the State Government entered into a Memorandum of Understanding (MOU) with the Government of India to become a Decentralized Procurement State (DCP). As a consequence, it is the responsibility of the State to procure rice from millers for PDS. The target fixed for this year was 300000 MTs. KFCSC is the nodal agency for the procurement of rice from the mills.

10.3.9 Food Subsidy and Transportation

The subsidy provided for supply of foodgrains through PDS, the cost of maintaining the stock and, the difference between procurement prices and issue prices borne by the State Government is collectively called as "food subsidy". The State is bearing the cost of transportation to the FPS through its transporters appointed every year. The total amount of food subsidy and transportation cost spent is given in Table 10.21.

10.4. HOUSING

Housing, a basic need, has gradually evolved as a prime component not only as shelter but also by providing employment opportunities and aiding local development. To meet the growing demand of housing, the State Government has been proactive in its housing policies. Housing for the poor and

Table 10.21 Food subsidy & transportation

(Rs. lakh)

Year	2007-08	2008-09	2009-10	2010-11	2011-12 (upto Dec 2011)
Food Subsidy	58529	65142	107499	82296	57773
Transportation (includes BPL and AAY category)	6470	7784	9187	10041	9140
Total	64999	72926	116686	92337	66913

down-trodden assumes greater importance both in Rural and Urban areas in the State. Every successive Government has given greater attention to the problem of housing scarcity and increased the budgetary allocation year after year.

10.4.1 Rajiv Gandhi Housing Corporation Limited (RGRHCL)

The Rajiv Gandhi Rural Housing Corporation Limited was established by the State Government in the year 2000 to implement all the State and Central Government-sponsored housing schemes for economically weaker sections of the society both in rural and urban areas. The main objective of the Corporation is to provide affordable housing for persons belonging to economically weaker sections (EWS) and low income groups (LIG).

During 2009, a survey of hut dwellers was conducted in the State with the aim of

making the State hutless. The survey identified 10.50 lakh hut dwellers in Karnataka.

RGRHCL has been providing houses to its target segments. The Government has increased the unit cost of such houses constantly over a period of time. Details of unit costs are given in Table 10.22.

Details of houses constructed under various schemes and house sites distributed through the Corporation are provided in Table 10.23 and 10.24.

10.4.2 Housing Programmes

Details of achievement against the target under various housing schemes are given in Table 10.25. During 2011-12, the State has allocated Rs. 1002.33 crore for the implementation of housing schemes. As against this, Rs. 432.86 crore has been released and Rs. 317.68 crore has been spent upto December 2011.

Table 10.22: Unit costs of houses provided under housing schemes

Series Year	Unit Cost (Rs.)			
	Rural Ashraya*	Rural Ambedkar	IAY	Urban Ashraya*
2000-01 to 2003-04	20000	20000	20000	25000
2005-06	25000	20000	25000	25000
2006-07	30000	No target	25000	No target
2007-08	No target	30,000	35000	No target
2008-09	40000	40,000	35000	No target
2009-10	No target	40,000	40000	No target
2010-11*	63500	63500	No target	130000
2011-12	No target	No target	63500	No target

*In 2010-11, Rural Ashraya Scheme has been renamed as Basava Vasathi Yojane and Urban Ashraya Scheme has been renamed as Vajpayee Urban Housing Scheme

Table 10.23: Details of Houses Constructed under housing schemes (No.s)

Year	Rural Ashraya**	Rural Ambedkar	Urban Ashraya**	Urban Ambedkar	IAY \$	Total
2000-01	71794	17619	28702	2999	--	121114
2001-02	136886	26489	34274	3058	--	200707
2002-03	115267	18415	20020	1727	--	155429
2003-04	108747	16274	17966	1121	--	144108
2004-05	87382	9054	11905	351	34104	142796
2005-06	78005	6507	8961	118	51339	144930
2006-07	113676	6736	5488	182	47779	173861
2007-08	227858	11628	1452	*	39656	280594
2008-09	192858	13430	2317	*	85459	294064
2009-10	157217	15876	4135	*	155744	332972
2010-11	48422	3692	685	*	95311	148110
2011-12 (upto Dec 2011)	45033	2061	2962	*	15579	65635
Total	1383145	147781	138867	9556	524971	2204320

Note: * Scheme discontinued; ** Rural and Urban Ashraya schemes have been renamed as Basava Vasathi Yojane and Vajpayee Urban Scheme from 2010-11; and \$ Scheme has been implemented by RGRHCL since 2004-05.

Table 10.24: Details of House Sites Distributed

(No.s)

	Rural	Urban	Total
2000-01	13039	16901	29940
2001-02	19784	18167	37951
2002-03	21397	1526	22923
2003-04	7392	3829	11221
2004-05	4762	2379	7141
2005-06	6814	3160	9974
2006-07	2280	3566	5846
2007-08	1191	2066	3257
2008-09	1007	1173	2180
2009-10	34765	2519	37284
2010-11	22992	16983	39975
2011-12 (upto Dec 2011)	6835	5567	12402
Total	142258	77836	220094

10.4.2.1 Rural Ashraya / Basava Vasathi Yojane

This scheme was introduced by the State Government in the year 1991-92 for providing houses to the rural homeless poor. The annual income of the beneficiary is limited to Rs. 11800. Till 2004-05, the beneficiaries were being selected by the ashraya committees headed by the local MLA. From 2005-06, the beneficiaries are selected by gram Panchayats through gram sabhas as per the Panchayat raj amendment Act. Financial assistance of Rs. 40000 per house is being provided under the scheme. 50% of the target is reserved for SCs/STs and 50% is for general categories. For SCs/STs, the entire unit assistance is provided as subsidy while for general category, 50% is subsidy and 50% is a loan which is recoverable in 180 monthly installments. Under this scheme, the Corporation has constructed Rs. 13.38 lakh

Table 10.25: Target and Achievement under Different Housing Schemes

Year	Rural Ashraya		Ambedkar Housing		Urban Ashraya		IAY	
	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement
2007-08	400000	227858	20000	11628	25000	1452	75000	39656
2008-09	335263	192858	26204	13430	30096	2317	164986	85459
2009-10	175000	157217	15000	15876	1000	4135	125000	155744
2010-11	176500	48422	12000	3692	26500	685	85000	95311
2011-12*	130000	45033	8000	2061	32000	2962	100000	15579
Total	1216763	671388	81204	46687	123596	11551	549986	391749

Note: * Upto December 2011.

houses during 2000-01 to 2010-11. During 2011-12, it has been targeted to complete 1.30 lakh houses of which 45033 houses have been constructed upto the end of December 2011.

10.4.2.2 Ambedkar Housing Scheme

This scheme is implemented for rural houseless poor belonging to SCs/STs. The annual income of the beneficiary is limited to Rs.11800. The beneficiaries are selected by the gram Panchayats through gram sabhas. The unit assistance per house has been enhanced from Rs. 40000 to Rs. 63500 from 2010-11 (Rs. 50000 as subsidy, Rs. 10000 as bank loan and Rs. 3500 being beneficiary contribution). 1.46 lakh houses have been constructed during 2000-01 to 2010-11. During 2011-12, it has been targeted to complete 8000 houses of which 2061 houses have been constructed upto the end of December 2011.

10.4.2.3 Indira Awaas Yojana

This Centrally-sponsored scheme was introduced during 1989-90. This scheme is implemented for rural BPL houseless families. As per the guidelines, 60% of the target is earmarked for SCs/STs, 15% for religious minorities and remaining for others. The Centre has enhanced the unit cost from Rs. 35000 to Rs. 45000 from 2010-11. The scheme is funded in the proportion of 3:1 between the Centre and

the State. In addition to the State's share, an additional subsidy component of Rs. 5000 is provided to each beneficiary to avoid anomalies in the unit cost. The scheme is being implemented by the RGRHCL from 2004-05. From 2004-05 to 2011-12, 5.25 lakh houses have been constructed upto the end of December 2011. For the year 2011-12, 15579 houses have been completed as against the target of 1 lakh till the end of December 2011.

10.4.2.4 Urban Ashraya / Vajpayee Urban Housing Scheme

Urban ashraya, introduced during 1991-92, is a State-sponsored scheme implemented for the urban poor. The annual income of the beneficiary is limited to Rs. 11800. The beneficiaries are selected by the ashraya Committee comprising both official and non-official members appointed by the Government and, this committee is headed by the local MLA. The unit cost under this scheme is Rs. 30000 of which Rs. 25000 is a loan from the Government to all the beneficiaries and Rs. 5000 is the beneficiary contribution. The loan provided to the beneficiaries is recovered in 180 monthly installments. During the period 2000-01 to 2010-11, 1.39 lakh houses have been completed.

During 2010-11, this scheme has been renamed as Vajpayee urban housing

scheme with an enhanced unit cost of Rs.1.30 lakh, including Rs. 50000 subsidy from the State, Rs. 50000 bank loan and Rs. 30000 of beneficiary contribution. During the period 2000-01 to 2010-11, 1.36 lakh houses have been completed. For the year 2011-12, it has been targeted to complete 32000 houses against which, 2962 houses have been completed.

10.4.2.5 House Sites

Dwelling sites are distributed free of cost to poor siteless families both in urban and rural areas to the beneficiaries whose annual income is less than Rs. 11800. This scheme was introduced during 1992-93. During 2000-01 to 2011-12 (till December 2011), 2.20 lakh sites have been distributed (1.42 lakh in rural and 0.78 lakh in urban areas). For the year 2011-12, it has been targeted to distribute 2.00 lakh sites (1.50 lakh in rural and 0.50 lakh in urban areas). Against this, 12,402 sites have been distributed till December 2011 (Table 10.26).

10.4.2.6 Nanna Mane (Affordable Housing for Low income groups)

During 2010-11, the State has introduced a new scheme to benefit the people above poverty line by providing affordable houses to the low income group families like auto drivers, film industry workers, un-organised sector workers, beedi workers, hamals, street vendors etc. The annual income of the

beneficiary is limited to Rs. 1.00 lakh. Four projects have been taken up during 2011-12 in and around Bangalore viz., Talaguppa near Bidadi, Singanayakanahalli, Hunasamaranahalli and Kodathi under G+2 concept. The unit cost of the flat is Rs. 3.90 lakh, Rs. 4.25 lakh and Rs. 5.20 lakh respectively for different floors.

10.4.3 Expenditure on EWS Housing

The State's expenditure on economically weaker sections (EWS) housing schemes has been constantly increasing during 2000-01 to 2011-12. During this period, the State Government has spent Rs. 6225.22 crore, including Rs. 1947.12 crore on Centrally sponsored scheme of Indira Awaas Yojana and Rs. 4278.10 crore on the State-sponsored EWS housing schemes. The details of expenditure on EWS housing are furnished in Table 10.27.

10.4.4 Karnataka Housing Board

In order to provide sustainable, equitable, eco-friendly and affordable housing, the Karnataka Housing Board (KHB) has been established under the Karnataka housing board Act 1962. The prime objective of the board is 'to make such schemes and to carry out such works as are necessary for the purpose of dealing with and satisfying the need of housing accommodation'. KHB endeavors to provide housing to people of Karnataka at affordable cost.

Table 10.26: Progress of House Site Scheme

(No.s)

Year	Rural House Site			Urban House Site			Total		
	Target	Ach.	% of Ach.	Target	Ach.	% of Ach.	Target	Ach.	% of Ach.
2007-08	10000	1191	11.91	10000	2066	20.66	20000	3257	16.29
2008-09	10000	1007	10.07	10000	1173	11.73	20000	2180	10.90
2009-10	10000	34765	347.65	10000	2519	25.19	20000	37284	186.42
2010-11	200000	22992	11.50	50000	16983	33.97	250000	39975	15.99
2011-12*	150000	6835	4.56	50000	5567	11.13	200000	12402	6.20
Total	380000	66790	17.58	130000	28308	21.78	510000	95098	18.65

Note: *Upto December 2011

Table 10.27 Expenditure Incurred on EWS housing (2000-01 to 2011-12) (Rs. crore)

Year	Housing Schemes in Rural and Urban Areas				
	Rural Ashraya	Rural Ambedkar	Indira Awas Yojana \$	Urban Ashraya	Total
2000-01	143.59	35.24	--	77.75	256.58
2001-02	273.77	52.98	--	91.80	418.55
2002-03	230.53	36.83	--	53.50	320.86
2003-04	217.49	32.55	--	38.17	288.21
2004-05	174.76	18.11	68.21	30.46	291.54
2005-06	156.01	13.01	128.35	22.64	320.01
2006-07	255.90	13.47	119.45	14.08	402.90
2007-08	617.15	23.26	99.14	3.63	743.18
2008-09	558.69	36.34	325.46	5.79	926.28
2009-10	373.04	38.11	545.10	7.53	963.78
2010-11	219.24	25.27	482.49	3.43	730.43
2011-12 (upto Dec. 2011)	290.51	22.48	178.92	70.99	562.90
Total	3510.68	347.65	1947.12	419.77	6225.22

10.4.4.1 Major Programmes

i. 100 Housing Projects

This project is implemented since 2002. Out of 100 housing projects, 84 have been accomplished at a cost of Rs. 909.24 crore. 6022 houses and 24399 house sites have been developed. 16 projects with an estimated cost of Rs. 131.42 crore are under execution.

ii. Suvarna Karnataka Housing Project

Out of 50 housing projects implemented under suvarna Karnataka programme from 2007, 12 schemes have been completed at a cost of Rs. 68.94 crore. Through these, 202 houses and 1919 sites have been developed / constructed. 28 Schemes at a cost of Rs. 1293.42 crore are under implementation to develop 18374 sites and to construct 1896 houses. 10 Schemes are under formulation.

iii. 225 housing schemes for the year 2010-11

225 housing schemes have been taken up during 2010-11 to develop 305786 sites and

to construct 131051 houses. Execution of 22 schemes at a project cost of Rs. 1742.66 crore is under progress to construct 2627 houses and develop 26664 sites. 15 Schemes are under formulation. The process of land acquisition is under progress for the remaining schemes. Details of houses constructed, sites formed and expenditure incurred during the period 2006-07 to 2011-12 are furnished in Table 10.28. Details of Houses/Sites/CA sites allotted to the public during 2006-07 to 2011-12 are provided in Table 10.29.

iv. National Games Village Project

Under National games village project, houses have been constructed by raising loan from Housing and Urban Development Corporation Limited (HUDCO). Rs. 22.16 crore has been allocated during 2011-12 for repayment.

v. Asare Housing Scheme

Construction of houses for flood affected families in Bijapur and Bagalkot districts has been taken up with a plinth area of 300 sq. ft

Table 10.28: KHB's Schemes Completed, assets Created and Expenditure

Year	Schemes completed (Nos.)				Assets Created (Nos.)			Expenditure (Rs. lakh)
	100 Housing Scheme	Suvarna Karnataka	Board schemes	Total	Houses Constructed	Sites formed	Total	
2006-07	7		2	9	456	2227	2683	4061.42
2007-08	6		1	7	155	1442	1597	2816.23
2008-09	9			9	2436	6481	8917	37640.83
2009-10	8	2		10	431	2117	2548	5388.89
2010-11	7	3		10	713	4578	5291	18431.33
2011-12 (Upto Dec 2011)	1	7		8	188	1022	1210	5065.00
Total	18	12	3	53	4379	17867	22246	73403.70

Table 10.29: KHB's Houses, Sites and CA sites / Commercial Shops allotted (No.s)

Year	Houses					Sites					CA Sites /Commercial Shops
	EWS	LIG	MIG	HIG	Total	EWS	LIG	MIG	HIG	Total	
2006-07		2093	1273	281	3647		1779	2162	528	4469	
2007-08	5	1326	784	245	2360	5	1147	1358	573	3083	
2008-09	19	316	537	75	947	4	2396	2162	1049	5611	
2009-10	54	330	218	8	610	14	1492	1153	714	3373	537
2010-11	5	222	257	36	519	1249	3467	3504	2456	10676	1368
2011-12 (Up to Dec 11)	1	637	515	127	1280	1851	2356	2369	934	7510	87

at an estimated unit cost of Rs 1.40 lakh. 3483 houses have been sanctioned in 15 villages of Bagalkot district of which construction of 3183 houses has been completed. The construction of 300 houses is under progress. In Bijapur district, out of 1299 houses sanctioned for 8 villages, construction of 1157 houses has been completed and 142 houses are under progress. Construction of remaining houses will be completed shortly.

10.4.5 Karnataka Slum Development Board

Improvement of the environmental conditions of slums through the provision of basic amenities like drinking water, toilets, drainage, roads, streetlights, etc., are being

taken up through the Karnataka Slum Development Board. 2722 slums having a population of 40.50 lakhs covering 6.18 lakh households have been identified.

The Centrally sponsored scheme of Basic Services to the Urban Poor (BSUP) is being implemented in both Bangalore and Mysore to construct houses for slum-dwellers and the Integrated Housing and Slum Development Programme (IHSDP) provides housing to slum-dwellers and also improves the environmental conditions of the slums. The board is implementing schemes such as slum improvement programme, Jawaharlal Nehru national urban renewal mission (JNNURM) - Basic Services to Urban Poor (BSUP) and

Integrated Housing and Slum Development Programme (IHSDP). A brief progress of the schemes is presented below.

10.4.5.1 Slum Improvement Programme

In order to provide basic facilities in slum areas, the slum improvement programme is being implemented since 2002-03. In the first phase, 260 slums in 21 Class-I cities and, in the second phase, 265 slums of 17 Class-I cities of the State have been identified to provide basic amenities to the slumdwellers. During 2010-11, an amount of Rs. 50 lakh has been fully utilized for improvement of slums. In the current year, out of the budgeted outlay of Rs. 100 lakh, an amount of Rs. 75 lakh has been utilized upto end of December 2011.

10.4.5.2 Jawaharlal Nehru National Urban Renewal Mission (JNNURM)

The Government of India has launched a 7-year urban reforms-linked infrastructure development and housing programme in a mission mode as JNNURM on 3rd December 2005. This mission has two main components viz, Basic Services to the Urban Poor (BSUP) and Integrated Housing and Slum Development Programme (IHSDP). This has provided an opportunity for integrated development of the cities and towns of the State to cater to the present and future needs of urban areas for growth and better living. The thrust areas of the mission are sewerage, water supply, electricity and housing for urban poor, etc.

i) Basic Services to the Urban Poor (BSUP)

This programme has been launched to provide housing and infrastructural facilities for the urban poor in cities and towns.. Among 65 cities in the Country, Bangalore and Mysore cities from Karnataka have been selected. Basic services such as security of tenure at affordable prices, improved housing, water supply, sanitation, and better delivery of existing services such as education, health and social security are

the focus areas of this project.

The Central Sanctioning and Monitoring Committee (CSMC) of the Ministry of Housing and Urban Poverty Alleviation (MoHUPA) has sanctioned 18180 houses including infrastructure in 3 phases in selected slums of Bangalore city at an estimated cost of Rs. 522.23 crore and 6328 houses in Mysore city with an estimated cost of Rs. 203.97 crore. The allocation has to be shared equally by the centre and the State. The State's share includes beneficiary contribution of 10% for SC/ST while, for others, it is 12%. For Mysore city, the Centre's share is 80% and the remaining 20% will have to be borne by the State. The beneficiary contribution will be the same as that of beneficiaries in Bangalore city.

The State has adopted a novel cost-effective and fast track construction technology called "foam technology" for ground floor houses, and for G+3 houses, monolithic shear wall technology on pilot basis for construction of dwelling units with infrastructure works under JNNURM-BSUP. This technology is eco-friendly, results in reduction in construction cost by 10% and time by 25%, is more stable and long lasting and, is user friendly. This technology results in avoidance of use of conventional bricks and cement blocks. Since the inception of BSUP, out of 24508 houses, 12774 houses have been completed and, 7401 houses are at various stages of construction upto end of December 2011. The phasewise details of the project and the expenditure incurred and physical progress are furnished in Table 10.30.

ii) Integrated Housing & Slum Development Programme (IHSDP)

The housing and slum upgradation programme in Non-BSUP cities is being taken up through IHSDP from December 2005 by integrating the Valmiki Ambedkar Awas Yojana (VAMBAY) and National Development Programme (NSDP) with the

Table 10.30: Houses Sanctioned and Cost of the Project under JNNURM

Phases	Year	City	No. of Houses Sanctioned	Total Project Cost (Revised) (Rs. crore)	Amount Released (Rs. crore)	Expenditure (Rs. crore)	No. of houses completed
Phase I	2006-07	Bangalore	11603	261.17	155.4	189.77	7346
	Oct 2008	Mysore	2788	65.27	31.45	52.74	2436
Phase II	2007-08	Bangalore	3151	124.27	79.15	42.27	809
	March 08	Mysore	2500	90.93	58.03	51.97	1784
Phase III	2008-09	Bangalore	3426	136.79	36.73	28.37	367
	June 2010	Mysore	1040	47.76	20.21	17.49	32
Total			24508	726.19	380.97	382.61	12774

objective of ameliorating the conditions of slum-dwellers who do not possess adequate shelter and basic facilities and, to strive for slumless cities with a healthy living and good environment and, enhance public and private investment in housing and infrastructure development in urban areas.

The Central Sanctioning and Monitoring Committee (CSMC) of Ministry of Housing and Urban Poverty Alleviation (MoHUPA) has sanctioned 34 projects for Karnataka in 2 phases with a revised cost of Rs. 410.80 crore for constructing 17237 houses to be shared in the proportion of 4:1 between the centre and the State. Of the State's share,

beneficiary contribution is 10%. As of end of December 2011, construction of 11788 houses has been completed, 4254 houses are in different stages of completion and the remaining 1195 houses are yet to be taken up. Detailed progress achieved under IHSDP is given in Table 10.31 and 10.32.

10.4.5.3 Rajiv Awaas Yojana

In order to make the country slum free by providing infrastructure facilities to slum-dwellers, Rajiv Awaas Yojana has been introduced on the similar lines of Indira Awaas Yojana since 2009-10. Under this programme, Karnataka has been selected to make the State free from slums by 2017.

Table 10.31 Progress of Integrated Housing & Slum Development Programme

No. of City/Town	No. of houses sanctioned	Revised Project Cost (Rs. crore)	Amount released (Rs. crore)	Expenditure (Rs. crore)	No. of houses completed
25 City/towns	13053	277.90	215.59	195.80	9037
8 City/Towns	4184	132.90	84.90	83.93	2751
Total	17237	410.80	300.49	279.73	11788

Note: * Upto December 2011. Budget allocation, funds released, and expenditure Rs. Lakh. Physical achievements in Nos.

Table 10.32 Details of Physical progress under IHSDP

Year	Target	Achievement
2009-10	11500	5500
2010-11	9691	3546
2011-12	8191	2742
	29382	11788

The Rajiv Awaas Yojana envisages 25 sq.m of carpet area with necessary infrastructure to every family in the slum with the funding pattern of 50% of the funds flowing from the Government of India and the balance of 40% and 10% to be met by the State Government and beneficiaries respectively. The scheme provides for a separate living room, bedroom, kitchen, separate bathroom, toilet and other basic amenities. Under this programme, 10 cities/ towns of the State have been covered under phase-I. A pilot project DPR has been prepared. The Karnataka Slum Development Board has been entrusted with the responsibility of implementing this scheme.

