



GOVERNMENT OF KARNATAKA

BUDGET 2008 - 09

Presented by

Sri B.S. Yeddyurappa

Hon'ble Chief Minister

17th July, 2008

Hon'ble Speaker,

1. I deem it a privilege to present the budget for the year 2008-09. I am indebted to the people of Karnataka who have given me an opportunity to present the third consecutive budget of the State.

2. The political uncertainty of more than six months has ended and State of Karnataka has come out of President's Rule. The people of Karnataka have not liked the coalition government experiment and have shown their preference for a stable single party government. The mandate for the Bharatiya Janatha party in the recent elections is indicative of this. I heartily thank and compliment the people of Karnataka for this mandate.

3. With the installation of BJP government in Karnataka, a new era has begun in the history of South India. Karnataka's people have voted BJP to power, to bring about development, stability and a responsive administration. The responsibility to accelerate the process of development for meeting the aspirations of the people is on our shoulders now.

ನವಿ ನುಡಿಯಿ ಸಿರಿ ಗುಡಿಯ

ಕಟ್ಟುವರು ನಾವು ;

ಹೊಂಗನನುಗಳ ಮುಡಿಯ

ಮುಟ್ಟುವರು ನಾವು.

It is the responsibility of our government to turn the dream of the poet Laureate Kuvempu of building a prosperous state. We shall have to make honest efforts to honour the sentiments and meet the expectations of the people.

4. I have taken oath as Chief Minister in the name of our farmers. The time has come to redeem the pledge we made for alleviating the distress and sorrow from the life of our farmers. I have moved the entire length and breadth of the state to directly understand the difficulties of the farmers. Solutions to the problems of the farmers can be found only by having a direct dialogue with them. Based on the wise and practical suggestions made by our farmer friends, I have tried to formulate certain programmes through this budget for mitigating their problems. I am proud to say that this is a pro-farmer budget.

5. I believe that while presenting our government's strategy for development in the budget for this year, it is appropriate to think about the current economic situation of the entire country.

6. During the last 5 years, our national economy has achieved a growth rate of 8.7 percent. But, in view of the present economic conditions, characterized by high rate of inflation and tight monetary policy, the growth rate is likely to slow down. The rate of inflation at 11.89% which is the highest in the last seven years has adversely affected the prices of food grains and edible oils, causing severe hardship to the poor people. The measures taken so far by the Government of India in improving supplies and controlling prices through monetary policy have had limited impact. The Reserve Bank of

India has initiated several measures to tighten the monetary policy for bringing a balance in financial management. In this background, there is no doubt that the economic growth in our state is going to be affected by the prevailing uncertainty at the national and international level.

7. Within a month of taking the responsibility of the state's administration, our government has had to take steps to reduce the impact of increases in the prices of petroleum products by reducing sales tax. Due to the reduction of sales tax on petrol, diesel, etc., we have to face a reduction of about Rs.380 crores in our revenues. Due to reduction in state sales taxes, the price of petrol has gone down by Rs.1.35 per litre and the price of diesel has been reduced by 65 paise per litre. The price of cooking gas has also been reduced by Rs.10.34 for a cylinder. Even after taking these initiatives, the prevailing prices of petroleum products in our state are higher than those in other states. The reason for this is that the oil companies have fixed their basic prices for sale in Karnataka at a higher level. I have appealed to the Government of India to set right this imbalance.

8. The state has got limited financial resources and very restricted fiscal space to control such high inflation. Therefore, I request the Government of India through this house to take effective measures to control inflation.

State of Economy

9. As the Hon'ble Members are aware the growth of Karnataka's economy during the last six years has been adversely affected due to adverse seasonal

conditions and the consequent poor performance in the sector of agriculture. During the 10th Five Year Plan the growth of the Gross State Domestic Product was at an average of 6 per cent per annum (at constant prices 1999-2000) as compared to 7.8 per cent per annum of the Gross Domestic Product of the Country. The growth of the state's economy has improved from 6.2 per cent in 2006-07 to about 7 per cent during 2007-08 taking the GSDP to Rs.2,15,282 crores (at current prices). The per capita income at current prices was estimated to be Rs.37,576 during 2007-08 as per advance estimates.

10. The bulk of the GSDP is contributed by the services sector which has a share of 55.72 per cent followed by the secondary sector including manufacturing and mining with a share of 25.16 per cent. The primary sector (Agriculture and allied activities) which provide employment to about 56 per cent of the state's work force is estimated to contribute 19.13 per cent of the GSDP.

