Government of Karnataka

Expenditure Reforms Commission

Second Report

(For Official Use Only)

February 2011

Bangalore

CHAIRMAN

Shri B.K Bhattacharya, Retired Chief Secretary, Government of Karnataka

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Principal Secretary to Government, Finance Department
Principal Secretary to Government, Planning Department

Expenditure Reforms Commission

No. ERC/BLR-REPT/2/2009-10 17th February 2011

Dear Shri. Nagarajan,

I have great pleasure in forwarding to you the Second Report of the Expenditure Reforms Commission, constituted by the Government of Karnataka in Government Notification No. F.D 76 Sa.Ma.Ya 2009 dated 6.6.2009.

The recommendations in this Report cover certain general issues, viz. the balance required between controlled public debt on the one hand and enhanced public expenditure for growth and welfare on the other, re-prioritisation of Government expenditure in favour of rural healthcare, nutrition, elementary education, water supply and sanitation, rigorous pre-investment appraisal of high cost projects; and tools and systems for effective legislative and executive control over expenditure. Specific recommendations have also been made in respect of the twelve Government Departments (listed at page-1) that were studied individually in this second phase. The reports prepared by the Research Institutions/ Consulting organisations engaged by the ERC to study the schemes etc., of the individual Departments will be forwarded to you shortly.

I would like, in particular, to draw your attention to the following extract from the preface to the Report:

a) The Reports submitted by the ERC, as well as the Study reports prepared by the Research / Consultant Institutions which are being forwarded separately to the Government, may be brought into the public domain so that there could be enlightened discussions about Public expenditure priorities, the efficacy of expenditure, and monitoring of the outcome of Government Programmes.

b) A Cell may be set up in the Finance Department to follow-up the recommendations of the ERC. The Cell may be wound up after 2 years or as soon as follow-up action is completed, whichever is earlier.

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You may like to obtain an early decision of the State Government on these suggestions regarding follow-up action on this report.

I take this opportunity to convey to you my sincere thanks for your active participation in the deliberations of the Commission, your contribution to the formulation of the Commission's recommendations and for ensuring Finance Department's unstinted help and co-operation thereby facilitating the smooth functioning of the Commission.

Yours Sincerely,

B.K. Bhattacharya
Chairman

Shri L.V. Nagarajan,
Principal Secretary to Government,
Finance Department,
Vidhana Soudha,
Bangalore.

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PREFACE

'Last, but not the least, we have the principle of the balanced budget or, rather, since debt has to be reduced, the principle that Robert Lowe, one of the Chancellors of the Exchequer of the Gladstonian era, embodied in his definition of a Minister of Finance : An animal that ought to have a surplus'.

[Joseph Schumpeter, History of Economic Analysis. page 404-405

"I expect to see the State which is in a position to calculate the marginal efficiency of capital goods on long views and on the basis of the general social advantage, taking an ever greater responsibility for directly organising investment".

[John Maynard Keynes, "The General Theory of Employment Interest and Money, Page 164]

The recognition of evident injustice in preventable deprivation, such as widespread hunger, unnecessary morbidity, premature mortality, grinding poverty, neglect of female children, subjugation of women, and phenomena of that kind does not have to await the derivation of some complete ordering over choices that involve finer differences and puny infelicities.

[Amartya Sen 'Development as Freedom' Page 254]

1. Over the Centuries, debates in Public Finance (or Public Economics as it is now called) have centred around critical issues such as:

i. The respective roles of the State and the Market in the promotion of public welfare.
ii. The desired size of Government or optimum ratio of Government Expenditure: GDP.
iii. Appropriate composition of Government expenditure.
iv. Measures to ensure efficiency in expenditure.
v. Ideal strategies for raising revenue to meet desired levels of Government Expenditure.
vi. Debt Sustainability (Public Debt and Inflation, sustainable size of Debt, measures to reduce Government Deficit and Debt).
vii. Feasibility of arriving at democratic social choice on these public policy issues, on the basis of individual preferences (an issue debated in Public choice theory).
viii. Institutional Mechanism required to safeguard against irrational decisions that could lead to fiscal imbalances for Democratic Governments.
ix. Appropriate location of Fiscal Decision Making Power (at Federal, State or Local Government level), and related issues in Fiscal Federalism.

2. Kautilya's Arthashastra, believed to have been written in the third century B.C, lays down several basic principles of taxation: "taxing power is limited; taxation should not be felt to be heavy or exclusive" (selective); "tax increases should be graduated" In the course of discussing Departments of the Government, Kautilya refers to Defence, Internal security, Irrigation, Roads, etc. The importance of public Finance to the successful reign of the monarch is underscored by the following advice to the monarch" "All undertakings depend on Finance. Hence, foremost attention must be paid to the treasury". [1]

[1][M.H Gopal's Mauryan Public Finance, quoted in the article "Kautilya's Arthashastra : A Neglected precursor to classical Economics" published in the Indian Economic Review, Vol. Xxx1, No.1, 1996, written by Charles Waldaner, et al].

3. In the 17th Century, when the European rulers were frequently engaged in intensive war and were perpetually in need of tapping new sources of revenue, administrators and economists of the time initiated serious discussion about the pros and cons of various forms of Taxation including Progressive Income Tax, Commodity Taxes and Wealth Tax. The first systematic discussion of all aspects of Public finance, Taxation, Public Expenditure, Debt is found, however, in Book V ["Of the Revenue of the Sovereign or Commonwealth"] of Adam Smith's 'Wealth of Nations' (1776).

4. Adam Smith classified Public Expenditure under three categories: Defence, Administration of Justice and "Expenses of Public Works and Public Institutions" (which include Roads, Bridges, Canals as well as Institutions for the Education of youth).

5. England in the 17th and 18th Centuries believed in minimum Government intervention in economic matters, and in a balanced budget (or rather, a surplus Budget that would provide for Debt redemption). Later, the Liberal Government that came to power in 1908 implemented a Reform Agenda, i.e. old age pension, German Style Health Insurance, experimental unemployment Insurance, etc., marking a break with the laissez-faire policy of the earlier period [2].

6. The theoretical underpinning for large increases in Government's investment Expenditure was provided by Keynes in his "General Theory", in the aftermath of the Great Depression of the '30s when the developed countries underwent contraction in national income, falling prices and asset values, and an unemployment rate as high as 25 percent in some countries (e.g. USA).

7. After the Great Depression, a series of emerging issues such as:(a) the demand on resources for financing the Second World War,(b) the need for Post-War reconstruction, and (c) the pressure to increase Social Security expenditure to take care of the sick, the unemployed and the elderly, led to an irrevocable increase in government expenditure. Today, in the U.K., U.S.A and the developed countries of Europe, Government expenditure as a percentage of GDP (which was around 10 percent before the First World War) ranges between 30 to 50 percent.

[2] [Peter Clarke 'Keynes' page 36]

8. In most countries, since such a high level of public expenditure could not be met from government revenues for extended periods of time, this has inevitably led to higher public Debt, triggering discussions about burden of debt, sustainability of debt, Government Debt crowding out private investment, its long term adverse impact on growth and employment, etc.

9. From the 1950's onwards, economists have been trying to find a logical basis for decision making by Government as an economic agent. This led to the Public Choice theory, developed by Duncan Black, Anthony Downs, James Buchanan and others. There are several variants of this theory: The Median Voter Theory (Duncan Black, Downs) which suggests that politicians try to get re-elected by placating the median voter through government expenditure policy; the hypothesis that politicians and bureaucrats try to maximise their power and influence through big departments and big budgets; and the view propounded by Buchanan (following Swedish economists Wicksell and Lindahl) that optimum economic policy will be arrived at through unanimity.

10. Based on theories such as these, attempts have been made during the last two decades in different parts of the world to bring in statutory provisions for balancing the budget, putting a ceiling on government deficit, and capping government expenditure.

11. The Fiscal Responsibility Act 2002 passed by Karnataka was the first of its kind in India providing for reducing the Revenue Deficit to Zero and the Fiscal Deficit to 3 percent within a given time frame. The Law also envisages formulation of a Medium Term Fiscal Plan (MTFP) which shall include an assessment of sustainability relating to the balance between revenue receipts and expenditure; and the use of capital receipts including borrowings for generating productive assets. The MTFP is required to be placed before the Legislature along with the Budget every year.

12. However, such legislations relating to capping of government deficit / mandating a balanced budget, etc., may be effective to a significant extent only at the sub national level, as the Federal Government has the power to make the release of Central clearances & benefits (e.g. Central Grants and Incentives, permission for floating of Bonds) conditional to adherence with the provisions of the Act. This would not work at the federal level where, in the absence of penal provisions, it is possible for Central Government to resort to escape clauses such as 'unforeseen situations' or 'economic depression', etc., to avoid the rigours of

any legislation (other than a constitutional provision) aimed at curbing government expenditure/deficit.

13. Over the last 10 years, Governments in the U.S.A, U.K, E U Countries, New Zealand, Australia, Canada, and others have set up various Committees and Commissions to take up, inter alia, rationalising of government expenditure and reduction of deficits. Apart from suggesting cutting down of transfer payments, subsidies, and so on, many of these countries have tried to look at the efficiency of Government expenditure, and have adopted measures to optimise returns from Public expenditure on Government schemes and Projects. While Sweden has attempted legislative control by institutionalising a binding three year expenditure ceiling, Canada has taken steps towards institutional changes by introducing an Expenditure Control Act. Spain has set up a Fiscal and Financial Policy Council. Other institutional measures adopted by some of the industrialised countries for Expenditure reforms include Medium Term Financial strategies and Multi-Annual monetary and budgetary targets for Fiscal Stability.

14. Despite such Institutional arrangements, these countries could not withstand the adverse consequences of the recent global financial crisis. The Industrialised countries are still searching for a way out of the crisis that could bring about an increase in effective demand and promote GDP growth and employment, without at the same time leading these economies into Debt traps. There has, however, been hardly any unanimity among the voters or the legislators either in U.S.A, U.K, Greece or any other European Countries as to either the timing of withdrawing fiscal stimulus, possibility of increasing tax rates or the desired quantum of reduction in Government expenditure. If Government expenditure has to be reduced, which sectors should bear the brunt of the cut, whether it could be Medicare or Educational subsidy or Unemployment Insurance? Questions are also being raised about Pork-barrel expenditure or earmarked budget for congressmen in U.S.A. (Incidentally, this last item is comparable to India's MPLAD schemes and MLAs' schemes). The debate is still on. In India also the fiscal authorities have to strive hard to maintain the right balance among the various policies that would contribute to the competing objectives of growth, Social Justice and controlling inflationary pressure.

15. During this period from 2003-04 to 2008-09 despite large inflow of Foreign Direct Investment to Bangalore which is now internationally recognised as a hub of I.T Industry, the

average rate of growth of GSDP in Karnataka (8.1%) has been just marginally above the All-India figure of 7.8% In fact, the growth rate in Karnataka's GSDP has been below the rate of growth of GSDP in the States of Bihar (9.8%), Gujarat (11.19%) Haryana (9.28%), Kerala (8.73%), Maharashtra (8.70%), Uttaranchal (9.15%) etc. [3]

16. Moreover, while other states like Uttar Pradesh, Rajasthan, Orissa and Madhya Pradesh have improved their rankings in Human Development Index between 1991 and 2001, Karnataka has not shown any such improvement in its HDI ranking, inspite of its substantial expenditure on Social Sector. [4]

17. In his budget speech for the year 2009-10, the Chief Minister announced that there is a need to review the expenditure incurred on government programmes, to reduce expenditure on less productive programmes and to utilise such consolidated resources to increase the efficiency of implementation of the more productive programmes. Following this announcement, the Government of Karnataka, vide Order No FD 76 Sa.Ma.Ya 2009 dated 6.6.2009, constituted the Expenditure Reforms Commission (ERC) with the mandate inter alia to review the efficiency of schemes of major departments and make recommendations for their restructuring and convergence to facilitate improvement in their development effectiveness. The ERC, while working on the issues included in these terms of reference, has borne in mind relevant developments in Public Economics theory and policy over the last decades as also recent happenings in various parts of the world (including India).

18. The First Report of the ERC submitted to the Government in February 2010 contained suggestions for prudent management of over-all expenditure of the Government as well as specific recommendations regarding the schemes of a few selected Departments. This was based on Studies conducted by Research Institutions / Consultants engaged by the Commission to interact with the Departments concerned and look into the objectives and effectiveness of the schemes administered by them.

19. With this second Report, issues pertaining to most of the Social Sectors and Departments dealing with Agriculture and related areas have been covered by the Commission. Study Reports regarding Infrastructure and some other sectors like Rural

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[3] Real Growth Rates of States (GSDP% at Constant Prices as on 26.04.2010), http://planningcommission.nic.in/ dated 10.01.2011

[4] NHDR – Planning Commission 2001.

Development, Forest & Environment, etc., are expected soon. These Departments will be covered in the next reports.

Separate reports will be submitted on other issues included in the Terms of Reference, viz. User Charges, Subsidies, Institutional Mechanism for Service Delivery and Performance Monitoring.

20. Apart from suggesting changes with regard to the structure, coverage and implementation strategies of certain schemes of the Departments mentioned, the Commission has also suggested that, in order to ensure that Karnataka's rate of growth of GSDP and increase in Human Development Index remains consistently above the national average, the rate of growth of public expenditure, especially expenditure on physical and social infrastructure has to remain above the rate of growth of GSDP; that expenditure on schemes should be incurred after conducting detailed Social Benefit-Cost analysis; and that appropriate Institutional mechanism should be put in place (in the form of a separate Division in FD / Independent Agency) to undertake both such Pre-Investment Appraisal as well as Post-Implementation evaluation.

21. The Commission would also like to place the following two suggestions before the Government:

a) The Reports submitted by the ERC, as well as the Study reports prepared by the Research / Consultant Institutions which are being forwarded separately to the Government, may be brought into the public domain so that there could be enlightened discussions about Public expenditure priorities, the efficacy of expenditure, and monitoring of the outcome of Government Programmes.

b) A Cell may be set up in the Finance Department to follow-up the recommendations of the ERC. The Cell may be wound up after 2 years or as soon as follow-up action is completed, whichever is earlier.

22. Recently, the Government of U.K has set up an independent Office for Budget Responsibility (OBR) to provide independent Budget Forecasts regarding Revenue, Public

Expenditure, Public Debt, etc.[5] The Government of Karnataka may seriously consider setting up of such an independent body with a similar mandate. This may be examined in the light of the recommendations of the 13th Finance Commission regarding the setting up of a committee for annual independent and public review of compliance with the Karnataka Fiscal Responsibility Act.

23. The role of Public Expenditure in promoting growth, reducing inequality, generating employment and optimizing the economic welfare of the citizens has undergone a dramatic change after the introduction of liberalized economic policies in the early '90s. At the national level, the ratio of Public : Private investment has come down from (approx) 50 : 50 during the 1960's to about 25 : 75 now.

24. However, Government policies on subjects such as taxation, expenditure, Debt management, Sectoral promotion policies, etc., have an effect on investment and other decisions of private economic agents, which in turn impact on the rate of growth of the economy, on Human Development indicators and on the level of general welfare. It is desirable that, closely following the MTFP (but before the entire Budget is voted) a detailed analytical report is prepared as well by the Government on the likely impact of Government's policies and programmes [including Budget initiatives] on the over-all economy and placed before the Legislature.

25. The following table shows the legal provisions and established practices regarding the provision of Performance Related Information along with Budget Documents in a few countries:

Sl. No.	**Country**	**Performance Related Information**
1	Spain	General Budget Act (GBA) 2003 requires the Government to incorporate performance related information into the Budget documents.
2	U.S A	The Government Performance and Results Act (GPRA) 1993 requires agencies to produce strategic plans, Annual Performance Plans and Annual Programme Performance Reports. From 2004 a

[5] [The Wall Street Journal June 15, 2010].

Sl. No.	Country	Performance Related Information
		new systematic evaluation procedure of schemes has been introduced. Relevant Information regarding such evaluation is required to be produced annually as part of the President's Budget.
3	France	The draft Annual Budget Law must be accompanied by the projected annual performance of each programme.
4	Canada	Although there is no legal obligation, the Federal Government presents two main reports with performance-related information to Parliament: Reports on Plan and Priorities and Departmental Performance Reports.

Source: OECD Journal on Budget, special issue on 'The Legal Framework for Budget systems' – An International Comparison, Vol. 4 No. 4

26. The State Government may consider amending the Karnataka FRA, 2002 to provide for placing of Performance Related Information [Programme Performance Budget (PPB) or outcome Budget] before the Legislature along with the MTFP.

27. The Commission takes this opportunity to thank the Secretaries to Government, Heads of Departments and other officers of the Government Departments at the State Level as well as in the Districts who have provided information to the Commission, and to the Research Institutions and Agencies engaged by the Commission; and who have participated in discussions at the meetings convened by the Commission. The Commission would like to thank the Research Institutions and Professional Organizations who were entrusted with the task of studying the schemes and organizational structure of the Departments taken up for study, whose reports provide the substantial groundwork for the preparation the Commission's Report.

28. The Commission is especially grateful to the Principal Secretary Finance Shri L.V. Nagarajan, the Secretary (B&R) Finance Department Shri Ajay Seth, the Secretary (Exp) Finance Department Shri Anil Kumar Jha, and other officers of the Finance Department, as also the Principal Secretary, Planning Shri. Sanjiv Kumar, and other officers of the Finance and Planning Departments who have generously given of their time and efforts to provide inputs and guidance to the Secretary of the ERC and to the Consultants engaged by ERC,

thus greatly facilitating the compilation of information and analysis of data for the Commission.

29. The Commission would like to place on record the contribution of Shri P.R. Devi Prasad, Director FPI, Shri R.S. Phonde, Secretary, ERC, Shri Mandar Nayak and Ms.Prathiksha Shetty Internal Consultants of the Commission, towards drafting of the Report which has been discussed, debated and then finalised by the Commission over several meetings. It has to be appreciated that both Shri P.R Devi Prasad and Shri R.S.Phonde have put in tireless efforts in assisting the Commission, despite their other onerous responsibilities under the Government. They have contributed immensely in conducting the meetings of the Commission, interacting with the officers of different Departments of the Government and in co-ordinating the activities of the Research Institutions engaged by the Commission. But for their most valuable contribution, smooth conduct of the Commission's work would not have been possible. The Commission also cannot forget on this occasion the dedicated work put in by Smt. Sasikala, Smt. Lokamba and the other staff of the Commission in connection with the exercises leading to the preparation of this report.

30. Finally, as Chairman, I would like to sincerely thank my fellow members of the Commission Shri L.V.Nagarajan, Principal Secretary to Government, Finance Department, Shri Sanjiv Kumar, Principal Secretary to Government, Planning, Programme Monitoring and Statistics, Department, Shri Mohandas Pai, Director (Human Resources) Infosys Ltd and Shri G.Ramesh, Professor, IIM, Bangalore, for their very active participation in the deliberations of the Commission and contribution of so many novel and valuable ideas which have significantly enriched this report.

B.K Bhattacharya
Chairman

Summary of Recommendations

Review of Public Expenditure

Pre-Investment Project Appraisal

Legislative Control over Expenditure

Executive Control over Expenditure

***Department-wise* Recommendations**

1. **Primary and Secondary Education**
2. **Employment and Training**
3. **Higher Education**
4. **Agriculture**
5. **Horticulture**
6. **Fisheries**
7. **Animal Husbandry and Veterinary Sciences**
8. **Co-operation and Agricultural Marketing**
9. **Social Welfare**
10. **Minorities Welfare**
11. **Women and Child Development**
12. **Health and Family Welfare and Medical Education**

Review of Public Expenditure

1. Government has to strike a balance between the need to contain public debt and the need to enhance productive expenditure particularly (a) on Economic Infrastructure, Urban Development, Energy, and Skill Development which impact economic growth with lower time lag and also (b) on Education and Health which lead to immediate higher level of human development and long term economic growth. (para 2.7)

2. To achieve Millennium Development Goals (MDGs) by 2015 the State needs to reorient its strategy particularly focusing on decreasing the gap between potential and actual Infant Mortality Rates (IMR), Maternal Mortality Rates (MMR) and improving other health indicators viz. Life Expectancy at Birth, Institutional births, etc. (para 2.12)

3. Though Karnataka has shown an upward shift in the allocations favouring development expenditure, Karnataka Social Priority Ratio i.e. the percentage of social expenditure devoted to human priority for elementary education, rural health, public health, family welfare, water supply and sanitation and rural development expenditure has gone down from 41 percent in 1987-88 to 34.5 percent in 2008-09. This trend has to be reversed. While increasing the share of development expenditure in the budget, greater priority has to be given to social priority sectors, like elementary education, rural health, public health, water supply and sanitation, etc. (para 2.13)

4. In keeping with the recommendations of the Thirteenth Finance Commission, the State should set up a Committee for annual independent and public review of KFR Act, 2002 compliance. The Committee could evolve into a full fledged Fiscal Council. (para 2.15)

5. There is a need to closely monitor the outcome derived from the expenditure made by the State towards Human Development Indictors at regular intervals. (para 2.16)

6. The regional inequalities remain a matter of serious concern and need to be addressed by not only increased allocations but also with effective planning and management of programmes/interventions and better deployment of personnel, ensuring adequate number of teachers and doctors in the backward regions. (para 2.16)

7. There is a need to regularly ascertain the impact of capital expenditure on GSDP, in order to prioritize Government expenditure, and to provide impetus to economic growth as required under Karnataka Fiscal Responsibility Act, 2002. This task needs to be undertaken jointly by Planning and Finance Departments. (para 2.17)

8. While considering the expenditure priorities, the Government has to take into account the overall impact of Schemes and programmes on growth and welfare by balancing efficiency and equity. Most of the projects, programmes, and Schemes have been started without stating the objective and outcome in clear and measurable terms. Keeping this in mind, the Commission would advocate Government's immediate action towards merger of Schemes which have common objective and outputs. This would require structured and effective inter-Departmental consultations. (para 2.17)

Pre-Investment Project Appraisal

9. While retaining the generic character of guidelines already issued relating to pre-investment appraisal (Annexure-3c), there is a need for specific guidelines, templates, definitions suited to sectors as diverse as Education and Health, Road and Transport, Irrigation, Agriculture Extension, Electricity, Water supply, Tourism, Waste Management etc., Finance Department as also the Planning Department should give sector specific guidelines, with examples based on case studies and necessary tool-kits should be made available in English as well as Kannada on the Finance Department website. The tool-kit should contain customized software matching the guidelines, updated discount rates, desirable rates of returns etc., along with separate examples for social sector, infrastructure, etc. (para 3.11 and 3.13)

Projects, Schemes or Programmes with investments above ` 5 crore in the social sector should be appraised and the necessary Institutional mechanism should be put in place for this purpose. For infrastructure sector, the low limit may be kept at ` 10 crore i.e. all infrastructure projects above ` 10 crore should be subjected to detailed Social Cost: Benefit analysis. Further, all the Programmes, Projects and Schemes which have already been without such appraisal should be subjected to effective monitoring and evaluation for timely course correction. (para 3.12, 3.14)

Legislative Control over Expenditure

10. Finance Department should define 'adequacy' in Revenue surplus and put in place a mechanism to utilise Revenue surplus generated every year, for use in capital formation as mandated under the provisions of Sec. 4(1)(j) of the KFR Act. (para 4.3)

11. Appendix-E relating to civil works requires being prepared at the beginning of the year. Government needs to explore the feasibility of using MTFP to prepare a Capital budget for major Projects, which should be normally understood and treated as a non negotiable commitment to be honoured until the projects come to a conclusion. (para 4.5)

12. The Planning Cells and the IFAs in each line Department, who are required to handle MTFP related work, have to be further strengthened in order to have analytical reporting of the MTFP as a statement of commitment. (para 4.7)

13. The Monthly Programme Implementation Calendar (MPIC), which replaced Monthly Multilevel Review (MMR) is a tool to review programme performance. The Programme Performance Budgeting (PPB) exercise along with the MTFP can provide valuable inputs to the Legislature and its Committees every year, along with the Budget proposals. As such, the MPIC has to be seen as supportive tool for PPB/MTFP. The Commission is of the view that as part of the exercise of strengthening institutional mechanisms, the Departments should prepare, use and internalize these standardized monitoring tools with due diligence. (para 4.9)

Executive Control over Expenditure

14. The internal controls through the IFAs in the Departments need to be strengthened and their participation in the day to day financial management ensured, as mandated by "The Government of Karnataka (consultation with Financial Adviser) Rules 1982" and Government Notification No. FD 1 TFP 2008 dated 16.5.2008. (para 5.4)

15. The Institution of IFAs has to be strengthened by identifying sufficient number of officers with the requisite background and seniority and with a remaining service of at least 5 years before superannuation. They should be supported with the required infrastructure and exposed to extensive training, including computer skills, to match the job chart of IFAs. (para 5.4)

16. The overall status of all the Schemes reviewed by the Planning Department through the MPIC needs to be brought out into the public domain every month along with measures taken for corrective action. (para 5.10)

17. The coverage for Expenditure Tracking through physical verification by the Directorate of Economics and Statistics (DES) should be enlarged to cover 20 percent of the development /welfare Schemes, programmes, and projects in each Department every year. The officers currently posted as Project Evaluation and Appraisal Officers (PEAOs) could be drafted to perform these functions, after empowering/training them with suitable skills. Presently, most of these officers are said to be engaged in activities not necessarily meant to be performed by PEAOs. (para 5.14)

18. In addition to MNREGS, Social Auditing mechanism should be put in place for other programmes which have high and direct human welfare impact viz., NRHM, Housing, ICDS, Bhagyalakshmi, Social Welfare hostel management, Sarva Shiksha Abhiyan, etc. (para 5.15)

Department-wise Recommendations

i. Primary and Secondary Education

19. Growth in the number of secondary schools in the State needs to keep pace with the number of students moving from primary school to secondary schools, more particularly in the context of the objectives set under the Right to Education (RTE) Act and the Millennium Development Goals (MDGs). This can be achieved by upgrading the existing Higher Primary Schools and also by setting up new Secondary Schools. (para 6.1)

20. Suitable teacher redeployment policy for rationalization of work load of teachers in Government primary schools is necessary with due consideration to serve students in districts or regions with difficult terrain. Considering the high unit costs of providing education in schools with very low Pupil Teacher Ratio (PTR) (in areas which are not considered to have difficult terrain) there is a need to close down or merge such schools with nearby schools located within distance of 1-2 km. The teachers, who are found to be surplus due to such merger or closure of the schools, be redeployed to schools in near by districts with high PTR. (para 6.2)

21. In view of the more liberal norm of Pupil Teacher Ratio adopted in Karnataka vis-à-vis national norms, Government needs to enforce a higher standard of performance indicators to assess the output of teachers and the quality of learning by the students. (para 6.3)

22. One of the objectives of school learning ought be infusing creative abilities into the minds of students by teaching the existing subjects in different way. The students need to learn to think and blend divergent thinking and convergent thinking. Creative abilities have to be innovatively incorporated through laboratory learning, digital learning, experimenting, mock sessions, building models. The programme Nali Kali introduced in Government Primary schools, has some elements which promote creative learning through play as against conventional learning. However, the critical challenge is ensuring supply of sufficient learning material in time to all the children. The Department may have an independent study conducted about the impact of the Scheme after it has been in operation for four years (covering Ist to IVth standard). If found efficacious, this innovative scheme could be further extended to the Government aided schools in order to help students to use their imagination, think critically with reason, develop better problem solving skills and promote the spirit of co-operation. To supplement such expansion, the DIET has to be repositioned to provide training to the teachers engaged in Nali Kali on a large scale, including the teachers from aided schools. (para 6.6)

23. Department should ensure provision of adequate space for recreational activities, separate toilets for girls, drinking water in a time-bound manner and thus create congenial atmosphere for learning at schools by preparing a medium term capital budgeting covering all schools. (para 6.7)

24. In order to bring out of school children/drop-outs to mainstream education system, opening of alternative education centres like Bridge courses - residential and non-residential, tent schools, Zero level schools, etc., may be introduced. (para 6.8)

25. With demand for schooling set to increase continuously in medium term, the total cost on managing the schools would also go up. Therefore, Government needs to encourage private participation and also put in place appropriate regulatory regime which may enable the Government to consider introduction of a coupon system in course of time. (para 6.9)

26. The teachers are also increasingly engaged in non-academic activities thus sacrificing their quality time for students. Their engagement in mid-day meal scheme takes away most of their academic time. Therefore, more intensive involvement of SHGs promoted by RDPR and WCD, and adoption of Centralized Kitchen facility needs to be explored. This would relieve teachers from non-academic activities. (para 6.10)

27. It is necessary to plan reorientation trainings for teachers and utilize DIET facilities throughout the year. Further, the training manuals need to be updated keeping in view the futuristic learning needs and that of teaching in order to raise creative abilities and creative thinking of the learners/students. (para 6.12)

28. To improve the quality of learning in the schools, the minimum entry level qualification for Higher Primary School teachers be raised to graduate degree and that for Primary school teachers be raised to Pre-University. Atleast half of the teachers recruited every year should be Science Graduates. (para 6.13)

29. Commission recommends the Department to prepare Grants-In-Aid policy with a provision of sunset clause for existing GIA schools as well as for new schools, if they are brought under GIA in future. (para 6.15)

30. In order to ensure and encourage students to complete Secondary School examination, the Commission recommends that the minimum educational qualification of seventh standard pass for entry into Government jobs be raised to SSLC pass. (para 6.18)

ii. Employment and Training

31. In order to address the gap between the capacity and demand for employable ITI students, more focus is required to enhance the soft skills of the trainees and upgrading the technical skill of the trainers. (para 7.1)

32. ITI trainers' training skills require to be upgraded periodically. The trainers may be encouraged to periodically go on short term "sabbatical" to established industrial units. Such kind of re-training (during sabbatical) is required for the trainers in Government ITIs, aided ITIs and unaided ITIs. (para 7.6)

33. Department of Technical Education needs to support Karnataka Vocational Training and Skill Development Corporation to encourage ITIs to take up visits to Industrial Units as part of hands-on-training or as part of apprentice programmes, by collaborating with Department of Industries and Department of Public Enterprises. (para 7.7)

34. The Department of Employment and Training should co-ordinate with Department of Social Welfare to encourage ITIs to provide hostel facilities for ITI students so that scheduled castes and other backward classes students can avail of the hostel facilities provided by the Social Welfare Department. (para 7.7)

35. The number of ITI courses relating to automobiles need to be increased and the courses should include orientation to pollution containing technologies. (para 7.8)

36. In order to reduce the employment share in Agriculture and increase employment in Industry sector and Services sector, more investment is required in technical upgradation of the workforce through ITIs and Skill Development Centres. New skills are required to increase employment to about two to three lakhs youths comprising 50 percent of the total workforce who join the non agricultural work force every year. (para 7.9)

37. New areas where the ITIs can enter are Cathode Ray Technologies, Plasma and LED (Light Emitting Diode) technologies, Digital and 3D technologies, Data storage and transformation, Radio Frequency Identification Devices (RFID), medical and precision equipment, high volume electronics production, high-tech manufacturing, handling e-waste, cold chain manufacturing and food processing, food preservation, industrial cleaning, high pressure welding, process improvement techniques, introduction to aircraft/airport support technologies like elevators, conveyor belts, aerobridges, etc., and Housekeeping, laundry management, management of multi-storeyed buildings, etc. (para 7.9)

iii. Higher Education

38. Resource allocation to universities and colleges must strike a balance between provision made towards salary and pensions and other items of expenditure like maintenance, development and improvements. Infrastructure supporting the teaching-learning process like library, laboratories also needs to be monitored and upgraded at regular intervals. However, this does not seem to have been done in Karnataka. Hence, the Department should put in place an institutional mechanism to monitor these facilities at regular intervals and forecast medium term investment needs to upgrade the facilities. Without doing so, the State will not be able to realize the vision for 100 percent National Assessment and Accreditation Council (NAAC) accreditation of its colleges by 2020. (para 8.3)

39. The Government may discourage establishing single subject universities and also explore the possibility of realigning the existing single subject universities into general university system to the extent possible. (para 8.7)

40. The scope of the scheme which is now meant only for attracting science students may be enlarged to include all subjects in general Degree Colleges (BA / B.Sc / B.Com), the scholarship amount should be increased from the present rate of ` 5,000 to ` 8,000 per annum periodically adjustable to inflation once in three years, the coverage should be expanded, to at least 10,000 students from across the State with equal number of boys and girls. Of the 10,000 scholarships, 2,000 scholarships be awarded to students without reference to their status of being APL or BPL families and the balance 8000 to students from BPL families. Out of this 8000, about 2500 scholarships be exclusively awarded to BPL students who were born and who studied in schools located in 39 Backward talukas as identified in Dr. D.M. Nanjundappa Committee's Report. Drawing this scholarship need not be a bar on the students who otherwise can avail support/benefit under any other Scheme administered by Social Welfare Department, Minorities Welfare Department and WCD etc. (para 8.11)

41. At least ten percent of the university budget should be earmarked towards research by faculty, in the areas of pure science and applied research, with priority to the subject of interest to the State. (para 8.13)

42. The Government may increase investment in Government colleges, while also considering increasing potential for raising tuition fee from students who come from non-BPL families. Also Universities need to be pro-actively encouraged to explore public private partnerships (PPPs) in research programmes, laboratory management, centralised digital library services, including effective use of EDUSAT, and to seek sponsorships for chairs from leading industrial houses as part of their Corporate Social Responsibility (CSR) initiatives. (para 8.14)

43. The Grant-in-Aid Code needs to be reviewed by the Government, particularly in the light of the impact of the implementation of the Right to Education Act. Since pressure on resources will increase, there is a need to progressively step back from supporting the institutions which have been given concessional land and grants during the last thirty years. An exit policy needs to be drawn while keeping in mind the equity issues in Higher Education. (para 8.15)

44. The Department of Technical Education should therefore encourage the existing private engineering colleges in the state, having required infrastructure and faculty to augment their enrolment capacity for disciplines where there is adequate demand. New Private Colleges (without any GIA from the State Government) who can provide for adequate faculty and infrastructure could also be permitted, with required clearance from All India Council for Technical Education (AICTE), particularly in Districts where there are no or very few colleges for technical education. (para 8.17)

iv. Agriculture Department

45. Government support to agriculture sector or to farmers flow through varied Schemes administered by several Departments other than Agriculture and Horticulture viz. Water Resources, Medium and Minor Irrigation, Power, Power Distribution, Co-operation, Agriculture marketing, Social Welfare, Minority Welfare and Animal Husbandry. The Government needs to take a holistic view of its expenditure through Schemes, Project and Programmes which benefit the farmers. (para 9.2)

46. The Commission impresses upon the Government to take a long term view to encourage and enable the agricultural workforce to migrate to non-agriculture sector to the maximum extent possible, by promoting the growth of attractive non-farm and off-farm jobs. The Department also has to safeguard the interest of farmers and ensure, while introducing new Schemes for increased production, that the terms of trade should be favorable to the farm sector. (para 9.3)

47. The Department of Agriculture should reprioritize its expenditure in favour of Schemes like Soil Health Centers, Enrichment of Soil Fertility and Soil Conservation techniques for better land use planning and land management. (para 9.11)

48. The State Government should increase allocation for intensifying efforts in Agriculture extension activities. The Agriculture Department, in line with its mission, should channelize its resources towards reviving the extension activities in the State by making use of advanced Information Technology (IT) choices. In addition to our own initiatives like Nemmadi and Raitha Marata Kendra and Bhoomi, the ITC sponsored e-Chaupal in Madhya Pradesh or e-Sagu in Andhra Pradesh offer instructive examples in this direction. (para 9.11 and 9.15)

49. The Commission is therefore of the view that, instead of making excessive allocations for subsidy Schemes such as crop loans, which remain under-utilized, allocations need to be directed towards Schemes that directly raise productivity through research and extension services, as this is the area that needs to be strengthened and extended further. (para 9.13)

50. The relevance, costs, and continuance of the Schemes related to Organic Farming should be assessed regularly against nationally accepted standards vis-a-vis farm output, particularly keeping in view the significance of food security in the near term and medium term. (para 9.14)

51. The Universities of Agricultural Sciences and Institutions under them should be encouraged to produce scalable innovations - which should have a low lead time from lab to land. Farmers in the State should be enabled to benefit from technology-based initiatives by strengthening RSKs/KVKs. (para 9.16)

52. Watershed Development Schemes should be regularly monitored and the farmers should be educated about *in-situ* moisture conservation to increase productivity from unirrigated agricultural land. In this regard, the Commission recommends that the Monitoring and Evaluation of some of the Schemes may be given to a third party, for which 1% of budget outlay could be earmarked as recommended by Planning Department. (para 9.19)

v. Horticulture Department

53. Department should ensure effective expenditure in areas which benefit the horticulturists for better production and productivity. Therefore, Schemes which focus on improving production, processing, research and extension namely Processing in Horticulture, Development & Maintenance of Farms & Nursery, Extension and Training, Cold Storage Subvention and Maintenance of Horticultural Farms should be reviewed and closely monitored for impact evaluation. (para 10.2)

54. Agriculture and Agricultural Marketing & Co-operation graduates could be appointed for filling the Direct Recruitment vacancies in the Department of Horticulture, since these graduates are equally qualified in production technologies, post harvest technologies and Marketing of Horticultural crops. (para 10.4)

55. There is a need to encourage graded cold storage facilities nearer to farms and refrigerated transport facilities at affordable costs. The State Government should assess the feasibility of providing differential rate of tariff for cold storage chain facilities. However, such tariff should not be allowed to be barrier for accessing cold storage facilities. To provide support of technical staff, the Department should encourage ITI courses in cold chain technologies, refrigeration, etc., to support the growth momentum in this sector. (para 10.7)

56. The Government needs to encourage investments in cold chain capacities and efficient transport facilities. The Commission also recommends that the Department of Horticulture should co-ordinate research more intensely towards improving the quality of the seeds, the shelf-life of horticulture products including feasibility of irradiation of select products. While doing so, the Department should take adequate safeguards in the matter of phytosanitory measures as applicable under WTO regime. (para 10.8)

57. Current use of Information Technology (IT) is limited, being mainly up to the District level. It has not reached the Raitha Samparka Kendras (RSK) which serve farmers in groups of 4 to 5 villages. Infrastructure needs to be created and integrated from the taluk level to the State level, in order to facilitate the maintenance and updating of records with minimum staff. In addition to this, as horticulture crops and processing technologies require continuous extension support or guidance, it is desirable that greater use is made of Hortnet, the interactive website made for this purpose. This could be operated at RSK level with support from KVKs, Universities and supporting agencies. (para 10.9)

vi. Department of Fisheries

58. The various colleges and research institutes under the Karnataka Veterinary, Animal and Fisheries Sciences University, Bidar located at Bangalore, Shimoga, Mangalore, Gulbarga, Hassan should be encouraged to offer one year courses in fishery technology. This would facilitate recruitment of adequate number of qualified technical persons in the Department and strengthen the extension activities for increased Inland fisheries in the State. (para 11.7)

59. Department should review whether Schemes that provide input subsidy help to encourage deep sea fishing, and make suitable changes in the Schemes so that resources available within the State's marine territory can be explored. (para 11.8)
Government needs to consider diesel subsidy to cold storages for exclusive use by people engaged in fish trading, particularly in areas where electric supply is erratic; and also to specialized refrigerated transport vehicles. (para 11.8)

60. Department should encourage development of an active processing, transport and storage industry utilising the raw material produced by the marine fisheries sector. The Department should undertake the promotion of industries such as fish processing and canning, production of fish oil and dry fish, etc., which have a steady demand in the domestic and international markets. Such industries would not only help in employment and income opportunities to populations residing near fishing harbours, but could also be the basis for developing a sustainable strategy for alternative nutritious food choices at competitive prices. (para 11.9)

61. There is a need for the Department to assess whether the desired objective of welfare of the fishermen has been actually achieved. It is also necessary to periodically assess the facilities developed as part of the marketing Schemes. In this regard, the Commission recommends that the Department set up a monitoring and evaluation team to periodically pay visits to the facilities created i.e. housing colonies, co-operative societies, markets etc., to continuously assess and review expenditure towards welfare schemes. (para 11.11)

vii. Department of Animal Husbandry and Veterinary Sciences

62. Given that the benefits of the huge 'Incentive to milk producers' Scheme essentially reach urban milk consumers, the Department needs to seriously re-look at its major expenditure pattern and assess the true impact of its different Dairy Schemes on milk production in the State. (para 12.4)

63. There is a need to increase the number of colleges either in government or private sector with financial assistance and the number of intake into the existing colleges after obtaining relaxation on class size which has been prescribed by IVC (Indian Veterinary Council) regulations. Further strengthening of infrastructure in the existing colleges is also warranted. There is a need to take up skill upgradation of veterinarians by providing short term P.G. Diplomas to the field staff in field oriented subjects as well as training in short term courses imparted to the field staff. Also there is a need to include refresher course- training to be provided once in 2 years regularly to all the Para-vets in the Department. (para 12.7)

viii. Co-operation and Agricultural Marketing

64. Presently, membership in the credit societies is limited to land holding persons. Those who do not hold land are thus denied the opportunity of benefiting from the programs of the primary co-operative credit societies. Enrolment norms need, therefore, to be made more inclusive so as to admit rural land-less people, and extend agriculture credit to more non-farm activities. Such expanded membership would also facilitate wider flow of benefits from the popular health insurance scheme, Yeshaswini, to cover these landless rural poor as well. (para 13.2)

65. Vacancies in functionally critical positions like Co-operative Development officers, Deputy and Assistant Registrars, Inspectors needs to be filled up to ensure quality service delivery, to promote the mandate of the Department including effective recovery of loans. (para 13.3)

66. Government needs to devise ways to progressively step back from interest subsidy on crop loans and introduce insurance oriented Schemes with a sun-set clause regarding Government support in the initial years. (para 13.5)

67. Modernising the Co-operatives' organisational management through the use of ICT could be an effective method of bringing about financial inclusion and expansion of business volume. It would be necessary to design an effective line of command and appropriate delegation of powers to suit the modernised organisational structure and use of ICT. (para 13.6)

68. Assistance for implementation of BDPs has to receive focus in the revival package recommended by the Vaidyanathan Committee. The BDPs need to suggest diversification of their lending activities beyond crop loans and into other activities such as fishery, poultry, mushroom cultivation, etc., which could give high marketable surplus to members. (para 13.7)

69. There is need to establish an institutional mechanism for price signalling and price forecasting by drawing from the future price trends particularly in commodities where there is forward trading through (National Commodities and Derivatives Exchange) NCDEX. Part of the 'Revolving Fund' can be utilised for evolving such mechanism through research by leading institutes in Karnataka viz. IIM, ISEC etc. This mechanism will help the Government to capture early warning signals about distress sales and identify the commodities to be notified for Minimum Floor Price (MFP) intervention from time to time. (para 13.11)

70. Higher efficiencies in transportation and marketing are critical to ease the demand-supply gap at the consumer end. Marketing of Horticultural produces through private participation are welcome changes. Such changes, however, should facilitate higher participation of retail food chains to procure horticultural produce at locations close to the place of production and help the farmer in efficient disposal of horticultural produce. Agricultural Marketing Department to ensure compliance to the rules of the licence and the purchase agreements between the farmer and the private purchaser. (para 13.12)

71. The overarching objective of reducing the role of the intermediaries and making the farm output available to the retail stores in time and at competitive prices linkage is missing in the Schemes. The Department has to redefine its role in support of creating enabling environment for enhancing efficiency of retail markets particularly in urban areas. Critical areas of intervention are grading norms, standardization of hygiene and waste handling at retail markets. (para 13.13)

72. In the course of modernization of markets through electronic tendering and other internet enabled services, the need for group 'C' and 'D' staff would come down. The vacant positions could be converted into technical posts for the technical administration required to be provided by market committee including price forecasting and price dissemination activities, and abilities to enforce quality of contract management with outsourced agencies. (para 13.14)

ix. Social Welfare Department

73. For improved efficiency in disbursement of scholarships, it is recommended to consolidate all Schemes relating to scholarships/benefits and entrust the same to a separate well networked financial institution. Such an institution should be able to disburse scholarships to students on time through an electronic mode at regular intervals at predetermined instalments for each student. In case release of funds from Government of India is delayed; the institution may charge marginal financing charges or interest for advancing these scholarships. This would require approval of scholarships at one go at the beginning of the academic year itself so that the financial institution can make its cash flow arrangements accordingly. (para 14.9)

74. It is recommended that starting of hostels in unsuitable private buildings be discouraged. The construction and progress of hostel buildings should be monitored by a dedicated team of Departmental officials with sufficient skills in engineering and agencies like PWD, Nirmithi Kendra, Zilla Panchayat Engineering, Karnataka Rural Infrastructure Development Limited (Formerly KLAC) should be made accountable for timely completion of the construction works. (para 14.11)

75. It is advisable to club all 39 Schemes under the maintenance of hostel/buildings, constituting revenue expenditure, into a single scheme. The Department should clearly define the role and functions of Karnataka Residential Educational Institutions Society (KREIS) in construction, maintenance and running the day to day operations of the residential schools for SC/ST/BC and what would be their relationship with regards to Zilla panchayats and the Directorate. (para 14.12)

x. Minorities Welfare

76. The Department of Minorities Welfare should consider switching to electronic mode of disbursal, and computerised processing of applications can address most of the problems for Financial Assistance to Students. (para 15.4)

77. Reliable demand assessment and, based upon that, proper mapping to locate the hostels has to be undertaken before opening the hostels. The entry bar for admission also needs to be revised downwards to attract more number of students to avail the hostel facility without over crowding. Wherever there is underutilisation, the excess capacity be utilised for the students belonging to other communities viz., backward classes and SCs/STs. (para 15.9)

78. Every hostel construction has to be seen as a project inclusive of civil works, furniture and electrical equipment, along with facilities for bicycle stands, sports activities, etc. (para 15.10)

79. The task of maintenance of all hostels be entrusted to a Special Purpose Vehicle (i) to optimise administrative costs, (ii) to enhance accountability and (iii) to provide uniform and standard professional services to students in all hostels, including the residential schools established by Social Welfare Department, Minorities Welfare Department, Education Department or any other Department. (para 15.11)

80. The Commission emphasizes the need to orient NGOs and other Institutions about the spirit of Self Help Groups and ensure that the Self Help Groups do not function merely as channelizing agency to individuals for distributing Government money, but also act as genuine Self Help Groups in letter and spirit. The Commission recommends that micro credit through SHGs/ co-operative societies be expanded to gradually phase out direct lending to individuals. (para 15.14)

81. Commission while suggesting the Department to create a lean and effective organisational structure to implement Schemes and Programmes for minority communities, also recommends that before creating a new Department the Government should assess its organisational requirements and take appropriate measures in this behalf. (para 15.16)

xi. Women and Child Development

82. Finance and Women and Child Development (WCD) Departments should jointly conduct a study to devise implementation strategy of Gender Responsive budgeting to achieve its intended objective. (para 16.8)

83. Demographic projections required for implementing the Bhagyalakshmi Scheme be reviewed periodically. It is necessary to correct the past mistakes through verification of the registered applications. (para 16.9 c, d)

84. There is a need to revisit the rate of premium vis-à-vis the assured sum under the Bhagyalakshmi Scheme. While doing so, all factors like (i) probability of failure on the part of the beneficiary fulfilling the conditions to claim the assured sum, and (ii) the survival chances of the girl child until 18 years should be taken into account. The Commission is also of the opinion that the benefit should be given to the girl child in several installments, linking it to the girl's educational progress, rather than making payment in one lump sum. (para 16.9 g)

85. The Department of Women and Child Development needs to consider engaging a competent actuary to recalibrate the premium payable to the LIC, determine different stages at which benefits should be paid, and the quantum of benefit payable at each stage and to decide about the vesting in Government, the unclaimed amounts. (para 16.9 i)

86. For Integrated Child Development Services Scheme (ICDS), there is scope for significant improvement on three counts as below and more particularly in sourcing, preparation and distribution of nutritious food :

i. providing nutritious food to children at anganwadi centers,

ii. giving them scientific non-formal education,

iii. maintaining a conducive physical environment (para 16.10 e)

87. The Department should assess total requirement and prepare an action plan to construct sufficient number of Anganwadi centers in time-bound manner. For this purpose, the Department of RDPR and WCD should exploit the possibility of using funds available under Mahatma Gandhi National Rural Employment Guarantee Act, 2005 with due regard to specification indicated in Schedule-I (read with Section 4(3)) of the Act. (para 16.10 f)

88. Department also needs to investigate entire procurement process of supplementary nutrition food so far and enquire to what extent supreme court orders were or were not complied with and take corrective measure before starting new contract for the year 2011-12. While doing so the Department should take care not to disrupt the availability of food to children. (para 16.10 g)

89. The diversity in the guidelines and financial support as issued by respective ministries of Government of India needs to be negotiated between the Departments at the State level in order to have standard/uniform financial packages. (para 16.11) Several State Government Departments promote Self Help Groups which work on different guidelines, several of which are issued by Central ministries viz., Ministry of Women and Child Development, Ministry of Rural Development, Department of Forest (JFM), Department of Watershed Development. Thus assistance to SHGs varies across the Departments. NGOs too form SHGs. There is a need to standardize the financial package to all Government sponsored SHGs in order to avoid confusion or duplication.

90. The scheme of marriage of destitute widows and Devadasis, which is not popular, can be considered to be merged with Devadasis Rehabilitation Programme, which is being implemented by the Karnataka State Women's' Development Corporation. (para 16.12)

91. The Department feels that Additional posts are required for Institute for Mentally Retarded Children home at Bangalore and Mentally Retarded Children for girls at Hubli for maintenance of inmates. Since these homes have a considerable impact on mainstreaming the children there is a need to have qualified and competent human personnel to manage these homes. (para 16.13b)

92. Guidelines of the scheme Skill upgradation for inmates of correctional institutions need to be redesigned so as to suit the children of 10-12 years. The activities which are restricted in the present guideline also need to be increased to include people of varied age groups. (para 16.13c)

93. Only one scheme 'Suraksha' is implemented by the Karnataka State Commission for Women. This scheme can be transferred to the Karnataka Women Development Corporation for administering the financial aspects, leaving the Commission with powers to pronounce the compensation after due consideration. (para 16.16)

94. The Scheme "Training and Employment" under the Department of Welfare and Disabled and Senior Citizens could be transferred to Karnataka Vocational Skill Development Corporation (under Department of Employment and Training). The interests of the disabled can also be safeguarded by the Department by identifying the beneficiaries and also by periodical monitoring of progress of implementation of schemes by the Corporation. (para 16.17 a)

95. It is suggested that social welfare pensions i.e. Old Age Pension, Widows' Pension etc., under the Revenue Department could be brought on par with the maintenance allowance for the Physically Handicapped. At present Old Age Pension is ` 400 per month of which ` 200 is Government of India's contribution. Taking into account the daily wage being paid under MNREGS (under which 100 days work is guaranteed for one member per family) and also the Planning Commission's revised definition of poverty level, the Expenditure Reforms Commission recommends that allowance for disabled persons (with disability of 40-75%) may be fixed at ` 800 per month. It is suggested that similarly the recipients of Old Age Pension should be assured of a sum of Rupees Eight hundred per month (inclusive of GOI contribution). Similar enhancement may be made in Widow's Pension also, so that inclusive of GOI pension, if any, eligible widows also receive ` 800 per month. (para 16.17 b)

State Government should move to the Government of India to share the expenditure on the welfare pensions on 50:50 basis. Proper verification procedure for such welfare pension/allowances should be put in place so that benefit goes only to the persons fulfilling all the conditions of the Schemes and there is no possibility of the same person receiving pension/allowance from two different sanctioning authorities (e.g. from Tahsildar of the two different Talukas). (para 16.17 b)

96. It may be made mandatory that every Department should disclose activities, undertaken by them for the benefit of physically disabled persons in their Departments in a separate chapter in its Annual Report. The commissionerate may bring out a report on the status of implementation of Persons with Disability Act 1995 every year through a sample study which can be formally institutionalised in a time frame of three to four years. The Commissioner may be provided with suitable accommodation and requisite staff. (para 16.19)

97. Government should issue guidelines for spending three percent of budget of every beneficiary oriented scheme on the Disabled and compliance with these guidelines should be regularly monitored. (para 16.20)

98. There is a need for upgradation of the Status of the Chairman and members of the Karnataka Child Rights Commission, taking into account the position in the Central Government. (para 16.22)

xii. Department of Health and Family Welfare

99. The skewed location of PHCs in some of the districts with difficult terrain may be understandable, but the unevenness of the location of the PHC in other districts not only violates one of the commitments made in the State Integrated Health Policy but also increases the unit cost of providing health care services leading to inefficient expenditure through PHCs. The Government should revisit the present location of health care facilities in the State with respect to Primary Health Centres, Community Health Centres and Sub Centres. (para 17.8)

100. The District Health Officers should maintain a record of the drugs procured for the district hospitals and ensure quality control for timely issue of adequate drugs from district level offices. There is a need to ensure that regular and periodic quality inspections at District and Taluk level hospitals are carried out, and also to ensure an efficient administration of drug supply in Government Hospitals. (para 17.10)

101. Department of Health should,

(a) put in place a mechanism whereby physical infrastructure is fully utilised by posting adequate staff and ensuring their presence during duty hours,

(b) not create further new physical infrastructure without assessing, through epidemiological studies, the actual demand for the proposed services,

(c) create and position manpower on the basis of the morbidity pattern, which needs to be reviewed at least once in three years, and

(d) consider dovetailing services provided by Government with those provided by the private sector through Government supported insurance schemes. (para 17.13)

102. The hospital patient database could be actively managed and used for monthly review, procurement and epidemiological analysis. However, the Department has to use existing hardware and software for data mining from HMIS , HRMIS to enable informed decision making for better HR placement, drug procurement & distribution and man power planning. Since HMIS is being used in 11,500 institutions, an intensive training needs to be undertaken for the staff in the use of HMIS and HRMIS. The Commission also recommends that, using IT, an accountable performance review mechanism be put in place to assess the performance of PHCs. (para 17.13)

103. There is a need to support the Department of Drugs Control with sufficient number of drug testing facilities inline with the quantum of drugs supply and various health institutions in the State. (Para 17.20)

104. In line with the objectives of the Department of AYUSH, and general popularity, there is a need to have an integrated policy in pursuit of the objectives and if necessary, for such a policy to complement the State Health Policy. The integrated policy needs to optimise the cost advantages in some of the potentially beneficial treatments which otherwise are costlier in the mainstream Health care system. To strengthen existing research institutions and ensure research programmes for identified diseases for which AYUSH systems have an effective treatment, the State needs to encourage research in AYUSH, particularly Ayurveda and strengthen technical certification in drugs which are normally sold as over the counter drugs. (para 17.23)

105. There is a need to provide supportive infrastructure to make optimum use of the dispensaries in the State. Also the vacancies position should be reviewed within the overall policy priorities and improvements required to be made in Infrastructure facilities. (para 17.24)

106. The preventive, promotive and curative functions of the Department of Health need to be split between two directors i.e., Director- Medical (for curative and clinical services) and Director- Public Health (Preventive and promotive services) with required technical staff to support the Director from positions of Assistant Director, Deputy Director to Joint Director. Such hierarchy has to be designed for reasonable promotion opportunities and enable focused supervision on each of the areas. It is recommended that two separate cadres may be constituted relating to Public Health and Medical (clinical). (para 17.25)

107. It is suggested that the Department needs to have a principle driven formula for prescribing user charges, which should be reviewed periodically by a team of experts who should also consider the market rates for the services. Secondly these user charges should be collected from people without Below Poverty Line (BPL) Cards while exempting Below Poverty Line (BPL) families. (para 17.26)

Chapter 1

Introduction

1.1 The Expenditure Reforms Commission has been constituted to review and provide recommendations to enhance efficiency and effectiveness of public expenditure on various programmes being implemented in the State. The detailed Terms of Reference given to the Commission are at Annexure-1a. In order to study department specific issues the Commission has engaged research consultants [list at Annexure-1b] as provided for in the Government Order No. FD 76 Samaya 2009 dated 6.6.2009. Based on the interim reports given by the consultant institutions and discussions with the departmental officers, the Commission had submitted its first report to Government in February 2010. Presently most of the consultants are finalising their reports. A few of them have submitted their final reports recently.

1.2 Meanwhile, the Commission has travelled to some districts in order to appreciate the current state of expenditure management at the field level through meetings with officials of Zilla Panchayats, Taluk Panchayats, District officials, and citizens who had received benefit from one or the other programmes/schemes. Some projects sites were also visited in these districts. viz., Dharwad, Shimoga, Chamarajanagar and Bidar. These districts were chosen considering their the socio-economic diversity, relative stages of development, and their representativeness. The list of officers with whom the Commission had interacted in the four districts is at Annexure-1c. The Commission had conducted several meetings with senior officers in the various Departments to get a first hand view of the concerns expressed by the line department officers.

1.3 While addressing the issues with reference to the ToR, the Commission is guided by the need to provide pragmatic and implementable set of recommendations to the Government in short term as also in medium term, rather than giving a report which may merely appear as a theoretically sound document. The first set of recommendations were limited to some issues of immediate relevance in six select departments viz.,

i) Primary and Secondary Education,
ii) Employment and Training,
iii) Social Welfare,
iv) Public Works,
v) Agriculture and
vi) Horticulture.

1.4 In its first report the Commission has also suggested some general prudential fiscal management principles to be adhered to by the departments in implementing various programmes/ projects/ schemes. Of the seventy four recommendations in the first report, fifty five were departmental specific, fifteen were common to all departments and four relate to principles of expenditure management.

1.5 The first report of ERC had also made recommendations towards organisation structure and Schemes in respect of six departments (Primary and Secondary Education, Employment and Training, Social Welfare, Horticulture, Watershed Development Department and the Health Department). The Report also included an annexure with a list of schemes to be merged/dropped. Some of the recommendation made by the 1st Report of ERC included the following:

i. *'Plan schemes having provision of less than ₹ 100 lakh be abolished. Schemes having provision between ₹ 100 and ₹ 500 lakh should be reviewed as regards their efficiency. If found useful they could be merged with any other existing scheme of the department having similar objectives'. (* Para 4.1, 1).

ii. *'Every department should disclose key goals for its operations so that all intervention/ schemes are benchmarked against that goal. Such key goals should be stated in measurable terms in order to relate resources used to the results achieved, and the same be disclosed to public every year with effect from 2010-11*'. (Para 4.1, 1, iii).

iii. *'All schemes / programmes / projects should have a sunset clause, indicating the objectives/goals to be achieved, and specifying the terminal year in which such schemes/programmes/projects are to be closed. All departments be asked to specify in April 2010 the financial resources required for each scheme/project/programme in its life time, while also indicating the quantifiable output/objectives/ goals sought to be achieved at the close of such schemes/programmes/projects, with yearly break-up of the same. All the Departments have to terminate their existing schemes / programmes / projects within five years of the inception of the scheme, etc., or as soon as the specified output/objective/ goals are achieved, whichever is earlier* '. (Para 4.1, 1, iv).

iv. *'Beginning with the year 2010-11, the Finance Minister should make a statement on the floor of the House once in six months, explaining the progress of each project estimated to cost ₹ 50 crore and above; and that a mandatory impact analysis of all projects /schemes / programmes with outlay of ₹ 50 crore and above has to be made. To ensure compliance of the same, the Karnataka Fiscal Responsibility Act 2002 may be amended'.* (Para 4.1, 1, vi).

v. *'Ex-ante expenditure management tools like investment/project appraisal used by Central government or the donor agencies should be comprehensive and be legally institutionalised to prepare and examine expenditure proposals for* *inducing fiscal discipline in implementation. Government may set up an Expenditure Finance Committee (EFC) on the line of the prevailing practices in Government of India. Detailed guidelines should be issued by the concerned Administrative / Planning / Finance Department in this regard'.*(Para 4.1, 3).

vi. *'Investments in interventions that impact HDI should be addressed on a priority basis, by earmarking adequate allocations with corresponding emphasis on expenditure performance monitoring in relation to the objectives set for each scheme'.(*Para 4.1, 5).

1.6 In this direction the Commission is encouraged by the recognition the Government gave to the recommendations contained in the 1st Report. The encouragement comes from the fact that the Government had internalised thirty one of the 74 recommendations from the 1st Report as reflected in the Budget Speech of 2010-2011. The Commission has also forwarded the copy of its 1st Report to the departments concerned, seeking their comments and to understand their views as well as actions taken on the recommendations. The Commission has not received any reply from the departments so far. Annexure-1d shows the recommendations made in the 1st Report, which are directly or indirectly reflected in the Budget speech 2010-11 and O.M vide which Budget Estimates for 2011-12 have been invited from the Estimating Officers.

1.7 The 2nd Report contains additional suggestions with regard to the above mentioned six departments and also some other departments viz.,

i. Higher education
ii. Women and Child Development
iii. Minorities Welfare
iv. Animal Husbandry and Fisheries
v. Co-operation and Agricultural Marketing
vi. Health & Family Welfare

In this Report, the Commission, while giving department specific recommendations has also made an attempt to indicate specific line of actions through systemic improvements, particularly relating to ex-ante expenditure management practices and in the exercise of control over expenditure by the legislature and the executive. The scope of utilising the Social Audit mechanism for achieving effective control over expenditure on welfare schemes, including expenditure made out of Government Grants by Special Purpose Vehicles, Trusts, Charitable Institutions, etc., has also been explored. In order to strengthen the quality of ex-ante expenditure management the Commission has specially recommended strengthening of institutional capacity of pre-investment project appraisal and capital budgeting, in order to ensure timely results for the resources used.