10.5. WELFARE PROGRAMMES FOR SCs, STs, BCs, MINORITIES, SENIOR CITIZEN AND DISABLED PERSONS

In its endeavour towards ensuring “faster, sustainable and more inclusive growth”, the Government of Karnataka has committed to itself for improving capabilities and productive endowments among the economically disadvantaged and socially marginalized sections of the State. In this direction, the welfare departments and development corporations of the State are implementing several multi-faceted and multi-pronged programmes for welfare of SCs, STs, BCs, minorities, disabled and senior citizens and thereby placing them on the path of mainstream development. A brief progress of the schemes implemented by the Department of Social Welfare and Development Corporations during the last five years for the benefit of the weaker sections of the society is summarized in this section.

10.5.1. Welfare Programmes for SCs

SCs continue to be deprived of access to education, health care facilities, housing, sanitation, productive assets like land, etc., the Department of Social Welfare and the Development Corporations are

implementing various schemes for their socio-economic upliftment.

10.5.1.1 Department of Social Welfare

As education is considered to be an engine of inclusive growth, improvement in educational status among the SC community has been attempted by implementing several schemes, providing admission to meritorious students in prestigious schools, pre- and post-metric scholarships, prize money to meritorious students, hostel facilities, grants-in-aid for hostels, running special schools, etc. The progress of schemes implemented during the last five years to encourage the students of SCs for continuing their education from school Level to higher education level is summarized below.

i. Admission of Meritorious Students in Prestigious School

In order to provide quality education, meritorious SC students are being admitted to 5th to 10th standards in reputed institutions in the State. There has been a rapid increase in the budgetary allocation, expenditure and number of students taking admission under the scheme during the last five years. For the year 2011-12, an amount of Rs. 900.00 lakh out of the budgetary allocation of Rs. 1200.00 lakh (75%) has been spent for benefiting 3269 student till the end of December 2011 (Table 10.33).

ii. Pre-matric Scholarships

In order to encourage the children belonging to SC households whose annual income is less than Rs. 2.00 lakh, a Pre-Matric scholarship of Rs. 250 for boys studying from 1st to 7th standards, and Rs. 350 for girls studying from 6th to 7th standards and Rs. 500 for boys and Rs. 700 for girls studying from 8th to 10th standards is being sanctioned annually. While there has been a gradual increase in budgetary allocation, the percentage of expenditure is slowing down during the last five years (For details, see Table 10.34).

Table 10.33: Progress of the Scheme for Admission of Meritorious Students

Year	Budget allocation	Funds released	Expenditure	% of expenditure	Physical achievement (Students)
2007-08	204.90	204.90	204.90	100.00	964
2008-09	470.00	470.00	370.78	78.89	1607
2009-10	600.00	600.00	600.00	100.00	2497
2010-11	850.00	850.00	850.00	100.00	3110
2011-12*	1200.00	900.00	900.00	75.00	3269

Note: * Upto December 2011. Budget allocation, funds released, and expenditure Rs. Lakh. Physical achievements in Nos.

Table 10.34: Progress of the Scheme for Pre-Matric Scholarships (Taluk level)

Year	Budget Allocation (Rs. lakh)	Funds released (Rs. lakh)	Expenditure (Rs. lakh)	% of expenditure	Physical achievement (Students)
2007-08	1169.35	1155.57	1107.44	94.71	1153773
2008-09	1365.63	1336.08	1243.75	91.08	1326345
2009-10	1615.30	1592.92	1458.53	90.29	1514327
2010-11	1689.28	1676.45	1415.37	83.79	1313632
2011-12*	5912.42	2331.22	629.77	10.65	205545

Note: * Upto December 2011.

iii. Post-matric Scholarships

Post-matric scholarship is sanctioned for children whose parents' household annual income is less than Rs. 2.00 lakhs. Maintenance allowance of day scholars will be credited directly to the student's bank account. The maintenance allowance of hostellers will be credited directly to the concerned bank account of the hostel warden. The course fee fixed by the competent authority will be credited to the

bank account of the college principal. The progress of the scheme during the last five years is given in Table 10.35.

iv. Prize Money to Meritorious Students

In order to encourage the SC students to score higher marks and secure ranks, various incentive schemes such as prize money to SSLC students, prize money to college students, one-time financial assistance to students who secure admission in prestigious institutions like

Table 10.35 Progress of Post-Matric Scholarship Scheme

Year	Budget allocation (Rs. lakh)	Expenditure (Rs. lakh)	% of Expenditure	Physical achievement (Students)
2007-08	15251.54	14933.93	97.92	315956
2008-09#	16524.20	16524.20	100.00	226970
2009-10	20803.94	23701.44	113.93	272810
2010-11	25596.06	19085.26	74.56	219437
2011-12*	21300.06	4605.32	21.62	66648

Note: *Upto December 2011; # The budget allocation for 2008-09 also includes additional grants.

IITs/IIMs & IISc, prize money to rankholders and financial assistance to SC students who study in foreign universities are sanctioned, as per the criteria set by the department. In recent years, a greater amount of money has been earmarked for the benefits of SC students. For the year 2011-12, a sum of Rs. 800.00 lakh has been spent against the budgetary allocation of Rs. 1600.00 lakh covering 16000 students till the end of December 2011 (Table 10.36).

v. Pre-matric Hostels

Pre-matric hostel facilities such as boarding and lodging with free textbooks and notebooks, toothpaste, hair oil, uniform dress, bedding, etc are being provided to SC students who are studying from 5th to 10th standards. During the last five years, an amount of Rs. 58990.04 lakh has been allocated, against which Rs. 53968.73 lakh, accounting for 92% of allocation has been spent, benefitting 320725 students (Table 10.37).

vi. Post-Matric Hostels

In order to encourage SC students to pursue their higher education in college level, the Government is running 415 post-matric hostels by accommodating 62368 students who are eligible for the Government of India scholarship. For the maintenance of these hostels, the Government has incurred expenditure as shown in Table 10.38.

vii. Construction of Hostel Buildings

Hostels, pre-matric and post-matric hostel buildings for students belonging to the SC community are constructed. During the last five years, the budgetary allocation as well as expenditure has increased significantly for construction of hostel buildings. For the year 2011-12, Rs. 2117.00 lakh has been spent out of the budgetary allocation of Rs. 10500.00 lakh, for constructing 31 hostels till the end of December 2011 (For details, see Table 10.39).

Table 10.36: Progress of the Scheme for Prize Money to Meritorious Students

Year	Budget allocation (Rs. lakh)	Expenditure (Rs. lakh)	% of expenditure	Physical target and achievement
2007-08	50.00	46.50	93.00	359
2008-09	50.00	46.665	93.33	338
2009-10	1629.00	1628.99	100.00	26352
2010-11	1540.00	1309.31	85.02	19772
2011-12*	1600.00	800.00	50.00	16000

Note: * Upto December 2011. Physical achievements in Nos.

Table 10.37: Progress of Pre-matric Hostel Scheme

Year	Budget Allocation (Rs. lakh)	Expenditure (Rs. lakh)	% of Expenditure	Physical achievement (Student)
2007-08	9309.06	9392.66	100.89	65867
2008-09	11375.18	11375.18	100.00	78765
2009-10	11455.44	11375.18	99.30	87370
2010-11	12897.99	12827.91	99.45	98526
2011-12	14627.87	8997.80	61.51	31702

Note: * Upto December 2011. Physical achievements in Nos.

Table 10.38: Progress of Post-matric Hostel Scheme

Year	Budget allocation	Expenditure	% of expenditure	Number of beneficiaries (Students)
2007-08	1166.04	1256.41	107.75	20993
2008-09	2430.89	2549.20	104.87	42155
2009-10	3539.52	3278.87	92.64	62168
2010-11	3095.51	2929.73	94.64	62168
2011-12	4080.50	2140.73	52.46	62368

Note: * Upto December 2011. Budget allocation and expenditure in Rs. Lakh. Physical achievements in Nos.

Table 10.39: Progress of the Scheme for Construction of Hostel Buildings

Year	Budget Allocation	Funds released	Expenditure	% of expenditure	Physical target	Physical achievement
2007-08	1949.86	1949.86	1949.86	100.00	31	31
2008-09	2191.00	2191.00	2191.00	100.00	53	52
2009-10	10076.00	6862.50	6862.50	68.10	134	128
2010-11	9700.00	9201.15	8070.69	83.20	211	26
2011-12	10500.00	3800.00	2117.00	20.16	31	0

Note: * Upto December 2011. Budget allocation, funds released, and expenditure in Rs. Lakh. Physical target and achievement in Nos.

viii. Assistance to Grant-in-aid Hostels

Providing financial assistance to voluntary organizations for maintenance of 249 grant-in-aid hostels in the State to meet boarding charges of the students is another scheme that is being implemented by the department. The detailed progress of the scheme is presented in Table 10.40.

ix. Residential schools

(a) Residential schools

In order to encourage the SC children studying from 1st to 5th standards, the social welfare department is running 91 residential schools. Food, books, uniforms, beds, oil, soap, medical facility etc., are being provided to the children.

Table 10.40: Progress of the Scheme for Assistance to Grant-in-aid Hostels

Year	Budget allocation	Funds released	Expenditure	% of expenditure	Number of students
2007-08	584.91	572.37	508.49	86.93	14429
2008-09	606.37	588.07	544.59	89.81	14456
2009-10	760.67	758.67	589.89	77.55	14900
2010-11	656.23	644.86	540.72	82.40	15165
2011-12*	722.54	313.77	114.95	15.91	15165

Note: Upto December 2011. Budget allocation, funds released, and expenditure in Rs. Lakh.

(b) Morarji Desai Residential Schools

The Department of social welfare is also running 152 Morarji Desai residential schools for the children studying from 5th to 10th standards by providing the basic requirements such as food, books, uniforms, beds, oil, soap, medical facility etc. During the last five years, the budgetary allocation and expenditure was reported to be progressive. Detailed progress of the scheme for residential schools including Morarji Desai residential schools during the last five years is provided in Table 10.41.

x. Ambedkar Housing Scheme under Scheduled Caste Sub-Plan

Towards providing housing facilities to SC households living below the poverty line, the Ambedkar housing scheme is being implemented by the Rajiv Gandhi housing corporation. For the year 2008-09, an amount of Rs. 4848.52 lakh had been earmarked and spent, whereas a sum of Rs. 625.00 lakh was spent against the

earmarked amount of Rs. 2500.00 lakh for the year 2009-10. During 2010-11, the earmarked amount of Rs. 3000.00 lakh had been spent for construction of houses till the end of March- 2011. For the year 2011-12, funds have not been earmarked for this scheme.

xi. Compensation to SC/ST Victims

Atrocity cases against SC/ST members by the non-SC/ST members are registered under the Prevention of Atrocity Act 1989. The district administrator is in-charge of initiating measures for immediate relief under rehabilitation of victims of atrocity apart from giving them security under law and order. The progress of the scheme is presented in Table 10.42.

xii. Scheduled Caste Sub-Plan (SCP)

In order to ensure overall development of the SC community, the scheduled caste sub-plan (SCSP) is being implemented through various departments in the State. A specific budgetary provision under all sectors of the

Table 10.41: Progress of the Scheme for Morarji Desai Residential Schools

Year	Budget Allocation	Expenditure	% of expenditure	No of Beneficiaries
2007-08	812.27	752.22	92.61	1277
2008-09	5262.35	4638.00	88.14	35407
2009-10	7134.57	6689.49	93.76	34455
2010-11	7207.65	6834.20	94.82	43804
2011-12*	7830.47	4372.34	55.84	33000

Note: *Upto December 2011. Budget allocation and expenditure in Rs. lakh.

Table 10.42: Progress of the Scheme for Compensation to SC/ST Victims

Year	Budget Allocation	Expenditure	% of expenditure	No of beneficiaries
2007-08	704.00	704.00	100.0	1157
2008-09	704.00	677.23	96.2	1860
2009-10	704.00	704.00	100.0	1466
2010-11	704.00	578.92	82.2	2053
2011-12*	400.00	—	—	—

Note: * Funds are not released upto December 2011. Budget allocation and expenditure in Rs. lakh.

State annual plan is made by the State Government for socio-economic development of SCs. The progress of the plan during the last five years is illustrated in Table 10.43.

xiii. SCSP Pooled Funds

The pooling of funds under SCSP allocation is also another strategic approach adopted by the department for socio-economic upliftment of SCs. The funds are pooled from the departments which fail to submit their action plan under the SCSP and are unable to formulate scheme/programmes that directly benefit the SC community. The progress of the scheme during the last five years is presented in Table 10.44.

10.5.1.2 Dr. B.R. Ambedkar Development Corporation (BRADC)

The Government of Karnataka is implementing several programmes for

economic betterment of SC community through the Dr. B.R. Ambedkar Development Corporation Ltd., (BRADC), Bangalore. The progress of important programmes implemented by the Development Corporation is described below.

i. Self-employment Programme

To enable unemployed, underemployed SC persons to take up gainful economic activities and improve their economic status, the corporation provides financial assistance through banks and financial institutions. The budgetary allocation increased from Rs. 900.00 lakh during 2007-08 to Rs. 2200.00 lakh in 2011-12. At the same time, the subsidy component under the programs has also increased. A considerable improvement has been observed in terms of expenditure and coverage of beneficiaries during the last 2-3

Table 10.43: Progress of Scheduled Caste Sub-Plan

(Rs. lakh)

Year	Allocation			Expenditure			% of expenditure		
	State	District	All	State	District	All	State	District	All
2007-08	256002	35466	291468	135499	62763	198262	52.93	176.97	68.02
2008-09	275006	48238	323244	203970	53599	257568	74.17	111.11	79.68
2009-10	241311	50348	291659	192841	52905	245747	79.91	105.08	84.26
2010-11	274158	52644	326803	240685	51917	292602	87.79	98.62	89.53
2011-12*	394222	69116	463338	193802	28430	222232	49.16	41.13	47.96

Note: * Upto December 2011.

Table 10.44: Progress of SCSP Pooled funds Scheme (Rs. crore)

Year	Pooled fund Allocation	Release and Expenditure	% of expenditure
2007-08	130.61	130.61	100.00
2008-09	151.21	151.21	100.00
2009-10	478.54	348.54	72.83
2010-11	682.37	682.37	100.00
2011-12*	700.00	390.00	55.71

Note: * Upto December 2011.

years. For the year 2011-12, a sum of Rs. 2144.68 lakh has been spent covering 4335 unemployed and/or underemployed persons in the State till the end of December 2011 (Table 10.45).

ii. Land Purchase Scheme

Towards improving the productive assets of SC landless agricultural labourers, this scheme has been launched in 1990-91. A total of 2 acres of dryland or 1 acre of wetland is being given to the beneficiaries. Out of the total cost, 50 % will be treated as subsidy and 50% as term loan with 6% interest rate which has to be repaid in 10 annual equal installments. A total of Rs. 4122.16 lakh was spent to purchase 8155.09 acres of land covering 4755 beneficiaries during 2007-08 to 2010-11. For the year 2011-12, an amount of Rs. 648.64 lakh has been spent for purchase of

592.15 acres of land, benefitting 351 beneficiaries till the end of December 2011. Table 10.46 provides the detailed progress of the scheme during the last five years.

iii. Ganga Kalyana Yojana

a. Community irrigation/lift irrigation scheme: Free irrigation facility by lifting water from the perennial rivers, streams, etc is being provided to a group of SC land holders who own 8-15 acres of land. During 2007-08, Rs. 345.17 lakh was spent for completion of 52 irrigation projects & 20 wells covering 348 SC farmers. During 2008-09, Rs. 260.31 lakh was spent for completion of 49 irrigation projects covering 309 SC farmers, and a sum of Rs. 256.06 lakh was spent for completion of 47 irrigation projects benefitting 198 SC farmers during 2009-10. For the year 2010-11, an amount of Rs. 2.69 lakh has been spent for meeting

Table 10.45 Progress of Self-employment Programme

Year	Budget allocation	Funds released	Expenditure			Total	No. of beneficiaries
			Subsidy (State)	Margin Money	Term loan (NSCFDC)		
2007-08	900.00	900.00	811.15	761.05	1455.97	3028.17	11158
2008-09	1000.00	650.00	648.70	423.28	630.63	1702.61	7864
2009-10	1700.00	700.00	848.61	675.38	947.18	2471.17	11608
2010-11	1300.00	1200.00	941.47	668.82	956.91	2567.20	12391
2011-12*	2200.00	1650.00	1068.20	413.34	663.14	2144.68	4335

Note: * Upto December 2011: Margin Money spent out of Share Capital funds. Budget allocation, funds released, and expenditure in Rs. Lakh.

Table 10.46: Progress of Land Purchase Scheme

Year	Budget allocation	Funds released (Subsidy)	Expenditure			No. of beneficiaries	Land Purchase (Acres)
			Subsidy (State)	Term loan (NSCFDC)	Total		
2007-08	950.00	950.00	680.16	680.16	1360.32	1965	3370.15
2008-09	1000.00	350.00	357.52	357.52	715.04	869	1515.34
2009-10	1200.00	737.00	421.44	421.44	842.88	936	1539.55
2010-11	700.00	600.00	601.96	601.96	1203.92	985	1730.05
2011-12*	3000.00	3000.00	324.32	324.32	648.64	351	592.15

Note: * Upto December 2011 and it also includes pooled funds. Budget allocation, funds released, and expenditure in Rs. Lakh.

the expenses towards pipelines. For the year 2011-12, measures are in place to take up 143 irrigation projects covering 638 beneficiaries. A backlog of 189 projects was completed to the tune of Rs. 631.56 lakh covering 1002 beneficiaries till the end of December 2011.

b. Individual irrigation borewell scheme: For the benefit of individual SC farmers, individual irrigation borewells along with pumpsets are being granted to small and marginal SC farmers. The details of the scheme are provided in Table 10.47.

c. Energisation of Irrigation Borewells: In order to reduce regional disparities, as per the recommendations made by the High Power Committee for Redressal of Regional Imbalances headed by the late Dr. D.M. Nanjundappa, financial assistance to ESCOMS for energisation of irrigation

borewells in backward taluks is being provided under the SCSP pooled funds. The progress of the scheme is shown in Table 10.48.

iv. Micro credit finance scheme (small loan)

In order to enable skilled and unskilled SC persons in semi-urban and urban areas to set up their own petty business, micro credit is being sanctioned at a unit cost of Rs. 5000 per beneficiary, of which a subsidy of Rs. 2500 and a loan of Rs. 2500 will be sanctioned. A total of Rs. 1345 lakh was allocated, of which 80% (Rs. 1072.20 lakh) was spent covering 23611 beneficiaries during 2007-08 to 2010-11. For the year 2011-12, about 50% of the budgetary allocation of Rs. 550.00 lakh has been spent benefitting 2210 SC persons till the end of December 2011 (Table 10.49).

Table 10.47: Progress of Individual Irrigation Borewell Scheme

Year	Budget allocation	Funds released (Subsidy)	Expenditure			No. of beneficiaries
			Subsidy (State)	Term loan (NSCFDC)	Total	
2007-08	3740.00	5611.60	5903.02	241.80	6144.82	8598
2008-09	7129.95	5714.95	6537.40	350.00	6887.40	5169
2009-10	7330.00	5080.00	5237.36	566.47	5803.83	5543
2010-11	6090.00	6090.00	4760.33	322.21	5082.54	6924
2011-12*	5689.00	2844.50	4121.67	425.09	4546.76	4409

Note: * Upto December 2011: Budget Allocation and Released includes Pooled Funds. Budget allocation, funds released, and expenditure in Rs. Lakh.

Table 10.48: Status of Energisation of Irrigation Borewells

Year	Budget allocation	Funds released	Expenditure	% achievement	No. of wells energized
2007-08	2617.00	2617.00	1030.00	39.36	3915
2008-09	3000.00	3000.00	4587.00	152.90	7884
2009-10	3000.00	1800.00	1800.00	60.00	5692
2010-11	5000.00	5000.00	5000.00	100.00	5861
2011-12*	2500.00	2000.00	2000.00	80.00	3362

Note: * Upto December 2011. Budget allocation, funds released, and expenditure in Rs. lakh

Table 10.49: Progress of Micro Credit Finance Scheme

Year	Budget allocation	Funds released	Expenditure	% of expenditure	No. of beneficiaries
2007-08	185.00	185.00	133.56	72.19	4838
2008-09	300.00	247.00	259.94	86.65	5199
2009-10	360.00	280.00	203.24	56.46	4065
2010-11	500.00	500.00	475.46	95.09	9509
2011-12*	550.00	410.25	273.50	49.73	2210

Note: * Upto December 2011. Budget allocation, funds released, and expenditure in Rs. lakh

v. Micro Credit Scheme (NSCFDC)

In a bid to encourage the better performing self-help groups and groups constituted under the Stree Shakthi scheme, a subsidy-cum-loan will be sanctioned with the unit cost of Rs. 25000 (Rs. 15000 as term loan and Rs. 10000 as subsidy). NSCFDC granted a term loan of Rs. 174.90 lakh for 2007-08, out of which Rs. 129.04 lakh was spent for the benefit of 920 persons. The NSCFDC granted term loan to the extent of Rs. 423.55 lakh for 2008-09 and Rs. 758.68 lakh for 2009-10 of which Rs. 435.60 lakh and Rs. 283.03 lakh was spent for the benefit of 2922 and 3553 persons respectively. For the year 2010-11, an amount of Rs. 412.00 lakh was released, of which Rs. 601.00 lakh was spent (including the previous year's balance of Rs. 189.00 lakh) covering 9109 persons. During 2011-

12, a sum of Rs. 751.35 lakh was released, out of which Rs. 189.65 lakh has been spent, covering 1641 persons till the end of December 2011.

vi. Safai Karmachari Rehabilitation Programme

With a view to enable Safai Karmacharis to take up alternative occupations, a subsidy-cum-loan will be sanctioned with the project cost upto Rs. 1 lakh, of which 50% is subsidy subject to a maximum limit of Rs. 25000 and the rest is NSKFDC/Bank loan. If the project cost is more than Rs. 1 lakh, 90% is loan from NSKFDC, 5% is margin money from BRADCL and 5% is promoter's contribution. For loans upto Rs. 25000 and above Rs. 25000, the rates of interest are 5% and 6% respectively. The details of the programme are provided in Table 10.50.

Table 10.50: Progress of Safai Karmachari Rehabilitation Programme

Year	Term loan from NSKFDC (Rs. Lakh)	Expenditure (Rs. Lakh)			Total	No. of beneficiaries
		Subsidy	Margin money	Term loan (NSKFDC)		
2007-08	-	108.60	41.24	400.03	549.87	3163
2008-09	1319.30	277.22	34.52	215.88	527.62	2307
2009-10	1207.10	219.46	12.04	422.34	653.84	2287
2010-11	1286.29	156.60	5.47	367.91	529.98	1736
2011-12*	1466.80	3.90	3.71	114.03	121.64	196

Note: * Upto December 2011: Margin money spent out of Share Capital funds. Subsidy spent out of Government of India funds.