11. During the 11th Five Year Plan period it shall be the state's endeavour to step up the rate of growth to about 9 per cent which will correspond to the growth target for the country. The sectoral composition of the GSDP of Karnataka and the sluggish growth of the agricultural sector point to the need for accelerating the growth in the primary sector from less than 2 per cent to over 4 per cent in the near future. Similarly, the services sector which has shown a high level of growth of over 9 per cent in the past will need to be supported to sustain and accelerate its growth using the favourable factors of human resources and the knowledge base in the state. The manufacturing sector which has shown a

growth rate of about 6 to 7 per cent in the recent years needs to be supported to further improve its performance. The above factors point to the conclusion that while the state needs to mobilise larger investments in the agricultural sector it will also have to attract increasing amounts of private investments in the industrial and services sectors.

State Finance

12. Even though the growth of Karnataka's economy has been somewhat below the national average during the recent years the state's fiscal performance during the recent years has shown considerable improvement thanks to a set of fiscal reforms adopted since the year 2000-01. This has resulted in the state achieving and maintaining a revenue surplus position every year since 2004-05 besides containing the fiscal deficit to less than 3 per cent of the GSDP during the same period. As a result the state's debt stock which amounted to Rs.60588 crores is within 30 per cent of the GSDP, by 2007-08. The total debt servicing liability including interest payments during 2007-08 was Rs.6018 crores amounting to 14.73 per cent of the state's revenue receipts.

13. The path of fiscal reforms adopted by the Government of Karnataka has received the acclaim and support of the 12th Finance Commission and the Central Government. The state's example in adopting fiscal reforms legislation as far back as 2002 has been emulated by other states in the subsequent years. The state has also benefited considerably by the debt consolidation and waiver

scheme recommended by the 12th Finance Commission.

14. At this juncture it is necessary for the state to carry forward the implementation of the fiscal reforms measures adopted in the past to ensure financial stability on a long term basis. It will therefore be imperative on our part to continue to reduce non development and revenue expenditure and conserve resources for capital investments.

15. Our government is committed to pursuing a vision of building a prosperous Karnataka to ensure a better quality of life to all the citizens of the state both in the rural and urban areas. Accelerating the pace of development shall be the mantra of our administration. Further, we are committed to according high priority to the balanced development of the different parts of the state and the early upliftment of the weaker sections belonging to all castes and communities. We must combine economic growth with social development to achieve the welfare of all. I would like to recall the words of our Rashtra Kavi Dr. G.S. Shivarudrappa :

“ ಪ್ರೀತಿ - ಕರುಣೆ - ಸ್ವೇಚ್ಛೆ - ಮರುಕ
ಇವೇ ನಮ್ಮ ದೇವರು -
ಇಲ್ಲ ಇಲ್ಲ ಜಾತಿ - ನೀತಿ
ಇಲ್ಲ ಇರುವುದೆಂದೆ ಪ್ರೀತಿ
ಅಚ್ಚುಲಾರವಿದನು ನೀತಿ
ಇಲ್ಲ ನೀತಿಯೆಂದೆ ಪ್ರೀತಿ
ಅದೇ ಇಲ್ಲ ನಿಯತಿಯು
ಅದಕನೀನ ನಮ್ಮ ಬದುಕು
ತಾರೆ ಪಂದ್ರ - ಗ್ರಹಗುಣಾ ”

16. In all humility I would like to recollect that the two budgets presented by me in the previous coalition Government have been appreciated by the common people and experts alike. The programmes introduced by us for the welfare of the farmers, agricultural workers, scheduled castes and tribes, minorities, women and the youth have become household name. Schemes like Bhagyalakshmi, Sandhya Suraksha, Suvarna Kayaka, Adarsha Vivaha and free bicycles for students will continue this year also.

Karnataka's development: a Vision

17. Karnataka is acclaimed the world over as a progressive state. Its capital Bangalore is among the foremost centres of technology at the global level. The quality of human resources in the state has the potential to put the state in the forefront of the developed regions in the country. During the last six decades since independence the state has achieved considerable progress, and yet we have a long way to go in realising our development dreams. The present development ranking of the state is 7th position among the major states of the country. This is not in keeping with the immense potential and the high aspirations of the people of Karnataka. The vision of our government is to put Karnataka at the top of the developed states of the country and make it a model state.

18. The blueprint for realising the full potential of the state for development is being worked out in the form of a vision document '**Karnataka 2020**' by a team set up for the purpose. This blue print will unfold the strategy for achieving the total eradication

of poverty, eliminating regional imbalances in the state, upgrading the facilities for an orderly and comfortable life for the people in both rural and urban areas, and promoting social and economic equality in the state.