1.8 The prudent fiscal management principles mentioned in the 1st Report are reiterated below in order to emphasis the need to internalise the same.

i. *'State to make a systematic delineation of the responsibility of the state in terms of direct provision, facilitation, regulation etc. Adequate allocation has to be made for discharge of the basic functions of the State, viz. protection of life and property of citizens and administration of justice*.' (Para 4.1).

ii. '*Basic services like Primary Education, Public Health, Drinking Water, Protection and Welfare of the Weaker sections of the Society should get overriding priority in expenditure planning while ensuring high degree of expenditure performance in relation to the objectives set for each of the interventions. Education, Health, Drinking Water Supply, Sanitation, Social Welfare etc., sectors should be insulated from any adhocism by earmarking a reasonably prescribed minimum share in the GSDP, while also institutionalizing reliable and transparent expenditure performance monitoring systems*'. (Para 4.1).

iii. '*Medium term expenditure estimates as provided in the Medium Term Fiscal Plan (MTFP) of the Government year on year need to be firm, in order to minimise variation between the planned estimates and actual expenditure. A more realistic estimation based on more accurate forecasting of expenditure requirements in the medium term will facilitate better fiscal management*'. (Para 4.1).

1.9 In addition to the reports from the Consultants, the Commission has also sourced its inputs, *interalia* from reports regarding international practices, the ERC recommendations of the Central Government, recommendations of the Second Administrative Reforms Commission media reports, etc. Going forward, a website is being hosted on FD's web page inviting suggestions from general public, NGOs and all other stake holders so that ERC would suitably make use of the same in its next report.

Chapter 2

Review of Public Expenditure

2.1 In line with the fiscal management principles enunciated in the Karnataka Fiscal Responsibility Act, 2002 and based on the review discussions held with the Departmental officers, the Commission in its first report, made certain recommendations to ensure quality of expenditure (Para 4.1). The Budget speech 2010-11 also reflects on the need for internalizing such principles by administrative Departments (Para 295 and 299 of the Budget Speech 2010-11). The focus of this chapter is on the need for increasing development expenditure, including the quality in expenditure. In this regard, a discussion about the trends in revenue and the expenditure, both capital and revenue, is required. This helps in taking an appropriate view on the allocation favouring sectors which directly impact human development vis-à-vis other sectors, which contribute to economic growth. Commission has also considered that a review of the trends in expenditure by Karnataka Government and resultant fiscal performance, in comparison with other states, would be very instructive, from which valuable lessons can be learned.

Trends in growth rates (GSDP, Revenue and Expenditure) and Fiscal Performance for the State

2.2 Karnataka is on the forefront of introducing measures for fiscal reforms measures since 2000 followed by enactment of Karnataka Fiscal Responsibility Act 2002. Karnataka is the first State to have achieved zero revenue deficit as early as 2006 and generating revenue surplus there after. In the year 2009-10, the year following global economic slow down, with the exception of Andhra Pradesh, Karnataka is the only State which has shown Revenue surplus. Due to ever increasing expectations of the citizens, Governments constantly face the challenge of creating fiscal space to meet competitive spending priorities. During this period the State has managed to keep debt within the ceiling as mandated under KFR, besides reducing the revenue deficit to zero.

2.3 The Expenditure trends on fiscal consolidation path under KFR reveal increasing capital expenditure, with reduction in revenue expenditure, which is a kind of virtuous cycle. Annexure-2d provides details of growth in Revenue, Expenditure and GSDP from the period from 2003-04 to 2009-10. During this period, the State's own tax revenue has an impressive CAGR (Compounded Annual Growth Rate) of 17 percent while State's share in Central taxes and duties show a growth of 11 percent during the same period.

2.4 The State Government is generally able to meet expenditure on committed items like Interest payments, subsidies, grants-in-aid, devolution to PRI, wages, salaries, pensions, etc. During the period from 2003-04 to 2009-10 (BE) expenditure on all such committed items, except devolution to PRIs, has declined. Such expenditure which was 153 percent of State's own revenue in 2003-04 has come down to 129 percent in 2009-2010 (RE). Similarly the committed expenditure as a percentage of revenue expenditure which was 91 percent in 2003-04 has come down to 79.7 percent in 2009-10. During the same period the committed expenditure as a percentage of GSDP remained more or less at 14, with marginal downward changes in some years. However, during this period there has been a virtuous shift in the items of committed expenditure. For instance, subsidy as a percentage of GSDP has come down from 17 percent in 2003-04 to 14.6 percent in 2009-10(RE). Similarly interest burden which was 29 percent of GSDP in 2003-04 has come down to 17.7 percent in 2009-2010(RE). This period has witnessed increase in fiscal space as a percentage of GSDP from 1.34 to 3.27, while the increase in fiscal space as a percentage of revenue receipts has also increased from 9.6 percent to 21 percent.

2.5 Table - 1 below provides a comparison of Major Fiscal Indicators for Karnataka with other progressive states for the year 2009-10. It shows the de-composition of the indictors which impact Gross Fiscal Deficit viz. Revenue deficit, Capital outlay, Net Lending and non-Debt Capital Receipts. Karnataka's fiscal performance is generally favourable as compared to other states. As could be seen there-from, the non-development expenditure, as a percentage of aggregate disbursement at 24.6 percent is lower in Karnataka as compared to other states, except Andhra Pradesh. Similarly, Capital outlay as percentage to gross fiscal deficit is highest indicating a higher percentage of borrowed funds towards capital formation. The net Lending as a percent of Gross Fiscal Deficit is 11 percent as compared to the all States' average of 4.6 percent. Expenditure of this nature points to the need for better monitoring of funds which have been already invested into public sector entities vis-a-vis debt service cost in future.

Table –1
Major Fiscal Indicators

(Per cent)

State	Revenue Deficit/Gross Fiscal Deficit	Capital Outlay/Gross Fiscal Deficit	Net Lending/Gross Fiscal Deficit	Non Debt Capital Receipts/ Gross Fiscal Deficit	Non-Development Expenditure/ Aggregate Disbursement
	2009-10 (BE)	2009-10 (BE)	2009-10 (BE)	2009-10 (BE)	2009-10 (BE)
Andhra Pradesh	-14.9	111.3	3.6		22.6
Gujarat	32.2	65.9	1.9		30.0
Haryana	39.5	46.4	14.2		25.1
Karnataka	**-13.6**	**125.0**	**11.0**	**22.40**	**24.8**
Kerala	53.0	30.1	17.0	0.02	38.9
Maharashtra	26.8	70.8	2.3		29.7
Punjab	64.5	36.8	-1.3		47.6
Tamil Nadu	8.7	85.2	6.2		31.3
All States (I+II)	16.2	80.3	4.6	1.11	31.2

Source : Statement 1: Major Fiscal Indicators, State Finances, A Study of Budgets of 2009-10, Reserve Bank of India, February 2010

Gross Fiscal Deficit = Revenue Deficit+Capital Outlay+Net Lending-Non Debt Capital Receipts

Trends in Components of Expenditure

2.6 Given that the capital expenditure is an important pre-requisite towards asset formation and growth inducing development, a sound balance between Revenue and Capital expenditure is recommended to achieve balance between expenditures on administrative services (especially salaries and allowances) and critical infrastructural development needs. Lack of such balance may result in situation where there are many teachers but too few or poor quality classrooms and teaching facilities or large number of new hospitals, but insufficient trained staff or inadequate maintenance. In this regard, an attempt has been made to review the trends in Revenue and Capital expenditure across the Departments. Table-2 presents the Revenue and Capital Expenditure over the last twenty years i.e. 1990-91 to 2009-10 covering the period before passing of KFR Act and the period after KFR Act. The Revenue Expenditure in 2009-10 has more than doubled as compared to the year 2003-04 (2.3 times), while the Capital Expenditure for 2009-10 has not increased at the same pace during the same period (1.94 times). There is more favourable infusion of capital expenditure into Departments like Rural Development, Women and Child Development Social Welfare, Agriculture & Horticulture, Education, etc. This indicates relatively more asset creation in this sector as compared to pre-KFR Regime.

Table – 2

Revenue and Capital Expenditure (Karnataka over the years) ₹ In lakhs

D. No.	Description	1990-91		2003-04		2006-07		2009-10 (Provisional)	
		Expenditure		Expenditure		Expenditure		Expenditure	
		Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital
		Total	Total	Total	Total	Total	Total	Total	Total
1	Agriculture and Horticulture	11901.06	1657.39	59675.95	10.56	87037.55	817.34	132505.00	1150.00
2	Animal Husbandry and Fisheries	4824.43	474.20	16077.90	641.60	27683.34	4165.54	67189.53	4620.31
3	Finance	13317.14	1147.86	356486.22	905.44	407588.04	376.58	580600.51	12548.65
4	Department of Personnel and Administrative Reforms	4100.61	890.00	16591.36	0.00	22080.42	11106.00	53464.95	0.00
5	Home and Transport	17049.72	3791.12	101048.53	7376.00	153062.07	46150.70	220247.32	38969.63
6	Infrastructure Development	0.00	0.00	62.69	12755.56	69.96	52238.12	459.06	39581.86
7	Rural Development and Panchayat Raj	31871.42	0.00	52889.81	23714.02	128112.92	148732.98	169595.81	146751.86
8	Forest Ecology and Environment	8315.76	61.61	35284.06	431.52	34796.66	1243.54	79702.62	295.57
9	Co-operation	4593.99	2190.99	12509.03	446.16	94922.50	3601.80	35502.96	3572.76
10	Social Welfare	13067.73	131.08	40760.13	17670.72	92570.60	32879.98	170309.94	23794.23
11	Women and Child Development	11902.55	70.00	34195.66	680.08	64012.67	517.30	133745.18	4779.36
12	Information Tourism and Youth Services	2080.71	55.00	6230.18	0.00	11864.63	800.00	24428.55	10673.45
13	Food and Civil Supplies	5305.09	0.00	21965.50	278.04	78163.50	20.00	120911.13	1800.00
14	Revenue	12460.95	207.41	82435.73	0.00	182560.67	2883.16	585847.26	11658.61
15	Information Technology	0.00	0.00	357.75	1529.44	1408.01	4074.34	3158.24	1450.44
16	Housing	1440.41	871.25	14883.27	0.00	26751.60	47027.86	61745.87	22268.03
17	Education	80187.96	17.88	374524.67	897.88	563884.63	10232.38	837014.51	20524.13
18	Commerce and Industries	20787.33	3447.47	51113.15	23657.74	134226.27	16841.90	84610.84	19097.73
19	Urban Development	9893.04	856.79	112500.34	50689.54	241502.96	75829.04	333922.28	132731.78
20	Public Works	21495.71	6395.41	43262.20	178774.16	134898.16	408243.72	109821.89	265592.44
21	Water Resources	23715.67	31970.66	19338.39	377986.90	29697.72	823707.54	33606.27	393639.88
22	Health and Family Welfare	22846.33	456.89	92059.14	7377.06	115912.28	29329.22	185431.32	32119.12
23	Labour	3340.93	0.00	10331.30	0.00	14007.04	14.26	34182.17	995.29
24	Energy	6343.12	36585.03	191497.23	117359.80	240245.21	86094.00	235284.95	175570.74
25	Kannada and Culture	500.67	0.00	3919.51	163.50	10183.14	364.52	19319.09	445.78
26	Planning, Statistics, Science and Technolgoy	353.46	0.00	2130.57	0.00	45305.32	0.00	55982.92	1300.00
27	Law	2927.50	0.00	15137.27	0.00	17654.23	0.00	28104.83	0.00
28	Parliamentary Affairs and Legislation	612.15	0.00	3104.45	0.00	4468.03	0.00	8047.43	0.00
29	Debt Servicing	48140.51	32361.13	371000.37	0.00	423639.79	0.00	527215.42	230832.85
	TOTAL	383375.95	123639.18	2141372.36	823345.72	3388309.92	1807291.82	4931957.85	1596764.50

Source: Summary of Appropriation Accounts, Finance Department.

Notes:

1. Figures as reflected in the Expenditure column (Voted + Charged) of Appropriation Accounts Books of the respective years;
2. Earlier to 2003-04, the Demands were not fixed. The Demands depended on the Portfolios of the Ministers. From 2003-04 and onwards the Demands are fixed. Efforts have been put in to bring the Demands of pre 2003-04 also to the standard 29 Demands;
3. The Grant amount is the summation of Original Grants & Supplementary Grants as reflected in the Appropriation Accounts of respective years which are brought out by the Accountant General.

2.7 The CAGR of Government expenditure (allocation) as a whole during the period 2002-03 to 2009-10 was 13 percent whereas the CAGR of GSDP (current prices) was 14 percent . The growth in expenditure during this period was marginally lower as compared to growth in GSDP. A comparison of year on year growth in Departmental expenditure as compared to annual growth in GSDP shows a mixed trend. The Departments like Planning, Programme Monitoring and Statistics (63 percent), Food and Civil Supplies (29 percent), Co-operation (28 percent), Women and Child Development (28 percent), Information Tourism and Youth Services (28 percent), Information Technology (27 percent), Urban Development (27 percent), Infrastructure Development (21 percent), have a higher CAGR i.e. allocation for these sectors are growing at a much faster rate than the State GSDP (current prices) while the CAGR of allocation for Departments of Commerce and Industries (2 percent), Water Resources (10 percent), Health and Family Welfare (12 percent), Energy (11 percent) i.e allocation for these sectors are growing at a rate much lower than the growth rate of GSDP (current prices). The year on year growth of GSDP compared over the years with the year on year growth rate of Government Expenditure on various sectors do not reflect any particular trend either in favour of sectors that promote higher rate of growth or directly impact human development. However, the State has complied with the numerical targets set in Karnataka Fiscal Responsibility Act by eliminating Revenue deficit and limiting the Fiscal deficit so far. Going forward, with effect from 2011-12, while complying with the fiscal road map mandated by KFR Act (as well as accommodating the Government of India's decision on the recommendations (para 9.85 & 9.86) of the 13th Finance Commission, the Government has to strike a balance between the need to contain public debt and the need to enhance productive expenditure particularly (a) on Economic Infrastructure, Urban Development, Energy, and Skill Development which impact economic growth with lower time lag and also (b) on Education and Health which lead to immediate higher level of human development and long term economic growth. Further, in order to ensure growth inducing expenditure, the Commission is of the view that Finance and Planning Departments need to undertake regular studies to identify the sectors which accelerate economic growth and promote human development; and direct its expenditure accordingly as part of its long term fiscal policy.

Social Services Expenditure

2.8 Karnataka's share in Social Services expenditure as a percentage of aggregate expenditure in comparison with other states is shown in Annexure-2a. The Social Service expenditure mainly comprise of the following:

A. Education, Sports, Art and Culture
B. Medical and Public Health
C. Family Welfare
D. Water Supply and Sanitation
E. Housing
F. Government Servants (Housing)

With the exception of Maharashtra among the compared states, for 2009-10, Karnataka has the highest percentage of expenditure on Social services (40.2 percent). The expenditure on social and economic services which are key drivers of development expenditure has shown a favourable trend during the decade. Expenditure on Education and Health account for the largest share of development expenditure towards Social and community services and also contribute positively towards the development needs of the State. The Compound Annual Growth Rate (CAGR) for expenditure on social services which was 10.84 during the period 1991-92 to 2002-03 has increased to 16.17 during the period 2003-04 to 2010-2011 (BE). Similarly, CAGR for economic services has increased from 10.34 to 14.39 during the same period. The increase in both the services is more than the increase in the growth rate of GSDP during the same period. The annual growth rate in GSDP (in current prices) was 9.8 percent during 1991-92 to 2002-03 while it was 14 percent (in current prices) during 2003-04 to 2009-10. The increased allocation in Social services however, paradoxically appear to be slow in improving human development as reflected in HDI (Human Development Index) of the State.

Major Components of Social Sector Expenditure – Health and Education

2.9 Within the social sectors, the expenditure on Education and Health in Karnataka as a ratio of aggregate expenditure and compared with other progressive states in the country is presented in the Tables - 3 and Table - 4 below. As could be noticed therein, over a period of 10 years, the trend in expenditure is mixed. Except for four years, the expenditure recorded was never above the national average. Considering the fact that literacy rate in Karnataka at 67 percent was just above the national average (2001 census), and that the obligations associated with Right to Education that would befall on the State, ***there is a need to consciously augment the expenditure on education with due regard for increasing coverage and achieving better attainment level, particularly in backward regions.***

Table – 3

Expenditure on Education* – As Ratio to Aggregate Expenditure										
										(Per cent)
State	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09 (RE)	2009-10 (BE)
1	2	3	4	5	6	7	8	9	10	11
Andhra Pradesh	13.3	12.5	11.7	11.6	9.8	11.1	10.8	9.0	11.2	11.1
Gujarat	13.6	12.7	13.5	11.2	11.5	12.6	12.7	13.4	11.6	11.5
Haryana	14.6	13.8	13.7	10.2	11.6	13.4	11.9	12.9	15.3	16.8
Karnataka	**17.7**	**16.0**	**14.8**	**12.9**	**12.7**	**14.0**	**13.1**	**14.4**	**16.1**	**14.9**
Kerala	20.0	19.0	17.6	15.7	16.2	16.6	17.1	15.9	16.8	17.5
Maharashtra	22.3	22.1	18.9	15.5	14.0	15.7	16.4	17.2	16.3	16.2
Punjab	13.2	11.7	12.1	10.2	10.1	11.3	8.9	10.3	11.8	12.1
Tamil Nadu	18.0	17.3	13.8	12.6	11.2	13.6	12.2	12.7	13.8	14.9
All States	17.4	16.2	15.1	12.6	12.7	14.2	14.0	13.8	14.4	15.1
All States (Per cent to GDP)	2.8	2.6	2.5	2.3	2.3	2.2	2.2	2.1	2.4	2.6
RE: Revised Estimates. BE: Budget Estimates.										
'–' : Not applicable/Not available.										
* : Includes expenditure on Sports, Art and Culture under revenue expenditure and capital outlay.										
Source: Budget Documents of the State Governments.										

Source : Statement 41, State Finances, A Study of Budgets of 2009-10, Reserve Bank of India, February 2010

2.10 The capital expenditure in education is increasing in the recent years, and can be attributed to interventions though Sarva Shiksha Abhiyan, in which the State Government jointly shares the costs. The expenditure on Education has increased from ₹ 910 crore in 1991-92 to ₹ 10,055.72 crore in 2010-11 (BE) registering a Compound Annual Growth Rate (CAGR) of 13.65 percent. However, the relative share of education expenditure which was 52 percent of total expenditure on social and community services in 2001-02, has declined to 41 percent in 2010-11 (BE). As per the education development index (primary level) computed by the Ministry of HRD, the State has moved up marginally from 0.627 in 2005-06 to 0.693 in 2008-09, but its ranking among the states has seen a downward shift. The State had slipped from a 3rd position in 2005-06 to 5th position in 2008-09. The deterioration in upper primary level is also similar, with a downward shift from 3rd position to 7th position during the same period. Further, although Karnataka has achieved a considerable level of elementary education in the State, ***investments towards female literacy levels in the State needs to be augmented by ensuring adequate infrastructure facilities at schools for girl students.*** The Commission, in its first report had made twelve recommendations to address the issues relating to this sector. While reiterating the Government to consider those recommendations, in this report too, some recommendations are being made in the chapter dealing with education Department.

2.11 The expenditure on Health sector has grown at a CAGR of 12 percent during the years 2002-03 to 2009-10. As a percentage of GSDP, expenditure on Health sector, which was 0.65 percent in 2003-04, has increased to 0.85 percent in 2009-11. However, urban health and medical education, and general health constitute close to 90 percent of total expenditure on medical and public health. The rural health is mostly covered under National Rural Health Mission (NRHM). However, it is noticed that funds, measured in per capita terms, under NRHM are not being allocated giving due weightage to backwardness of districts. In other words the districts that are better off are getting more funds under NRHM than back-ward districts. ***There is a case to allocate funds under NRHM through better planning with greater focus on equity, giving consideration to skewed and uneven capital investment already made in Primary health care system in the districts. Investment in Health sector in the State needs to be channelized appropriately to achieve higher levels of technical efficiency[1] in spending as compared to other states.***

Table – 4

Expenditure on Medical and Public Health and Family Welfare* – As Ratio to Aggregate Expenditure										
										(Per cent)
State	**2000-01**	**2001-02**	**2002-03**	**2003-04**	**2004-05**	**2005-06**	**2006-07**	**2007-08**	**2008-09 (RE)**	**2009-10 (BE)**
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
Andhra Pradesh	4.7	4.4	4.0	3.7	3.2	3.4	3.3	3.3	3.4	3.8
Gujarat	3.4	2.8	3.2	2.7	2.8	3.1	2.9	3.2	3.0	3.4
Haryana	3.3	3.0	3.3	2.4	2.7	3.1	2.5	2.6	3.1	3.2
Karnataka	**5.1**	**4.9**	**4.2**	**3.4**	**3.0**	**3.3**	**3.1**	**3.8**	**4.2**	**3.9**
Kerala	5.3	5.8	4.8	4.3	4.5	4.7	4.9	4.5	4.7	4.7
Maharashtra	3.9	4.3	3.7	3.2	2.7	3.2	3.1	3.5	3.4	2.8
Punjab	4.5	3.9	3.5	3.0	2.9	3.4	2.7	2.9	3.6	3.1
Tamil Nadu	4.9	4.9	4.1	3.8	3.2	4.2	3.3	3.3	3.8	4.8
States	4.6	4.4	4.0	3.4	3.4	3.9	3.9	3.8	4.1	4.2
All States (per cent to GDP)	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.7	0.7
RE: Revised Estimates. BE: Budget Estimates.										
'–' : Not applicable/Not available.										
* : Revenue Expenditure and Capital Outlay.										
Source: Budget Documents of the State Governments.										

Source : Statement 42, State Finances, A Study of Budgets of 2009-10, Reserve Bank of India, February 2010

2.12 As could be seen from Table-4, although Karnataka is better placed compared to some other states, in terms of expenditure on health as a percentage of total expenditure, the ISEC (Institute for Social and Economic Change) study has found that there is a gap in the efficiency in health sector expenditure in the State. In this regard, the actual health parameters achieved were compared with the potential improvement to be achieved, by standardising the same to the health expenditure efficiency parameters of Kerala. In order to

[1] Technical efficiency is defined as attained levels of output as a ratio of ouput/outcome to the potential obtainable.

realise full potential of Government expenditure, ***and to achieve Millennium Development Goals (MDGs) by 2015 the State needs to reorient its strategy particularly focusing on decreasing the gap between potential and actual Infant Mortality Rates (IMR), Maternal Mortality Rates (MMR) and improving other health indicators viz. Life Expectancy at Birth, Institutional births and Immunization, etc.***

2.13 To appreciate public investments in human development objectively, a methodology was introduced by UNDP in its 1991 HDR for Financing Human Development using four ratios which are (i) the Public Expenditure Ratio (PER) i.e. the percentage of national income that goes into public expenditure; (ii) Social Allocation Ratio (SAR) or the percentage of public expenditure earmarked for social services; (iii) Social Priority Ratio (SPR), i.e. the percentage of social expenditure devoted to human priority, which include elementary education, rural health care, public health, family welfare, nutrition, water supply and sanitation; and (iv) Human Expenditure Ratio (HER) which is the percentage of national income devoted to human priority concerns.

Human Development Report for Karnataka was first published in 1999 with some marginal changes in this definition, more particularly relating to public Expenditure Ratio. Unlike UNDP definition, in Karnataka's first HDR, the Public Expenditure Ratio had been modified to revenue expenditure as a percentage of State Domestic Product. A recent exercise in this regard (i.e., human development expenditure) has been conducted by (National Institute of Public Finance and Policy) NIPFP, New Delhi, the results of which are at Annexure-2e. The NIPFP study provides the Human Development Expenditure as percentage of GSDP, Social Priority Ratio and Human Development Expenditure as percentage of Total Expenditure for the period 1987-88 to 2008-09. The NIPFP draft paper, January 2010 was accessed from the website on 29th January, 2011. This study relies on UNDP's analysis on the subject. It is found that the Social Priority Ratio has generally gone down in most of the major states in India. In Karnataka, it has gone down from 41.02 (in 1987-88) to 34.58 (in 2007-08). This trend has to be reversed, while increasing the share of development expenditure in the budget, greater priority has to be given to social priority sectors, like elementary education, rural health, public health, water supply and sanitation, etc. Similarly, Human Development Expenditure as percentage of GSDP has gone down practically in every major State during this period. In Karnataka, this ratio went down from 8.21 in 1987-88 to 7.39 in 2007-08.

A comparison of the HDI rankings for the States of India are shown in Annexure-2f. During the period 1981-1991, states like Madhya Pradesh, Rajasthan improved their rankings among the States of India with respect to HDI. More importantly, Tamil Nadu's ranking has improved from seventh position to third position during the same period. On the other hand, Karnataka which was placed at 6th rank in 1981 slipped to 7th rank in 1991. Also, during the period from 1991 to 2001, the HDI ranking of the States like Uttar Pradesh, Rajasthan, Orissa, and Madhya Pradesh has improved, Karnataka's ranking remained unchanged at 7th rank.[2] Tamil Nadu continued to be in the 3rd position in 2001 ranking. This implies that (a) Karnataka has a long way to go to improve human development situation in the state, (b) there is a need to have more focussed investment on sectors and the sub-sectors that promote human development, and (c) the program implementation machinery is not efficient enough to ensure value for money. There is a need for Karnataka to closely monitor the outcome derived from the expenditure made by the State towards Human Development Indictors at regular intervals.

2.14 Since Per Capita income is an important component in Human Development Index, rate of growth of GSDP also needs to be analysed in this context. During the period 2003-04 to 2008-09, Karnataka's average growth rate in GSDP (constant prices) was 8.1 percent, which was marginally above all India growth rate of 7.83 percent. Some of the major states which have registered higher growth rate than Karnataka are Kerala, Maharashtra, Haryana, Gujarat, Bihar, Orissa.[3] The key concern is that Karnataka, despite being a favoured destination for Foreign Direct Investment (FDI) and a major hub of Information Technology (IT) is unable to register higher growth rate in GSDP during this period implying that growth of Karnataka's economy has been Bangalore centric and there has not been significant increase in economic activities (value-addition in different productive sectors) in the districts outside Bangalore. The Planning Department has to undertake a study to identify the sectors which can promote higher growth in Karnataka with better regional distribution. Apart from Government Investment, appropriate policy measures have to be taken to secure more private investment to achieve these goals.

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[2] NHDR – Planning Commission 2001.

[3] Real Growth Rates of States (GSDP% at Constant Prices as on 26.04.2010), http://planningcommission.nic.in/ dated 10.01.2011

Summary and Concluding Recommendations

2.15 Karnataka Fiscal Responsibility Act, recognizing the criticality of Human development or Human welfare, seeks to protect expenditure on Health and Education even during times of fiscal duress. The Medium Term Fiscal Plan (MTFP) has to lay down explicit strategy of planning Government expenditure to promote growth and welfare. Considering the fact that money spent is not leading to desired increase in the level of human development, there is need to regularly review the budget allocations, expenditure incurred and its outcome, specially in Social priority sectors. In this regard, the Thirteenth Finance Commission report contains recommendations to set up an effective institutional mechanism to monitor fiscal performance in relation to the mandate under Karnataka Fiscal Responsibility (KFR) Act. The TFC recommends (paras 9.65 and 9.66) setting up a Committee for annual independent and public review of KFR compliance. The TFC also provides steps to evolve the Committee into a full fledged Fiscal Council.

2.16 Clearly, there is a need to closely monitor the outcome derived from the expenditure made by the State towards Human Development Indictors at regular intervals. Annexure-2b provides a district wise performance of the HDI indicators for Karnataka State. Given the fact that HDI in backward regions is much below the State average, the regional inequalities remain a matter of serious concern and need to be addressed by not only increased allocations but also with effective planning and management of programmes/interventions and better deployment of personnel ensuring adequate number of teachers and doctors in the backward regions.

2.17 There is a need to regularly ascertain the impact of capital expenditure on GSDP, in order to prioritize Government expenditure, and to provide impetus to economic growth as required under Karnataka Fiscal Responsibility Act, 2002. This task needs to be undertaken jointly by Planning and Finance Departments. While considering the expenditure priorities, the Government has to take into account the overall impact of schemes and programmes on growth and welfare by balancing efficiency and equity. Most of the projects, programmes, and schemes have been started without stating the objective and outcome in clear and measurable terms. Keeping this in mind, the Commission would advocate Government's immediate action, towards merger of the schemes which have common objective and outputs, ensuring that they are aligned with the overall objective and mandate of a Department. This would require structured and effective inter-Departmental consultations.

Chapter 3

Pre-Investment Project Appraisal

3.1 The Commission in its First Report (February 2010) had made the following recommendations, based on findings from various studies that it had commissioned, while keeping in view at the same time the generally accepted principle that the public expenditure decisions ought to be based on (a) a realistic view of their costs, (b) overall affordability and (c) difficulties in reversibility of unproductive expenditure:

(i) every department should disclose key goals for its operations so that all interventions /schemes are benchmarked against such goals (para 1(iii) Chapter 4);

(ii) all schemes/programmes/projects to have a sunset clause indicating the goals/objectives to be achieved, and specifying the terminal year in which such projects to be closed (para 1(iv) Chapter 4);

(iii) all departments should be directed to carry out such exercise annually w.e.f FY 2010-11 (para 1 (v) Chapter 4).

(iv) the expenditure planning and management aspects need to be adequately strengthened to facilitate formulation of alternative choices for informed decisions; the need is also emphasised for using ex-ante expenditure management tools for investment/project appraisal through an institutionalised approach (para 3 of 4.1 Chapter 4).

3.2 The Government has taken the above recommendations on board as reflected in the Medium Term Fiscal Plan(MTFP) 2010-14, presented to the Legislature as required under the provisions of Sec 3 of the Karnataka Fiscal Responsibility Act 2002.[i] These recommendations were incorporated in Chapter 6 of MTFP, as part of the inputs for Public Finance Management & Systemic Reforms. To take forward the intended reforms within the existing legal frame-work relating to budget management and fiscal responsibility, Government must address medium-term reform challenges, viz. revisiting expenditure priorities through systemic approach particularly to capture early warning signals and switch expenditure between mandatory expenditure, entitlement based expenditure, benefit inducing discretionary expenditure and tax expenditure which are more explicitly stated below.

a) mandatory expenditure implies expenditure on sovereign functions, transfers to local bodies, wage bill, programmes supported by Central Government with mandatory contribution by State Government etc.,

b) eligibility /entitlement based expenditure is meant for backward area development, welfare of the vulnerable sections like SCs and STs as also women through gender budget policy etc.,

c) benefit inducing discretionary expenditure implies expenditure on items like scholarships, health insurance, across the board subsidies etc.,

d) tax expenditure or revenue sharing agreements include tax exemptions (revenue foregone) and concessions to SPVs/PPP etc.,

3.3 A systemic review, aligned to medium term fiscal plan would help in re-prioritising the expenditure not only at the beginning of the fiscal year but also in avoiding spending surprises before the close of the year. Such an exercise requires a credible and a systemic support in the form of ex-*ante* investment/ project appraisal within the line departments and also in Finance department. This chapter addresses issue relating operationalising the above recommendations.

3.4 Subsequent to the presentation of MTFP to the State Legislature, the Government vide Order No. PD 5 IMM 2010 Dated 3rd April, 2010 has modified the procedure for the sanction of ongoing Plan schemes, modifications thereon, and new Plan Schemes. By virtue of these orders, new Plan Schemes with an outlay of more than ₹5 crore require approval of the Cabinet. An Empowered Committee has been constituted to consider proposals for less than ₹ 5 crore. Government Orders No. PD 14 IPR 2007 dated 13th October 2008 specifies a "Systemic Framework for appraisal of Plan Schemes" with an outlay of ₹ 5 crore and above.

3.5 During the course of discussions with the officials of several departments and also during the field visits by the Commission, it emerged that the heads of the departments or principal secretaries of line departments are sometimes unaware of the new schemes until announced through budget speech. The Commission acknowledges that resource allocation through annual budget exercise is necessarily a political process. However, if schemes are announced without having had an appraisal through an efficient institutional mechanism and defined processes, this could result in uncertainty in actual outcome from the investments so announced. While such budgetary announcements/commitments have potential to create undue pressure on available fiscal space the expenditure made on them runs risk of yielding unproductive results or unintended negative outcomes. Besides, the projects without an objective appraisal are likely to run the risk of under provision at the beginning of the project, and consequently continue to create an open-ended pressure on resources, beyond target date set for completion of the project. For example the Bhagyalakshmi Scheme, prima facie, appears not to have been appraised in its full ramifications that may arise after 18 years of its launch, and the unintended benefit derived by LIC - the partner in implementation of the Scheme.

3.6 Further, the line departments having not prepared their action plans would have to face operational problems in re-aligning the priorities for implementation and in redeploying available human resources to match the requirement of newly announced schemes. The re-alignment process could lead to time over-runs with a possible spiral effect on overall project costs. It could also lead to rush of expenditure at the end of the year.

3.7 At times, launching of new schemes without institutionalised investment appraisal, particularly when such schemes/programme/projects are not part of the budget proposals, including supplementary budget, could run the risk of violating the Constitutional provision under the Article 205, which mandates approval of Legislature to introduce a new scheme or a new component for an existing scheme. The Audit Report (State Finances 2009) for the year ended 31st March 2009 lists out several such violations.

3.8 Further, lack of *ex-ante* investment/project appraisal also makes monitoring and evaluation of the schemes/projects/programmes very difficult leading to unending continuance of schemes. In the absence of expenditure proposals based on appraisal from the line departments, the Finance Department and the Planning Department are deprived of information to objectively evaluate technological options, efficiency of expenditure, risks to commercial viability as also the financial, economic & social costs of proposed expenditure. As such the prudent assessment of durability and sustainability of project/schemes in relation to the objectives, and the relative priorities of projects/schemes to be launched, expanded, or modified becomes a casualty. In other words, effective planning and monitoring of projects for timely and productive expenditure, which is critical for disciplined budget management are currently missing. This view is also borne by the observations by Comptroller and Auditor General (C&AG) of India in their Audit Report for the year ended March 2009, on the basis of sample of irrigation projects. The C&AG Report has observed that “The delay in implementation of projects could have been avoided with better planning and monitoring”. **Learning from the CAG observations, the Commission recommends that the government should quickly prepare a complete investment/project plan to utilize the additional Krishna water, that is available due to the recent Tribunal award.**

3.9 The line departments generally take a narrow view of their investments due to their limited mandate and jurisdiction. Hence, it is the Finance Department and Planning Department which have to dovetail their proposals into macroeconomic context and fit into overall medium term budgetary framework by ensuring macro fiscal control, micro fiscal control and the allocative efficiency. Therefore, the Commission recommends that ***an institutionalized process for effective and timely appraisal of investment requires to be put in place in the Finance Department, in the form of creating a separate Division for appraisal called Project Appraisal Division (PAD).*** The Commission is also of the view that the institutional processes should be able to bind the line departments in spending the budgetary allocation and delivering the expected outcomes for the money so allocated by the legislature. Therefore PAD should have some degree of independence and a code for transparent methods of appraisal. This helps in avoiding the principal and agent problem often faced by the Finance Department, while dealing with the line departments. The modalities for the institutional arrangements can be largely drawn from those prevalent in Government of India. Further, the Commission takes note of lessons from USAID Reform project in making this recommendation. (The differentials in the existing guidelines of Karnataka vis-a-vis that of Government of India are shown at Annexure-3a. The suggested process of institutionalising PAD is at Annexure-3b).

3.10 In this context, the Planning Commission has recently set up Expenditure Reforms Committee under the Chairmanship of Dr. Rangarajan. One of the ToRs of the said Committee is to look into artificial separation of expenditure into Plan and non-Plan categories. Therefore, until a view is taken on this issue, the PAD may deal with appraisal of Plan programmes/schemes/and projects by actively involving the Planning Department, while for those of non-Plan category schemes/programmes/projects, the FD may take a view on its own.

3.11 The KFR Act 2002 vide Sec 4 (c)[ii] mandates the government to ensure that the policy decisions of the government have due regard to their financial implications on future generations, while Sec 4(i)[iii] mandates the government to pursue expenditure policies that would provide economic growth, poverty reduction and improvement in human welfare. Thus, government has to appraise the expenditure/investment to assess the impact of expenditure on economic growth, poverty and human welfare. In this context use of the existing investment appraisal guidelines issued in 2008 can make a good beginning. However, implementing these guidelines requiring sophisticated skills not only within the Finance Department, Planning Department and the line departments but also across the line departments. Presently, such skill sets do not seem to have been identified to engage the departments in an institutionalised environment. The templates are highly data-intensive[1] as compared to the availability of credible data in the departments. Therefore, the Commission is of the view that ***while retaining the generic character of guidelines (Annexure-3c) on pre-investment appraisal already issued, there is a need for specific guidelines, templates, definitions suited to sectors as diverse as Education and Health, Road and Transport, Irrigation, Agriculture Extension, Electricity, Water supply, Tourism, Waste Management etc., Creation and use of such standardized templates and methods of analysis would enable the government in effectively responding to judicial scrutiny[2] as well as in meeting citizens' demand for disclosures under RTI Act.***

3.12 The existing Government Orders relating to Appraisal are made applicable uniformly to all schemes/projects above ₹ 5 crore. This limit needs to be reviewed keeping in view the capital intensity of infrastructure projects vis-a-vis social sector projects including the social sector projects under PPP mode. For infrastructure sector, the cut-off limit may be kept at ₹ 10 crore i.e. all infrastructure projects above ₹ 10 crore should be subjected to detailed Social Cost:Benefit analysis.

3.13 The Framework referred in para 4 above has been supported by exhaustive templates along with detailed guidelines. These guidelines (Annexure-3a) are applicable to all projects, implemented by Government Departments, PSUs, SPVs, Local bodies and also to PPPs including those which receive any guarantees from government. However, there is no evidence of these templates having been used effectively. Mostly, due to lack of institutional discipline, which ought to have insisted for pre-investment project appraisal. The Commission is of the view that the task of using those templates is very challenging as compared to the availability of data and skill sets in various the departments. Therefore, the

[1] Views expressed by the middle level officers during the course of a training programme on Balance Sheet Analysis conducted by Fiscal Policy Institute in Nov 2009.

[2] For eg: The Karnataka High Court observation in the context of notification issued by KAIDB for acquiring 1069 acres of land for Aero-space works project near Bangalore Airport, Devanahalli. The Indian Express, January 2, 2011, Bangalore Edition.

Commission recommends that ***Finance Department as also the Planning Department should give sector specific guidelines, with examples based on case studies. Such, case studies along with necessary tool-kits should be evolved and made available in English as well as Kannada on Finance Department website. The tool-kit should contain customized software matching the guidelines, updated discount rates, desirable rates of returns etc., along with examples separately for social sector, infrastructure, etc.***

3.14 On the strength of interactions and the feed-back received from the consultants, the Commission recognises that the departments do not have in-house capacity and are not geared up to undertake the technical responsibilities for investment appraisal. Accordingly, the Commission recommends the **Government to create a pool of in-house experts in each department and also put in place a technical support team of professionals to service the Empowered Committee** ***(or Cabinet Committee in case of investments above ₹ 5 crores),*** **which has been set up in Finance Department to consider investments below ₹ 5 crore, as also to provide analytical inputs that go into cabinet notes for projects above ₹ 5 crore. Similarly, each department should have a team of five to six competent officers with updated skills in pre-investment appraisal. All the team members be periodically given training required to implement the guidelines, use the department specific templates, and maintain a data-base on a sustainable basis**. The team should be able to effectively and transparently control the quality of investment appraisal done by outsourced agencies. The Fiscal Policy Institute which is going to be functional soon can be geared up to provide sustainable support to all such teams. This fits into the mandate of FPI.

3.15 In this context it is also relevant to take note of the recommendations of 13th Finance Commission, wherein the Commission has recommended restructuring of State Public Sector Undertakings in order to assess and enhance their financial viability and sought an institutional mechanism to be put in place by March 2011. (para 7.97 and 7.98 of 13th FC Report).[iv] Therefore, the support system and the teams to be created for Pre-Investment Project appraisal in Finance Department can be designed to provide suitable support to the restructuring process of State Public Sector Undertakings as and when the government decides to comply with the said recommendations.

3.16 Further, the Fiscal Management principle enunciated under the provisions of Sec. 4 (l) of KFR Act 2002[v] seeks the government to disclose sufficient information to allow the public to scrutinise the conduct of fiscal policy and the state of public finances. The Commission therefore recommends that ***the agenda for the meetings of the Empowered Committee, chaired by Addl. Chief Secretary and also any similar institutions that may be constituted in future, should be disclosed in public domain, at least one week before the meeting while the summary of decisions taken at those meetings also be disclosed every month either by Finance or the Planning Department.***

End Notes:

[i] **Karnataka Fiscal Responsibility (KFR) Act 2002, Sec 3**

3. Medium Term Fiscal Plan to be laid before the Legislature.- (1) The State Government shall in each financial year lay before both Houses of the Legislature a Medium Term Fiscal Plan along with the annual budget.

(2) The Medium Term Fiscal Plan shall set forth a four-year rolling target for the prescribed fiscal indicators with specification of underlying assumptions.

(3) In particular and without prejudice to the provisions contained in sub-section (2), the Medium Term Fiscal Plan shall include an assessment of sustainability relating to,–

(i) the balance between revenue receipts and revenue expenditures;

(ii) the use of capital receipts including borrowings for generating productive assets.

(4) The Medium Term Fiscal Plan shall, inter alia, contain,–

(a) the medium term fiscal objectives of the State Government;

(b) an evaluation of the performance of the prescribed fiscal indicators in the previous year vis-à-vis the targets set out earlier, and the likely performance in the current year as per revised estimates.

(c) a statement on recent economic trends and future prospects for growth and development affecting fiscal position of the State Government.

(d) the strategic priorities of the State Government in the fiscal area for the ensuing financial year;

(e) the policies of the State Government for the ensuing financial year relating to taxation, expenditure, borrowings (including borrowings by Public Sector Undertakings and Special Purpose Vehicles and other equivalent instruments where liability for repayment is on the State Government, with ceiling fixed for each agency) and other liabilities, lending and investments, pricing of administered goods and services and description of other activities, such as guarantees and activities of Public Sector Undertakings which have potential budgetary implications; and the key fiscal measures and targets pertaining to each of these;

(f) an evaluation as to how the current policies of the State Government are in conformity with the fiscal management principles set out in Section 4 and the fiscal objectives set out in the Medium Term Fiscal Plan.

(5) The Medium Term Fiscal Plan shall be in such form as may be prescribed.

[ii] **KFR Act 2002 Sec 4 (c)**

Fiscal Management Principles.- (1) The State Government will be guided by the following fiscal management principles:

(c) ensure that policy decisions of the Government have due regard to their financial implications on future generations;

[iii] **KFR Act 2002 Sec 4(i)**

Fiscal Management Principles.- (1) The State Government will be guided by the following fiscal management principles:

(i) pursue expenditure policies that would provide impetus for economic growth, poverty reduction and improvement in human welfare;

[iv] **13th FC Report Para 7.97 and 7.98**

Restructuring/Divestment/Privatisation

7.97 The State Governments should actively consider withdrawal/reduction of SPSUs in non-welfare and non-utility sectors. There is an immediate need to reduce the number of SPSUs in most of the states as the large number of such enterprises not only engages the productive assets of the government, but also promotes inefficiency due to lack of proper monitoring by the State Governments. Divestment and privatisation should also be considered and actively pursued.

Institutional Mechanism

7.98 In order to design suitable strategy and policies and oversee the process of restructuring, including disinvestment/privatisation, a task force may be constituted. This task force should suggest unit-wise specific steps to be taken for restructuring with regard to both working and non-working companies. A Standing Committee on Restructuring under the Chairmanship of the Chief Secretary may also be constituted to operationalise the recommendations of the task force. To advise the Finance Department on restructuring/divestment proposals an independent technical secretariat may also be set up by the states.

[v] **KFR Act 2002Sec. 4 (l)**

Fiscal Management Principles.- (1) The State Government will be guided by the following fiscal management principles:

(l) disclose sufficient information to allow the public to scrutinize the conduct of fiscal policy and the state of public finances;

Chapter 4

Legislative Control over Expenditure

4.1 The traditional role of legislature interalia, relates to checking the executive plans and proposals through annual budget exercise. The Indian constitutional arrangements provide for legislative control over executive through clearly defined institutional arrangements. Such arrangements, within the legislature, mainly cover the areas of taxation, appropriation of expenditure, and devolution of funds. The Legislative Committees are engaged in the examination of reports from Comptroller and Audit General of India (C&AG). However, after passing of fiscal responsibility legislation the role and character of legislature's control over executive is progressing towards better fiscal management through setting-up of medium term fiscal plan/targets and seeking accountability through *ex-ante* disclosures and *ex-post* reporting. Karnataka is the first State to have passed fiscal responsibility legislation viz., Karnataka Fiscal Responsibility Act, 2002 (KFR Act).

4.2 The overarching objective of the KFR Act is to improve fiscal discipline by committing the government to annually disclose and implement a monitorable fiscal policy within a medium term framework. While numerical targets like limits on revenue deficit, fiscal deficit, guarantees etc., are measurable and hence easily monitorable, the commitments like adherence to fiscal management principles [Sec.4 (1)],[i] ensuring fiscal transparency [Sec.5][ii] requires a demonstrated ownership of the MTFP and a dedicated institutional arrangement for compliance. The scope of this chapter is limited to discussing the legislative control over expenditure in the context of fiscal reforms with reference to relevant provisions in the Act. Accordingly this chapter deals with issues relating to managing ' Revenue surplus', introduction of Capital budgeting, aligning annual budget to MTFP as required under the law, upgrading the quality of MTFP as suggested by 13th Finance Commission, and institutionalising programme Performance Budgeting (PPB) as recommended by the Estimates Committee 2006-07 (Annexure-4 a).

4.3 The KFR Act, *interalia,* seeks to maximise developmental expenditure while enhancing the scope for improving social and physical infrastructure and human development while also achieving revenue surplus. The law has determined end of FY 2005-06 for the government to achieve Zero Revenue deficit, which was achieved. Thus Karnataka became the first State to do so. Simultaneously, post 2005-06, the government was expected to build sufficient Revenue surplus for use in capital formation as mandated under the provisions of Sec.4(1)(j) of the KFR Act.[iii] The law although specified the purpose for which the revenue surplus to be used, it left the onus of defining 'adequacy' to the executive with reference to the commitments made in the preamble to the Act. There is no evidence for the government having defined 'adequacy' so far, and no evidence as having put in place a mechanism to utilise surplus so generated every year. Therefore, the Commission recommends that the ***Finance Department should define adequacy in Revenue surplus and put in place a mechanism to utilise Revenue surplus generated every year for use in capital formation as mandated under the provisions of Sec. 4(1)(j) of the KFR Act. In this regard, Government may exercise options either to allocate more funds towards capital expenditure using the Revenue surplus of the same year or to commit future capital expenditure on a medium term framework. Alternatively, the government may defer any expenditure in favour of creating Revenue surplus which may occur either due to tax collections exceeding the target or any windfall gains from non-tax revenue. Commission recommends Government to put in place a formula defining adequate revenue surplus and a mechanism for the use of surplus so created in favour of capital expenditure.***

4.4 Further, Sec.6 (4)[iv] of the Act mandates the government to protect certain expenditure declared in the MTFP as high priority development expenditure. The high priority areas *inter alia*, include elementary education, basic health and rural water supply as mentioned in the Act. Generally, it is found that Chapter 5 of the MTFP discusses priority development sectors viz., Rural Development, Health & Education, Agriculture, Power/Energy, Urban Development. However, the quality and depth of discussion is limited to allocations made in the Budget Estimate (BE) of the year and Revised Estimate (RE) of the previous year. No analysis of these sectors in a medium term framework is being reported or analysed. Therefore, the Commission is of the view that ***MTFP (Medium Term Fiscal Plan) requires to be made with rigour of analysis and forecast with verifiable assumptions, so that the annual budget exercise is anchored to MTFP in the manner as intended in the legislation, more particularly in the context of the departments engaged in spending high priority development expenditure***.

4.5 The provisions in Sec. [4(1)(j)] iii of the KFR Act, point to 'building up revenue surplus' for use in capital formation and productive expenditure. The mandate to protect high priority expenditure, in a way should enable the government to put in place medium term capital budget to be expressed through MTFP. This can be done within the existing legal framework. The ERC, in its first report (chapter 2, para 2) recommended that capital expenditure to be pegged at least at 5 percent of GSDP. Without going into the debate on equating Development expenditure with Capital expenditure and vice versa, the Capital budget is referred in the context of capital formation. Because such expenditure normally results in creating new economic infrastructure or strengthening of existing infrastructure relating to Roads, Airports, Power sector, Irrigation, Urban Transport, Water Supply etc. Such Capital budgeting is likely to improve the framework for decision making processes for annual budget allocation and for using the funds for asset creation. Such a medium term capital budgeting ensures the medium term certainty in planning and executing the projects in time. The funding for such budget could, *inter alia*, come from the borrowings, revenue surplus and project specific grants/transfers from government of India. For instance, such a capital budgeting can be considered for taking full advantage of Krishna Water Tribunal Award in the shortest possible time, with certainty. Similarly all the externally aided projects also can be subjected to medium term capital budgeting. In this regard, the experiences associated with delay in finalising Appendix-E in the Public Works Department is very instructive. Often PWD finalises Appendix-E in 3rd quarter or sometimes in 4th quarter of the year. In the absence of Appendix-E, the field level persons of PWD are unable to firm up their respective Monthly Programme Implementation Calendar (MPIC) and thus are deprived of utilising the allocated funds according to pre-specified plan of action. Therefore, the Commission, while emphasising the need for preparing Appendix-E, at the beginning of the year, also recommends that ***Appendix-E relating to civil works requires to be prepared at the beginning of the year. The government needs to explore the feasibility of using MTFP to prepare a Capital budget for major projects which should be, normally understood and treated as a non negotiable commitment to be honoured in the following year and until the project comes to a conclusion. However, if any deviations in the capital budget so prepared have to be induced by policy driven exigencies or for political-economy reasons, such deviations along with the reasons can be disclosed to the legislature as provided under Sec. [5(2)(a) of the KFR Act 2002].***[v]

4.6 Absence of linkage between Annual Budgetary exercise and the MTFP at the state level makes the document to stand out as a mere statement of intention, and falls short of being a statement of commitment on the part of the Government. Moreover, the compliance required under Sec.[6(1)] of KFR Act 2002[vi] makes it mandatory for the Government to prepare Annual budget, and policies announced at the time of budget, to be consistent with the objectives and targets specified in the MTFP for the coming and future years. Infact, post KFR Act, a related legislation ‘Karnataka Local Fund Authorities Fiscal Responsibility Act, 2003’ (KLFAFR Act) was also enacted. The said Act, mentions a decision as having been made by the Government, which mandates that the MTFP be **disintegrated on departmental lines** and prepare Departmental Medium Term Fiscal Plan for department along with MTFP for the entire state.[vii] The said decision, if implemented ought to result in each department to prepare a departmental MTFP, which would be integrated into State MTFP to anchor their annual budgetary allocations. Accordingly, the Commission recommends that ***decisions relating to MTFP preparation and linking it to departmental MTFP as already committed by Government to the Legislature through KLFAFRA 2003, need to be institutionalised along with an efficient support system. Government needs to ensure linkage between Annual Plans and MTFP in Local Bodies as required under KLFAFRA 2003. The Commission is constrained to note that the Rules required under KLFAFR Act are yet to be notified.***

4.7 The Commission recognises that an analytical reporting of MTFP as a statement of commitment requires the line departments as also the Finance Department to position a qualified and competent team of officers for providing in-house institutional support. For this purpose the ***planning cells in each line department as also the Institution of IFAs, who are required to handle MTFP related work, have to be further strengthened for an analytical reporting of MTFP as a statement of commitment.***

4.8 In this regard the Commission takes note of the recommendations of the 13th Finance Commission relating to MTFP in the context of fiscal responsibility law. One of the key recommendations states that "the structure of MTFP should be more comprehensive, giving details of all significant items on receipts and expenditure along with the underlying assumptions made for projection purposes. The MTFP should become an iterative process where the receipts and expenditure are arrived at as the sum of the building blocks thereof and conform to the overall fiscal targets." The said Recommendation seeks to upgrade MTFP from a mere Statement of Intentions to a Statement of Commitment (para 9.118[viii] page 146 of the Volume -1, of the Report, read with paras 9.83[ix] & 9.84[x] therein), and for which an independent implementation review mechanism be established. Doing so, also helps in efficient Public Financial Management/budget management particularly in containing risks of contingent liabilities from Public Private Partnership (PPP) projects and ensuring value for money being spent or concessions being granted to private parties. Thus, it could be a step towards action relating recommendation of 13th Finance Commission. By doing so, Karnataka can take the credit to be the first State to act upon the recommendations. As a follow-up government can create a reliable and in-house system/team at Fiscal Policy Institute (FPI) to track Early Warning Signals to support Finance Department in the implementation of MTFP.

4.9 As part of expenditure reforms and also to keep the legislature better informed of the allocations, expenditure in relation to the objectives and outcomes of programmes announced in the Budget, the Estimates Committee in its report for the year 2006-07 had asked the government to introduce Programme Performance Budgeting (PPB) across the departments. The Estimates Committee had observed that the Performance budget document which was introduced in 1981 contains information limited to allocations and expenditure. However, PPB is an exercise which discloses not only the budgetary allocations but also their link to the expected outcomes by grouping the programmes in relation to the objectives to be achieved. The concept of PPB was experimented under USAID supported REFORM project. Health and Education departments attempted to prepare the PPB for the year 2005-06. However, the PPB template was found to be very demanding on data. The departments found implementation challenges, particularly not being able to connect the allocations to objectives and the outcomes expected out of those allocations. The departments having not organised their data-base were found to be inadequately equipped to use the template. Therefore, FPI was asked to simplify the same. The template so simplified was used on a trial basis to evolve draft PPB in Education Department for the year 2008-09. The Commission is of the view that as part of strengthening institutional mechanism for departmental MTFPs, the PPB has to be seen as an efficient tool for performance review in relation to outcomes. ***The Monthly Programme Implementation Calendar (MPIC), which replaced Monthly Multilevel Review (MMR) is a tool to review programme performance. The Programme Performance Budgeting (PPB) exercise along with MTFP can provide valuable inputs to Legislature and its Committees every year along with the Budget proposals. As such MPIC has to be seen as supportive tool for MTFP. The Commission is of the view that as part of strengthening institutional mechanisms, the departments should prepare, use and internalize these standardized monitoring tools with due diligence.***

4.10 The ex-post controls on expenditure management are specified in the constitutional framework. The Comptroller and Auditor General (C&AG) of India has constitutional mandate to ensure ex-post controls on expenditure by way of auditing government accounts through regularity audit and performance audit. These reports are presented to legislature. Public Accounts Committee reviews those reports for action by the Executive. The Performance Audit Guidelines, focusing on economy, efficiency and effectiveness of expenditure issued by C&AG are useful in this regard. Realising the intent of these guidelines require action on the part of the government to put in place a comprehensive outcomes/output monitoring framework and to align the same to budget management. ***A strengthened Institution of IFAs would help in attending to speedy implementation of audit observations, inspections, disposals and timely action on matters flowing from the recommendations from various Legislative Committees as explained in the Hand Book of Instructions issued by Finance Department vide No. FD 32 BPA 92.***

End Notes:

[i] **KFR Act 2002 Sec. 4 (1)**

Fiscal Management Principles.- (1) The State Government will be guided by the following fiscal management principles:

(a) maintain Government debt at prudent levels;

(b) manage guarantees and other contingent liabilities prudently, with particular reference to the quality and level of such liabilities;

(c) ensure that policy decisions of the Government have due regard to their financial implications on future generations;

(d) ensure that borrowings are used for productive purposes and accumulation of capital assets, and are not applied to finance current expenditure;

(e) ensure a reasonable degree of stability and predictability in the level of the tax burden;

(f) maintain the integrity of the tax system by minimizing special incentives, concessions and exemptions; (g) pursue tax policies with due regard to economic efficiency and compliance costs;

(h) pursue non-tax revenue policies with due regard to cost recovery and equity;

(i) pursue expenditure policies that would provide impetus for economic growth, poverty reduction and improvement in human welfare;

(j) build up a revenue surplus for use in capital formation and productive expenditure;

(k) ensure that physical assets of the Government are properly maintained;

(l) disclose sufficient information to allow the public to scrutinize the conduct of fiscal policy and the state of public finances;

(m) ensure that Government uses resources in ways that give best value for money; and also ensure that public assets are put to best possible use;

(n) minimize fiscal risks associated with running of public sector undertakings and utilities providing public goods and services;

(o) manage expenditure consistent with the level of revenue generated;

(p) formulate budget in a realistic and objective manner with due regard to the general economic outlook and revenue prospects, and minimize deviations during the course of the year;

(q) ensure discharge of current liabilities in a timely manner.

[ii] **5. Measures for Fiscal Transparency**.- (1) The State Government shall take suitable measures to ensure greater transparency in its fiscal operations in public interest and minimize as far as practicable, secrecy in the preparation of the annual budget.

(2) In particular, and without prejudice to the generality of the foregoing provision, the State Government shall, at the time of presentation of the annual budget, disclose in a statement in the form as may be prescribed -

(a) the significant changes in the accounting standards, policies and practices affecting or likely to affect the computation of prescribed fiscal indicators;

(b) as far as practicable, and consistent with protection of public interest, the contingent liabilities created by way of guarantees; the actual liabilities arising out of borrowings by Public Sector Undertakings and Special Purpose Vehicles and other equivalent instruments where liability for repayment is on the State Government; all claims and commitments made by the State Government having potential budgetary implications, including revenue demands raised but not realised; tax expenditure; losses incurred in providing public goods and services through public utilities and undertakings; liability in respect of major works and contracts; and subsidy payments and the impact of the same on the fiscal position of the State including in relation to the targets referred to in sub-section (3) of Section 4.

[iii] **KFR Act 2002 Sec. 4(j)**

Fiscal Management Principles.- (1) The State Government will be guided by the following fiscal management principles:

(j) build up a revenue surplus for use in capital formation and productive expenditure;

[iv] **KFR Act 2002 Sec. 6(4)**

6. Measures to enforce compliance.-

(4) Whenever there is a prospect of either shortfall in revenue or excess of expenditure over pre-specified levels for a given year on account of any new policy decision of the State Government that affects either the State Government or its Public Sector Undertakings, the State Government, prior to taking such policy decision, shall take measures to fully offset the fiscal impact for the current and future years by curtailing the sums authorized to be paid and applied from and out of the Consolidated Fund of the State under any Act to provide for the appropriation of such sums, or by taking interim measures for revenue augmentation, or by taking up a combination of both.

Provided that nothing in this sub-section shall apply to the expenditure charged on the Consolidated Fund of the State under clause (3) of article 202 of the Constitution.

Provided further that, while adhering to the fiscal targets, the State Government will give priority to protecting certain expenditure declared in the Medium Term Fiscal Plan as “high priority development expenditure” (including, inter alia, elementary education, basic health and rural water supply) from curtailment or may impose a reduced or partial curtailment.

[v] **KFR Act 2002 Sec. 5(2) a**

5. Measures for Fiscal Transparency.-

(2) In particular, and without prejudice to the generality of the foregoing provision, the State Government shall, at the time of presentation of the annual budget, disclose in a statement in the form as may be prescribed -

(a) the significant changes in the accounting standards, policies and practices affecting or likely to affect the computation of prescribed fiscal indicators;

[vi] **KFR Act 2002 Sec .6(1)**

6. Measures to enforce compliance.- (1) The Annual budget, and policies announced at the time of the budget, shall be consistent with objectives and targets specified in the Medium Term Fiscal Plan for the coming and future years.

[vii] **THE KARNATAKA LOCAL FUND AUTHORITIES FISCAL RESPONSIBILITY ACT, 2003**

STATEMENT OF OBJECTS AND REASONS

The framework for budgeting, accounting and auditing for the State Government are specifically provided in various Code and Manuals framed by Government under Article 283 of the Constitution of India. The budget of the State is prepared by the Government and is put to vote before both the Houses of Legislature. Once the budget is passed by both the houses of Legislature, as laid down in the Constitution of India, the expenditure is met out of the Consolidated Fund as per the budget, duly passed by the Legislature. The deviations from the budget, as voted by the Legislature, can only be made as laid down in Karnataka

Financial Code and is brought to the notice of Legislature in due course.

The Comptroller and Auditor General performs the audit and account functions for the State Government. Report of the Comptroller and Auditor General is submitted to the Governor who causes them to be laid before the Legislature of the State. These reports are referred to the Public Accounts Committee and the report of the Committee along with the report of the Comptroller and Auditor General is put on the table of the House.