10.5.2 Welfare Programmes for STs

In order to improve productive endowments and exchange entitlements among the ST households, the State Government has been implementing various programmes in social and economic domains. It has been attempted through a) Department of Scheduled Tribes Welfare and b) Karnataka Scheduled Tribes Development Corporation. The progress of important schemes is summarized as follows.

10.5.2.1 Department of Scheduled Tribes Welfare

i. Admission of Meritorious ST Students in Prestigious Schools

For provision of quality education, the meritorious ST students studying at 5th standard and above are given admission in reputed residential or non-residential schools. All fees and maintenance charges are borne by the department. For the year 2011-12, out of Rs. 350.00 lakh, an amount

of Rs. 175.00 lakh has been spent for the benefit of 1413 students in the State till the end of December 2011. The detailed progress of the scheme is provided in Table 10.51.

ii. Pre-matric Scholarships

For educational advancement and reduction of dropouts from the schools, a pre-metric scholarship for ST boys and girls students will be provided. An amount of Rs. 250 for ST students studying from 1st to 7th standard and Rs. 500 for students studying from 8th to 10th standard will be provided annually. Rs. 250 for girl students studying from 1st to 5th standard, Rs. 350 studying from 6th to 7th standard and Rs. 700 studying from 8th to 10th standard is being sanctioned annually (Table 10.52).

iii. Post-matric Scholarships

Financial assistance is being provided to ST students whose family income is less than Rs. 2.00 lakhs per annum, and are pursuing

Table 10.51: Progress of Admission of Meritorious Students in Prestigious Schools

Year	Target		Amount released	Achievement		% of achievement	
	Financial	Physical		Financial	Physical	Financial	Physical
2007-08	100.00	500	78.36	78.36	438	78.36	87.60
2008-09	150.00	900	150.00	150.00	725	100.00	80.55
2009-10	225.00	1200	225.00	225.00	1196	100.00	99.66
2010-11	335.00	1200	335.00	335.00	1200	100.00	100.00
2011-12*	350.00	1700	175.00	175.00	1413	50.00	83.12

Note: *Upto December 2011. Financial target and achievement in Rs. lakh.
Physical target and achievement in Nos.

Table 10.52: Progress of Pre-matric Scholarship

Year	Target		Amount released	Achievement		% of achievement	
	Financial	Physical		Financial	Physical	Financial	Physical
2007-08	425.20	486224	425.20	425.20	432707	100.00	88.99
2008-09	500.72	572251	496.54	496.54	567474	99.16	99.16
2009-10	548.85	627251	545.81	545.81	623782	99.45	99.45
2010-11	589.70	673942	586.43	494.03	518163	83.78	76.89
2011-12*	625.56	714925	413.47	157.92	84043	25.24	11.76

Note: *Upto December 2011. Financial target and achievement in Rs. lakh.
Physical target and achievement in Nos.

post-matric education including professional courses,. This is a Central Sector Scheme (CSS) implemented to encourage the ST students to pursue college education in the State (Table 10.53).

iv. Provision of Cash Incentives

For continuation of the ST students' college education, a cash incentive scheme is being implemented since 2009-10. A cash incentive of Rs. 5000 will be provided to ST students who secure more than 60% and Rs. 10000 will be awarded to those who secure more than 75% in the SSLC examination. During 2009-10, the budgetary amount of Rs. 533.20 lakh was spent for the targeted number of 8916 ST students. For the year 2010-11, a sum of Rs. 374.20 lakh has been spent covering 6066 ST students. During 2011-12, an amount of Rs. 579.00 lakh has been spent for the benefit of 11109 students till the end of December 2011.

V. Incentive Scholarship to ST Meritorious Students:

In order to encourage the meritorious ST students, an incentive scholarship of Rs. 10000 per student is awarded to the first 5 meritorious ST students in each district who have passed II PUC annual examination in the first attempt itself. The progress of the scheme during the last five years is provided in Table 10.54.

vi. Construction of Residential School Buildings

Towards providing residential school buildings and other infrastructural facilities, financial assistance is provided for construction of residential schools such as Morarji Desai residential school and Kittur Rani Chennamma residential school. It intends to promote educational development among the ST community. During the last five years, till the end of

Table 10.53: Progress of Post-matric Scholarship Scheme

Year	Target		Amount released	Achievement		% of achievement	
	Financial	Physical		Financial	Physical	Financial	Physical
2007-08	1791.33	42651	441.16	441.16	10593	24.62	24.83
2008-09	1856.33	42651	1057.70	1045.99	28944	56.34	67.86
2009-10	2181.13	50384	1839.46	1501.31	36541	68.83	72.52
2010-11	2695.06	33688	2587.72	2230.47	45313	82.76	134.50
2011-12*	3178.13	70624	3178.13	1326.38	22340	41.73	31.63

Note: *Upto December 2011. Financial target and achievement in Rs. lakh. Physical target and achievement in Nos.

Table 10.54: Progress of Incentive Scholarship Scheme

Year	Target		Amount released	Achievement		% of achievement	
	Financial	Physical		Financial	Physical	Financial	Physical
2007-08	13.50	135	13.50	13.50	135	100	100
2008-09	14.50	145	14.50	14.50	145	100	100
2009-10	14.50	145	14.50	14.50	145	100	100
2010-11	15.00	150	15.00	15.00	150	100	100
2011-12*	15.00	150	15.00	15.00	150	100	100

Note: *Upto December 2011. Financial target and achievement in Rs. lakh. Physical target and achievement in Nos.

December 2011, a total amount of Rs. 2154.30 lakh has been spent against the budgetary allocation of Rs. 2336.40 lakh (92% utilization) for construction of residential schools and provision of facilities (Table 10.55).

vii. Construction of hostels and residential schools (Ashrama Schools)

For provision of basic amenities to SC inmates of hostels and ashrama schools, buildings are being constructed for the institutions which are housed in rented buildings. This has been implemented by the department and financially assisted by the Central Government under the Central Sector Scheme (CSS). The detailed progress of the scheme during the last five years is shown in Table 10.56.

viii. Maintenance of Morarji Desai Residential Schools

Morarji Desai Residential Schools, which provide basic school facilities have been provided maintenance expenditure during the first year of their establishment. The detailed progress of the scheme during the last three years is given in Table 10.57.

ix. Starting New Hostels

In order to provide hostel facilities for the ST students studying in pre-matric and post-matric courses, a scheme to establish new hostels has been implemented by the department (Table 10.58).

x. Book Banks Scheme

Book banks for accessing expensive books of professional courses such as medical, engineering, agriculture, veterinary, law

Table 10.55 Progress of the Scheme for Construction of Residential School Buildings

Year	Target		Amount released	Achievement		% of achievement	
	Financial	Physical		Financial	Physical	Financial	Physical
2007-08	960.00	9	960.00	960.00	9	100.00	100.00
2008-09	538.00	9	538.00	538.00	7	100.00	77.77
2009-10	215.00	7	215.00	215.00	7	100.00	100.00
2010-11	259.20	10	259.20	259.20	10	100.00	100.00
2011-12*	364.20	10	282.10	182.10	10	50.00	100.00

Note: *Upto December 2011. Financial target and achievement in Rs. lakh.
Physical target and achievement in Nos.

Table 10.56 Progress of the Scheme for Construction of Hostels and Residential Schools

Year	Target		Amount released	Achievement		% of achievement	
	Financial	Physical		Financial	Physical	Financial	Physical
2007-08	500.00	12	500.00	500.00	12	100.00	100.00
2008-09	600.00	10	491.09	491.09	10	81.84	100.00
2009-10	600.00	12	581.80	581.80	12	96.97	100.00
2010-11	600.00	11	418.17	418.17	15	69.70	136.36
2011-12*	1000.00	18	225.00	150.00	10	15.00	55.56

Note: *Upto December 2011. Financial target and achievement in Rs. lakh.
Physical target and achievement in Nos.

Table 10.57 Progress of the Scheme for Maintenance of Morarji Desai Residential School

Year	Target		Amount Released	Achievement		% of achievement	
	Financial	Physical		Financial	Physical	Financial	Physical
2007-08	100.00	5	100.00	100.00	5	100.00	100.00
2008-09	100.00	5	100.00	100.00	4	100.00	80.00
2009-10	100.00	4	25.00	25.00	3	25.00	75.00
2010-11	100.00	5	100.00	100.00	3	100.00	60.00
2011-12*	100.00	4	75.00	50.00	2	50.00	50.00

Note: *Upto December 2011. Financial target and achievement in Rs. lakh. Physical target and achievement in Nos.

Table 10.58: Progress of the Scheme for Starting New Hostels

Year	Target		Amount Released	Achievement		% of achievement	
	Financial	Physical		Financial	Physical	Financial	Physical
2007-08	80.00	10	40.00	40.00	10	50.00	100.00
2008-09	50.00	15	50.00	50.00	15	100.00	100.00
2009-10	50.00	15	50.00	50.00	14	100.00	93.33
2010-11	50.00	15	50.00	50.00	-	100.00	-
2011-12*	50.00	15	37.50	25.00	-	50.00	-

Note: *Upto December 2011. Financial target and achievement in Rs. lakh. Physical target and achievement in Nos.

etc., are established for the benefit of ST students who cannot afford such books prescribed for their courses. It is implemented by the zilla Panchayat at the district level. The progress of the scheme during the last five years is given in Table 10.59.

xi. Construction of Valmiki Bhavan

It was declared to construct Valmiki Bhavans at the cost of Rs. 1.00 crore each in the budget speech of 2007-08 and 2008-09. Accordingly, 10 Valmiki Bhavans were sanctioned during 2010-11. 12 Valmiki Bhavans were sanctioned during 2011-12 for which Rs. 1500.00 lakh was earmarked.

xii. Free Housing for ST Families

In order to provide free houses for the homeless ST families living below poverty line, a constructed house with unit cost of Rs. 50000 is provided through the Rajiv

Gandhi housing corporation. The detailed progress of the scheme during the last five years is presented in Table 10.60.

xiii. Rationalization of Several Schemes (ZP Sector Plan):

Activities such as maintenance of new hostels, repairs and improvements of the existing hostel buildings, provision of financial assistance to ST students who are pursuing research programs in various subjects, provision of fellowship for collection of materials for research work, provision of one-time grants of Rs. 50000 for students who are studying in prestigious institutions like IIT, IIM, IISc, NIT, training the ST unemployed law graduates in administration of justice by providing a stipend of Rs. 2000 per month, provision of incentives for primitive tribal group parents, and sanctioning of financial assistance for hostel construction to NGOs and, alteration

Table 10.59: Progress of Book Banks Scheme

Year	Target		Amount Released	Achievement		% of achievement	
	Financial	Physical		Financial	Physical	Financial	Physical
2007-08	43.10	986	40.00	40.00	986	92.80	100.00
2008-09	45.43	750	40.00	40.00	750	88.04	100.00
2009-10	48.34	750	45.43	45.43	673	93.98	89.73
2010-11	58.14	900	48.34	48.34	673	83.14	74.78
2011-12*	66.62	1052	58.14	58.14	900	87.27	85.55

Note: *Upto December 2011. Financial target and achievement in Rs. lakh. Physical target and achievement in Nos.

Table 10.60: Details of Free Housing for ST Families

Year	Target		Amount Released	Achievement		% of achievements	
	Financial	Physical		Financial	Physical	Financial	Physical
2007-08	1500.00	3750	1500.00	1500.00	3750	100.00	100.00
2008-09	1500.00	3750	1500.00	1500.00	3750	100.00	100.00
2009-10	1500.00	3750	1000.00	1000.00	2500	66.67	66.67
2010-11	1500.00	3000	1500.00	1500.00	300	100.00	100.00
2011-12*	1500.00	3000	500.00	500.00	1000	33.33	33.33

Note: *Upto December 2011. Financial target and achievement in Rs. lakh. Physical target and achievement in Nos.

of ashrama schools and hostels are implemented under the zilla Panchayat (ZP) sector plan. The progress of the ZP sector plan during the last five years is illustrated in Table 10.61.

xiv. Scheme for Primitive Tribal Groups (particularly Vulnerable Tribal Groups)

Socio-economic status of primitive tribal groups (PTGs) such as Jenu Kuruba and Koraga Tribal communities is not satisfactory. They are the most vulnerable section among the tribes. Hence, several programmes have been implemented by the department for their social and economic advancement in a holistic manner by adopting habitat development approach. Several programmes are directly implemented by the deputy commissioners of five districts viz. Mysore, Chamarajanagar, Kodagu, Dashina Kannada and Udupi where there is a large

PTGs population. The progress of the scheme during the last five years is provided in Table 10.62.

Financial Incentives to PTG Students: A financial assistance of Rs. 2500 for the PTG students upon passing 7th standard and Rs. 5000 upon passing 10th standard examination in the first attempt will be sanctioned. For the year 2010-11 (upto end of December 2011), the budgetary amount of Rs. 15.00 lakh has been utilized for 610 PTG students.

Janashree Bima Yojana: An insurance scheme known as 'janashree bima yojana' is being implemented for the members of PTGs who are in the age group of 18 to 60 years. The insurance coverage is made at a premium rate of Rs. 100 per beneficiary for 5 years and another Rs. 100 that is provided from the social security fund of the Government of India.

Table 10.61: Progress of Rationalization of Several Schemes

Year	Target		Amount Released	Achievement		% of Achievement	
	Financial	Physical		Financial	Physical	Financial	Physical
2007-08	640.06	85000	628.00	628.00	99857	98.11	117.47
2008-09	743.17	111500	743.17	685.64	95519	92.25	85.67
2009-10	812.48	130000	805.72	752.41	91278	92.61	70.21
2010-11	883.60	135000	879.36	817.94	101692	92.57	75.33
2011-12*	1071.12	145000	788.21	428.12	47601	39.97	32.83

Note: *Upto December 2011. Financial target and achievement in Rs. lakh. Physical target and achievement in Nos.

Table 10.62: Progress of the Schemes for Development of PTGs (Rs. lakh)

Year	Budget Allocation	Funds Released	Expenditure	% of Expenditure
2007-08	200.00	200.00	200.00	100.00
2008-09	3227.00	3227.00	3227.00	100.00
2009-10	0	0	0	0
2010-11	3837.98	3837.98	2320.25	60.45
2011-12	2162.02	2162.02	0	0

Note: Upto December 2011.

xv. Tribal Sub-Plan

In an effort to promote overall development of STs, the tribal sub-plan (TSP) has been implemented by the department. As per the plan, the due share of funds and benefits from all developmental sectors in the State's annual plans are channelized exclusively for the welfare of the ST community in proportion to their population. The grant-in-aid under Article 275 (1) is also being provided to take up such special development programmes which are otherwise not included in the plan programmes. The progress of TSP during the last five year is presented in Table 10.63.

10.5.2.2 Karnataka Scheduled Tribes Development Corporation (KSTDC)

A large number of ST households continue to be deprived of productive assets and income earning avenues. Therefore, the Karnataka Scheduled Tribes Development Corporation (KSTDC) has been set up by the Government of Karnataka to implement

several developmental schemes such as self-employment schemes, land purchase scheme, Ganga kalyana yojana, etc., for economic development of ST households in the State. A brief progress of some important schemes implemented by the Corporation is presented below.

i. Self-employment Scheme

a. Self-employment Scheme for Unemployed ST Youth

In order to enable the unemployed ST youths to take up small business activities such as establishing petty shops, cycle shops, and occupations such as vegetable vending, dairying, operating bullock carts etc., a financial assistance up to Rs. 1.00 lakh is being provided. The corporation is releasing 50% of the unit cost or maximum of Rs. 25000 whichever is less as subsidy and the remaining portion of the unit cost is a bank loan. During the last five years, upto December 2011, a sum of Rs. 3619.77 lakh has been spent for benefitting 12325 ST

Table 10.63: Progress of Scheduled Tribal-Sub Plan

(Rs. lakh)

Year	Allocation			Expenditure			% of expenditure		
	State	District	All	State	District	All	State	District	All
2007-08	116087.63	737.56	116825.19	76605.33	710.56	77315.89	65.99	96.34	66.18
2008-09	126389.08	814.12	127203.20	98876.10	700.23	99576.33	78.23	86.01	78.28
2009-10	114405.08	832.24	115237.32	91615.96	814.91	92430.87	80.08	97.92	80.21
2010-11	134267.51	833.34	135100.85	111660.62	815.88	112475.59	83.16	97.90	83.25
2011-12*	186700.14	897.90	187598.04	55903.95	131.13	56035.08	29.94	14.60	29.87

Note: *Upto December 2011.

unemployed youth. The detailed progress of the scheme is shown in Table 10.64.

b. Industries, Service and Business (ISB Sector)

Financial assistance ranging from Rs. 1.00 lakh to Rs. 10.00 lakh is provided to ST unemployed youth to start small scale industries, purchase passenger or goods transport vehicles, tractor, etc. The project cost comprises of 5% promoter's

contribution, 20% margin money subject to maximum of Rs. 1.00 lakh by the corporation at 4% interest rate per annum and, 75% of the project cost is a bank loan. The detailed progress of the scheme during the last five years is depicted in Table 10.65.

c. Direct Loan

It is a part of the self-employment programme that is being implemented in coordination with National Scheduled Tribes

Table 10.64: Progress of Self-employment Scheme for Unemployed ST Youth

Year	Subsidy (Rs. lakh)	Bank loan (Rs. lakh)	Total (Rs. lakh)	No of beneficiaries
2007-08	301.00	677.25	978.25	3010
2008-09	268.81	494.53	763.34	3058
2009-10	245.00	517.28	762.28	2854
2010-11	257.99	505.01	763.00	2413
2011-12*	83.17	269.73	352.90	990

Note: * Upto December 2011.

Table 10.65: Progress of Self-employment Scheme for Industries, Service and Business

Year	Subsidy (Rs. lakh)	Margin money (Rs. lakh)	Bank loan (Rs. lakh)	Total (Rs. lakh)	No of beneficiaries
2007-08	28.75	139.75	559.46	727.96	165
2008-09	28.60	126.55	432.02	587.17	320
2009-10	16.78	137.25	554.68	708.71	290
2010-11	29.48	162.46	616.12	808.06	300
2011-12	4.65	55.72	209.47	265.19	88

Note: * Upto December 2011.

Finance and Development Corporation (NSTFDC). Persons belonging to the ST community whose family income is below the poverty line are eligible to avail benefits under this scheme. Under this direct loan scheme, the project cost ranges from Rs. 58500 to Rs. 10.00 lakh of which Rs. 25000 is given as subsidy to the projects with unit cost of upto Rs. 1.00 lakh. Of the total project cost, 5% is contributed by promoters, 20% is margin money subject to a maximum of Rs. 1.00 lakh and the remaining portion will be a term loan from NSTFDC, New Delhi (Table 10.66).

d. Micro Credit (Small Loan)

A financial assistance of Rs. 10000.00 is being provided to skilled and unskilled beneficiaries based in rural, semi urban and urban areas. Out of the project cost of Rs. 10000, Rs. 5000 is subsidy and margin money is Rs. 5000 with 4% interest rate p.a. sanctioned by the corporation. The progress

of the scheme during the last five years is presented in Table 10.67.

e. Land Purchase Scheme

With a view to improve the productive assets like land among the ST community, financial assistance is provided to the landless agricultural labourers for purchase of 2 acres of dryland or 1 acre of wetland and the registration will be done in the name of the women beneficiary. Out of the present unit cost of Rs. 3.00 lakh, 50% is subsidy and the rest is a term loan at 6% interest rate per annum from NSTFDC, New Delhi. During the last five years, till the end of December 2011, a sum of Rs. 912.86 lakh has been utilized for the benefit of 883 landless households in the state (Table 10.68).

vi. Ganga Kalyana Yojana

a. Lift Irrigation Scheme: A group of ST farmers holding 8 to 15 acres of dryland

Table 10.66: Progress of Direct Loan Scheme

Year	Promoters contribution (Rs. lakh)	Subsidy (Rs. lakh)	Margin money (Rs. lakh)	Term loan (Rs. lakh)	Total (Rs.lakh)	No of beneficiaries
2007-08	0.00	10.78	20.54	119.20	150.52	74
2008-09	1.48	16.10	20.49	71.28	109.35	309
2009-10	28.18	37.20	116.60	390.11	572.09	849
2010-11	0.75	7.50	8.40	28.44	45.09	153
2011-12*	0	7.60	6.08	16.72	30.40	152

Note: * Upto December 2011.

Table 10.67: Progress of Micro Credit Scheme

Year	Subsidy (Rs. lakh)	Margin money (Rs. lakh)	Total (Rs. lakh)	No of beneficiaries
2007-08	73.90	73.90	147.80	5134
2008-09	48.43	93.43	141.86	2737
2009-10	44.00	44.00	88.00	880
2010-11	56.20	56.20	112.40	2248
2011-12*	22.00	22.00	44.00	440

Note: * Upto December 2011.

Table 10.68: Progress of Land Purchase Scheme

Year	Subsidy (Rs. lakh)	Term loan (Rs. lakh)	Total (Rs. lakh)	No of beneficiaries
2007-08	79.02	79.02	158.04	258
2008-09	58.39	58.39	116.78	165
2009-10	99.00	99.00	198.00	199
2010-11	140.00	140.00	280.00	189
2011-12*	80.02	80.02	160.04	72

Note: * Upto December 2011.

near a river or perennial water source is provided irrigation facilities by laying a pipeline and, by installation and energisation of pump sets. An amount of Rs. 2.53 lakh for 8 acres and Rs. 3.59 lakh for 15 acres of land is fixed. The progress of the lift irrigation scheme is found to be quite satisfactory in terms of subsidy utilized and number of farmers covered under the scheme (Table 10.69).

b. Individual Irrigation Borewell Scheme: Irrigation facility is provided to the lands of small and marginal farmers belonging to the

ST community by drilling borewells. The unit cost of the scheme is Rs. 1.50 lakh of which Rs. 1.00 lakh is a subsidy and the remaining Rs. 50000.00 is a term loan from NSTFDC. The detailed progress of the scheme during the last five years is given in Table 10.70.

c. Special Development Programme

As per the high power committee for redressal of regional imbalances headed by late Dr. D. M Nanjundappa, 114 taluks in the State are identified as backward, more backward and most backward taluks which require special funds for overall

Table 10.69: Progress of Lift Irrigation Scheme

Year	Subsidy (Rs. lakh)	No of beneficiaries
2008-09	261.19	308
2009-10	48.83	68
2010-11	356.53	426
2011-12*	540.87	1033

Note: * Upto December 2011; the scheme was implemented from 2008-09 onwards

Table 10.70: Progress of Individual Irrigation Borewell Scheme

Year	Subsidy (Rs. lakh)	Term loan (Rs. lakh)	Total (Rs. lakh)	No of beneficiaries
2007-08	4938.13	-	4938.13	5048
2008-09	4573.97	452.78	5026.75	4049
2009-10	3066.40	366.87	3433.27	3121
2010-11	3446.16	277.12	3723.28	4702
2011-12*	2836.37	168.24	3004.61	2696

Note * Upto December 2011.

development. Therefore, the State Government is releasing separate funds out of pooled funds for undertaking development activities in these areas. The corporation is fixing additional targets under Ganga Kalyana Scheme by utilizing the additional grants released by the State Government, for providing irrigation facilities to the lands held by the STs. This will be in addition to the regular target fixed as per the budget allocation. Under the special development programme, the target fixed and achievement made under Ganga Kalyana Yojana during the last five years are given in Table 10.71.