19. I request the people of the state, leaders of all political parties and elected peoples representatives to co-operation in preparing this blue print by giving suggestions. Our government would like to lay the foundation for a prosperous Karnataka during the next five years by following the development strategy as outlined below:

- Over 60 per cent of the people of Karnataka depend upon agriculture and related activities for their livelihood. It shall be the endeavour of the government to promote the overall development of agriculture, horticulture, animal husbandry, fisheries, sericulture, and related activities in order to make these occupations remunerative and sustainable ;
- Basic necessities of housing, water supply, sanitation, roads, electricity, health and educational services shall be provided to all the people living in over 56000 villages and hamlets of the state;
- The cities and towns of the state including Bangalore , which is the pride of India, shall be provided with infrastructure and civic amenities befitting the progressive image of the state within the shortest possible time;
- The development of human resources to create 10 lakh additional employment opportunities

in the growing manufacturing and services sectors with a period of five years;

- The creation of infrastructure for industrial development in all the districts and to promote industrial corridors across the state. Attracting maximum investment in industries and services is the highway to the States progress;
- The promotion of public private partnership for the speedy development of highways, railway lines, ports, airports, industrial estates, and power generation plants for the industrial development of the state;
- The conservation of the cultural and linguistic heritage and the development of arts and literature to enrich the cultural life of the people. Further, to promote tourism to highlight the splendour of Karnataka's heritage and natural beauty;
- The implementation of special measures for supporting the economic and social advancement of the weaker sections and the minorities;
- The conservation of the richness and variety of the State's flora and fauna and the protection of environment to ensure the quality of life of the State's citizens;
- To nurture the democratic traditions and institutions of the state including the Panchayat Raj institutions and urban local bodies for efficient, responsive and citizen oriented governance;

Highlights of the revised Budget 2008-09

20. Based on the vision and ten point strategy spelt out above, I would like to draw the attention of the members of the House to the highlights of the revised budget of the state for 2008-09.

Agriculture Sector

- 15 lakh irrigation pump sets up to 10 HP will get free power with effect from 1-8-2008. A provision of Rs.2,050 Crores as subsidy has been made in the budget.
- Small and marginal farmers dependent on dry land agriculture are facing severe hardships due to failure of monsoon during this year. There is a need to provide support to about 50 lakh families on dry land farming. The Government has decided to provide Rs.1,000 for every family of small and marginal farmers as a special measure for purchasing seeds, fertilizers and agricultural implements. Crores has been provided.
- Incentive of Rs. 2 per Liter to the milk farmers. For this purpose subsidy of Rs. 130 Crores is allocated.
- Revolving fund of Rs. 500 Crores for agriculture.
- The farmers, weavers and fishermen will be given loans from co-operative societies at 3 percent per annum rate of interest

- For the comprehensive development of agriculture and allied activities, a Karnataka Agriculture Mission is proposed to be setup under the chairmanship of Chief Minister.
- A special board will be setup for the statewide promotion of organic farming. As a supportive measure Rs.2,000 per family is proposed in 1,000 organic farming villages.
- To rejuvenate 36,000 tanks in the state, on the lines of Jala Samvardhane Yojane, an integrated plan will be prepared and implemented.
- To facilitate improved water resources management and regulation in the state, Karnataka Water Resources Regulation Authority will be formed.
- Suitable legal frame work will be formed for better management of ground water resources in the state.

Gram Panchayath

- Monthly honorarium will be paid to 90,000 members of gram panchayaths.
- An integrated plan will be prepared to supply drinking water to all gram panchayaths and urban areas from lakes and rivers.
- Establishment of cyber kendras in all gram panchayaths.

Education

- Private high schools started in the year 1993 and 1994 will be admitted to grant-in-aid.
- This year Rs.958 crores will be provided to support Sarva Shiksha Abhiyana.
- Bicycles will be provided to all children studying in the 8th standard in the Government and aided schools through the state except major cities. Over 7 lakh children will benefit from this scheme. An amount of Rs.140 crores has been provided.
- 37 I.T.I.s will be upgraded at a cost of Rs.100 crores.
- An amount of Rs.17 crores has been provided to establish I.T.I.s in 9 talukas, where there are no ITI's.
- To facilitate higher education interest subsidy at the rate of 6 percent per annum for college students who obtain loan.
- The boarding & lodging charges of hostels for schedule castes/tribes, backward students will be increased from Rs. 450 to Rs. 650.
- 'Karnataka Knowledge and Higher Education Commission' will be set up for improving the standard of higher education.
- Rs.2 crores will be provided for establishing Karnataka Sanskrit University at Bangalore.
- A provision of Rs.5 crores has been made to establish an agriculture university at Raichur. At

Bagalkot an agricultural university with emphasis on horticulture will be established.