With such a framework, the State Government, to ensure fiscal stability and sustainability, introduced the Karnataka Fiscal Responsibility Act, 2002, which mandates the State Government to have a Medium Term Fiscal Plan (MTFP), a rolling document for four years specifying targets for prescribed parameters. The Act also specifies fiscal management principles to be followed by the State Government. In furtherance to Medium Term Fiscal Plan, the State Government decided to disintegrate the MTFP on departmental lines and prepare Departmental Medium Term Fiscal Plan for each department along with the MTFP for the entire State.

It is now felt that a similar framework for budgeting, accounting and auditing should be there for the Local Fund Authorities (LFA). There is a need for an Act which,

(1) mandates a Medium Term Fiscal Plan for the Local Fund Authorities.
(2) lays down principles for financial management.
(3) ensures transparency in Fiscal Management at the local level. (4) ensures proper procedure for preparation, submission and audit of accounts.
(4) ensures proper scrutiny and adherence to the audit reports.
(5) lays down measures to enforce compliance to the provisions of the Act.

Hence the Bill.
LA Bill No. 22 OF 2003]
(Entries 5 and 32 of List-II of Seventh Schedule to the Constitution of India)

[viii] **13th FC Report Para 9.118**

Summary of Recommendations

9.118 To summarise, our recommendations are as follows:

i) Revenue deficit of the Centre needs to be progressively reduced and eliminated, followed by emergence of a revenue surplus by 2014-15 (paras 9.18 and 9.31).

ii) Target of 68 per cent of GDP for combined debt of Centre and states to be achieved by 2014-15. Fiscal consolidation path embodies the steady reduction in augmented debt stock of Centre to 45 per cent of GDP by 2014-15 and for the states to less than 25 per cent of GDP by 2014-15 (paras 9.29 and 9.69, Table 9.7).

iii) MTFP to be reformed and made a statement of commitment rather than a statement of intent. Tighter integration between the multi-year framework provided by MTFP and annual budget exercise (Para 9.38).

[ix] **13th Finance Commission Report Para 9.83**

9.83 Some of the structural reforms recommended for the Centre in this chapter need to be replicated at the state level as well. The most important of these is the structure of the MTFP, which, as explained earlier, should be more comprehensive, giving details of all significant items on receipts and expenditure along with the underlying assumptions made for projection purposes. MTFP should become an iterative process where the receipts and expenditure are arrived at as the sum of the building blocks thereof and conform to the overall fiscal targets.

[x] **13th Finance Commission Report Para 9.84**

9.84 Independent review/monitoring is a feature that is desirable in the FRBM Act and some states already have such a system in place. It is recommended that all states introduce this feature in their Acts. The states should also attempt to incorporate statements on RCCE, PPP and related liabilities, physical and financial assets and vacant public land and buildings.

Chapter 5

Executive Control over Expenditure

5.1 Reforms in Public Financial Management is to be seen as part of overall governance reforms. While reforms relating to Debt and Revenue Receipts encompass few departments, the expenditure related issues run across all the departments, as well as all the public sector entities. Often inter-departmental expenditure priorities impact the pace of activities and outcome across the departments. Therefore, the key challenge to the Executive is to ensure that the allocated funds are spent in accordance with programme design, intent and legislative mandate while also ensuring budget discipline during the year in every department and every public sector entity under the control of line departments. Thus, a decentralised spending arrangement with delegation of more powers, but without putting in place a corresponding mechanism for effective review, compounds the challenge of executive control over expenditure in relation to budget management and its outcome. Further, where the spending entities are outside direct control of the departments or involve private sector agencies, the challenge becomes more complex. This chapter addresses the issues relating to scope and limits of ex-ante and ex-post expenditure control mechanism with regard to Plan and Non-Plan schemes.

5.2 A framework for ex-ante controls by the executive, has been defined vide Gazette Notification No. FD 24 Bud 81 dated 15th July, 1982 creating the institution of Internal Financial Advisers (IFAs). The notification is explicit on the role, scope and powers of IFAs and their relationship with the heads of the line departments *vis-a-vis* the Finance Department. This notification was issued in exercise of powers conferred by clause (3) of Article 166 of the Constitution of India. The rules also seek that IFAs views are to be treated as permanent records of the department. By definition, the IFAs have a role, both in Plan and Non-Plan expenditure, from the stage of budget preparation to internal audit. The inputs from IFAs are expected to be independent and objective in analysing risk management, accounts and economic governance. The IFAs are key officers to assist the Administrative Secretaries in exercising the financial powers delegated periodically (latest delegation made vide GO No. FD 1 TFP 2008 dated 16.5.2008), and the Rules notified in 15.7.1982.

5.3 The ex-post controls on expenditure management are broadly specified in the constitutional framework. The Comptroller and Auditor General (C&AG) of India has constitutional mandate to ensure ex-post controls on expenditure by way of reporting to legislature. The Performance Audit Guidelines, focusing on economy, efficiency and effectiveness of expenditure issued in this regard by C&AG are useful.

5.4 In general ***the internal controls through the Institution of IFAs in the Departments need to be strengthened as well as their participation in the day to day financial***

management as mandated by "The Government of Karnataka (consultation with Financial Adviser) Rules 1982" and Government Notification No. FD 1 TFP 2008 dated 16.5.2008. The C&AG report for the year ended March 2009[1] lists out the evidence showing weak or inadequate internal financial control across key departments. These inadequacies are generally found to be continued, as noticed by the Commission during their interactions with various officials. The technical capacity of IFAs are found to be not matching with the mandate to be delivered by them. Most of the IFAs are also found to be not aware of the letter and spirit of principles of fiscal management provided in the Karnataka Fiscal Responsibility Act, 2002. There are a total of 11 IFAs in position. Some IFAs are found to have been loaded with work relating to more departments disproportionate to their professional abilities. Hence, the Commission recommends that the ***Institution of IFAs has to be strengthened by identifying sufficient number of officers with requisite background and seniority and who have at least 5 years service left for superannuation. They should be supported with required infrastructure, exposed to extensive training, including computer skills, to match the job chart of IFAs. The Rules notified in 1982 may be suitably amended to empower the IFAs as mentioned in the GO*** No. **FD 1 TFP 2008** ***dated 16.5.2008.***

5.5 In the context of Plan Schemes, the Government has also put in place various institutional arrangements to monitor the progress in expenditure. Such monitoring is intended to be based on a Multilevel Management information system viz., Taluk, District, Department, Government level. The arrangement should be suitably internalised in the light of the changes relating to delegation of powers to PRIs. The most influential and surviving institution is Karnataka Development Programme (KDP / 20 point programme) Review system. Although historically, the 20- point programme is known to have started in 1976-77, various circulars or government proceedings cite the GO dated 12.10. 1987 as the first reference. The government orders issued vide No PD 309 PTP 94 dated 7th August, 1995 provide for a clearly defined institutional arrangement under KDP review, for state, district level and taluk level. It provides State level Review by the Chief Minister and the Chief Secretary separately, while the review at district and taluk level are done by political executive. The discussions in these meetings address the progress in expenditure on plan schemes in terms of utilisation of funds released and physical achievements made during the reference period. The MMR (Monthly Multi-level Review), devised was being used as a tool to review the progress in expenditure and achievements.

5.6 Despite such high level review mechanisms, very often departments' expenditure was found to be skewed in the fourth quarter, resulting in rush of expenditure or parking of funds or under-utilisation of the allocated funds[2]. Thus, KDP review mechanism seems to suffer

[1] http://www.cag.gov.in/html/cag_reports/karnataka/rep_2009/civil_chap4.pdf

[2] Several reports from CAG indicate prevalence of this problem in the state.

from certain limitations in uniformly inducing spending discipline across the departments. A random review of minutes of KDP meetings also indicate that often, more time is spent on addressing inter-departmental co-ordination issues at implementation, and less on the quality of expenditure in relation to the outputs/outcomes specified for a project and to ensure value for money.

5.7 Realising the limitations of MMR as a monitoring tool, the government has replaced it with Monthly Programme Implementation Calendar (MPIC) vide GO No FD 1TFP 08 dated 1.12.2008. This tool while subsuming MMR components, also seeks critical administrative steps, including key preparatory steps towards implementation of a scheme/activity to be indicated in MPIC for review. All departments were consulted in evolving the tool through workshops. A large number of officers have been oriented in the use of MPIC before and after its launch. The upgraded tool is made applicable to both Plan Schemes and Non-Plan Schemes. This is the first time that State has institutionalised a review mechanism of Non-Plan schemes. The monthly MPIC reports are received in the Planning Department for consolidation and Review.

5.8 While continuing to be an MIS (Management Information System) tool like MMR, the MPIC has been designed to achieve the following additional objectives viz., (i) avoid programme implementation without adequate preparation (ii) avoid delay in implementation (iii) avoid rush of expenditure towards end of the financial year and (iv) to provide a uniform monitoring format for all departments and make it available to citizens by regularly posting on the respective websites. A random review of MPIC format from some departments reveals the following short comings in its use;

(i) often activities are indicated without adequate preparation/plan at appropriate level;

(ii) the outcome/objectives stated are imprecise, inconsistent or unclear;

(iii) most of the departments have not posted MPIC on their respective website.

5.9 There appears to be a practice of non-sharing of MPIC between the departments through prior consultation, in order to assess inter-dependent activities and to disclose mutually agreed/convergent priorities in respective MPICs. Lack of such prior consultation for convergent action by line departments seems to be the main reason that KDP meetings at every level focus more on issues of inter-departmental co-ordination rather than focusing on objectives / outputs / outcomes of expenditure.

5.10 Presently Planning Department coordinates monthly review of various schemes, which mostly focus on Plan Schemes, Special Component Plan and Special Development Plan. ***The overall status of all the Schemes reviewed by Planning Department needs to be brought out into public domain every month along with decisions taken for corrective***

action. Similarly, following the letter and spirit of the provisions in Sec. 4 1 (l)[3] of the Karnataka Fiscal Responsibility Act, 2002, the monthly receipts, expenditure, borrowing, and guarantees be disclosed in public domain by Treasury Department /Finance Department as is the practice by the Controller General of Accounts in Government of India.

5.11 There seems to be a mixed response to the use of MPIC for planning and review by line departments, Planning and Finance Departments. These types of problems may be initial aberrations. The Planning Department has recently collaborated with e-Governance department to consolidate the MPIC of all departments on a real-time basis, which is likely to improve the use of MPIC as per the intended objective. ***The understanding of MPIC as a tool for executive monitoring has to be deepened and the use has to be widened while ensuring inter-departmental co-ordination at planning and implementation stages.***

5.12 Karnataka's initiatives towards gender equity through government programmes/schemes, can be traced back to the implementation of Karnataka Mahila Abhivruddi Yojane (KMAY) as part of the 'Women's Component Plan' during early '80s. As part of this initiative, about 25 departments from development sector have been earmarking 30 percent of funds and benefits for women in select schemes (about 216 schemes). The progress is being monitored quarterly by the Additional Chief Secretary to Government and Development Commissioner, who is the ex-officio Chairperson of KMAY. However, there is no evidence, as of now to substantiate the quantum and quality of women oriented expenditure under KMAY and its impact, one of the reasons being lack of gender disaggregated data.

5.13 Supported by the Planning Commission, Karnataka has established Gender Budget Cell in 2006-07, and has presented a Gender Budget Document to Legislature along with annual budget. In this document the budgetary allocations that are meant to benefit women are presented under two categories viz., Category-A schemes where 100% allocations are for women and Category-B schemes where 30% or more allocations/ benefits are for women. The Category -C schemes are considered as gender neutral and are currently outside the purview of documentation. However, without an effective monitoring mechanism and feedback for reorienting/redesigning the programmes, Gender budgeting runs the risk of remaining a documentation exercise. This is not the intention of the Government as announced in the Budget speech of 2005-06[4]. Hence, the Gender budget cell at FPI has encouraged the Women and Child Development Department to use existing MPIC, with

[3] 4. (1)The State Government will be guided by the following fiscal management principles: …(l) disclose sufficient information to allow the public to scrutinize the conduct of fiscal policy and the state of public finances.

[4] Gender based budgeting helps to prioritize and orient public expenditure to reflect the concerns of women. To give focus to this, a gender budget cell would be set up in the Finance Department to identify the quantum of resource allocation and expenditure for women and proper translation of policy commitment.

minor additions to the format to capture category A and B schemes. This has been used as a pilot in the departments covered under KMAY. The initial response seems satisfactory. The participating departments have been able to successfully categorize the schemes. Though the MPIC format does not enable collating of gender disaggregated data, it does help in validating the categorization and also in monitoring the schemes. Going forward, ***Periodic impact evaluation would help in ascertaining the quality of expenditure meant for women and to redesign the programmes for improving HDI (Human Development Index) and GDI (Gender Development Index). The format of KMAY review mechanism also needs to revisited to cover all programmes included in the GB (Gender Budget) document, more particularly in view of the decision taken by Ministry of Women and Child Development, Government of India to move towards gender responsive budgeting.***

5.14 The Directorate of Economics and Statistics (DES) has a practice of conducting sample check verification of select programmes and schemes. However, the Directorate needs to ensure course corrections by following up with line departments to address the shortcomings and act on the recommendations. ***A demonstrated course correction and effective expenditure tracking by the line departments should be insisted as a condition-precedent by the Planning / Finance Department, for continuity of the schemes/programmes in the following year. Further, the scope, and coverage for Expenditure Tracking through physical verification by the DES should be enlarged to cover 20 percent of development /welfare schemes, programmes, and projects in each department every year. The existing officers posted as Project Evaluation and Appraisal Officers (PEAOs)be drafted to perform these functions, after empowering/training them with suitable skills. Presently, most of these officers are said to be engaged in activities not necessarily meant to be performed by PEAOs.***

5.15 Guidelines[5] (issued in 2008 by the Ministry of Rural Development, Government of India for implementation of National Rural Employment Guarantee Scheme provide for creation of Social Audit Forum (SAF) and methodology for working of SAF, in order to improve quality of implementation through transparent methods. The basic objective of social audit is to ensure public accountability, through consultation with and consent of stake holders in the implementation of projects, laws and policies. Social Audit is an on-going process through which the potential beneficiaries and other stake holders of an activity or project are involved at every stage. The Commission recommends that the ***social auditing mechanism should be put in place for other programmes, particularly those which have high and direct human welfare impact viz., NRHM, Agriculture Extension, ICDS, Bhagyalakshmi, Social Welfare hostel management, Sarva Shiksha Abhiyan, Watershed development projects, and trusts/religious/charitable establishments patronized through adhoc grants (exceeding ₹ 10 lakhs) or grants-in-aid by Government. These are***

[5] NREGA Operational Guideline of NREGA released by Ministry of Rural Development.

illustrative list of projects/schemes. To begin with, each department should identify at least one project being implemented through Local bodies, for social audit. The Planning Department may evolve guidelines for social auditing in consultation with other departments particularly with RDPR, Urban Development Department, and Department of Forests.

5.16 Administrative Department-wise status of pending paragraphs of Departmental notes cleared and pending with regards to the reviews in C&AG Audit Reports for Civil, Commercial, Revenue Receipts and ZPs is available on public domain (website). Annexure-5a provides an abstract of number of such paragraphs. There is a mixed progress across the departments. As seen from the annexure, out of a total of 778 observations made by the C&AG review, 464 have been cleared by the various departments concerned. The Departments of Public Enterprises, Water Resources (Major), Rural Development and Panchayat Raj have more than 90% of the reviews cleared while the Finance Department has the highest number (223) of paragraphs reviewed by C&AG with a Balance pending percentage of 43%. ***In this regard, while the handbook of instructions issued by the Finance Department provides useful directions to the departments, the government should set up an exclusive team to closely monitor the progress of the departments towards expedition of C&AG comments and to take action as per the decisions taken by the Public Accounts Committee (PAC) in time. The audit monitoring system as posted on the website shows the status of follow-up action.***

Chapter 6

Department of Primary & Secondary Education

6.1 About 2/3rd of 75 lakh primary school students in the State study in Government schools. While a total of 3/4th of the students study in Government schools (50 lakhs) or in Government aided schools (6.4 lakhs). In the year 2008-09, enrolment into 7th class was 9. 92 lakhs while enrolment into 8th class was 9.64 lakhs. The average class size of all grades in Government primary schools was 16 students while the average class size in secondary school for all grades was 87 students, indicating both demand for secondary schooling as also shortage of class rooms in such schools. Therefore, the ***growth in the number of secondary schools in the State needs to keep pace with the number of students moving from primary school to secondary schools, more particularly in the context of the objectives set under the Right to Education (RTE)Act and the MDGs*** [1]***. In this regard, the Government needs to take adequate steps to upgrade the existing primary schools to secondary levels with sufficient infrastructure facilities. While doing so, the Department should assess the infrastructure capacity of the existing primary schools before up gradation. Alternatively the Government may exercise the option of establishing new secondary schools in order to meet the ever increasing transition demand from students of upper primary schools to join secondary school system.***

6.2 **T**he pupil teacher ratio (PTR) has steadily improved in the State over the last three years observed. The Pupil Teacher Ratio in primary schools i.e. 31 observed in 2006-07 has come down to 26 in 2008-09. On the other hand, in secondary schools the Pupil Teacher Ratio observed in 2006-07 was 27 which has reduced to 23 to 2008-09. ***Suitable teacher redeployment policy for rationalization of work load of teachers in Government primary schools is necessary with due consideration in the policy to serve students in district or region with difficult terrain.*** There are certain districts with high Pupil to Teacher ratio of 18:1 (Chikmagalur, Hassan, Uttara Kannada, Ramnagar, Tumkur Districts have PTR of less than 20) while some other districts have a PTR close to 35:1 (Yadgir, Bijapur, Koppal, Bellary have PTR greater than 30). ***Considering the high unit costs of providing education in schools with high Pupil Teacher Ratio there is a need to close down or merge such schools with nearby schools located within distance of 1-2 km. The teachers, who remain surplus due to such merger or closure of the schools, be redeployed to schools in nearby districts with low PTR. This may be implemented from the academic year 2011-12. Such a redeployment of teachers across the districts needs to be supported with attractive incentives to compensate for potential losses due to disruption of seniority and promotions of teachers.***

[1] Ensure that every child gets to complete full primary education by 2015

6.3 Going by SSA norms of PTR of 40:1(Classes 1 to 8), and as under provision of Right to Education (RTE) Act, the State has 73,436 teachers. The State policy is to have a PTR of 25:1 (in classes 1 to 7). That being so, as recommended in the first report of the Expenditure Reforms Commission, the Government needs to enforce a higher standard of performance indicators to assess the output of teachers and the quality of learning by the students. If performance is not superior as compared to other states ***there is a need to revisit the PTR norms within next two years, so as to minimize the unit cost of providing education in primary schools. Meanwhile, there should not be any new recruitment of teachers, including through outsourcing, unless there is subject specific shortage of teachers assessed at State level.***

6.4 'Annual Status of Education Report, 2009' brought out by Pratham an NGO, indicates that the learning levels of students in the State need substantial improvement. Of the children between standards 3-5 tested for the study, only 61 percent were able to read first standard text, 41 percent could do subtraction and 40 percent could tell time as compared to 86%, 76% and 72% student in Kerala and 72%, 64% and 33 % in Andhra Pradesh respectively. Further, considering the PTR, the cost per student in elementary education also works out to be higher in Karnataka while the results are poor. ***As such the Education Department needs to focus its efforts on improving the quality of teaching, thinking and learning while also expanding the coverage and infrastructure facilities.***

6.5 The present day students face increased competition in every sphere of life. As future citizens they need to be imbued with abilities to think critically in order to effectively communicate with and work alongside others from various walks of life. They must learn how to learn. They will have to communicate with people with diverse cultures and work with people with different perspectives. One of the objectives of school learning ought be infusing creative abilities into the minds of students, not necessarily by teaching new subjects but by teaching the existing subjects in different way. The students need to learn to think and blend divergent thinking and convergent thinking.[2] Creativity is always prized in any society. But creativity does not occur in vacuum. As such creative abilities have to be innovatively incorporated through laboratory learning, digital learning, experimenting, mock sessions, building models. ***The creative learning environment/infrastructure needs to be experimentally introduced in select schools through PPP mode.***

6.6 Play and recreation are identified in the United Nations Convention on the Rights of the Child, as critical to optimal human development. Play is our brain's favorite way of learning. In fact, Einstein called play the highest form of research! Play elicits joyful and

[2] The Creativity Crisis-Newsweek

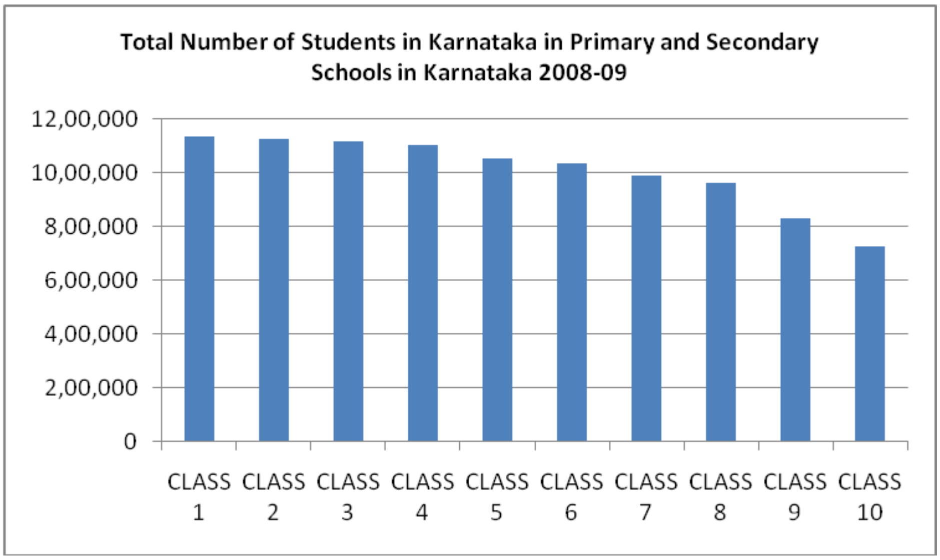
creative energy, and engages our mind, body and spirit[3]. ***The programme Nali Kali introduced in Government Primary schools, has some elements which promote creative learning through play as against conventional learning. The Scheme has now been extended to all Government Primary schools upto IIIrd Standard. The critical challenge in this expansion is ensuring supply of sufficient learning material in time to all the children. The Department may have an independent study conducted about the impact of the Scheme after it has been in operation for four years (covering Ist to IVth standard). If found efficacious, this innovative scheme could be further extended to the Government aided schools in order to help students to use their imagination, think critically with reason, develop better problem solving skills and promote the spirit of co-operation. To supplement such expansion, the DIET has to be repositioned to provide training to the teachers engaged in Nali Kali on a large scale, including the teachers from aided schools.***

6.7 Government implements Pancha Soulabhya programme[4] in order to improve infrastructure including supply of drinking water and toilet facilities at schools. However, half of the 45,000 Government Primary schools do not have toilet facilities for girls. More than 7000 school buildings are in need of major repairs. Therefore, ***the Department should ensure provision of adequate space for recreational activities, separate toilets for girls, drinking water and thus create congenial atmosphere for learning at schools in a time-bound manner by preparing a medium term capital budgeting covering all schools.***

6.8 In 2008-09 the number of students in Primary and Secondary schools is 1 crore distributed across ten classes as shown in the graph below. The students studying in class X for the year 2008-09 belong to that group of students who joined Class I about ten to eleven years ago. However, as seen from the graph the number of students in class X are 7.2 lakhs as compared to 11.4 lakhs in Class I.

[3] http://www.unescobkk.org/education/apeid/apeid-international-conference/11apeidconf/programme/concurrent-sessions0/day-1-session-2b-creative-learning-for-active-citizenship/

[4] The five facilities include, Drinking water and Toilet, Compound wall, play ground, Class rooms, electricity.



Source : DISE 2008-09

However, if the likely dropout rate for each successive class is not contained, all the students who are in Class I in 2008-09 will not reach Class X in 2018-19. As noted from the Annual report of Education Department, the drop out rate of 8.5 percent at primary level and 15 percent at secondary level for the year 2008-09, factoring for a lower GER ten years ago compared to GER of 98 percent in 2008-09 (graph above) and also for a higher birth rate 15 years ago in 1993-94, implies that about one out of every three students enrolled in Class I are dropping out of the School system by the time they reach Class X. Such transition loss popularly understood as Drop out Ratio, if not contained, it amounts to children being deprived of their Right to Education. Further, a high Drop out ratio with every third child falling on the wayside should be seen as an index of underutilization of resources created. In order to bring out of school children/drop-outs to mainstream education system, opening of alternative education centres like Bridge courses - residential and non-residential, tent schools, Zero level schools, etc., may be introduced.

6.9 The Government needs to encourage private participation and also put in place appropriate regulatory regime which may enable the Government to consider introduction of a coupon system in course of time. The coupon voucher system, initiated in some of the developed countries helps to create a market for private schools in unattended and poorly served areas and also giving education for the unaffordable section of the society. The students, by using the coupon system, can make a choice of their own school from the empanelled schools while the Government reimburses such coupons received from the Schools. Coupons can be extended for school text books and uniforms also. To make the coupon voucher system deeper and wider as an effective management solution, key and strategic interventions ought to include setting up a common norm for all schools, including all participating schools with respect to infrastructure, Pupil Teacher Ratio, medium of instruction, and costing. While encouraging the coupon voucher system, the Government schools administration may also be enabled and empowered to compete with participating private school in every respect.

6.10 Involvement of Self Help Groups for cooking mid day meal is preferable to reinforce the social inclusion goals associated with education/schooling. The key of success factor in this scheme lies in the active and effective involvement of the local community. The availability of adequate infrastructure and dependable supplies systems are essential for maintaining the quality of the output of the programme. ***The teachers are also increasingly engaged in non-academic activities thus sacrificing their quality time for students. Their engagement in mid-day meal scheme takes away most of their academic time. Therefore, more intensive involvement of SHGs promoted by RDPR and WCD, and adoption of Centralized Kitchen facility needs to be explored. This would relieve teachers from non-academic activities.***

6.11 In urban areas, where there is shortage of space for construction of kitchen sheds, use of centralized kitchen to serve a cluster of schools may be explored. Such kitchens need to be reasonably modernized to cook and transport hot meals just-in-time.

6.12 Teachers require continuous training to learn new methods of teaching, and new developments in the subject. Presently, the teacher training facilities are provided through 27 District Institute for Education and Training Centres (DIETs) and 6 Center for Teachers' Education (CTEs). These are underutilized as the training programmes are scheduled only during school vacation, for ten to twenty days. For instance out of 3500 training programmes scheduled in the year 2009-10 to cover 75,000 teachers at DIET, only 2600 programmes were held, covering 68,000 teachers. ***It is necessary to plan reorientation trainings for teachers and utilize DIET facilities throughout the year. Further, the training manuals need to be updated keeping in view the futuristic learning needs and that of teaching in order to raise creative abilities and creative thinking of the learners/students.***

6.13 Presently, the entry qualifications for teachers to primary schools is Pre-University course, while for higher secondary school teachers it is Pre-university and diploma in education. However, ***to improve the quality of learning in the schools, the minimum entry level qualification for higher Primary school teachers be raised to graduate degree and that for primary school teachers be raised to Pre-University. Atleast half of the teachers recruited every year should be Science Graduates.***

6.14 "Public subsidy to private institutions has enabled the Government to expand total education provisions at lower level of budgetary support than if the Government had expanded facilities on its own."[5] However, to make more efficient use of Grant-in-aid to private sector, Government should try to restructure its aid to private institutions so that the subsidy benefits poorer student directly. Paying the salaries to teaching staff to aided institutions is not an effective means to target subsidy since institutions from richer families can also gain access to aided institutions. Indeed, there is an incentive for aided institutions to seek richer students who can pay additional charges for higher quality services.

6.15 Under general conditions of aid mentioned in Chapter 4, rule 22 (ii) of the Grant-In-Aid Code, no school should be eligible for Grant-In-Aid if its income is more than expenses in any year. For this purpose, financial assistance, if any, received by the institute from any Department of the Government, Local Body etc., shall be deemed as part of income and grants regulated accordingly. ***The provisions of the Grant-In-Aid code for Karnataka inherently seeks the Department of Education to assess income and expenditure for the institutions every year; however, the regulation in this regard needs to be revisited, particularly keeping in view the schools which are receiving grant for period of 10 years, 15 years, 20 years. Such a policy should progressively wean away from the institution which has received grants for a period of 10 years, 15 years, 20 years and the institution should be encouraged to charge user fees depending on the socio-economic profile neighborhood where they are functioning. Therefore the Commission recommends the Department to prepare Grants-In-Aid policy with a provision of sunset clause for existing GIA schools as well as for new schools, if they are brought under GIA in future.***

6.16 The education administrator is said to spend a lot of their time in litigation pertaining to teacher services in Grant-in-aid schools. Therefore there is a need to review the settled cases on a sample basis and revisit the policy of grants in aid in such a way that education administrators time is more effectively spent into regulation and development of school education rather than attending to litigation.

6.17 Grants-In-Aid given to every institution should be posted on the website of the Department and updated every quarter indicating the amount, key personnel authorized to handle the accounts of that institution. Within a year the website should be uploaded with historical data of grants given during the past ten years. Such disclosure in public domain helps citizens, parents and all stakeholders in assessing the justification for the fees being charged by the institution while admitting students. Such disclosure may be made district wise for all rural areas and ward wise for all municipalities and municipal corporation areas. The webpage should be linked to the webpage of the Registrar of societies who would then display the reports audited.

[5] World Bank (24207-IN)

6.18 As per Rule 5(5) of the Karnataka Civil Services (General Recruitment) Rules 1997 (Notification No. DPAR 57 SRR 75, Dated 25th June 1977), "No person who has not passed the seventh standard examination in any language (with Kannada as one of the subjects), shall be appointed to Group D post in any of the State Civil Services". ***In order to ensure and encourage students to complete secondary School examination, the Commission recommends that the minimum educational qualification of seventh standard pass for entry into Government jobs be raised to SSLC pass. Such a move by the Government would also help in signaling the State Government's mission to ensure completion of secondary education for students in the State.***

Chapter 7

Department of Employment and Training

7.1 Karnataka has a total of 1102 ITI institutes of which 150 are Government ITIs, 145 are private aided and 799 are private unaided. The total capacity of the students is 1,28,714. However, considering the employability of ITI qualified students, the actual supply is about 62,000 while the annual demand is 80,000[1]. The gap between the capacity and employable number is due to dropouts, failures and lack of employable skills. ***Given that the capacity is already available, more focus is required to enhance the soft skills of the trainees and upgrading the technical skill of the trainers.***

7.2 The Department of Employment and Training has a revised plan budget outlay of ₹ 26301.93 lakhs for 2009-10 and a Non- Plan budget of ₹ 3926.86 lakhs for the year 2009-10. Annexure-7a shows the Schemes implemented by the Department. Out of 19 schemes, 11 schemes have a budget outlay of less than Rupees one crore. Following three Schemes viz. Modular Training, Industrial Training Institutes and New it is in 10 Talukas form major scheme expenditure in the Department of Employment and Training.

Modular Training:

Under Modular Employable Skills project, ten million people are provided training in the ITI's/ITCs for early school dropouts and industry workers, especially in organized sectors. Testing is done through a natural agency and successful students are issued technifide certificates which would have national recognition.

Industrial Training Institutes /Centres:

Schemes involving plan expenditure towards starting new and existing ITIs.

New ITIs in 10 Talukas:

Scheme involving plan expenditure towards starting new ITIs:-New ITIs have been started at Gudibande, Koratagere, Sringeri, Ankola, Siddapura, Hoskote, Soraba, Shiralkoppa, Siggaoan and Hubli-Dharwad.

[1] Karnataka Vocational Training and Skill Development Corporation Ltd (KVTSDC), Mapping of Human Resource and skills for ITI qualified students in Karnataka, December 2009 (ICRA Management Consulting Services Limited)

7.3 Through The Craftsmen Training Scheme, ITIs offer training in various engineering and non-engineering trades like Fitter, Electrician, Computer Operator and Programme Assistant, Dressmaking to PU passed candidates in-line with the norms prescribed by the National Council for Vocational Training, New Delhi. Also through the World Bank assisted program of Vocational Training Improvement Project (VTIP) in Centre of Excellence in ITIs Automobile, Production and Manufacturing, Electronics, and Fabrication Sectors have been identified as thrust areas of Vocational Training. Number of trainees during 2008-09 in Government training institutes was 32,378 including 7,529 SCs, 1,947 STs and 1,594 women. All trainees of government ITIs receive a stipend of ₹ 50/-p.m. (general), ₹ 150/-p.m.(ST) and a merit stipend of ₹ 125/-p.m. irrespective of category or annual income.

7.4 Under this scheme for upgradation of 1,396 ITIs through Public Private Partnerships (PPP), an Industry partner is associated with each ITI and an interest free loan of ₹ 2.5 crore is provided by the Central Government to the ITIs for upgradation. Since the inception of the scheme from 2007-08, about 56 ITIs have been taken up for upgradation. Such upgrading includes creation of separate COE (Centre of Excellence) blocks, establishment of Instructor Training Wing (ITW) for COE instructors, and special placement cell for the trainees.

7.5 The Government of India has envisaged the creation of a National Skill Development Corporation to provide appropriate operational guidelines and instructions for meeting the larger objectives of skill development needs of the country. In a report brought out by the Labour Department, Government of India towards Vision for the National Skill Development Initiatives in India, it could be noted that there would be an increase in deficit of 5.25 million employable graduates and vocationally trained workforce by 2012 (study conducted by Confederation of Indian Industry and Boston Consulting Group (CII & BCG). Also, among the requirement of skilled workers, the highest incremental Human Resource requirement is in the Textiles (29%), Construction(18%), Health care (7%) and IT and ITeS (5%).[2] Karnataka also is likely to face severe pressure towards demand of skilled workforce in the State. As per the Karnataka-A Vision for Development 2020, an estimated four lakh persons are expected to enter the workforce each year upto 2026 but there is the need to facilitate the transition of 2-3 lakh persons every year for the next 15 years into the manufacturing and service sectors.

7.6 Electrician, Plumbing and Carpentry Skills are absorbed by the construction sector and many ITIs do not have adequate infrastructure or trainers to provide the latest technology and knowledge, including preparing blue prints in plumbing, load calculation in electricity, wiring as per circuit diagram, and seamless connection of plumbing. In the absence of such

[2] labour.nic.in/policy/National Skill Development Policy Mar09.pdf

skills, the workmanship suffers and cost of maintaining assets increases. Hence, ***ITI trainers' training skills require to be upgraded periodically. The trainers may be encouraged to periodically go on short term "sabbatical" to established industrial units. Such kind of re-training (during sabbatical) is required for the trainers in government ITIs, aided ITIs and unaided ITIs. Also training of soft skills like writing and understanding technical notes, conversational English and physical fitness of the ITI passouts, to match the rigour of hard work involved also need to be improved for better employability.***

7.7 Dropout rate in ITIs ranges from 15% to 25% mostly due to socio- economic background, distance from residence to location and lack of career focus. Therefore,

(a) Department of Technical Education needs to support Karnataka Vocational Training and Skill Development Corporation to encourage ITIs to take up visits to Industrial Units as part of hands-on-training or as part of apprentice programmes, by collaborating with Department of Industries and Department of Public Enterprises.

(b) The Department of Employment and Training should co-ordinate with Department of Social Welfare to encourage ITIs to provide hostel facilities for ITI students so that scheduled castes and other backward classes students can avail of the hostel facilities provided by the Social Welfare Department.

7.8 ITI qualified workers account for 45% of work force in auto and auto component industry. Considering the growth in the auto industry, and auto components, the demand for trained ITI work force will increase. Hence, ***ITI courses relating to automobiles need to be increased in number and the courses should include orientation to pollution containing technologies.***

7.9 Though ITIs offer 80 trades, the top 10 trades attract 90% of the enrolment in skills like fitter, electrician, welder and turner, etc. Most of the contemporary skills and knowledge are not included in the curriculum. Employment share in agriculture is about 58.8% and the Karnataka Vision 2020 document envisions the share to be brought down to 35 to 40% by the XIII five year plan period, while increasing employment in Industry sector from 15% to 22% and in Services sector from 26% to 42% during the same period. This requires more investment to be made in technical upgradation of the workforce through ITIs and Skill Development Centres. New skills are required to increase employment to about two to three lakhs youths comprising 50 percent of the total workforce who join the non agricultural work force every year. ***New areas where the ITIs can enter are Cathode Ray Technologies, Plasma and LED (Light Emitting Diode) technologies, Digital and 3D technologies, Data***

storage and transformation, Radio Frequency Identification Devices (RFID), medical and precision equipment, high volume electronics production, high-tech manufacturing, handling e-waste, cold chain manufacturing and food processing, food preservation, industrial cleaning, high pressure welding, process improvement techniques, introduction to aircraft/airport support technologies like elevators, conveyor belts, aerobridges, etc., and Housekeeping, laundry management, management of multi-storeyed buildings, etc.

Chapter 8

Department of Higher Education

8.1 There are 18 Universities in the State. These are Universities of Mysore, Bangalore, Karnataka (located at Dharwad), Gulbarga, Mangalore, Kuvempu, Hampi-Kannada, Tumkur, Davanagere, Open University, Vishweshwariah Technological University, Rajiv Gandhi University of Health Sciences, Music University and Women University while there are two universities of Agricultural Sciences, one University of Veterinary Science. Barring the Technological University, Universities of Agricultural Sciences, University of Health Sciences, University of Veterinary Sciences, the Music University, the other 12 Universities come within the ambit of the Secretariat Department of Higher Education. The institutions of higher learning like Indian Institute of Science (IISc), National Law School of India University (NLSIU), Indian Institute of Management (IIM), Institute of Social and Economic Change (ISEC) are also located in Bangalore. Out of them, ISEC receive recurring grants from Government of Karnataka. Similarly NLSIU also received some grants. The State Government finances the 12 State universities through Block grants and Development grants. The Department of Higher Education is also administratively in charge of the Directorate of Collegiate Education, dealing with Degree Colleges and the Directorate of Technical Education, dealing with Engineering Colleges and Polytechnics.

8.2 The quality of learning is influenced by combined effect of several factors viz., the faculty, laboratory facilities, library and other equipment and learning environment, all of which require considerable state support. In assessing the expenditure challenges to support these factors in the area of Higher Education, the Commission tried to balance the equity vs. development concerns. The Commission has anchored its assessment also to the Karnataka Vision 2020 Document which states that *"the state will work towards transforming its Universities into centres of excellence. The state will endeavour to provide autonomy to Universities and Research Institutions to achieve the academic goals and self sufficiency."* The Commission has also drawn from the Report of the Taskforce on Higher Education which examined the issues for shaping Education in Karnataka in 2004. The Commission agrees with the observations of the Taskforce, which had stated that "*the critical requirement is to take a long-term view and initiate strategic measures in the areas of both policy-making and operations in order to create an educations system, which will meet the changing demands of the youth, society and the nation".*

8.3 The quality related regulatory issues, accreditation, grading of the Degree level Educational institutions is under the jurisdiction of the University Grants Commission (UGC), All India Council for Technical Education (AICTE) and National Assessment and Accreditation Council (NAAC). NAAC is the central agency in the country that grades colleges and universities on seven criterion relating to (i) curricular, (ii) Teaching learning and Evaluation (iii) Research Consultancy and Evaluation (iv) Infrastructure and learning resources (v) Student Support and progression (vi) Organization and Management and (vii) Healthy practices. Accordingly, resource allocation to universities and colleges must strike a balance between provision made towards salary and pensions and other items of expenditure like maintenance, development and improvements. Importance of critical minimum resources to ensure excellence and strategic preferences has to be recognized and monitored. Infrastructure supporting the teaching-learning process like library, laboratories also needs to be monitored and upgraded at regular intervals. However, this does not seem to have been done in Karnataka. ***Hence, the Department should put in place an Institutional mechanism to monitor these facilities at regular intervals and forecast medium term investment needs to upgrade the facilities. Without doing so, the state will not be able to realize the vision for 100 percent NAAC accreditation of its colleges by 2020.***

8.4 Besides the NAAC recommendations, the recommendations of Parliamentary Standing Committee, (172nd Report, 2008) on increasing access to Higher Education through expansion and by making it affordable to the students are also of relevance in the context of this report. Some of the Recommendations of the Committee are as follows: (a) opening of new colleges aided by Government in educationally backward, rural and tribal areas, (b) improvement in private participation, (c) imparting good training in fields like special education by institutions which may not be conventionally academic in nature, (d) upgrading of infrastructure in universities and providing easy access to research funding may also be considered, (e) developing a creative framework for combining the strength of scientific laboratories, private initiatives and universities to start advanced institutions for undergraduate and post graduate science education, (f) expanding links with international educational and research institutions may help in enriching the students as well as faculty. Thus, while many recommendations and suggestions exist, evolving convergent strategies and creating enabling environment for effectively implementing the same are key challenges before the Department of Higher Education.

8.5 The Department consists of three wings viz. University and Institutes of Higher Education, Collegiate Education and Technical Education. The Department administers 51 schemes in 2009-10. The Higher Education Secretariat is responsible for:

a. Providing Support services for policy-making.
b. Planning and budgeting for the Education sector.
c. Coordinating with Planning, Finance and other related Departments; and
d. Assisting the cabinet meetings, legislature functioning in regard to education.
e. Releasing grants to the supporting Departments.
f. Admitting /accepting (new) colleges/institutions for grants as well as release of grants to aided institutions.
g. Liaisioning with the Union Ministry of Human Resources Development, other funding agencies.
h. Fixing norms and providing broad guidelines for growth, expansion consolidation and qualitative improvement of education.
i. Initiating research.
j. Monitoring and evaluation of the work of the various Departments and programs.

8.6 Department of Collegiate Education finances and administers 356 Government First grade Colleges and 297 private aided colleges affiliated to 11 Universities[1]. Of 343111 students in these institutions about 39% of the students are in government colleges. The Department consists of one Commisionerate and six Regional Offices. The jurisdiction of the Department is shown in the table below.

Sl. No.	Institution	Number
1	Government Colleges	356
2	Private aided Colleges	297
3	Government Law Colleges	5
4	Private Aided Law Colleges	8
5	Government College Hostels	9

8.7 Geographically, the number of degree colleges per one lakh population is unevenly distributed in the state. For instance, the number college is very low in the districts like Bidar, Koppal, Raichur, Gulbarga, and Chamarajanagar with 12 colleges per lakh population. While districts like Uttara Kannada and Dakshina Kannada have more than 20 colleges per lakh population. Presently, the number of colleges teaching general degree courses at undergraduate level in the State is 1013. However, there are also some colleges where the student strength in some classes is very low possibly due to drop in demand for certain subjects and location of the colleges. In such places, Further, the universities like Bangalore

[1] http://www.dce.kar.nic.in/

and Karnataka are found to be having affiliation of more than one hundred colleges as against some universities like Kuvempu, Hampi which have limited number of affiliations. To manage and administer colleges, each university should have only limited number of colleges. The Colleges can be distributed to different streams based on subjects taught

(a) General degree colleges like Arts, Science and Commerce.

(b) Engineering colleges.

(c) Medical colleges including Dental, Ayurveda, Homeopathy, Unani etc.

The ideal number of colleges ought to be limited to 40-50 per university, as recommended by University Grants Commission also by national Knowledge Commission Report. On the grounds of equity and to enhance efficiency, such realignment can be done by redistributing existing colleges among various districts in the existing universities system, and also while establishing new universities. Further, The practices of establishing single subject universities is found to be complicating the administration, management and deprives the students and teachers of inter-disciplinary learning and teaching experience. Thus cross-fertilization of ideas through research in frontier lines cutting across narrow subject-wise boundaries becomes a casualty. ***Therefore the government may discourage establishing single subject universities and also explore the possibility of realigning the existing single subject universities into general university system to the extent possible.***

8.8 Gross Enrolment Ratio (GER) in Higher Education of Students aged between 18 to 24 years is 11.6 per cent. In respect of students from SC, the GER is 8.1 per cent, while in the case of ST it is only 4.4 per cent. As far as female students from SC and ST are concerned, enrolment is as low as 6.9 per cent and 3.2 per cent respectively. When linking the enrolment of students into higher studies to the corresponding cohort (of students) enrolled in the first standard, it was found that for every 1000 students of all categories enrolled in I Standard in 1992-93 merely 3 students get into research in pure sciences, humanities, language / literature and in the social sciences. Similarly of 13.6 lakh students enrolled in first standard, in 1994-95, less than 2 percent continued their studies into post graduate courses. The following table gives progression in studies for cohort of students enrolled into first standard in different years.

Number of Students at Various Levels of Education out of First Standard Enrolments during corresponding previous years (A BACKTRACKING EXERCISE)

YEAR	ENROLMENTS I Standard	YEAR	ENROLMENT DURING 2009-10		
			LEVEL	ENROLMENTS	PROPORTION as %
1992-1993	13,50,000	2009-10	PhD / DSc / D.Phil	4,000	0.30
1994-1995	13,60,000	2009-10	PG / MA / MSc / M.Com	27,000	1.98
			B.Ed	7,000	0.52
1997-1998	13,80,000	2009-10	BA / B.Sc / B.Com (=320000/3 years)	1,06,667	7.73
			Professional Courses BE / MBBS /Others (=2,60,000/4 years)	65,000	4.71
1999-2000	13,92,500	2009-10	I PUC	5,56,000	40.00
			Polytechnics (=98,566/3 years)	32,855	2.36
			Others(=290736/3)	96,912	6.93
2002-2003	12,60,000	2009-10	VIII Std.	9,50,000	75.40
2004-2005	11,64,000	2009-10	VI Std.	9,98,000	86.00

Source :- 1. Annual Reports of Department of Education for various years. 2. DISE data.

8.9 The above Table indicates that the Gross Enrolment Ratio in Higher education is very low, compared to the desired level (the vision 2020 document seeks to increase the present GER ratio in Higher Education from 12% to 25% by 2020. The Commission notes with concern the following extract from the UGC report on Higher Education “It is interesting to note that some of the economically and educationally (with respect to literacy rate and school enrolment) backward States such as Orissa, Assam, Jharkhand and Andhra Pradesh have shown significantly higher enrolments in Higher Education in comparison with relatively better off States such as Tamil Nadu and Karnataka”. Further it is learnt that the employability of the Graduates is far from satisfactory mainly due to lack of required language and the job skills.

8.10 Although the objectives of respective schemes implemented by the State government are appreciated, the Commission feels that there is a need to take holistic view to encourage higher enrolment of students and their continuity, by combining the operation of the (a), (b) and (c) described below and substantially expanding their coverage. In other words there is a need to encourage meritorious students from all sections of society to pursue higher studies on a sustainable basis in subjects relating to science, arts and humanities and business studies/commerce as well as Engineering and Medicine. Presently there are several Scholarship schemes. However, these are narrow in their scope and coverage. For example:

a) A scholarship scheme is implemented to encourage Science at Degree level, which has an allocation of ₹ 70 lakhs @ ₹5,000 per annum per student.

b) Sanchi Honnamma Scholarship with an allocation of ₹ 90 lakhs @₹2000 per year per girl student.

c) Kittur Rani Chennamma Puraskar with an allocation of ₹ 70 lakhs for BPL girl students studying Engineering and Medical courses.

Besides the above there are a few Scholarships sponsored by Government of India viz., National Merit Scholarship and Hindi Scholarship to students in non-Hindi speaking States.

8.11 With decline in the students intake into pure sciences, arts and humanities of higher level studies, a situation may arise that the state would lose its advantage of being a scientific hub of higher learning in the country and also would be deprived of scholars in humanities and social sciences. The scope of the scheme which is now meant only for attracting science students may be enlarged to include all subjects in general Degree Colleges (BA / B.Sc / B.Com), the scholarship amount should be increased from the present rate of ₹ 5,000 to ₹ 8,000 per annum, periodically adjustable to inflation once in three years, the coverage should be expanded, to at least 10,000 students from across the State with equal number of boys and girls. ***Of the 10,000 scholarships, 2,000 scholarships be awarded to students without reference to their status of being APL or BPL families and the balance 8000 to students from BPL families. Out of this 8000, about 2500 scholarships be exclusively awarded to BPL students who were born and who studied in schools located in 39 Backward talukas as identified in Dr.D.M.Nanjundappa Committee's Report. Drawing this scholarship should need not be a bar on the students who otherwise can avail support/benefit under any other scheme administered by Social Welfare Department, Minorities Welfare Department and WCD etc.*** These 10000 students to be enlisted ought to have cleared PU examinations in Karnataka conducted in the immediate preceding academic year, and joined Degree College in the State of which, the top 2000 students would comprise of students from all sections of the society and the remaining 8000 students ought to be from BPL families, who have cleared PU examinations in Karnataka conducted in the immediate preceding academic year. Such meritorious students may be enlisted and given an option to avail or not to avail such a scholarship. The amount is suggested to be ₹8,000/- because the scholarship amount ought to be attractive to the students particularly to those belonging to backward regions as they have to migrate to towns and cities to pursue higher studies. Such migration costs are high for them. The Students from science courses should be provided with additional 20% scholarship amount to account for higher costs borne by the students towards books etc and to enable the science students to purchase laboratory instruments, apparels, as is required by the course. These meritorious students should not be debarred to avail other entitlement based scholarships from Government of Karnataka during their period of study. Assuming that a student continues his/her studies upto post graduation the financial implication would be about ₹8 crore in the first year (say 2011-12). Thereafter it would increase to about ₹16 crore, ₹24 crore, ₹32 crore, ₹40 crore every successive year. As the students are expected to complete their masters course in a period of five years the maximum expenditure on this scholarship would be ₹40 crore from the year 2016-17. The most challenging part of success of this scholarship would be to retain the students' interest for the five years. For this purpose the government may encourage promoting special academic club, regulated by those students, so that all these them would network, periodically meet and exchange ideas among these selves and be model students for others.

8.12 The Scholarship to be so instituted be administered through electronic mode and disbursal to be executed through an identified financial institution. Such an institution should be able to disburse scholarships to students on time at regular intervals at predetermined instalments for each student. In case release of funds from Government of India is delayed; the institution may charge marginal financing charges or interest for advancing these scholarships. This would require approval of scholarships at one go at the beginning of the academic year itself so that the financial institution can make its cash flow arrangements accordingly. Infact, any new scholarship to be introduced in any social welfare Department should be administered through electronic disbursal mode only with a clear cut time plan.

8.13 There is no reliable database of research output from various institutes, in the form of publications, patents, research in progress. However, considering the recommendations already made by several experts, the Commission suggests that ***at least ten percent of the university budget should be earmarked towards research by faculty, in the areas of pure science and applied research, with priority to the subject of interest to the State***. This will also have a trickling down effect in retaining interest of scholarly students as they would assisting the faculty as research associate during the period of their study.

8.14 In the year 2009-10, a total of 1,51,896 students were enrolled in government colleges in various courses as shown in the Table below.

B.A			B.Sc			B.Com			Other Courses*			Grand Total		
2008-09														
Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
40770	38182	78952	4992	6035	11027	11876	10689	22565	10161	8872	19033	68369	64167	132536
2009-10														
43626	34989	78615	4479	5710	10189	15249	8275	23524	20424	19144	39568	76804	75092	151896

*** Other Courses-BBM, BCA, B.L., B.B.A.**

As on 1.4.2010, the number of lecturers in position were 5062, which gives Student to Teacher ratio of 30. As per NAAC the student teacher ratio for **A** grade Colleges was 20.4 and for **B** grade colleges it was 25.2. It is important that the Student Teacher ratio is maintained at 20:1 as recommended by NAAC, particularly for Science courses where such a ratio is crucial towards better quality of education. The vacancies of lecturers and librarians in government colleges are considerably high. As of 1.4.2010, fifty percent of librarian positions (174) are vacant. Similarly 799 positions of lecturers are vacant (13.6%). Further, the per student expenditure considering only salary component of teachers and non-teaching staff, worked out to be ₹12,844 in the year 2008-9, while the tuition fee collected was ₹857 per student. Considering these costs and the shortfall in the faculty positions, library infrastructure and training capacity, raising NAAC accreditation from the present level of less than 30 percent to 100 percent of colleges by 2020, would need increasing capital expenditure and recurring expenditure every year. Hence the Commission recommends that the ***government may increase investment in government colleges, while also considering increasing potential for raising tuition fee from APL. Also Universities need to be pro-actively encouraged to explore public private partnerships (PPPs) in research programmes, laboratory management, centralised digital library services, including effective use of EDUSAT, and to seek sponsorships for chairs from leading industrial houses as part of their Corporate Social Responsibility (CSR) initiatives.***

8.15 The Grant-in-Aid Code needs to be reviewed by the government, particularly in the light of the impact of the implementation of the Right to Education Act. Since pressure on resources will increase, there is a need to progressively step back from supporting the institutions which have been given concessional land and grants during the last thirty years. An exit policy needs to be drawn while keeping in mind the equity issues in Higher Education.

8.16 The Department of Technical Education is mandated to promote planned, and sustainable development of Technical Education in the State consistent with National and State policies. Annexure-8b provides the details of Institutions and the Intake of the polytechnics in Karnataka. At present, there are 187 Engineering Colleges, 286 Polytechnics, 12 Junior Technical Schools, and 76 Fine Arts Colleges. Excluding 5 Evening Engineering Colleges, there are 182 Engineering Colleges of which there are 10 Government Colleges, 2 University Colleges, 9 Government Aided Colleges and 146 Private Engineering Colleges. Also there are 15 minority colleges for engineering. Out of 286 polytechnics, 81 are government, 43 are government aided and 162 are private unaided polytechnics. For the year 2008-09, out of an intake capacity of 41,441 students, 38,069 students were admitted to the polytechnics. The Directorate of Technical Education is the monitoring and controlling body for the admissions to Diploma and Degree courses in Karnataka.

8.17 Karnataka Common Entrance Test (CET)is conducted for the purpose of admitting students to first year Courses in Engineering, Medical, Dental Courses in Karnataka. Professional colleges in Karnataka State which offer Medical, Dental and Engineering Education and which are affiliated to the state run Universities, admit students through Karnataka CET every year. There are three kinds of seats (Free seats, payment and management quota seats) available in various colleges. The fee structure differs every year. Only Karnataka students are allowed for CET for the academic year. The rest can opt for COMED-K exam conducted parallel to CET-Karnataka by the private Medical, Dental and Engineering Colleges Association. Under the COMED-K, the candidates can select their seats out of a total of 14 medical colleges, 28 Dental Colleges, 113 engineering and nine architecture colleges.[2] Annexure-8c provides the details regarding seat sharing arrangement.

The Number of Students applied and appeared in CET for last five years is as follows:

Year	**Karnataka**		**Non-Karnataka**		**Total**	
	Applied	**Appeared**	**Applied**	**Appeared**	**Applied**	**Appeared**
2003	77,207	75,240	56,191	34,595	1,33,398	1,09,835
2004	81,417	79,320	27,897	13,613	1,09,314	92,915
2005	87,053	85,270			87,053	85,270
2006	91,217	88,270			91,217	88,270
2007	1,05,135	1,02,481			1,05,135	1,02,481

Source : Data as available on 02.02.2011 from www.karnataka.com/education/cet

It can be seen that the demand for engineering seats for Karnataka has been consistently increasing and exceeds the intake capacity of the Engineering Colleges in the State. Further, the study report of the consultants to the Commission indicates a higher demand for Computer Sciences and Electronic Communications. The Department of Technical Education

[2] http://www.karnataka.com/education/cet/news.html

should therefore encourage the existing private engineering colleges in the state, having required infrastructure and faculty to augment their enrolment capacity for disciplines where there is adequate demand. New Private Colleges (without any GIA from the State Government) who can provide for adequate faculty and infrastructure could also be permitted, with required clearance from AICTE, particularly in Districts where there are no or very few colleges for technical education.

Chapter 9

Department of Agriculture

9.1 The Department of Agriculture is one of the oldest Departments in the State and came into being with the stated mission to increase the production and productivity of agricultural crops, and to improve food security and income security for the agricultural community in the state. The Department also aims at making sustained efforts towards adoption of new technologies, inculcation of innovative and best farming practices, and regulation of quality seeds and new crop varieties within the state. The various initiatives, schemes and programmes of the Department of Agriculture are implemented through the field Department (Directorate) of Agriculture as well as the Watershed Development Department. The Department of Agriculture is supported in its research initiatives by the State Agricultural Universities, viz.

(a) University of Agriculture Sciences, Bangalore and

(b) University of Agricultural Sciences, Dharwad.

The new technologies developed by the State Agricultural Universities are transferred to the farming community on a continuous basis through Raitha Samparka Kendras (RSKs). The administrative jurisdiction of the Department includes various corporations/Agencies viz.

(a) Karnataka State Seed Corporation, Bangalore;

(b) Karnataka State Seed Certification Agency, Bangalore;

(c) Karnataka State Agro Corn Products Ltd, Bangalore;

(d) Karnataka State Agricultural Produce Processing and Export Corporation (KAPPEC), Bangalore;

(e) Karnataka Compost Development Corporation, Ltd.;

(f) Karnataka Togari Abhivrudhi Mandali Ltd, Gulbarga;

(g) Mysore Tobacco Company Ltd.

Out of the total land area of 190.5 lakh ha. in Karnataka State, the gross cropped area is 128.93 lakh ha. (65%) and 30% (37.89 lakh ha.) is the gross irrigated area (Annexure-9b, Table 2). There are 10 Agro-climatic zones with rich agro diversity, and 5 major soil types. The agricultural sector contributed 16.4% (current prices) of the state's GSDP in 2008-09. The number of farm holdings in the state has increased from 57.76 lakhs in the year 1990-91 to 75.81 lakhs in 2005-06. Seventy five percent of farmers are small and marginal farmers. The average size of landholding is 1.63 ha., and forty eight percent of the holdings are less than one hectare in size.

9.2 ***The Commission is of the view that while looking at the incentives, policy priorities and investment relating to agriculture, the government needs to take a holistic view of its expenditure through schemes, project and programmes which benefit the farmers directly or indirectly.*** Government support to agriculture sector or to farmers flow through varied schemes administered by several Departments other than Agriculture, Horticulture and Sericulture which are illustrated below;

Sl.No	***Department***	***Schemes***
1.	Water Resources – (Major, Medium and Minor Irrigation)	Irrigation Projects/Schemes Canal Projects including canal modernization projects Lift Irrigation Schemes
2.	Energy	Subsidy Schemes
3.	Co-operation	Interest Subsidy Scheme
4.	Agriculture Marketing	Floor Price Scheme
5.	Social Welfare	Ganga Kalyan, Purchase of land to landless farmers
6.	Minorities Welfare	Ganga Kalyan
7.	Animal Husbandry	Live- Stock Development Farms, Live-stocks Farms and Training, Reimbursement of Medical Expenses- Animal Husbandry

9.3 The Commission recognizes the fact that the agriculture sector continues to support more than half the total labour force in the state, despite the declining share of agriculture as a percentage of GSDP. The Commission also recognizes that the farm holding size is continuously declining. Thus, ***the Commission impresses upon the government to take a long term view to encourage and enable the agricultural workforce to migrate to non-agriculture sector to the maximum extent possible, by promoting the growth of attractive non-farm and off-farm jobs. The Department also has to safeguard the interest of farmers and ensure, while introducing new schemes for increased production, that the terms of trade should be favorable and not exploitative for the farm sector.***

9.4 Over the last five decades, the Department of Agriculture has followed a broadly three pronged approach towards administration of the sector. Firstly, the Directorate undertakes the overall monitoring of the crops and seasons, with the help of its officers spread in the districts and Taluks. Kharif and Rabi Meetings are held regularly to review the succession of activities starting from the pre-planting preparatory stage till the final harvest and post-harvest, to assess and handle requirements and problems, if any, from time to time. Secondly, Centrally Sponsored Schemes and the Central Sector Schemes are implemented based on Government of India guidelines which also provide sufficient flexibility to the State Department to tailor the schemes to the requirements of the State. Thirdly, the Directorate also initiates various schemes based on the requirements in the state and undertakes implementation.

9.5 The Centrally Sponsored and Central Sector Schemes include the Rashtriya Krishi Vikas Yojane (RKVY), Rashtriya Krishi Bima Yojane (Weather Based crop Insurance Scheme (WBCIS), and National Food Security Mission. Apart from providing subsidies to the farming community, the state sector schemes include development of Seed farms, Soil Health Centres, Insecticide control Laboratory, Organic farming and implementation of extension activities including Hasiru Habba (Krishi Mela), Farmers Study Tour and the Raitha Samparka Kendras.