10.5.3 Welfare Programmes for Backward Classes

For socio-economic advancement of backward classes (BCs), the Department of Backward Classes Welfare and the D. Devaraj Urs Backward Classes

Development Corporation (DBCDC) have been implementing various development programmes in the State. A brief progress of important programmes during the last five years is summarised below.

10.5.3.1 Department of Backward Classes Welfare

a. Pre-matric and Post-matric Scholarships

In order to encourage the BC students studying at different levels of education starting from 5th standard to post-graduation courses, and even including technical and professional courses, annual scholarships are being sanctioned with the scholarship amount varying with the levels and courses of education (Table 10.72).

b. Maintenance of Morarji Desai Residential Schools

Morarji Desai Residential Schools have been established by the State Government

Table 10.71: Progress of Special Development Programme (SDP) under Individual Irrigation Borewell Scheme

Year	Subsidy (Rs. lakh)	Term loan (Rs. lakh)	Total (Rs. lakh)	No of beneficiaries
2007-08	700.00	113.82	813.82	813
2008-09	272.62	44.38	317.00	317
2009-10	600.00	97.58	697.58	697
2010-11	700.00	203.50	903.50	814
2011-12 *	0	0	0	0

Note: *Upto December 2011 (Progress is nil)

Table 10.72: Progress of Pre-matric and Post-matric Scholarships Scheme

Year	Targets		Amount Released	Achievements		% of achievements	
	Financial	Physical		Financial	Physical	Financial	Physical
2007-08	720.84	444187	721.83	718.03	438931	99.61	98.82
2008-09	1169.34	567270	1099.63	1085.10	542685	92.80	95.67
2009-10	2490.12	643729	2485.38	2447.18	648348	98.28	100.72
2010-11	2009.81	678275	2009.81	2007.88	718571	99.90	105.94
2011-12*	965.45	278145	683.25	528.25	315760	54.72	113.52

Note: * Up to December 2011. Financial targets and achievement in Rs. lakh. Physical targets and achievements in Nos.

to provide quality education to the poor and meritorious backward class students, whose annual household income is less than Rs. 15000. The students studying in such schools from 6th to 7th standards are provided with free education, boarding and lodging facilities. The progress of the scheme during the last five years is provided in Table 10.73.

c. Ashram Schools

Ashram Schools have been established to encourage the students of backward classes especially those of category-I, to avail formal education from 1st to 4th standard and, free boarding, lodging and other school facilities are provided. The progress of the scheme during the last five years is furnished in Table 10.74.

d. Maintenance of Pre and Post-matric Hostels

Free boarding, lodging and academic facilities in the hostels run by the department

of backward classes welfare are provided to students (whose annual household income is not more than Rs. 15000), studying in pre-matric and post-matric courses. The progress of the scheme during the last five years is depicted in Table 10.75.

e. Fee Concession

Fee concession to avail higher education is being given to the backward class students, whose annual household income is not more than Rs. 11000. The performance of the scheme both in terms of financial and physical achievements is quite impressive during the last four years. For the year 2011-12, a sum of Rs. 769.67 lakh out of the budgetary allocation of Rs. 3500.00 lakh has been spent benefitting 48717 students (Table 10.76).

f. Reimbursement of Extra Boarding and Lodging Charges

College students of Category-1, who are not being provided hostel facilities, are given

Table 10.73: Progress of Morarji Desai Residential Schools

Year	Targets		Amount Released	Achievements		% of achievements	
	Financial	Physical		Financial	Physical	Financial	Physical
2007-08	651.81	4700	650.04	597.08	4602	91.60	97.91
2008-09	3443.47	16250	2906.42	2707.78	15819	78.63	97.35
2009-10	5081.79	22873	4830.16	4482.13	21823	88.20	95.41
2010-11	5220.56	30730	5174.56	5001.69	29938	95.81	97.42
2011-12*	4030.00	32173	4921.71	4921.71	31333	122.13	97.39

Note: * Upto December 2011. Financial targets, amount released and achievement in Rs. lakh. Physical targets and achievements in Nos.

Table 10.74: Progress of the Scheme Promoting Ashrama Schools

Year	Targets		Amount released	Achievements		% of achievements	
	Financial	Physical		Financial	Physical	Financial	Physical
2007-08	338.39	2445	338.44	307.53	2130	90.88	87.12
2008-09	421.60	2672	397.24	364.71	2478	86.50	92.96
2009-10	396.27	2924	396.22	386.58	2702	97.55	92.41
2010-11	516.70	2990	516.74	516.60	2692	99.98	90.03
2011-12*	561.72	2810	438.12	346.02	2379	61.60	84.66

Note: * Up to December 2011. Financial targets, amount released and achievement in Rs. lakh. Physical targets and achievements in Nos.

Table 10.75: Progress of Pre and Post-matric Hostels Scheme

Year	Targets		Amount released	Achievements		% of achievements	
	Financial	Physical		Financial	Physical	Financial	Physical
2007-08	9392.74	77425	9373.33	9094.15	65500	96.82	84.60
2008-09	15296.42	121010	14722.39	14272.81	84056	93.31	69.46
2009-10	16289.43	125571	16336.99	15997.87	121762	98.21	96.97
2010-11	21343.82	127733	18993.50	18748.50	122211	87.84	95.68
2011-12*	22190.45	135273	16955.39	14696.28	127175	66.23	94.01

Note: * Up to December 2011. Financial targets, amount released and achievement in Rs. lakh. Physical targets and achievements in Nos.

Table 10.76: Progress of the Scheme for Fee Concession

Year	Targets		Amount released	Achievements		% of achievements	
	Financial	Physical		Financial	Physical	Financial	Physical
2007-08	3430.7	366158	3430.70	3409.6	361671	99.38	98.77
2008-09	4106.54	358492	4091.68	4090.74	401229	99.62	111.92
2009-10	4500.00	281072	4500.00	4428.84	400028	98.42	142.32
2010-11	4500.00	328336	4500.00	4500.00	306750	100.00	93.43
2011-12*	3500.00	355469	2460.01	769.67	48717	21.99	13.70

Note: * Up to December 2011. Financial targets, amount released and achievement in Rs. lakh. Physical targets and achievements in Nos.

extra boarding and lodging charges. The nominal financial assistance of Rs. 200 per month helps the students to make their own boarding and lodging facilities. The progress of this scheme during the last five years is given in Table 10.77.

g. Koushalya (Skill) Training Programme

Training programmes in computer courses and plastic processing technology are

conducted for unemployed backward class women, whose annual household income is less than Rs. 22000, so as to enable them to obtain employment or establish their own business. The detailed progress of this programme is shown in Table 10.78.

h. Tailoring Training Centers

In order to provide tailoring skills to unemployed backward class women (with

Table 10.77: Details of Reimbursement of Extra Boarding and Lodging Charges

Year	Targets		Amount released	Achievements		% of achievements	
	Financial	Physical		Financial	Physical	Financial	Physical
2007-08	124.76	8002	125.13	118.92	9049	95.32	113.08
2008-09	254.80	17609	253.04	239.68	18433	94.07	104.68
2009-10	281.74	21070	280.64	247.70	19258	87.92	91.40
2010-11	187.34	10457	187.34	169.28	12601	90.36	120.50
2011-12*	309.61	22083	213.16	97.41	11268	31.46	51.03

Note: * Up to December 2011. Financial targets, amount released and achievement in Rs. lakh. Physical targets and achievements in Nos.

Table 10.78: Progress of Skill Training Programme

Year	Targets		Amount released	Achievements		% of achievements	
	Financial	Physical		Financial	Physical	Financial	Physical
2007-08	300.00	5000	300.00	299.68	5068	99.89	101.36
2008-09	400.00	3000	400.00	399.83	2748	99.96	91.60
2009-10	550.00	5000	550.00	549.63	6338	99.93	126.76
2010-11	450.00	4500	104.28	104.28	3501	23.17	77.80
2011-12*	450.00	3500	337.50	1.37	3475	0.30	99.29

Note: * Upto December 2011. Financial targets, amount released and achievement in Rs. lakh. Physical targets and achievements in Nos.

annual household income limit of Rs.15000), tailoring training in the training centers run by the department is provided along with monthly stipend of Rs. 300 for 12 months. After the completion of the training programme, they are also given sewing machines. The detailed progress of the scheme during the last five years is presented in Table 10.79.

i. Nursing Training

Free education, boarding and lodging facilities are provided to backward class candidates (whose annual household income is not more than Rs. 1 lakh) to pursue B.Sc nursing/GNM courses in reputed and recognised nursing institutes along with stipend and maintenance charges. The financial and physical performance of the scheme is given in Table 10.80.

Table 10.79: Progress of the Scheme for Tailoring Training Centres

Year	Targets		Amount released	Achievements		% of achievements	
	Financial	Physical		Financial	Physical	Financial	Physical
2007-08	105.80	1101	104.64	97.90	999	92.53	90.74
2008-09	117.03	1168	115.59	104.45	1118	89.25	95.72
2009-10	550.00	5000	550.00	549.63	6338	99.93	126.76
2010-11	450.00	4500	104.28	104.28	3501	23.17	77.80
2011-12*	337.50	3500	337.50	218.90	2950	64.86	84.29

Note: * Upto December 2011. Financial targets, amount released and achievement in Rs. lakh. Physical targets and achievements in Nos.

Table 10.80: Progress of the Scheme for Nursing Training

Year	Targets		Amount released	Achievements		% of achievements	
	Financial	Physical		Financial	Physical	Financial	Physical
2007-08	50.00	333	50.00	50.00	333	100.00	100.00
2008-09	50.00	333	50.00	49.89	383	99.78	115.02
2009-10	150.00	1000	112.50	112.50	677	75.00	67.70
2010-11	200.00	1333	176.04	151.69	892	75.85	66.92
2011-12*	350.00	1890	262.50	83.27	937	23.79	49.58

Note: * Upto December 2011. Financial targets, amount released and achievement in Rs. lakh. Physical targets and achievements in Nos.

j. Scheme for Nomadic and Non-nomadic Tribes

In order to improve the socio-economic status of nomadic and non-nomadic tribes, this scheme providing educational facilities and financial assistance for education, infrastructural facilities in nomadic tribe/semi-nomadic tribe (NT/SNT) colonies, housing facilities, self-employment training and subsidy, irrigation facilities through Ganga kalyana yojana etc. This scheme has been introduced in 2007. The detailed progress of the scheme during the last five years is shown in Table 10.81.

10.5.3.2 D. Devaraj Urs Backward Classes Development Corporation (DBCDC)

In order to improve economic status of the backward classes, various schemes sponsored by the State Government and the National Backward Classes Finance and Development Corporation (NBCFDC) have

been implemented in the State by the D. Devaraj Urs Backward Classes Development Corporation (DBCDC). A brief progress of important schemes implemented by the corporation during the last five years is described below.

i. Chaitanya Subsidy-cum-Soft Loan Scheme

In order to enable the members of the backward classes (whose annual household income is less than Rs. 22000) to take up self-employment activities like small business, tiny industries, service centers, agricultural and allied activities etc., a subsidy-cum-loan starting from Rs. 25000 upto Rs. 5.00 lakh is being provided. There is a great scope for effective implementation of the scheme. (Table 10.82).

ii. Chaitanya Self-employment Direct Loan

This is a new scheme introduced during 2011-12. A financial assistance of upto Rs.

Table 10.81: Progress of the Scheme for Nomadic and Non-nomadic Tribes

Year	Targets		Amount Released	Achievements		% of achievements	
	Financial	Physical		Financial	Physical	Financial	Physical
2007-08	400.00	411	400.00	400.00	410	100.00	99.76
2008-09	750.50	2999	650.50	650.50	2984	86.68	99.50
2009-10	770.00	6622	770.00	750.21	5634	97.43	85.08
2010-11	970.00	5849	770.00	768.07	5329	79.18	91.11
2011-12*	1970.00	8745	985.00	479.90	4315	24.36	49.34

Note: * Upto December 2011. Financial targets, amount released and achievement in Rs. lakh. Physical targets and achievements in Nos.

Table 10.82: Progress of Chaitanya Subsidy-cum Soft Loan Scheme

Year	Targets		Achievements		% of achievements	
	Financial	Physical	Financial	Physical	Financial	Physical
2007-08	1050.00	7000	1377.07	7372	131.14	105.31
2008-09	525.00	5000	1473.24	11212	280.62	224.25
2009-10	700.00	10000	877.22	9126	125.32	91.26
2010-11	1000.00	5000	679.20	5261	67.92	105.22
2011-12*	750.00	3335	268.64	1866	35.82	55.95

Note: *Upto December 2011. Financial targets and achievements in Rs. lakh. Physical targets and achievements in Nos.

35000 per beneficiary will be provided to members of backward classes (whose annual household income is below Rs. 22000) to enable them to take up self-employment activities such as petty business, service and agricultural and allied activities. Out of the project cost, 30% is subsidy and the rest is loan with 4% interest rate per annum. For the year 2011-12, an amount of Rs. 1089.70 lakh against the target amount of Rs. 2050.00 lakh (53 %) has been spent benefitting 5450 people against the target of 7500 (73%) till the end of December 2011.

iii. Micro Credit Scheme

In order to meet immediate financial requirements for skilled/unskilled persons belonging to backward classes who are below the poverty line and are not having land to start/develop small business activities, like fruits/vegetable/flower vending etc., a financial assistance of Rs.10000 (which includes Rs. 5000 subsidy and Rs. 5000 loan with 4% interest rate per annum) is being granted per beneficiary. A total amount of Rs. 2125.68 lakh has been spent for benefitting 42348 people, registering 86% and 96% achievement in financial and physical terms respectively during 2007-08 to 2011-12 till the end of December 2011 (Table 10.83).

iv. Ganga Kalyana Yojana

Individual irrigation: In order to enable small and marginal farmers belonging to

category I and IIA of the backward classes to access irrigation facilities, financial assistance will be provided. The unit cost fixed for individual irrigation is Rs. 1.50 lakh of which Rs. 1.00 lakh is subsidy and an amount of upto Rs. 0.50 lakh is provided as a loan with 4% interest rate per annum.

Community Irrigation: A group of small and marginal farmers with 8-15 acres of land will be provided with financial assistance to access irrigation facilities. The unit cost fixed is Rs. 3.56 lakh to provide irrigation to 8 acres of land, and Rs. 3.59 lakhs to irrigate 15 acres of land. The cost includes drilling of borewells, supply of pumps, materials and even paying the electric deposit of Rs. 25000 per borewell. The progress of the scheme during the last five years is provided in Table 10.84.

v. Assistance to Traditional Artisans and Occupational Groups:

With a view to upgrade the professional skill and technology of the traditional artisans and occupational groups belonging to the backward classes, financial assistance of upto Rs. 30000 as loan and Rs. 5000 as subsidy per artisan is being sanctioned. The detailed progress of the scheme is given in Table 10.85.

vi. Interest Free Loan for Higher Education in Foreign Universities

In order to enable the backward class people to study in foreign universities, the Corporation is sanctioning interest-free loan

Table 10.83: Progress of Micro Credit Scheme

Year	Targets		Achievements		% of achievements	
	Financial	Physical	Financial	Physical	Financial	Physical
2007-08	565.00	11300	565.00	13339	100.00	118.00
2008-09	400.00	8000	387.93	7766	96.98	97.07
2009-10	500.00	10000	500.00	10000	100.00	100.00
2010-11	500.00	10000	451.55	9031	90.31	90.31
2011-12*	500.00	5000	221.20	2212	44.24	44.24

Note: * Upto December 2011. Financial targets and achievements in Rs. lakh. Physical targets and achievements in Nos.

Table 10.84: Progress of Ganga Kalyana Yojana

Year	Targets		Achievements		% of achievements	
	Financial	Physical	Financial	Physical	Financial	Physical
2007-08	2700.00	2850	2871.72	3500	106.36	122.80
2008-09	1840.00	2850	1844.00	1942	100.29	68.14
2009-10	2000.00	2386	2584.48	2250	129.22	94.30
2010-11	5000.00	4472	5001.25	3800	100.25	84.97
2011-12*	6500.00	4500	3044.37	3096	46.83	68.80

Note: * Upto December 2011. Financial targets and achievements in Rs. Lakh. Physical targets and achievements in Nos.

Table 10.85 Progress of the Scheme for Assistance to Traditional Artisans and Occupational Groups

Year	Targets		Achievements		% of achievements	
	Financial	Physical	Financial	Physical	Financial	Physical
2009-10	1500.00	30000	150.05	3001	10.00	10.00
2010-11	3500.00	13300	4012.03	21669	114.62	162.92
2011-12*	5000.00	18000	1968.09	8610	39.36	47.83

Note: *Upto December 2011. Financial targets and achievements in Rs. lakh. Physical targets and achievements in Nos.

upto Rs.3.50 lakh per year and a maximum of Rs. 10.00 lakh for the course (for 3 years) to the students of higher education courses such as PhD, MS, Post-Doctoral courses. The progress of the scheme during the last two years is provided in Table 10.86.

vii. NBCFDC Schemes

For economic upliftment of the backward classes, the Government of India has established the National Backward Classes Finance and Development Corporation (NBCFDC) on 13th January 1992 at the National level. In collaboration with this

agency, the corporation is implementing several schemes such as term loan scheme, mahila samrudhi, education loan, swyam sakshma loan scheme, micro finance scheme, new swarnima, etc., for the welfare of backward class people in the State. The financial and physical performance of all these schemes was quite good during the last four years. For the year 2011-12, Rs. 891.64 lakh, out of Rs. 2000.00 lakh, has been spent for the benefit of 5783 backward class persons against the target of 11046 persons till the end of December 2011 (Table 10.87).

Table 10.86: Progress of the Interest Free Loan Scheme for Higher Education in Foreign Universities

Year	Targets		Achievements		% of achievements	
	Financial	Physical	Financial	Physical	Financial	Physical
2010-11	30.00	8	14.24	4	47.47	50.00
2011-12	50.00	15	10.00	3	20.00	20.00

Note: * Upto December 2011. Financial targets and achievements in Rs. lakh. Physical targets and achievements in Nos.

Table 10.87: Progress of NBCFDC Schemes

Year	Targets		Achievements		% of achievements	
	Financial	Physical	Financial	Physical	Financial	Physical
2007-08	2023.29	13422	2036.38	15312	100.60	114.05
2008-09	2000.00	13806	2085.98	14468	104.30	104.79
2009-10	2000.00	13436	2119.74	15652	105.99	114.49
2010-11	2400.00	20875	2230.31	20645	92.93	98.89
2011-12	2000.00	11046	891.64	5783	44.58	52.35

Note: *Upto December 2011. Financial targets and achievements in Rs. lakh. Physical targets and achievements in Nos.

10.5.4 Welfare Programmes for Religious Minorities

In order to improve the socio-economic status of religious minorities such as Muslims, Christians, Sikhs, Parsis, Jains and Buddhists of the State, the Government of Karnataka has been implementing various development programmes through the Department of Minorities Welfare and the Karnataka Minorities Development Corporation Ltd. (KMDC). A brief progress of important schemes implemented during the last five years for the welfare of minorities is presented below.

10.5.4.1 Department of Minorities Welfare

I. Incentives Scheme for Minority Students

A cash incentive of Rs. 3000, Rs. 4000 and Rs. 5000 is being provided per annum to the meritorious minority students (whose

annual household income is not more than Rs. 2.00 lakh) studying in SSLC, PUC and Degree courses respectively. During 2011-12, an amount of Rs. 1000.00 lakh has been earmarked for this purpose, of which Rs. 500.00 lakh has been spent benefiting 12500 students till the end of December 2011. The detailed progress of the scheme is shown in Table 10.88.

ii. Skill Development Scheme

To enable unemployed boys/girls of minorities to take up self-employment activities, skill development programmes in nursing, computers, and apparel designing are being implemented by the department. During 2011-12, Rs. 1000 lakh has been allocated, of which, a sum of Rs. 499.09 lakh has been spent benefiting 6475 minority candidates till the end of December 2011. Table 10.89 presents the detailed progress of the scheme during the last five years.

Table 10.88: Progress of Incentives Scheme for Minority Students

Year	Targets		Achievements		% of achievement	
	Financial	Physical	Financial	Physical	Financial	Physical
2007-08	200.00	5000	183.58	6591	91.79	131.82
2008-09	200.00	5000	220.25	5506	110.12	110.12
2009-10	500.00	12500	495.47	12502	99.09	100.02
2010-11	500.00	12500	500.00	12600	100.00	100.8
2011-12*	1000.00	25000	500.00	12500	50.00	50.00

Note: *Upto December 2011. Financial targets and achievements in Rs. lakh. Physical targets and achievements in Nos.

Table 10.89: Progress of Skill Development Scheme

Year	Targets		Achievements		% of achievement	
	Financial	Physical	Financial	Physical	Financial	Physical
2007-08	378.46	5000	378.46	6000	100.00	120.00
2008-09	370.04	5000	365.50	6000	98.77	120.00
2009-10	470.04	6000	468.24	5864	99.62	97.73
2010-11	700.00	10000	680.27	6500	97.18	65.00
2011-12*	1000.00	10000	499.09	6475	49.91	64.75

Note: *Upto December 2011. Financial targets and achievements in Rs. lakh. Physical targets and achievements in Nos.

iii. Shaadimahal/Community Hall

In order to promote social and cultural activities including marriages of minority communities, a scheme to construct shaadimahal/community hall has been implemented by the department since 2000-01. Details of the financial and physical progress of the scheme are given in Table 10.90.