- A development grant of Rs.25 crores will be provided to the Karnataka Institute of Medical Sciences at Hubli.
- Establishment of private universities will be encouraged.

Health:

- To provide emergency health care with the help of fully equipped ambulances in every taluka, '**Arogya kavacha**' scheme will be started under public private partnership. To start this scheme on a pilot basis, an amount of Rs.10 crores has been provided.
- An allocation of Rs.30 crores has been made under '**Thayibhagya**' scheme for providing maternity care in Government and private hospitals.

Social Welfare:

- The monthly pension being given to the old, widows and physically challenged will be disbursed through smartcards and other e-governance tools.
- A special scheme for the development of koraga community.
- To provide financial assistance to the associations of Kshtriya, Uppara, Savitha, Madiwala, Devanga, Kumbara, Kambara, etc.
- A provision of Rs.15 crores has been made for building Shaadi Mahals for the minorities.

Women Welfare:

- Financial assistance to girl children under the Bhagyalakshmi scheme, the amount has been raised to Rs.One lakh. For this purpose Rs.266.65 crores has been allocated.
- SHGs will get financial support at 6 percent interest.

Physically challenged:

- The pension for physically challenged persons having disability of 75 percent or above will be raised to Rs.1,000 per month.

Senior citizens:

- A concession of 25 percent will be provided for senior citizens above 65 years of age traveling in a state road transport buses.

Child development:

- For the integrated development and welfare of children, “State Child Development Academy” will be set up.

Housing:

- Now onwards, the cost of construction under the Ashraya housing scheme is increased to Rs.40,000 per house.

Bangalore Development:

- Rs.1800 crores is provided for infrastructure development of Bangalore.

- Nadaprabhu Kempegowda housing layout to provide 60,000 sites at a total cost of Rs.2610 crores through BDA.
- To facilitate seamless travel in outer ring road, Rs.350 crores will be spent to construct 10 flyovers and underpasses.
- Peripheral ring road with a project cost of Rs.3,000 crores, through public-private partnership.
- High speed rail link to Bangalore city-International airport will be executed soon.
- To expedite Bangalore Metro and phase-2 preparation, Rs.700 crores is allocated.
- On public-private partnership 40 multi level parking sites will be developed.

Infrastructure

- To develop 7 major cities in the state, a special grant of Rs.700 crores is proposed. This year an allocation of total Rs.350 crores, at the rate of Rs.50 crores per city is made. Hubli-Dharwad, Belgaum, Gulbarga, Davangere, Bellary, Mysore and mangalore will be benefited.
- To implement the drinking water supply augmentation project in Hubli-Dharwad, Rs.136 crores is allocated.
- Karwar port will be developed on public private partnership model.
- 12 crores is provided to develop Malpe fishing harbour.

- A financial support of Rs.50 crores is provided to the North West Karnataka Road Transport Corporation for improving transport facilities in rural areas.
- The State will establish Karnataka Maritime Board.
- Additional 1,000 MW electricity will be produced this year.
- Air connectivity to all districts. Along with the 12 districts which have got or in the process of getting air connectivity, 10 more districts will be provided with airstrips at a cost of Rs.4 crores each. A total of Rs.40 crores is allocated for this purpose.
- 700 acres of land will be acquired for developing an international airport at Hubli city. The airport at Belgaum will also be expanded by acquiring 370 acres of land.

Railways

There are some of the Railway projects that will be executed.

- Shimoga-Talaguppa Gauge conversion.
- Bidar-Gulbarga new rail line.
- Sholapur-Bagalkot-Gadag Gauge conversion.
- Bangalore-Ramanagaram line doubling.

Commerce and Industries

- New textile policy will be formulated with the major focus on garments.

- A long term development plan for Suvarna Karnataka industrial corridors will be prepared at a cost of Rs.10 crores.
- Proposed major industrial corridors with 8 lane roads are:
 - Bidar-Bangalore via Chitradurga
 - Tumkur-Honnavar via Shimoga
 - Chitradurga-Mangalore via Shimoga-Udupi
 - Bangalore-Belgaum via Davengare-Hubli.
- New Industrial policy will be formulated.
- During January 2009, we will organize “Samrudda Karnataka Global Investors Meet” in Bangalore.
- To speed up industrialization a “vision group” will be formed.
- Based on natural endowments in the state, separate industrial zones for steel, cement and textiles will be formed.