9.6 The Major roles of the Department can be broadly classified into the following groups,

a. Administration
b. Extension and Advisory Service
c. Adaptive trials and Demonstrations
d. Training and Farmers Education
e. Crop Development and Estimation.
f. Planning for Input Supply (Seeds, Fertilizers & Plant Protection Chemicals)
    i. Seed Production (Seed Farms)
    ii. Crop Protection (Plant Protection Chemicals & Bio Pesticides)
    iii. Production of Bio Fertilizers and Bio Pesticides.
g. Farm Information Service
h. Regulatory Functions for quality control of Inputs – Implementation of the
    i. Seed Act
    ii. Fertilizer Control Order
    iii. Insecticides Act
i. Soil Testing

j. Farm Mechanization & Micro Irrigation
k. Implementation of various State & Central Schemes
l. Crop Insurance

Current Activities of the Department include:

A. Distribution of subsidy inputs under various schemes at the Raitha Samparka Kendra (RSK) such as,
   1. Seeds
   2. Organic Manure like Vermicompost, Enriched Compost, etc.,
   3. Plant Protection Chemicals & Equipment
   4. Lime, Gypsum & Micronutrients
   5. Farm Machinery like Tractors, Power Tillers & Improved Agricultural Implements and Diesel Pump sets
   6. Agro Processing Equipments like Flour Mills, Threshers, etc.,
   7. Post Harvest equipment like sickles, tarpaulins, storage bins, etc.,
   8. Micro Irrigation Equipments like Drip & Sprinkler Irrigation Systems

B. Encouraging farmers for -
   i. On-farm organic mass production and Organic Farming by providing assistance for Construction of Biodigestors, Vermicompost units, etc.,
   ii. Post Harvest Technologies like Construction of Threshing Yards

C. Training of Farmers & Farm Women.

D. Soil testing for giving fertility based nutrient recommendations.

E. Quality control of Agricultural Inputs through Seed Act, fertilizer Control Order, and insecticides Act.

F. Crop Estimation (Area & Yield).

G. Laying out Demonstrations in farmers fields to impress upon the new Technologies.

H. Publicity for crop insurance.

9.7 The Department of Agriculture is headed by the Commissioner for Agriculture, supported by the Director of Agriculture and four Additional Directors of Agriculture at the State level. There is a Joint Director of Agriculture at the district level in each District, Assistant Directors of Agriculture at each Taluka level, and an Agricultural Officer at each Hobli. There is a need to clearly define the job charts of agriculture officers so as to be in harmony with the services provided by Agriculture Universities and under the Central sector Schemes. The relevance of each scheme in the Department needs to be properly re-assessed, vis-a-vis the mandate of the Department. The job charts of the officers and staff also need to be freshly drawn up, since there appear to be no clearly defined or understood job charts at present.

9.8 During discussions, the Commission noted that the posts of Agriculture Assistants (AAs) have been abolished in Karnataka whereas the same are retained in Andhra Pradesh and Tamil Nadu. The salary component which was about 37 percent of total expenditure on all Plan and Non-Plan schemes in 2005-06, has come down to 16 percent in 2009-10. It was mentioned to the Commission that there are 3382 vacancies out of 9602 for cadres in all groups (Annexure-9a). Among Group A, 87 posts were vacant (17% vacancy), 1442 posts were vacant (51%) in Group B and 1860 posts were vacant (30%) in Group C and D. Within Group B post, the Cadre of Agricultural Officer has a vacancy of 57%. At the field level there is a large number of vacancies, adversely impacting the implementation and outcome of the schemes. Also, the nature of agricultural land holding pattern (paragraph 9.1) in the state has implications for regulation of crop practices and dissemination of extension activities. The Commission, as recommended in its first report, has the view that there is a need to migrate from individual-based approach to group based approach in extension services. Also the extension and technology support to farmers' groups should be strengthened with grass root level deployment of the Agricultural Assistants to help attune the Department with the ground level need for the farmer. However, lack of sufficient number of agricultural officers required for the extension activities constrict the free flow of research outputs to the farming community. In order to achieve a satisfactory outcome of the research efforts, the posts of AAs need to be revived.

9.9 Figures indicating the budgetary allocation and the actual expenditure incurred by the Department during the last 5 years are given in the Table below. In 2005-06, the total allocation was ₹54,253 lakhs out of which ₹ 37,132 lakhs (68.44 percent) was released, and only 73.25 per cent of the released fund was spent. Similarly, in 2009-10 out of a budgetary allocation of ₹1,06,474 lakhs, only 87.98 percent (₹93,675 lakhs) was released, and of this only about 89 per cent was spent. There is thus repeatedly a wide gap between the budgetary allocations, amount released and expenditure incurred every year, over a period of time. This appears to indicate (i) the capacity constraints of the Department to use the budgetary allocation and (ii) potential for streamlining the release mechanism. In the course of discussions the officers of the Department had expressed the view that releases need to be seasonally adjusted rather than given on a quarterly basis. The Schemes of the Department of Agriculture and the related agencies are concerned with multiplication of seeds, distribution of inputs and implements, etc., and are closely linked with the agricultural production cycle which is season-based. If the funds allocated to these Schemes have to be effectively spent, they have to be released, keeping in mind the seasonality of the agricultural operations, otherwise there is possibility of funds remaining unspent or being misspent. The Finance Department has to bear the same in mind while releasing funds for this Department.

Trends in Budgetary allocation, Releases and Expenditure from 2005-06 to 2009-10

(₹ in Lakh)

Year	**2005-06**			**2006-07**			**2007-08**			**2008-09**			**2009-10**		
Allocation	**Plan**	**Non-Plan**	**Total**	**Plan**	**Non-Plan**	**Total**	**Plan**	**Non-Plan**	**Total**	**Plan**	**Non-Plan**	**Total**	**Plan**	**Non-Plan**	**Total**
Total Budget Allotted	42694	11560	54253	27273	32586	59859	45499	30816	76315	107376	19189	126565	81715	24760	106475
Amount Released	26073	11060	37132	26861	18176	45037	38481	24883	63364	71170	18989	90159	74693	18983	93675
Expenditure															
Salary Purpose	338	9837	10175	356	10793	11149	118	13038	13156	140	14061	14201	19	13207	13226
Non Salary Purpose	16283	743	17025	25710	3618	29328	36701	10506	47208	62768	2833	65601	64688	5242	69930
Total Expenditure	**16621**	**10579**	**27200**	**26066**	**14410**	**40477**	**36819**	**23544**	**60363**	**62908**	**16894**	**79802**	**64886**	**18450**	**83335**
Per cent of Amount Released over total budget allotted (%)	61	96	68	98	56	75	85	81	83	66	99	71	91	77	88
Per cent of Expenditure over Amount released (%)	64	96	73	97	79	90	96	95	95	88	89	89	87	97	89

Source : Department of Agriculture, Govt. of Karnataka
Note : Expenditure does not includes expenditure on Watershed, Agricultural Universities

9.10 The Department has 29 Plan Schemes and 12 non-Plan Schemes. For the year 2009-10, an amount ₹ 1,08,212.42 lakhs has been provided in the Karnataka State Budget. Over one fourth of the allocation to the Department of Agriculture comes from central Plan/sponsored schemes. Within the State sector, about 43 percent of the allocation is for crop loan subsidy and 17 percent is for organic farming, which is apparently loaded with indirect subsidies and low intensity technology transfer. The total subsidy component for all the schemes is shown in the following Table. The schemes have also been categorised into those serving the core mandate of the Department and those which are supportive schemes of the Department. There are 26 State sector schemes, out of which 11 schemes are clearly related to the mandate of the Department (specifically matching the statements in the mandate), and 15 schemes are supportive schemes as shown in the following Table.

Subsidy Component of various schemes implemented by Agriculture Department

Sl No.	*Schemes*	*Relevance to*		*Type of Scheme*	*Budget Outlay (2009-10) ₹ Lakhs*	*Subsidy (%)*
		Core Mandate	*Supportive scheme*			
1	Subsidy for crop loan		*	Subsid	25000	100%
2	Organic farming	*		Subsid	10000	10%
3	New crop Insurance Scheme		*	Subsid	5000	100%
4	Special Component Plan	*		Subsid	4887	75%
5	Tribal Area Sub Plan	*		Subsid	4034	75%
6	Micro irrigation	*		Subsid	4000	75%
7	Enrichment of Soil Fertility -	*		Subsid	4000	50%
8	Supply of seeds & other inputs	*		Subsid	3000	50%
9	Directorate of Agriculture		*		1831	
10	New agriculture promotion		*		2000	
11	Oilseeds production Programme	*			1650	
12	Development of agriculture under New Macro-Management	*		Subsid y	100	15%
13	Farm related Activities		*		783	
14	Soil health Centres		*		802	
15	Project for Agricultural Training of farm Women and youth with DANIDA	*			764	
16	Upgradation of District Agriculture Training Centre		*		500	
17	Hasiru Habba (Krishi mela)		*		500	

Sl No .	*Schemes*	*Relevance to*		*Type of Scheme*	*Budget Outlay (2009-10) ₹ Lakhs*	*Subsidy (%)*
		Core Mandate	*Supportive scheme*			
18	Farmers study tour		*		500	
19	Insecticides control Laboratory		*		225	
20	Other agricultural schemes		*		300	
21	Mini Mission -II Under Technology Mission on Cotton	*			58	
22	Agricultural Technology Management Agency (ATMA)	*			200	
23	Agricultural Farms & Development Centres		*		168	
24	AGRISET	*			10	
25	Karnataka Agricultural Mission		*		50	
26	Bio fuels		*		1	

Note: 1.Core mandate: it refers to the main objective of the Department to achieve higher production and productivity. **2. Supportive Schemes:** The schemes which are in the form of incentives and infrastructure which indirectly help to achieve the core mandate.

9.11 Going by the definition (notes 1 and 2 above), a large number of schemes are directed towards the non-core mandate of the Department. The latest figures of subsidy component within each scheme shown in the Table above, from which it may be seen that about 55% (₹44,205 lakhs) of the state sector outlay goes towards subsidy. With 16 percent of the state allocation being spent on the salary component (Para 9.9 of this section), and such a substantial portion spent on subsidies to farmers, a balance of only about 30% of the allocation remains for agricultural schemes such as farm development, research and extension, and IT initiatives. ***The State government should increase allocation for intensifying efforts towards Agriculture extension activities. The Department of Agriculture should reprioritize its expenditure in favour of Schemes like Soil Health Centres, Enrichment of Soil Fertility and Soil Conservation techniques for better land use planning and land management.*** Also the state should accelerate efforts towards reclamation of alkaline agricultural land through its schemes for Land development. Therefore, appraisal of the schemes has to be made mandatory both for continuing an existing scheme and for initiating new schemes. This would require a policy for evaluation specifying the schedule, standardised costing, defining clear, concise and measurable outcomes. In the case of schemes that are predominantly subsidy driven, the structure of the scheme, the terms and conditions for eligibility and the actual modalities for release of money to the beneficiaries should be made leak proof and transparent. This is crucial, so that the intended purpose is served and concrete benefits are reaped from the farms and farm output.

9.12 The Crop loan Subsidy scheme administered by Agriculture Department with an allocation of ₹250 crore (2009-10) constitutes about 44 percent of the total plan allocation. This is a State sector scheme aimed at providing interest subsidy of 4 percent to facilitate short-term crop loans up to ₹50,000 to farmers (at 3 percent interest rate from Public sector Commercial Banks and Regional Rural Banks). This benefit can be availed only by farmers who have repaid the loan on time. As requested by the SLBC, the Department has released ₹40 crore for the year 2009-10. However, utilization is said to be poor due to several reasons which, *interalia*, as follows:

(a) a large number of small and marginal farmers are still unable to access credit,

(b) updated revenue records to avail the loans are not available,

(c) interest and motivation of public sector and Regional Rural Banks (RRB's) to promote and sensitize the farmers about benefits of the scheme is found to be lacking.

9.13 The Departmental view is that the amount allocated was too high. For example, when the Department had indicated an estimated requirement of ₹2,500 – ₹3,000 lakhs for crop loan in 2009-10, an allocation of ₹25,000 lakhs was provided. They also suggested that, since the scheme does not relate to either production or productivity of the crops, it could be transferred to the Department of Co-operation, which handles the subject of crop loans to farmers. The Co-operation Department could make suitable arrangements to deal with crop loans to farmers from Commercial Banks and RRBs. ***The Commission is therefore of the view that, instead of making unnecessarily excessive allocations for subsidy schemes such as crop loans, which remain under-utilized, allocations need to be directed towards schemes that directly raise productivity through research and extension services, as this is the area that needs to be strengthened and extended further.*** Moreover, since the implementation of the scheme being linked to timely repayment of the loan by farmers, under-utilization of allocation could be attributed to repayment failure, which may lead to undesirable burden of Non Performing Assets (NPAs) in the accounts of financial institutions. Thus under-utilization of the subsidy can be seen as an early warning signal of likely impact on the balance sheet of the financial institutions. The issue of under-utilization of the crop loan subsidy be examined by the Government, while also considering the legal powers vested with officers of agriculture Department effecting recovery of the loans.

Organic Farming:

9.14 Government of India and many state Governments have started promoting organic farming in a big way. For this purpose, Government of India has launched the National Programme for Organic Production (NPOP) standards and accreditation during 2000, and the National Organic logo “India Organic” has been created. After an initial period of learning and gradual success, the Government of Karnataka brought out its own Organic Policy in 2004, in order to promote organic farming in a bigger way in the State. Several organic farming promotional programmes have been initiated in the State in keeping with this policy. Further, in order to promote organic farming in a big way under a mission mode approach, the Government of Karnataka constituted a State Level Organic Farming Mission Empowered Committee in 2008-09, with 14 non officials (including the Chairman) and nine Senior Officers of various Departments as members. During 2008-09, about 97% of the outlay of ₹50 crore was utilized. In the following year an outlay of ₹100 crore was allocated for Organic farming. A view exists among agricultural experts that though organic farming is an eco-friendly initiative, its impact may be felt over a longer period. There is higher time-lag in terms of effective gains of production and productivity while the mineral fertilizers deliver far more essential nutrients per unit weight than organic matter. Therefore, the results of investment in organic farming would be slow in terms of impact on production and productivity. ***Hence, the relevance, costs, and continuance of the schemes need to be assessed regularly against nationally accepted standards vis-a-vis farm output, particularly keeping in view the significance of food security in the near term and medium term.***

9.15 According to the recommendations of the Committee on Agriculture and Allied matters headed by Sri. M.R.Sreenivasamurthy, Agriculture Research and Agriculture Extension should move together by establishing linkage between Raitha Samparka Kendras (RSKs) and Krishi Vignana Kendras (KVK). The Agriculture Department is supported in its research initiatives by State Agricultural Universities, the Indian Council of Agricultural Research and certain private sector research institutions. Agricultural extension activities of the Department are carried out through RSKs. There are 745 RSKs at Hobli level i.e. 1 each for 4-5 Gram Panchayats. But the absence of adequate numbers of agricultural officers for extension activities limits the flow of research outputs to the farming community. In order to achieve satisfactory outcome of the research efforts, there is a need to widen and deepen the research output with less time lags. While the conventional Training and Visit (T &V) system has its merits, it is dependent on higher manpower for better results. The present extension structure in the State is stagnant and suffers from a complete lack of quality time and attention on the part of the ground level Departmental officials. During the Commission’s visits to the Districts, it was noted that most of the RSKs are engaged predominantly with distribution of seeds and farming inputs without imparting training or advice to the farmer for better agricultural productivity, thus defeating the purpose with which RSKs were initiated. Also, with a number of schemes focussed on providing agricultural inputs such as loans, subsidies, farm implements and seeds, the officials are unable to devote focussed attention to the training and information needs of the farmers. As a result, the spirit of T & V targeted at reaching the farmers with innovative and efficient agricultural practices is completely lost. In this regard, ***the Commission recommends that the Agriculture Department, in line with its mission, should channelize its resources towards reviving the extension activities in the State by making use of advanced Information Technology (IT) choices. In addition to our own initiatives like Nemmadi and Raitha Marata Kendra and Bhoomi, the ITC sponsored e-Chaupal in Madhya Pradesh or e-Sagu in Andhra Pradesh offer instructive examples in this direction.***

9.16 ***The Universities of Agricultural Sciences and Institutes under them should be encouraged to produce scalable innovations - which should have a low lead time from lab to land. Farmers in the state should be enabled to benefit from technology-based initiatives by strengthening RSKs/KVKs.*** One of the programmes initiated by the central government in this regard includes the National e-governance initiative (Box.1) which aims at making innovative and collaborative use of internet technologies to achieve effective penetration of agricultural extension activities at the central and state level. Apart from this, the initiatives made by IFFCO towards dissemination of information through mobile telephony and voice message services (Madhya Pradesh) should also be studied by the Department, to explore ways of establishing a robust and efficient extension system through technology platforms.

Box 1 : New Initiatives planned out by the Central Government

National e-governance initiative is a web-based solution to provide end-to-end farm related solutions to farmers. Along with Himachal Pradesh, Kerala, Madhya Pradesh, Maharashtra, Jharkhand and Assam, Karnataka has been selected for the ₹200 Crore National Governance initiative in agricultural extension.

Through this initiative about 12 farmer-related services such as pre and post harvest technology dissemination, timely weather forecast, information of availability of pesticides, fertilisers, and market related real time information are to be provided. The initiatives are planned through the Agricultural Technology Management Agency (ATMA) to integrate extension at the Zilla Panchayat, Taluk Panchayat and Gram Panchayat levels. National e-governance will use integrated mobile based SMS dissemination, broadcast radio and TV and IVRS (Interactive Voice Recognition Service) with the help of technical support through (Indian Institute of Technology) IIT Madras. The initiative will integrate web based network of about 80 portals in the country for Agriculture, Horticulture and Watershed management. To be implemented initially at national level, implementation at state level would be taken up under the second phase to showcase best agricultural practises and to help agriculture extension officers to replicate them across the region.

Source : ('Karnataka chosen for agri e-gov initiative', The Hindu Business line dated 16.09.2010)

Watershed Development Department

9.17 Watershed Development Program was started in the year 1985 with a view to integrate the activities of three Sectors viz., Agriculture, Forest and Rural Development. Income Generating Programmes (IGP) are being implemented by watershed Committees (Planning-bottom up Approach). The watershed development Department was formed during 2000-01 to take up soil conservation measures and enhance the agricultural productivity. The mandate of the watershed Department is to develop, promote cost effective, transparent and sustainable watershed treatment packages in the state.

9.18 Major Schemes of the Department of Watershed Development include Sujala Watershed Project, Participatory Water Development Programme, National Watershed Development programme for Rainfed area, Drought prone Area Development Programme and the Integrated Wasteland Development Programme.

(a) Sujala Watershed Project is a World Bank assisted and a community driven watershed development project being implemented in five districts of Kolar, Tumkur, Chitradurga, Haveri and Dharwad. The uniqueness of the project lies in the peoples' participation in decision making. With a total budget outlay of ₹ 557 crores for the project, the World Bank would finance ₹ 451 crores, ₹ 57 crores shall be borne by Government of Karnataka and ₹ 48 crores shall be contributed by beneficiaries among the communities. During 2008-09, an area of 40,902 hectares was developed by incurring an expenditure of ₹ 88.72 crores. The project has earned four National awards and the State government intends to repeat the project in Bidar, Gulbarga, Koppal, Gadag and Chamarajnagar districts.

(b) Under the National Watershed Development programme, an area of 9,600 ha. has been treated with the utilization of ₹ 5 crores while 14,537 ha. of Sub Watersheds have been developed with an expenditure of ₹ 22.48 crores. The scheme has shown a healthy physical achievement of about 95% in the last three years.

(c) The Integrated Wasteland Development Programme aims at checking land degradation, putting wastelands to sustainable use and increasing bio-mass availability, specially fuel wood and fodder. The project is in implementation in Bangalore(Rural), Chickballapur, Udupi, Koorg, Chitradurga, Tumkur, Mandya, Davanagere, Shimoga, Mysore, Gulbarga, Raichur, Chamarajanagar, Hassan, Haveri, Bellary, Bidar, Koppal and Belgaum Districts. For the year 2008-09, an area of 67,770 ha. was developed with an expenditure of ₹ 42.3 crores.

9.19 ***Watershed Development Schemes should be regularly monitored and the farmers should be educated about In-situ moisture conservation to increase productivity from unirrigated agricultural land. In this regard, the commission recommends that the Monitoring and Evaluation of some of the schemes may be given to a third party, for which 1% of budget outlay could be earmarked as recommended by Planning Department.***

Karnataka State Seeds Corporation

9.20 The Karnataka State Seeds Corporation procures foundation seeds, certified seeds and implements distribution of seeds. For the year 2008-09, Corporation procured 7,288 quintals of foundation seeds, procured 2,17,025 quintals of certified seeds and distributed 2,74,748 quintals of seeds. The corporation achieved a turnover of ₹63 crores and a profit of ₹28.3 lakhs.

Karnataka State Seed Certification Agency

9.21 The Karnataka State Seed Certification Agency is an autonomous institution to ensure the quality of various crop seeds produced under seed certification programme and to make them available to the farming community in time for sowing. There is no budgetary support from the state government and this agency is running on the service charges collected for various certification services rendered by the Agency. The agency has been certifying seeds of over 300 varieties of 40 crops in the state and for the year 2008-09 an estimated 7 lakh seeds were certified by the agency with an income of ₹3.67 crores and net income of ₹23.2 lakhs.

Chapter 10

Department of Horticulture

10.1 Karnataka occupies a prominent place in the Horticulture map of the country. According to estimates provided by the Department of Horticulture, Horticultural crops cover an area of 18.25 lakh ha. with production of 143.27 lakh tonnes per annum (Annexure-10a). While the area constitutes only 14.44 per cent of the net cultivated area in the State, the total income generated from the horticulture sector accounts for over 40 per cent of the total income derived from the combined agriculture sector, which itself was 14.3% of the GDP of the State in 2008-09.

10.2 Horticulture provides excellent opportunities for raising the income of the farmers, even in the dry tracts. A significant shift towards horticulture is evident in the State, as seen by the steady increase in area and production. Karnataka has great potential for growing high value but less water demanding horticultural crops. In this regard, the Department should ensure effectiveness of its expenditure which benefit the horticulturists for better production and productivity. Therefore Schemes which focus on improving production, processing, research and extension viz. processing in Horticulture, Development & Maintenance of Farms & Nursery, Extension and Training, Cold Storage Subvention and Maintenance of horticultural farms should be renewed and closely monitored for impact evaluation.

10.3 Horticulture being a State subject, the primary responsibility for increasing horticulture production, enhancing productivity and exploring the vast potential of the sector rests with the state government. In addition to centrally sponsored and central sector schemes, the state government implements several state sector schemes for enhancing horticulture production and productivity, and thereby improving the incomes of the farming community in the state. The Department of Horticulture has 21 schemes, of which 20 schemes are under the state Plan, and only one is under the State Non-Plan schemes. Apart from this, 4 centrally sponsored schemes are also being implemented in the state. The total budget for horticulture schemes amounts to ₹ 40463.84 lakh, out of which ₹ 10,340.05 lakh has been allocated to State plan schemes, ₹ 25,890.85 lakh to Centrally Sponsored Schemes and ₹ 4,232.94 lakh to Non-Plan schemes.

Table 1: An Abstract of Horticulture Schemes: Budget outlay 2009-10

(₹ in Lakh)

Sl. No	Scheme	State	Central	Total	Percent
1	State Plan	10340.05	0.00	10340.05	25.55
2	Centrally Sponsored Schemes	7396.73	18494.12	25890.85	63.99
3	State Non Plan	4232.94	0.00	4232.94	10.46
4	**Total**	**21969.72**	**18494.12**	**40463.84**	**100.00**
	Share (%)	**54.29**	**45.71**	**100.00**	

Source: Budget documents 2009-10, Department of Horticulture, Govt. of Karnataka

10.4 Currently around 36 percent of the posts in the Department are vacant. This naturally affects the implementation of many of the Department's programmes. At present, one AHO looks after as many as 3 RSKs (Raitha Samparka Kendras), as there are 368 vacancies in this cadre. More AHOs need to be appointed at RSK level, so that the work here can be carried out effectively. One of the major reasons for high level of vacancies in this Department is the shortage of qualified Horticulture graduates in the State. ***Hence it is suggested that Agriculture and Agricultural Marketing & Cooperation graduates could be appointed for filling the Direct Recruitment vacancies in the Department of Horticulture, since these graduates are equally qualified in production technologies, post harvest technologies and Marketing of Horticultural crops.***

Sl. No.	Category of posts	Number Sanctioned	Filled	Vacant	% Vacancy
1	**Group A**	204	158	46	23%
2	**Group B**	1480	814	666	45%
3	**Group C**	1559	959	600	38%
4	**Group D**	2127	1479	648	30%
	Total	**5370**	**3410**	**1960**	36%

Source: Department of Horticulture, Govt. of Karnataka

Post harvest infrastructure and Management

10.5 In Karnataka, only 1% of the total production of fruits and vegetables is currently being processed so as to produce value added goods of higher market value. About 25-30% of the produce is lost due to improper post harvest management. At present there are 79 cold storage units with a total storage capacity of 2,67,421 MT, for handling fruits and vegetables. Of these units, 5 are in the co-operative sector, 68 are in the private sector and 6 are in the public sector. The articles of horticulture produce that are suitable for storage are: potato, grapes, tamarind, Citrus, Pomegranate, Pineapple, Chilli, Apple and cut flowers.

10.6 Annexure-10a shows the Total state area, Total state production and Year on Year Growth for Horticulture vis-à-vis Agriculture. It can be seen that Horticulture acreage and production has shown improvement of 2% and 7%respectively. This is quite appreciable as compared to agriculture output. The yield in Horticulture is about 7.75 tonnes per hectares as against 1.45 tonnes per hectare for Agriculture.

10.7 Horticulture output has shorter shelf life and suffers almost 35% post-harvest losses, mostly due to inadequate cold storage and transport facilities. Moreover, crops such as grapes, tomato, potato, onion and chillies are subject to a high degree of price volatility, particularly due to their perishability. Presently the storage facilities are located mostly near mandis and urban areas and away from farms. Often, the cold storages in rural areas do not have graded cooling for different types of produce and hence do not get adequate business from local farmers who prefer quick sales and returns**.** More over the cold storage chain suppliers incur high power tariffs charged at commercial rates throughout the year even though their business is often only seasonal. Hence, ***there is a need to encourage storage facilities nearer to farms and also to support refrigerated transport facilities at affordable costs. Given that different horticulture produces differ in their requirements for cold storage specifications (temperature, duration of cold storage, etc.), there is a need to encourage graded cooling cold storage facilities in the state. Also, the state government should assess the feasibility of providing differential rate of tariff for cold storage chain facilities by working out different tariff for cold storage facilities while taking into account seasonal demand. Considering the fact that demand is higher in summer due to high perishability for fruits and vegetables, such tariff should not be allowed to be barrier for accessing cold storage facilities. Further, the improvement in cold storage infrastructure should be supported with sufficient number of technically skilled supporting staff as well. For this purpose, the Department should encourage ITI courses in cold chain technologies, refrigeration, etc., to support the growth momentum in this sector.***

10.8 Based on the estimates of per capita consumption of horticulture produces prepared by the Task Force set up by Planning Commission, demand for fruits and vegetable in Karnataka would increase from 123 lakh tonnes in 2008-09 to 145 lakh tonnes by 2020. Presently cold storage facility is estimated to be to the extent of 2.54 lakh tonnes in 79 facilities, of which 68 are under private management. The rest are organized by the Karnataka State Warehousing Corporation and the Karnataka State Co-operative Marketing Federation. Considering the requirement in the medium term, and also to avoid post-harvest losses ***the government needs to encourage investments in cold chain capacities and efficient transport facilities. The Commission also recommends that the Department of Horticulture should co-ordinate research more intensely***

towards improving the quality of the seed, the shelf-life of horticulture products including feasibility of irradiation of select products. While doing so, the Department should take adequate safeguards in the matter of phytosanitory measures as applicable under WTO regime.

10.9 The current use of Information Technology (IT) is limited, being mainly up to the District level. It has not reached the Raitha Samparka Kendras (RSK) which serve farmers in groups of 4 to 5 villages. Infrastructure needs to be created and integrated from the taluk level to the State level, in order to facilitate the maintenance and updating of records with minimum staff. ***In addition to this, as horticulture crops and processing technologies require continuous extension support or guidance, it is desirable that greater use is made of Hortnet, the interactive website made for this purpose. This could be operated at RSK level with support from KVKs, Universities and supporting agencies.***

Chapter 11

Department of Fisheries

11.1 Karnataka has about 5.00 lakh hectares of inland water resources, 8000 hectares of brackish water and 300 kms. of coastline with 27,000 sq. kms. of continental shelf.[1] The Fisheries sector contributes to 0.4% of the State Domestic Product[2] and about 15% of the total marine fish production valuing ₹ 264 crores is exported. Annexure-11a shows the resources of the state in the matter of potential for fisheries and fish production in Karnataka over the last ten years. There is a wide gap between the fish harvest and the catchable potential. The annual fresh water fish catch in the state is about 1.43 lakh (2008-09) metric tonnes against a potential[3] of 2.6 lakh metric tonnes (estimated by the Environment Management and Policy Research Institute EMPRI) while the marine fish catch is 2.18 lakh metric tonnes against an estimated potential of 4.25 lakh metric tonnes. Among the important species of catchable fish are the Mackeral (20% of the total potential), Oil sardines (19%) and Carangids (10%)[4]. The value of the marine fish exports have grown impressively over the years and show a growth of more than 115% in the last ten years.

11.2 The Department of Fisheries was established in the year 1957 with the object of giving a fillip to fish production from both marine and inland sources. The Department of Fisheries takes up programs and activities for rational development as also **conservation of fisheries resources** in the State. The Department also strives to improve the **socio-economic conditions** of fishermen. The objectives, functions and Schemes of the Department are directed towards;

a) Inland Fisheries Sector;
b) Marine Fisheries Sector; and
c) Fisherman Welfare Schemes.

The Department of Fisheries is also supported in its activities through the Organisations of the Department:

a) North Kanara District and South Kanara District Co-operative Fish Marketing Federation;
b) Karnataka Fisheries Development Corporation;
c) Karnataka Co-operative Fisheries Federation Ltd., Mysore;

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[1] Department of fisheries, Karnataka.
[2] Economic Survey of Karnataka, 2009-10
[3] http://parisaramahiti.kar.nic.in
[4] Annual catchable potential of important group of fishes off Karnataka at 0-50 fathoms depth, Working group GoI, 1991, Catchable potential

d) Fish Farmers Development Agencies.

11.3 The Department of Fisheries is under the administrative control of the Principal Secretary to Government, Animal Husbandry and Fisheries Department. The policies and schemes of the Government are implemented through the Directorate of Fisheries headed by the Director of Fisheries, assisted by 3 joint Directors, 9 Deputy Directors, 23 Senior Asst. Directors, 32 Asst. Directors (Gr.1) and other officers and staff. In addition, 3 Joint Directors, 2 Deputy Directors, and 6 Senior Assistant Directors are working on deputation in other Departments, institutions/organizations. The total sanctioned strength of the Department is 1410 of which the working strength is 838 and 572 posts are vacant as on 31-03-2009 (Annexure-11b gives details of Organisation structure and Staff position for the Department of Fisheries).

11.4 The Budget (2008-09) of the Department of Fisheries makes the following allocations under State Sector Schemes:

20% towards Inland Fisheries, 30% towards Marine Fisheries, 45% towards Welfare Schemes and the rest for Special Component Plan and Tribal Sub-Plan Schemes. Of the above, utilisation has been to the extent of 80% of the allocation in the case of Inland fisheries, 42% of the allocation towards Marine Fisheries and 65% in the case of the Welfare Scheme. Further out of the 7% of the State plan Budget that is allocated towards Zilla Panchayat Schemes, the expenditure utilisation is only 40%.[5] The scheme wise reasons are explained in the succeeding paragraphs. The 'Matsya Mahila Swavalambana Scheme' (Budget allocation of ₹10 crores in 2009-10), 'Matsya Ashraya Scheme' (₹10 crores) and 'Construction of fisheries link roads, bridges and jetties with NABARD assistance (₹10 Crores) are some of the major schemes of the Department while there are about 10 State Sector Plan and Non-Plan schemes which have a Budget allocation of less than Rupees One crore. (Annexure-11c, Schemes of the Department of fisheries).

Inland Fisheries

11.5 Inland fisheries constitute a source of additional income for the rural folk. In Karnataka, about 201 freshwater fish species belonging to 9 orders, 27 families and 84 genera have been recorded. However, about 40 fish species are under threat and required urgent conservation measures to ensure their survival.[6] In order to boost inland fish production to meet the growing demand, the Department of fisheries has laid more emphasis on the culture of fast growing Indian major carps. Several of the introduced fish species have adopted well and some of these[7] now dominate the State's inland water fishery, as they breed fast and well.

[5] Annual Report 2009-10, Department of Fisheries
[6] Study report by EMPRI.
[7] EMPRI Study report

The Departmental schemes for promotion of Inland fisheries include Disposal and development of tanks, Fish Seed production, Free supply of fish seed for stocking and training to farmers in Inland fisheries.

11.6 During the year 2009-10, 27.73 crore of fish seed (fry) was produced and developed by stocking in Department tanks, gram panchayat and minor tanks with a production potential of 0.85 lakh metric tonnes of inland fish. Based on the optimal seed stocking density[8] (capacity) of the inland water resources in the state, the Department of fisheries has estimated a requirement of 33 crore of fish seeds. With estimated survival of about 30-35% from fry to fingerlings and about 15% from spawn to fingerlings, this translates into a target about 4 lakh metric tonnes of fish production. Though the Department has several schemes for subsidised purchase of fish seeds, and assistance for development of fisheries in wells, ponds, tanks etc., the response by the local fishermen and farmers owning ponds for developing local inland fisheries has been very low. This can be seen from the poor response to the scheme and low utilisation of budget provision: in the year 2008-09, only 174 beneficiaries took up fish culture. This seems to be largely because it is felt that the income therefrom may be low, and also because the fear of new technologies deters local fishermen and farmers from taking up development of Inland fisheries in the State.

11.7 Out of a total of 5.78 lakh persons enumerated to be inland fishermen, 4.65 lakh are said to be not engaged in fisheries activities. Moreover, the Department has trained only 543 farmers which indicates a low reach of extension services. The Department has to encourage fishing as a non-traditional and a profitable trade, in order to exploit the fish catch to its full potential and also to make fish available at competitive prices to consumers. This would mean that t***he Department's expenditure towards research and extension activities would have to be intensified to reach higher number of potential fish farmers. For instance, during the year 2009-10, budget allocation for Research and Extension was ₹25 lakhs of which only ₹11 lakh was utilised. Apart from this, there are vacancies to the extent of 42% in the technical staff of the Department. The various colleges and research institutes under the Karnataka Veterinary, Animal and Fisheries Sciences University, Bidar located at Bangalore, Shimoga, Mangalore, Gulbarga, Hassan should be encouraged to offer one year courses in fishery technology. This would facilitate recruitment of adequate number of qualified technical persons in the Department and strengthen the extension activities for increased Inland fisheries in the state.***

[8] Expressed in Kg/ha, Stocking Capacity indicates the extent to which fish density can be maintained in a water body for adequate fish culture maintenance.

Marine Fisheries

11.8 Out of the total of 2.02 million sq. kms. of Indian Exclusive Economic Zone (EEZ), the share of Karnataka is 87,000 sq. kms. Of the 4.25 lakh metric tonnes of marine fisheries resource potential of the State, 2.25 lakh metric tonnes is estimated from the inshore areas (depth of 70m) and the remaining potential of 2 lakh metric tonnes is estimated to come from the off shore/deep sea zone. In order to promote marine fishing, the Department of Fisheries supports several schemes viz. 'Motorisation of traditional fishing boats', 'Supply of Sales tax exempted diesel', 'Remission on central excise duty on purchase of HSD by mechanised fishing boats', 'Assistance for installation of life saving equipment on fishing boats' etc. District Fishermen's cooperatives affiliated to Co-operative Fish Marketing Federation, as well as the Fisheries Development Corporation are working in the coastal districts help the fishermen in the matter of supply of diesel, fishery requisites, spare parts, etc. However, as against the total continental shelf of 27,000 sq. kms., the state is exploiting only 7,000 sq. kms. with both mechanized and non mechanized fishing craft, indicating that fishing can be further explored beyond 7,000 sq. kms. The marine fish production is limited and sometimes brood stock, i.e. young stock or juvenile fish is also being caught, which needs to be discouraged. In this regard, ***the Commission recommends that the Department should review whether schemes that provide input subsidy help to encourage deep sea fishing, and make suitable changes in the schemes so that resources available within the State's marine territory can be explored. Government needs to consider diesel subsidy to cold storages for exclusive use by people engaged in fish trading, particularly in areas where electric supply is erratic; and also to specialized refrigerated transport vehicles.***

11.9 The Marine fisheries sector, with many forward linkages, has the potential to create employment opportunities directly in transportation, storage, processing and packaging of fish produce. For this purpose, the Department should encourage development of an active processing, transport and storage industry utilising the raw material produced by the marine fisheries sector. The Department should undertake the promotion of industries such as fish processing and canning, production of fish oil and dry fish, etc., which have a steady demand in the domestic and international markets. Such industries would not only help in employment and income opportunities to populations residing near fishing harbours, but could also be the basis for developing a sustainable strategy for alternative nutritious food choices at competitive prices .

Fishermen Welfare Schemes

11.10 The welfare schemes of the Department are directed towards life insurance, distress relief, housing facilities, and promotion of marketing facilities in fishing. Started in 2006-07 by the Government of Karnataka, 'Matsya Ashraya Scheme III phase' is intended to provide houses at ₹ 40,000/- per house to houseless fishermen. By the end of 2009, 4028 houses have been constructed and 5000 houses were taken up during 2009-10. The 'Matsya Mahila Swavalambane Yojane' aims to provide a revolving fund (limited to a maximum of ₹ 20,000 per group of fisherwomen) to form Self Help Groups and provide financial assistance to the fisherwomen for purchase of fish, ice, insulated boxes, baskets, crates and mats for drying fish, and under the 'Matsya vahini', subsidy is provided for purchase of three- or four- wheelers for hygienic transport of fish. Loans are also provided to fishermen's co-operative societies for construction of fish markets.

11.11 Welfare schemes have long term impact and hence periodic evaluation and monitoring of the welfare schemes is relevant for determining the efficacy and continuity of the Schemes. ***There is a need for the Department to assess whether the desired objective of welfare of the fishermen has been actually achieved. It is also necessary to periodically assess the facilities developed as part of the marketing schemes. In this regard, the Commission recommends that the Department set up a monitoring and evaluation team to periodically pay visits to the facilities created i.e. housing colonies, co-operative societies, markets etc., to continuously assess and review expenditure towards welfare schemes.***

Chapter 12

Department of Animal Husbandry and Veterinary Sciences

12.1 The Animal Husbandry sector supports non-farm activities relating largely to (a) Rearing of Cattle, Sheep, Goat and Pigs (b) Dairying and (c) Poultry. Annexure-12a shows the total livestock and poultry population in the state. Livestock provides stability to family income especially in arid and semi-arid regions of the State. It also gives an added resource to farmers whose crop yield is often threatened by vagaries of nature such as drought, famine, etc. The animal husbandry sector contributes over 3.6% to the GSDP of Karnataka and 20.27% to agricultural sector. For the year 2008-09, Karnataka stands 10th in the country for milk production(45.38 lakhs tonnes), 6th in egg production(23746 lakhs), 3rd in sheep population (95.32 lakhs) and wool production (7,131 tonnes),and at 7th position in meat production (1,14,519 tonnes).[1]

12.2 Market opportunities have opened up for the livestock sector following economic liberalization. But the sector's ability to capitalize on these new developments is constrained by the absence of good quality animal health and extension services, currently provided mainly by the government. Moreover, these services are not available at the doorstep of the producers. There is a need to restructure the service delivery mechanism so as to more effectively meet the actual needs of the rural livestock producers. The strategy should be to address and correct existing inadequacies in service quality, and to ensure timely availability of properly identified inputs and services, including credit, to livestock farmers.[2] Annexure-12b provides details regarding the gap between the demand for livestock products[3] and the per capita availability in Karnataka as on 2008-09. Taking an estimated human population of 690 lakhs by 2020 (Karnataka Vision 2020 document), coupled with a continued Compounded Annual Rate of Growth (CAGR) for livestock production as seen in the trends in the last five years, it can be expected that demand could soon exceed supply. Except for milk, which shows availability close to demand, the CAGR required to meet the expected demand by 2020 is 19% for meat and 16% for eggs, whereas the actual CAGR for the last four years (2005-2009) is only 8% for both meat and eggs.

12.3 The Department of Animal Husbandry & Veterinary Services was established as an independent Department in 1945, in which year it was separated from the Agriculture Department. It is the nodal agency for administration, development, regulation and monitoring of animal husbandry and dairying activities in the State. In order to achieve its

[1] Integrated sample survey report 2008-09 by Dept of AH&VS (Animal Husbandry and Veterinary Sciences)
[2] Eleventh Five Year Plan, Planning Commission, GOI
[3] estimated on the basis nutrition sources recommended by Indian Council of Medical Research, ICMR

mandate for promotion of animal health and welfare, the Department has the following responsibilities:

- To provide technical services and inputs to farmers to augment livestock productivity;
- To prevent /contain/control/ eradicate animal diseases;
- To support animal welfare activities.

12.4 Annexure-12c shows expenditure through various schemes for the Department of Animal Husbandry. It can be seen that the Dairy development subsector has a major share of 59.96 percent (₹301.65 crore) out of the total allocation. The Animal husbandry sub-sector has 31.36 percent (₹ 157.79 crore) and capital outlay (₹ 43.58 crore) has 8.68 percent of total allocation. Of the Schemes for the Department, the scheme 'Incentive to milk producers' has a budget allocation of 200 crore and this forms a major head of expenditure. The other schemes are for development of poultry farms, control of animal diseases, establishment of veterinary and Animal science University etc. In other words, the large bulk of plan expenditure is spent on giving subsidy to milk producers, with a paltry balance spread over crucial schemes for improving infrastructure and strengthening Animal Husbandry services. ***Given that the benefits of the huge 'Incentive to milk producers' Scheme essentially reach urban milk consumers, the Department needs to seriously re-look at its major expenditure pattern and assess the true impact of its different Dairy schemes on milk production in the state.***

12.5 The distribution of Veterinary Hospitals, Dispensaries, Primary Veterinary Centres, etc., is uneven. As per the National Commission on Agriculture, 1970 there should be one Veterinary Institute per 5000 livestock targeted to be achieved by the year 2000. This norm is not followed uniformly across the districts. While the number of centres is low in districts like Bellary, Raichur and Belgaum, there is a higher number of centres in districts such as Kodagu, Mandya, Bangalore, and Ramanagara. Annexure-12d indicates the spread of Veterinary institutes. ***There is a clear need to review the requirement of institutes with respect to not only the existing livestock population but also the expected population as revealed by the census, supplemented by projections made by the Department. It is also recommended that the capital expenditure of the Department be apportioned in the light of the above and in line with the expected growth of the livestock population and income from livestock production in the districts.***

12.6 During the Commission's visits to the districts, it was noticed that some of the existing Veterinary institutions (e.g. Veterinary Dispensary, Shelwadi village, Dharwad District) do not have required medical equipment and that the infrastructure facilities were very dismal. The Department spent large funds on civil works without providing supporting services (e.g. electricity). Though the other Veterinary Institutions (Veterinary Dispensary, Shimoga

District and Livestock Research Information Centre, Deoni, Bidar District) visited by the Commission seemed to be well provisioned, ***there is a need for the Department to make an overall review of its capital and manpower expenditure on the Veterinary Centres in the State.***

12.7 There are 6 veterinary colleges conducting degree courses. (Bidar Veterinary Sciences and Animal Husbandry, BVSc & AH). Approximately 180 to 300 students get enrolled in these colleges annually. The number of students currently passing out of these colleges is about 160 per year and 2475 veterinarians will be available by the end of 2020, out of which it is estimated that 40 percent will take up further studies in P.G. courses, 25 percent will opt for private sector work and only 35 percent will be available for Government veterinary services.[4] By the end of 2020, the required number of veterinary institutions in the State will be 6954, with corresponding increase in the numbers of posts for veterinarians. Since around 701 doctors would be retiring by the end of 2020, the total number of vacancies by the end of 2020 will be 1714. As against this, the number of new doctors projected to join the State sector would be only about 866. As such there will be shortage of veterinarians in the Department.

Expected number of veterinary doctors available by the end of year 2020[5]

Sl. No	**Veterinary colleges in the state**	**Intake of students**	**Veterinarians(with 75% pass) available at the end of the year 2020**
1	Veterinary college Bangalore	60	495
2	Veterinary college Bidar	60	495
3	Veterinary college Shimoga	30 in 1st year, increase of 10 students each year for next 3 years	405
4	Veterinary college Hassan	30 in 1st year, increase of 10 students each year for next 3 years	405
5	Veterinary college Gadag	30 in 1st year, increase of 10 students each year for next 3 years	360
6	Veterinary college Athani	30 in 1st year, increase of 10 students each year for next 3 years	315
	Total		**2475**

Source: Department of Animal Husbandry and Veterinary Services, Govt. of Karnataka

4 Report submitted by ISEC on Animal Husbandry and fisheries to ERC
5 ISEC Report, Animal Husbandry

ISEC Report, Animal Husbandry submitted to the ERC.

To address the problem, there is a need to increase the number of colleges either in government or private sector with financial assistance and the number of intake into the existing colleges after obtaining relaxation on class size which has been prescribed by IVC (Indian Veterinary Council) regulations. Further strengthening of infrastructure in the existing colleges is also warranted. There is a need to take up skill upgradation of veterinarians by providing short term P.G. Diplomas to the field staff in field oriented subjects as well as training in short term courses imparted to the field staff. Also there is a need to include refresher course-training to be provided once in 2 years regularly to all the Para-vets in the Department.

Chapter 13

Department of Co-operation and Agricultural Marketing

13.1 As on March 31, 2010, there are 29,475 co-operative societies functioning in the State, broadly covering 15 divergent categories. These constitute 86 percent of the total number of societies registered in the state, the remaining 14 percent being either defunct or under liquidation. Of the working societies,10,484 are Milk Producers Co-operative Unions and 4,711 are Primary Agricultural Co-operative Societies (PACs), 31 are Apex institutions and 21 are District Central Co-operative Banks.

13.2 NABARD has estimated a credit requirement of ₹ 41,085 crore for the agriculture sector in 2011-12, for both short- and long term investment. Of this, 18 percent is to be provided by the District Sector Co-operative banks as against ₹ 4,994 crore during the year 2009-10. Co-operative banks have a membership of 13 lakh farmers with per capita lending of ₹ 28,461 per annum. ***Presently, membership in the credit societies is limited to land holding persons. Those who do not hold land are thus denied the opportunity of benefiting from the programs of the primary co-operative credit societies. Enrolment norms need, therefore, to be made more inclusive so as to admit rural land-less people, and extend agriculture credit to more non-farm activities. Such expanded membership would also facilitate wider flow of benefits from the popular health insurance scheme, Yeshaswini, to cover these landless rural poor as well.***

Organisational structure, Adequacy of Staff and urgency for recruitment

13.3 The Department is administered through a five tier structure. At the State level, the Registrar of Co-operative Societies is the Head of the Department. Below him, each of the four regions viz. Bangalore, Mysore, Belgaum and Gulbarga is headed by a Joint Registrar. Below the Joint Registrar are Deputy Registrar (District level), Assistant Registrar (Sub Divisional level) and Co-operative Development Officer (CDO) at Taluk level. This prevailing organisational arrangement from the State downward to the District and Taluka levels is basically satisfactory, but the non filling of many vacant posts is adversely affecting the functioning of the Department. As of March 31, 2010, Nine Hundred and Forty Four of the 2,765 sanctioned posts are vacant, mainly because there has been no recruitment of either officers or junior level staff during the last twenty years. ***Since many of the existing officers will retire in next two years, it is essential that recruitment be made against at least the most critical of those positions such as Co-operative Development officers, Deputy and***

Assistant Registrars, and Inspectors. Without this, the work of the Department will be seriously affected, including the crucial task of effective loan recovery.

Subsidy intensive Schemes and sun-set clause.

13.4 In the year 2010-11, the Department has an allocation of ₹302.71 crore, to provide for 36 major schemes, 22 of which are of the State sector, 12 of the District sector and 2 are centrally sponsored. Of the 22 State sector schemes, only five of the schemes have budget allocation above ₹10 crore (each). The allocation for the remaining 17 is less than one crore (each) and the rest of the Schemes have allocations ranging between rupees one crore to rupees ten crores (each). The five schemes with the highest budget outlay are (i) Interest subsidy on crop loans (ii) loan waiver subsidies, (iii) financial assistance to DCC Banks (iv) Yeshaswini Farmers Co-operative Health Schemes and (v) Subsidy to Karnataka State Co-operative Marketing Federation Ltd.,

13.5 Interest subsidy under various schemes accounted for 36 percent of the total Plan outlay in 2009-10. The subsidy given to the farmers still results in non repayment of the loans by the farmers and often leads to the banks seeking for waivers towards the loans disbursed. At times of severe crop loss due to drought, pest or flood, Government generally responds with adhoc waiver of co-operative loans. Given the fact that the farmer is ill placed to repay the loans due to the inherent dependency on natural factors like rain, crop losses etc., and such risks ought to be effectively covered by insurance schemes implemented through co-operative societies. In this regard, ***Government needs to devise ways to progressively step back from interest subsidy on crop loans and introduce insurance oriented schemes with a sun-set clause wherein the insurance scheme could be supported by the government in the initial years with a time-horizon to ensure self sufficiency of the scheme in the future.***

Modernising the Co-operatives, and Capacity building

13.6 The level of application of Information and Communication Technology (ICT) in the operations of Co-operatives is found to be very low. ***Modernising the Co-operatives' organisational management through the use of ICT could be an effective method of bringing about financial inclusion and expansion of business volume. It would be necessary to design an effective line of command and appropriate delegation of powers to suit the modernised organisational structure and use of ICT. Provision should be made for intensive training of the officials and members in the use of ICT.*** The existing master trainers who were trained at the Bankers Institute of Rural Management, Lucknow need to design and carry out focused and effective training programs in Common Accounting Systems and MIS relating to Co-operative organisations.

13.7 The Department is moving forward with the implementation of the Vaidyanathan Committee's Recommendations, which focus on revival of PACs and select DCCBs[1]. It is observed that most of the co-operative societies do not provide diversified services/products and are unable to effect recovery of loans. Presently PACs often do not have Business Development Plans (BDP). Though the revival package is a welcome initiative, the absence of BDP's is likely to derail the PACs financial position sooner than later and again push the societies into a vicious cycle. Therefore, ***assistance for implementation of BDPs has to receive focus in the revival package. The Business development plans need to suggest diversification of their lending activities beyond crop loans and into other activities such as fishery, poultry, mushroom cultivation, etc., which could give high marketable surplus to members.***

Ambiguity in the objective of the design of Minor Schemes[2].

13.8 The minor schemes implemented by the Department suffer from design flaws and absence of proper guidelines. These schemes are generally implemented at the district level. There are 12 district sector schemes with 2 percent of the total allocation, and these have narrow and ambiguous objectives that give scope for a high degree of subjectivity in the selection of beneficiaries. It was also pointed out by several field level officers that some schemes are imposed on the societies by the Department, without drawing up either implementation strategies or guidelines. Loans to Karnataka Co-operative Marketing Federation, Shimoga and Loans to Coorg Orange Growers Co-operative Society were cited in this context. Hence, while planning such local specific /targeted schemes, the design inputs and implementation feasibility report need to be obtained at the field level itself.

Yeshaswini – Farmers Co-operative Health Scheme.

13.9 Yeshaswini is found to be the best example of Public Private Partnership in delivery of service to poor families who are members of co-operative societies. The enrolment of beneficiaries, collection of premium, empanelment of service providers, standardising of procedures, administration of claims and quality control are done by a professional Trust which is free of bureaucratic interference. The number of members enrolled into the scheme was 16.01 lakhs in 2003-04 and has increased to 30.33 lakh in 2009-10, while the premium amount had gone up from ₹ 60 lakhs to ₹ 150 lakhs during the same period. Similarly, during the same period, the members contribution has increased from ₹ 9.76 crore to ₹ 41.64 crore while that of government has gone up from ₹ 4.50 crore to 30 crore. The increasing

[1] KCC Bank Dharwad and DCCB Kolar.

[2] There are 31 minor schemes. For e.g. Interest subvention for loans to SHGs, Loans to KSC Areca nut Marketing Federation, Loans for purchase of debentures KASCARD Bank, Enrolment of SCs/ST persons into Co-operatives, Enrolment BC/Minority People into Co-operatives, Loan assistance under NCDC sponsored ICDP Project, Share Capital Assistance under NCDC assisted ICP Project , Loan for construction of business premises for women co-operative societies.

government support points to the criticality of continued support to such schemes. In some instances the co-operatives have paid part of the premium (ranging from ₹ 40 to ₹ 50), payable by members as hospitalisation, due to ignorance of benefits covered. Such instances indicate some areas of vulnerability in the success of the scheme. Considering the divergence in costs, benefits and administrative procedures in various health insurance schemes being implemented / sponsored by the Government, there is a need for convergence of all the health insurance schemes. A separate exercise for this purpose is underway which is being co-ordinated by the Planning Department. This is dealt with in the chapter relating to the health department.

Department of Agricultural Marketing.

13.10 Government of Karnataka was an early state to bring amendments in Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966 to provide better regulation for buying and selling of agricultural produce and facilitate better development of market infrastructure in the state. The Department of Agricultural Marketing, Government of Karnataka plays an important role in developing and strengthening agricultural markets and infrastructural facilities. There are 146 Agricultural Produce Marketing Committees (APMCs) functioning in the state. These APMCs have established 146 main market yards and 352 sub market yards across different parts of the state.

13.11 The Karnataka Agriculture Produce Marketing (Regulation and Development) Act requires the market committees to implement the provisions of the Act, provide facilities for transport and marketing of agricultural produce as the State government may from time to time direct; and collect, maintain and disseminate information in respect of production, sale, storage, processing, prices and movement of notified agricultural produce. (extracts from the APMC Act and the Model Act of the Government of India 2003, regarding the powers and duties of the Market Committees are at Annexure-13b). To take forward the mandate given to this committee, ***there is need to establish an institutional mechanism for price signalling and price forecasting by drawing from the future price trends particularly in commodities where there is forward trading through (National Commodities and Derivatives Exchange) NCDEX. Part of the 'Revolving Fund' can be utilised for evolving such mechanism through research by leading institutes in Karnataka viz. IIM, ISEC etc. This mechanism will help the government to capture early warning signals about distress sales and identify the commodities to be notified for Minimum Floor Price (MFP) intervention from time to time.***

13.12 Lack of adequate production and inefficient marketing of horticultural products is likely to lead to high food inflation. Higher efficiencies in transportation and marketing are hence mandatory to ease the demand-supply gap at the consumer end. In this regard, the marketing of Horticultural produces through private participation are welcome changes. Such changes, however, should facilitate higher participation of retail food chains to procure horticultural produce at locations close to the place of production and help the farmer in efficient disposal of horticultural produce. Karnataka has been very active towards encouraging private participation in horticultural marketing as seen from The Karnataka Agricultural Produce Marketing (Regulation and Development) Rules, 1968. The Department grants Direct Purchase Licences to Private purchasers in lieu of processing of horticultural produces and encourages setting up of Direct Purchase Centres and farmer-consumer markets. However, ***there is a need for the Agricultural Marketing Department to ensure stringent compliance to the rules of the licence and the purchase agreements between the farmer and the private purchaser.***

13.13 Annexure-13a, Table 1 and Table 2 provide details of the schemes implemented by the Department of Agricultural Marketing for 2009-10. For the year 2009-10, for seven schemes (Annexure-13a , Table 2) of the total budget outlay of ₹ 222.93 crores, ₹ 12.50 crores was towards State Sector Schemes while ₹ 210.43 crores of the budget outlay was for Centrally Sponsored Schemes. None of these schemes appear to serve the interests of the farmer in any effective way. ***The overarching objective of reducing the role of the intermediaries and making the farm output available to the retail stores in time and at competitive prices linkage is missing in the schemes. The Department has to redefine its role in support of creating enabling environment for enhancing efficiency of retail markets particularly in urban areas. Critical areas of intervention are grading norms, standardization of hygiene and waste handling at retail markets.***

13.14 The Department has 3245 sanctioned posts of which Group 'C' and 'D' constitute 2986 posts. At present, 35% of group C and D posts are vacant. ***In the course of modernization of markets through electronic tendering and other internet enabled services, the need for group 'C' and 'D' staff would come down. The vacant positions could be converted into technical posts for the technical administration required to be provided by market committee including price forecasting and price dissemination activities, and abilities to enforce quality of contract management with outsourced agencies.***

Chapter 14

Social Welfare Department

14.1 The following field Departments come under the administrative control of Social Welfare Department in the secretariat.

I. Directorate of Social Welfare (dealing with welfare of the Scheduled Castes people of the State)
II. Backward Classes Welfare and
III. Scheduled Tribes Welfare

14.2 Apart from the implementation of the comprehensive and integrated development plan for the scheduled castes (special component plan) and Scheduled Tribes (Tribal Sub-Plan), the Department aims to achieve its mandates through several welfare schemes/programmes which primarily include construction and maintenance of new schools and hostels, providing scholarships to deserving students, providing vocational and occupational training to the educated youths and women welfare centres (Annexure-14b details of Schools, Hostels and number of students benefited by the Department).

14.3 As regards organisation structure of the Directorate of Social Welfare (for Scheduled Castes Welfare) there are District Social Welfare Officer and Taluka Social Welfare Officer at District and Taluka level respectively. For Backward Classes there is an extension officer/inspector at taluka level, in the Taluk Panchayat office. At the district level Backward Classes and Minorities Welfare Departments have a combined Office and the officer is called District Officer for Backward Classes and Minorities. Karnataka Minorities Development Corporation and Backward Classes Development Corporation have common office at the District level. In 7 districts where the minorities population is more than 16%, the head of the Office for that district is from the Minorities Development Corporation and in remaining Districts, the Backward Classes Development Officer is in charge. Scheduled Tribes Welfare Department though separated and headed by a Directorate, does not have offices in many of the districts and any of the Talukas, though recently, the Finance Department has sanctioned independent officer for Tribal Welfare for certain districts and 14 posts have been sanctioned.

14.4 The Department of Social Welfare has 15% vacancies in Group A and Group B. The Backward Classes Department has an overall vacancy of 43% with 13% vacancy in Group A and 100% vacancy in group B. Similarly the Department of Scheduled Tribes Welfare has a vacancy of 59% with 20% vacancy in Group A and 100% vacancy in Group B (Annexure-14a). After Technical Education (vacancy 70%), the Department of social welfare (vacancy 52%) has the second highest vacancy among the state Departments. Also notable is the fact that after Medical education (vacancy 17%) and Department of Education (16%), the Department of social welfare contributes 10% to the overall state vacancy (21%) (Annexure-14e: Employee Strength, State Sector and District Sector, Plan & Non-Plan in the state).

14.5 Annexure-14c shows statistics for literacy levels among the scheduled castes as compared to the general population in Karnataka. Though there has been improvement in the decadal (between 1991 and 2001) literacy levels in the scheduled castes (from 38.10% to 52.87%), the literacy levels among the scheduled caste population in the state is far below literacy levels among the general population (66.64%) in the state. Also notable is the fact that literacy levels among the scheduled caste females are far low (41.72%) as compared to the general female population (56.87%) and the scheduled caste males (63.75%). Further the urban scheduled caste population is faring better with 69.27% literacy levels. On the other hand, the literacy levels among Scheduled Tribes had improved from 36.0 to 48.3 from 1991 to 2001. Literacy levels among the scheduled Tribe females were lower (36.6%) as compared to the general female population (56.87%) and the scheduled Tribe males (59.7%). Further the urban scheduled Tribe population is faring better with 64.6 as against rural literacy level of 45.3 among the Scheduled Tribes population.

14.6 ***The Commission has noted that the Departmental initiatives towards establishment of residential schools (for the Scheduled Castes, Scheduled Tribes and Backward Classes students) have helped to improve access to better schooling for the deserving Scheduled Castes, Scheduled Tribes and Backward Classes students in the state (Annexure-14c, Table 2). With an increase in number of schools by 5%, the number of students appearing and passing the SSLC examinations have increased by 14%. Also notable is that the percentage of students scoring 85% and above in the examinations have increased from 3% to 7%.***

Scholarship Schemes

14.7 The Department has provided scholarships to approximately 19.4 lakh SC and ST students studying in various classes from primary to professional courses during the year 2008-09. The total amount of the scholarship schemes is ₹ 197 crores giving an average of ₹ 1015 per student. The scholarships[1] range from ₹ 75 per child per month at primary class to ₹1000 per month for professional courses.

[1] These do not include scholarships for studies abroad (upto a one time assistance of maximum of ₹ 10 lakhs per student) and for which ₹ 50 lakh is provided in the department's budget 2008-09. 345 students have been covered under this scheme in 2008-09.