10.5.4.2 Karnataka Minorities Development Corporation (KMDC)

With a view to improve the economic status of religious minorities in the State, the Karnataka Minorities Development Corporation Ltd (KMDC), Bangalore has been implementing several schemes out of the share capital and grants given by State Government and also the schemes of the National Minorities Development and Finance Corporation, (NMDFC) Delhi. A brief progress of important schemes during the last five years is described below.

i. Swavalambana Margin Money Loan Scheme

To take up business, services, industries and agriculture based activities, margin money loan facility through various nationalized banks/financial institutions for a maximum project cost of upto Rs. 1.00 lakh is provided. Of the project cost, 20% is provided by the corporation as margin money loan with 6% interest rate, and the balance is provided by the banks/financial institutions. A subsidy of upto Rs. 5000 is also provided by the corporation.

a. Subsidy Scheme

It is linked to the swavalambana margin money loan scheme. For those who wish to avail loans for unit cost of upto Rs. 25000, a subsidy of 50% or upto a maximum of Rs. 5000 will be granted and, for unit cost above Rs. 25000 to Rs. 1.00 lakh, subsidy and margin money will be released jointly. The financial and physical progress of the

Table 10.90: Progress of the Scheme for Construction of Shadimahal / Community Hall

Year	Targets		Achievements		% of achievement	
	Financial	Physical	Financial	Physical	Financial	Physical
2007-08	650.00	60	645.00	74	99.23	123.33
2008-09	1000.00	80	1099.50	102	109.95	127.50
2009-10	1500.00	80	999.10	109	66.61	136.25
2010-11	1000.00	80	1000.00	120	100.00	150.00
2011-12*	1970.00	130	732.50	78	37.18	60.00

Note: *Upto December 2011. Financial targets and achievements in Rs. lakh. Physical targets and achievements in Nos.

scheme during the last five years till the end of December 2011 is shown in Table 10.91.

ii. Arivu (Education Loan) Scheme

In order to encourage the minority students to study professional courses, the education loan scheme, known as "Arivu" has been introduced by the Government of Karnataka. A financial assistance of Rs. 50000 per year till completion of professional courses (medical, engineering, dental, MBA, MCA, etc.) will be provided. The loan has to be repaid after completion of the course with 2% interest rate. Details of the financial and physical progress of the scheme during the last five years are provided in Table 10.92.

iii. Ganga Kalyana Yojana

Community Irrigation Scheme: Small and marginal farmers belonging to minority communities, and with 8 acres of land consisting of 3 beneficiaries are eligible to

get 2 borewells and those with 15 acres of land consisting of 5 beneficiaries are eligible to get 3 borewells. The unit cost of a borewell is fixed at Rs. 1.00 lakh, and each beneficiary should have 2-3 acres of land. Drilling of borewells and their energisation will be done by the corporation.

Individual Borewell or Open Well: For a beneficiary with 2-5 acres of land, one borewell will be drilled and pumpset will be supplied. The unit cost is Rs. 1 lakh (of which grant is Rs. 86000 and loan is Rs. 14000). Open wells are dug and provided along with pumpsets in the areas where drilling of individual borewells is not possible.

iv. Shramashakthi Scheme

In order to set up businesses or upgrade the artistic and technical skills of the artisans belonging to religious minorities, a

Table 10.91: Progress of Swavalambana Margin Money Loan Scheme

Year	Targets		Achievement		% of achievements	
	Financial	Physical	Financial	Physical	Financial	Physical
2007-08	1000	8000	1189.21	12731	118.92	159.14
2008-09	1120	8400	800.59	6347	71.48	75.56
2009-10	600	4000	461.99	2799	77.00	69.98
2010-11	600	7200	335.78	3453	55.96	47.96
2011-12*	600	4000	297.68	1753	49.61	43.82

Note *Upto December 2011. Financial targets and achievements in Rs. lakh. Physical targets and achievements in Nos.

Table 10.92: Progress of Arivu (Education Loan) Scheme

Year	Targets		Achievement		% of achievements	
	Financial	Physical	Financial	Physical	Financial	Physical
2007-08	700	4000	873.70	5711	124.81	142.77
2008-09	900	5800	1488.12	9721	165.35	167.60
2009-10	1400	9300	1310.92	8796	93.64	94.58
2010-11	1600	10600	1750.20	9400	109.39	88.68
2011-12*	2600	13000	1585.58	8335	60.98	64.11

Note: *Upto December 2011. Financial targets and achievements in Rs. lakh. Physical targets and achievements in Nos.

maximum loan of Rs. 25000 is provided with 4% interest rate per annum. Out of the unit cost, 75% is a loan and 25% is back-end subsidy. The financial and physical progress of the scheme during the last four years is fairly satisfactory (Table 10.93).

v. Land Purchase Scheme (New Scheme)

With a view to improve productive assets like land among the landless minority farmers, 2 acres of dry land or 1 acre of wet land in rural areas will be purchased. The unit cost is limited to Rs. 2.50 lakh including the registration expenses, of which 50% is treated as loan with 6% interest rate and 50% as subsidy. The land is mortgaged with the corporation till the recovery of the loan. It was implemented during 2008-09, during which a sum of Rs. 28.23 lakh was spent against the budgetary allocation of Rs. 200.00 lakh, for the benefit of 36 farmers against the target of 333 farmers. Because of the high market value of land and non-

availability of land, the scheme had a setback during 2009-10 and 2010-11. For the year, a sum of Rs. 43.40 lakh has been spent out of budgetary allocation of Rs. 200.00 lakh benefitting 24 farmers out of the target of 80 minority farmers till the end of December 2011.

vi. Micro Loan Scheme

To improve the existing petty businesses and income of minorities in cities and rural areas, a micro-loan of Rs. 10000 to Rs. 25000 at 5% interest rate per annum including Rs. 2500 subsidy will be granted. The progress of the scheme during the last five years is given in Table 10.94.

vii. NMDFC's Term Loan Schemes

In order to enable members of religious minorities to take up self-employment activities, term loans are provided by the NMDFC (National Minorities Development and Finance Corporation) through the

Table 10.93: Progress of Shramashakthi Scheme

Year	Targets		Achievement		% of achievements	
	Financial	Physical	Financial	Physical	Financial	Physical
2007-08	500	2000	624.83	4422	124.97	221.10
2008-09	1000	6720	749.92	5036	74.99	74.94
2009-10	720	4800	755.39	5426	104.92	113.04
2010-11	1100	7333	1386.33	10291	126.03	140.34
2011-12*	1300	8667	1095.37	8285	84.26	95.59

Note *Upto December 2011. Financial targets and achievements in Rs. lakh. Physical targets and achievements in Nos.

Table 10.94: Progress of Micro Loan Scheme

Year	Targets		Achievement		% of achievements	
	Financial	Physical	Financial	Physical	Financial	Physical
2007-08	185	1850	207.05	2396	111.92	129.51
2008-09	900	9000	639.85	7613	71.09	84.59
2009-10	1200	12000	732.93	9002	61.08	75.02
2010-11	1400	14000	1321.89	14597	94.42	104.26
2011-12*	1900	19000	828.45	8486	43.60	44.66

Note *Upto December 2011. Financial targets and achievements in Rs. lakh. Physical targets and achievements in Nos.

State's channelizing agency, KMDC. Out of the project cost, 85% is from NMDFC, 10% will be released from KMDC with 6% interest rate and balance, and 5% has to be borne by the beneficiary. During 2009-10, as the total loan amount was used to provide micro-loans to take up self-employment, there was no beneficiary contribution. The detailed progress of the schemes during the last five years is provided in Table 10.95.

10.5.5 Welfare Programmes for Differently-abled Persons and Senior Citizens

With a view to improve the socio-economic conditions of differently-abled persons and senior citizens, various schemes have been implemented by the Government of Karnataka through the department for the empowerment of differently-abled and

senior citizens. A brief progress of welfare schemes implemented for the benefits of differently-abled persons and senior citizens during the last five years is summarised below.

10.5.5.1 Welfare Programmes for Differently-Abled Persons

i. Maintenance Allowance to the Disabled

For persons with disability range of 40% to 75% and above 75%, a monthly maintenance allowance of Rs. 400 and Rs. 1000 is provided respectively. During 2011-12, an amount of Rs. 36354.00 lakh has been earmarked and the entire amount has been utilized upto the end of December 2011. The detailed progress of the scheme during the last five years is indicated in Table 10.96.

Table 10.95: Progress of NMDFC's Term Loan Schemes

Year	Amount received from NMDFC (Rs. lakh)	Total loan sanctioned & spent under NMDFC schemes (Rs. lakh)				No. of beneficiaries
		Beneficiary amount	KMDC amount	NMDFC amount	Total	
2007-08	525.00	22.91	69.68	524.64	617.23	1182
2008-09	450.00	13.81	36.22	462.24	512.26	2227
2009-10	350.00	00	26.64	239.74	266.38	1522
2010-11	-	-	-	-	-	-
2011-12*	-	-	3.93	22.26	26.19	56

Note: *Upto December 2011; for the year 2010-11 and 2011-12, budget is not received from NMDFC, and hence, balance amount of 2009-10 budget is being spent during 2011-12.

Table 10.96: Progress of the Scheme for Maintenance Allowance to the Disabled Persons

Year	Targets		Achievements		% of achievements	
	Financial	Physical	Financial	Physical	Financial	Physical
2007-08	88864.00	295000	88864.00	295000	100.00	100.00
2008-09	19200.00	450000	19200.00	450000	100.00	100.00
2009-10	38500.00	675000	35261.15	675000	91.58	100.00
2010-11	42500.00	675000	42133.42	675000	99.13	100.00
2011-12*	36354.00	775000	36354.00	775000	100.00	100.00

Note: * Upto December 2011. Financial targets and achievements in Rs. lakh. Physical targets and achievements in Nos.

ii. Aids and Appliances to the Disabled

For persons with 40% disability, various aids and appliances are provided free-of-cost upto a maximum of Rs. 6000. For provision of motorized tricycle, 50% of the cost is subsidized. During 2011-12, an amount of Rs. 300.00 lakh has been earmarked for this purpose of which Rs. 61.31 lakh has been utilized for the benefit of 1512 persons. Details of the scheme's progress till the end of December 2011 are provided in Table 10.97.

iii. Medical Relief Fund

Disabled persons, who undergo corrective surgery, will be provided financial assistance upto a maximum cost of Rs. 35000 or actual expenditure incurred whichever is less. During 2011-12, Rs. 26.00 lakh has been earmarked of which Rs. 10.06 lakh has been spent for benefiting 63 disabled persons till the end of

December 2011. Details of the scheme's progress till the end of December 2011 are provided in Table 10.98.

iv. Financial Assistance to NGOs to run Special Schools

At the district level, NGOs are given financial grants on the basis of regular salary and perks to the teaching and non-teaching staffs as well as Rs. 600 per month to the child as maintenance charges, to run special schools and vocational training centers. The financial and physical progress of the scheme during the last five years is shown in Table 10.99.

v. Sadhane and Prathibhe

For sports and cultural activities, disabled persons are given financial assistance upto a maximum of Rs. 30000 or actual expenditure incurred whichever is less. The coverage and performance of the scheme

Table 10.97: Progress of the Scheme for Aids & Appliances to the Disabled Persons

Year	Targets		Achievements		% of achievements	
	Financial	Physical	Financial	Physical	Financial	Physical
2007-08	400.00	18862	399.70	18862	100	100
2008-09	400.00	20000	399.97	19172	99.99	95.86
2009-10	410.00	20855	371.57	20543	90.63	98.50
2010-11	50.00	260	14.96	78	29.92	3.07
2011-12*	300.00	12000	61.31	1512	20.43	12.60

Note: * Upto December 2011. Financial targets and achievements in Rs. lakh. Physical targets and achievements in Nos.

Table 10.98: Progress of the Scheme for Medical Relief Fund

Year	Targets		Achievements		% of achievements	
	Financial	Physical	Financial	Physical	Financial	Physical
2007-08	5.00	25	1.19	11	23.80	44.00
2008-09	10.00	30	9.18	30	91.80	100
2009-10	10.00	30	4.63	26	46.30	86.67
2010-11	15.00	45	0.76	04	5.06	8.88
2011-12*	26.00	85	10.06	63	38.69	74.11

Note: * Upto December 2011. Financial targets and achievements in Rs. lakh. Physical targets and achievements in Nos.

Table 10.99: Progress of the Scheme for Financial Assurances to NGOs

Year	Targets		Achievements		% of achievements	
	Financial	Physical	Financial	Physical	Financial	Physical
2007-08	259.83	2800	259.83	2800	100.00	100.00
2008-09	399.33	3100	399.33	3100	100.00	100.00
2009-10	451.22	3600	451.22	3600	100.00	100.00
2010-11	483.71	3600	483.71	3600	100.00	100.00
2011-12	780.16	4350	663.60	3690	85.06	84.82

Note: * Upto December 2011. Financial targets and achievements in Rs. lakh. Physical targets and achievements in Nos.

during the last five years are indicated in Table 10.100.

vi. Scholarship and Incentives to Disabled Students

Disabled students are encouraged to continue their education by providing them scholarship and incentives. For disabled students studying from 1st standard to post-graduate courses, a monthly scholarship of

Rs. 50 to Rs. 300 is being provided. Details of financial and physical progress of the scheme during the last four years are given in Table 10.101.

vii. Grameena Punarvasathi Yojane

Persons with disabilities have been rehabilitated by providing services like rehabilitation, awareness, social security, educational, training and employment and

Table 10.100: Progress of Sadhane and Prathibhe Scheme

Year	Targets		Achievements		% of achievements	
	Financial	Physical	Financial	Physical	Financial	Physical
2007-08	5.00	16	2.70	09	54.00	56.25
2008-09	9.00	30	1.98	29	22.00	96.67
2009-10	10.00	110	9.43	107	94.30	97.27
2010-11	10.00	110	9.57	81	95.70	73.64
2011-12*	18.10	160	15.60	149	86.19	93.12

Note: * Upto December 2011. Financial targets and achievements in Rs. lakh. Physical targets and achievements in Nos.

Table 10.101: Progress of the Scheme for Scholarship and Incentives

Year	Targets		Achievements		% of achievements	
	Financial	Physical	Financial	Physical	Financial	Physical
2007-08	207.20	25500	207.20	25670	100.00	100.67
2008-09	214.69	23800	207.74	22840	96.76	95.96
2009-10	222.48	24700	213.28	23465	95.86	95.00
2010-11	230.58	30000	215.28	27500	93.36	91.67
2011-12*	239.00	32000	118.48	15975	49.57	49.92

Note: * Upto December 2011. Financial targets and achievements in Rs. lakh. Physical targets and achievements in Nos.

other benefits through Government schemes meant for them in various departments. The progress of the scheme during the last five years is shown in Table 10.102.

viii. Self-employment Scheme for the Disabled Persons (AADHARA)

In order to enable disabled persons to take up self-employment such as petty shop or any other such business and thereby earn their own living, a kiosk of Rs. 15000 is being provided free of cost and Rs. 20000 interest free loan is provided as working capital (Table 10.103).

10.5.5.2 Welfare Programmes for Senior Citizens

i. Financial Assistance to NGOs to Run the Old Age Home

In order to provide life security and ensure their welfare, old age homes have been set

up in 27 districts through NGOs at a unit cost of Rs. 1.96 lakh each for 25 beneficiaries. Senior citizens avail the benefits of food and shelter. The detailed progress of the scheme during the last five years is furnished in Table 10.104.

ii. Financial Assistance to NGOs to run the Day Care Center and Helpline

At the district level, NGOs are provided with financial assistance to run 4 Day Care Centers and 15 Helplines for the welfare of senior citizens in some selected districts in the State. Helpline service is provided in coordination with district Police Commissioner/ Superintendent of Police of the district for which each NGO will be granted financial assistance of Rs. 3.60 lakh. For provision of day care centers through NGOs, each day care centre will be given Rs. 4.15 lakh. During 2011-12, a sum

Table 10.102: Progress of Grameena Punervasathi Yojane

Year	Targets		Achievements		% of achievements	
	Financial	Physical	Financial	Physical	Financial	Physical
2007-08	225.00	4370	283.20	4370	126.00	100.00
2008-09	225.00	5803	283.20	4370	125.87	75.31
2009-10	419.99	5803	403.58	4477	96.09	77.15
2010-11	330.00	5803	317.24	4455	96.13	76.77
2011-12*	500.00	5803	243.11	4763	48.62	82.07

Note: * Upto December 2011. Financial targets and achievements in Rs. lakh. Physical targets and achievements in Nos.

Table 10.103: Progress of AADHARA scheme

Year	Targets		Achievements		% of achievements	
	Financial	Physical	Financial	Physical	Financial	Physical
2007-08	225.00	4370	283.20	4370	126	100
2008-09	100.00	285	99.75	285	99.75	100
2009-10	-	-	-	-	-	-
2010-11	100.00	285	99.75	285	99.75	100
2011-12*	100.00	285	43.00	132	42	46.32

Note: *Upto December 2011. Financial targets and achievements in Rs. lakh. Physical targets and achievements in Nos.

of Rs. 89.00 lakh has been earmarked of which Rs. 18.50 lakh has been utilized for benefitting 2260 senior citizens till the end of December 2011 (Table 10.105).

Table 10.104: Progress of the Scheme for Financial Assistance to NGOs to Run Old Age Homes

Year	Targets		Achievements		% of achievements	
	Financial	Physical	Financial	Physical	Financial	Physical
2007-08	63.21	675	63.21	675	100.00	100.00
2008-09	67.21	675	67.21	675	100.00	100.00
2009-10	68.33	675	67.58	661	98.90	97.92
2010-11	68.98	675	68.98	675	100.00	100.00
2011-12*	75.62	675	53.70	479	71.01	70.96

Note: *Upto December 2011. Financial targets and achievements in Rs. lakh. Physical targets and achievements in Nos.

Table 10.105: Progress of the scheme for the Help line and Day Care Centers for Senior Citizens

Year	Targets		Achievements		% of achievements	
	Financial	Physical	Financial	Physical	Financial	Physical
2007-08	50.02	30000	36.90	22000	74.00	73.33
2008-09	70.00	10800	65.03	10800	92.90	100.00
2009-10	74.95	10800	64.91	10800	86.60	100.00
2010-11	75.00	10800	48.47	10800	64.63	100.00
2011-12*	89.00	10800	18.50	2260	20.79	20.93

Note:*Upto December 2011. Financial targets and achievements in Rs. lakh. Physical targets and achievements in Nos.

11 BALANCED REGIONAL DEVELOPMENT AND URBANISATION

Karnataka has taken steps to accelerate the process of closing developmental gaps across regions and social groups. Karnataka has been implementing the recommendations of the High Power Committee on Redressal of Regional Imbalances (2002). Along with other programs and schemes, a Special Development Plan (SDP) which gives a thrust to the development programmes in the 114 backward taluks is being implemented. The SDP has undertaken various initiatives in five core sectors of Agriculture and allied sectors, Health, Education, Rural Water Supply and Roads. These efforts have led to an increase in the levels of economic as well as human development in backward talukas. This is evident from the improvements seen in various key development indicators. Among other factors, the concentration of economic activities in a few clusters and low growth rates of the agriculture sector has led to rapid urbanization in the State. The State Government has formulated various programmes for urban development with a focus on critical infrastructure and basic amenities such as transport, water and sanitation and slum development.

11.1 Balanced Regional Development

Karnataka has always demonstrated vibrant potential for growth. Despite the natural resource constraints and unfavorable conditions, the State could maintain above average performance in basic development indicators. It is placed at the median level on most of the development indicators. During the last five decades, the State has made efforts to achieve rapid growth through investments in agriculture, industry, infrastructure and other sectors. But, this growth has not been inclusive with 25% of the State's population living below poverty line with the sharp North-South divide existing in the State. The regional gap emerged in the State on the eve of the reorganization of States in 1956. The new areas that joined the State from Hyderabad State and Bombay State were relatively less developed than the Old Mysore State. This area formed the Northern part of the State. In the absence of focused efforts in the past, the development gap increased over a period of time leading to marginalization and exclusion of the region and its people from the mainstream development process.

In recent years, the State has speeded up the process of closing this gap that was scientifically assessed by a High Power Committee constituted by the Govt. of Karnataka to look into the problem of regional imbalances in the State.

11.1.1 High Powered Committee on Redressal of Regional Imbalances (2002)

The High Powered Committee on Redressal of Regional Imbalances (HPCRRI), popularly known as Dr. Nanjundappa Committee, submitted its report in June 2002. The committee, on the basis of 35 socio-economic indicators, assessed the level of development of 175 taluks in the state. These indicators were spread over various sectors such as agriculture, industry, economic infrastructure, social infrastructure, and financial and technical infrastructure. Taking the State average of development in these indicators as the benchmark (equal to 1), the Committee estimated Comprehensive Composite Development Index (CCDI) with appropriate weights and identified 114 taluks as backward taluks. These taluks were further classified into most backward, more

backward and backward based on the value of CCDI. Taluks with CCDI of 0.52 - 0.79 were classified as most backward, those with CCDI of 0.80 - 0.88 as more backward and, taluks with CCDI of 0.89 - 1.00 as backward. The distribution of the taluks in these various groups in the State is given in Table 11.1.

Table 11.1 indicates the extent of regional imbalances existing in the State even after a period of five and half decades of planned economic development. Out of the 39 most backward taluks in the State, 26 taluks are in North Karnataka, 21 in Gulbarga Division and out of the total 61 relatively developed taluks, 40 are in South Karnataka. The Committee has recommended a policy mix of resource transfer, fiscal incentives and special programmes for development of the 114 backward taluks in the State.

11.1.2. Major Recommendations of the Committee

The Committee has recommended establishing an appropriate institutional setup to accelerate the process of development in different sectors. Some of the specific recommendations made by the Committee which include the establishment of a Central University at Gulbarga, a High Court Bench at Hubli and, a Circuit Bench at

Gulbarga have been implemented. A Women's University has been established at Bijapur while action plans are being prepared to establish IT parks in Gulbarga, Hubli and Bagalkot. The establishment of a Food park, a Textile Park and an Airport is in process in Gulbarga.

An eight-year Special Development Plan (SDP) has been recommended for implementation by investing Rs. 31000 crore which includes Rs. 15000 crore from Normal Plan and Rs. 16000 crore as additionality. The Committee has also stated that the amount allocated every year should be escalated by a factor to include rise in prices. The recommendations prescribe a participatory approach involving the people, voluntary organizations and Self Help Groups and adoption of a Decentralized planning approach to promote development and find long term solutions to the problems of regional development.

11.2 Recent Efforts towards Promoting Balanced Regional Development

In recent years, the Central and State Governments have initiated programmes for development of backward regions. A brief account of some major programmes operating in the State is presented below.

Table 11.1: Regional Development in Karnataka State

Sl. No.	Division	Relatively Developed	Backward	More Backward	Most Backward	Total Taluks
1.	Bangalore	18	09	13	11	51
2.	Mysore	22	10	10	02	44
3.	Belgaum	18	14	12	05	49
4.	Gulbarga (HK Region)	03	02	05	21	31
5.	North Karnataka	21	16	17	26	80
6.	South Karnataka	40	19	23	13	95
	Total (State)	61	35	40	39	175

Source: Report of the HPC on Redressal of Regional Imbalances, 2002

11.2.1 Rashtriya Sam Vikasa Yojane (RSVY) (2005-2007)

The Rashtriya Sam Vikas Yojana was initiated by the Central Government with the main objective of planning and implementing the programmes and policies with the joint efforts of the Centre and the States so as to remove barriers to growth, accelerate the development process and improve the quality of life of the people in the less developed regions of the Country. The main objectives of the scheme were to address the problems of low agricultural productivity, unemployment, and to fill critical gaps in physical and social infrastructure.