Employment:

- For the first time in the state, Karnataka State Skills Commission will be formed.
- During the next five years, we will create 10 lakh employment opportunities, including one lakh for this year.

Revenue:

- To dispose 25 lakh phodi cases in revenue department, tatkal scheme will be introduced.

- Special committee will be formed to assess the current status and to suggest effective utilization of properties under muzrai and wakf department.
- Development of Basava Kalyana – Rs.30 crores.
- Development of Kaginele kshetra – Rs.15 crores.
- Development of Banjara community – Rs.25 crores.
- A separate authority for protection and maintenance of government land.

Kannada and Culture:

- Dr. Rajkumar memorial will be constructed at a cost of Rs.5 crores.
- To construct four regional level Suvarna Karnataka Bhavans, Rs.5 crores will be incurred.
- A provision of Rs.25 crores has been made for organizing Vishva Kannada Sammelana at Belgaum in December.
- Preparations are being made to start Suvarna Vidhana Soudha in Belgaum and hold an assembly session.
- Special Cell will be set up for non-resident kannadigas.
- Financial assistance of Rs.One crores for K.P.Poorna Chandra Tejasvi Research Centre.
- Financial assistance of Rs. One crores for Shivayogi Shishunala Sharief's shrine.

- Financial assistance of Rs.One crores for development of Sangolli Rayanna Memorial at Belgaum.
- Financial assistance of Rs.One crore for the development of Bada village in Haveri district – birth place of Kanakadasa.
- Financial assistance of Rs. One crores for development of Vignaneshwara Park and Rangamandira at Marthur, Gulbarga district.
- In order to commemorate the stay of Swamy Vivekananda in Mysore a cultural centre in the name of Swamy Vivekananda will be established at a cost of Rs.5 crores.
- To commemorate the tricentenary of the founding of the Khalsa by Sri Guru Govind Singh, a festival is being held at Nanded. An allocation of Rs.25 crores has been made for improving infrastructure in Bidar city and for providing amenities to the pilgrims.

Dasara:

- Mysore dasara will be celebrated as state festival and for this Rs.10 crores will be allocated.

Removal of regional imbalance:

- The development of backward areas as identified by Dr. Nanjundappa's Report will receive high priority, with an allocation of Rs.2,547 crores for the Special Development Plan.

Forest and Environment:

- A task force will be set up for protecting the bio-diversity and conserving the environment of Western Ghats.
- “Samrudha Hasiru Grama Yojane” to be implemented on experimental basis.
- To promote growth of sandalwood trees in the state, a new scheme will be implemented.

Government servants:

- The age of superannuation of the state government employee is increased from 58 to 60 years.

Administrative Reforms:

- To focus on overall long term sustainable development of the state and its major cities, to provide thoughtful suggestions and to review the progress, High level committees will be formed under the chairmanship of the Chief Minister.

Information Highway:

- This year we will complete “information highway” to provide effective links across all districts and talukas with Vidhana Soudha.

A New Chapter in the Development of Agriculture

ನೇರಿಲಕುಳಮೊಳಗಡಗಿದೆ ಕರ್ಮ

ನೇರಿಲ ಮೇಲೆಯೆ ನಿಂತಿದೆ ಧರ್ಮ

ಒಕ್ಕಲು ತನದ ಬಗ್ಗೆ ರಾಷ್ಟ್ರೀಕವಿ

ಕುವೆಂಪು ಅವರ ಕವನದ ನಾಲುಗಳು

ಅರ್ಥಗರ್ಭಿತವಾಗಿವೆ.

Agriculture and Horticulture

21. The low rate of agricultural growth in the state in recent years has led to many serious consequences. Not only has it resulted in the slowing down of economic growth of the state, but also has caused widespread stress among farmers. The state has granted substantial relief to farmers last year by waiving agricultural loans given by the co-operative societies. This resulted in over Rs.1750 crores being disbursed by government to the co-operative societies in 2006-07 and 2007-08. Besides, as a part of the PM's package for the farmers in six districts of the state, the government has provided about Rs.335 crores as its share of the interest waiver.

22. It is heartening that the central government has also taken the step of loan waiver for small and marginal farmers and partial debt relief for other farmers in respect of loans given by the commercial banks. As already many farmers have been covered in the state under the state government's loan waiver scheme, there has been a substantial saving in the central assistance in this respect. Therefore, the state has requested the Centre to reimburse Rs.1750 crores which has already been disbursed by the state. A detailed memorandum will be submitted shortly to the centre on this subject.