14.8 Similarly, annual increase in the allocation to meet the scholarship amount is not commensurate with the demand for scholarship as reflected in the number of applications. For instance, in the year 2008-09 for the budget link code 2225-03-277-2-52, allocation has increased by 5% while the numbers of applications have increased by 16% indicating that no objective assessment of the demand for scholarship is made. As a result, many deserving students do not receive the scholarship amount even till the end of the academic year. Scholarships disbursed at the fag end of the year or after the academic year defeat the purpose of the schemes. The delay in release and the delay in settlement has a potential to create unavoidable confusion in administration of scholarships. It is possible that many of the students are unaware of belated release and therefore deprive themselves of the scholarship. The unintended consequence of this delay is possible misuse, fraud, misappropriation, etc.

14.9 ***For improved efficiency in disbursement of scholarships, it is recommended to consolidate all schemes relating to scholarships/benefits and entrust the same to a separate well networked financial institution. Such an institution should be able to disburse scholarships to students on time through an electronic mode at regular intervals at predetermined instalments for each student. In case release of funds from Government of India is delayed; the institution may charge marginal financing charges or interest for advancing these scholarships. This would require approval of scholarships at one go at the beginning of the academic year itself so that the financial institution can make its cash flow arrangements accordingly. Until that time, an exclusive designated team of officials should be entrusted the task of disbursal after obtaining approvals/release orders from the concerned division within the Department at regular intervals. Such designated team can directly report to the Commissioner. In this regard, the Department needs to prepare a migration path from switching conventional mode of administrating all scholarships to the new system of disbursal indicating a time line not spreading more than two academic years.***

Construction of Hostels

14.10 The Department provides hostel facilities to about 3 lakhs SC, ST and BC students with an average expenditure of ₹ 7,500 per annum. These students are served through more than 3,800 hostels and 400 residential/ashram schools. However, about 2,555 are housed in owned buildings while 1,326 are housed in rented buildings (Annexure-14b). Some of the post-matric hostels including government hostels, particularly in rented buildings were suffering from the problems associated with high density such as shortage of water, insufficient provision of rooms, cots etc. Therefore, there is a need to construct adequate number of hostels as early as possible. However, there is delay in construction despite sanctions. For instance, out of 330 approved constructions, work started only in 59 hostels due to delay in release of funds.

14.11 ***It is recommended that starting of hostels in unsuitable private buildings be discouraged. The construction and progress of hostel buildings should be monitored by a dedicated team of Departmental officials with sufficient skills in engineering and agencies like PWD, Nirmithi Kendra, Zilla Panchayat Engineering, Karnataka Rural Infrastructure Development Limited (Formerly KLAC) should be made accountable for timely completion of the construction works.***

Maintenance of Residential Schools

14.12 Karnataka Residential Educational Institutions Society (KREIS) is established as a registered body under the Department of Social Welfare. KREIS functions as a nodal agency and maintenance of the school buildings is under the control of the ZPs. The organisation has a staff position of 35 of which 22 posts are of group ‘C’ and ‘D’. The society does not have District level or Taluk level officers. There is a need to strengthen the organisation structure as the number of hostels and residential schools are increasing. Details of number of Institutions and sanctioned strength is provided in Annexure-14d. Presently, multiple controls of these hostels and residential schools are often leading to inefficient management and supervision in control of buildings. ***It is advisable to club all 39 schemes under the maintenance of hostel/buildings, constituting revenue expenditure, into a single scheme.*** **The Department should clearly define the role and functions of KREIS in construction, maintenance and running the day to day operations of the residential schools for SC/ST/BC and what would be their relationship with regards to Zilla panchayats and the Directorate.**

14.13 There is a Scheme for special central assistance to Scheduled Castes and Scheduled Tribes for which funds are provided by Government of India. These schemes for the last three years have savings. The schemes are meant for income generation activities and infrastructure development for Scheduled Tribes. ***Considering that every year there are savings, there is a need to evaluate the schemes to find out if the savings are due to procedural constraints or lack of demand for the scheme.***

14.14 Under the scheme ‘Purchase of land to landless farmers’, government buys upto 2 acres of dry land or one acre of wet land to be given to land less farmers belonging to Scheduled Castes. These activities are administered by BRADC (B.R.Ambedkar Development Corporation). Land is registered under the name of the house wife. 50% of the cost is given as subsidy and the balance is to be repaid within 10 years. For the year 2009-10, an amount of 12 cores has been allocated to benefit 2,400 landless families. However, the actual farming status of this land is not clear. ***A monitoring mechanism has to be put in place to ensure that the land so purchased and given to the farmers is utilised for the purpose for which it is given.***

Chapter 15

Department of Minorities Welfare

15.1 The Department of Minorities Welfare is relatively a new Department aimed at the welfare of the people belonging to Muslim, Christian, Jain, Buddhist, Sikh and Parsi Communities. The minorities constitute 15.69 percent of the population of the State (2001 Census), of which Muslims constitute 12.23 percent. The activities of the Department have focus on;

- (i) improving literacy by providing scholarships, hostel facilities and residential schools,
- (ii) improving business and occupations, trade,
- (iii) increasing employability & economic self sufficiency of the youth through training,
- (iv) subsidising farmers of BPL families by giving assistance to dig bore wells under Ganga Kalyana Yojane and under land purchase schemes,
- (v) providing long terms loans to professional studies and higher education, petty trade at concessional rates of interest and
- (vi) encouraging cultural activities and safeguarding the cultural rights of minorities.

15.2 Total budget allocation for the Department in state sector, district and central plan schemes during the last three years is as under:

(₹ in lakh)

Year	State Provision		Central Plan	Total	Total Expenditure
	Plan	Non-Plan			
2007-08	5877.47	12.64		5890.11	5214.64
2008-09	9012.03	12.64	291.06	9315.73	5283.95
2009-10	15412.77	1693.02	1061.00	18166.79	9228.28 (up to Jan 2010)

15.3 The Department has no field officers of its own. Most of the work is carried out by a Directorate and four Corporations viz., Karnataka Minorities Development Corporation (KMDC), Karnataka State Minorities Commission (KSMC), Karnataka State Board of Wakfs (KSBW) for administration of Wakf properties, and Karnataka State Hajj Committee (KSHC) for facilitating Hajj pilgrimage by Muslims.

The Scheme specific issues and Recommendations are as follows:

15.4 **Financial assistance to students**. There are six schemes to achieve this objective. Most often there is a delay in disbursement due to under provisioning of funds towards state contribution, or delayed submission of documents to Central Government. The key problems identified are as follows:

(a) processing of the applications in time
(b) making adequate provision in the budget and
(c) timely release of state share in central schemes.

The Department of Minorities Welfare should consider switching over to electronic mode of disbursal, and computerised processing of applications which can address most of the problems for Financial Assistance to Students.

15.5 **Pre-Matric Scholarship**: Students are paid a scholarship at the rate of ₹ 100 per month for 10 months in a year. Besides the scholarship, students' tuition fees, boarding charges are also reimbursed at the rates approved by government. This is a Central Plan Scheme with 75% support from Centre and 25% from the State Government. In the year 2008-09, out of 2,16,249 applications received; 21,018 applications were considered for sanction of scholarships there by satisfying demand of 9.72 percent of the applicants. In the following year i.e., 2009-10 the satisfaction level had gone up to 69.18 percent, although applications have come down to 1,25,511. However, disbursements were not made even in the month of January 2010. The monthly scholarship, if not given on time would not serve the purpose, and expose the students to hardships.

15.6 **Post-Matric Scholarship Scheme and Merit cum means Scholarship**: Under Post-Matric Scholarship Scheme, students after SSLC/10th standard or equivalent are provided scholarships for pursuing higher studies in PUC, Degree, Post Graduation and Doctoral Courses. For the year 2008-09 an amount of ₹ 19.60 crores was provided benefiting 7,232 students. Also under Merit-cum-means Scholarship Scheme, scholarship is given to students who have obtained admission into a competition based course and whose parental income is not more than ₹ 2.5 lakhs per annum. An amount of ₹ 25,000 is given to day-scholars and ₹ 30,000 is given to those who are in hostels. The amount has to be disbursed twice a year. The Schemes are central Sector Schemes and the coverage is often limited by the funds given by GoI. Due to the delay in funds released from the centre, often the scholarships are disbursed at the end of the year.

15.7 **Incentives /Stipend to students**: There are three budget lines (Schemes) in this category under State Sector Plan Schemes;

a) the students studying for PUC, Graduate and Post-Graduate courses are given an amount of ₹ 3000, ₹ 4000 and ₹ 5000 respectively every year.

b) the students pursuing ITI and Diploma are eligible for ₹ 150 per month and

c) the students who are practicing Law are given ₹ 1000 p.m for four years during their juniorship. During the last three years, the achievement is in the range of 75% to 91%, mainly due to lack of demand.

The three budget lines/Schemes can be merged into one scheme, with safeguards that each stream of students are covered as per the target set at the beginning of the year.

15.8 **Arivu (Educational loan**): This Scheme is administered by KMDC. Students pursuing professional or technical courses are given a loan of ₹ 75,000 per year till completion of the course. Every year the number of students covered are more than the annual target. For instance a total number of 5,712 and 9,721 students were given loans during the years 2007-08 and 2008-09 respectively, as against a target of 4000 (2007-08) and 5600 (2008-09). ***As the scheme seems to be popular the Commission recommends that there is a need to establish an efficient tracking mechanism for ensuring effective recovery.***

Construction and Maintenance of Hostels.

15.9 **Excess Capacity Creation of Hostels:** Students are admitted into the hostels on the basis of merit. There are 123 hostels, of which 113 are functioning in rented premises, mostly without adequate facilities. Seventy four of 123 are girl's hostels. The number of hostels sanctioned have increased from 73 to 98 from 2007-08 to 2008-09 and to 123 in 2009-10. Correspondingly, the sanctioned capacity during the respective years has also gone up from 3,650 to 4,900 and to 6,325 students. However, the admissions during respective years was found to be 2,566, 3,101 and 4,720. This indicates (a) lack of correct assessment of demand, (b) adhoc approach to project appraisal (c) improper mapping and planning required to determine location of hostels resulting in excess capacity/ underutilisation which increases unit cost of operations. Therefore, ***the Commission recommends that reliable demand assessment and, based upon that, proper mapping to locate the hostels has to be undertaken before opening the hostels. The entry bar for admission also needs to be revised downwards to attract more number of students to avail the hostel facility without over crowding.*** Wherever there is underutilisation, the excess capacity should be utilised for the students belonging to other communities viz., backward classes and SCs/STs.

Inadequate Facilities in the government owned buildings:

15.10 During the year 2009-10, sanctioned number of works for hostel building are 48 while 14 hostels were under construction. Construction of the hostels is entrusted to Karnataka

Residential Education Institutions Society (KREIS) which executes the work through various agencies. In the hostels functioning in the government owned buildings, it was found that the students do not have furniture like study-tables, beds and proper book-shelves, as the building estimate had included only civil works and no separate provision was made for furniture. ***Hence, it is recommended that every hostel construction has to be seen as a project inclusive of civil works, furniture and electrical equipment, along with facilities for bicycle stands, sports activities, etc.***

15.11 **Professional management of Hostels.** Only 23 of 123 hostels are maintained by Zilla Panchayats. Hostel management is a skilled job but it is outsourced to locally available agencies / individuals who may not have the background and skill necessary for this work. Therefore, while financing for maintenance of these hostels be routed through Zilla Panchayats, the ***Commission recommends that the task of maintenance of all hostels be entrusted to a Special Purpose Vehicle (i) to optimise administrative costs, (ii) to enhance accountability and (iii) to provide uniform and standard professional services to students in all hostels, including the residential schools established by Social Welfare Department, Minorities Welfare Department, Education Department or any other Department.***

15.12 **Morarji Desai Residential Schools (MDRS) for students of Minority communities**. There are 43 MDRS under District sector and 6 new MDRS under state sector. There are two schemes relating to MDRS. One is 'HUDCO Loan repayment' and the other is 'Improvement to Infrastructure'. Both are executed through Karnataka Residential Education Institutions Society (KREIS). The study team engaged by the ERC observed that during the last three years the Directorate released money to KREIS and has shown it as expenditure. However, the research team could not find the details of 'repayment to HUDCO' and the 'work programme for improvement of infrastructure' by KREIS. ***It is recommended that the Minorities Welfare Department should put in place an effective system of internal audit, timely inspection and reporting the action taken on the inspection reports.***

15.13 **Training to Unemployed:** There are two schemes viz., Skill Development Programme (Koushalya) & Occupational Training. The key objective of both the schemes is to provide skill training leading to economic empowerment of youth of minority communities.

Skill Development Programme provides for training in Computer, Industrial Trades, Fashion Technology, Plastic Industries, etc. The occupational training is in trades like Electrical, Refrigeration Mechanics, Civil Works. For occupational training a stipend of ₹ 500 per month is paid during the period of training, including training fee to the organizers by ZPs. During the last three years about 17,000 young persons received benefit under Koushalya and about 1000 young person received benefit under Occupational training.

The Commission recommends that (i) both the schemes could be merged as they have common objectives (ii) the scheme be implemented in consultation with Karnataka Vocational Training and Skill Development Corporation (under the Department of Employment and Training).

15.14 **Loans and Subsidies Schemes to Minority Communities.** The Department administers two Loan and subsidy Schemes to minorities through KMDC viz., Shrama shakti, and Micro-credit to minorities through SHGs. Each of the above two schemes are subdivided into (a) Loan disbursement and (b) Part of the loan amount treated as subsidy. The Loan and subsidy element of the Schemes are financed through four budget heads.

Under **Shrama Shakti** Scheme, the minority artisans are trained to upgrade their artistic and technical skill and also a loan of ₹ 25000 (maximum) is provided at low rate of interest to improve their business. During the past three years about 15,000 beneficiaries have availed loan and the recovery rate is 54%.

Under **Micro credit to minorities through Self Help Groups**, KMDC provides loan upto ₹ 10,000 with 5% interest to petty businessmen under BPL families to meet their working capital requirement. Also, loans are advanced up to ₹ 25,000 to NGOs or registered societies identified as SHGs who in turn advance loans to their members.

The Key value addition by the NGOs or Registered Societies engaged in SHG activities is in loan processing, monitoring and recovery of loan. ***The Commission emphasizes the need to orient NGOs and other Institutions about the spirit of Self Help Groups and ensure that the Self Help Groups do not function merely as channelizing agency to individuals for distributing Government money, but also act as genuine Self Help Groups in letter and spirit. The Commission recommends that micro credit through SHGs/ co-operative societies be expanded to gradually phase out direct lending to individuals.***

15.15 The following Schemes are suggested for merger due to common objective of the schemes.

	Name of the Scheme	Budget head	Recommendation
1	Incentives to minority students	2225-03-277-26	Merge
2	Stipend to minority students	2225-03-102-03-01	
3	Stipend to Law graduates	2225-03-102-02-01	
4	Skill Development Programme (Koushalya)	2225-03-102-3-5	Merge
5	Occupational Training	2225-03-102-3-05	
6	Micro Credit to Minorities through SHGs	2225-03-190-0-05	Merge
7	Micro Credit to Minorities through SHGs	4225-03-190-0-02	

15.16 Presently, the staff are drawn on outsourcing basis, as the Department does not have its own organisational structure. Officers are drawn on deputation from other Departments. In the absence of staff quality in designing the projects, execution and monitoring are compromised. Hence, the ***Commission while suggesting to the Department to create a lean and effective organisational structure to implement schemes and programmes for minority communities, also recommends that before creating a new Department the government should assess its organisational requirements and take appropriate measures in this behalf.***

Chapter 16

Department of Women and Child Development

16.1 The Directorate of Women and Child Welfare was created in 1975 under the administrative control of the Secretariat Social Welfare Department. At the outset, it incorporated existing programmes of correctional administration and disabled welfare, and gradually added on various programs for women and children. In 1994, a separate Secretariat Department for Women and Child Development (WCD) was created, and this Department is now responsible for formulating and implementing policies and programmes aimed at the welfare and development of women, children, senior citizens, disabled persons, and persons covered under social defence measures.

16.2 The objectives of the various activities of the Department are shaped to a good extent by the National Policy for Empowerment of Women, 2001 and by the various welfare legislations enacted by the Central and State Government for the protection and welfare of women, children and the disabled. In the case of women, the Department pursues the goal of advancement, development and empowerment of women in all spheres of life, taking up pro-active measures to create greater responsiveness and sensitivity to women's issues in the judicial and legal systems, and mainstreaming the gender perspective in the development process. The policies of the Department are also in keeping with the UN General Assembly Resolution of May 2002 and the Millennium Development Goals (MDGs), with measurable outcomes in the areas of promoting gender equality and empowerment, improving maternal health, and reducing child mortality. Although the nature of the Department's activities are such that they should, in the normal course, contribute to national goals as well as global commitments, there is no mechanism to measure the outcome of the activities in the Department. Further, the objectives of some of the schemes being implemented by WCD overlap with similar programmes in the Department of Health and Family Welfare, and there is no material to show that there is any co-ordination mechanism for policy design and operations planning between the Departments.

16.3 The Annual Reports of the Department, apart from listing out the allocations made for various schemes, do not reveal the objectives and the outcome of the Departmental activities under the various statues. There is also no structured MIS in place to monitor the progress of schemes relevant to these legislations. The Department should therefore redesign its Annual Report to reflect the use of funds and achievements in relation to its functions in a more coherent manner. This would lead to better disclosure of the levels and standards of performance every year, and help in assessing the actual trends in progress towards the goals set for various schemes. Although a good number of studies have been conducted by a number of organisations including the Institute for Social and Economic Change, Price-Waterhouse Coopers and the Directorate of Economics and Statistics, on schemes such as Stree Shakti, Udyogini, ICDS etc., there is no evidence of the Department having acted on the findings/suggestions in these evaluation reports. ***The Commission therefore recommends that the WCD redesign its Annual Report so as to specifically include information regarding the action taken on the evaluation reports /studies that it commissions every year.***

16.4 The following field Departments and Organizations function under the Secretariat Department of Women and Child Welfare, and are entrusted with the responsibility of pursuing the various objectives that fall within the mandate of the Department:

a) Department of Women and Child Development.
b) Department of Welfare of Disabled and Senior Citizens.
c) Karnataka State Women's Development Corporation.
d) Karnataka's State Women's Commission.
e) Bal Bhavan.
f) Karnataka's State Social Welfare Board.
g) Commissionerate for Persons with disabilities and Senior Citizens.
h) Karnataka Balavikas Academy.
i) Karnataka State Commission for Protection of Child Rights.

16.5 The Programmes of Department of Women and Child Development are broadly categorized as (i) programmes for Women's development (ii) Child development programmes (iii) Social defence programmes (Correctional Administration). The Schemes under each category are as follows:

Women's Development:

a) Stree Shakti (Self Help Groups)
b) Santhwana
c) Karnataka Mahila Abhivrudhi Yojane
d) Working Women's Hostels
e) Financial Assistance to Women Law Graduates
f) International Women's Day and Kittur Rani Chennamma Awards
g) Protection of Women under Domestic Violence Act, 2005
h) Legal Literacy
i) Financial Assistance for the Remarriage of Destitute Widows and Marriages of Devadasis
j) Scheme for Prevention of Alcoholism and substance (Drugs) Abuse
k) Swadhar

Child Development:

a) Integrated Child Development Services
b) Nutrition Programme for Adolescent Girls
c) Kishori Shakti Yojana
d) Medical Expenses for Severely malnourished Children
e) Bhagyalakshmi Scheme
f) Hostel for Girls students
g) Welfare of Children in need of care and protection
h) Attendance Scholarships for girls from rural areas
i) Crèches for Children of Working Mothers
j) Hoyasala and Kelladi Chennamma Bravery Awards at District level and other national awards

Social Defence Programmes:

a) Programmes associated with Juvenile Justice Act 2000 viz., Observation Homes, Setting up Special Juvenile police Units, Children's homes, Fit homes, Training of functionaries of under JJ Act.
b) Programmes associated with Probation of Offenders Act, 1956 viz., establishment of Child welfare Committees and Juvenile justice Boards.
c) Programmes associated with Immoral Traffic (Prevention Act) viz., establishing reception centres and state homes for women.
d) Adoption Co-ordination Agency and Shishu Grihas for in-country adoption.
e) Sponsorship programmes for placing Children in families
f) State Child Protection Units.

Three of the major Schemes of the Department are Bhagyalakshmi, ICDS (Integrated Child Development Service) and Stree Shakti.

16.6 In 2009-10, the Women and Child Department has a total budget allocation of ₹ 1652.81 crore. (₹ 1293.16 crore Plan and ₹ 359.65 crore non-Plan). Of the Plan budget, the central share was ₹ 316.95 crore while that of State was ₹ 919.81 crore. Two major Plan programmes are Bhagyalakshmi with an outlay of ₹ 354.64 crore and Integrated Child Development Service with an outlay of ₹ 334.08 crore. (Annexure-16a). The Stree Shakti Scheme (Self Help Group) has a high exposure to banks through their borrowings.

16.7 A large number of the remaining schemes have allocations of less than one crore each, and these could be appropriately merged or re-grouped in keeping with the objectives of the schemes. In its first Report the Commission had recommended for closure / merger of schemes that have an allocation below ₹ 1 crore. ***Therefore, while merging/closing the schemes, as indicated in the Budget circular 2011-12, the Department should carefully assess the potential for optimally re-deploying the staff/officers to handle the merged schemes, and also create a job chart for each functionary. The job charts should specify the nature and extent of individual responsibilities, particularly specifying their role and responsibilities with regard to the various legislations that the Department is required to implement, monitor and enforce.***

16.8 Beginning from 2006-7, the State government has been presenting a Gender Budget document to the Legislature giving details of Schemes that have 100 percent benefit for women, and also those which have at least 33% benefit for women. These are spread across 39 Departments, and are categorized as A and B respectively. In 2009-10, forty seven schemes were accounted for under Category A and 742 Schemes under Category B, with an allocation of about 46 percent of Plan funds and 32 percent non-Plan Funds. However, the process of gender budgeting is yet to be upgraded from the documentation stage to gender responsive budgeting. There is also a need to evaluate the impact of the process of Gender budgeting, as initiated in the State, on budgeting and women's empowerment. Although the WCD is expected to evaluate Gender Budget initiatives, and take forward the concept of gender budgeting to Line Departments, no such exercise has been undertaken so far. ***The Commission recommends that Finance Department and the WCD jointly conduct a study to devise an implementation strategy for Gender Responsive budgeting so that it would achieve the intended objectives.***

16.9 In terms of sex ratio (number of women for 1000 men) Karnataka sex's ratio is 965 vis –a –vis All India's sex ratio of 933. Even if we leave aside Kerala for the present, as a special case , Karnataka has to strive to reach the level already achieved in Tamil Nadu which is 987 female for 1000 men.

Census Year	India	Kerala	Tamil Nadu	Andhra Pradesh	Orissa	Karnataka
1981	934	1032	977	975	981	963
1991	927	1036	974	972	971	960
2001	933	1058	987	978	972	965

Source: Arguments for a Better World, Census of India.

The Lower sex ratio can be attributed to a) the age old preference for son b) a modern desire for smaller families combined with access though illegal, to ultrasound scanning and other technologies that identify the sex of a foetus.

With a view to encourage parents to welcome a girl child and discourage the possibility of female feticide and provide for better educational and nutritional support to girl child the State Government introduced Bhagyalakshmi scheme for girls with effect from April 1, 2006.

Under this scheme a fixed amount is deposited in the bond issued by LIC and once the beneficiary (girl child) attains the age of 18 she is eligible for ₹ 1, 00,000. The details of the scheme and ERC's recommendations to make it more flexible and attractive to the families of the girl child which will better serve the objectives of the scheme are detailed below.

Bhagyalakshmi: Broad contours of the Scheme, issues and recommendations.

a) The Scheme was launched during the year 2006-07 for the benefit of girl children born in BPL families after 31.03.2006. Its benefits are restricted to two girls in each BPL family. Upon the birth of the girl child an amount of ₹ 10, 000/- is deposited in her name in fixed deposit.

b) The amount deposited with the LIC, India will be maximized and paid along with interest to the beneficiary on her attainment of 18 years. During the year 2008-09, the scheme was modified. Under the modified terms an amount of ₹ 19, 300/- in the name of the first beneficiary of the family and an amount of Rs, 18,350/- in the name of the second beneficiary of the same family is to be deposited. These deposits, on maturity after 18 years would yield an amount of ₹ 1,00,097/-. The Life Insurance Corporation of India manages these deposits under Janasri Bhima Yojana. In order to draw the maturity amount the girl child should complete 8th standard of her schooling and remain unmarried until the age of 18 years. The deposit instruments can be used as collateral to finance the girl's education beyond tenth class. The finance so available would be ₹ 50,000. If the beneficiary doesn't survive until 18 years, the amount will be forfeited.

c) Bhagyalakshmi is a demand driven scheme. The demand is projected to be of the order of 2, 00,000 girl children per year. During the course of discussion with the departmental officers, it was brought out that ,although as per the demographic projections, only 9,00,000 girl children from BPL families should have been registered since the inception of the scheme, it was found that as many as 11,00,000 children were actually registered. Such excess registration indicates that either the demographic projections in the context of the scheme were incorrect, or non-BPL beneficiaries have been registered. The Table below shows the projected number of beneficiaries, estimated financing costs, actual number of beneficiaries and the amount released during the past three years.

Table No: 1

Number of beneficiaries and financial targets under Bhagyalakshmi Scheme: Projection and Achievement.

Year	Target		Amount required to cover the projected number of girls during the year (₹ in lakh)	Shortfal/Surplus (c-d) (₹ in lakh)	Achievement		Amount required as per (f) (₹ in lakh)	Shortfall of amount released during the year (₹ in lakh)
	Projected number of girl children to be to be covered during the year	Financial implication to cover (b) (₹ in lakh)			Number of girls covered under the scheme during the year	Amount released during the year (₹in lakh)		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
2007-08	1,50,000	15,000	28,237	-13,287	1,23,789	13,216	23,303	-10,087
2008-09	2,00,000	31,665	37,650	-5985	2,97,764	31,660	56,054	-24,394
2009-10	1,63,572	35,464	30,792	+4642	1,44,999	22,989	27,296	-4, 307

The variations in Target, allocation, short fall as compared to the actual registration indicate a lack of scientific approach in the design and implementation of the scheme. It shows that the target setting is adhoc, and that the amount released is not related to the actual coverage. ***The Commission recommends that the demographic projections required for implementing the scheme be reviewed periodically.***

d) In the long run such mismatch invites the risk of false claims, disputes or disappointment to rightful beneficiaries. Although the software now being developed by National Informatics Centre (NIC) is expected to address all such issues and avoid further problems, ***It is necessary to correct the past mistakes through verification of the registered applications.***

e) Every application has to be made within one month of the birth of the child, and is processed for approval by the Deputy Director at the district. Upon consolidation of information from all the districts, the finance Department releases the grant. However, following the custom and tradition, most of the expectant mothers goes for confinement to parental home and return to their respective places of normal residence three months after delivery. Thus, the restriction of one month creates undue pressure on the parents and involves avoidable transaction costs in attending to the documentation. ***Hence, more***

reasonable time frame should be allowed for the parents to carry out the documentation.

f) Although the Department has sent proposal for creation of 404 posts to implement the Scheme with an implication of ₹ 500 lakh per year, no separate staff is created so far, and the scheme is being implemented through Anganwadi Workers. Operating the scheme through the Anganwadis is intended to encourage and motivate the parents to send the child to Anganwadi, where nutritional supplements too would be available to the child. Therefore, the system of using Anganwadis should be continued while also balancing their core work load.

g) LIC of India was selected as an Agent for this scheme through a competitive bidding process. However, considering the fact that the net present value (NPV) of ₹ 1,00,000 receivable after 18 years is Zero, for any discount rate ≥ 10%, the high premium charged by the LIC is giving practically an illusory return. Hence the ***Commission recommends that there is a need to revisit the rate of premium vis-à-vis the assured sum. While doing so, all factors such as (i) probability of failure on the part of the beneficiary fulfilling the conditions-precedent to claim the assured sum, (ii) the survival chances of the girl child until 18 years, etc., should be taken into account. The Commission is also of the opinion that the benefit should be given to the girl child in several instalments, linking it to the girl's educational progress, rather than making payment in one lump sum.*** The Delhi government 'Laadli' scheme has similar provisions to disburse funds to the parents of the girl child in periodic instalments. On the one hand, this ensures close monitoring of the educational progress of the girl child, on the other hand, payments made in instalments will give a more favourable NPV as the period of discount will be much less.

h) ***It is therefore recommended that under this Bhagyalakshmi scheme the financial support to the girl child may be provided at intermediate intervals rather than providing for the same at the end of completion of 18 years by the girl child;*** For example at first stage (i) upon completion of 6 years of age subject to condition that the girl child has obtained admission to a School; (ii) at second stage upon completion of 14 years of age subject to the condition that the girl child obtains admission to secondary school, and (iii) at third stage after completion of 16 years with a condition that the girl should have obtained admission to first year of PU course. With right to Education in force obtaining admission to school should not be a problem.

i) Also, with the dropout rate between 1st and 10 std being 20 percent or more, and the pass percentage in SSLC being about 60, and with many girls getting married before the age of 18 years the number of girl children who will receive benefit after 18 years is not likely to be more than 60 percent of the expected number. The scheme, by design, will take 18 years time to have major impact on the age of marriage. Given such a scenario, the provisions regarding vesting in Government the amount not claimed / not disbursed, etc., requires immediate dialogue with LIC. ***The Department needs to consider engaging a competent actuary to recalibrate the premium payable to the LIC, determine different stages at which benefits should be paid, the quantum of benefit payable at each stage, and to decide about the vesting the unclaimed amounts in Government.***

16.10 **Integrated Child Development Services Scheme (ICDS).**

a) ICDS is a Centrally Sponsored Scheme launched in 1975. The scheme is aimed at addressing problems of persistent hunger and malnutrition amongst children by giving nutritious food, promotion of maternal and child health, providing pre-post natal care and health check-up to women, referral services to PHCs & CHCs, and non-formal education to children in the age group of 3-5. The programme is implemented through Anganwadi centers. Each Anganwadi centre covers a population of 300 to 800, in urban and rural areas; a mini-anganwadi covers a population of 150-400 population while in tribal areas each centre covers a population of 150-300. The key person who delivers various services in ICDS including those of Department of health and family welfare is the Anganwadi Worker. The AWWs were found to be lacking in the techniques required to provide non-formal, pre-school education to the children at anganwadi particularly to enhance their skills in domains such as general awareness, gross motor (involve the large function as walking, kicking, sitting upright, lifting and throwing ball) , fine motor (co-ordination of small muscle movements which occur e.g. Movement of fingers usually in co-ordination with the eyes), eye to hand co-ordination, pre-academic calculations, speaking, noting. The work manual prepared by Price-Waterhouse Coopers, at the instance of the Department, needs to be internalized through extensive training of AWWs. It is noteworthy that the said manual is hosted on the website of the Department of Administrative Reforms of Government of India as 'best practices'. ***The Commission recommends that the Department prepare and implement a training programme using the resources at ATI and DTIs intensely to raise the capabilities of AWW.***

b) Presently, a total of 60,046 anganwadis, 3,331 mini anganwadis are maintained under 185 ICDS Projects covering 175 talukas and 10 urban areas. In the year 2009-10 the number of beneficiaries covered under the scheme were 44.91 lakh while the allocation was ₹ 559.35 crore. Financing is released through Zilla Panchayats. The Unit cost per day for supplementary nutrition is (a) five rupees for pregnant /nursing mothers over 300 days, (b) six rupees for severely malnourished children, and (c) four for malnourished children.

c) Some of the equipment/resources used at these centres include, weighing scales, toys, teaching aids, play material, fire wood etc. Ninety percent of administrative and training cost and fifty percent of supplementary nutrition cost is borne by the Central Government. One of the major challenges at implementation level is finding sufficient and suitable place to accommodate anganwadi centres.

d) Evaluation studies of the recent past indicate that the ICDS is well established in districts like Chikmaglur, Kolar, Hasan where about 75 percent of eligible children received the benefit, and the malnutrition levels are low in these districts. On the other hand, in districts like Raichur, Bellary and Bijapur the benefit was received by only 40 percent of the eligible children.

e) The key interventions that would have a long term bearing on the children's health and quality of life are (i) providing clean, nutritious food to children at anganwadi centers and (ii) giving them scientific non-formal pre-school education and (iii) providing a conducive physical environment. ***In most of the places visited by the Commission it was found that there is scope for significant improvement on all the three counts, more particularly in the sourcing, preparing and distribution of nutritious food.***

f) The anganwadi centres visited by the Commission were found to have inadequate space to accommodate the number of children present. The Department is unable to utilize the available funds, for construction of anganwadi centres. The unit cost of Anganwadi centre is about ₹ 3.75 lakh. For instance, in 2008-09 an amount of ₹ 3,000 lakh was allocated and ₹ 2,780.71 lakh was released, of which ₹ 217.95 lakh lapsed. In the year 2009-10 an amount of ₹ 468.06 lakhs was allocated and released. ***The Department should realistically assess the total requirement and prepare an action plan to construct sufficient number of Anganwadi centers in a time-bound manner. For this purpose, the Department of RDPR and WCD should exploit the possibility of using funds available under the Mahatma Gandhi National Rural Employment Guarantee Act, 2005 with due regard to specification indicated in Schedule I, read with Section 4(3)) of the Act.***

g) The supplementary nutrition as now provided is found to be not palatable. There are repeated complaints from parents that there is monotony in the food served at the centre. They would like some variation in the menu with food items that are palatable and liked by the children. In many places, the nutrition component is said to be supplied by the Self-Help Groups formed under Stree Shakti. However, these group members limit their activities to blending and packing the food items, which is sourced from M/s. Chritsy Food, Chennai. This firm supplies food in bulk quantities to Mahila Supplementary Production and Training Centres. These centres are reportedly registered as Societies. However, it was stated that the so called members of these Societies do not appear to have actually formed a voluntary SHG group, but are working as daily wage workers of the Society. Such practices appear to be used as a convenient way to circumvent the procurement conditions. The food packets made available at the center do not bear details showing the name of the manufacturer. Such procurement practices are against the letter and spirit of the schemes under ICDS and Stree Shakti, and are also violative of Supreme Court Orders. The Supreme Court has intervened in this matter and following which certain decision have been taken by the Government of India. For instance the state governments were asked by the Centre in March 2009, to make financial allocation in such a way "that children in the age group of 6 months to 3 years must be entitled to food supplement of 500 calorie of energy and 12-15 gm of protein per child per day in the form of Take Home Ration (THR)". The relevant parts of the SC orders are at (Annexure-16b).

The Department also needs to investigate the entire procurement process of supplementary nutrition food that has taken place so far, inquire as to what extent the Supreme court orders were or were not complied with and take corrective measure before entering into any new contract for the year 2011-12. While doing so, the Department should take care not to disrupt the availability of food to children.

h) Nutrition Programme for Adolescent Girls is a Central Government Programme for adolescent girls (age group 11-19 years) in Karnataka, being implemented in selected 3 backward districts, namely, Kolar, Chickaballapur and Gulbarga on a pilot basis. Free food grains @ 6 Kg per beneficiary per month would be provided to the undernourished adolescent girls (weight -30 Kg for those below 15 years of age and 35 Kg over 15 years of age). The physical and financial targets of 1, 98,822 and ₹ 100 lakh respectively have been achieved during 2008-09.

These beneficiaries are already covered under Supplementary Nutrition Programme To avoid duplication and for better monitoring this project can be merged with the SNP with suitable modification.

16.11 **Stree Shakti:**

The scheme is launched throughout the State in the year 2000-01 with the objective of empowering women to organize themselves into Self-Help Groups to undertake economic activities, with initial support from Government. Several State Government Departments promote self help groups which work on different guidelines, several of which are issued by Central ministries viz., Ministry of Women and Child Development, Ministry of Rural Development, Department of Forest (JFM), Department of Watershed Development. Thus assistance to SHGs varies across the Departments. NGOs too form SHGs. There is a need to standardize the financial package to all government sponsored SHGs in order to avoid confusion or duplication. The diversity in the guidelines and financial support as issued by respective ministries of Government of India needs to be negotiated between the Departments at the state level in order to have standard/uniform financial packages.

a) There are about 5 lakh SHGs in the state. SHGs obtain loans from financial institutions which they supplement with their own generated savings, and undertake lending among themselves for economic activities. There are 1.40 lakh SHGs under Stree Shakti with a membership of 18.97 lakhs women. Departmental support is given in the form of a revolving fund of ₹ 5000 per group as training support. These SHGs have availed bank loan to the extent of ₹ 762.08 crore and raised internal loans amounting to ₹ 1926.88 crore. Some Stree Shakti groups have been started at the village level by Anganwadi workers who are paid incentives under the Scheme. The progress of this scheme is monitored at the taluk and district levels by the Child Development Project officers.

b) Issues such as the high prevalence of illiteracy, non-diversified composition of members of SHGs, lack of managerial skills to the office bearers of the groups, lack of co-ordination between lending institutions, lack of project on the shelves that could be taken up profitably by the SHGs, and marketing constraints contribute to a high potential for loan defaults and consequential disintegration of the SHGs.

c) Considering the exposure that the SHGs have to banks, the high interest costs involved and the kind of risks indicated above, there is a need to take a hard and realistic look at micro-financing of SHGs in the State, particularly in view of the recent reports about micro-financing experiences in the neighboring state of Andhra Pradesh.

16.12. The Scheme “Marriage of Devadasis and Widows” is intended to bring destitute women and Devadasis to the mainstream by encouraging marriage. Destitute widows in the age group of 18-35 years and residing in Karnataka State for a minimum period of 5 years are eligible for an assistance of ₹ 10,000/- for the marriage. The assistance will be in the form of cash of ₹ 5000/- for marriage expenses and balance ₹ 5000/- will be in the form of National Saving Certificates in favour of the woman beneficiary. The allocation for 2008-09 was ₹ 7.60 lakh and no expenditure was incurred. The allocation for current year (2009-10) was only ₹ 0.71 lakh. This shows that the scheme is just a token amount and that it has not really benefited many beneficiaries.

The scheme of marriage of destitute widows and Devadasis, which is not popular, can be considered to be merged with Devadasis Rehabilitation Programme, which is being implemented by the Karnataka State Women's' Development Corporation.

Correctional Administration.

16.13 The Department of Women and Child Development is entrusted with the responsibility of implementing the following Acts:

- The Juvenile Justice Act, 2000.
- The Probation of Offenders Act, 1958.
- Immoral Traffic (Prevention Act), 1956 & Rules, 1960.
- The Orphanages and Charitable Homes (Supervision and Control) Act, 1960 and Rules 2000.
- After Care Services.

In furtherance of the objective of these Acts, several schemes are being implemented. Some of such schemes which require some changes are discussed below:

a) Observation Homes: As per the provisions of Juvenile Justice (Care and Protection of Children) Act, 2000, eight observation homes have been set up in the State. These are meant for temporary reception of any Juvenile in conflict with law during the pendency of any inquiry against him/her. The observation homes are functioning at Bangalore (Urban), Dharwad, Gulbarga, Mysore, Shimoga, Bellary, Bijapur and Mangalore. Orders have been issued to start additional 21 observations homes but they are yet to start. The number of children admitted to these eight observation homes at the end of March 2010 is 747. Six observation homes are housed in Government buildings and two are in rented buildings.

Two units of special homes are set up for rehabilitation of Juveniles in conflict with law, one for boys attached to observation home, Dharwad and another for girls attached to children's home for girls at Bangalore. Till January 2010, there has been no admission to these Special Homes.

The Department has expressed that additional posts are required for these institutions and especially in Bangalore Observation Homes creation of 7 additional posts is most essential. This may have to be considered by the Government while studying overall development of staff.

b) Children’s homes: Government has constituted child welfare committees in 27 districts. Children’s home are homes meant for the reception of children in need of care and protection during the pendency of any enquiry. The homes provide accommodation and facilities for education, training and rehabilitation of children, food, clothing and bedding as per the scale prescribed by Government. Children are provided education up to VII standard in the institution itself and training in crafts like tailoring is also given. Older children studying in high schools and colleges are sent outside for higher education. There are 44 children’s homes in the state. During the year 2008-09, 1591 boys and 789 girls were admitted to these homes. During 2009-10, 970 boys and 803 girls were admitted to these homes and as of March 2010, the strength was 829 boys and 711 girls. 35 children’s homes are functioning in Government buildings.

There is one institution at Bangalore exclusively for mentally retarded boys and one institution at Hubli for mentally retarded girls. A home for the children below the age of 6 years, ‘Shishu mandir’ has been started at Bangalore and 206 children have been admitted during 2008-09. 10 children were admitted to Shishu Mandir during 2009-10 and as of March 2010, there were 6 children. Henceforth the scheme will come under the ICDS umbrella.

The Department feels that Additional posts are required for Institute for Mentally Retarded Children home at Bangalore and Mentally Retarded Children for girls at Hubli for maintenance of inmates. Since these homes have a considerable impact on mainstreaming the children there is a need to have qualified and competent human personnel to manage these homes.

c) Skill up gradation for inmates of correctional institutions: This scheme was formulated to provide skill development and vocational training for the rehabilitation of destitute, orphan, deserted women and children in addition to regular education that they are provided at present.

Women and children of correctional institutions can undergo training in any of the reputed training centres, or in training programmes conducted in the premises of the institution itself. Training in cycle repair, mobile telephone repair, automobile repair, plumbing, barbending, hair cutting, computer training, agarbathi and agarbathi tube making, driving, food conservation, leather bag making, beautician, tailoring, home nursing, zari work and readymade garments is provided.

The scheme guidelines need to be redesigned so as to suit the children of 10-12 years. The activities which are restricted in the present guideline also need to be increased to include people of varied age groups. It is suggested that the Skill upgradation should be measurable and Institutional Heads should monitor the programme.

d) Scheme for care and maintenance of Destitute Children: The scheme was commenced during 1975. This is a ZP sector scheme. The programme includes services of food, clothing, shelter, medical attention and curable services. Financial assistance is given to registered voluntary organizations working in the field of child welfare for at least three years to run a destitute children unit with 25 children. Ninety percent of the cost of the scheme is sanctioned by Government. The organization is eligible for maintenance grant at the rate of ₹ 400/- P.M. per child and rent at the rate of ₹ 50/- P.M. per child. Against a release of ₹ 3948.21 lakh during 2007-08, the expenditure was only ₹ 324.80 lakh. In the subsequent years (ie) 2008-09 and 2009-10, the expenditure under plan and non plan was ₹ 324.80 lakh and ₹ 327.78 lakh respectively. Reduction in expenditure was stated to be due to less strength.

The scheme is run by NGOs and the progress is not satisfactory due to non enhancement of maintenance grants based on the increase of prices on food and other articles. The outputs are measurable by the results of the children in the main stream of education. District officers monitor the programme by making personal visits.

Government may consider institute's proposals for enhancement of the maintenance grants.

Karnataka State Women's Development Corporation

16.14. In order to rehabilitate the Devadasis, the Karnataka State Women's Development Corporation has been implementing Devadasi Rehabilitation Programme (DRP) since 1990 in the Districts of Belgaum, Bijapur and Bagalkot. The State Government has brought out Karnataka Devadasis (Prohibition of dedication) Act 1982 and Rules (1988) to eradicate Devadasi system. The main programmes under DRP are, Awareness camps, Health check-up camps, formation of self help groups and monthly pension to ex-devadasis, income generating Activity.

Under the income generating activities, ex-devadasi women are provided 50 per cent subsidy from Karnataka State Women's Development Corporation and 50 per cent loan through banks. ₹ 20, 000/- is the unit cost to take up income generating activities like dairying, petty business, rope making, mat weaving etc. Necessary training is imparted to the beneficiaries by the Corporation. The progress achieved under this item in the last three years is as below:

Table -2

Devadasi benefitted under the scheme: Target and achievement.

(Financial: Rupees in lakh)

Year	Target		Achievement	
	Physical	Financial	Physical	Financial
2007-08	1650	322.88	1639	345.40
2008-09	1500	300.00	1495	291.66
2009-10 (upto 1/2010)	2500	500.00	2126	436.51

During 2007-08, Government of Karnataka has sanctioned **pension scheme for ex-Devadasis,** who have crossed 45 years and above. Monthly pension of ₹ 400/- P.M. is provided to the ex-Devadasis.

Table-3

No of Devadasis benefitted under the scheme: Targets and achievements

(Financial: Rupees in lakh)

Year	Target		Achievement	
	Physical	Financial	Physical	Financial
2007-08	16458	560.44	11676	560.44
2008-09	15730	620.40	15730	620.40
2009-10 (upto 1/2010)	16666	800.00	15630	400.00

This scheme was introduced during the year 2007-08 and the allocation is being made separately to the Corporation, who has been authorized to disburse the same. ***The Directorate of Social Security and Pensions is already functioning under the Revenue Department to look after and disburse all pensions including old-age, destitute, physically handicapped etc. In view of this, the Corporation implementing the scheme for ex-Devadasis may lead to duplication and administrative problems.***

Karnataka State Commission for Women

16.15. In accordance with the purpose of protecting the interests of women and to ensure their progress and development, GOK constituted the Karnataka State Commission for women (KSCW) on 26.5.1995 under the Karnataka State Commission for Women Act. 1995. The Commission consists of a woman Chair Person and six non official members and four ex-officio members to be nominated by the Government.

The Commission takes up cases of violation of the provisions of the constitution and of other laws relating to women, looks into the complaints relating to deprivation of women's rights participates and advise on the planning process of socio economic development of women, assist women to ensure equal and fair justice in matrimonial disputes before the family courts etc.

16.16. Under Suraksha scheme financial assistance of ₹ 20, 000/- subject to a maximum of ₹ 2, 00,000 is provided to Acid Victims, Kerosene attack on poor women.

The scheme also provides a) Financial assistance for medical expenses, plastic surgery and shelter; (b) creation of employment opportunities d) providing shelter facility to these women under Ashraya/Ambedkar schemes e) financial assistance of children's education f) monthly pension facility to those women who have been handicapped from acid attack.

Only one scheme 'Suraksha' is implemented by the commission. This scheme can be transferred to the Karnataka Women Development Corporation for administering the financial aspects, leaving the Commission with powers to pronounce the compensation after due consideration.

Department of Welfare of Disabled and Senior Citizens

16.17. The Department of Welfare of Disabled and Senior Citizen strives for welfare of persons with disabilities and senior citizens. The Department has eleven plan and nine non plan schemes for the benefit of physically disabled persons, implemented by a team of officers headed by Director with the support of a Deputy Director and other officers. At the District level, there is a Disabled Welfare Officer supported by a program assistant, a computer operator and a Group 'D' employee.

a) **Training and Employment:** There is a demand for employment in the State from persons with disability. The Department of Welfare for Disabled and Senior Citizens (under the Department of Women and Child Development) has framed a scheme to enable disabled youths in the age groups of 18-45 to undergo training in Computer and VCT for a period of 6 and 3 months respectively. In the year 2007-08, against a budget provision of ₹ 300.00 lakh, an expenditure of ₹ 66.98 lakh was incurred. A budgetary provision of ₹ 312.00 lakh was provided covering 27 districts during the year 2008-09, however no expenditure was incurred in the year 2008-09. During 2009-10, the budget provision was ₹ 324.48 lakh, no expenditure was incurred. During the year 2010-11 budget provision of ₹ 337.45 lakh, no expenditure was incurred. From the year 2008 onwards even though no expenditure was incurred under this budget head, there has been allocation of more than three crore every year. It follows that the programme could not be implemented successfully.

In this connection, it may be stated that the Karnataka Vocational Skill Development Corporation (under the Department of Employment and Training) is implementing various schemes of Training and the above scheme of training to physically disabled can also be transferred to the Corporation. This may enable the disabled to get proper training and also placement. The interests of the disabled can also be safeguarded by the Department by identifying the beneficiaries and also by periodical monitoring of progress of implementation of schemes by the Corporation.

b) **Maintenance Financial Assistance to the Physically Handicapped and the Disabled Poor:** Disabled persons who suffer from 40-75% disability are entitled for an allowance of ₹ 400 per month; the amount was revised in the year 2008. Persons who suffer from disability of 75% and above are given a monthly allowance of ₹ 1000 per month w.e.f 2009. Disabled persons who are residing in Karnataka for not less than 5 years and who do not get any other financial assistance or old age pension, only are eligible for this allowance. Tahsildars, of respective taluks who verifies the necessary certificates from the authorised medical specialists are the sanctioning authorities. The disabled population in Karnataka is about 9.40 lakh and out of which, 5.46 lakh have been covered under this scheme during the year 2008-09.

There are Schemes benefiting old age people and senior citizens. ***It is suggested that these social welfare pensions i.e. Old Age Pension, Widows' Pension etc., under the Revenue Department could be brought on par with the maintenance allowance for the Physically Handicapped. At present Old Age Pension is ₹ 400 per month of which ₹ 200 is Government of India's contribution. Taking into account the daily wage being paid under MNREGS (under which 100 days work is guaranteed for one member per family) and also the Planning Commission's revised definition of poverty level, the Expenditure Reforms Commission recommends that allowance for disabled persons (with disability of 40-75%) may be fixed at ₹ 800 per month.***

It is suggested that similarly the recipients of Old Age Pension should be assured of a sum of Rupees Eight hundred per month (inclusive of GOI contribution).

Similar enhancement may be made in Widow's Pension also, so that inclusive of GOI Pension, if any, eligible widows also receive ₹ 800 per month. State Government should move to the Government of India to share the expenditure on 50:50 basis. Proper verification procedure for such welfare pension/allowances should be put in place so that benefit goes only to the persons fulfilling all the conditions of the schemes and there is no possibility of the same person receiving pension/allowance from two different sanctioning authorities (e.g. from Tahsildar of the two different Talukas).

Any rise in the above social welfare pensions would naturally appear as additional expenditure. However, keeping in view the increase in cost of living since the last revision on the one hand and keeping in view the general inability of the beneficiaries under these schemes in participating in schemes like MNREGS on the other, there is a clear justification for such rise.

Implementation of the Persons with Disabilities Act

16.18 A comprehensive Act called the Persons with Disabilities (Equal opportunities, protection of Rights and full participation) Act 1995 has come into effect from 07.02.1996. The State Government has constituted the State coordination committee as per Sec 13 of the Act. The Commissioner for persons with Disabilities has also been appointed as per Sec 60 of the Act. A State Executive Committee has also been constituted as per Sec 19 of the Act. The Commissionerate for persons with Disability is responsible for implementing the statutory requirement that three percent of the budget of all the Departments is to be utilized for persons with disabilities. The Commissionerate is headed by the Commissioner assisted by an Assistant Commissioner and a Gazette section officer.

16.19 In so far as monitoring is concerned, it may be made mandatory that every Department should disclose activities, undertaken by them for the benefit of physically disabled persons in their Departments in a separate chapter in its Annual Report. ***The Commissionerate may***

bring out a report on the state of implementation of Persons with physically disability Act every year after conducting a sample of selected Departments every year. ***The Commissioner may be provided with suitable accommodation and requisite staff.***

16.20 It was found that despite government order issued, no guidelines have been issued on segregating three percent of the funds and monitoring of the benefits going to physically disabled persons. Therefore, government should issue guidelines for spending three percent of budget of every beneficiary oriented scheme on the Disabled and compliance with these guidelines should be regularly monitored. ***The Commissionerate also needs to be suitably strengthened by providing additional technical staff and office premises for their effective functioning. Compliance with these guidelines should be regularly monitored.***

Karnataka State Commission For Protection of Child Rights.

16.21 The Karnataka State Commission for Protection of Child Rights (KSCPCR) has been constituted under the provision of Commissions for protection of Child Rights (CPCS) Act, 2005 for the protection of child rights and other related matters. The Commission consists of the Chairperson and five members. For the year 2009-10 out of the budget allotment of ₹ 170.00 Lakhs a sum of ₹ 48.21 lakhs has been released upto 31.1.2010 and expenditure incurred is ₹ 26.81 lakhs. The Commissions Studies and monitors all matters relating to constitutional and legal rights of children and look into complaints of the cases involving violation of these rights and recommend measures for the effective implementation of the safeguards provided by law for protection of child rights.

16.22. Selection process of Chairperson and members has been completed. It is proposed to form a sub-committee with the objective of providing a forum/platform for children to directly voice their opinions and concerns. Representatives of children in especially difficult circumstances (working children, marginalized children, handicapped children etc.) and members of NGOs working for the rights of children will serve on the subcommittee to take forward the child protection movement to reach each and every child. For monitoring RTE, Child Rights Commission at the State level has been given the responsibility under the Act. In Karnataka the qualification, background, status of Chair person and members of Child Rights Commission are not at all comparable with the position in the Central Government.

There is a need for upgradation of the Status of the Chairman and members of the Karnataka Child Rights Commission, taking into account the position in the Central Government.

Chapter 17

Department of Health and Family Welfare

17.1 The Department's mandate is to design and implement schemes, programmes and projects to deliver the State's Integrated Health Policy objectives. The health care delivery infrastructure managed by the Department consists of curative, preventive, promotive and rehabilitation health care.

17.2 The objective of the State Integrated Health Policy (2004) is to provide "Quality Health Care with Equity", which involves:

- Providing integrated and Comprehensive primary health care.
- Providing a credible and sustainable referral system.
- Establishing equity in delivery of quality healthcare.
- Encouraging greater Public-Private Partnership (PPP) in the provision of quality healthcare in order to better serve the under served areas.
- Addressing emerging issues in public health.
- Strengthening Health Infrastructure.
- Improving access to safe and quality drugs at affordable prices.
- Increasing access to alternative medicine systems.

The Commission, while appreciating the fact that 'equity' has been recognized as a key element in delivery of health care, has noted however, that there is no evidence of the Department having taken up equity issues, such as the cost of medical care through the Government hospitals vis-à-vis private hospitals, in relation to the per capita income of the individuals. Studies reveal that the effectiveness of Primary health care as the first line of health care is yet to be established in an equitable manner. Generally, even the rural poor are obliged to meet out of pocket expenses on health care. At all India level, such additional expenditure on a 15 days non-hospital treatment per ailing person in rural areas, was estimated to be ₹ 285. In Karnataka such expenditure was said to be ₹ 313. A survey quoted by the Economic & Political weekly (October 23-29,2010) suggests that around 24 percent of the farmers who committed suicide were suffering from chronic illness, and in 30 percent of the cases at least one member of the household suffered chronic illness. Such survey results although are influenced by dynamics of the region or districts from where the sample was drawn, - their findings are instructive. Because such finding point to the need for the Department to consider the equity issues in the matters of health care with much more concern and appreciation.

17.3 Presently a net-work of Sub-Centres (8870), Primary Health Centres(2310), Community Health Centres (180), Taluk Hospitals (146), District Hospitals(30) are engaged in providing health care services in the State. The network implements various State Sector Schemes and Centrally Sponsored Schemes, including implementation of health care directly provided by the Government of India, Ministry of Health and Family Welfare through NRHM.

17.4 For the year 2009-10, government expenditure on health as a percentage of total government expenditure was 3.93 percent, as compared to the 5.36 percent in the year 2000-2001[1]. However, the increasing challenge to Government seems to be, not merely securing adequate funds, but ensuring that the Department spends the funds allocated in the budget. Annexure-17a which depicts the unspent amount in the Department during the last ten years, shows that expenditure was always less than the allocation (except for 1999-2000). Though it cannot be said that the funds provided are adequate to meet the demand for health care services, the trends in expenditure indicate that the Department's capacity to spend the allocated fund requires to be examined and the systemic deficiencies need to be addressed and corrected by the Department.

17.5 The health care technology and implementation strategies are channeled through various schemes financed under both the Plan and Non-Plan budgets of the State Government, supplemented by grants received from Government of India. Annexure-17b gives the status of health care infrastructure supported by the Department.

17.6 Karnataka aspires to be one of the top three States in the country in terms of various health care indices. The health targets as envisaged by 2020 in its vision document are shown in the following Table.

[1] Note: Some of the health care services which were part of by state health budget in the past are now directly supported by Central Government through schemes like NRHM etc.,

Targets for 2020

Indicator	Current level	Goal (for 2020)
IMR (Infant Mortality Ratio)	48	10
MMR (Maternal Mortality Ratio)	228	50
Under 5 Mortality	54.7	15
TFR (Total Fertility Rate)	2.08	1.8
Child Sex Ratio	949	975
Women in reproductive age (15-49 year) with anaemia	50%	15%
Births assisted by appropriate health personnel	71.3%	100%
Anaemia in children (6-35 month)	82.7%	25%
Child vaccination	55%	100%
Out of pocket expenditure (OPE) on health	>80%	60%

17.7 The above goals, particularly those relating to child mortality, are generally sensitive to socio-economic conditions. Lower literacy levels of mothers, their residential status as rural population and their lower standards of living impact the indicators negatively (Annexure-17c). With a population of 5.3 crore , which is growing at a rate of about 1.3 percent per annum,[2] the State needs to provide for adequate health care supply systems and manage the same efficiently, in order to achieve these targets. This is a complex and challenging task, given the fact that one third of the State population lives in rural areas and one third is illiterate, added to which is the problem that appropriate health care technology, competent professional man-power, adequate finances and efficient resource management are all hard to come by.

Scheme specific Findings and Recommendations.

17.8 **Uneven distribution of Primary Health Care Facilities:** As against the national norm of one PHC per 30,000 population, the State has established the following facilities:

- -11 PHCs serving less than 10,000 population;
- -82 PHCs serving up to 20,000 population;
- -75 PHCs serving a population of 30,000;
- -61 PHCs serving a population above 30,000.

Thus, the median population served per PHC is 21,609 (Mysore, 2008-09). The District with the highest population per PHC is Dharwad with 57,496 persons per PHC, while the District with the lowest population per PHC is Chikmangalur with 14,386 persons per PHC (Annexure-17d). The skewed location of PHCs in some of the districts with difficult terrain may be understandable, but the unevenness of the location of the PHC in other districts only violates one of the commitments made in the State Integrated Health Policy but also increases the unit cost of providing health care services leading to inefficient expenditure through

[2] With Birth rate of 19.8 and death rate of 7.4 per thousand population

PHCs. ***Hence the Commission recommends that the Government should revisit the present location of health care facilities. Since only 1376 PHCs are functioning from own buildings such relocation would not be difficult. The saving generated through relocation be used for strengthening at various PHCs.***

17.9 Annexure-17d also shows the District wise spread of the Government Health institutions, viz. District Hospitals, Taluk Hospitals, Community Health Centres, Primary Health Centres and Sub Centres along with the respective number of beds. In the matter of availability of beds, there are districts like Uttara Kannada (126), Mysore (122), Shimoga (120) that have more than 120 beds per one lakh, whereas some districts like Bijapur (68), Ramanagara (68), Belgaum(67), and Bangalore-Rural (67) have less than 70 beds per one lakh population. If this unevenness is not addressed, by 2010-11,the picture may get further skewed with the two outlier districts of Bagalkot and Bangalore Urban having, respectively, as few as 60 beds and as many as 276 beds per one lakh population;and following a similar trend, Kodagu will have as many as 198 beds and Koppal as few as 65 beds per one lakh population.

17.10 During visits to the districts, the Commission noted that although there is adequate flow of drugs in State Hospitals, supervision and regulation of the movement of these drugs into the interior of districts is poor. The District Health Officers also need to maintain a record of the drugs procured for the district hospitals and ensure a stringent quality control for timely issue of adequate drugs from district level offices. ***There is a need to ensure that regular and periodic quality inspection at District and Taluk level hospitals are carried out, and also to ensure an efficient administration of drug supply in Government Hospitals. In this regard, there is need for the Department to rationalise its budget and manpower allocation with respect to the quantity and value of drugs used in the districts.***

17.11 A survey of 246 PHCs reveals that, despite the commitment to provide 24X7 service at PHCs, the infrastructure support within the premises of PHCs is inadequate and manpower shortage persists. In particular:

-52 PHCs (22.7%) do not have Bio-medical waste disposal facilities;
-24 PHCs(24%) had toilets unfit for use;
-151 PHCs (65.9%) have no separate toilet facility for women;
-126 PHCs (56%) do not have electricity back-up support;
-84 PHCs (37%) do not have maternity wards;
-193 PHCs (84%) do not have mosquito mesh.

As regards manpower:

- 12 PHCs have at least 3 doctors,
- 97 PHCs have two doctors,
- 111 PHCs have only one doctor, and

- 9 PHCs have no doctor at all.

Another cause of concern is frequent absenteeism of doctors at the health facilities, largely due to the fact that a good number of them are engaged in private practice. Considering the above, the Commission recommends that an objective exercise be initiated immediately by Government to address the above deficiencies necessarily to relocate the PHCs.

17.12 On the quality of services, there is a need for the Department to initiate measures to generate public confidence in the quality of services provided by PHC system. Using information from the NFHS Survey 2004, Annexure-17e lists the reasons why government health facilities are not popularly used. The Survey indicates that about 64% of households do not generally use Government health facilities due to the poor quality of care (51%); and unavailability of health personnel (15%) and prefer private health care instead, despite higher healthcare costs (NSSO-60th round). The Commission had also observed instances of underutilisation of hospital facilities in Bidar and Shimoga where a large percentage of hospital beds were vacant. Though infrastructure facilities are provided at these places, there is a lack of adequate medical personnel, and low patronage from patients. In Karnataka, not only the diagnostic facilities are inadequate, but even existing facilities have vacancies of technical staff.