Karnataka was selected for implementation of RSVY among the other 25 States in the Country. In Karnataka, the scheme has implemented in the four backward districts of Gulbarga, Bidar, Chitradurga and Davanagere. An amount of Rs.15 crore per year was provided to each of the districts for a period of three years. The Government of India released this to the States on 100% grant basis in suitable installments taking into account satisfactory progress of the district plans. The Rural Development and Panchayat Raj Departments were the nodal departments for implementation of this scheme in the State.

11.2.2 Backward Region Grant Fund (BRGF) (2007-2012)

The Backward Region Grant Fund, a more comprehensive programme with wide coverage, has been introduced to redress regional imbalances in development. Along with other objectives, the fund provides financial resources for supplementing and converging existing developmental inflows into identified districts so as to bridge critical gaps in local infrastructure and other development requirements that are not being adequately met through existing inflows.

In Karnataka, the programme is being implemented in five backward districts of Gulbarga, Bidar, Chitradurga, Raichur and Davanagere. Central assistance has been earmarked on the basis of share in population and share in geographical area. An amount of Rs. 550 crore has been earmarked for this scheme as a whole for five years. Table 11.2 provides details of the scheme's implementation in Karnataka.

The programme has promoted the development of infrastructure in backward districts. The major focus was on development of soft infrastructure. The development of soft skills has been facilitated through various training

Table 11.2: Amount Released and Expenditure under BRGF

(Rs. crore)

Sl. No.	Districts	2007-08		2009-10		2010-11	
		Amount released	Expnd.	Amount released	Expnd.	Amount released	Expnd.
1	Raichur	7.50	7.50	19.56	19.56	19.56	14.67
2	Bidar	17.11	17.11	17.11	17.11	17.11	12.83
3	Chitradurga	20.21	20.21	20.21	20.21	20.21	15.15
4	Davangere	16.33	16.33	18.14	18.14	18.14	13.60
5	Gulbarga/Yadgir	25.34	25.34	28.15	28.15	28.15	21.11
6	Mysore (ANSSIRD)	10.00	10.00	8.39	8.39	5.00	3.75
	Total	96.49	96.49	111.56	111.56	108.17	81.11

Source: Annual Report 2010-11, RDPR Department

programmes for students, unemployed youth and Self Help Groups. Capacity building programmes are also organized for elected representatives in Local Self Governments. The programme has been successful in strengthening the development base in these backward districts.

11.2.3 Special Development Plan

The Special Development Plan (SDP) is a major recommendation of the Dr. Nanjundappa Committee. The Committee has estimated the required resource flow in the 114 backward taluks to bring them on par with other taluks in the State.

11.2.3.1 Objectives

The objectives of the Special Development Plan are:

- 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.
- To accelerate growth in the backward taluks through the stimulus of additional investment in various sectors and areas.
- To build infrastructure to make good the identified sector backlog in backward taluks.
- To establish the needed institutions/ organizations to redress the imbalances in the concerned sectors in backward taluks.
- To provide location-specific sectoral schemes in backward taluks in order to raise the level of services in these sectors to the level of State average.
- To help the planning authorities in preparing action plans with three priorities: First, priority is for most backward taluks which are to be covered in the first two years. More backward taluks shall have the second priority for the allocation of funds during the next two years and, backward taluks shall have

their allocation for the terminal period of the eight-year plan.

11.2.3.2 Allocations under Special Development Plan

The Committee has estimated the financial resources required to promote development in various sectors. These are indicated in Table 11.3.

Table 11.3: Sectoral Allocations under Special Development Plan

Sl. No.	Sectors	Amount (Rs. Crore)	%
1	Agriculture and Allied	2340	07.61
2	Rural Development	7100	23.10
3	Irrigation	8000	26.00
4	Energy	3000	09.76
5	Industry and Minerals	400	1.30
6	Transport	1650	5.37
7	Science and Technology	200	0.65
8	Economic Services	10	0.03
9	Social Services	8025	26.11
	Total	30725	100.00
	Normal Flow	15000	
	Net Additional outlay	16000	

Source: HPCRRI, 2002

The focus of the SDP is on irrigation, rural development and social services. Sectors like energy and agriculture are also allotted additional financial assistance for development. The allocation to education, health and other social services is Rs. 8025 crore. The allocation to irrigation is Rs. 8000 crore and to rural development, Rs. 7100 crore. This allocation considers the rural character and agrarian conditions of most of the taluks among the 114 backward taluks.

The allocations in SDP across the divisions were based on the Cumulative Deprivation Index (CDI). This is estimated on the basis of the distance of the CCDI Value from the State average (CDI = 1-CCDI). The

allocations within the division and among the districts and taluks are again based on the respective CDI values. The pattern of allocation of resources across the regions is indicated in Table 11.4.

Thus, in the total additional investment of Rs. 16000 Crore, the share of Gulbarga division is maximum i.e. Rs. 6400 crore and the share of North Karnataka is 60 % of the total allocation. This is because the extent of development deprivation is more in Gulbarga Division i.e. 8.06 (8.06/20.26 = 40%) which is just equal to the total deprivation of entire South Karnataka.

Although the Committee submitted the report to the Government during 2002, the Government started implementation of these recommendations from 2007-08. Budget provision was made from 2007-08 every year for implementation of these recommendations in the backward taluks by various departments.

11.2.3.3 Implementation of Special Development Plan

The programmes under SDP are planned on the basis of the requirements sent by the taluks to the concerned departments. The progress of the works under SDP is reviewed at the State and district levels in KDP meetings every month and a MIS system has been developed for providing

on-line information about the programmes undertaken under SDP and the physical and financial progress achieved, A special head of account with the object code 133 is allotted for schemes under SDP. A special cell is established in the planning department to coordinate and monitor the implementation process. The amount allocated, releases made and expenditure incurred so far is given in Table 11.5. It is apparent that the amount provided for various programmes under SDP has been increasing.

The release of funds and their utilization across various sectors is indicated in Table 11.6.

As seen in Table 11.6, the amount released is 68.01% of the planned allocations but the utilization percentage is 94.46. The release of funds is slow under SDP due to the fact that the allocations are made from the provisions under various schemes in Centre/State and District Sectors and further the release depends on the amount received under these schemes. A total amount of Rs. 7881.18 crore has been spent during the last five years on development activities in these backward taluks. A major increase in the budget estimates is noticed in the sectors of irrigation, tourism, urban development and infrastructure development.

Table 11.4: Divisionwise allocation of SDP outlay

Division	CDI Value Allocation	% of Resource	Amount (Rs. crore)
Gulbarga	8.06	40	6400
Belgaum	4.12	20	3200
North Karnataka Total	12.18	60	9600
Bangalore	5.32	25	4000
Mysore	2.76	15	2400
South Karnataka Total	8.08	40	6400
Total	20.26	100	16000

Source: HPCRRI 2002

Table 11.5: Allocations and Expenditure under Special Development Plan

Year	Allocation (Rs. crore)	Releases (Rs. crore)	Expenditure (Rs. crore)	% of Expnd. to Allocation	% of Expnd. to Releases
2007-08	1571.50	951.44	946.00	60.20	99.43
2008-09	2547.34	1710.42	1739.41*	68.28	101.69
2009-10	2578.83	2033.29	1919.94	74.45	94.42
2010-11	2584.00	2072.87	2066.73	80.19	99.70
2011-12#	2984.14	1574.03	1209.10	40.52	76.82
Total	12265.81	8342.05	7881.18	67.86	94.46

* Expenditure is more than the amount released due to additional amount spent by energy supply companies from their own resources

Source: Special Cell, Planning Department

Releases and expenditure upto the end of December 2011

Table 11.6: Distribution of Outlay and Expenditure among Various Sectors (2007-12)
(Rs. crore)

Sl. No.	Sectors	Total Allocation	Amount Released (Dec. 2011)	Expenditure (Dec.2011)	% release to allocation	% expnd. to release
		2007-2012	2007-12	2007-12		
1	Agriculture and allied sectors (including forest)	966.56	624.40	566.47	64.60	90.72
2	PWD	740.00	586.76	552.82	79.29	94.22
3	Rural Development	2243.95	1468.53	1226.85	65.44	83.54
4	Housing	1555.95	1232.05	1148.31	79.18	93.20
5	Irrigation (Major & Minor)	1938.83	1653.24	1601.92	85.27	96.90
6	Power	840.00	438.54	662.09	52.21	150.98
7	Industries	147.70	36.64	27.67	24.81	75.52
8	Infrastructure	662.10	392.42	392.42	59.27	100.00
9	Transport	433.50	331.63	325.11	76.50	98.03
10	Home	78.20	58.20	32.48	74.42	55.81
11	Social Sectors (health & education)	1038.40	589.68	542.69	56.79	92.03
12	Labour & Social Welfare	1071.71	653.38	578.24	60.97	88.50
13	Women and child development	220.80	115.18	84.38	52.16	73.26
14	Tourism development	120.10	76.03	76.03	63.31	100.00
15	Urban development	208.00	85.37	63.70	41.04	74.61
	Total	12265.81	8342.04	7881.18	68.01	94.47

Source: Special Cell, Planning Department

11.3 Major Achievements under SDP

A. Additional Resource Transfer to Most Backward Taluks

The allocations under SDP have helped the backward taluks in different categories to get additional resources to accelerate the development process. A comparison of distribution of allocation among three categories viz., most backward, more backward and backward taluks is presented in Table 11.7.

It is observed that the share of most backward taluks in total allocations has increased from 23.93% in 2007-08 to 40.36% in 2011-12. These also include the allocations made under district sector schemes. This additional resource transfer has promoted development activities in the backward areas.

B. Major successful works undertaken under SDP

The SDP has concentrated on the following five core sectors in which allocations are

being made on priority basis so that outcomes are visible.

1. Agriculture and Allied Sectors
2. Health
3. Education
4. Housing
5. Infrastructure
6. Irrigation and
7. Tourism

i. Agriculture and Allied Sectors

The major programmes being implemented under this sector include *Rashtriya Krishi Vikas Yojane* (Central Sector Scheme), Enrichment of soil fertility (State Sector), and *Raitha Samparka Kendras* (State Sector).

Rashtriya Krishi Vikas Yojane (RKVY): Under RKVY, mechanization of agriculture is being promoted through supply of various agricultural implements at subsidized rates in 114 backward taluks. This is essential to overcome the growing labour costs and labour shortages and complete the

Table 11.7: Additional Resource Transfer to Backward taluks in Different Categories.
(Rs. crore)

Year	Most Backward Taluks	More Backward Taluks	Backward Taluks	District Schemes in Backward Taluks #	Total Allocation
2007-08	376.00 (23.93%)	161.66 (10.29%)	136.62 (8.69%)	897.22 (57.09%)	1571.50
2008-09	870.09 (34.16%)	615.05 (24.14%)	406.87 (15.97%)	655.34 (25.73%)	2547.35
2009-10	1270.18 (49.25%)	554.57 (21.50%)	384.40 (14.91%)	369.68 (14.34%)	2578.83
2010-11	908.89 (35.17%)	639.65 (24.75%)	382.05 (14.79%)	653.41 (25.29%)	2584.00
2011-12	1204.50 (40.36%)	793.39 (26.59%)	528.00 (17.69%)	458.25 (15.36%)	2984.14*

* (inclusive of additional Rs.8.5 crores allocated to NWKRTC during May 2011)

Source: SDP Cell Planning Dept.

Schemes such as Universities/Colleges (Agriculture/Horticulture/Veterinary/Fisheries), Dairy Science etc., are included.

Figures in brackets indicates percentage of transfer to total allocation during the year

agricultural operations in time. These implements include power tillers (50% subsidy - max. Rs. 50,000), high tech agricultural implements (50% subsidy - max Rs. 70,000), diesel pumpsets (50% subsidy - max. Rs. 20,000), and agro processing units (50 % subsidy - Max. Rs. 65000). The total amount allocated during 2011-12 is Rs. 14 crore under this scheme.

Enrichment of soil fertility: In order to maintain the ecological balance, organic farming is being aggressively promoted. Organic farming is promoted under two major categories: a) Vermicompost production and use, and b) Promotion of organic farming. Integrated farming system is being popularized through demonstrations and supply of inputs like gypsum, micro nutrients, bio-fertilizers etc. The total allocation under this scheme during 2011-12 is Rs. 15 crore.

Raitha Samparka Kendras: This programme includes construction of *Raitha samparka kendras* under *Raitha Mitra* Scheme. This is a part of the agriculture extension programme. These centres are established as information centres for the farmers, and are meant to supply agricultural inputs and testing of soil quality, fertility etc. In 2011-12, allocation under this scheme is Rs. 20 crore.

Watershed development: Watershed development is adopted as a major strategy for development of agriculture in the dry regions of backward taluks. Watershed training centres are established in the backward regions. The rejuvenation of dried open wells is taken up under this programme and integrated watershed management programme is promoted with people's participation.

ii. Health

In the health sector, construction and upgradation of primary health centers have been taken up. Action has also been initiated for improvement of health facilities

by establishing *Suvarna Aarogya Suraksha* Trust.

iii. Education

Dr. Nanjundappa Committee had recommended the establishment of top educational institutions in north Karnataka, more specifically in the Hyderabad-Karnataka region. The major institutions established in this sector include the Women's University at Bijapur, Central University at Gulbarga, University of Horticulture Sciences at Bagalkot, Karnataka Veterinary and Fisheries Sciences University at Bidar and, Dairy Science College at Gulbarga.

To promote education in 39 most backward taluks, additional programmes have been introduced to strengthen the school infrastructure. Cluster complex is being established in 39 most backward taluks with a view to provide teachers' quarters in backward taluks/regions to enable the teachers to stay in rural areas and provide quality education to children. Opening of residential schools on Kasturba Gandhi Balika Vidyalaya (KGBV) model is also taken up in these taluks as female literacy rate is low.

Many of the schools that do not have compound wall, playgrounds and drinking water and sanitation facilities, are being provided with these on a priority basis in 39 most backward taluks with additional funds under *Pancha Soulabhya* programme under *Sarva Shikshan Abhiyan* (SSA). Funds are also allocated to start model high schools in these backward taluks. Construction and improvement of high school buildings is taken up with assistance from NABARD.

iv. Housing

Rural housing is one of the major sectors under SDP. The programmes that are being implemented in the backward taluks under SDP include the Basava vasati yojane

(District Sector), Ashraya-SDP, House sites for landless (State Sector), Housing for weaker sections (State Sector), Indira awaas yojana (State share) and Vajpayee urban housing scheme (State Sector). The allocation for these schemes during the period 2011-12 is Rs. 409.18 crore.

v. Infrastructure Development

SDP intends to fill up the gaps in infrastructure in the backward taluks and hasten the development process in these taluks. Under energy sector, the focus is on provision of electricity to villages, hamlets and tandas. Schemes of *Nirantara jyothi* and Rural Load Management System (RLMS) are being implemented. The Minor airports at Bidar, Gulbarga, Bijapur, Belgaum and Hubli are provided with additional funds for completion. The Committee had identified 90 taluks (61 in north Karnataka and 29 in south Karnataka) out of 175 taluks which have road length less than the State average. Under SDP, road development programme is undertaken in rural areas under the schemes of NABARD-assisted rural roads and Suvarna raste vikas yojane. The Programmes are implemented by PWD. The allocation during the year 2011-12 is Rs. 180 crore.

Under road transport sector, assistance is given to KSRTC divisions for construction of new depots, upgradation of existing bus stands, provision of toilet facilities, asphaltting within bus stands and construction of waiting rooms etc. The allocation for road transport is Rs. 83.50 crore and for railway and airport projects, allocation has been Rs. 219.10 crore during 2011-12.

The allocation for rural development during 2011-12 is Rs. 402.16 crore. The amount released is Rs. 281.29 crore and the expenditure is Rs.151.77 crore as of December 2011.

vi. Irrigation

Assistance is provided for development of major irrigation in backward taluks. The Dr. Nanjundappa Committee had recommended development of irrigation as a major strategy for increasing agricultural production and productivity in backward taluks. Assistance is provided under the programmes of Karnataka Neeravari Nigama Limited (KNNL) and Krishna Bhagya Jala Nigama Limited (KBJNL) for capital works.

Additional funds are being provided for early completion of major irrigation schemes to KBJNL, KNNL and Cauvery Neeravari Nigama Limited (CNNL). Works such as promotion and modernization of tanks, rejuvenation of tanks, lift irrigation and construction of barrages are taken up in most backward and more backward taluks. Expenditure for irrigation is around 20.1 % of total SDP expenditure during the 11th plan. Assistance is given to complete the existing schemes soon so that benefits reach the farmers in time. This may thus help to expand the irrigation facilities and increase agricultural productivity and output. Allocation to major irrigation is Rs. 525 Crore during 2011-12.

vii. Tourism

Innovative works have been proposed and are in the process of implementation in tourism sector which is emerging as a high growth area in the service sector. Tourist infrastructure at various places in backward taluks has been taken up for development. An amount of Rs. 65.11 crore has been spent so far as against the earmarked outlay of Rs. 90 crore. Approach roads to tourist places have also been constructed at various tourist places such as Pattadakal in Badami taluk, Idagunji Baligar and Satodi water falls in Siddapur taluk of U. Kannada Dist., Renuka Yellamma temple in Soundatti taluk, Channakeshava Temple in Belur,

Kemmananagundi hill station, Nimishamba Temple in Ganjam, Srirangapatna taluk, Kikkarebellur Bird Sanctuary, Kaiwara temple in Chintamani taluk etc.

11.4 Conclusions, Challenges and Prospects

The implementation of recommendations of Nanjundappa Committee remains as an ongoing agenda. The Special Development Plan and the Backward Region Grant Fund are major programmes operating to reduce regional imbalances. These efforts have led to an increase in the levels of economic and human development in most backward and more backward taluks. This is evident from the growing enrolment of children in schools, decline in dropouts and out-of-school children etc. Road connectivity has increased and most villages are now covered by all-weather roads. Levels of employment and income are on the rise. But, there is no significant decline in the gap between the developed and the less-developed regions. This indicates that the barriers to development are still strong enough to retard the development processes. The challenge of promoting faster development in these regions requires additional flow of funds for implementation of new and specific schemes and not the normal schemes of the department that provide some additional resources to these regions. Therefore, formulation and effective implementation of development programmes that promote faster development are required to meet the challenges of these regions.

The Eleventh Five Year Plan has focused on inclusive growth, which implies that people in all the regions of the Country should gain access to development. It is expected that the 12th Five Year Plan would carry forward the same agenda. In this context, intensive

efforts are required to bridge the development gap and attain equitable distribution of gains from development across regions and people in the State.

11.5 Role of Decentralised Governance and Civil Society

11.5.1 Background

Towards ensuring meaningful and responsive decentralized governance and more specifically in nurturing Panchayat Raj Institutions (PRIs), Karnataka has been one of the pioneering States. The Constitutional 73rd and 74th Amendments, a watershed in India, saw the dawn of powerful local governments all over the country. Karnataka was the first State in the Country to enact the Panchayat Raj Act, during 1993, by incorporating the features of the 73rd Amendment. Elections are being successively held to the three-tiers of PRIs. Politically, there is a broad consensus and sincere commitment in favour of decentralisation that finds a place in the ideologies of all political parties in the State. The Panchayat Raj System in the State has been stabilized with the conduct of four general elections. An outstanding feature of the Panchayat Raj System in Karnataka is the determined and continued efforts to empower the voiceless section of society by providing for specific reservation not only in membership but also to the post of Chairpersons of the Institutions. It is a matter of great pride that women have been provided with 50% reservation both in membership and authority positions. More significantly, in order to promote participatory governance, the Karnataka Panchayat Raj Act, 1993 has been further amended for enhancing the quality of people's participation through greater empowerment of Gram Sabhas and Ward Sabhas thereby bringing in transparency and accountability in the functioning of PRIs.

11.5.2 Decentralised Planning as a Strategy

In order to accelerate the objectives of rural development and reach the benefits of development equitably, an appropriate strategy such as rural development planning has been evolved to strengthen the various indicators of rural development and to bring a qualitative change in all sections of society. To translate this into practice, the Government of India opted for a strategy of decentralized planning and entrusted the responsibility of planning and implementing rural development programs to decentralized government bodies with PRIs in rural areas and urban local bodies in urban areas. With the passing of the 73rd Constitutional (Amendment) Act (1992), PRIs have acquired a statutory status, and become an integral part of our polity and, more importantly, they have been recognized as 'institutions of self-government'. They have been given the important responsibilities of plan preparation and plan implementation in order to ensure economic development in rural areas and to ensure social justice in the distribution of benefits of such development processes (Article 243 G). Consequently, decentralised governance and planning have emerged as strategies for initiating socio-economic transformation in rural areas with the prime objective of developing rural infrastructure and improving the living conditions of the rural people, especially the weaker sections.

11.5.3 Decentralised Planning in Karnataka

As previously mentioned, Karnataka was the first State to pass a new legislation, The Karnataka Panchayat Raj Act, in 1993. The Act provides for a three-tier structure of Panchayat Raj with Zilla Panchayats (at the district level) Taluk Panchayats (at the Taluk level) and Gram Panchayats (at the village level). In conformity with the Eleventh Schedule of the Constitution, the 1993 Act has entrusted a wide range

of functions (Schedule I, II and III) to Panchayats. To carry out these functions, the Gram Panchayat receives Rs. Eight lakh as annual grant and has powers to levy tax on buildings and lands, water rate, tax on entertainment, vehicles, advertisement and hoarding and collect market fee, fee on bus stands and on grazing cattle. Both the Taluk and Zilla Panchayat are allowed to charge fee on their property used by others. In addition, both the Grama Panchayats and the Taluk Panchayats get proceeds from cess on land revenue and, surcharge on stamp duty levied by the State Government. Except for these, the Panchayats have to depend solely on the resources transferred from the Government.

The powers and functions of the Grama Panchayats, Taluk Panchayats and Zilla Panchayats have been listed in sections 58, 145 and 184 of the Act. As per the three schedules (I, II, III) the Panchayats are authorised to carry out functions such as preparation of annual plans, annual budgets and sectoral schemes for promotion of agriculture, animal husbandry, rural housing, drinking water, roads and bridges, rural electrification, education, rural sanitation, public health, women and child development, social welfare, public distribution system, maintenance of the community assets, cooperative activities and promotion of libraries. Section 309 of the 1993 Act provides for the preparation of development plan by the grama Panchayats, Taluk Panchayats and Zilla Panchayats. Furthermore, Section 310 of the Act makes it mandatory for the State to constitute District Planning Committees (DPCs) in each district which are required to consolidate the plans prepared by the Panchayats and municipal bodies and to prepare the draft district development plan of the district by taking into consideration the needs of spatial planning, physical and natural resources and, the level of infrastructure development. Dr. D.M. Nanjundappa's

Report also recommended that DPCs in each district should do the planning keeping 'taluk' as the primary unit in the planning process.