23. Though there has been some relief to the farmers on account of loan waiver scheme, the farmers are facing acute problems because of the failure of monsoon this year. In particular, the condition of the farmers of dry land areas who are dependent on rains is precarious. The farmers have

already lost the seeds sown and fertilizers used. For preparing their fields in the hope of further rains, about 50 lakh dry land farmers have to arrange for seeds, fertilizers, etc. Therefore, as a special measure this year, it has been decided to provide Rs.1,000 to every small and marginal farmer family who is completely dependent on dry land farming. This input assistance will be disbursed through their bank accounts. It is expected that an amount of Rs.500 crores will be needed for this purpose. Though this is a small contribution, I would like the people of our State to appreciate that our Government's sincere efforts to wipe the tears of poor farmers.

24. For the first time in our country, a mission will be established in the State, called the 'Karnataka Agriculture Mission' under the chairmanship of Chief Minister to integrate and co-ordinate the development activities in agriculture, horticulture, animal husbandry, sericulture and allied activities. The High Powered Committee under the Mission will have agricultural scientists, progressive farmers, and NGO representatives apart from the ministers and senior officers of the concerned departments.

25. The constitution of the State's Agriculture Mission demonstrates the resolve of the government to give highest priority to combat the problems faced by the farmers in the state.

26. For improving the productivity of agriculture sector, the revised 2008-09 budget has provided Rs.1974 crores for agriculture sector. This is 64% more than the allocation made during the year 2007-08 out of this Rs.1603 for the programmes

related to agriculture and horticulture, Rs.319 crores for animal husbandry, dairy development, and fisheries, and Rs. 52 crores for sericulture activities.

27. The State's investments in Agriculture include an amount of Rs.2050 crores is provided for electricity subsidy for irrigation pumps and Rs.500 crores for assistance to dry land farmers. Along with the investment of Rs.3468 crores (of plan allocation) in irrigation the total allocation for agriculture and related programmes in the budget amounts to about Rs.8000 crores. Some of the specific programmes proposed to be included in the agricultural sector in this budget include the following:

- To supply free electricity for irrigation pumpsets of farmers. This will benefit about 15 lakh farmers. The electricity meters will be provided from the electricity distribution companies. This would facilitate the assessment of the actual utilization of electricity by the farmers. For this, the State would provide Rs.750 crores per year as additional subsidy apart from the regular subsidy of Rs.1550 crores to the electricity distribution companies. It is estimated that for the next 8 months during the current financial year, Rs.500 crores would be required to meet this additional subsidy of providing free electricity.
- A major programme would be launched to promote production of organic manure and adoption of organic farming methods by farmers in at least 1000 villages. An assistance

of Rs.2000 will be given to those families which adopt organic farming methods. An allocation of Rs.100 crores has been made for this organic farming movement.

- In cases of falling prices, market intervention will be made to ensure remunerative prices by utilizing a revolving fund of Rs.500 crores.
- The interest subsidy being paid on agriculture loans will be increased to facilitate availing of loans at the rate of 3% from co-operative societies. This facility will be extended to fishermen and weavers also.
- A single agency will be established to provide 75% subsidy for drip irrigation for agriculture, horticulture, and sericulture crops. Rs.175 crores of subsidy will be distributed for farmers.
- Information kiosks will be established in all grama panchayats with private participation to provide current market information to farmers.
- A subsidy of 25% will be provided for establishing cold storage and constructing warehousing godowns in rural areas for storing agricultural produce.
- A university of agricultural sciences will be established at Raichur at the cost of Rs.5 crores.
- In order to promote horticulture, a separate agricultural university will be established at Bagalkot.

Animal Husbandry and Dairy Development

28. The majority of households in rural areas of our state are small and marginal farmers and agricultural labourers. Animal husbandry is a secondary occupation for them. By supplying milk to dairy co-operative societies, they supplement their income.

29. To make dairy farming more remunerative for rural families, specially for rural women, it is proposed to provide a cash incentive of Rs.2 per litre of milk sold by farmers to milk co-operative societies. This incentive will be directly given to the dairy co-operative societies at the village level.

30. A provision of Rs.10 crores has been made to provide technical assistance and to distribute veterinary medicines for sheep and goat rearing. Assistance will be given to educated youth and small farmers to establish at least 50 poultry farms in every taluk.

31. Veterinary colleges being set up at Hassan and Shimoga will be developed at a cost of Rs.50 crores each. An amount of Rs.28 crores has been provided during this year for this purpose.