17.13 Therefore, the Department of Health needs,

(a) ***to put in place a mechanism whereby physical infrastructure is fully utilised by posting adequate staff and ensuring their presence during duty hours,***

(b) ***not to create further new physical infrastructure without assessing, through epidemiological studies, the actual demand for the proposed services,***

(c) ***to create and position manpower on the basis of the morbidity pattern, which needs to be reviewed at least once in three years,***

(d) ***to consider dovetailing services provided by Government with those provided by the private sector through government supported insurance schemes, and***

(e) ***to consider similarly matching infrastructure available in the private and public sectors.***

For this purpose, ***the hospital patient database could be actively managed and used for monthly review, procurement and epidemiological analysis. However, the Department has to use existing hardware and software for data mining from HMIS[3], HRMIS[4] to enable***

[3] Health Management Information System (HMIS) is being used for a variety of health care services provides covering all three aspects of Hospital Management vis., Patient Administration System (PAS), Clinical Administrative systems (CAS) & Entreprise Resources Planning (ERP)

[4] Human Resource Management Information System (HRMIS), is presently used only for financial disbursement and not used as managerial tool at district level.

informed decision making for better HR placement, drug procurement & distribution and man power planning. Since HMIS is being used in 11,500 institutions, an intensive training needs to be undertaken for the staff in the use of HMIS and HRMIS. The Commission also recommends that, using IT, an accountable performance review mechanism be put in place to assess the performance of PHCs.

17.14 MADILU Scheme: This is a Scheme to encourage women from BPL families to go for institutional deliveries in order to reduce maternal and infant mortality. Under the Scheme a medical kit costing ₹ 1,260 with 19 items, essential and useful for the timely delivery and post-natal care, is provided to each expectant mother. A sample check verification done by the Directorate of Statistics revealed that the scheme is generally performing well, although there is some scope for improving the implementation quality by addressing a few marginal issues. The 2008-09 Survey is based on a sample study of 1097 beneficiaries. It was seen that one percent of the beneficiaries do not belong to BPL families; that about 5 percent of the births took place at private hospitals; that four percent of the beneficiaries received a kit with less than 19 specified items; that 2.57 percent beneficiaries incurred additional expenditure for receiving the kit;and that a large number of beneficiaries (71 %) did not receive the kit on time.

17.15 ***The Commission recommends that the Department needs to ensure the required number of kits are procured and made available on time, while also redressing deficiencies of the nature mentioned above.***

17.16 **Health Insurance Schemes:** The Department implements the Vajpayee Arogya Shree (VAS) and Suvarna Arogya Chaitanya (SAC). There are also health insurance schemes implemented through the Department of Co-operation (Yeshasvini) and by the Rural Development and Panchayati Raj Department (Rashtriya Swasthya Bima Yojna, RSBY).

Scheme	Target population	Benefits
VAS	BPL families (as per state govt. list)	Tertiary care upto ₹ 1.5 lakh per family of five (to cover 70 lakh BPL families identified by Department of Food and Civil Supplies)
SAC	School going children from first to tenth standard	Surgical care upto ₹ 2 lakh per child
Yeshasvini	Members of the Cooperative societies (APL & BPL)	Surgical care upto ₹ 2 lakh per member
RSBY	BPL families (as per GoI list)	Secondary care upto ₹ 30,000 per family of five (to cover 19 lakh BPL families, identified by RDPR)

17.17 As could be seen from above, while the objectives, coverage and the benefit vary between the schemes as they are set against different parameters /financing norms, which are indicated below.

Parameters	RSBY	VAS	Yeshasvini	SAC
1. Cost per family of 5 per year	₹ 750/-	₹ 300/-	₹ 750/-	N/A
2.Member Contribution (family of 5)	₹ 30/- per annum	Nil	₹ 150/- per person	None
3.Govt Contribution (family of 5)	75% of premium (not exceeding ₹ 565/-) + ₹ 60 /- per card borne by Central Govt. 25% of premium borne by State Govt. + any additional premium	₹ 300/- Govt. of Karnataka	State Govt. provides for difference between total expenditure and total member contribution	85% of expenditure borne by GOI (NRHM) 15% of expenditure borne by State Govt.
4.Underwriting of Insurance (Risk Taking)	Insurance Company	Government via Suvarna Arogya Suraksha Trust	Yeshasvini Trust and Government	Government

Parameters	RSBY	VAS	Yeshasvini	SAC
5.Benefit Package Coverage	Secondary care – 780 Medical and Surgical Procedures	Tertiary Care - 402, Procedures under 7 specialties	Secondary and tertiary care- 1600 Surgical Procedures	All as per Yeshasvini norms
6. Average Benefit Package amount (Rupees)	10,300	43,200	11,500	11,500

17.18 Since the government is already considering integration of all the Publicly funded health insurance schemes, the Commission expects that a substantial part of the health care burden would shift from the Government health care system to the private health care system. Government hospitals too should be able to compete and provide services to members covered under the integrated scheme. The Commission also looks forward to the PHCs, District hospitals and other Government hospitals being adequately strengthened so as to participate in the insurance schemes. It was brought to the notice of the Commission that the Planning Commission is also exploring the possibility of integrating the various health insurance schemes now being implemented through various ministries. As such, while integrating the schemes at state level, the Department may take into account the integration being considered by the Planning Commission.

Drugs Control Department

17.19 The mandate of the Department of Drugs Control is to implement the Drugs and Cosmetics Act, 1940 and Rules 1945, which aims at maintaining quality, safety, efficacy and rational use of drugs at controlled prices in the State. The Department had a budget of ₹ 20.3 crore and expenditure of ₹ 13 crore for the year 2008-09. Expenditure has been recorded in respect of the Drugs Testing laboratory in North Karnataka, Drugs control Department buildings and the Government College of Pharmacy, while no expenditure is recorded for 2008-09 under other heads of expenditure viz. Drugs control laboratories at Hubli and Bellary.

17.20 Presently the Drugs Control Administration is a separate Department under the Secretariat Department of Family welfare. It is headed by a full time Drugs Controller as its Administrative head, under whom are three wings viz. which (a) the Enforcement wing, (b) the Drugs Testing Laboratory headed by a Superintendent (Administration), and (c)a College of Pharmacy imparting education leading to Diploma, Degree, Post-graduation and Doctorate in six different faculties. ***There is a need to support the Department of Drugs Control with***

sufficient number of Drug testing facilities inline with the quantum of drugs supply agencies and various health institutions in the State.

Department of AYUSH

17.21. Department of Indian Systems of Medicine and Homeopathy (ISM & H) was created in March 1995 and renamed as Department of Ayurveda, Yoga & Naturopathy, Unani, Sidda and Homeopathy (AYUSH) in November 2003, with a view to provide focussed attention to development of Education and Research in AYUSH systems of medicine. The Department continued to lay emphasis on upgradation of AYUSH educational standards, quality control and standardization of drugs, improving the availability of medicinal plant material, research and development and awareness generation about the efficacy of the systems domestically and internationally. The Department had a budget of ₹ 43.43 crore and expenditure of ₹ 21.88 crore for the year 2008-09. The Department is headed by the Director who is assisted by Chief Administrative Officer and other Departmental Officers.

17.22 In the Department of AYUSH, there are 13 plan schemes, 9 schemes are State Plan Schemes, 2 Schemes are 100% Centrally Sponsored Schemes (CSS) and other two schemes are CSS sharing. The objectives of the department include:

1. To upgrade the educational standards in the Indian Systems of Medicines and Homeopathy colleges in the country;
2. To Strengthen existing research institutions and ensure a time-bound research programme on identified diseases for which these systems have an effective treatment;
3. To draw up schemes for promotion, cultivation and regeneration of medicinal plants used in these systems;
4. To evolve Pharmacopoeia standards for Indian Systems of Medicine and Homeopathy.

17.23 Generally, about 70% of the total outpatients are for Ayurveda while the remaining go for Yoga and Naturopathy, Unani, Sidda and Homeopathy. The organisation chart for the Department is provided in Annexure-17f. Though there is consistent increase in Budget allocation since 1996-97, on an average, about 90% of the allocation is being spent. 105.

In line with the objectives of the Department of AYUSH, and general popularity, there is a need to have an integrated policy in pursuit of the objectives and if necessary, for such a policy to complement the State Health Policy. The integrated policy needs to optimise the cost advantages in some of the potentially beneficial treatments which otherwise are

costlier in the mainstream Health care system. Also, to strengthen existing research institutions and ensure research programmes for identified diseases for which AYUSH systems have an effective treatment, the state needs to encourage research in AYUSH, particularly Ayurveda and strengthen technical certification in drugs which are normally sold as over the counter drugs.

17.24 Further, the Department, having 659 dispensaries throughout the state, there is a need to provide supportive infrastructure to make optimum use of these facilities. ***There is also acute shortage of staff in the Department of AYUSH, particularly the supporting staff including Group D. This vacancies position has to be reviewed within the overall policy priorities and improvements required to be made in Infrastructure facilities.***

17.25 **Public Health Vs Medical Services Cadre:** Presently there are no separate cadres for public health and medical services. ***The preventive, promotive and curative functions of the Department of Health need to be split between two directors i.e., Director- Medical (for curative and clinical services) and Director- Public Health (Preventive and promotive services) with required technical staff to support the Director from positions of Assistant Director, Deputy Director to Joint Director. Such hierarchy has to be designed for reasonable promotion opportunities and enable focused supervision on each of the areas. It is recommended that two separate cadres may be constituted relating to Public Health and Medical (clinical).***

17.26 **User Charges:** The Government of Karnataka had issued orders in 1988 prescribing user charges for an identified range of services. The order provided exemption to poor patients, specifying that green cards under the Public Distribution System be the means to check eligibility. It is observed that 85.67%, 28.33% and 36.62% of expenditure is collected as user charges in Jayadeva Institute of Cardiology, Indira Gandhi Institute of Child Health and Kidwai Institute of Oncology respectively. ***It is suggested that the Department needs to have a principle driven formula for prescribing user charges, which should be reviewed periodically by a team of experts who should also consider the market rates for the services. Secondly these user charges should be collected from people with Above Poverty Line (APL) Cards while exempting Below Poverty Line (BPL) families. Under the Department of AYUSH, user charges are presently not levied, hence there is scope for introducing user charges in this Department, for APL families.***

In the Second Report of the Commission, now submitted, some over-arching recommendations have been made for better appraisal and evaluation of schemes, and for strengthening of the instruments of effective Legislative and Execution Control over expenditure, including the emerging idea of Social Audit. Specific recommendations have been made regarding the schemes and organisational structure of the departments in Social Sectors and in Agriculture and Allied Sectors. The next report of the Commission would deal with Infrastructure Sectors and selected developmental and regulatory Departments. The Final Report of the Commission will contain recommendations regarding the remaining subjects in the Terms of Reference relating to user charges, subsidies, Institutional Mechanism for Service delivery and framework for performance and outcome monitoring. The Commission recommends that the contents of its reports may be brought into public domain with a view to generate enlightened public debate on these important issues in public policy. The Commission wishes to thank the officers of various Departments of the Government of Karnataka for their co-operation, but for which this report could not have been prepared.

Sri. L.V. Nagarajan
Member

Sri Mohandas Pai
Member

Sri B.K. Bhattacharya
Chairman

Sri Sanjiv Kumar
Member

Sri G. Ramesh
Member

Place: Bangalore

Date :17-02-2011

Annexures

Annexure-1a

Terms of Reference of Expenditure Reforms Commission

The Hon'ble Chief Minister in his Budget Speech 2009-10 mentioned that the Government of Karnataka would carry out review of Government expenditure in the state for various programmes with a view to reduce expenditure on less effective programmes and effectively mobilize resources to improve the efficiency of program implementation. Accordingly the Expenditure Reforms Commission (ERC) was constituted vide Government Order No. FD 76 Samaya 2009 dated 6.6.2009. The Chairman assumed office on 22nd June, 2009, and the first meeting of the Commission was held on 24th July 2009. The Commission has been functioning from MSIL House at Cunningham Road, assisted by secretarial staff provided by the Government of Karnataka, and with logistic and research support from the Fiscal Policy Institute, Bangalore.

The Terms of Reference of the Commission:

(1) Review the efficacy of programmes/schemes of major departments, and make recommendations for their restructuring and convergence to facilitate improvement in their development effectiveness;

(2) Suggest a framework for performance and outcome monitoring of the development schemes/programmes;

(3) Review the scope for consolidation of smaller schemes and expenditure items with common/complementary objectives into a fewer number of viable programmes;

(4) Review the processes and institutional mechanisms of programme implementation and service delivery to improve efficiency and cost effectiveness;

(5) Review the framework of all subsidies, both explicit and implicit, examine the economic rationale for their continuance and make recommendations for making subsidies transparent and suggest measures for maximizing their impact on the target population at minimum cost;

(6) Suggest an effective strategy for meeting a reasonable proportion of expenditure on services through user charges;

(7) Suggest areas for adoption of new technologies including information technology for effective implementation of programmes and delivery of services;

(8) Recommend measures for optimizing the staff strength of Government Departments, attached offices and institutions, for skill upgradation of existing staff, and for redeployment of programmes and delivery of services;

(9) Consider any other relevant issue concerning expenditure management in Government and make suitable recommendations.

Annexure-1b

The List of Research Institutions / Consultants engaged by the Commission to undertake department specific studies

Sl. No.	Research Institutions /Consultant	Study Subject	Administrative Department
1.	Centre for Policy and Budget Studies (CBPS)	(i) Review of Processes and Institutional mechanisms of Programme Implementation and Service Delivery (Study-1) and (ii) Levy of User Charges for Providing Services by Selected Departments (Study-2)	
2.	Institute of Public Auditors of India (IPAI)	Review of Developmental Programmes and Organisation Structure of selected Government Departments.	i. Primary and Secondary Education ii. Higher Education iii. Employment and Training, iv. Women and Child Development, v. Social Welfare vi. Minorities Welfare
3.	Infrastructure Development Corporation of Karnataka (iDeCK)	Review of Developmental Programs and Organisation Structure of selected Infrastructure Departments.	vii. Public Works viii. Water Resources ix. Urban Development
4.	Karnataka Institute of Public Auditors (KIPA)		
5.	Institute for Social & Economic Change (ISEC)	(i) Study on Frame-work for assessing Performance and Outcome monitoring of Schemes/Programmes (Study-1) (ii) Study on Government Subsidies(Study-2)	
		(iii) Review of Developmental Programmes and schemes of Departments (Study-3)	i. Agriculture ii. Horticulture iii. Animal Husbandry & Veterinary Sciences iv. Fisheries
		(iv) Review of Developmental Programmes and schemes of Departments (Study-4)	i. Department of Co-operation
		(v) Review of Developmental Programmes and schemes of Departments (Study-5)	ii. Department of Forest, Ecology and Environment
6.	Karuna Trust	Review of organisational structure, developmental programmes / schemes and implementation mechanisms	i. Department of Health & Family Welfare

Sl. No.	Research Institutions /Consultant	Study Subject	Administrative Department
7.	Public Affairs Centre (PAC)	Study of 3 schemes viz. i. Swarna Jayanti Shahari Rojgar Yojana (SJSRY), ii. Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) and iii. Mukhyamanthri Nagarothana Yojane (MNY).	i. Urban Development Department.
8.	Abdul Nazir Sab State Institute of Rural Development (ANSSIRD)	Review of important Developmental Programmes / Schemes of Rural Development and Panchayat Raj Department [Both Centrally sponsored Flagship programmes and State Government Schemes] and a few other selected programmes implemented by Panchayat Raj Institutions	i. Rural Development and Panchayat Raj
9	National Law School of India University (NLSIU)	Study of certain aspects of the working of the Department concerned	i. Home (Police) ii. Law, Justice and Human Rights

Annexure-1c

1. Visit to Dharwad District on 25th and 26th May 2010

List of participants

ERC:

1. Shri. B.K. Bhattacharya, Chairman, ERC.
2. Shri P.R. Devi Prasad, Director, Fiscal Policy Institute.
3. Shri. R.S Phonde, Secretary, ERC.
4. Ms. Prathiksha Shetty, Consultant, ERC.

Departmental Officers:

1. Shri. Darpan Jain, Deputy Commissioner Dharwad.
2. Shri. C.Shikha, CEO, Dharwad, ZP.
3. Shri. Dr. Ajay Nagabhushan, M.D. HESCOM, Hubli.
4. Shir. P.S. Mallapur, Addl. D.C. Dharwad.
5. Shri. U.S. Naik, GM, HESCOM, Hubli.
6. Shri. U.S. Mirji, Deputy Director, Horticulture Dept. Dharwad.
7. Smt. Malati. S. Pol, D.D.W& CD Dharwad.
8. Shri.. Bhaskar V. Bhat, DDPI (Adm) Dharwad.
9. Shri. R.N. Shanbhag, Commissioner HDMC.
10. Dr. Vishal Hadahalli, Asst. Director (AH & VS).
11. Shri. Mahantesh Bilagi, A.C. Dharwad.
12. Shri. Ravindra Ritti, DDPU- Dharwad.
13. Shri. S.T.Patil, Director, WALMI, Dharwad.
14. Shri. H. Premnath, District Registrar, Dharwad.
15. Shri. S.S. Shettar, Executive Engineer, NH Division, Hubli.
16. Shri. M.B. Gudadappanavar, Executive Engineer, PWD, Dharwad.
17. Shri. G.A Wahi, Executive Engineer, MI, Dharwad.
18. Shri. S. Ganesh Naik, Joint director, Agricultural Department.
19. Shri. S.T. Ingale, Dy. Director, City Central Library, Dharwad.
20. Dr. S.M. Honakeri, DPMO/KHASDRP/NRHM
21. Shri. S.C. Tirlapur, DO, BCM, Dharwad.
22. Shri. Saberahmed Mulla, Dist. Social Welfare Officer.
23. Shri. N.P. Patil, Executive Engineer, PRED.
24. Shri. S.M.Dodanna, CPO, ZP Dharwad.
25. Shri.Nagashetti N.S, District. Statistical. Officer, Dharwad.
26. Dr. N.M. Angadi, DH & FWO, Dharwad
27. D.H.M. Ismail Khan, Executive Engineer, MRBC Dn, Byahatti.
28. Shri. K. Krishnamurthy, EE, KUWS & DB DN. Dharwad.
29. Shri. S.B. Siddanaik, EE, KUWS & DB O & M Division Dharwad.
30. Shri. L.C. Naik, Superintending Engineer, HDMC.
31. Shri. Divakar Shankinadasar, Supt. LBRC, Dept. of Social Welfare.
32. Shri. M.S. Faras, AEE, PWD Sub-division, Dharwad.
33. Shri. N. Sreenivas, ADA. CADA (MP) Navalgund.

Consultants:

1. Dr. Dr. H Sudarshan, Hon. Secretary, Karuna Trust, Bangalore
2. Shri. S.R. Varambally, President, KIPA, Bangalore

3. Shri Ramachandra, IPAI, Bangalore.
4. Dr. G.S. Ganesh Prasad, Assistant Professor, ANSSIRD Mysore.
5. Dr. G.B. Lokesh Assistant Professor, ISEC, Bangalore.
6. Dr. Elumalai Kannan, Associate professor, ISEC, Bangalore.
7. Shri. Guru, ISEC, Bangalore

2. Visit to Shimoga District on 27th and 28th May 2010

List of participants

ERC:

1. Shri. B.K. Bhattacharya, Chairman, ERC.
2. Shri L.V Nagarajan, Principal Secretary to Government, Finance Department
1. Shri P.R. Devi Prasad, Director, Fiscal Policy Institute.
2. Shri R.S Phonde, Secretary, ERC
3. Ms. Prathiksha Shetty, Consultant, ERC.

Departmental Officers:

1. Shri. Pankaj Panday, Deputy Commissioner, Shimoga.
2. Shri. Hemachandra A.B. CEO, Shimoga.
3. Shri. M. B. Shankarappa, CPO, ZP Shimoga.
4. Shri. Praveen Kumar G.L. Asst. Commissioner, Sub Division Magistrate, Sagar
5. Dr. N.S. Basavaraja, Dy. Director, Animal Husbandry Veterinary Services.
6. Dr. H.N. Gopalakrishana, Project Director, DUDC, Shimoga.
7. Shri. B.Jayanna, Municipality Engineer, CMC, Shimoga.
8. Shri M.C. Gangadhara, Dy. Director Food & Civil Supplies.
9. Dr. Kumar Naik.G. , Asst. Commissioner of Commercial Taxes, Shimoga.
10. Shri. A.S. Jayappa, Asst. Registrar of Co-op Societies, Shimoga.
11. Shri. B.N. Channalli, General Manager, Shimoga BCC Board.
12. Shri. Y. Eranna, DOBCM.
13. Dr. A.S.Pushpa, District Ayush Officer Shimoga.
14. Shri. N. Munirajappa, Project Director, DRDA ZP, Shimoga.
15. Shri, Rajagopal, DSI. ZP. Shimoga.
16. Shri. Hanumanragaiah, D.S.Z. ZP, Shimoga.
17. Shri. L Subbarao, Lead Dist. Manager, Shimoga.
18. Shri. Anup. K.G., D.W.D.O. Shimoga.
19. Shri. P.P. Banerjee, D.C.F.S.F., Division, Shimoga.
20. Shri. S.L. Chavan, Deputy Director of Public Instruction, Shimoga.
21. Shri.G. Lohith, E.O. MDM ZP, Shimoga.
22. Shri. G.N. Eswara Murthy, I/C. DDPU, Shimoga.
23. Shri. Chandran Naik. W. DSWO, Shimoga.
24. Shri. Hari Kumar, Asst. Director, Kannada & Culture.
25. Shri. Chandrashekar, M., Asst. Director, Dept. Youth Services and Sports
26. Shri. N. Lokeshappa, Ex. Engineer, Irrigation Department.
27. Dr. S.T. Suresh, Deputy Manager,
28. Shri. D.M. Basavaraja, ADA (Sujala), DWDO, WDD, Shimoga.
29. Shri. Ranjinaika, Senior Geologist, Dept. of Mines & Geology (GWS) Shimoga.
30. Shri. J.A. Somashekar, T.A. to Ex. Engineer, PWD SPI. Division, Shimoga.
31. Shri. D.S. Nagaraj, JE, EE, PWD Dn. Shimoga.
32. Shri. G. R. Chandrashekarappa, EE.PRED, Sagar.
33. Shri. B.H. Yogesh, BE, MI Division, Shimoga.
34. Shri. P.A Bajantri, Ex. Engineer, PRED. Shimoga.
35. Dr. R. Thippeshi, District Surgeon, Shikaripura.

36. Shri. J. Krishna, D.C. of Excise Shimoga.
37. Dr. G.H. Channabasappa, D.H.O. Shimoga.
38. Shri. Agri, ADA (Sub)
39. Shri. M. Viswanath, Deputy Director of Horticulture.
40. Shri. Felixo Souze, A.R.T.O
41. Shri. T.S. Paravellina,
42. Shri. S. Ganesh, AEE, CMC, Shimoga.
43. Shri. Manu Kumar B.P Enul. Engg, CMC. Shimoga.
44. Shri. T. Venkateshappa, Dy. Director, Fisheries Shimoga.
45. Shri. T.K. Krishna Shetty, Dy. Director, K & V.I, Industries Department, ZP, Shimoga.
46. Shri. V. Vasudev, Dy. Director, Fisheries Shimoga.
47. Shri. K.T. Thipperudrappa, Sericulture Dy. Director, Shimoga.
48. Shri. D. Thippeswamy, Senior Asst. Director, Shimoga.

Consultants :

1. Shri. S.R. Varambally, President, KIPA, Bangalore.
2. Dr. Sathyanarayana, Chief Legal Counsel, iDeCK, Bangalore.
3. Shri. D. Venkateshwar, IPAI, Bangalore.
4. Shri. N.A. Ghouri, IPAI, Bangalore.
5. Dr. Govind Madhav, Karuna Trust, Bangalore.
6. Shri. Guru, ISEC, Bangalore.

3. Visit to Chamarajanagar District on 2nd and 3rd November 2010

List of participants

ERC:

1. Shri. B.K. Bhattacharya, Chairman, ERC.
2. Secretary to Government, Planning, Statistics, Science and Technology
3. Shri P.R. Devi Prasad, Director, Fiscal Policy Institute.
4. Shri. R.S Phonde, Secretary, ERC.
5. Shri Mandar Nayak, Consultant, ERC
6. Ms. Prathiksha Shetty, Consultant, ERC.

Departmental Officers:

1. Shri. K. Amaranarayana, Deputy Commissioner Chamarajanagar District.
2. Shri. K. Sundar Naik, Chief Executive Officer, ZP, Chamarajanagar.
3. Shri. B.M. Muniraju, President, ZP.
4. Shri. H.S. Channe Gowda, Chief Accounts Officer, Z.P. Chamarajanagar
5. Smt. Nagarathnamma, District Tribal Welfare Officer.
6. Smt. S. Prathibha District social Welfare Officer, Chamarajanagar
7. Shri. C.N. Visweswar, B.C & Minority Welfare officer, Chamarajanagar.
8. Shri. K.A. Rajendraprasad, DD (KUI), Chamarajanagar.
9. Shri. Gopalakrishna, D.D. Women & Child Development, Chamarajanagar.
10. Shri. B.H. Babasab, A D, Fisheries.
11. Shri. H.S. Mahadeva, Dist. Nodal Officer, Fisheries Department.
12. Shri. B.R. Girisha, Deputy Director of Horticulture, Chamarajanagar.
13. Dr. P. M. Prasad Murthy, Deputy Director animal Husbandry & Veterinary Services.
14. Shri. S.K. Laxman, District Watershed Development Officer, Chamarajanagar.

15. Shri. K.M. Shivakumaraswamy, Deputy Registrar of Co-Op. Society, Chamarajanagar.
16. Shri. B.M. Shivamallu, Joint Director of Agriculture, Chamarajanagar.
17. Shri. S.P. Raju, DFO, Social Forestry, Chamarajanagar.
18. Shri. M. Krishnaraju, Executive Officer, Taluk Panchayat, Chamarajanagar.
19. Shri. K.H. Prithviraj, Deputy Director of Sericulture, Chamarajanagar.
20. Dr. N. Ramesh Babu, DHO, Chamarajanagar.
21. Shri. B.A. Rajashekara, D.D.P.I, Chamarajanagar.
22. Shri. R.K. Raju, PRED, Chamarajanagar.
23. Shri. K.V.Rajanna, Commissioner for Persons with Disabilities Bangalore.
24. Shri. K.M. Narayana Swamy, DCF
25. Shri. Shivashankar Swamy, ACF Bandipur Tiger Reserve.

Consultants :

1. Shri. N.A. Ghouri, IPAI, Bangalore.
2. Shri. D.Venkateshwar, IPAI, Bangalore.
3. Dr. Manasi.S. ISEC, Bangalore.
4. Shri. Umesh Babu, ISEC, Bangalore.
5. Dr. Bibhu Prasad Nayak, ISEC, Bangalore.
6. Dr. G.B. Lokesh, Assistant Professor, ISEC, Bangalore.
7. Dr. Elumalai Kannan, Associate Professor, ISEC, Bangalore.
8. Dr. Smita V Pillai, Research Associate, Karuna Trust, Bangalore.
9. Dr. G.V. Nagaraj, Karuna Trust, Bangalore.
10. Dr. Jagannath, Research Assistant, Karuna Trust, Bangalore.
11. Shri. S.R. Varambally, KIPA, Bangalore.
12. Ms. Sriharini Narayanan, CBPS, Bangalore.
13. Shri. Madhusudhan Rao, CBPS, Bangalore.
14. Shri. Sandeep M.S, CBPS, Bangalore.

4. Visit to Bidar District on 9th and 10th November 2010

List of participants

ERC:

1. Shri. B.K. Bhattacharya, Chairman, ERC.
2. Principal Secretary to Government, Finance Department
3. Shri P.R. Devi Prasad, Director, Fiscal Policy Institute.
4. Shri. R.S Phonde, Secretary, ERC
5. Shri Mandar Nayak, Consultant, ERC
6. Ms. Prathiksha Shetty, Consultant, ERC.

Departmental Officers:

1. Shri. Jithendra Nayak, CEO, ZP, Bidar.
2. Ms. Khushboo Goel, AC, Bidar.
3. Shri. B.K. Hiremath, Deputy Secretary, ZP Bidar.
4. Smt. Siddamma Patil, Chief Planning Officer, ZP Bidar.
5. Shri. C.A. Salotagi, Chief Accounts Officer Zilla Panchayat, Bidar.
6. Dr. Nandakumar, Deputy Director, Jal Nirmal Project, ZP- DSU, Bidar.
7. Shri. B.C. Pujari, Project Director District Cell Urban Development Bidar.

8. Shri. B.S. Patil, Executive Officer, TP, Bidar.
9. Dr. Vijayakumar Kulkarni, Ayush Dept. District Nodal Officer, Bidar.
10. Shri. G. Shivashankarappa, Executive Engineer, PWD, Bidar.
11. Shri. M.I. Savadi, Deputy Diector KRIDL, Bidar.
12. Shri. K. Ranga Swamy, Municipal Commissioner, CMC – Bidar.
13. Shri. S.P. Mudhol, Commssioner, Bidar Urban Development Authority, Bidar.
14. Shri. M. V. Biradara, I/C. Executive Officer, Taluk Panchayat, Bhalki.
15. Shri. Ashoka.V, District Treasury Officer, Bidar.
16. Shri. Raju Dange, Executive Engineer, Zilla Panchayat Division, Bidar.
17. Dr. K. Mahadevaswamy, Deputy Director, Animal Husbandry and Veterinary Sciences, Bidar.
18. Shri. Sharanappa Mudgal, Jt. Director Agriculture, Agriculture Dept. Bidar.
19.Shri. Kishorakumara Dube, District Statistical Officer, Bidar.
20. Shri. J. Venkataramareddy Patil, District Watershed Development Officer, Bidar.
21. Shri. Vishwanath Zille, Deputy Director of Horticulture, Bidar.
22. Shri. Narayan Merli, District Manager Devaraj Urs Development Corporation, ZP. Bidar.
23. Shri. Y.G. Nagaral, Asst. Director, Fisheries Grade –I, Bidar.
24. Shri. Marturkar. T.S. Deputy Director, Food & Civil Supplies & CA Dept. Bidar.
25. Shri. N.A. Patil, Executive Engineer, PMGSY Project Director, Bidar.
26. Shri. Shreegangapathi, Deputy Director, Sericulture Department, Bidar.
27. Shri. Dharanesh, District Labour Officer, Bidar.
28. Shri. P. Daulath Hussain, Deputy Conservator of Forest, Social Forestry, Bidar.
29. Shri. S.G. Dhana Shetty, District Officer, Backward Classes & Minorities Welfare Department, Bidar.
30. Shri. S.M. Jyothi, District Social Welfare Officer, Bidar.
31. Shri. Khan Irshad, District Development Officer, Khadi & Village Industries Board (KVIB), Bidar.
32. Shri. G.M. Shedole, Asst. Director Small Savings, Bidar.
33. Shri. V. Doraiswamy, Deputy Director Women and Child Development Department, Bidar.
34. Shri. B.R. Pawar, District Disabled Welfare Officer, Bidar.
35. Shri. B. Rama Murthy, I/c. District Manager Karnataka Food & Civil Supplies Corp. Ltd., Bidar.
36. Dr. T.R. Dodde, Nodal Officer, Total Sanitation Campaign, District Support Unit, Z.P. Bidar.
37. Shri. K.G. Hanumanthappa, Education Officer, MMS, ZP, Bidar.
38. Shri. H.G. Gangannaswamy, Deputy Project Co- ordinator, SSA, Bidar.
39. Shri. Mohamed Basheer, Deputy Director Public Instructions, Bidar.
40. Dr. Satish Akhelikar, District Health Officer, Bidar
41. Shri. Maruthi Gokhale, Executive Engineer, Minor Irrigation Division, Bidar.
42. Shri. Shivakumar, District Manager, Ambedkar Development Corporation, Bidar.

Consultants :
1. Dr. G.S. Ganesh Prasad, ANSSIRD, Mysore.
2. Shri. Sandeep. P. iDeCK, Bangalore.
3. Shri. Mathew Mani, Karuna Trust, Bangalore.
4. Shri. Raghavendra, ISEC, Bangalore.
5. Dr. Lokesh, ISEC, Bangalore.
6. Shri. Madhusudhan, CBPS, Bangalore.
7. Dr. Venugopal Reddy, PAC, Bangalore.
8. Shri. Ghouri, IPAI, Bangalore.

Annexure-1d

ERC's First Report Recommendations and 2010-11 Budget Announcement and Budget Estimates for 2011-12

Sl No.	Recommendations of ERC	2010-11 Budget Announcement
1	Para No. 4.1.1 (vi): Beginning with the year 2010-11, the Finance Minister should make a statement on the floor of the House once in six months, explaining the progress of each project estimated to cost ₹ 50 crore and above; and The Karnataka Fiscal Responsibility Act 2002 should be amended to provide a mandatory impact analysis of all projects /schemes / programmes with outlay of ₹ 50 crore and above.	Para 298 : The progress of all government works/projects of over ₹ 50 crore will be reviewed every month by a High-power Committee headed by the Chief Secretary.
2	Para No. 4.2.1 (10) : Standards for providing school infrastructure in the form of tables, laboratories, toilet and drinking water facilities, playground, library need to be specified in terms of units for a given number of students. The department should plan to provide all such facilities to each of the schools in a time frame of three years.	Para 109: An amount of ₹ 100 crore will be given as a fund for school development for providing facilities of class rooms, equipment, drinking water, and sanitation to all government schools and pre-university colleges in the state during 2010-11. It is proposed to provide drinking water and toilet facilities in all government schools in the districts and to entrust this task to State's Rural Infrastructure Development Corporation.
3	Para No. 4.2.2 (2): However, it is apparent that there is a large number of young drop-outs (probably between 2 to 3 lakhs) who need to be brought under the cover of systematic job-oriented training. The KVTSDC should draw up a 5 year plan to organize such training for young people in sufficiently large numbers, starting with 1 lakh trainees in 2010-11 and going up to 2 lakh by the end of a 5 year period.	Para 160 : About 8.40 lakhs students are getting education upto 10th standard every year in our State. Out of this, only1.88 lakh are going for higher education, and the remaining about 6.52 lakh have to try for employment opportunities in various fields. There is a need for well-equipped training centres to train these young boys and girls for jobs in the industry and services sectors.

Sl No.	Recommendations of ERC	2010-11 Budget Announcement
		Para 161: About 2 lakhs people every year are being trained by 1233 Industrial Training Institutes and other informal training centres in our State. To double this in the next three years, it is proposed establish about 1000 Industrial Training Institutes more in the private sector.
4	Para No. 4.2.3 (2): There are 37 Schemes relating to management and maintenance of hostels and hostel buildings. Considering the poor maintenance of hostels and hostel infrastructure, the management of all government hostels needs to be rationalised and entrusted to a specialised agency, which can address the issues of hostel infrastructure, ensure quality of maintenance and upgrade the skills sets of the human resources required for the hostels. All government departments running hostels can source the services of such an Agency, which can provide facility management support of superior quality. Para No. 4.2.3 (3): Hostels so managed should be open to eligible students of all categories of social groups viz., SCs, STs and BCs as per the entitlements. In other words, student population in the hostel should be more of mixed groups. Such mixed social groups also need to be ensured in girls' hostels.	Para 207: At present, separate hostels are being run for Schedules Castes, Scheduled Tribes, Backward Classes and minorities, with limited scope of admission for other categories. It is proposed to make this system more comprehensive at district level for students from all categories and classes by establishing new Model Hostels. An amount of ₹ 20 crore is being provided for starting such model hostels in 10 districts. It is expected that from the student life itself young men and women will develop the feeling of equality.
5	Para No. 4.2.4 (5): Project Management Consultant (PMC) be	Para 182: Panel of approved architects would be

Sl No.	Recommendations of ERC	2010-11 Budget Announcement
	attached to every project above a threshold limit (say, ₹10 crore) in order to ensure that DPR is prepared as per standards and to support the department during the project execution stage.	utilized for preparation of designs and supervision of construction works in every Public Works Zone, in respect of all buildings with estimated cost of more than ₹ 10 crore.
6	Para No. 4.2.4 (11): Numerical identification/numbering of roads should be extended to district and Zilla panchayat roads in line with numeric identification used in National Highways. Such numbers have to be brought into public domain, and these projects should be used while identifying for repairing and strengthening of roads.	Para 178: An amount of ₹ 7.37 crore has been provided under State Plan and Non-plan budget for up-gradation of Major District Roads. Distinct numbers will be assigned to all roads so as to enable systematized maintenance of roads in the State. A detailed Plan will be prepared for taking up resurfacing and renewal works once every 5 years in respect of all Major Roads. This would facilitate maintenance of the roads as per the time-schedule.
7	Para No. 4.2.4 (15) PWD should prepare type designs and standard estimates for buildings for schools, colleges, hostels, taluk offices, courts, primary health centres, etc., to minimize time taken for preparation of plans and estimates and to achieve economy in construction.	Para 181: Model designs, plans and estimates for construction of various departmental buildings based on the needs of every department will be prepared to avoid delay in construction of buildings, as also to economise on expenditure.
		Para 297: There is a need to observe economy in implementation of various programmes being taken up by different government departments. therefore, expert opinion will be obtained for modifying the schedule of rates scientifically in all works departments, so as to design, estimate and implement various

Sl No.	Recommendations of ERC	2010-11 Budget Announcement
		projects in the most cost-effective way.
8	Para No. 4.2.5 (9): The Department of Horticulture is planning to set up markets for Agricultural / Horticultural produce in the PPP mode under the National Horticultural Mission. It is suggested that the private partners in such ventures may be selected in a transparent manner and viability gap (subsidy) element can be decided after following a competitive bidding process.	Para 43: Of about 400 horticulture farms under the Department of Horticulture, steps are being taken up to develop 19 farms in partnership with the private sector. During this year 100 more farms will be developed as nurseries and market centres with private partnership.
9	Para No. 4.1.1(i): In all the departments, Plan Schemes with provision of less than ₹ 100 lakhs should be abolished.	In the Official Memorandum No. FD 14 BPE 2010 Bangalore dated 15-10-2010 vide which Budget Estimates for 2011-12 have been invited, it is mentioned that the budget estimating officers have to undertake a review of all the schemes coming under their control and arrange to merge the Non-Plan and State Plan schemes with similar objective into one scheme. No line item with a provision of less than ₹ 100 lakhs, will normally be allowed in the Budget Estimates of 2011-12.

Annexure-2a

Social Sector Expenditure* to Total Expenditure

(Per cent)

State	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09 (RE)	2009-10 (RE)
Andhra Pradesh	41.7	40.2	40.8	37.2	34.2	38.5	38.6	38.1	40.7	38.8	35.6	35.0	32.5	33.3	29.3	30.8	32.9	32.7	40.8	35.3
Gujarat	36.4	33.9	30.8	33.8	34.5	33.9	32.3	33.3	34.5	35.3	35.6	35.2	30.4	27.3	29.0	32.1	33.4	34.9	35.1	37.1
Haryana	32.4	28.6	32.3	26.6	18.9	27.7	20.8	23.4	28.8	30.8	37.0	34.3	26.6	18.6	24.2	32.0	28.5	33.3	36.6	37.5
Karnataka	37.0	36.8	36.0	37.9	38.9	38.4	37.8	38.8	39.3	38.2	38.3	34.8	31.4	28.4	28.5	33.4	32.7	36.7	38.2	40.2
Kerala	43.7	39.8	41.1	40.1	40.1	38.9	40.5	43.2	43.9	42.1	39.9	37.6	37.4	30.0	36.2	35.6	31.0	31.4	34.3	35.3
Maharashtra	35.2	38.2	39.7	38.8	33.6	39.1	36.8	38.3	37.6	33.6	36.6	36.4	33.3	30.9	28.1	35.3	37.3	37.0	37.6	49.9
Punjab	28.1	21.9	25.1	25.6	20.9	25.2	16.3	23.7	27.9	22.7	27.6	23.8	17.2	17.3	17.8	19.8	17.9	18.8	26.6	25.4
Tamil Nadu	45.1	35.8	40.3	42.2	39.8	41.1	40.3	38.4	41.0	39.2	39.4	37.0	32.0	34.3	32.6	36.9	33.1	35.9	40.1	38.1
All States	38.6	36.4	37.3	36.9	34.6	36.6	36.1	36.4	37.5	36.9	36.8	35.1	32.6	28.4	29.6	33.7	33.9	35.3	38.3	39.4

RE : Revised Estimates. BE : Budget Estimates. '–' : Not available/Not applicable.

* : Includes expenditure on social services, rural development and food storage and warehousing under revenue expenditure, capital outlay and loans and advances by the State Governments.

Source :Budget Documents of the State Governments.

Source : Statement 47, State Finances, A Study of Budgets of 2009-10, Reserve Bank of India, February 2010

Annexure-2b

Actual and Estimated (Potential) Life Expectancy for Districts in Karnataka, Ranks of Districts and Increase in LEXP in 1991-2004

Districts	Actual LEXP -2004	Potential LEXP -2004	Actual as percent of Potential (2004)	Ranks of districts according to Realization of Potential LEXP		percent increase in Actual LEXP in 1991-2004
				1991	2004	
Bagalkot	60.8	70.03	86.82	19	25	3.05
Bangalore Rural	66.5	72.83	91.31	9	12	3.26
Bangalore Urban	67.3	76.44	88.04	24	22	3.86
Belgaum	67.7	75.99	89.09	21	20	5.12
Bellary	66.1	71.63	92.28	13	9	5.25
Bidar	63.3	68.62	92.25	8	10	3.77
Bijapur	62.6	69.99	89.44	16	18	5.74
Chamrajnagar	63.5	67.68	93.82	5	6	1.6
Chikmangalore	63.2	69.32	91.17	17	13	5.16
Chitradurga	64.6	72.5	89.1	14	19	2.87
Dakshina Kannada	67.4	68.17	98.87	2	1	2.12
Davangere	65.8	72.37	90.92	12	14	4.44
Dharwad	61.9	65.91	93.92	10	5	4.74
Gadag	62.7	66.83	93.82	7	7	4.5
Gulbarga	62.9	74.58	84.34	27	27	5.71
Hassan	65.2	72.28	90.2	26	15	9.58
Haveri	62.2	69.43	89.59	18	17	4.36
Kodagu	63.3	65.2	97.09	3	3	3.77
Kolar	64.2	74.05	86.7	25	26	3.55
Koppal	63.5	68.55	92.63	6	8	5.83
Mandya	62.9	71.96	87.41	23	24	3.28
Mysore	64.8	73.64	88	20	23	3.02
Raichur	63.9	69.42	92.05	11	11	5.79
Shimoga	67.4	70.22	95.98	4	4	2.43
Tumkur	65.3	74.02	88.22	22	21	3.65
Udupi	67.8	68.82	98.52	1	2	2.57
Uttar Kannada	62.9	69.9	89.99	15	16	3.28

Source: Brijesh C Purohit, 2010, Efficiency Variation at the sub-State level: The healthcare system in Karnataka

Infant Mortality Rate in Different Districts of Karnataka, 2001

	Above median income	Infant Mortality Rate		Below Median income	Infant Mortality Rate	
	A Group	**1991**	**2001**	**C Group**	**1991**	**2001**
Lesser than the State Level Poverty	Bangalore	51	36	Belgaum	51	49
	Bangalore R	48	45	Chamarajnagar	NA	66
	Chikmagalur	65	53	Hassan	56	44
	Dakshina Kannada	42	31	Kolar	71	56
	Kodagu	44	34	Mandya	52	52
	Koppal	NA	77	Tumkur	77	64
	Mysore	69	61			
	Shimoga	64	42			
	Udupi	NA	25			
Higher than the State Level Poverty	**B Group**			**D Group**		
	Bellary	79	75	Bagalkot	59	64
	Davangere	NA	59	Bidar	49	45
	Dharwad	66	52	Bijapur	-	-
	Uttar Kannada	52	37	Chitradurga	70	67
				Gadag	NA	62
				Gulbarga	61	59
				Haveri	NA	62
				Raichur	57	54

Source: Census Report

Life Expectancy at Birth

	Above median income	Life Expectancy at Birth		Below Median income	Life Expectancy at Birth	
	A Group	**1991**	**2001**	**C Group**	**1991**	**2001**
Lesser than the State Level Poverty	Bangalore	64.8	67.3	Belgaum	64.4	67.7
	Bangalore R	64.4	66.5	Chamarajnagar	62.5	63.5
	Chikmagalur	60.1	63.2	Hassan	59.5	65.2
	Dakshina Kannada	66	67.4	Kolar	62	64.2
	Kodagu	61	63.3	Mandya	60.9	62.9
	Koppal	60	63.5	Tumkur	63	65.3
	Mysore	62.9	64.8			
	Shimoga	65.8	67.4			
	Udupi	66.1	67.8			
Higher than the State Level Poverty	**B Group**			**D Group**		
	Bellary	62.8	66.1	Bagalkot	59	60.8
	Davangere	63	65.8	Bidar	61	63.3
	Dharwad	59.1	61.9	Bijapur	59.2	62.6
	Uttar Kannada	60.9	62.9	Chitradurga	62.8	64.6
				Gadag	60	62.7
				Gulbarga	59.5	62.9
				Haveri	59.6	62.2
				Raichur	60.4	63.9

Child Mortality Rate (CMR) in Karnataka 2001

Sl.No	State/District	1991			2001		
		T	M	F	M	F	T
1	Belgaum	70	69	72	63	59	65
2	Bagalkot	-	-	-	76	71	80
3	Bijapur	85	81	90	70	68	74
4	Gulbarga	86	82	90	68	69	76
5	Bidar	66	66	55	52	50	55
6	Raichur	81	77	85	67	66	73
7	Koppal	-	-	-	85	86	90
8	Gadag	-	-	-	76	69	80
9	Dharwad	96	94	98	60	57	73
10	Uttara Kannada	67	68	66	46	42	47
11	Haveri	119	118	120	70	68	74
12	Bellary	-	-	-	89	89	98
13	Chitradurga	105	102	108	76	74	79
14	Davanagere	-	-	-	70	75	72
15	Shimoga	90	96	85	53	47	54
16	Udupi	-	-	-	27	25	27
17	Chikmagalor	79	71	90	58	58	60
18	Tumkur	102	99	105	74	68	75
19	Kolar	85	95	83	65	60	69
20	Bangalore	58	60	67	41	40	50
21	Bangalore Rural	67	66	69	60	56	61
22	Mandya	74	74	74	69	65	70
23	Hassan	79	82	77	53	47	53
24	Dakshina Kannada	49	46	51	35	35	36
25	Kodagu	68	74	61	43	36	40
26	Mysore	91	91	88	71	63	78
27	Chamarajanagar	-	-	-	74	69	76

Source: Census document

Educational Attainment in the State (in percent) Census 2001

Sl. No	District	Below Primary	Primary	Middle	Matric/Higher secondary/ Diploma	Graduate and above
1	Bagalkot	32.01	29.01	9.29	22.13	5.46
2	Bangalore Rural	23.52	29.26	16.59	24.22	3.97
3	Bangalore Urban	13.92	20.76	12.37	36.28	15.4
4	Belgaum	29.3	29.57	10.13	24.08	5.48
5	Bellary	32.38	28.13	11.05	20.34	5.94
6	Bidar	25.74	29.05	9.96	25.6	6.05
7	Bijapur	31.89	27.79	9.35	22.3	6.49
8	Chamarajanagar	25.97	30.89	15.2	20.56	4.39
9	Chikkamagalur	24.17	30.05	14.4	24.22	5.37
10	Chikkaballapura	NA	NA	NA	NA	NA
11	Chitradurga	26.94	28.21	12.76	24.85	5.37
12	Dakshina Kannada	24.35	34.74	11.31	22.33	6.75
13	Davanagere	26.53	27.73	13	24.8	5.98
14	Dharwad	26.75	27.24	9.39	26.46	8.76
15	Gadag	32.76	28.28	9.73	22.19	5.32
16	Gulbarga	30.63	26.62	9.53	23.94	6.02
17	Hassan	22.8	30.04	17.92	22.91	4.99
18	Haveri	36.72	29.87	9.04	18.44	4.18
19	Kodagu	22.26	29.32	16.53	24.11	6.61
20	Kolar	23.84	29.28	16.19	24.06	4.74
21	Koppal	40.47	26.26	8.54	17.45	3.89
22	Mandya	20.96	30.12	17.97	24.2	4.84
23	Mysore	20.81	28.5	14.8	25.38	8.91
24	Raichur	36.21	26.27	8.59	19.88	4.8
25	Ramnagar	NA	NA	NA	NA	NA
26	Shimoga	25.22	28.79	13.6	24.61	6.61
27	Tumkur	23.18	29.03	16.18	24.67	5.19
28	Udupi	25.6	33.81	11.63	22.01	6.29
29	Uttar Kannada	33.97	27.3	11.24	20.49	5.84
	Karnataka	25.2	27.8	12.52	25.28	7.34

Source: Census 2001 (District wise basic data sheet)

Educational status and progress of the district in 2007-08

	Above median income	Educational Status and Progress		Below Median income	Educational Status and Progress	
	A Group	Education Development Index	Dropout rate primary schools	C Group	Education Development Index	Dropout rate primary schools
Lesser than the State Level Poverty	Bangalore	0.71	9.57	Belgaum	0.59	13.32
	Bangalore R	0.69	9.92	Chamarajnagar	0.65	9.43
	Chikmagalur	0.66	14.07	Hassan	0.66	17.48
	Dakshina Kannada	0.65	9.3	Kolar	0.65	9.65
	Kodagu	0.7	12.48	Mandya	0.66	13.19
	Koppal	0.46	18.34	Tumkur	0.68	9.77
	Mysore	0.69	14.25			
	Shimoga	0.65	14.42			
	Udupi	0.7	1.9			
Higher than the State Level Poverty	B Group			D Group		
	Bellary	0.49	18.65	Bagalkot	0.6	9.86
	Davangere	0.64	3.08	Bidar	0.55	25.2
	Dharwad	0.64	12.74	Bijapur	0.48	19.81
	Uttar Kannada	0.65	5.56	Chitradurga	0.62	16.87
				Gadag	0.61	15.97
				Gulbarga	0.45	27.86
				Haveri	0.59	9.38
				Raichur	0.41	25.44

Source: Government of Karnataka, Department of Public Instructions, Statistics on School Education, Hand Book 2007-08

Literacy Rate

Sl. No.	District	Total literacy rate		Male literacy rate		Female literacy rate	
		1991	**2001**	**1991**	**2001**	**1991**	**2001**
1	Bagalkot	53.58	57.3	68.78	70.88	38.19	43.56
2	Bangalore Rural	50.17	64.7	61.51	73.99	38.15	54.99
3	Bangalore Urban	76.27	82.96	82.94	87.92	68.81	77.48
4	Belgaum	53	64.21	66.65	75.7	38.69	52.32
5	Bellary	45.89	57.4	59.11	69.2	32.24	45.28
6	Bidar	45.11	60.94	58.97	72.46	30.53	48.81
7	Bijapur	56.55	57.01	70.5	69.94	41.81	43.47
8	Chamarajanagar	38.19	50.87	47.31	59.03	28.6	42.48
9	Chikmagalur	61.05	72.2	70.56	80.29	51.31	64.01
10	Chitradurga	52.28	64.45	64.5	74.66	39.38	53.78
11	Dakshin Kannada	76.74	83.35	84.88	89.7	68.84	77.21
12	Davangere	55.96	67.43	66.82	76.37	44.41	58.04
13	Dharwad	62.73	71.61	74.22	80.82	50.41	61.92
14	Gadag	55.88	66.11	71.63	79.32	39.68	52.52
15	Gulbarga	38.54	50.01	52.08	61.77	24.49	37.9
16	Hassan	56.85	68.63	68.87	78.37	44.9	59
17	Haveri	56.1	67.79	68.05	77.61	43.28	57.37
18	Kodagu	68.35	77.99	75.35	83.7	61.22	72.26
19	Kolar	50.45	62.84	62.69	73.17	37.75	52.23
20	Koppal	38.23	54.1	53.47	68.43	22.78	39.61
21	Mandya	48.15	61.05	59.18	70.5	36.7	51.53
22	Mysore	50.88	63.48	59.71	70.88	41.6	55.81
23	Raichur	34.34	48.81	46.75	61.52	21.7	35.93
24	Shimoga	63.9	74.52	73.12	82.01	54.33	66.88
25	Tumkur	54.48	67.01	66.49	76.78	41.93	56.94
26	Udupi	74.47	81.25	83.58	88.23	66.64	75.19
27	Uttara Kannada	66.73	76.6	76.39	84.53	56.77	68.47
Karnataka		**56.04**	**66.64**	**67.26**	**76.1**	**44.34**	**56.87**

Source: Census documents

Annexure-2c

Expenditure on Wages and Salaries

(Amount in Rs. crore)

State	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004- 05	2005-06	2006-07	2007-08	2008-09 (RE)	2009-10 (BE)
Andhra Pradesh	2,048	2,470	2,732	3,083	3,622	3,773	4,219	4,768	5,936	6,668	7,978	8,165	8,103	8,718	8,825	10,269	11,932	13,243	16,238	19,900
	(37.2)	(38.3)	(38.0)	(38.5)	(38.1)	(35.5)	(29.3)	(32.8)	(35.0)	(37.0)	*34.6%*	*33.0%*	*31.1%*	*29.2%*	*28.2%*	*29.4%*	*28.8%*	*24.5%*	*24.0%*	*26.0%*
Gujarat	636	765	890	917	1049	1299	1345	1547	2124	2116	2229	2310	2460	2548	2567	2709	2801	–	–	–
	(15.6)	(14.6)	(14.3)	(13.2)	(13.9)	(14.8)	(13.1)	(12.7)	(13.6)	(12.1)	*10.1%*	*10.2%*	*11.5%*	*11.6%*	*10.6%*	*10.6%*	*9.6%*			
Karnataka*	1,289	1,431	1,657	1,941	2,213	2,481	2,871	3,365	3,810	4,576	4,630	5,030	4,941	5,323	5,530	5,899	6,545	8,410	11,413	11,305
	(32.5)	(28.9)	(29.6)	(31.3)	(30.5)	(29.2)	(28.1)	(30.9)	(30.6)	(30.0)	*27.7%*	*27.0%*	*26.3%*	*25.0%*	*22.2%*	*21.0%*	*19.6%*	*22.5%*	*27.1%*	*23.9%*
Kerala	1,683	1,384	1,419	1,836	2,194	2,230	2,617	2,842	3,298	4,566	4,561	4,263	4,745	5,136	5,417	5,677	6,663	7,792	9,325	10,307
	(59.6)	(43.0)	(38.8)	(42.8)	(43.3)	(38.3)	(38.5)	(34.5)	(35.7)	(39.5)	*38.4%*	*36.6%*	*32.2%*	*33.1%*	*31.6%*	*30.8%*	*32.0%*	*31.3%*	*32.4%*	*33.1%*
Maharashtra	3,848	4,908	5,548	6,216	6,837	7,899	8,890	10,074	11,125	16,089	18,188	18,475	18,499	19,627	20,678	22,816	24,222	27,561	32,118	41,293
	(44.0)	(48.8)	(48.0)	(47.4)	(46.2)	(46.0)	(42.6)	(44.0)	(43.4)	(54.5)	*48.6%*	*48.3%*	*45.7%*	*46.0%*	*40.5%*	*43.6%*	*39.5%*	*42.5%*	*40.9%*	*42.9%*
Tamil Nadu	2,350	2,530	2,869	3,235	3,603	4,136	4,818	5,559	7,469	8,295	8,251	8,262	7,981	7,966	8,507	8,980	10,695	12,158	17,556	20,858
	(41.6)	(29.1)	(33.6)	(36.9)	(37.4)	(37.9)	(36.9)	(37.2)	(42.2)	(40.0)	*37.9%*	*38.3%*	*31.1%*	*31.5%*	*29.2%*	*28.1%*	*27.9%*	*28.3%*	*31.7%*	*35.2%*
All States	18,515	23,042	26,234	29,431	33,317	37,673	45,746	58,282	71,234	86,285	94,507	93,009	94,717	98,741	1,03,924	1,04,158	1,16,431	1,16,983	1,51,272	1,92,568
	(37.3)	(35.2)	(35.5)	(35.6)	(34.3)	(34.4)	(33.3)	(34.4)	(35.6)	(36.4)	*39.1%*	*36.3%*	*35.1%*	*32.0%*	*31.1%*	*29.1%*	*27.5%*	*28.4%*	*29.3%*	*32.6%*

BE : Budget Estimates. RE : Revised Estimates. '–' : Not available/Not applicable.

$: Figures since 2001-02 relate to bifurcated Bihar. * : Relates to salary expenditure.

Note : Figures in % are percentage to total revenue expenditure of the respective State Governments.

Source : Information received from respective State Governments.

Source : Statement 44, State Finances, A Study of Budgets of 2009-10, Reserve Bank of India, February 2010

Annexure-2d

Growth rate of Revenue, GSDP and Expenditure

Sl. No	State Revenue Account	2009-10 (as percentage of GSDP)	CAGR 2003-04 to 2009-10
1	Own Tax Revenue	11	17
2	Own Non Tax Revenue	2	13
3	Own tax + Non-tax revenue	13	17
4	Share in Central taxes & duties	2	11
5	Grants	2	19
6	Total Central Transfer	4	15
7	Total Revenue Receipts	17	16

Source : Audit Report (State Finances) for the year ended 31 March, 2009, Appendix 1.3
Outcome indicators of the State's own fiscal correction path

Sl. No.	GSDP and Expenditure	2009-10	CAGR (2002-03 to 2009-10) percent
A	GSDP at Factor Cost (Current Prices) DES 2009-10 (₹ Crore)	298465	14
B	Per Capita GSDP at Factor Cost (Current Prices) DES 2009-10 (₹ Crore)	50974	12
C	Expenditure (Appropriation Account Books, Voted +Charged, Revenue+Capital) (₹ Crore)	65287	13

Annexure-2e

Human Development Expenditure and Social Priority Ratio in Major States

	1987-1988	1990-1991	1995-1996	1999-2000	2004-2005	2005-2006	2006-2007	2007-2008
Human Developmental Expenditure* as % of GSDP								
Andhra Pradesh	8.71	7.44	6.55	6.79	6.56	6.30	6.80	7.82
Bihar	12.89	13.21	12.15	13.85	8.30	10.88	11.15	12.04
Goa	10.16	12.65	8.31	7.35	6.96	6.63	6.61	6.52
Gujarat	8.54	6.47	5.00	6.83	5.34	5.00	5.14	-
Haryana	6.06	4.88	5.58	4.95	3.91	4.42	4.30	4.73
Karnataka	8.21	7.27	6.62	6.42	5.88	5.96	6.96	7.39
Kerala	**7.94**	**8.11**	**6.21**	**7.55**	**6.62**	**6.02**	**4.93**	**5.44**
Madhya Pradesh	9.35	8.98	8.85	8.90	6.70	7.58	7.89	8.58
Maharashtra	5.75	5.09	4.84	4.89	5.23	5.44	5.47	4.96
Orissa	8.14	8.48	6.96	10.64	6.34	6.72	6.49	7.62
Punjab	5.87	4.65	4.01	4.16	3.94	3.73	3.86	3.60
Rajasthan	10.88	7.40	7.88	7.69	8.43	8.51	8.48	8.69
Tamil Nadu	7.02	7.94	6.03	6.45	6.37	5.84	5.70	6.25
Uttar Pradesh	6.88	8.13	6.25	6.69	6.51	7.34	8.01	8.62
West Bengal	5.71	7.03	5.26	6.94	4.80	5.15	5.11	5.49
Note: Expenditure on Social Services and Rural Development								

Source : Financing Human Development in Kerala: Issues and Challenges, National Institute of Public Finance and Policy, New Delhi, January 2010.

Social Priority Ratio								
Andhra Pradesh	34.59	30.23	49.03	44.24	33.83	35.62	33.50	30.02
Bihar	48.95	52.77	59.34	59.80	50.47	55.21	54.32	51.83
Goa	36.47	34.27	37.48	35.90	31.72	31.33	30.50	29.78
Gujarat	45.32	43.04	44.39	40.97	41.31	40.67	40.28	39.99
Haryana	36.57	34.93	33.25	43.59	45.34	42.41	43.66	41.43
Karnataka	41.02	37.94	37.36	40.63	40.87	38.44	34.37	34.58
Kerala	**43.30**	**42.81**	**39.38**	**38.49**	**30.83**	**32.43**	**34.61**	**36.06**
Madhya Pradesh	44.66	44.08	43.83	42.22	44.00	42.80	43.92	42.15
Maharashtra	37.54	32.54	35.57	28.02	35.68	33.32	32.24	32.20
Orissa	44.98	41.87	45.62	42.92	43.24	44.44	41.39	44.78
Punjab	26.23	30.37	29.68	31.32	29.25	30.19	26.22	27.48
Rajasthan	52.10	51.58	55.77	53.99	51.18	54.30	52.35	54.65
Tamil Nadu	43.53	45.66	41.47	41.38	36.77	30.71	31.32	30.78
Uttar Pradesh	40.33	48.65	46.14	45.67	41.82	44.71	42.53	41.51
West Bengal	29.24	29.39	28.60	24.78	30.45	32.22	31.86	31.74
Note: Expenditure on elementary education, rural health, public health, family welfare, water supply and nutrition as percent of total expenditure on social services								

Source : Financing Human Development in Kerala: Issues and Challenges, National Institute of Public Finance and Policy, New Delhi, January 2010.