11.5.4 Recent Policy Initiatives to strengthen Decentralised Planning Process

Karnataka has 5627 Grama Panchayats, 176 Taluk Panchayats and 30 Zilla Panchayats. The State has entrusted major responsibilities by devolving all the 29 functions (a first State to do so in the country as a whole) to the Panchayats as enlisted under the Eleventh Schedule of the Constitution. The functioning of the Panchayats is coordinated and monitored by the Department of rural development and Panchayat Raj. The department has the vision of ensuring sustainable and inclusive growth through PRIs by providing "Power to the People" and by providing necessary infrastructure through integrated rural development. In recent years, the Karnataka Government has been taking a proactive stance to strengthen the decentralised governance and planning processes and to that effect, has introduced many administrative innovations such as-

(i) The responsibility of plan formulation and implementation has been devolved to the Panchayats by transferring functions, functionaries and finances

(ii) Introduction of social auditing in the form of Jamabandhi to ensure transparency in the system; Grama Panchayats are empowered to call for tenders for all works with an estimated cost of Rs. 10,000 and above and for procuring materials worth Rs. 5,000 and above

(iii) To ensure transparency and accountability in the implementation of schemes such as MGNREGA, the State Government has appointed 'Ombudsman' at district level; so far ombudsman has been appointed in 17 district.

(iv) Computerisation of grama Panchayats, taluk Panchayats and zilla Panchayats

(v) The Grama Panchayat secretaries are paid their salaries from the Grama Panchayat account thereby making them more responsive to the Grama Panchayat.

(vi) Creation of one post of Panchayat Development Officer (PDO) in each of the 5627 Grama Panchayats and 2,500 posts of second division accounts assistants in the larger Grama Panchayats to strengthen the administrative capabilities of these Panchayats

(vii) Introducing "Accrual Basis Double Entry Accounting System" with new set of accounting and budgeting rules to streamline the budgeting and accounting system of Grama Panchayats

(viii) Introducing "Pancha Tantra", a new software for implementing double entry accounting system. Pancha Tantra, a web-based application with 3-tier architecture, is a comprehensive system which meets all the requirements of the Grama Panchayats. It has been designed by incorporating the rules and regulations as defined in Karnataka Panchayat Raj Act 1993.

(ix) Conducting capacity building programmes such as certificate course for panchayat members, imparting functional literacy to illiterate grama Panchayat members, training through satellite networks to elected Panchayat functionaries at ANSSIRD, Mysore, to enhance the knowledge base and to upgrade skills among the functionaries of panchayats including the officials.

11.5.5 Activity Mapping

'Activity Mapping', a first of its kind in the Country, involves a detailed range of activities for all the three Panchayats. Broadly, the activity mapping visualises both Zilla Panchayats and taluk Panchayats as planners, facilitators and owners of common executive machinery, Grama Panchayats as

the cutting edge of local service provision, and Grama Sabha and ward Sabhas as instruments of downward accountability. The new activity mapping framework that devolves functions has to be accompanied by adequate devolution of finances and functionaries.

11.5.6 Simplification and Rationalisation of Schemes

In order to streamline the above processes, efforts have been made to simplify and rationalise the schemes that would be transferred to Panchayats. Accordingly, the number of schemes in the Panchayat sector of the budget is now reduced from 658 to 337 (213 plan and 124 non-plan schemes) thus simplifying the district sector fund transfer mechanism. Minor schemes have been merged into larger ones, giving greater flexibility to Panchayats to address their priorities. Most of the State sector schemes and funds dealing with functions devolved to Panchayats are now transferred to the District Sector, with effect from the 2005-06 budget.

11.5.7 Decentralized Planning Process: Allocation of Funds to District Sector

As visualised in the plan documents, the decentralised planning process begins with the determination of annual plan size at the State level, and allocation of funds to the district sector. Then, district sector allocation for various programmes is done in consultation with the Chief Executive Officer of each Zilla Panchayat, district level sectoral officers and State level department officers. After this, the data will be supplied to finance department to integrate the district sector data with the State and also to print budget link documents. The budget link documents are placed before the Legislature as a part of the State budget. Once the budget is passed, the link documents are made available to the zilla Panchayat for the preparation of action plans at ZP, TP and GP levels. These PRIs

prepare the action plans as per the allocations, discuss them in the various standing committees, place them in the general body meetings and, seek approval from the district planning committees after which the implementing officers start executing the plans/programmes. In the preparation of plans, the ward sabhas and grama sabhas play a crucial role and their recommendations and suggestions do figure in such action plans emphasising the fact that the plans so prepared are the byproduct of people's wishes and demands. Thus, the entire planning process can be termed as 'participatory planning process'. Table 11.8 provides information on allocation of plan funds to the different sectors under District Sector in the annual plans.

It can be seen that sectors of education, rural employment, welfare of women and children, welfare of Scheduled Castes and Scheduled Tribes, and rural housing have been the priority sectors of Panchayats with these sectors receiving higher allocation compared to other sectors. It can also be seen that there is a perceptible increase in the allocation made to these sectors across the plan years.

11.5.8 Comprehensive District Development Plan (CDDP)

One of the important mandate of the 73rd and 74th Constitutional amendments set for both PRIs and ULBs (Urban Local Bodies) is to prepare local level plans. Furthermore, Article 243 ZD of the 74th Amendment provides for setting up of DPCs at the district level to consolidate the plans of both urban and rural bodies, and to formulate a draft district plan for the district as a whole, having regard to matters of common interest between the Panchayats and the municipalities including spatial planning, sharing of water and other resources, whether financial or otherwise. In order to perform this task efficiently, the DPC will

Table 11.8: Sector wise allocation of Plan Funds to different sectors under District Sector (2008-09 to 2011-12) (Rs. lakh)

Sl. No.	Sector	2008-09	2009-10	2010-11	2011-12
1	Education	64651	87120	86720	100037
2	Sports & youth services	782	878	1935	2079
3	Art & Culture and Library	1288	1357	70	74
4	Medical & Public health	9757	10393	10423	12543
5	Family welfare	22603	23925	26677	31115
6	Rural water supply	11381	11272	5809	12925
7	Rural Housing	44109	36426	36340	36408
8	Welfare of SCs & STs	30416	33558	35251	33863
9	Welfare of BCs	6736	8877	11618	9473
10	Welfare of Minorities	1290	1993	2082	1494
11	Labour, Employment & Training	144	141	119	117
12	Welfare of Women & Children	29845	42421	45250	55691
13	Welfare of Disabled & Sr. Citizens	328	368	434	540
14	Nutrition	11408	22871	27935	28665
15	Agriculture	6960	6506	6574	6970
16	Soil and Water Conservation	30070	23319	19580	12817
17	Horticulture	2243	2071	1992	2012
18	Animal Husbandry	6780	7428	8102	10406
19	Fisheries	694	765	796	865
20	Forest	2243	2291	2212	2301
21	Co-operation	2492	454	468	474
22	Agriculture Marketing	82	77	96	102
23	Area Development & RD Programmes	11234	12619	13207	15798
24	Rural Energy	929	1141	1463	1933
25	Rural Employment - NREG	77599	77599	84099	126727
26	Grants to PRIs incl. ZP Office Buildings	41249	40992	40790	81643
27	Minor Irrigation	88	88	85	76
28	Village & Small Industries	385	442	460	501
29	Sericulture	399	411	432	456
30	Roads & Bridges	22655	15313	15324	15341
31	District Planning Unit	211	241	295	305
32	Handlooms & Textiles	502	239	237	256
33	Science & Technology	123	127	136	158
	Total	441676	473724	487011	604165

Source: Department of Planning, Programme Monitoring and Statistics, Government of Karnataka

have to determine a strategy for the district as a whole and accordingly provide guidelines to the PRIs and municipalities for formulating their plans. Set in this backdrop, the objectives of the CDDP are:

- To design an integrated and participatory action plan for the development of local area in general and development sectors in particular.
- To prepare a Comprehensive District Development Plan through participatory process and consultative process involving various organisations and stakeholders.
- To enable optimum utilisation of scarce natural, physical and financial resources.
- To assess and plan for the infrastructure required to support the development sectors
- To establish linkages with the required institutional support services like credit, technology transfer, research etc.
- To evolve an action plan for achieving sustainable growth and development in all the development sectors as enlisted in the eleventh Schedule of the Constitution.

With these objectives in view, the Department of Planning, Government of Karnataka, has prepared CDDPs for the Eleventh Plan period (2007-12) and accordingly, necessary guidelines were issued to PRIs and municipal bodies to prepare their plans. For this purpose, these bodies were advised to take the help of Technical Support Institutions (TSIs) such as Institute for Social and Economic Change (ISEC), Afro-Asian Rural Reconstruction Organization (AARRO), MYRADA and Universities. These TSIs have been working as handholding institutions to PRIs and municipal bodies in organizing workshops, collection of data and preparation of draft plans. These plans have been prepared and presented before the DPCs. So far, CDDPs have been prepared for 25 districts.

Preparation of CDDP in the remaining districts is under progress.

11.5.9 Role of Civil Society Organisations in Decentralised Planning Process

The series of rural development programs initiated from the 1960s, especially with the adoption of the target group approach emphasising on targeting growth to weaker sections and backward sub-regions, gave primacy to decentralised planning. The approach emphasised the participation of people, their organisations and NGOs in the planning and implementation processes which in turn, provided some space to civil society. The latter in its new role had to assist the Panchayats by providing technical inputs on the basis of their own analysis of the prevailing socio-economic situation and also motivate people to participate in the development processes including monitoring of, and taking up development projects for the benefit of the weaker sections and backward regions. In other words, the civil society is expected to play the role of capacity building among Panchayat functionaries. The NGOs, as an important component of the modern civil society, are looked upon as change initiators in the rural society and input providers to rural Governments.

11.5.10 Civil Society Organisations in Karnataka

In Karnataka, initiatives have been taken to enunciate people's participation and involvement of NGOs (numbered at about 500 in the State) in implementing several schemes of the Central and State Governments (Table 11.9). Continuous efforts have been made to create awareness among the public through these organisations in rural and backward areas and urban slums about Government programmes and their implementation. Voluntary organisations have been actively involved in organising skill upgrading and capacity building programmes, training of

Table 11.9: Involvement and Participation of Civil Society Organisations (CSO) in Implementing Government programmes

Sl. No.	Sector/Programmes	Involvement of Voluntary organisations
1	Health and Family Welfare National Rural Health Mission	<ul style="list-style-type: none"> ➤ Running PHCs in remote areas ➤ Capacity building of Accredited Social Health Activists(ASHAs) and members of Village Health and Sanitation Committees ➤ Involvement in National Leprosy Eradication and blindness Programmes ➤ Preparation of annual district reports on people's health ➤ Play a major role in prevention and control of AIDS by providing pre- test, post-test, counseling and HIV testing for diagnosis and surveillance ➤ Motivating women under 'Parent to Child Transmission programme' to attend antenatal OPDs, counseling on health education, family planning, safe sex practices, infant feeding, immunisation and nutrition.
2	Education Akshara Dasoha	<ul style="list-style-type: none"> ➤ Associated with the implementation of mid-day meal programme ➤ 100 NGOs are involved in providing hot cooked meal to 11 lakh children in 5577 government and government aided schools
3	Women and Child Development Santhwana	<ul style="list-style-type: none"> ➤ Involved in implementing this programme in 165 Santhwana centres ➤ Involved in counseling women, victims of various atrocities, providing vocational training for self-sustenance
	Integrated Street Children Programme	<ul style="list-style-type: none"> ➤ Involved in providing 24 hours shelter to street children ➤ To help the children to enroll in schools and provide vocational training ➤ Protection against abuse and exploitation of destitute and neglected children
	Training of Anganawadi Workers/Helpers	<ul style="list-style-type: none"> ➤ Involved in orientation training of ICDS functionaries, anganawadi workers and helpers ➤ To empower ICDS functionaries with sufficient Knowledge about health, nutrition and childhood education
4	Welfare of Backward Classes Pre-metric and Post-metric hostels	<ul style="list-style-type: none"> ➤ Running hostels for the educational advancement of the students belonging to backward classes ➤ Running 240 pre-metric and 18 post-metric hostels ➤ Imparting training for improving the quality of manpower among the backward classes
	Welfare of Minorities	<ul style="list-style-type: none"> ➤ Students of minority community studying in middle and high schools are provided with hostel facilities to curtail dropouts. ➤ Orphanages for poor children studying in 1st standard to 10th standard are run by the minority self-help organisations

	Welfare of Scheduled Castes	<ul style="list-style-type: none"> ➤ Maintaining pre-metric and post-metric hostels for Scheduled Caste students in their education
5	Rural Development Jal Nirmal Project	<ul style="list-style-type: none"> ➤ Involved as a partner in the overall implementation of the project ➤ Organising capacity building programmes for Grama Panchayats and village level user groups ➤ Providing community development support to Panchayats ➤ Imparting skill based training to members of Village Water Supply and Sanitation Committees
	Suvarna Gramodaya	<ul style="list-style-type: none"> ➤ Preparation of detailed village development plans ➤ Preparation of socio-economic profile of the villages
	Swarnajayanthi Gram Swarozgar Yamani (SGSY)	<ul style="list-style-type: none"> ➤ To impart training to group members ➤ To work as facilitators for forming groups ➤ Initiating and sustaining the group activities ➤ Forming and nurturing of SHGs and their monitoring
	Total Sanitation Campaign	<ul style="list-style-type: none"> ➤ Promotion of information, education and communication (IEC) activities. ➤ To create awareness among rural people about the importance of sanitation and also ensure that they use the services ➤ NGOs may also open and operate production centres and rural sanitary mitras to set up a delivery system
	Comprehensive District Development Plan	<ul style="list-style-type: none"> ➤ To work as technical support and hand-holding institutions to prepare district development plan ➤ Preparation, integration and finalisation of district development plans which includes both plans prepared for PRIs and Municipalities.

Panchayat members and in creating awareness in the fields of women and child development, social welfare, health, education, watershed development programme etc.

Table 11.9 also depicts the multiple roles that the CSOs have been playing in promoting decentralised planning and development processes by extending their support to PRIs and other development departments in the State. Notwithstanding this, the CSOs' role, with financial support from the Government, can largely be seen as being complementary to the Government in assisting the latter in implementing development programmes.

On the whole, in this section, the roles of both panchayats and NGOs in response to the needs of decentralised governance and planning have been sketched. These institutions, with a considerable degree of autonomy, have been making efforts to take necessary decisions relating to formulation and implementation of rural development programs. Notwithstanding their roles and status, there is a growing need for 'networking' among these institutions as this has been perceived as a better strategy for strengthening rural infrastructure and improving the living standards of the rural people and thereby ensure participatory planning.

11.6 URBANIZATION

11.6.1 Introduction

Urbanization is an index of transformation from a traditional rural economy to a modern industrial one. It is a long term integral process of economic growth. About 375 million people in India live in urban areas, accounting for about one-third of its population. With the present growth of about 2% p.a., India's cities and towns will contribute to nearly half of India's population by 2030. Urbanization in Karnataka increased from 22% in 1961 to 38% in 2011 (Table 11.10). On an average, the State's urban population witnessed 37% decadal growth. This trend declares the State as the fifth most urbanized State in India and, Karnataka is expected to maintain this position by 2030 after Tamilnadu, Maharashtra, Gujarat and Punjab.

11.6.2 Urban centres in Karnataka

The history of urban local self-governing bodies (commonly called municipalities) in Karnataka dates back to more than a century. These local bodies have been classified into various categories like city corporations, city municipal councils, town municipal councils and town Panchayats depending upon the population. The municipal bodies are now governed by the provisions contained in the Karnataka Municipalities Act, 1964 (for city

municipalities, town municipalities and town Panchayats) and Karnataka Municipal Corporation Act, 1976 (for corporations). The State has classified the 219 urban centers mainly based on their population and other criteria, into five categories -

Type of urban centre	No.
City Corporations (> 3 lakhs population)	9
City Municipal Councils (Population ranging from 0.50 – 3 lakh)	43
Town Municipal Councils (Population ranging from 0.20 – 0.50 lakh)	94
Town Panchayaths (Population ranging from 0.10 – 0.20 lakh)	68
Notified Area Committees (Specified areas like industrial areas where municipal services are required)	4

As per the 2011 census, another 100 Gram Panchayats are proposed to be upgraded to Town Panchayats based on their population.

The State's cities are under immense pressure to meet the growing demands and aspiration of their citizens in a qualitative, cost economic and sustainable manner. The rapid pace of transition and degradation of natural resources has posed a huge

Table 11.10: Trends in urbanisation in India and Karnataka

Year	India's total Population (lakhs)	% Urban Population in India	Karnataka's total Population (lakhs)	% of Urban Population in Karnataka
1951	3611	17.28	194	22.95
1961	4392	17.96	236	22.33
1971	5982	18.24	293	24.31
1981	6833	23.34	371	28.29
1991	8443	25.73	448	30.91
2001	10270	27.79	527	33.98
2011	12102	31.16	611	38.57

challenge for city governing bodies. The local bodies need to build their capacities in terms of skills, knowledge and resources, to tackle the emerging issues and problems which are resulting in low levels of service delivery and insufficient utilization of available resources. The challenges are largely due to information gaps, inadequate resource mobilization and lack of effective planning, management and monitoring. In this changing scenario, the urban development Department of Karnataka is fostering, equipping and empowering the governing bodies with required capacities, human resources, policies, funds, tools, etc. and enabling them to improve the citizens' quality of life. Along with Tier I cities, Tier II cities in the State are an attractive destination to a variety of economic activities like retail, IT-BT, small and medium businesses, tourism, engineering and food processing etc. Thus, nurturing the growth of the Tier II cities is also important not only for reducing urbanization pressures on mega-cities but also for the overall economic growth.

11.6.3 Resources for Urban Development

In the 2010-11 State budget, Rs. 5883 crore has been earmarked for the urban development, which is about 12% of the total budgetary allocations. This has increased to Rs. 7710 crore in 2011-12 which is 11.5% of the budgetary allocation. The budgetary gaps have been supplemented with private capital, user charges, funding from financial institutions and externally aided agencies. Currently, four major projects financed by the external funding agencies at a total investment of Rs. 7500 crore are being implemented. So far, an investment of Rs. 12200 crore has been made in addition to the State Government funding, covering 73 towns of the State. Jawaharlal Nehru National Urban Renewal Mission (JNNURM) has been one of the flagship programmes in recent years with an

approved investment of Rs. 4625 crore in Bangalore and Mysore.

On the basis of City Development Plans and investment plans prepared for various categories of ULBs, an investment of Rs. 2.80 lakh crore by the year 2031 is projected to meet key urban environmental infrastructure and services. More than 35% of the projected investment would be for key services like water, sewerage and storm water drains. A significant proportion of investment (about 46%) has been also assessed for the roads, traffic and transportations sector. Implementation of a comprehensive agenda for managing urban transition requires action on several fronts.

11.6.4 Institutional framework

There are various agencies under the umbrella of Urban Development Departments which are working together to build better cities for tomorrow. They are -

For all the cities/towns other than Bangalore:

1. Directorate of Municipal Administration: monitoring and managing the overall cities / towns administration and governance in 213 urban local bodies other than Bangalore.
2. Directorate of Town Planning: Developing strategic plans integrating spatial planning for 213 cities/towns.
3. Karnataka Urban Water Supply & Sewerage Board (BWSSB): Providing drinking water and underground drainage facilities to 213 urban cities of Karnataka.

For Bangalore :

1. Bruhat Bangalore Mahanagara Palike: catering to basic services/ obligatory functions; managing the city administration and governance.
2. Bangalore Water Supply & Drainage Board: Providing drinking water and underground drainage facilities within the city.

3. Bangalore Development Authority: Developing strategic plans integrating spatial planning and planned area development within BBMP area.
4. Bangalore Metropolitan Regional Development Authority/ Bangalore Metropolitan Land Transport Authority (BMLTA)/ Bangalore Mysore Infrastructure Corridor Area Planning Authority (BMICAPA): Developing strategic plans integrating spatial planning and area beyond BDA's jurisdiction.
5. Bangalore Metro Rail Corporation Limited: Implementation of a Mass-Transit Rail System for the city.

For all the cities/towns in the State:

1. Karnataka Urban Infrastructure Development & Finance Corporation: Implementing Externally Aided Urban Infrastructure Projects
2. Directorate of Urban Land Transport: Dedicated agency to facilitate coordinated planning and implementation of projects relating to urban transport in seven city corporations

11.6.5 State's initiatives for urban development

The State has taken numerous initiatives for improvement of urban governance & citizen responsiveness, development of basic infrastructure, improving service delivery standards and betterment of unemployment of youth & women. The State is also striving to introduce accountability & responsibility among the municipal staff, strengthen local bodies' capabilities, streamline and standardize procedures for transparent and better administration.

11.6.5.1 Governance initiatives

Good governance is essential for Urban Local Bodies (ULBs) to function in an efficient and effective manner. The Geographic Information System - based

property tax information system has been introduced bringing 17 lakh unassessed properties in all 214 ULBs in the tax net. Important internal processes like web-based project monitoring, payroll, personnel information system, procurement process, payment of bills, file movement, court case monitoring, and fund-based accounting system as per Karnataka municipal accounting & budgeting rules (KMABR) 2006 have been computerized enhancing transparency and administration.

The State has established an exclusive 'municipal reforms cell' to drive e-governance related reforms and computerization in ULBs. Automatic meter reading, computerized water bill collection system and supervisory control and data acquisition (SCADA) systems for water treatment plants have been introduced in Bangalore. BWSSB has bagged the National urban water award for highest and sustained revenue collection. Water theft cases are being booked for the first time in Bangalore with offenders subject to upto six months imprisonment.

Cadre and recruitment rules have been revised in 2005 for ULBs and in 2010 for City Corporations. 92 posts have been rationalized to 40. New technical posts like environmental engineer, accountants, IT staff etc. have been introduced. Municipal employees from Groups A to D and elected representatives undergo periodic and regular trainings/workshops programs that are being conducted by the State institute for urban development, Mysore.

The ULBs are being prepared to improve their service delivery levels against the set benchmarks on a yearly basis. An online first-of-its-kind application – "Tulana", has been launched to disclose performance levels with 49 indicators in seven sectors from 213 ULBs other than Bangalore. Bangalore is presently working to establish the online system for 4 sectors with 32

Indicators.

Master Plans are approved for 99 cities/towns including Bangalore. A large scale urban mapping project has been taken up for the preparation of scientific base maps for 31 cities and towns by using satellite imagery, aerial photography and total station survey at a cost of Rs. 23 crore. The total station survey even for properties within BDA's jurisdiction is under progress.

The State has set up an urban transport fund of Rs. 10 crore for Bangalore and Rs. 5 crore for Mysore as a part of JNNURM reforms. This fund is to be utilized for the improvement of public & non-motorised transport, pedestrian facilities, parking infrastructure and capacity building including research for ULBs/urban development authorities and directorate of urban land transport (DULT).

A few legislative reforms have been introduced by the State under JNNURM. The Right to Information (disclosure of information by authorities providing municipal services) Rules, 2009 has been notified mandating periodic voluntary disclosure of municipal service-related indicators. All 213 ULBs have started disclosing the prescribed information. The formation of area sabhas and ward committees in city corporations is mandated under Karnataka Municipal Corporations Act to institutionalize community participation.