32. Support will be given to Goshalas at Pinjarapol in Mysore and other places.

Fisheries

33. Thousands of fishermen and women depending on sale of fish have been benefited by the loan waiver scheme implemented by government last year. The scheme of interest subsidy to provide loan at an

interest of 3% per annum to co-operatives will be applicable to fishermen also.

34. The fishing harbour at Malpe will be developed at a cost of Rs. 12 crores this year. Dredging of other fishing harbours will be undertaken at a cost of Rs.5 crores.

35. Housing will be provided to 2500 fishermen under Matsya Ashraya Scheme. An amount of Rs.5 crores will be provided for this purpose during this year. Besides, the quantity of sales tax - free diesel being provided for fishermen will be increased from 70,000 kilo litres to 75,000 kilo litres this year.

36. An amount of Rs.10 crores has been provided for development of roads in fishing areas. Complete exemption will be granted from VAT for the ice used by fishermen for preserving fish.

Sericulture

37. Sericulture is one of the important traditional occupations of small farmers in Karnataka. Government will support extension of bivoltine sericulture by setting up automatic and semi-automatic reeling units.

38. Institutional finance will be mobilized to assist silk reeler to take up reeling through mechanized silk reeling units instead of the charkhas being used at present. A subsidy of 25 percent of the cost of reeling units will be provided by the state.

Co-operation

39. The State has already accepted the recommendations of the Vaidyanathan Committee for restructuring the co-operative agricultural credit

system. The implementation of the scheme will help in reviving many weak co-operative societies and banks in the State.

Rural Development

40. The total outlay on rural development has increased from Rs.3064 crores last year to Rs.3359 crores this year. In addition, to take up works worth Rs.1100 crores, under the National Rural Employment Guarantee Scheme, the state share of 10 percent is being provided. To effectively implement this vast employment generation programme a Panchayath Development Officer will be appointed for every panchayath. By utilizing the funds under NREGP developmental programmes in areas of agriculture, horticulture, minor irrigation, water shed development and afforestation will be taken up in all the districts.

41. For the development of rural roads an amount of Rs.685 crores has been provided. It will be possible to systematically maintain and develop rural roads in every taluka. Out of this, Rs.200 crores will be earmarked for development of roads in backward taluks. Besides, under the Pradhan Mantri Gram Sadak Yojane rural roads will be developed at a cost of Rs.800 crores.

42. An allocation of Rs.879 crores has been made for rural drinking water supply schemes. Many multi-village drinking water schemes will be taken up during this year. Apart from this, piped water supply schemes for supply of drinking water from irrigation reservoirs to towns and villages will be taken up on a pilot basis.

43. In order to increase the storage capacity of minor irrigation tanks which have remained neglected for many decades, a provision of Rs.50 crores has been made.

44. Suvarna Gramodaya Yojane with the objective of integrated development of 1200 villages will continue to be implemented. A provision of Rs.300 crores has been made for this purpose.

45. In keeping with the tradition of decentralized governance in Karnataka, the untied grants provided to each of the 5628 gram panchayaths in the state have been increased from Rs.5 lakh to Rs.6 lakh per annum. With the objective of strengthening gram panchayths, Gram Swaraj project will be taken up at a cost of Rs.160 crores in 1341 gram panchayaths of 39 most backward talukas identified by Dr. Nanjundappa's Report.

46. To supplement the incomes of the rural people who depend upon rearing cattle, a experimental project under "Mahatma Gandhi Govu Aadharitha Grama Udyoga" will be launched in Mysore and Shimoga for providing remunerative prices for dung and urine of cow.

47. Programmes have been started for providing basic infrastructure facilities in naxal-affected villages. From this year it is proposed give priority to human resources development under this programme by taking up training and employment generation activities for the rural youth.

Water Resources

126. The Government proposes to complete irrigation schemes in Krishna, Cauvery and Godavari

water basins on priority. For this purpose capital grants of Rs. 3394.41 Crores have been provided during this year to the State Irrigation Nigamas. Around 73,000 ha. area will be brought under irrigation under these schemes.

127. Irrigation and drinking water facilities will be provided through Upper Bhadra Project to drought prone districts of Chitradurga, Tumkur and Chikballapur. For saving water for Upper Bhadra Project, modernization work of Bhadra Canal would be speeded up.

128. Similarly work will be speeded up for construction of Kalasa Banduri Canal for supply of drinking water to Hubli-Dharwad.

129. The scheme for providing drinking water to Kolar district through Yergol drinking water scheme at a cost of Rs.50 crores will be initiated during the year.

130. For full usage of irrigation water under large and medium projects, the water users associations will be formed and they will be given the responsibility for the maintainance of irrigation facilities.