Human Developmental Expenditure as % of Total Expenditure								
Andhra Pradesh	46.32	43.12	43.96	40.32	37.36	34.47	35.37	35.17
Bihar	43.75	43.79	40.68	41.72	36.05	40.21	42.62	46.17
Goa	37.34	41.97	28.20	29.66	33.72	31.74	32.53	32.21
Gujarat	39.80	37.24	35.21	36.26	34.89	35.05	35.69	36.65
Haryana	34.84	32.75	29.04	32.20	29.72	33.35	33.33	34.45
Karnataka	44.04	41.43	37.73	37.83	30.86	32.58	33.07	36.98
Kerala	**47.96**	**45.79**	**39.29**	**41.86**	**40.66**	**38.43**	**31.92**	**32.44**
Madhya Pradesh	40.05	43.03	42.34	41.68	27.27	35.20	36.18	36.52
Maharashtra	34.60	33.40	37.49	32.79	33.88	36.11	37.74	38.17
Orissa	39.72	39.12	39.57	47.42	34.25	36.97	35.20	39.29
Punjab	32.49	29.26	26.00	26.21	21.25	20.64	22.10	20.93
Rajasthan	46.86	44.48	38.49	41.99	41.35	42.12	42.72	43.19
Tamil Nadu	45.67	47.20	42.28	39.89	37.89	37.88	35.15	37.23
Uttar Pradesh	39.92	42.51	35.93	35.95	32.01	36.70	35.35	36.00
West Bengal	47.55	49.00	41.10	42.96	32.85	35.50	36.51	40.11

Source : Financing Human Development in Kerala: Issues and Challenges, National Institute of Public Finance and Policy, New Delhi, January 2010.

Annexure-2f

Human Development Index for India — Combined

States/UTs	1981 Value	1981 Rank	1991 Value	1991 Rank	2001 Value	2001 Rank
Andhra Pradesh	0.298	9	0.377	9	0.416	10
Assam	0.272	10	0.348	10	0.386	14
Bihar	0.237	15	0.308	15	0.367	15
Gujarat	0.360	4	0.431	6	0.479	6
Haryana	0.360	5	0.443	5	0.509	5
Karnataka	0.346	6	0.412	7	0.478	7
Kerala	0.500	1	0.591	1	0.638	1
Madhya Pradesh	0.245	14	0.328	13	0.394	12
Maharashtra	0.363	3	0.452	4	0.523	4
Orissa	0.267	11	0.345	12	0.404	11
Punjab	0.411	2	0.475	2	0.537	2
Rajasthan	0.256	12	0.347	11	0.424	9
Tamil Nadu	0.343	7	0.466	3	0.531	3
Uttar Pradesh	0.255	13	0.314	14	0.388	13
West Bengal	0.305	8	0.404	8	0.472	8
All India	**0.302**		**0.381**		**0.472**	

Note *The HDI for 2001 has been estimated only for a few selected States for which some data, including the Census 2001, was available. The assumptions that have been made for HDI 2001 are indicated in the Technical Appendix.*

Source : National Human Development Report, 2001, Planning Commission, Government of India.

Annexure-3a

Comparative Institutional Arrangement for Approvals in Government of India and Government of Karnataka

Institutional Arrangement	Government of India	Government of Karnataka
Department Committees	**Standing Finance Committee** of Department chaired by Department Secretary with • Financial Advisor, • Joint Secretary/Director of the concerned division (For Schemes above 5 crores but less than ₹ 25 crores requiring modifications as suggested by Planning commission or as proposed by administrative Department or for merged Schemes with modifications)	**Committee** Headed by Principal Secretary/ Secretary of Administrative Department with • Concerned Nodal officers of Planning Department and Finance Department (For Ongoing Plan Schemes which do not require any modification; For Ongoing Plan Schemes which require modification such as additional components including creation of posts and purchase of vehicles)
	Departmental Expenditure Finance Committee with • Department Secretary (Chairman) • Financial Adviser (Member secretary), and • Representatives of Planning Commission and Dept of Expenditure as members (For Schemes above ₹25 crores but less than ₹ 100 crores requiring modifications as suggested by Planning commission or as proposed by administrative Department or for merged Schemes with modifications)	
Approval Committees	**Main Expenditure Finance Committee (EFC)** • Secretary- Expenditure (Chairman) • Secretary (planning commission) • Department Secretary • Financial Adviser (Secretary of the EFC) (For Schemes above ₹100 crore but less than ₹ 200 crore requiring modifications as suggested by Planning commission or as proposed by administrative Department or for merged Schemes with modifications)	**Empowered Committee** • ACS & Development Commissioner • PS of Administrative Dept • PS – Finance Department • PS – Planning, Prog Monitoring and Statistics Department • PS – DPAR (AR) • Concerned Heads of Department Ongoing Plan Schemes which require modification not involving creation of posts and purchase of vehicles by third week of April; For New Plan Schemes by fourth week of April

Institutional Arrangement	Government of India	Government of Karnataka
	Public Investment Board (PIB) • Secretary- Expenditure (Chairman) (For Schemes beyond ₹200 crores requiring modifications as suggested by Planning commission or as proposed by administrative Department or for merged Schemes with modifications)	
Cabinet Approval	Cabinet Committee on Economic Affairs (CCEA) Approval for New Projects above ₹ 50 Cr and less than ₹ 100 Cr	Cabinet For New Plan Schemes requiring creation of posts or purchase of vehicles For New Plan Schemes more than ₹ 5 Cr.

Source

- Government of Karnataka :

Sanction of Ongoing Plan and Non Plan schemes, Government Order No. PD5 IMM 2010 Bangalore dated The 3rd April 2010

- Central Government :

1. EFC Fresh appraisal by SFC/EFC for continuation of on-going schemes from 9th Plan to 10 plan
   OM – F.No.1(3)-PF II/2001 Government of India, Department of Expenditure (Plan Finance-II Division dated 10.07.2002)
2. For Schemes/projects involving setting up new autonomous Organizations, EFC will be chaired by Secretary (Expenditure) irrespective of outlays or nature of ministry/department;
3. Specific approval of Department of expenditure for creation of new posts will be necessary;
4. For Schemes with no major change in content or parameters, no change in pattern of assistance, requirement of funds within outlay approved by planning commission, fresh consideration by EFC not required.

Annexure-3b

Institutionalizing the Project Appraisal Process

Objectives:

The Project Formulation and Appraisal Division (PAD) shall be created in the Planning Department, with a view to assisting the State Government in taking investment decisions in a manner which would ensure optimal utilization of scarce resources and accrual of benefits commensurate with investments. PAD will, therefore, examine different investment alternatives and funding options before these are cleared for funding and implementation so that their successful and timely completion is assured and the society derives the desired benefits.

Functions:

The major proposed functions that may be assigned to the PAD are:

1. To provide assistance to various development departments in the formulation of projects on scientific basis.
2. To carry out ex-ante appraisal of the projects from technical, financial, commercial, economic and social points of view to justify their worth to the society.
3. To scrutinize projects in the context of sectoral programs and overall requirements of the plan.
4. To motivate different development departments to adopt "shelf of projects" approach, to prioritize projects depending upon availability of funds and demand-supply gap.
5. To carry out basic economic studies for various sectors referred to it by the State Government.
6. To perform the role of Secretariat and technical wing of the EFC by undertaking objective appraisal of investment proposals submitted before it.
7. To review all such projects which have not been taken up for execution even after six months from approval of the EFC.

The PAD shall act as the Secretariat of EFC and shall appraise projects for its consideration. The recommendations of EFC shall be submitted to the State Cabinet by the concerned Department for final decision.

Investment proposals of the following

magnitude and description should come within the purview of the EFC:

Organization:

The PAD's structure could be as below:

Director	1
Joint Director	1
Senior Research Officer	2
Research Officer	4
Research/Statistical Assistant	6

The Director and joint Director, in addition to administrative work, shall guide the staff of PAD in conducting appraisal and various studies. One of these should be an engineer and the other an Economist, both having extensive experience in project appraisal.

Similarly, one Senior Research officer and two Research officers should be Engineers and another similar set should consist of Economists with each incumbent having some experience in Project appraisal. The Research Assistant shall assist the officers in day to day work. Two each of these should have the background of engineering, economics and statistics.

The posts may be filled in a phased manner depending on the workload.

The officials of PAD and the appraising officers of line ministries would be trained by FPI Project.

Source : Volume V, Project Appraisal Practitioners' Guide, USAID.

Annexure-3c

Suggested Generic Reporting Template

Theme	Report Heads	Brief Explanation
A. Context and Background	• **Description, Priority,**	Need for the Project (market failure, development need, economic efficiency etc.)
		Need for intervention (Need based or based on policy objectives)
	• **Strategy, Policy Framework**	
	• **Medium to Long term scale of impact**	Development Objectives with deliverable outputs and outcomes based on research.
B. Option Analysis	• **Economic Analysis**	Economic gains with strategies and rationale for choosing the best strategy with reasons;
	• **Cost Benefit Analysis**	Cost (Fixed, variable, opportunity costs) and Benefits (real or estimated market prices) of each option;
	• **Financial Analysis**	Cash flows, Net Present Value
	Sensitivity Analysis	Changes in underlying assumptions (prices, Discount rates, wages, inflation etc)
	• **Scenario Analysis**	Unforeseen Changes in Political, socio-economic scenarios etc.
	• **Risk Analysis**	Enumeration of associated risks with their impact on the outcomes.
C. Project Analysis	• **Means of Finance and Project Budget**	Options for Cost Sharing, Cost recovery (User Charges)

Theme	Report Heads	Brief Explanation
	· **Investment Schedule** · **Time Frame** · **Success Criteria** · **Training Schedule**	Cash flow from Investments (including owners, private, donors, beneficiaries etc.) CPM/PERT chart Measurable outputs, Base-line research data, Achievement goals Training needs, timetable for achieving training goals
D. Project Impact Analysis	· **Commercial and partnering arrangements** · **Management of contracts** · **Legal Framework** · **Regulatory Impact** · **Legislation** · **Technology** · **Right to Information**	· Agency Responsibilities, Organization structure etc. · Procurement Schedule/Timetable · Impact on businesses, NGOs etc. · Human rights, fundamental rights etc. · Choices, options etc. · Dissemination of Project Information
E. Beneficiary Analysis	· **Target beneficiaries (Regional/Local)** · **Sustainability** · **Distributive (Stake holders analysis**	· Stakeholders, Cost Sharing options, beneficiary participation, Impact on weaker sections; · Stakeholder commitment, Operation, maintenance of assets after project completion · Distribution of externalities among stakeholders and their Budget Impact · Cost and quality of goods and services delivered by the project

Theme	Report Heads	Brief Explanation
	· **Consumer focus**	
F. Environment, Health and Safety	· **Environmental impact assessment** · **Gender Impact** · **Health/Poverty Impact** · **Safety**	· Air and water quality · Land use, noise pollution, water production, recycling and disposal · Land acquisition, diversion of forest land, · Rehabilitation and resettlement · Measures to mitigate adverse impact, · Impact on women with quantifiable deliverables for women development · Impact of Poverty, deprivation and unemployment · Impact of poor housing, workplace conditions · Safety of people at work
G. Evaluation arrangements	· **Lessons from past projects** · **Evaluation arrangements for Concurrent, mid-term and post-project impact assessment.**	· Lessons from historic (actual or estimated) data - learnt, communicated and applied. · Audit Schedule

Annexure – 4a

ಕರ್ನಾಟಕ ವಿಧಾನ ಸಭೆ

(ಹನ್ನೆರಡನೇ ವಿಧಾನ ಸಭೆ)

ಅಂದಾಜುಗಳ ಸಮಿತಿ

ಮೂರನೇ ವರದಿ

2006 – 07

ಆರ್ಥಿಕ ಇಲಾಖೆಗೆ ಸಂಬಂಧಿಸಿದ ವರದಿ

ಸನ್ಮಾನ್ಯ ಸಭಾಧ್ಯಕ್ಷರಿಗೆ ಒಪ್ಪಿಸಿದ ದಿನಾಂಕ : 09.03.2007

ವಿಧಾನ ಸಭೆಯಲ್ಲಿ ಮಂಡಿಸಿದ ದಿನಾಂಕ : 27 MAR 2007

ಕರ್ನಾಟಕ ವಿಧಾನ ಸಭೆ ಸಚಿವಾಲಯ,
ವಿಧಾನ ಸೌಧ,
ಬೆಂಗಳೂರು – 560 001

ಆಯವ್ಯಯ ಮಂಡನೆಯಲ್ಲಿ ಸುಧಾರಣೆಗಳು:-

ಆಯವ್ಯಯ ಮಂಡನೆಯಲ್ಲಿ ಕಾರ್ಯಕ್ರಮ ನಿರ್ವಹಣೆ ಆಯವ್ಯಯವನ್ನು ಅಭಿವೃದ್ಧಿ ಪಡಿಸುವ ಉದ್ದೇಶಕ್ಕಾಗಿ ಹಲವಾರು ರಾಷ್ಟ್ರಗಳು ಆಯವ್ಯಯ ನಿರೂಪಣೆ ಮತ್ತು ವೆಚ್ಚ ನಿರ್ವಹಣೆಯ ಸುಧಾರಣೆಗೆ ಪ್ರಯತ್ನಪಟ್ಟು ಯಶಸ್ವಿಯಾಗಿವೆ ಸ್ಥಳಿಯ ಅಗತ್ಯಗಳಿಗೆ ಹೊಂದಾಣಿಕೆಯಾಗುವಂತೆ ಸೂಕ್ತ ಮಾರ್ಪಾಡು ಮಾಡಿ ಸುಧಾರಣೆ ತರುವ ನಿಟ್ಟಿನಲ್ಲಿ ಆರ್ಥಿಕ ಇಲಾಖೆಯು ಪ್ರಯೋಗಿಕವಾಗಿ ಕಾರ್ಯಕ್ರಮ ನಿರ್ವಹಣಾ ಆಯವ್ಯಯವನ್ನು ಎಂಟು ಇಲಾಖೆಗಳನ್ನು ಮೊದಲ ಹಂತದಲ್ಲಿ ಪ್ರಾಯೋಗಿಕವಾಗಿ ತೆಗೆದುಕೊಳ್ಳಲಾಗಿದೆ. ಉದಾ:ಆರೋಗ್ಯ ಮತ್ತು ಕುಟುಂಬ ಕಲ್ಯಾಣ, ವೈದ್ಯಕೀಯ ಶಿಕ್ಷಣ, ಪ್ರಾಥಮಿಕ ಹಾಗೂ ಮಾಧ್ಯಮಿಕ ಶಿಕ್ಷಣ, ಉನ್ನತ ಶಿಕ್ಷಣ, ಜಲಸಂಪನ್ಮೂಲ ಇಲಾಖೆ, ಲೋಕೋಪಯೋಗಿ ಇಲಾಖೆ, ಗೃಹ ಮತ್ತು ಸಾರಿಗೆ ಇಲಾಖೆಗಳನ್ನು ಆರಿಸಿಕೊಳಲಾಗಿದೆ. ಆದರೆ ಈ ವರ್ಷ ಆರೋಗ್ಯ ಮತ್ತು ಕುಟುಂಬ ಕಲ್ಯಾಣ ಇಲಾಖೆ ಹಾಗೂ ಶಿಕ್ಷಣ ಇಲಾಖೆಗಳನ್ನು ಕೈಗೆತ್ತಿಕೊಳ್ಳಲಾಗಿದೆ ಎಂದು ಹಣಕಾಸು ಇಲಾಖಾ ಕಾರ್ಯದರ್ಶಿಯವರು ಸಮಿತಿಗೆ ತಿಳಿಸಿದರು.

ಈ ರೀತಿ ಸುದಾರಣೆ ಮಾಡುವುದರಿಂದ, ಈ ಹಿಂದೆ ಪ್ರತಿ ವರ್ಷ ಆಯವ್ಯಯವನ್ನು ಮಂಡಿಸಿದಾಗ ಸಾಮಾನ್ಯವಾಗಿ ಎಲ್ಲಾ ವಿಧಾನ ಮಂಡಲದ ಶಾಸಕರ ಗಮನಕ್ಕೆ ಆಯವ್ಯಯಕ್ಕೆ ಸಂಬಂಧಪಟ್ಟಂತೆ 11ಪುಸ್ತಕಗಳನ್ನು ನೀಡಲಾಗುತ್ತಿತು. (ಬಜೆಟ್ ವಾಲ್ಯುಮ್ಸ್). ಈ ಸಮಸ್ಯೆ ರಾಜ್ಯದಲ್ಲಿ 1967 ರಿಂದಲೂ ಜಾರಿಯಲಿದ್ದು 1981ರಲ್ಲಿ (Performance Budget) ಎಂಬುವುದಾಗಿ ಪ್ರಾರಂಭಿಸಲಾಯಿತು. ಇದರಲ್ಲಿ ಕೇವಲ ಯೋಜನಾ ವೆಚ್ಚಗಳಿಗೆ ಸಂಬಂದಿಸಿದಂತೆ ವಿವರಗಳನ್ನು ನೀಡಲಾಗುತಿತ್ತು. ಅ ನಂತರ ಕಳೆದ 6 ವರ್ಷಗಳಿಂದ DMTFP (Departmental Mid term Fiscal Plan) ಎಂಬುವದನ್ನು ಎರಡು ಸದನಗಳ ಮುಂದೆ ಇಡಲಾಗುತಿತ್ತು ಇದರ ಅಡಿಯಲ್ಲಿ ಮಾನ್ಯ ಸದಸ್ಯರುಗಳು ಚರ್ಚಿಸುತ್ತಿದರು.

ಇತ್ತೀಚೆಗೆ USAID ಎಂಬ ಸಂಸ್ಥೆಯಿಂದ ಸಹಾಯ ಪಡೆದು ಹೊಸ ಯೋಜನೆಯಡಿಯಲ್ಲಿ ಬಜೆಟ್ ಮಾಡುವ ಚಿಂತನೆ ಕೈಗೆತ್ತಿಕೊಳ್ಳಲಾಯಿತು.

ಈ ಹೊಸ ರೀತಿಯ ಇಲಾಖ ಕಾರ್ಯಕ್ರಮಗಳನ್ನು ತೋರಿಸುವ ವಿಧಾನಕ್ಕೆ **"ಕಾರ್ಯಕ್ರಮ ನಿರ್ವಹಣಾ ಆಯವ್ಯಯ"** ಎಂದು ಹೆಸರಿಸಲಾಗಿದ್ದು, ಇದರ ರೂಪರೇಷಗಳ ಬಗ್ಗೆ ಹಣಕಾಸಿನ ಕಾರ್ಯದರ್ಶಿಯವರು ಸಮಿತಿಯ ಮುಂದೆ ವಿಶ್ಲೇಶಿಸಿದರು. ಈ ಹೊಸ ವಿಧಾನವನ್ನು ಜಾರಿಗೋಳಿಸಿದಲ್ಲಿ ಎಲ್ಲಾ ಶಾಸಕರಿಗೂ ಆಯವ್ಯಯದಲ್ಲಿ ಆದನ್ನು ಹಮ್ಮಿಕೊಳ್ಳಲಾಗುವ ಕಾರ್ಯಕ್ರಮಗಳ ಹಿಂದಿನ ಎರಡು ವರ್ಷಗಳ ಖರ್ಚಿನ ಹಿನ್ನೆಲೆಯಲ್ಲಿ ಆಯಾ ವರ್ಷದ ಯೋಜನೆ ಮತ್ತು ಯೋಜನೇತರ ವೆಚ್ಚಗಳಿಗಾಗಿ ಮಾಡಲಾದ ಖರ್ಚಿನ ಮಾಹಿತಿ ಸುಲಭವಾಗಿ ತಿಳಿಯುತ್ತದೆ. ಈ ರೀತಿಯ ಸುಧಾರಣೆ ತರಲು ಮತ್ತೆ ಹೊಸದಾಗಿ ಅಳವಡಿಸಲಾಗುವ ನಮೂನೆಗಳಿಗೆ ಅಂದಾಜು ಸಮಿತಿಯು ಅನುಮೋದನೆ ನೀಡಬೇಕೆಂದು ಕಾರ್ಯದರ್ಶಿಯವರು ಕೋರಿರುತ್ತಾರೆ. **ಸಮಿತಿಯು ಈ ಹೊಸ ಪ್ರಯೋಗಕ್ಕೆ ತಮ್ಮ ಸಮ್ಮತಿಯನ್ನು ಸೂಚಿಸಿ, ಈ ಕಾರ್ಯಕ್ರಮವನ್ನು ಎಲ್ಲಾ ಇಲಾಖೆಗಳಿಗೂ ಅದಷ್ಟು ಬೇಗ ಜಾರಿಗೆ ತರುವಂತೆ ಶಿಫಾರಸ್ಸು ಮಾಡಿತು, ಹಾಗೂ ಶೀಘ್ರವಾಗಿ ಈ ವರ್ಷವೇ ಆರೋಗ್ಯ ಮತ್ತು ಕುಟುಂಬ ಕಲ್ಯಾಣ ಇಲಾಖೆ ಹಾಗೂ ಶಿಕ್ಷಣ ಇಲಾಖೆಗೆ ಈ ಹೊಸ ಕಾರ್ಯಕ್ರಮ ನಿರ್ವಹಣಾ ಆಯವ್ಯಯ ಮಾದರಿಯನ್ನು ಅಳವಡಿಸಲು ಶಿಫಾರಸ್ಸು ಮಾಡುತ್ತದೆ.**

ಕೆ. ಜಯಪ್ರಕಾಶ್ ಹೆಗ್ಡೆ

ಅಧ್ಯಕ್ಷರು

ಅಂದಾಜುಗಳ ಸಮಿತಿ

ಬೆಂಗಳೂರು: 560 001

ದಿನಾಂಕ: 08-03-2007

ಡಿಸೋಜಾ ರಾಬಿನ್‌ಸನ್

ಪ್ರಧಾನ ಕಾರ್ಯದರ್ಶಿ

ಕರ್ನಾಟಕ ವಿಧಾನ ಮಂಡಲ

Annexure-5a

*C&AG Audit Report: ADMINISTRATIVE DEPARTMENTWISE ABSTRACT OF DEPARTMENTAL NOTES CLEARED/PENDING PARAS/REVIEWS IN C&AG's AUDIT REPORTS (CIVIL, COMMERCIAL, REVENUE RECEIPTS, ZP's).

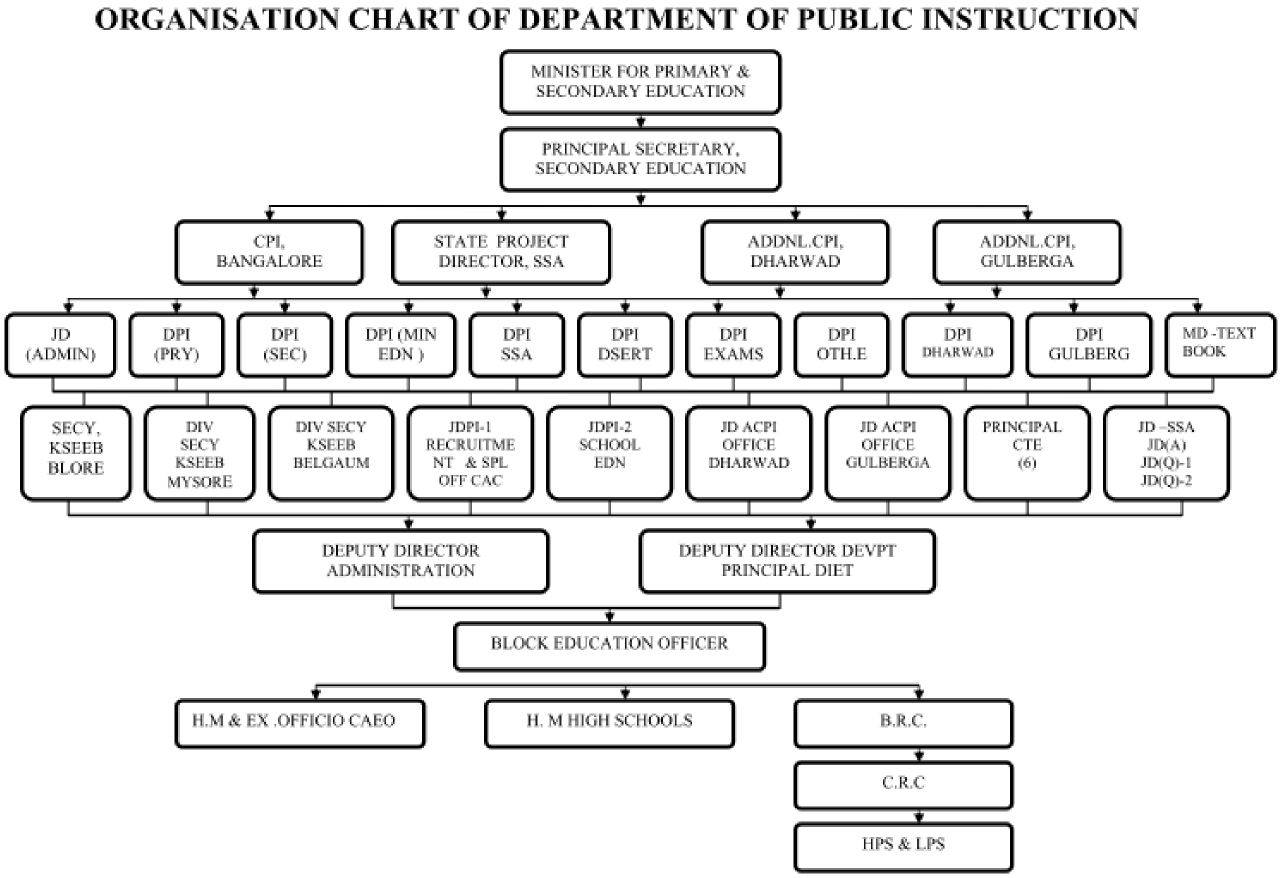
Sl.No.	Name of the Department	No of Paras	Cleared	Balance Pending	Percentage of Clearance
1	Agriculture & Horticulture	7	6	1	86%
2	Animal Husbandry & Fisheries	3	0	3	---
3	Commerce & Industries	27	6	21	22%
4	Co-operation	9	1	8	11%
5	Department of Personnel & Administrative Reforms	2	1	1	50%
6	Energy	70	40	30	57%
7	Finance	223	127	96	57%
8	Food & Civil Supplies	4	2	2	50%
9	Forest & Ecology	28	20	8	71%
10	Health & Family Welfare	30	25	5	83%
11	Home	9	8	1	89%
12	Housing	9	7	2	78%
13	Information Technology	3	2	1	67%
14	Infrastructure Development	0	0	0	---
15	Water Resources (Major)	62	58	4	94%
16	Labour	3	1	2	33%
17	Law	0	0	0	---
18	Parliamentary Affairs	2	0	2	---
19	Planning, Institutional Finance & Statistics	1	0	1	---
20	Public Works	36	20	16	56%
21	Revenue	69	27	42	39%
22	Rural Development & Panchayat Raj	45	44	1	98%
23	Social Welfare	11	3	8	27%
24	Urban	35	16	19	46%
25	Women & Child Development	5	0	5	---
26	DPAR AR	0	0	0	---
27	Transport	33	29	4	88%
28	Minor Irrigation	21	12	9	57%
29	Medical Education	1	0	1	---
30	Debt Servicing	0	0	0	---
31	Department of Public Enterprises	2	2	0	100%
32	Information Tourism and Culture	3	2	1	67%
33	Kannada and Culture	0	0	0	---
34	Primary Education	8	3	5	38%
35	Horticulture	1	0	1	---
36	Youth Services and sports	2	0	2	---
37	Other Section in Finance Department	8	1	7	13%
38	Minorities Welfare	0	0	0	---
39	Higher Education	6	1	5	17%
	TOTAL	**778**	**464**	**314**	**60%**

*Source : Data downloaded from http://ams.kar.nic.in/RepCAGCategwiseabs.aspx, as on 04.02.2011

Annexure-6a

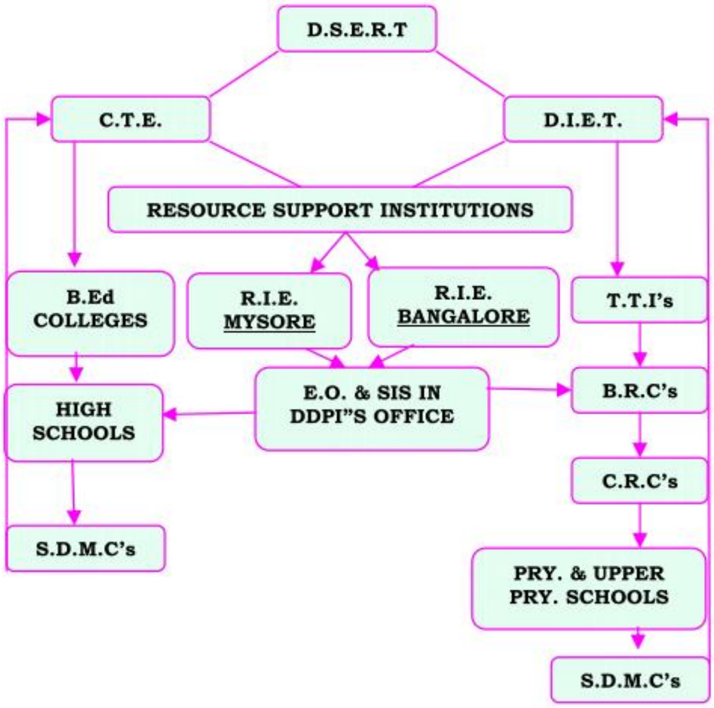
Organisation Structure

Department of Education



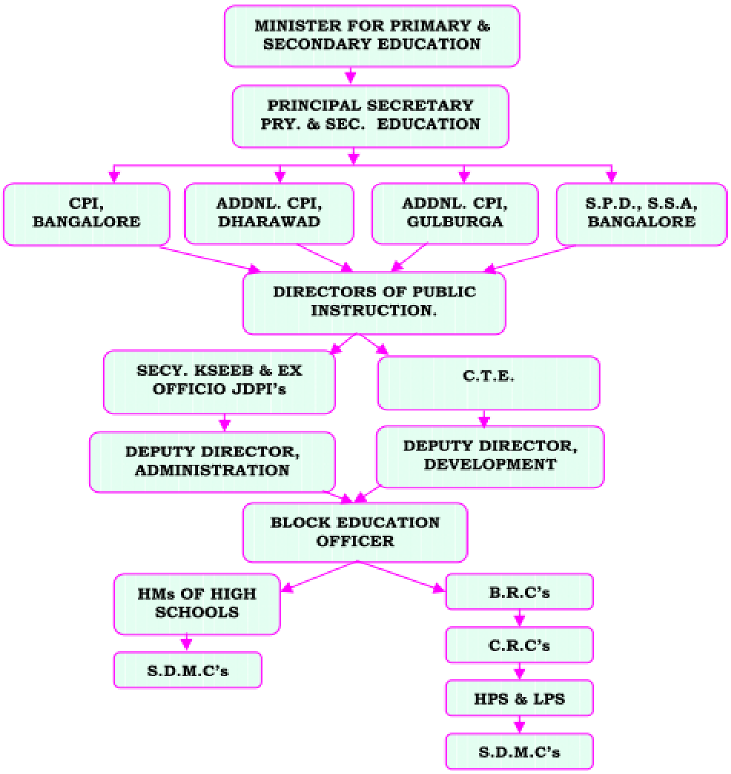
Source : http://www.schooleducation.kar.nic.in/aboutus.htm

Academic Chart of Department of Public Instruction



Source : http://www.schooleducation.kar.nic.in/aboutus.htm

Administration Chart of Department of Public Instruction



Source : http://www.schooleducation.kar.nic.in/aboutus.htm

Annexure-6b

Education Statistics – Karnataka

Details of No. of Schools, Teachers, and enrolment for Karnataka State - Primary School

		No. of Schools (LPS & HPS)	% of Total	No. of Teachers (LPS & HPS)	% of Total	No. of Students (LPS & HPS)	% of Total	Average Drop out Rate (%)	Teacher/ school	Student / Teacher
2006-07	Government	44998	80%	174020	69%	5375618	69%		4	31
	Aided	2499	4%	16031	6%	680353	9%		6	42
	Un-aided	8711	15%	62138	25%	1735667	22%		7	28
	Others	140	0.25%	1387	1%	34806	0%		10	25
	Total	**56348**	**100%**	**253576**	**100%**	**7826444**	100%	**12.1%**	**5**	**31**
2007-08	Government	44849	80%	180336	70%	5173949	68%		4	29
	Aided	2408	4%	14586	6%	649340	9%		6	45
	Un-aided	8411	15%	60565	23%	1723467	23%		7	28
	Others	229	0.4%	2323	1%	61316	1%		10	26
	Total	**55897**	**100%**	**257810**	**100%**	**7608072**	100%	**10.1%**	**5**	**30**
% Change over Previous year =		-0.8%		1.7%		-2.8%				
2008-09	Government	46030	80%	203782	70%	4953906	65%		4	24
	Aided	2449	4%	19464	7%	639276	8%		8	33
	Un-aided	8870	15%	64106	22%	1924771	25%		7	30
	Others	171	0.3%	2412	1%	52104	1%		14	22
	Total	**57520**	**100%**	**289764**	**100%**	**7570057**	100%	**8.4%**	**5**	**26**
% Change over Previous year =		2.9%		12.4%		-0.5%				

LPS : Lower Primary School, Std 1st to 5th; HPS : Higher Primary School, Std 6th to 7th

Source : Government of Karnataka, Education Department, Performance Budget 2009-10

Details of No. of Schools, Teachers, and enrolment for Karnataka State - Secondary School

		No. of Schools (Secondary)	% of Total	No. of Teachers (Secondary)	% of Total	No. of Students (Secondary)	% of Total	Average Drop out Rate (%)	Teacher/ school	Student / Teacher
2006-07	Government	3693	35%	29479	34%	1069256	45%		8	36
	Aided	2633	25%	22274	25%	754780	31%		8	34
	Un-aided	4133	40%	36201	41%	572219	24%		9	16
	Total	**10459**	**100%**	**87954**	**100%**	**2396255**	**100%**	**26.8%**	**8**	**27**
2007-08	Government	4138	36%	30459	34%	1034799	46%		7	34
	Aided	2820	24%	21833	24%	755062	33%		8	35
	Un-aided	4567	40%	37957	42%	482965	21%		8	13
	Total	**11525**	**100%**	**90249**	**100%**	**2272826**	**100%**	**24.7%**	**8**	**25**
% Change over Previous year =		**10.2%**		**2.6%**		**-5.2%**				
2008-09	Government	4387	37%	41781	39%	1138279	46%		10	27
	Aided	2997	25%	28139	26%	799682	32%		9	28
	Un-aided	4245	36%	35883	33%	562410	22%		8	16
	Others	124		2109					17	
	Total	**11753**	**100%**	**107912**	**100%**	**2500371**	**100%**	**14.8%**	**9**	**23**
% Change over Previous year =		**2.0%**		**19.6%**		**10.0%**				

Secondary School : Std 8th to 10th

Source : Government of Karnataka, Education Department, Performance Budget 2009-10

Infrastructure Facilities in Government Schools (Department of Education) in Karnataka as on 30th September 2008

Department of Education Govt. Schools	Lower Primary Schools	Higher Primary Schools	Elementary (Lower + Higher) Schools	High Schools	Lower Primary Schools (Urban)	Higher Primary Schools (Urban)	Lower + Higher Primary Schools (Urban)	High Schools (Urban)	Lower Primary Schools (Rural)	Higher Primary Schools (Rural)	Elementary (Lower + Higher) Schools (Rural)	High Schools (Rural)
No of Schools (DoE-Govt)	23500	21976	45476	4142	1723	3064	4787	670	21777	18912	40689	3472
No of Students (DoE-Govt)	912061	3983712	4895773	1105574	108483	740226	848709	272403	803578	3243486	4047064	833171
No of Students (Boys : DoE-Govt)	452471	2004182	2456653	551443	52172	359679	411851	121283	400299	1644503	2044802	430160
No of Students (Girls : DoE-Govt)	459590	1979530	2439120	554131	56311	380547	436858	151120	403279	1598983	2002262	403011
Common Toilet	18266	19457	37723	2497	1052	2532	3584	445	17214	16925	34139	2052
Girls Toilet	9185	13659	22844	2292	611	1904	2515	442	8574	11755	20329	1850
Source : DISE 2008-09, Education in Karnataka State, District Reports 2008-09, SSA Project Report												
No of Schools as percentage of Govt Schools in the State	99%	98%	99%	94%	97%	97%	97%	88%	99%	99%	99%	96%
No of Students as percentage of Govt. School Students in the State	98%	99%	99%	97%	95%	98%	98%	94%	99%	99%	99%	98%
No of Students (Boys) among total no Students	49.6%	50.3%	50.2%	50%	48%	49%	49%	45%	50%	51%	51%	52%
No of Students (Girls) among total no of students	50.4%	49.7%	49.8%	50%	52%	51%	51%	55%	50%	49%	49%	48%
Common Toilet as percentage of Schools	78%	89%	83%	60%	61%	83%	75%	66%	79%	89%	84%	59%
Girls Toilet as percentage of Schools	39%	62%	50%	55%	35%	62%	53%	66%	39%	62%	50%	53%
Electricity as percentage of Schools	79%	91%	84%	67%	75%	91%	86%	77%	79%	91%	84%	65%
Playground as percentage of Schools	39%	59%	49%	67%	30%	56%	47%	66%	40%	60%	49%	67%
Computers as percentage of Schools	1%	12%	6%	38%	2%	17%	12%	52%	0%	11%	5%	35%
Ramps as percentage of Schools	36%	69%	52%	22%	37%	64%	54%	26%	36%	70%	52%	21%
Compound as percentage of Schools	69%	67%	68%	69%	68%	75%	73%	79%	69%	66%	68%	67%
Water as percentage of Schools	77%	84%	81%	83%	80%	88%	85%	89%	77%	83%	80%	82%
Library as percentage of Schools	79%	94%	86%	80%	69%	91%	83%	82%	80%	94%	87%	79%

Source : DISE 2008-09, SSA Project Report

Table 6 : Details of No. of Schools,enrolment, expenditure for Karnataka State - Education

Sr. No.	Description	2008-09 Plan (Rs. Lakh)	Non Plan (Rs. Lakh)	Total (Rs. Lakh)	Percentage of Total*
1	Directorate of Primary Education	98638.78	367696.47	466335.25	56%
2	Directorate of Secondary Education	45380.62	221503.98	266884.60	32%
3	Department of Pre-University Education	39549.92	45333.81	84883.73	9%
3	Department of Collegiate Education **	11320.90	44841.94	56162.84	9%
	Total	194890.22	679376.20	**874266.42**	

Sr. No.	Description	No of Students@	Percentage of Total#	No of Schools	Percentage of Total#	Cost per Student (Rs.)	Cost per Student PLAN (Rs.)	Cost per Student Non - PLAN (Rs.)
1	Directorate of Primary Education	5593182	74%	48479	84%	8,338	1,764	6,574
2	Directorate of Secondary Education	1937961	78%	7384	63%	13,771	2,342	11,430
3	Department of Pre-University Education	545416	57%	1729	49%	15,563	7,251	8,312
3	Department of Collegiate Education **	343111	80%	647	48%	16,369	3,299	13,069

Source : Government of Karnataka, Education Department, Performance Budget 2009-10

LPS : Lower Primary School, Std 1st to 5th; HPS : Higher Primary School, Std 6th to 7th

Secondary School : Std 8th to 10th

* indicates the Budgetary allocation for the department with regards to the budget allocation for Education for Karnataka

@ No of students in Government and aided schools

# indicates the no of students or no. of school with regards to total no in the state (including Pvt aided and other schools/colleges)

** The % of total for no of colleges and the no of students Collegiate eduation is taken from Task force on Higher Education 2004, pg 87 para 2

AS per the Karnataka Economic Survey 2010, Karnataka state per capita income = Rs. 31031 for the year 2008-09

AS per the Karnataka Economic Survey 2010, Karnataka state per capita income on Education = Rs. 1498 for the year 2008-09

As per the latest HRD report for Karnataka 2005, GER at primary level is 98.12%.

Sector wise outlay for General Education in Karnataka Rs. In Lakhs

Sr. No.	Description	2008-09 Plan	2008-09 Non Plan	2008-09 Total	2009-10 Plan	2009-10 Non Plan	2009-10 Total	Percentage of Total
1	Elementary Education	98638.78	367696.47	466335.25	88715.57	366979.80	455695.37	54.7%
2	Secondary Education	45380.62	221503.98	266884.60	59562.98	223634.79	283197.77	34.0%
3	University & Higher Education	10420.90	61835.76	72256.66	13285.77	59576.83	72862.60	8.7%
4	Adult Education	1677.40	276.83	1954.23	1227.42	290.61	1518.03	0.2%
5	Language Development	475.00	1288.88	1763.88	820.00	1341.18	2161.18	0.3%
6	General	17485.77	424.94	17910.71	17113.01	516.13	17629.14	2.1%
	Total	174078.47	653026.86	**827105.33**	180724.75	652339.34	**833064.09**	100%
					Increase over 2008-09 =		**0.72%**	

Source : Government of Karnataka, Education Department, Performance Budget 2009-10

Department wise allocation	**2008-09 Plan**	**2008-09 Non Plan**	**2008-09 Total**
Directorate of Primary Education	98638.78	367696.47	466335.25
Directorate of Secondary Education	45380.62	221503.98	266884.6
Department of Pre-University Education	39549.92	45333.81	84883.73
Department of Collegiate Education	11320.9	44841.94	56162.84
Department of Technical Education	12586.61	5069.04	17655.65
Department of Vocational Education	1500.49	1039.5	2539.99
Directorate of State Educational Training and Research	14804.37	3970.31	18774.68
Directorate of Mass Education	1650.4	276.83	1927.23
Department of Printing, Stationary and Publications	110	8260.31	8370.31
Department of Public Libraries	1030	2650.02	3680.02

Annexure-7a

Employment and training Department

Sl. No.	Schemes	Link Code	Amount ₹ in lakh)
1	Modular Training	2230-03-101-0-38	5000.0
			Plus 5000.00 (Central Govt)
2	Industrial Training Institutes/Centres	2230-03-101-0-01	4905.6
3	I.T.Is/Centres (Non Plan)	2230-03-101-0-01	3650.0
4	New I.T.Is in 10 Taluks	2230-03-101-0-35	1500.1
5	I.T.I. at Mundagodu	2230-03-101-0-28	640.1
6	Upgrading ITIs into Centres of Excellence (CSS)	2230-03-101-0-26	600.0
7	New I.T.Is in backward Taluks	2230-03-101-0-37	530.1
8	Student Centric GIA	2230-03-101-0-36	300.0
9	Construction of ITIs	4250-00-203-0-01	300.0
10	New I.T.Is for Women	2230-03-101-0-34	217.0
11	Implementation of 36 New Trades	2230-03-101-0-27	106.0
12	Establishment of STARC	2230-03-101-0-29	70.0
13	Manpower development Corpn.	2230-03-101-0-31	50.0
14	Special Component Plan for Training Programme for SC/ST	2230-03-101-0-17	48.9
15	General Employment Exchanges	2230-02-101-0-01	32.0
16	Motor Driving & Training School	2230-03-101-0-32	30.0
17	Director of Employment and Training	2230-02-001-0-01	10.0
18	State Project implementation unit	2230-03-101-0-30	10.0
19	Employment Parks	2230-02-101-0-07	1.0

Annexure-8a

(NAAC for Quality and Excellence in Higher Education)

State-wise Analysis of Accreditation Reports - Karnataka

The following are the major concerns/recommendations for Government colleges :

1. Curricular aspects

- Curriculum options to be enhanced (Vocational/certificate/PG diploma/others);
- Perspective academic vision plan to be developed.
- Semester/choice-based credit system and unitization of /modular curricula to be achieved.
- Mission objectives of the institutions to be well defined and implemented.
- Autonomy to be sought for by selected few colleges.
- PG courses to be started in selected few colleges.
- Bridge courses, remedial coaching to be introduced atleast in some colleges.

2. Teaching-Learning and Evaluation

- Frequent transfers of teachers/Principal to be sorted out.
- Imminent need to have better qualified and trained teachers especially in new courses.
- Tutorials to be imparted to needy students.
- Professional development of faculty to be made more effective.
- Training of faculty to use modern methods of teaching and computer-aided teaching to be encouraged.
- Student feedback to be sought to implement corrective measures.
- Academic linkages to be established.
- Faculty improvement programmes to be made mandatory, to reach more number of staff.

3. Research, Consultancy and Extension

- Motivation of even qualified teachers to undertake research to be achieved; a research culture is hardly seen.
- Teachers to be encouraged to apply for research projects.
- A research advisory committee to monitor the research activities (plan and implement).
- Extension which is at present only through NSS and /or NCC to be made more effective by involving both, teachers and the taught.
- More funds to be made available to permit faculty to conduct and/or attend conferences/seminars etc., to improve the academic ambience of the institution.
- Research linkages, consultancy and industry linkages to be established in due course of time.

4. Infrastructure and learning resources

- Need to improve certain academic infrastructure like library, library resources, computerization of the library, facility for IT training and internet facilities to both teachers, administrative staff and students.
- Hostel accommodation to be improved.

- General amenities to be improved.
- Audio-visual amenities to augmented.

5. Student support and progression

- Healthcare facilities, canteen, transportation and certain imminent facilities for day boarders to be improved.
- Financial support to needy students to be augmented.
- Student guidance, placement and counselling cells to be established.
- Library resources/amenities to be enhanced.

6. Organisation and Management

- Participatory governance to be established.
- Decentralization with autonomy to be established.
- Recruitment of adequate/trained staff to be ensured.
- Long-term retention of institutional heads to be encouraged, to avoid disruption of functions on account of transfers.

The criterion-wise recommendations for constituent colleges, private-aided colleges and self-financing college were highly variable in relation to the different issues raised. However, the issues pertaining to the Criterion II – Teaching-learning and Evaluation, which is a pointer of quality of education imparted in the institution, remained more or less similar to those of the Government colleges.

7. Highlights of the criterion-wise analysis: emerging issues

From the above analysis, irrespective of the type of the institution which has undergone assessment and accreditation, six most-important issues under each criterion as indicated below, need to be addressed in due course of time by the stake holders of higher education:

Criterion I: Curricular aspects

1. Clarity of institutional mission and need to work towards achieving them.
2. Need for developing a strategic plan/perspective vision document.
3. Restructuring of Curriculum: introduction of modular curricula and unitization of syllabi.
4. Introduction of need-based programmes/course options, including vocational/certificate and/or diploma courses.
5. Autonomy to selected colleges.
6. Introduction of semester system/choice-based credit system.

Criterion II: Teaching-Learning and Evaluation

1. Professional development of teachers to be encouraged.
2. Student feedback to be made mandatory.
3. Modern methods of teaching to be adopted.
4. Appropriate teacher-recruitment for newer courses.
5. Participatory teaching-learning process to be inculcated.
6. Staff inadequacy in Govt. colleges (due to frequent transfers) to be overcome.

Criterion III: Research, Consultancy and Extension

1. Research culture to be inculcated on a priority basis.
2. A research advisory committee to be set up.
3. Research ambience to be created with minimal seed money/infrastructure.
4. Teachers to be guided appropriately to apply for projects and to implement them.
5. Consultancy is hardly evident and industry-academia linkage is yet to be initiated.
6. Extension activity is not well defined/implemented; Student-teacher involvement is hardly evident.

Criterion IV: Infrastructure and Learning resources

1. General infrastructure expansion and appropriate reallocation and optimal usage to be achieved.
2. Main library facilities (resources/space/reprography facilities) and Departmental library resources to be augmented.
3. Certain basic amenities to be made available to students (drinking water/toilets/feasible transport /canteen etc.)
4. Laboratory and instrumentation facilities to be improved.
5. Computer and internet facilities to be made accessible easily.
6. Hostels and facilities in existing ones to be improved.

Criterion V: Student Support and progression

1. Career guidance and Counselling services to be made available with trained faculty.
2. Language (medium of instructions) and communication skill development to be enhanced.
3. Financial support to needy students and incentive fellowships to advanced learners to be instituted.
4. Healthcare facilities to be improved.
5. Teacher-taught relations to be improved.
6. Parent-teacher/Alumni associations to be made mandatory, to seek appropriate feedback.

Criterion VI: Organisation and Management

1. Participatory governance to be established with representation to students and teachers, for a two-way understanding of the requirements and problems and to be able to solve the same amicably.
2. Transparency and equity in management practices to be adopted, through strategic practices.
3. Student- and teacher-friendly strategic practices to be adopted.
4. Autonomy and decentralization of powers to be encouraged for effective functioning.
5. Confidence building and leadership building strategies to be adopted.
6. A consortium of comparable cluster of institutions to be developed, to effectively design, plan and implement administrative strategies.

Criterion VII: Healthy practices

1. Institution-specific Innovative ideas and activities to be developed.
2. Orientation to staff and students towards innovation to be mandated.

3. Incentives to both students and teachers for developing a healthy practice in an institution, to be introduced.
4. Community/society-related aspects to be tackled.
5. Networking of such innovative ideas, sharing of thoughts and exposure to peer discussions may be useful.
7. Value-education –based, and heritage-based activities may be emphasized.

8. Recommendations to stakeholders to address the above issues

The probable measures that may be undertaken by the various stakeholders in the Higher education system to address the above issues are suggested below. Some of these may require policy decisions to be undertaken by the Government and/or UGC.:

8.1: **Administrators**: Since the depth of issues to be addressed vary for different clusters of institutions, feasible suggestions are made for the different administrative components.

a. Universities : since seven out of the eight universities analysed come under the purview of a common University Act, with each University free to incorporate innovations through its own statutes, some flexibility is possible. With this in view, under each criterion, the following suggestions are made largely to improve the standards of postgraduate education:

Criterion I

- The Directorate of planning and evaluation as envisaged in the new act to be established on priority, to achieve the required goals. A well thought over and defined/focused institutional mission to be established with perspective plan of action for the next decade.
- A swift shift over from the present annual/semester pattern to choice-based credit system, to permit flexibility of course options and horizontal mobility. Teachers should be motivated to accept this change and have a positive attitude to change in system/ flexibility of programme options so that the student's aptitudes are honoured.
- A mandatory revision of syllabi once every two years, through a **Central Syllabus Committee** which is different from the BOS and which will have at least 40% external members of proven academic standing in higher education is desirable. The syllabus committee must also have as its members, people drawn from industrial and business houses, to give appropriate inputs while framing the syllabi. Unnecessary duplication of syllabi of allied courses to be avoided. Subject experts may be co-opted as and when necessary. The whole process of syllabus framing to be undertaken well ahead of the time schedule so there is adequate planning and design. A student seeking admission must be aware of the syllabus (including that of the practical component), facilitate him/her to make the right course-choice.
- In an enthusiasm to start newer courses (to be restricted only to need-based, multidisciplinary subjects), the long-standing traditional courses are being neglected both in terms of curricular content and emphasis of applications. Therefore, to begin with, these course contents must be updated with due weightage to classical concepts, and applications.

- An appropriate counselling service be made available to students during and immediately after admission. At this point, a parallel parent-teacher interaction would also be useful. A small time frame for change over from one course to another be allowed so that an additional chance is given to the student to review his choice for course options.
- Departments must have the freedom and incentive to establish appropriate academic linkages with similar Departments as also with appropriate private organizations elsewhere. Academic autonomy and appropriate resource allocation for proven/innovative academic endeavours must be ensured.

Criterion II

- Timely recruitment of qualified teachers to be ensured. Merit and academic achievements alone should be the criteria for recruitment. It would be advisable to appoint teachers on contract so that there is academic accountability, and gradually, as elsewhere, self-financing courses would generate their own manpower of faculty. Adjunct faculty from other renowned institutions may be drawn to augment teaching quality.
- Appropriate teacher orientation/refresher programmes not only in specific subjects but also in the use of modern teaching-aids, development of appropriate computer-aided teaching packages and student-friendly methods of teaching must be insisted upon. A teacher-counselling also to be made available for equipping the faculty to appropriately handle student-related classroom issues. Appropriate Faculty development to be made mandatory at all cadres.
- Student feedback of faculty performance would be highly useful. This should be anonymous and in digitized formats, with objective rather than subjective reflections.
- Faculty to be encouraged to develop group activities (both class room and field), to hold regular seminars, seek assignments and monitor student development through quiz/tests etc. A record of all these activities to be maintained, to be useful in corrective measures as well as in continuous assessment of the wards.
- Procedures of continuous assessment and evaluation must be made known to the students at admission and the evaluation product should be notified for the benefit of the students.
- Tutorials (Student-mentor) and remedial coaching to be enforced, to help weaker students and a component of project work/research methodology to be included to aid the advanced learners. Peer discussions and interactive group discussions to be encouraged.
- While a gradual shift over to 100% continuous assessment is highly recommended, if evaluation is resorted to terminal/end examinations, then the whole process of Theory paper setting and evaluation to be entrusted to external examiners and practicals can be only through continuous internal assessment.

Criterion III

- A central research planning, development and management board to be set up, with 40% members drawn from external/research or industry houses. This Board should also monitor the establishment of adequate laboratory/library resources to undertake need-based research in the various Departments.

- Research attitude to be changed to inculcate organized research by all the teachers (if need be in small allied groups), to work on need-based research problems. Resource sharing must be insisted upon and duplication of equipment/other research resources to be avoided.
- External Research funding to be insisted. Internal research fellowships may be instituted. All PG teachers must be motivated to apply for research projects and adequate academic freedom should be given to them to monitor the said projects. Research linkages with other institutions in the vicinity to be encouraged.
- Establishment of research linkages (Regional/National/International) to be encouraged and faculty to be encouraged to seek hands-on research exposure/training (may be on sabbatical) in industry/corporate bodies and business houses.
- Appropriate training to develop consultancy, patents with awareness of patenting laws, thesis writing methods and library and electronic media exposure to be given to faculty.
- Timely Financial and secretarial assistance to be made available for publication and printing of research articles/books either through Prasaranga or elsewhere.
- USIC and other central facilities to be made more active and supportive to the research programmes of the university.
- Establish adult and continuous education centers as well as NSS and NCC units to take up regular extension activity. Both teachers and students to be given incentives to undertake community-related extension activities especially undertaken through proven NGOs.
- There is an imminent need to develop value-based and heritage based community service with appropriate credits and collaborations.

Criterion IV

- Inter and Intra University communication linkages, internet connectivity and mobility to be ensured.
- Sponsors may be sought to augment infrastructure development and maintenance.
- Optimal utilization of the infrastructure to be ensured, with appropriate time frames and budgetary allocations.
- Wherever the University is located in more than one campus, mobility between campuses and transport facilities to staff and students to be ensured. Adequate civic amenities, to be provided at the work place.
- Emphasis on improving and maintaining the education academic landscape to be a priority over that of general landscape.

Criterion V

- Library resources and facilities to be enhanced. Automation of the library, establishment of internet connectivity, development of a audio-visual facility, reprographic facility to be made student-friendly.
- Academic/psychological counselling centres, placement and career guidance bureaus and grievance redressal / student interaction centers to be established and made functional.
- Parent-teacher and Alumni associations to be set up to interact and support the wards and the institution to enhance the academic ambience.

- Office procedures, administrative requirements to be made student-friendly and the administrative staff and teachers to develop the right attitude to be proactive to students problems.
- Regular calendar of events, prospectus, news letters and other in-house published material to be made available to enhance student awareness.

Criterion VI

- Administration to be more proactive, sensitive to student and teacher issues and seek to develop participatory management practices.
- Staff quality enhancement measures including computer skills, to be implemented.
- Academic decentralization and effective administrative autonomy to Departments to be ensured for effective functioning.
- Affiliating functions of the University to be reviewed and made more proactive to colleges; CDC to be made more responsible and effective, to build a liaison between University, colleges and the UGC.
- All recommendations of the NAAC peer committee report should be complied with within a definite time frame.

Criterion VII

- Innovative ideas to be encouraged amongst all the personnel/components of the university.
- Incentives for innovation and upliftment of institutional image must be forthcoming.
- Corporate exposure and interactive discussions with peers and public, would be useful in motivating innovations.

b. Private college managements/trustees:

Overall recommendations covering all the criteria are suggested:

- Emphasis on institutional development through quality enhancement of education should be the motto.
- Managements of institutions with proven temporal academic strength should seek autonomy and develop towards attaining the status of a center of excellence in a selected field/course.
- Seek to develop more need-based, self-financing courses and PG courses, to be free from financial constraints and have administrative flexibility.
- Recruitment of qualified staff to be ensured and adequate compensation be provided to them to retain them so that academic continuity and accountability are achieved.
- Must ensure faculty development for quality enhancement in both, teaching and research.
- Research and extension must be clearly mandated to achieve holistic development of the staff and students.
- Management must cater to strategic planning, modern strategic administrative attributes and value-based management rather than commercial entrepreneurship.

- Appropriate liaison between students, staff, administrative components and the community at large to be maintained.
- Recommendations of the Peer Committee Report should be complied with within a definite time frame.

c. Directorate of Collegiate Education:

As the development and functions of government colleges are achieved through this Directorate, the following overall suggestions may be addressed:

- The Directorate must establish functional liaison between the CDC, University, UGC regional office/AICTE regional office and itself, to translate all its developmental activities into meaningful experiences.
- Remedial coaching, bridge courses and tutorials must be enforced to reach the needy students and appropriate records must be maintained for the same, with incentives to teachers involved in such endeavours.
- Faculty recruitment and faculty improvement should be strictly mandated and frequent transfers should be avoided. This is especially true for Principals.
- Planned batch-wise/seniority-wise faculty improvement programme should be adhered to, with adequate feedback of the progress and results of such programmes.
- External fund-seeking and project proposals must be made mandatory for those teachers who have the research exposure through M.Phil. and/or Ph.D. training acquired through FIP of the UGC or otherwise.
- Extension activities should be clearly spelt out in terms of community service and outreach exposure. Incentives to staff and students excelling in such activities may be thought off.
- Selected colleges of proven academic and faculty strength should be given autonomous status and a few others with similar background may be encouraged to start PG courses.
- Basic infrastructural requirements and civic amenities should be made available to students and staff, both for personal and academic use.
- A number of concerns regarding student support facilities as indicated under specific criterion-wise recommendations as above should be addressed on priority.
- Affiliating functions of the University must be debated and discussed to achieve mutual functional benefits.
- Recommendations of the Peer Committee Report should be complied with within a definite time frame.