11.6.5.2 Initiatives to improve Citizen Responsiveness

The State is increasingly working to enhance citizen responsiveness. The State has hence felt the need for online and computerized services to improve quality of service. Websites for all 214 ULBs have been launched to provide information to citizens. The key service of registration of birth and death has been computerized in 214 ULBs, reducing the issual time from 1 week to 2 days. A web-based public

grievances system has been enabled through which the citizen can lodge complaints by various modes like phone, paper or internet and citizens can know the status of redressal at any point of time. Trade license issual and building plan approval have been computerized in Bangalore and Mysore thereby making the service swift.

24x7 call centre has been established in Bangalore which is unique as consumer satisfaction is a must to close the complaint. The water board in Bangalore has introduced spot billing of consumer bills with on-spot validation. An exclusive Sir M.Visveswarayya rainwater harvesting theme park has been developed to create awareness about water saving and harvesting. In Bangalore and a few tier-II cities, online property tax payment has been introduced to assist citizens in filling of property tax forms. GIS-based property tax information system is in its final stages of preparation.

The State Government has established an effective monitoring and review system through video-conferencing at all 31 districts and headquarters.

11.6.5.3 Initiatives for Poverty Alleviation

Nearly 25% of the population in Karnataka is poor and 1/3rd of them reside in urban areas. Providing adequate infrastructure facilities like sewage, water, sanitation, roads and housing to this section of society is a big challenge due to financial constraints. Further, identification of the urban poor and weaker sections is a big question in all poverty alleviation efforts.

The Government of Karnataka has initiated programs for poverty alleviation such as increase in the funds from 18% to 22.75% out of all funds for SC/ST and similarly, providing a budget of 7.25% exclusively for the poor from other communities.

Under the Nirmala Ganga Program, 22.75% of the funds has been provided by the ULBs

to provide free water supply and sanitation to SC/ST households. The Bruhat Bangalore Mahanagara Palike has initiated a specific housing scheme for the slum dwellers called 'Pandit Deen Dayal housing scheme' which envisages construction of 5000 houses at the rate of 25 houses/ward at a total cost of Rs. 150 crore. Similarly, under the Vajpayee Arogyashree program, health insurance is being provided for BPL families living in the State. This program will improve access of BPL families towards quality medicare.

Slum development is an integral part of all major investment projects like JNNURM, Rajiv Aawas Yojane (RAY), North Karnataka Urban Sector Investment Project (NKUSIP), Karnataka Municipal Reforms Project (KMRP) etc. Under JNNURM, a total of 45355 dwelling units are being approved for construction benefiting 226775 slum dwellers in 245 slums across 34 cities/towns.

The State has completed slum survey in all the 219 ULBs and the data is compiled through a web-based application – “Asha Kiran Mahithi”. This initiative has bagged the bronze award in National award for e-governance for Government processes. The socio-economic analysis for 10 cities under RAY has been completed. A comprehensive survey of shelterless people has been completed in 8 city corporations to address their special needs. An online application has been launched for effective implementation and monitoring of the survey.

Karnataka is one among the top Indian States in implementation of the Centrally Sponsored Scheme 'Swarna Jayanthi Sahari Rozgar Yojana' (SJSRY), which aims to provide skill training and loan support for unemployed youth and women. More than 3 lakh urban poor have been benefitted under this programme in the State. The State has mobilized communities to obtain Central

funding support for infrastructure development & maintenance with communities' involvement under Community Participation Fund (CPF) and Community Development Network (CDN) components under JNNURM.

11.6.5.4 Innovative Initiatives/Projects

The State has undertaken numerous projects which are innovative and are catering to different sectors as briefed below.

1. Urban Transport Sector: 1150 buses have been added to Bangalore and Mysore with funding under JNNURM. The city bus services in Tumkur, Hassan & Mysore cities are being utilized by more than 4 lakh commuters per day. It is planned to launch the service in a phasewise manner in other Tier II cities. Exclusive parking policies have been prepared for Mysore and Bangalore. A Bus Rapid Transit System (BRTS) for a length of 22.5 km is being developed in Hubli-Dharwad city corporation. Comprehensive Traffic and Transportation Plans (CTTP) are being prepared for 5 city corporations including Bangalore and, comprehensive mobility plans as per National Urban Transport Policy – 2006, are being finalized for 9 cities. To encourage non-motorized traffic, cycle-friendly streets are implemented in one pilot area in Bangalore and, studies are being undertaken in other cities too for developing pedestrian and cycle tracks.

Namma metro is a mass-transit rail system being implemented with funding support from Centre, State and external agencies for the city of Bangalore. The phase-I (42.3 km) and phase-II (72.09 km) costing Rs. 38014.10 crore, will together create a metro network of 114.39 km, with 101 stations (80 elevated, 19 underground and 2 at-Grade) and will bring about a total transformation in the city's urban transportation scenario, as such a network will be capable of carrying 14.80 lakh passengers per day by the year

2016-17.

2. Water supply and sewerage: Water, being a scarce resource, poses challenges to local bodies to meet the demand-supply gap. Bangalore has installed 218 ultrasonic bulk flow meters which is the first large-scale water audit initiative in the Country. Currently, 900 MLD of water is being supplied to the city. A project is ongoing to supply additional 500 MLD of water. A 220 MLD sewage treatment plant is under construction in addition to the existing capacity of 431 MLD. Tertiary treatment plants for 73 MLD have been set up to recycle and reuse the waste water. UGD lines are being laid in the entire city to divert sewage discharge from storm water drains / lakes.

After successfully experimenting on the continuous water supply project in five demonstration zones of three Tier-II cities through performance based management contracts, the service is now extended to the rest of the areas in the three cities and also to more cities under Karnataka Urban Water Sector Improvement Project (KUWASIP) that is being funded by the World Bank. 13 projects are being implemented with a total investment of Rs. 1275 crore in both Bangalore and Mysore cities under JNNURM. Of these, one of the major projects is management of 24 X 7 continuous water supply in Mysore city.

The State has initiated Kannada Ganga Yojana in two phases. Phase I covers Integrated bulk water supply project from surface source in Bijapur and Chitradurga districts at a cost of Rs. 3160 crore. Phase II aims at providing pressurized continuous water supply in 16 ULBs at an estimated cost of Rs. 1113 crore. Many water supply projects with funding support from Asian Development Bank have been taken up in the State.

The mechanical devices like jetting and sucking machines are being promoted for

cleaning of septic tank / UGD in all ULBs to eradicate manual scavenging. Rainwater harvesting, one of the conventional methods for water conservation, has been made mandatory for all buildings in 214 ULBs.

3. Solid Waste Management: After notifying the Municipal Solid Waste (management and handling) Rules 2000, the State has renewed its focus on solid waste management. All the cities/towns have landfill sites for treatment and disposal of solid waste. The State is the first in the Country to introduce an integrated solid waste management policy (2004). The State has provided funding support for initial infrastructure development in all ULBs. With effective awareness programs, all 214 ULBs have started doorstep waste collection (a few through self help groups) and have achieved a minimum of 70% collection efficiency. However, source segregation is still a challenge which local bodies are trying to overcome. All the ULBs have landfill sites of which 8 are sanitary landfills and 154 are engineered landfill sites. The development and maintenance of landfill site under PPP mode is being explored for 11 selected ULBs. The GPS system for tracking waste transportation vehicles has been adopted in three cities which is one of the most common monitoring tools adopted in major cities. Taking a step forward, Bangalore has posted live GPS information in its website enabling real time waste clearance & transportation information to its citizens. This initiative has bagged the Green Leaf Award and SWM IKON Award.

Innovative technologies such as use of waste plastics for construction of roads and, production of crude oil from plastic waste have been adopted in Bangalore and, these are sought to be replicated in other cities too. Cities like Mysore, Belgaum, Mangalore and Udupi have been awarded with the Green Leaf Award for improved solid waste management system.

4. Other Infrastructure projects: The State has initiated 'Nagarothana' in two sub-schemes; Chief Minister's special package of Rs. 100 crore for 7 city corporations with an outlay of Rs. 700 crore and, Chief Minister's Small and Medium Towns Development Programme (CMSMTDP) for infrastructure development of small and medium towns with an outlay of Rs. 1454 crore for 2 years. Apart from these, finance commission grants have been obtained from the Government of India and Government of Karnataka. Infrastructure development in major sectors has been undertaken in all ULBs through 13th Central finance commission and State finance commission untied grants.

Under JNNURM, 74 infrastructure development projects in 40 ULBs are being implemented with a total investment of Rs. 3305 crore under sectors like development of roads, drainage, heritage conservation, inter-modal traffic management centers, flyovers etc. Many projects have been taken up under externally aided projects like KMRP, NKUSIP etc. The State has also taken an interesting initiative for cluster city development around Bangalore metropolitan region and has submitted a proposal for multi-lateral financing.

5. Financing Urban Projects: Finance is always a constraint for local bodies to meet the growing demand for infrastructure and services. However, apart from development, sustaining the infrastructure is also a challenge which demands innovation and additional funds.

To meet the financial gaps to develop and sustain infrastructure facilities, two types of revolving funds have been created. First, under the mega city revolving fund, a

Rs. 1250 crore loan has been sanctioned for 13 projects costing Rs. 3894 crore which is the highest among all mega-cities. Second, the urban infrastructure development fund has been created out of repayment by ULBs under externally assisted projects and, guidelines for utilization have been finalized. Its ultimate lending capacity is projected to be of the order of Rs. 1000 crore.

The State has also explored the option of borrowing from the open market. The Karnataka Water and Sanitation Pooled Fund Trust (KWSPF) has been set up to fund urban infrastructure projects. This trust has raised Rs.100 crores of tax-free bonds for Greater Bangalore Water Supply Project in 2005. Under CMSMTDP (Nagarothana), 50% of the total project cost is funded through borrowings. Rs. 500 crore has already been raised without Government guarantee by securitizing SFC revenues of ULBs. The mid-term program is prepared to fund non-revenue water (NRW) project of BWSSB, unlocking real-estate wealth of ULBs and, Energy efficiency projects. The Karnataka Urban Infrastructure Development and Finance Corporation (KUIDFC) has been recently notified as a public finance institution by the Government of India.

The tax base of municipalities has increased by 35% through implementation of GIS-based property tax system. A new water and sanitation policy has been approved with emphasis on both service delivery standards and on recovery of user charges.

In spite of these initiatives, a huge gap exists between service delivery and citizen expectations. The State is committed to undertake efforts to build a better tomorrow for its citizens. ■

KARNATAKA AT A GLANCE

Sl. No.	Item	Units	1960-61	1970-71	1980-81	1990-91	2000-01	2009-10	2011(P)
1	Geographical Area	'000 Sq.Km.	192	192	192	192	192	192	192
	Administrative Setup								
2	Revenue Divisions	No.	4	4	4	4	4	4	4
3	Districts	-do-	19	19	19	20	27	30	30
4	Taluks	-do-	175	175	175	175	175	176	176
5	Inhabited Villages	-do-	26377	26826	27028	27066	27481	27481	29340
6	Uninhabited Villages	-do-	2972	2707	2362	2127	1925	1925	
7	Towns	-do-	231	245	281	306	270	270	347
	Population as per Census		1951	1961	1971	1981	1991	2001	2011(P)
8	Total	(in 000s)	19401	23587	29299	37136	44977	52851	61131
9	Males	-do-	9866	12041	14972	18923	22952	26899	31058
10	Females	-do-	9535	11546	14327	18213	22025	25952	30073
11	Rural	-do-	14945	18320	22177	26406	31069	34889	37552
12	Urban	-do-	4456	5267	7122	10730	13908	17962	23578
13	Scheduled Castes	-do-	2583	3117	3850	5595	7369	8564	NA
14	Scheduled Tribes	-do-	80	192	231	1825	1916	3464	NA
15	Density of Population	Per Sq.Km.	262 ^a	123	153	194	235	276	319
16	Literacy Rate	Percentage	19.26 ^b	29.80 ^b	36.83 ^b	46.21 ^c	56.04 ^c	66.60 ^c	75.60 ^c
17	Sex Ratio	Females per 1000 males	966	959	957	963	960	965	968
18	Urban Population	Percentage	22.96	22.33	24.3	28.89	30.92	33.99	38.57
	State Income - at Current Prices		1960-61	1970-71	1980-81	1990-91	2000-01	2010-11	2011-12
19	State Income	Rs.Crore	751	2016	5587	20551	96348	405123	465552
20	Primary Sector	-do-	432	1063	2573	7626	31473	73759	80265
21	Secondary Sector	-do-	122	418	1160	4734	18684	110111	123110
22	Tertiary Sector	-do-	197	535	1854	8191	46191	221253	262177
23	Percapita Income	Rupees	321	696	1520	4598	18344	60946	69493
	Agriculture		1960-61	1970-71	1980-81	1990-91	2000-01	2008-09	2009-10
24	Net Area Sown	'000 Ha.	10228	10248	9899	10381	10410	10174	10404
25	Gross Cropped Area	-do-	10588	10887	10660	11759	12284	12368	12873
26	Gross Irrigated Area	-do-	NA	1355	1676	2598	3271	3942	4096
27	Gross Irrigated Area to Gross Cropped Area	Percentage	NA	12.45	15.72	22.09	26.63	31.87	31.82
	Area under Principal Crops		1960-61	1970-71	1980-81	1990-91	2000-01	2008-09	2009-10
28	Paddy	'000 Ha.	1028	1170	1114	1173	1483	1514	1486
29	Wheat	-do-	324	343	322	198	266	269	284
30	Jowar	-do-	2969	2224	1991	2155	1782	1382	1369
31	Bajra	-do-	500	562	564	425	462	266	305
32	All Cereals	-do-	6274	5971	5573	5415	5757	5373	5476
33	All Pulses	-do-	1306	1444	1531	1621	2047	2088	2480
34	Total Foodgrains	-do-	7579	7416	7104	7036	7804	7461	7955
35	Sugarcane	-do-	72	104	154	272	417	460	497
36	Sugarcane Harvested Area	-do-	NA	NA	NA	NA	NA	281	337
37	Cotton	-do-	984	1142	1012	596	552	409	457
38	Groundnut	-do-	915	1027	790	1212	1063	850	818

KARNATAKA AT A GLANCE

Sl. No.	Item	Units	1960-61	1970-71	1980-81	1990-91	2000-01	2009-10	2011(P)
	Production of Principal Crops		1960-61	1970-71	1980-81	1990-91	2000-01	2008-09	2009-10
39	Rice	'000 tonnes	1328	2000	2258	2428	3847	4031	3876
40	Wheat	-do-	77	130	174	123	250	257	264
41	Jowar	-do-	1154	1565	1506	1282	1547	1484	1296
42	Bajra	-do-	129	211	192	203	342	181	131
43	All Cereals	-do-	3578	5235	5714	5705	10004	10157	9701
44	All Pulses	-do-	352	511	488	539	956	972	1103
45	Total Foodgrains	-do-	3930	5746	6202	6244	10960	11129	10804
46	Sugarcane	-do-	5184	8106	12127	20750	42924	24266	32287
47	Cotton ^d	-do-	382	570	597	640	855	825	705
48	Groundnut	-do-	448	780	475	816	1081	399	457
	Agricultural Census			1970-71	1980-81	1990-91	2000-01	2005-06	2005-06
49	No. of Operational Holdings	'000s		3551	4309	5776	7029	7581	7581
50	Area of Operational Holdings	-do-		11368	11746	12321	12307	12385	12385
51	Average size of Operational Holdings	Ha.		3.2	2.73	2.13	1.74	1.63	1.63
	Live Stock Census			1977	1983	1990	1997	2003	2007
52	Total Livestock	'000s		21800	24680	24968	30688	28359	32883
53	Total Poultry	-do-		9696	12096	15694	21399	24451	42433
	Forest			1962-63	1970-71	1980-81	1990-91	2000-01	2009-10
54	Forest Area	'000 Ha.		3522	3621	3838	3872	3828	4335
	Factories			1959	1971	1981	1991	2001	2010
55	Working Factories	No.		1837	3668	4985	7768	9440	12559
56	Employees	-do-		88929	252074	434202	777900	903895	1203069
57	Employees per lakh population	-do-		377	860	1169	1730	1710	1955
	Industrial			2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Project investments - Rs.3 crore to Rs.50 crore								
58	Projects Approved	No.		293	871	727	310	359	439
59	Investments	Rs. Crore		6648	11511	10267	5182	7750	6880
60	Employments	No.		272654	612620	349015	135623	115932	110505
	Project investments - above Rs.50 crore								
61	Projects Approved	No.		55	66	108	50	110	186
62	Investments	Rs. Crore		43993	92056	160523	105266	288549	187186
63	Employments	No.		588259	781966	1996504	410842	284934	580161
	Electricity			1970-71	1980-81	1990-91	2000-01	2009-10	2010-11
64	Total Generation	Mu		4833	6389	12431	21985	42899	47112
65	Total Consumption	-do-		3187	5189	12182	17860	33971	37202
66	Industrial Consumption	-do-		2488	3864	5429	4882	7510	8425
67	Agricultural Consumption	-do-		179	384	4486	7350	11895	12802
68	Domestic Consumption	-do-		217	696	1803	3909	7212	7893
	Banking			1970-71	1980-81	1990-91	2000-01	2009-10	2010-11
69	Scheduled Commercial Banks	No.		1190	2823	4245	4758	6050	6291
70	Deposits	Rs. crore		369	2042	9665	55592	291655	349009
71	Advances	-do-		275	1524	7985	32984	224359	253121

KARNATAKA AT A GLANCE

Sl. No.	Item	Units	1960-61	1970-71	1980-81	1990-91	2000-01	2009-10	2011(P)
	Education			1970-71	1980-81	1990-91	2000-01	2009-10	2010-11
72	Primary Schools	No.		32630	35143	40208	50340	58295	59428
73	Enrolment	'000s		4064	4974	6922	8581	7450	7425
74	High Schools	No.		2002	2381	5020	8928	12453	13447
75	Enrolment	'000s		483	713	1334	1955	2578	2604
	Health			1970-71	1980-81	1990-91	2000-01	2009-10	2010-11
76	Hospitals	No.		195	233	293	297	383	382
77	Dispensaries	-do-		791	1730	208 ^e	847	659	659
78	Beds per lakh population	-do-		89	94	104	105	106	112
	Demographic Status			1970-71	1980-81	1990-91	2000	2009	2010
79	Birth Rate	Per 1000		31.7	28.3	26.9	22.2	19.5	19.2
80	Death Rate	Per 1000		12.1	9.1	9	7.6	7.2	7.1
81	Infant Mortality Rate	Per 1000 live births	95	69	77	58	41	38	
	Transport			1970-71	1980-81	1990-91	2000-01	2009-10	2010-11
82	Railway Route Length	Kms.		2806	2875	3093	3041	3244	NA
83	Total Road Length	-do-		70383	109551	130924	154204	219935	222431
84	Of which Surfaced	-do-		40597	58129	84973	92232	142922	NA
85	Motor Vehicles	'000s		123	400	1433	3691	9043	9930
	Co-operation			1970-71	1980-81	1990-91	2000-01	2009-10	2010-11
86	Primary Agricultural Credit Co-Operative Societies	No.		8675	4871	4350	4388	4866	4914
87	Membership	'000s		1787	3692	4469	5245	9613	8992
88	Total No. of Co-operative Societies	No.		19437	23159	25083	29930	34927	35502
89	Total Membership	'000s		4345	8289	11800	16167	19904	21534
	Local bodies			1990-91	2000-01	2006-07	2007-08	2008-09	2009-10
90	Zilla Parishat/Panchayat	No.		20	27	27	29	29	30
91	Gram Panchayats	-do-		2532 ^f	5692	5628	5628	5628	5627
92	Taluk Panchyats	-do-		175	175	176	176	176	176
93	Municipalities and Corporations	-do-		177	209	219	219	219	219

Source:

1. Statistical Abstract of Karnataka 1960-61, 1967-68, 1970-71, 1973-74, 1983-84, 1993-94 & 2000-01
2. Karnataka at a Glance: 1961-62, 1970-71, 1980-81, 1990-91, 2000-01, 2001-02, 2008-09, 2009-10 & 2010-11

Note:

- a. Per Sq.Mile
 - b. Population aged 5 years and above
 - c. Population aged 7 years and above
 - d. Bales of 170 Kgs. In lint form
 - e. Excluding dispensaries under Indian System of Medicine
 - f. Mandal Panchayats
- P: Provisional NA: Not Available

KARNATAKA COMPARED WITH INDIA

Sl. No.	Item	Unit	Karnataka	India
	Population as per 2011 Census:			
1	Total	'000s	61131	1210193
2	Males	-do-	31058	623724
3	Females	-do-	30073	586469
4	Rural Population	-do-	37553	833087
5	% of Rural Population		61.43	68.84
6	Urban Population	'000s	23578	377106
7	% of Urban Population		38.57	31.16
8	Sex Ratio	Females per 1000 Males	968	940
9	2001-2011 Decadal Growth of Population	Percent	15.67	17.64
10	Literacy Rate	Percent	75.60	74.04
11	Population of SC/ST (2001 population Census)	'000s	12028	250962
12	Total Workers (2001 Census)	-do-	23535	402235
13	Geographical Area (2001 Census)	Lakh Sq.Kms.	1.92	32.87
14	Net Area sown (2007-08) (P)	'000 ha.	10419	140861
15	Gross Cropped Area (2007-08) (P)	-do-	12893	195835
16	Gross Irrigated (2007-08) (P)	-do-	3789	87260
17	% of Gross Irrigated Area to Gross Cropped Area (2007-08) (P)		29.38	44.56
	Area under Principal Crops (2009-10) *:			
18	Paddy	'000 ha.	1486	41850
19	Maize	-do-	1240	8330
20	Jowar	-do-	1369	7670
21	Wheat	-do-	284	28520
22	Bajra	-do-	305	8920
23	All Food Grains	-do-	7955	121370
24	Total Pulses	-do-	2480	23350
25	Sugarcane	-do-	337	4200
26	Cotton	-do-	457	10310
27	Groundnut	-do-	818	5470
28	Total Livestock - 2007 (P)	'000s	32812	510600
29	Forest Area (2005)	Sq.Kms.	4335	774740
30	Total Electricity Generation (2007-08)	G.W.H	24239	722625
31	Total Electricity Consumption (2007-08)	K.W.H	34235	501977
32	Electricity Consumption in Industries (2007-08)	G.W.H	11104	189424
33	% of Industrial Consumption to Total Consumption		32.44	37.73
34	Banking Offices (March 2011)	No.	6291	89110
	State / National Income 2010-11 QE at Current Prices:			
35	Gross Income	Rs.Crore	405123	7078512
36	Net Income	-do-	360615	6325038
37	Net Per capita Income	Rs.	60946	53331
38	Gross per capita Income	-do-	68468	59684

*Area under Principal Crops for India (2009-10) as per Fourth Advance Estimates

P: Provisional QE: Quick Estimates