Annexure-8b

Institution category and Number of Institution

Organization	Engg Colleges	Polytechnics	Junior Technical Schools	Fine Arts colleges
1.Government	10 +1*	81	6	-
2.Government Aided	09+2*	43	-	76
3.Private Management	146 +1*	162	6	-
4.University Colleges (UC)	02+1*	-	-	-
5.Minority Colleges (MC)	15	-	-	-
Total	**187**	**286**	**12**	**76**

* Evening Engg College, Source : http://dte.kar.nic.in/

Admission particulars of 1st year students for the year 2008-09

Polytechnics	Intake (No of students)	Admission (No of Students)
Government polytechnics	11136	11245
Private Aided Polytechnics	8356	8312
Private Unaided polytechnics	21949	18512
Total	**41441**	**38069**

Intake for Government Engineering Colleges

Sr.	Government Engineering Colleges	Computer Science & Engineering	Mechanical Engineering	Civil Engineering	Electronics & Communication Engineering	Total
1	S.K.S.J.T Institute of Engineering, Bangalore	60	60	60	60	240
2	Government Engineering College Chamrajnagar	60	60	60	60	240
3	Government Engineering College Hassan	60	60	60	60	240
4	Government Engineering College K.R.pet	60	60	60	60	240
5	Government Engineering College, Ramanagar	60	60	60	60	240
6	Government Engineering College, Hoovina Hadagali	60	60	60	60	240
7	Government Engineering College, Haveri	60	60	60	60	240
8	Government Engineering College, Kushalnagar	60	60	60	60	240
9	Government Engineering College, Raichur	60	60	60	60	240
10	Government Engineering College, Karwar	60	60	60	60	240
	Total	600	600	600	600	2400

Source : http://dte.kar.nic.in/

Annexure-8c

Seat Sharing in Colleges percentage of Government Seats - 2010

Course	Government	Private unaided
Engineering	100%	50% (non-minority), 45% (minority)

Seat Sharing Ratio (%)		
Academic Years	**Engineering**	
	Govt	**Mgmt**
1994-95 to 2002-03	85	15
2003-04	75	25
2004-05	75	25
2005-06	65	35
2006-07	60	40
2007-08	55	45
2008-09	50	40

2007-08 Break-Up of Seats	
(Will Remain The Same For 2008-09)	
Engineering (138 Colleges)	
Government Seats	32,450
Management Seats	22,582
All India Quota	nil
Total	**55,032**

Annexure-9a
Staff Position
Department of Agriculture

Group	Filled	Vacant
Group A, Sanctioned : 525	**Filled : 438**	**Vacant : 87**
	Commissioner - 1, Director of Agriculture - 01, Additional Director of Agriculture - 08, Joint Director of Agriculture - 41, Deputy Director of Agriculture - 58, Asst. Director of Agriculture - 328, Asst. Director of Agriculture (FW) - 50, Others - 38	Joint Director of Agriculture - 05, Dy. Director of Agriculture - 07, Chief Accounts Officer - 01, Asst. Director of Agriculture - 51, Administrative Officer - 21, Asst. Executive Engineer - 01, Senior Programmer (Computer) - 01
Group B, Sanctioned : 2855	**Filled : 1413**	**Vacant : 1442**
	Agricultural Officer - 1637, Agricultural Officer (FW) - 141, Asst. Agril. Officer - 979, Asst. Agril. Officer (Agril. Eng. Water Mgt) - 58, Others – 40	Agricultural Officer - 931, Agricultural Officer (FW) - 64, Asst. Agril. Officer - 380, Asst. Agril. Officer (Agril. Eng. Water Mgt) - 58, Others - 9
Group C, Sanctioned : 5047	**Filled : 3488**	**Vacant : 1559**
Group D, Sanctioned : 1175	**Filled : 874**	**Vacant : 301**

Source : Government of Karnataka, Secretariat of Agriculture, 2008-09

Annexure-9b

Agriculture Statistics – Karnataka

Table 1 : Targets and achievements for Agriculture in Karnataka

Description	Unit	2008-09	Target
Area under crops	lakh hectares	104.95	119.39
Production of Food grains	lakh tonnes	73.76	82.92
Demonstrations of best practices	Nos.	4168	4172
Supply of Inputs	Nos.	18032	15839
Soil Samples analysed	Nos.	250000	164501
Seeds Distributed	Qtls	936155	919976
Seeds Tested	Nos.	18807	36000
Production of Seeds at Seed farms	Hectares	500.22	706.96
Area covered under organic farming	Hectares	14800	
State Soil Survey	Hectares	72900	111391

- *Source : Government of Karnataka, Secretariat of Agriculture Department, Annual Report 2008-09*
- *Area under crops include Kharif, Rabi and summer crops*
- *Food grains include cereals and pulses*
- *Demonstrations of best practices include Demonstrations under NFSM Rice (@ one demo per 0.4 ha at every 100 ha of area) for Improved package of practices, Rice intensification, Hybrid rice technology*
- *Supply of Inputs include hi-tech implements, storage bins, Hand pumps, diesel, kerosene pump, power tillers, pump sets etc.*
- *Soil Samples analysed by Soil Testing Laboratories and include General method + STCR + Micronutrients*

- *Seeds distributed included General Seeds by seed suppliers*
- *Seeds tested include samples analysed by Notified Seed Testing Laboratories*
- *Area covered under Organic farming involved 11100 farmers*
- *State Soil survey is carried out as a inventory for sustainable crop production*

Table 2 : Agriculture in Karnataka over the years

ITEM	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Net Area Sown (000' hectares)	9838	9846	10499	10509	10104	10419
Gross Cropped Area (000' hectares)	11532	11450	12807	13027	12438	12893
Gross irrigated area (000' hectares)	2841	2702	3328	3632	3603	3789
Area under Food grains (000' hectares)	7024	6882	7567	7596	7394	7873
Production of Food grains (000' tonnes)	6664	6562	10491	11535	9329	11415

Source : Appendix 1.1 Karnataka at a glance, ECONOMIC SURVEY OF KARNATAKA 2009-10, Planning, Programme Monitoring and Statistics Department

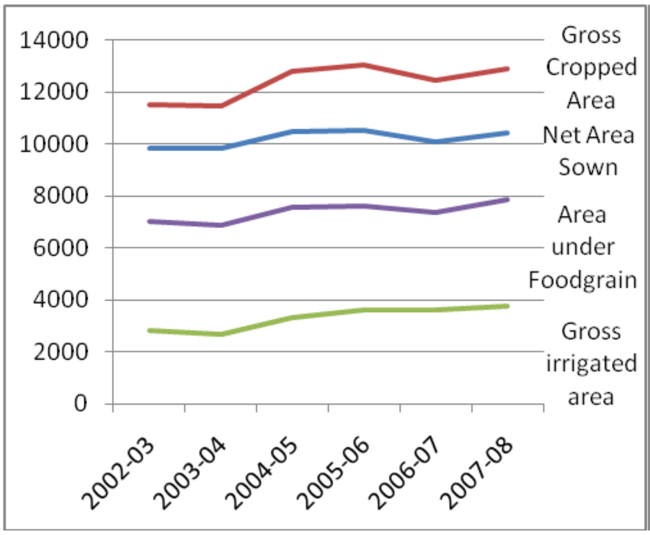


Chart 1 : Agricultural Land use in Karnataka

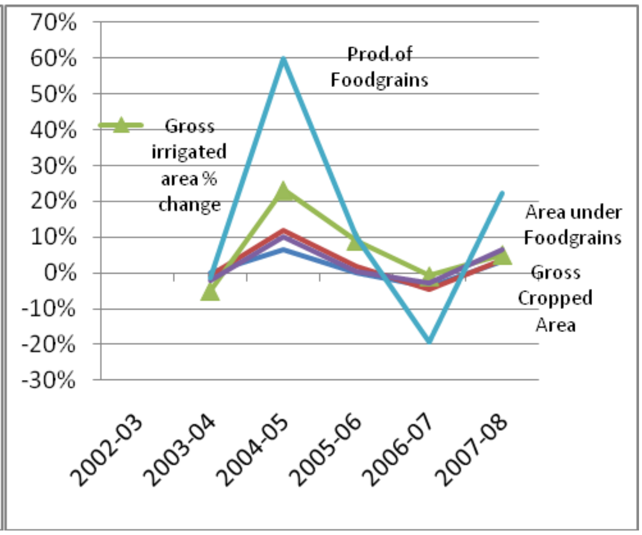


Chart 2 : Year on Year % Change – Agriculture

Annexure-10a

Area, Production and Yield of Agriculture and Horticulture crops in Karnataka

Year	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	CAGR (%)
Horticulture Crops	**Area in Lakh Hectares**										
Total state Area	15.6	15.31	15.86	15.81	15.42	16.31	16.5	17.25	17.63	18.25	**2%**
	Production in Lakh Tonnes.										
Total state Production	103.89	118.21	98.77	95.82	89.28	97.31	122.49	130.26	136.62	143.27	**7%**
	Yield in tonnes per Ha										
State Yield	6.66	7.72	6.23	6.06	5.79	5.97	7.42	7.55	7.75	7.58	**5%**
Source: Various Issues of Horticultural Crop Statistics of Karnataka State at a Glance, Department of Horticulture, Govt. of Karnataka											
Agriculture Crops	**Area in Lakh Hectares**										
Area under Food grains				70.24	68.82	75.67	75.96	73.94	78.73		**2%**
	Production in Lakh Tonnes.										
Production of Food grains				66.64	65.62	104.91	115.35	93.29	114.15		**11%**
	Yield in tonnes per Ha										
Yield				0.95	0.95	1.39	1.52	1.26	1.45		**9%**
Source: Appendix 1.1 Karnataka at a glance, ECONOMIC SURVEY OF KARNATAKA 2009-10, Planning, Programme Monitoring and Statistics Department											

Annexure-11a

1. Inland Fishery Resources

1	Departmental tanks (>40 Ha achcut)	3399
2	Gram Panchayat tanks (<40 Ha achcut)	22624
3	Water spread area of tanks	2.93 lakh ha.
4	Number of Reservoirs	82
5	Water spread area of Reservoirs	2.61 lakh ha
6	Length of rivers	5813 km
7	Length of canals	3187 km
8	Fish seed Production and Rearing Centers	
	a) Government	
	i) Production centre	29
	ii) Rearing centre	26
	b) Private	83
9	Fishermen population	491508
10	Active fishermen population	116858
11	Fish Farmers Development Agencies	13
12	Fishermen Co-operative Societies	362
13	Fishermen Co-operative Apex Federation	1
14	Fishermen training centers	4
15	Fish Markets	224
16	Aquaria	15
17	Ice Plants	37
18	Cold Storages	13
19	Frozen Storages	1

2. Marine Fishery Resources

1	Exclusive Economic Zone	87000 sq.km
2	Continental Shelf	27000 sq.km
3	Coastal length	300 km.
4	Fishermen population	275976
5	Active fishermen population	141720
6	Fishermen villages	191
7	Harbours	6
8	Fish Landing Centers	25
9	Mechanized Boats	9336
10	Non-Mechanized Boats	22580
11	Fishing Nets	41983
12	Ice Plants	187
13	Cold Storages	27
14	Freezing Plants	13
15	Frozen Storages	11
16	Canning Plants	8
17	Fish Meal Plants	20
18	Boat building yards	27
19	Net making plants	3
20	Brackish water Area	8000 ha.
21	1. Suitable for Culture	4200 ha
	2. Area developed for culture	420 ha
	3. Average production	1465 kg/ha/yr
22	Brackish water Fish Farmers Dev. Agencies	2
23	Shrimp Hatcheries	5
24	Fisheries Co-operative Societies	106
25	Fishery Co-op. Apex Federations	2
26	Fish Markets	218

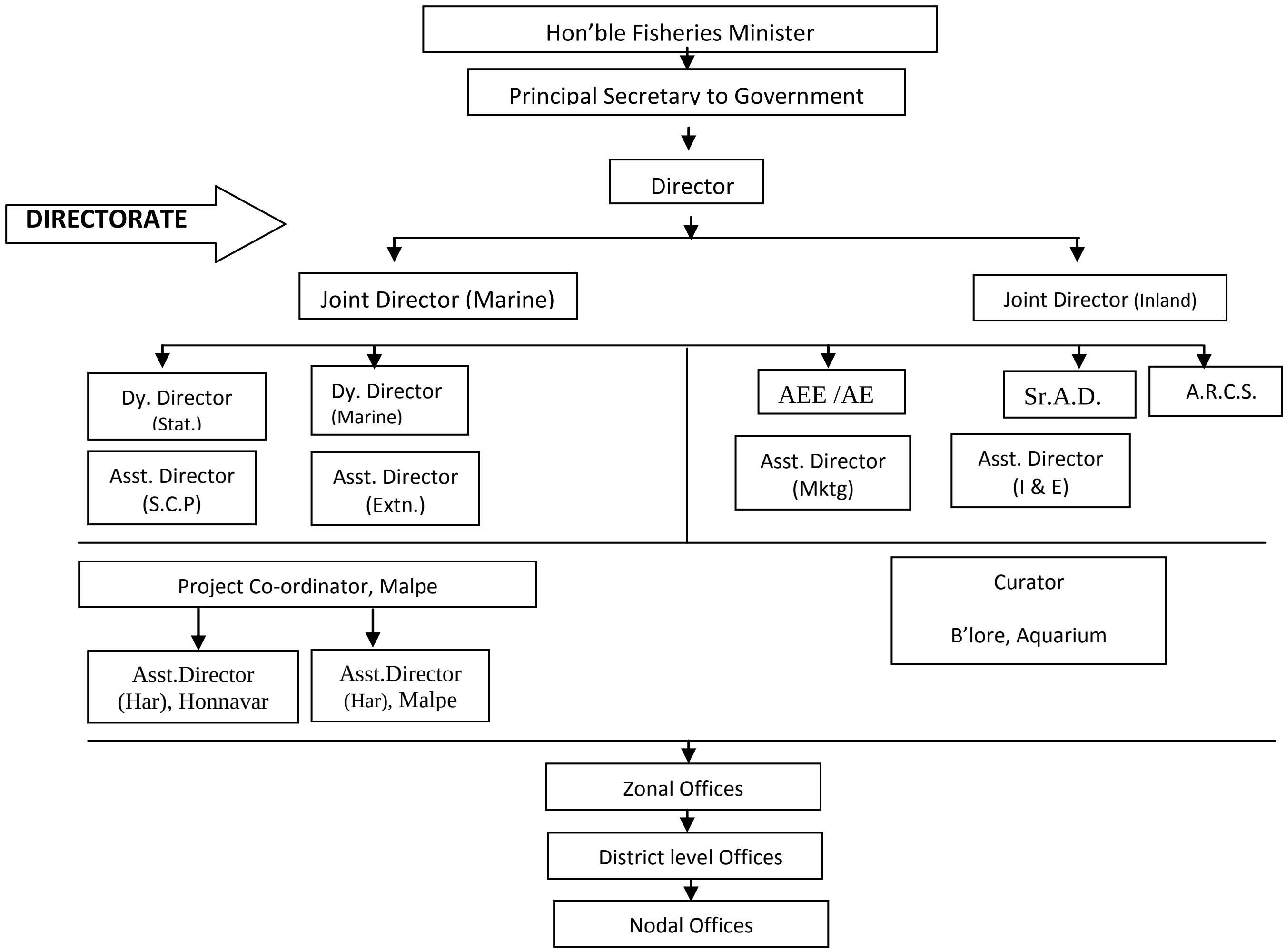
3. Fish Production and Export of Fish Products in Karnataka

Year	Marine Fish Production		Inland fish Production		Total (Production)		Export of Marine Fish Products and value		Export/ Production
	Quantity (Metric Tons)	Value (₹ Lakh)	Quantity (Metric Tons)	Value (₹ Lakh)	Quantity (Metric Tons)	Value (₹ Lakh)	Quantity (Metric Tons)	Value (₹ Lakh)	percent
1999-00	165653	23684	126646	29706	292299	53390	12897	12238	8%
2000-01	177907	24829	127468	29911	305375	54740	11823	9446	7%
2001-02	128416	19942	121196	28343	249612	48285	9430	6338	7%
2002-03	180161	33653	86262	9805	266423	43458	9788	6270	5%
2003-04	187003	40498	70036	18783	257039	59281	8474	6447	5%
2004-05	171227	45873	80470	21582	251698	67455	10349	7692	6%
2005-06	176974	46598	120599	32321	297573	78918	15965	10327	9%
2006-07	168545	55143	123919	37176	292464	92318	26723	14949	16%
2007-08	175566	51787	122124	42744	297690	94531	26155	16261	15%
2008-09	**218137**	**82024**	**143717**	**57487**	**361854**	**139511**	**33000**	**26400**	**15%**

Source : website, Department of fisheries, Karnataka

Annexure-11b

Organizational chart of Fisheries Department



Category	Sanctioned	Working strength	Vacancy	% Vacancy
Group "A"				
Technical	46	31	15	
Non Technical	1	1	-	
Total	**47**	**32**	**15**	**32%**
GROUP "B"				
Technical	222	135	90	
Non-Technical	6	6	0	
Total	**228**	**141**	**90**	**40%**
GROUP "C"				
Technical	580	331	249	
Non-Technical	355	175	180	
Total	**935**	**506**	**429**	**46%**
GROUP "D"				
Technical	7	1	6	
Non-Technical	193	158	35	
Total	**200**	**159**	**41**	**20%**
Total Technical	855	498	357	
Total Non-Technical	555	340	215	
Grand Total(A+B+C+D)	**1410**	**838**	**572**	**40%**

Annexure-11c

Details of Fisheries Schemes in the Budget 2009-10 (₹ In Lakh)

Sl.No	Schemes	State share	Central share	Total
A.	**PLAN**			
I.	**STATE**			
1	Matsya Mahila Swavalambana Scheme	1000		1000
2	Matsya Ashraya Scheme	1000		1000
3	Construction of fisheries link roads, ridges and jetties with NABARD assistance	1000		1000
4	Fishing harbour at Mangalore	500		500
5	Maintenance of Fisheries link roads	500		500
6	Assistance to Zilla panchayat	409.5		409.5
7	Development and Maintenance of fishing harbour and landing centres	200		200
8	Construction of Matsya Bhavan	200		200
9	Assistance for development of inland fisheries	150.01		150.01
10	Tribal area sub plan	125		125
11	Special component plan	100		100
12	Aqua park	100		100
13	Subsidy for purchase of seed	50		50
14	Supply of Fishery requisite kits	50		50
15	Dredging, Navigation and other works	50		50
16	Directorate of Fisheries	35.27		35.27
17	Contribution to distress relief fund	30		30
18	Research, extension, exhibition and training,	10		10
19	Reimbursement of Medical Expenses	0.1		0.1
	Total State Sector Plan	**5509.88**		**5509.88**
II.	**Central Plan Schemes(CPS)**			
1	Rashtriya Krishi Vikasa Yojane- Fisheries	**264**	**2376**	**2640**
III.	**Centrally Sponsored Schemes(CSS)**			
1	Fishermen Welfare Scheme	150	450	600
2	Construction of Fishing harbours	147.88	443.63	591.5
3	Remission of central excise duty on HSD used by mechanised fishing craft	0	500	500
4	FFDA for intensive development of inland fish culture	228.11	76.04	304.14
5	Construction of jetties and landing centers	50	150	200
6	Motorization of traditional crafts	25.48	25.48	50.96
7	Renovation of fishing harbours and landing centres	10	30	40
8	C.S.S.F. Inland Fisheries Statistics	0	12	12
9	Training and Extension	2	8	10
	Sub Total CSS	**613.46**	**1695.14**	**2308.6**
	Total Plan Schemes(I+II+III)	**6387.34**	**4071.14**	**10458.48**

Sl.No	Schemes	State share	Central share	Total
B.	**Non Plan**			
1	Assistance to Zilla panchayats	897.63		897.63
2	Director of Fisheries	454.39		454.39
3	Assistance for development of inland fisheries	184.31		184.31
4	Development and Maintenance of fishing harbour and landing centres	55.05		55.05
5	Research, extension, exhibition and training,	20.89		20.89
6	Mechanisation and improvement of fishing crafts	2.72		2.72
7	Reimbursement of Medical Expenses	1.5		1.5
	Total Non Plan	**1616.49**	**0**	**1616.49**
	Grand Total (A+B)	**8003.83**	**4071.14**	**12074.97**

Source: Department of Fisheries, Govt. of Karnataka

Annexure-12a

Total Livestock and Poultry population in State (No. In lakhs)

Sl. No	**Species**	**2003 census**	**2007 census**	**% Variation**
1	Cattle	95.95	104.96	9.39
2	Buffaloes	40.24	43.21	7.38
3	Sheep	72.72	95.32	31.08
4	Goats	44.91	61.43	36.78
5	Pigs	3.2	2.78	-13.13
6	Dogs (Domestic)	16.56	19.94	20.41
7	Rabbit	0.06	0.1	66.66
8	Others *	0.39	0.36	-7.69
	Total Livestock	**274.03**	***328.12***	***19.74***
9	Poultry	**244.51**	***424.37***	***73.56***

Source: *Department of Animal Husbandry and Veterinary Services, Govt. of Karnataka,*

* others include Horses, Mules, Donkeys and Camels.

Annexure-12b

Availability and Requirement of Livestock Products in Karnataka

Sl No	Livestock products	Recommended (as per ICMR)	Per capita availability (2008-09)
1	Milk kgs/person / year (250 ml /day)	91.25 Kg	73 Kg
2	Meat kgs/person / year	11 Kg	1.75 Kg
3	Eggs Nos/person / year	180	41

Source: Department of Animal Husbandry and Veterinary Services, Annual Report 2009-10.

Projected Requirement of Milk, Meat and Eggs in Karnataka

	Year	2008-09		2013-14		2019-20	
	Estimated human population	580 lakhs		635 lakhs		690 lakhs	
Sl No	Product	Availability	Requirement as recommended (ICMR)	Requirement at present level of consumption	Requirement as prescribed	Requirement at present level of consumption	Requirement as prescribed
1	Milk lakh MT	45.38	47.74	53	58.3	62.96	69.27
2	Meat lakh MT	1.14	6.3	1.11	6.9	1.21	7.5
3	Eggs in lakh	23746	104400	26045	113442	28290	124200

Source: Karnataka vision 2020 document

Livestock Production trends during last five years

Product	Units	2004-05	2005-06	2006-07	2007-08	2008-09
Milk	Lakh tonnes	39.47	40.22	41.24	43.13	45.38
Eggs	Lakh nos	17719	18348	19497	20385	23746
Meat	Lakh tonnes			0.98	1.09	1.14

Source: Integrated sample survey report (2008-09) by Dept of AH&VS

Annexure-12c

Abstract of Husbandry and Veterinary Schemes Budget outlay during 2009- 10

(₹ In Lakhs)

Sl. No	Source	Plan Amount	%	Non plan Amount	%	Total Amount
1	State share	48478.43	96.37	19142.53	-	67620.53
2	Central share*	1824.07	3.63	-	-	1824.07
	Total	**50302.5**	***72.43***	**19142.5**	***27.57***	**69445.03**

Source: Department of Animal Husbandry and Veterinary Services, Annual Report 2009-10.

Note: * The Scheme "RKVY" is considered under state sector

Abstract of Budget for various Sectors of AH & VS in Karnataka during 2009-10

(₹ In Lakhs)

Sl. No	Sector	Allocation			Percentage of allocation to the sector	Expenditure	Percentage of expenditure to allocation
		State share	Central share	Total Allocation			
1	Animal Husbandry	14085.43	1694.07	15779.5	31.36	14180.02	89.86
2	Dairy development	30035	130	30165	59.96	24902.5	82.55
3	Capital outlay	4358	0	4358	8.68	3921.75	89.99
	Total	**48478.43**	**1824.07**	**50302.5**	**100**	**43004.27**	**85.27**

Source: Department of Animal Husbandry and Veterinary Services, Annual Report 2009-10.

Annexure-12d

Number of Livestock units per Veterinary Institution in Karnataka

Sl. No	District	Total Livestock (2007 census)	No of Vet Institutes (31.12.2009)	No. Livestock Units Per Vet. Institution
1	Raichur	1614572	105	6816
2	Belgaum	3131655	262	6222
3	Bellary	1586710	118	6183
4	Koppal	1076737	80	5755
5	Bagalkote	1724390	137	4923
6	Shimoga	964622	168	4743
7	Chitradurga	1890510	144	4724
8	Bidar	777152	112	4401
9	Tumkur	2522798	233	4305
10	Mysore	1189565	177	4302
11	Gulbarga	2628469	309	4227
12	Hassan	1228661	213	4088
13	Bijapur	1360212	137	4075
14	Chamarajanagar	569979	81	4072
15	Udupi	469126	89	3996
16	Dakshina Kannada	666157	108	3972
17	Davanagere	1162090	176	3919
18	Chickmagalur	731541	139	3781
19	Uttara Kannada	595551	141	3508
20	Chikkaballapura	941245	102	3492
21	Kolar	799886	106	3467
22	Haveri	902521	142	3381
23	Gadag	762503	87	3332
24	Dharwad	493436	109	3095
25	Ramanagara	723294	116	3050
26	Mandya	1190374	218	2748
27	Bangalore Rural	472357	97	2662
28	Kodagu	246784	75	2072
29	Bangalore Urban	388846	129	1266
	State	**32811743**	**4110**	**4103**

Source: Department of Animal Husbandry and Veterinary Services, Govt. of Karnataka, Note: 1 Livestock unit = 1 cattle or buffalo, 5 pigs, 10 sheep or goats, 100 poultry birds.

Break up of the Institutions in Karnataka.

Sl No	Institute	Numbers 2009-10
1	Veterinary Hospitals	369
2	Veterinary Dispensaries	1941
3	Primary Veterinary Centres	1181
4	Mobile Veterinary Clinics	174
5	Artificial Insemination Centres	230
6	Other Institutions	215

Department of Animal Husbandry and Veterinary Services, Annual Report 2009-10.

Annexure-13a

Table 1: DISTRIBUTION OF SCHEMES BY BUDGET OUTLAY

Budget Outlay (₹ Crore)	Number of Schemes	% Distribution
< 25.0	4	57
25.0-50.0	2	29
>50.0	1	14
Total	7	100

Source : Department of Agricultural Marketing, Government of Karnataka

Table 2: DETAILS OF EXPENDITURE (₹ Lakh) ON SCHEMES, 2009-10

Scheme	Plan	Non-Plan	Total	% to total
State Sector Scheme				
1. Minimum Floor Price	200	-	200	0.9
2. Rashtriya Krishi Vikas Yojana (RKVY)	1050	-	1050	4.7
Centrally Sponsored Scheme				
3. Development of Rural Markets Under RIDF	1000	-	1000	4.5
4. Grameena Bhandara Yojana	4339	-	4339	19.5
5. Scheme for Strengthening of Infrastructure, Grading and Standardization	12024	-	12024	53.9
6. Assistance to States for Developing Export Infrastructure and Other Allied Activities (ASIDE)	2630	-	2630	11.8
7. Development Under National Horticulture Mission	1050	-	1050	4.7
Total	**22293**	**-**	**22293**	**100**

Source : Department of Agricultural Marketing, Government of Karnataka

Annexure-13b

The Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966.

Chapter VI, 63 Powers and duties of market committee.- (1) Subject to provisions to this act, it shall be the duty of a market committee,-

(i) To implement the provisions of this act, the rules and bye-laws made thereunder in the market area;

(ii) To provide such facilities for (transport and marketing) of agricultural produce therein as the state government may from time to time direct;

(2) Without prejudice to the generality of the fore-going provision,-

(a) a market committee shall,-

(ix) collect, maintain and disseminate information in respect of production, sale, storage, processing, prices and movement of notified agricultural produce;

(b) a market committee may,-

(viii-c) with prior approval of the Director of Agricultural Marketing take such steps as are necessary to arrange through Co-operative Societies, for purchase, sale, storage or transport of agricultural produce or for such other matters during the period of disruption of functioning in the market yard or sub-market yard due to strike of any market functionary;

Model Act,

The State Agricultural Produce Marketing (Development and Regulation Act, 2003) 9th September 2003.

Chapter V

Conduct of Business and Powers and Duties of Market Committee

Section 26 : Powers and Duties of the Market Committee

26 (2) a viii the market committee may, with the prior sanction of state Government/Director/Managing Director undertake the construction of godowns, roads and such other infrastructure in market yard/sub yard and market area as may be required to facilitate movement of agriculture produce to the market for benefit of producer sellers and traders operating in the market area.

Collect and maintain information in respect of production, sale, storage, processing, prices and movement of notified agricultural produce and disseminate such information as directed by the Director.

26 (3) i With prior sanction of Managing Director, the Market Committee may undertake the following:

(i) Construction of roads, godowns and other infrastructure in the market area to facilitate marketing of agricultural produce and for the purpose give grant or advance funds to the Board, the Public Works Department or any other Department of undertaking of the State Government or any other agency authorized by the Director/Managing Director.

(ii) Maintain stocks of fertilizer, pesticides, improved seeds, agricultural equipments, inputs for sale.

(iii) To provide on rent, storage facilities for stocking of agricultural produce to agriculturists

(iv) To give grant for maintenance of the 'Goshalas' recognized by the State Government.

Annexure-14a
Staff Position
Social Welfare Department

		Group A	Group B	Group C	Group D	Total
Department of Social Welfare	Sanctioned	48	181	3873	7300	**11402**
	Filled	41	154	3096	4317	**7608**
	Vacant	7	27	777	2983	**3794**
	% Vacancy	*15%*	*15%*	*20%*	*41%*	***33%***
Backward Classes Welfare Department	Sanctioned	39	102	3263	5549	**8953**
	Filled	34	0	1529	3559	**5122**
	Vacant	5	102	1734	1990	**3831**
	% Vacancy	*13%*	*100%*	*53%*	*36%*	***43%***
Department of Scheduled Tribes Welfare	Sanctioned	15	29	1172	1369	**2585**
	Filled	13	0	482	568	**1063**
	Vacant	3	29	690	801	**1523**
	% Vacancy	*20%*	*100%*	*59%*	*59%*	***59%***

Source : Government of Karnataka, Social Welfare Department, Annual Report 2008-09

Annexure-14b 2008-09 (₹ Lakh)

Budget Allocation		**Plan**	**Non Plan**	**Total**
1	Social Welfare Department	45357.8	25790.17	71147.97
2	Backward Classes Welfare Department	24437.7	15373.15	39810.85
3	Department of Scheduled Tribes Welfare	12503.33	3459.85	15963.18
4	Dr. B R Ambedkar Development Corporation Ltd., Bangalore			8130
5	D. Devaraj URS Backward Classes Development Corporation Ltd.			6363.5
6	Karnataka Scheduled Tribes Development Corporation Ltd.			7016.88
7	Karnataka Residential Educational Institutions Society, Bangalore			8168.5
8	Dr. B R Ambedkar Research Institute			115.1
9	D. Devaraj URS Research Institute			9
10	Karnataka State Commission for Backward Classes, Bangalore			476.38
11	Karnataka State Commission for Scheduled Castes and Scheduled Tribes			53.29
12	Central Relief Committee			3444

Source : Government of Karnataka, Social Welfare Department, Annual Report 2008-09

Details of Schools, Hostels and Beneficiaries

	Social Welfare	Backward Classes Welfare	Scheduled Tribes Welfare
No. of Hostels	1672 Hostels	1986 Hostels	207 Hostels
No. of Schools/Welfare Centres	90 Residential Schools	74 Schools	158 Schools, 28 Welfare Centres
Beneficiaries in Schools and Hostels (Students)	135318	135433	33820
Own Buildings	1313 Own buildings	1077 Own buildings	165 Own buildings
Rented Buildings	425 Rented buildings	736 Rented buildings	165 Rented buildings
Buildings Under Construction	169 Buildings under construction	214 Buildings under construction	44 Buildings under construction

Source : Annual Report, Social Welfare Department, 2008-09

Annexure-14c
Statistics - Karnataka

Table 1 : Literacy rate % among SCs and general population in Karnataka

			Male	Female	Total
Scheduled Castes	Rural	1981	31.83	9.24	20.67
		1991	43.21	19.23	31.42
		2001	**58.71**	**35.56**	**47.25**
	Urban	1981	65.39	37.82	52.03
		1991	70.05	47.64	59.18
		2001	**78.32**	**59.88**	**69.27**
	Total	1981	39.38	15.48	27.62
		1991	49.69	25.95	38.10
		2001	**63.75**	**41.72**	**52.87**
Scheduled Tribes	Rural	**2001**	56.90	33.30	45.30
	Urban	**2001**	74.40	54.30	64.60
	Total	1991	47.90	23.60	36.0
		2001	**59.70**	**36.60**	**48.30**
General population	Rural	1981	51.11	23.84	37.63
		1991	60.30	34.76	47.69
		2001	**70.45**	**48.01**	**59.33**
	Urban	1981	76.54	56.41	66.91
		1991	82.04	65.74	74.20
		2001	**86.66**	**74.12**	**80.55**
	Total	1981	58.73	33.17	46.21
		1991	67.26	44.34	56.04
		2001	**76.10**	**56.87**	**66.64**

Source: Karnataka Human Development Report 2005

Table 2 : Results for students in SSLC examinations - Residential Schools

Description	Apr-06	Apr-07	Apr-08	% Change (Apr -08 vs Apr-06)
No. of Schools	110	113	115	5%
No. of students	3816	3893	4358	14%
No. of students passed	3394	3657	3859	14%
% performance	**89%**	**94%**	**89%**	
State Average	68%	76%	66%	
Percentage of students who have passed (85% and above)	3%	9%	7%	
Percentage of students who have passed (60% and above)	**64%**	**64%**	**65%**	
Percentage of students who have passed (50% and above)	24%	18%	21%	
Percentage of students who have passed (pass class)	9%	0%	7%	

Source : Government of Karnataka, Performance Budget 2008-09, Social Welfare Department

Annexure-14d

Karnataka Residential Educational Institutions Society, Bangalore-No. of Institutions and sanctioned strength.

Sl.No.	Type of Institutions	No. of Institutions	Strength (Boys)	Strength (Girls)
				A) Morarji Desai Residential Schools
1	Scheduled Castes	152	14902	11262
2	Scheduled Tribes	--		
	Morarji Desai Residential Schools	33	2718	2009
	Ekalavya Model Residential Schools for Scheduled Tribes (Government of India Institutions) (VIth to XIIth std.)	4	467	498
3	Backward Classes	130	13165	10478
4	Minorities			
	Morarji Desai	48	4114	3497
	Muslim Residential Schools	5	491	644
5	Residential Schools transferred from Education Department			
	General, meritorious children of deceased defence personnel	27	2713	2775
	Aided Residential Schools	3	228	200
6	Education Complexes (1^{st} to 5^{th} Std.)	5		634
	Total	407	38798	31997
				B) Kittur Rani Chennamma Girls Residential Schools :-
1	Schedule Castes	82		5583
2	Schedule Tribes	32		2034
	Total	114	0	7617
	Total (A+B)	521	38798	39614

Source : Government of Karnataka, KREIS and Annual Report 2008-09, Social Welfare Department.

Annexure-14e
Employees Strength, State Sector and District Sector, Plan & Non Plan- for Karnataka

Nos in Units, Rs. in Cr.

2010 -11	Sanctioned (Nos)			Vacancy (Nos)				**Working Strength (Nos)**	Salary (Rs. Cr.)		
	Officers Sanctioned	Staff Sanctioned	**Total Sanctioned**	Officers vacant	Staff vacant	**Total Vacancy**	**% Vacancy**		State Salary (Rs. Cr.)	District Salary (Rs. Cr.)	Total Salary (Rs. Cr.)
Department of Education	23621	244678	**268299**	3314	19204	**22518**	**8%**	**245781**	630.57	4764.47	**5395.04**
Technical Education	2773	4860	**7633**	1823	3536	**5359**	**70%**	**2274**	68.81		**68.81**
Medical Education	8866	52210	**61076**	2687	21577	**24264**	**40%**	**36812**	361.55	542.21	**903.76**
Department of Health & Family Welfare	747	13552	**14299**	187	2687	**2874**	**20%**	**11425**	25.47	227.92	**253.39**
Department of Social Welfare	663	27000	**27663**	360	13909	**14269**	**52%**	**13394**	13.55	216.26	**229.81**
Department of Women & Child Development	524	7877	**8401**	112	2357	**2469**	**29%**	**5932**	43.46	74.58	**118.04**
Department of Agriculture & Horticulture	3171	16401	**19572**	1313	6205	**7518**	**38%**	**12054**	78.92	141.26	**220.18**
Department of Animal Husbandry	1344	16274	**17618**	435	5269	**5704**	**32%**	**11914**	17.22	205.56	**222.78**
Department of Fisheries	156	1119	**1275**	27	412	**439**	**34%**	**836**	6.16	9.84	**16**
Total for the State	58947	628875	687822	13853	127823	141676	**21%**	546146	5831.26	6744.87	**12576.13**

% With respect to State Total

Department of Education	40%	39%	**39%**	24%	15%	**16%**		**45%**	11%	71%	**43%**
Technical Education	5%	1%	**1%**	13%	3%	**4%**		**0%**	1%	0%	**1%**
Medical Education	15%	8%	**9%**	19%	17%	**17%**		**7%**	6%	8%	**7%**
Department of Health & Family Welfare	1%	2%	**2%**	1%	2%	**2%**		**2%**	0%	3%	**2%**
Department of Social Welfare	1%	4%	**4%**	3%	11%	**10%**		**2%**	0%	3%	**2%**
Department of Women & Child Development	1%	1%	**1%**	1%	2%	**2%**		**1%**	1%	1%	**1%**
Department of Agriculture & Horticulture	5%	3%	**3%**	9%	5%	**5%**		**2%**	1%	2%	**2%**
Department of Animal Husbandry	2%	3%	**3%**	3%	4%	**4%**		**2%**	0%	3%	**2%**
Department of Fisheries	0%	0%	**0%**	0%	0%	**0%**		**0%**	0%	0%	**0%**
Total for the State	100%	100%	**100%**	100%	100%	**100%**		**100%**	100%	100%	**100%**

Source : Finance Department

Notes :

Overall Vacancy in the State is 21% with 10% for Officers and 90% for Staff

The Department of Education contributes the maximum (39%) to the State overall vacancy.

The Department of Education contributes the maximum (45%) to the employment with the State.

The Department of Education has the highest % (43%)of the Sanctioned and Total Salary with respect to the State Total

The Department of Education has the lowest % (8%)of Vacancy as compared to other departments

After Technical Education (70%), The Department of Social Welfare has the highest % (52%) of Vacancy as compared to other departments

Annexure-16a

(₹. In Crore)

Sl. No.	Scheme Code	Eng Description	09-10 P	09-10 NP	Total
1	2236-02-197-1-01	Block Grants	296.71	314	610.71
2	2235-02-102-0-25	Bhagyalakshmi	354.64	0	354.64
3	2235-02-197-6-03	Integrated Child Development Service	334.08	0	334.08
4	2235-02-196-1-01	Block Grants	105.86	9.18	115.04
5	4235-02-102-1-02	Anganwadi Buildings-SDP	40	0	40
6	2235-02-103-0-46	PM's Pilot Project of providing Food grains to Pregnant & Lactating Women and Adolescent Girls	12.93	0	12.93
7	2235-02-106-0-08	Juvenile Homes and Observation Homes	0	11.56	11.56
8	2235-02-103-0-54	Skill development for Stree Shakti Groups –SDP	10	0	10
9	2235-60-110-5-01	Aam Aadmi Bhima Yojana Through LIC (Janashri)	10	0	10
10	4235-02-103-1-03	Construction of Houses to Devadasis-SDP	10	0	10
11	4235-02-102-1-01	Construction of Anganwadi Buildings	9.8	0	9.8
12	2235-02-103-0-41	Stree Shakti	9.5	0	9.5
13	2235-02-103-0-99	Welfare Programmes for Women	9.33	0.16	9.49
14	2235-02-103-0-53	Pension to Devadasis	8	0	8
15	4235-02-103-1-02	Construction of Marketing Outlet for Stree Shakti Products at Taluk level	7.5	0	7.5
16	2235-02-001-0-01	Directorate of Women and Children Welfare	2.45	3.89	6.34
17	2235-02-197-1-01	Block Grants	5.86	0.46	6.32
18	2235-02-196-6-01	Block Grants	6.2	0	6.2
19	2235-02-102-0-05	CSS(100%)-Training of Anganwadi Workers & Helpers	6	0	6
20	2235-02-106-0-10	C.S.S.(50:50)-A Programme for Juvenile justice	5.21	0	5.21
21	2235-02-103-0-38	Udyogini-Women Development Corporation	5.05	0	5.05
22	2235-02-103-0-11	Rehabilitation of Devadasi Women	5	0	5
23	2235-02-196-1-03	Block Grants (Physically Handicapped)	3.68	1.14	4.82

Sl. No.	Scheme Code	Eng Description	09-10 P	09-10 NP	Total
24	2235-02-101-0-99	Welfare of Physically & Mentally Challenged	1.1	3.34	4.44
25	4235-02-106-1-01	State Plan Scheme	4	0	4
26	2235-02-106-0-06	State Homes and Reception Centres	0	3.76	3.76
27	2235-02-102-0-99	Bal Bhavan, Bravery Awards & Children's and Women's Day and Juvenile Service Bureau and Child Guidance Clinics	1.44	1.85	3.29
28	2235-02-101-0-48	Training and Allowance to Disabled	0	3.24	3.24
29	2235-02-102-0-04	CSS(100%) of Integrated Child Development Service	3	0	3
30	2235-02-103-0-52	Schemes for Protection of Women against Domestic Violence	2.92	0	3
31	2235-02-103-0-16	Training Programme for Women Entrepreneurs Through Women's Development Corporation	2.55	0	2.55
32	2235-02-001-0-06	Womens Development Corporation Establishment and Administration	2.5	0	2.5
33	2235-02-101-0-05	Scholarship to the Physically Handicapped	0.2	2.02	2.22
34	2235-02-101-0-50	Hostels for Disabled Females	0	2.16	2.16
35	2235-02-103-0-55	Training Centres for SHG's at Divisional level – SDP	2	0	2
36	2235-02-104-2-05	Distribution of Saree, Dhothi to Weaker Sections	2	0	2
37	2235-60-800-2-06	Life Insurance Scheme to Autorikshaw Drivers	2	0	2
38	2235-02-101-0-53	NPDRP Programme for the Disabled	1.99	0	1.99
39	2235-02-102-0-28	Karnataka State Commission for Protection of Child Rights	1.7	0	1.7
40	2235-02-001-0-05	Directorate for Disabled	0.23	1.34	1.57
41	2235-02-102-0-31	Balavikasa Academy, Dharwad	1	0	1
42	2235-02-102-0-33	Special Care Centres for Children	1	0	1
43	2235-02-101-0-49	Residential Home for Mentally	0	0.92	0.92

Sl. No.	Scheme Code	Eng Description	09-10 P	09-10 NP	Total
		Challenged			
44	2235-02-103-0-50	Suraksha Scheme of Assistance for Acid Victims (Women Commission)	0.75	0	0.75
45	2235-02-104-2-04	Senior Citizen Policy	0.75	0	0.75
46	4235-02-190-0-01	Women Development Corporation	0.7	0	0.7
47	2235-02-103-0-31	Financial Assistance to Women Law Graduates for Law Practice	0.69	0	0.69
48	2235-02-102-0-30	Meting Medical Expenses of Malnourished Children	0.65	0	0.65
49	2235-02-102-0-32	Child Line	0.5	0	0.5
50	2235-02-101-0-47	Commissionerate for Persons with Disability Act-1995	0.45	0	0.45
51	2235-02-106-0-13	Sponsorship Programme for Placing Children in the Care of Families	0.36	0	0.36
52	2235-02-001-0-03	Social Service Complex	0.06	0.25	0.31
53	2235-02-101-0-02	Development of Schools for Deaf and Blind	0.01	0.25	0.26
54	2235-02-102-0-27	Hoysala and Keladi Chennamma Prashasthi	0.25	0	0.25
55	2235-02-106-0-14	Training of Inmates of Correctional Institutions in Various Skills	0.2	0	0.2
56	2235-02-102-0-24	Prevention of Trafficking in Women & Children	0.15	0	0.15
57	2235-60-800-2-07	Reimbursement of Medical Expenses	0.02	0.11	0.13
58	2235-02-101-0-52	Aids and Appliances for the Disabled	0.1	0	0.1
59	4235-02-101-1-01	State Plan Scheme	0.1	0	0.1
60	2235-02-101-0-51	Spoorthi Swashaya Yojane	0.01	0	0.01
			1293.18	359.63	1652.89

Annexure-16b

Hon'ble Supreme Court in its interim order dated 7/10/2004, on implementation of ICDS Scheme, ordered that the contractors shall not be used for the supply of food to the Anganwadis, and preferably local women groups, Mahila Mandals, Village Communities should be encouraged to supply the supplementary food distributed in Anganwadis.

Annexure-17a

Trends in Total Health Expenditure in Karnataka (1999-2000 to 2008-09)

(₹ in lakhs)

Years	Plan			Non- Plan			Total		
	Allocation	Expenditure	% of expenditure	Allocation	Expenditure	Percentage of expenditure	Allocation	Expenditure	Percentage of expenditure
1999-2000	3421	3462	101	11087	11465	103	14508	14927	103
2000-01	4413	3625	82	12593	11721	93	17006	15346	90
2001-02	4366	2975	68	13386	13031	97	17752	16006	90
2002-03	5488	5467	100	16589	13906	84	22078	19373	88
2003-04	8637	7494	87	15703	14296	91	24341	21791	90
2004-05	11263	10574	94	18232	15557	85	29495	26130	89
2005-06	8189	5164	63	17104	15750	92	25294	20914	83
2006-07	17418	8264	47	24828	19609	79	42247	27873	66
2007-08	21555	16904	78	31197	26144	84	52752	43048	82
2008-09	45316	35270	78	30196	27086	90	75511	62357	81

Source: Department of Health and Family Welfare, Budget documents and Annual Reports

Annexure-17b

Health Infrastructure supported by the Department (2009-10)

Facility	Number
District Hospitals	27
Community Health Centres	325
Primary Health Centres	2193
Sub-Centres	8143
Urban Primary Health Centres	17
Hospital Beds	51769
Government Medical Colleges	10
Private Medical Colleges	28

Note : District Hospitals -: 17 are under the Department of HFW and 10 under Medical Education

Manpower Position in the Department (2009-10)

Category of professionals	Sanctioned	Working
Doctors	6227	5044
Dental Doctors	231	211
Staff Nurse	7822	4581
Sr. Health Asst. (M)	1254	972
Jr. Health Asst. (M)	5853	3824
Sr. Health Asst. (F)	1432	1160
Jr. Health Asst. (F)	10255	9023
Laboratory Technicians	2199	1930
Pharmacists	2691	2133
X-ray Technicians	565	362
Refractionists	661	480

Annexure-17c

Child Mortality variations associated with socio-economic factors

Item	Background Characteristics	Child Mortality per 1000 live births
Place of Residence	Urban	12.1
	Rural	27.1
Mother's Education	Illiterate	29.2
	<middle school complete	17.6
	Middle school complete	4.3
	High school	5.6
Religion	Hindu	24
	Muslim	17
Standard of Living Index	Low	38.5
	Medium	13.6
	High	12.4

Source : National Health and Family Welfare Survey -III

Annexure-17d

Districtwise Projected Population, Yearly target Infants, No of FRU, 24X7 PHC, Sub Centres, Beds.

Sr.	Districts	Projected Population (in lakhs)	No. of FRUs	No. of PHCs	Population/ PHC	No. of 24X7 PHCs	No. of Sub Centres	Total No of Beds
1	DHARWAD	1782380	5	31	57496	29	179	2097
2	BAGALKOT	1836212	10	47	39068	40	224	1108
3	BANGALORE Urban	2612572	4	73	35789	21	185	7203
4	RAICHUR	1831744	5	52	35226	26	196	2026
5	BIDAR	1668555	5	50	33371	34	234	1830
6	BELLARY	2250757	8	70	32154	35	272	2537
7	BELGAUM	4675752	11	146	32026	74	539	3136
8	DAKSHINA Kannada	2107572	6	67	31456	23	431	1909
9	BIJAPUR	2010284	5	64	31411	42	285	1364
10	GADAG	1080184	5	35	30862	20	174	932
11	KOPPAL	1326394	5	45	29475	28	183	866
12	KOLAR	1537965	5	60	25633	45	201	1448
13	HAVERI	1597969	7	68	23500	27	290	1131
14	CHIKKABALLAPUR	1266428	6	56	22615	19	184	948
15	MYSORE	2917201	10	135	21609	25	432	3553
16	RAMANAGARA	1166459	4	54	21601	14	240	799
17	TUMKUR	2866751	9	134	21394	87	477	2082
18	SHIMOGA	1822168	6	88	20706	20	307	2182
19	BANGALORE Rural	920011	4	46	20000	17	192	613
20	CHITRADURGA	1678394	6	86	19516	31	273	1562
21	DAVANAGERE	1988979	6	103	19310	31	291	2016
22	UTTARA Kannada	1503992	10	78	19282	30	120	1890
23	GULBARGA	2401818	10	126	19062	86	378	2860
24	KODAGU	606045	5	32	18939	10	188	1197
25	CHAMARAJANAGAR	1071649	5	57	18801	40	246	1040
26	MANDYA	1957889	7	106	18471	32	375	2382
27	UDUPI	1233039	8	72	17126	23	293	1014
28	HASSAN	1912992	8	124	15427	37	420	2942
29	CHIKMAGALUR	1265946	7	88	14386	28	334	1478

Sources : Compiled from NRHM Project Implementation Plan, 2010-11, Department of Health and Family Welfare Services.

Since population are for 2010-11, no of beds are for 2008-09 there will be some variation in population per bed

*Projected population(page 290 of the Report)

No of Infants Target (page 220 of the Report)

(page 255 of the Report)

** Total No of Beds (Table 7, Current Infrastructure, page 107 of the Report)

Annexure-17e

Reasons for not using government health facilities by State

		Reasons for not generally using government health facilities among households that do not generally use government health facilities. (%)					
State	% of household that do not generally use government health facilities	No nearby facilities	Facility timing not convenient	Health personnel often absent	Waiting time too long	Poor Quality of care	Other reasons
Andhra Pradesh	74.3	49.2	18.1	12.8	23.4	63.3	3.2
Karnataka	64	45.1	25.1	14.3	31.8	50.8	5.2
Kerala	50	47.7	20.5	14.5	25.8	34.2	9.8
Tamil Nadu	47	28.3	23	3	32.3	55.4	3.4

Source : National Family Health Survey 2005-2006 (NFHS-3)

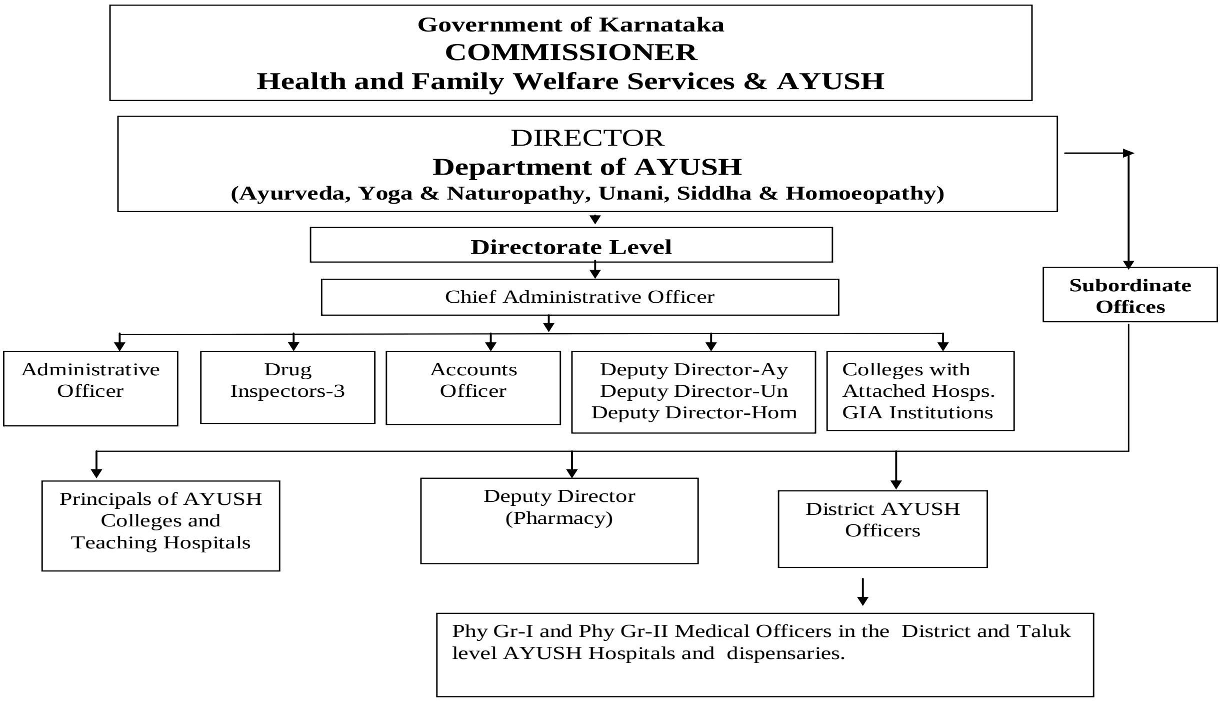
Average medical and other related non medical expenditure per treated person during 15 days by source of treatment

	Rural (₹)						Urban (in Rs)					
	Medical Expenditure by source of treatment						Medical Expenditure by source of treatment					
State	Govt	Pvt	All	Other Exp	Total Exp	Loss of household income per treated person	Govt	Pvt	All	Other Exp	Total Exp	Loss of household income per treated person
Andhra Pradesh	6	232	238	24	261	175	2	345	347	22	368	124
Karnataka	4	271	275	38	313	83	14	301	315	20	336	83
Kerala	3	179	182	16	198	72	5	189	193	13	206	83
Tamil Nadu	0	183	184	24	208	77	17	260	277	24	301	48
India	11	246	257	27	285	135	7	299	306	20	326	96

Source : National Sample Survey Organization, 60th Round, (January- June 2004)

Annexure-17f

Organizational Structure of Department of AYUSH.



List of Abbreviations used

- AA : Agriculture Assistants
- ACS : Additional Chief Secretary
- AH&VS : Animal Husbandry and Veterinary Sciences
- AHO : Assistant Horticulture Officers
- AICTE : All India Council for Technical Education
- ANSSIRD : Abdul Nazir Sab State Institute of Rural Development
- AO : Agriculture Officers
- APL : Above Poverty Line
- APMC : Agricultural Produce Market Committee
- ASIDE : Assistance to States for Developing Export Infrastructure and Other Allied Activities
- ATI : Administrative Training Institute
- ATMA : Agricultural Technology Management Agency
- AWW : Anganwadi Worker
- AYUSH : Ayurveda, Yoga, Unani, Siddha and Homoeopathy
- B.B.A : Bachelor of Business Administration
- B.Ed : Bachelor of Education
- B.L. : Bachelor of Law
- BBM : Bachelor of Business Management
- BC : Backward Class
- BCA : Bachelor of Computer Application
- BCG : Boston Consulting Group
- BDP : Business Development Plans
- BE : Bachelor of Engineering

- BE : Budget Estimates
- BEL : Bharat Electronics Limited
- BHEL : Bharat Heavy Electricals Limited
- BPL : Below Poverty Line
- BRADC : B R Ambedkar Development Corporation
- BVSc & AH : Bidar Veterinary Science and Animal Husbandry (University)
- C&AG : Comptroller & Auditor General
- CAG : Comptroller Auditor General
- CAGR/CARG : Compounded Annual Growth Rate
- CAS : Clinical Administrative systems
- CBPS : Centre for Budgetary and Policy Studies
- CCEA : Cabinet Committee on Economic Affairs
- CDO : Co-operative Development Officers
- CEMI : Composite Expenditure Management Index
- CET : Common Entrance Test
- CHC : Community Health Centre
- CII : Confederation of Indian Industries
- CMD : Certified Medical Doctor
- CMR : Child Mortality Rate
- COE : Centre of Excellence
- COMEDK : Consortium of Medical Engineering and Dental Colleges of Karnataka
- CPM : Critical Path Method
- CSR : Corporate Social Responsibility
- CSS : Centrally Sponsored Scheme/Central Sector Scheme

- CTE : Centre for Teachers' Education
- DANIDA : Danish International Development Agency
- DCCB : District Credit Co-operative Bank
- DCE : Department of Collegiate Education
- DES : Directorate of Economic and Statistics
- DHO : District Health Officer
- DIET : District Institute for Education and Training
- DISE : District Information System for Education
- DMO : District Medical Officer
- DPAR (AR) : Department of Personnel and Administrative Reforms
- DPR : Detailed Project Report
- DTI : District Training Institute
- EC : Empowered Committee
- EEZ : Exclusive Economic Zone
- EFC : Expenditure Finance Committee
- EFC : Expenditure Finance Committee
- EMPRI : Environment Management and Policy Research Institute
- ERC : Expenditure Reforms Commission
- ERP : Enterprise Resources Planning
- FC : Finance Commission
- FD : Finance Department
- FFDA : Fish Farmers Development Agency
- FPI : Fiscal Policy Institute
- FRBM : Fiscal Responsibility and Budget Management (Act) 2003

- FRU : First Referral Unit
- GB : Gender Budgeting
- GDI : Gender Development Index
- GER : Gross Enrolment Ratio
- GIA : Grant In Aid
- GoI : Government of India
- GoK : Government of Karnataka
- GSDP : Gross State Domestic Product
- Ha : Hectares
- HAL : Hindustan Aeronautics Limited
- HDI : Human Development Index
- HDR : Human Development Report
- HER : Human Expenditure Ratio
- HMIS : Health Management Information System
- HPS : Higher Primary School
- HRMIS : Human Resource Management Information System
- HSD : High Speed Diesel
- HUDCO : Housing and Urban Development Corporation
- ICDP : Integrated Co-operative Development Project
- ICDS : Integrated Child Development Scheme
- ICISA : International Centre for Information Systems and Audit
- ICMR : Indian Council for Medical Research
- ICP : India Country Programme
- ICT : Internet and Communication Technologies

- iDeCK : Infrastructure Development Corporation of Karnataka
- IFA : Internal Finance Advisors
- IGP : Income Generating Programmes
- IIM : Indian Institute of Management
- IISc : Indian Institute of Science
- IMR : Infant Mortality Rates
- IPAI : Institute of Public Auditors of India
- ISEC : Institute for Social and Economic Change
- IT : Information Technology
- ITC : Indian Tobacco Company
- ITC : Industrial Training Centre
- ITeS : Information Technology Enabled Services
- ITI : Industrial Training Institute
- ITW : Instructor Training Wing
- IVC : Indian Veterinary Council
- JD : Joint Director
- JFM : Joint Forest Management
- JJ : Juvenile Justice
- KAPPEC : Karnataka State Agricultural Produce Processing and Export Corporation
- KASCARD : Karnataka Agricultural Society for Credit and Agriculture and Rural Development
- KDP : Karnataka Development Programme
- KFR : Karnataka Fiscal Responsibility (Act) 2002
- KHS : Karnataka Health Services

- KIPA : Karnataka Institute of Public Auditors
- KLFAFR : Karnataka Local Fund Authorities Fiscal Responsibility (Act) 2003
- KMAY : Karnataka Mahila Abhivrudhi Yojane
- KMDC : Karnataka Minorities Development Corporation
- KREIS : Karnataka Residential Educational Institutions Society
- KSBW : Karnataka State Board for Wakfs
- KSHC : Karnataka State Hajj Committee
- KSMC : Karnataka State Minorities Commission
- KVK : Krishi Vikas Kendras
- KVTSDC : Karnataka Vocational Training and Skill Development Centre
- LED : Light Emitting Diode
- LEXP : Life Expectancy Potential
- LIC : Life Insurance Corporation
- LPS : Lower Primary School
- MA : Master of Arts
- MBBS : Bachelor of Medicine, Bachelor of Surgery
- MDG : Millenium Development Goal
- MDRS : Morarji Desai Residential Schools
- MIS : Management Information System
- MMR : Maternal Mortality Rates
- MMR : Monthly Multilevel Review
- MPIC : Monthly Programme Implementation Calendar
- MSc : Master of Science
- MT : Metric Tonnes
- MTFP : Medium Term Fiscal Plan

- NAAC : National Assessment and Accreditation Council
- NCDC : National Credit Development Corporation
- NCDEX : National Commodities and Derivatives Exchange
- NFHS : National Family and Health Survey
- NFSM : National Food Security Mission
- NGO : Non Government Organisation
- NIPFP : National Institute for Public Finance and Policy
- NLSIU : National Law School of India University
- NPA : Non Performing Assets
- NPOP : National Programme for Organic Production
- NREGA : National Rural Employment Guarantee Act, 2005
- NRHM : National Rural Health Mission
- NSDC : National Skill Development Corporation
- NSSO : National Sample Survey Office
- PA : Per Annum
- PAC : Public Affairs Centre
- PAC : Public Accounts Committee
- PACS : Primary Agricultural Credit Societies
- PAD : Project Appraisal Division
- PAS : Patient Administration System
- PEAO : Project Evaluation and Appraisal Officer
- PER : Public Expenditure Ratio
- PERT : Programme Evaluation and Review Technique
- PG : Post Graduate

- PHC : Primary Health Centre
- PIB : Public Investment Board
- PM : Per Month
- PMC : Project Management Consultant
- PPB : Programme Performance Budgeting
- PPP : Public Private Participation
- PS : Principal Secretary
- PSU : Public Sector Units
- PTR : Pupil Teacher Ratio
- PU : Pre University
- PUC : Pre University Course
- PWD : Public Works Department
- RCH : Reproductive Child Health
- RDPR : Rural Development and Panchayat Raj
- RFID : Radio Frequency Identification
- RKVY : Rashtriya Krishi Vikas Yojane
- RMO : Resident Medical Officer
- RSBY : Rashtriya Swasthya Bima Yojane
- RSK : Raitha Samparka Kendra
- RTE : Right to Education
- RTI : Right to Information
- SAC : Suvarna Arogya Chaitanya
- SAF : Social Audit Forum
- SAR : Social Allocation Ratio

- SC : Scheduled Caste
- SC : Sub Centres
- SCP : Special Component Plan
- SDP : Special Development Plan
- SDP : State Domestic Product
- SEC : State Executive Committee
- SFC : Standing Finance Committee
- SHG : Self Help Group
- SPIU : State Project Implementation Unit
- SPR : Social Priority Ratio
- SPV : Special Purpose Vehicle
- SSA : Sarva Siksha Abhiyaan
- SSLC : Secondary School Leaving Certificate
- ST : Scheduled Tribe
- STCR : Soil Test Crop Response
- T&V : Training and Visit
- TFC : Thirteenth Finance Commission
- THO : Taluka Health Officer
- THR : Take Home Ration
- ToR : Terms of Reference
- TSP : Tribal Sub Plan
- UAS : University of Agriculture Sciences
- UGC : University Grants Commission
- UN : United Nations

- UNDP : United Nations Development Programme
- USAID : United States Agency for International Development
- VAS : Vajpayee Arogya Shree
- VTIP : Vocational Training Improvement Project
- WB : World Bank
- WBCIS : Weather Based Crop Insurance Scheme
- WCD : Women and Child Development (Department)
- ZP : Zilla Panchayat