131. Jala Samvardhane Yojane will be extended to the tanks of all districts in a phased manner. An uniform pattern will be used for revival and restoration of irrigation tanks all over the state. An experimental scheme for filling up small tanks from large irrigation projects will be taken up.

132. A law for regulating use of ground water will be formulated and implemented throughout the state. A special authority will be set up for improving

expertise for water usage, resource management and policy formulation.

133. Rs.1 Crore will be provided for conducting study on utilisation of westward flowing rivers in coastal areas.

Primary and Secondary Education

134. Providing quality education is one of the top priorities of my Government. A massive remedial teaching campaign will be taken up based on the recently published results of the Karnataka School Quality Assessment Organisation. The outlay for Sarva Shiksha Abhiyaan has been increased by 37 percent to Rs. 958 crores. The increase has been possible in view of the good performance of the state in implementing the programme.

135. For facilitating easy access to schools, bicycles will be provided free of cost to the students of 8th standard in government and grant in aid schools in areas other than major corporation cities. An amount of Rs.140 crores has been provided for this purpose.

136. Conversion costs as well as remuneration to persons preparing food for mid-day meal scheme is being enhanced. This should help in arranging good food for the school children. For this purpose an additional Rs.30 crores is being provided. An amount of Rs.97 Crores is being provided for pancha soubhya scheme during the current year as compared to Rs.8.6 crores in the previous year. The scheme will help in improving basic facilities in the schools.

137. For constructing rooms and buildings in secondary schools and pre university colleges an amount of Rs.153 crores has been provided.

138. The private schools started upto the year 1992 are being provided grant-in-aid so far. During this year private schools started during 1993 and 1994 will be covered under grant-in-aid as per the eligibility norms.

Higher Education

139. In order to ensure that students from poor families are not deprived of opportunities of professional education my Government would provide interest subsidy for the education loans being taken by such students for admission to the professional courses through the Common Entrance Test. Interest subsidy during the period of study will reduce the interest burden to 6 per cent.

140. The plan support for various universities is being increased from Rs.17 crores during 2007-08 to Rs.38 crores during the current year. For building basic facilities at the polytechnics and engineering colleges started during the last year an amount of Rs.100 crores will be provided.

141. This is the knowledge age. Knowledge is power. Knowledge based industries and companies have a good future. It is necessary to formulate a mechanism to motivate and attract the youth for knowledge and higher education. For this purpose for the first time in the country Karnataka Knowledge and Higher Education Commission will be setup at the State level.

142. An assistance of Rs.2 crores will be provided to the Institute for Social and Economic Change in Bangalore. For Gokhale Institute of Public Affairs in Bangalore an assistance of Rs. One crores will be provided. Encouragement will be given for establishment of private universities in the state. A separate Karnataka Sanskrit Vedic University will be setup in Bangalore for promoting study of Sanskrit language. An amount of Rs.2 crores will be provided for the purpose for initial preparations.

Health and Family Welfare

143. Action will be taken to appoint 5,000 doctors, nurses and para-medical staff for improving services in the government hospitals in rural and urban areas all over the state. As already decided, Rs.87 crores has been provided this year for upgrading primary health centers, community health centers, taluka hospitals and district hospitals.

144. A scheme name '**Tayi Bhagya**' has been formulated, including the existing schemes like **Madilu** and **Prasuthi Aaraike**, to provide safe maternity services in government and private hospitals. Rs.30 crores will be provided for this scheme.

145. It is possible to save thousands of untimely deaths by providing emergency care and bringing the critical patients to the hospitals through a network of well equipped ambulances. It is planned to start a new scheme called '**Arogya kavacha**' for this purpose. The scheme will be implemented through public-private partnership. An amount of Rs.10 Crores has been provided for starting this on a pilot basis.

146. A general hospital will be set up in Indiranagar in Bangalore city for meeting the medical needs of the people in the eastern part of the city. Rs.8 crores has been provided for this purpose during the current year.

147. For construction of emergency trauma care ward in Victoria and Bowring hospitals in Bangalore an amount of Rs.25 crores has been provided.

148. For setting up drug testing laboratories in Hubli and Bellary in the north Karnataka region an amount of Rs.5 crores has been provided.

Medical Education

149. As the Hon'ble Members are aware 6 new medical colleges have been started last year. For building and other infrastructure for these colleges an amount of Rs.120 crores has been provided.

150. It is proposed to setup a new ayurvedic college and 100 bed ayurvedic hospital in Shimoga city.

151. For the development of famous KIMS hospital in Hubli Rs.36.5 crores has been provided. This will help a large number of poor people in the north Karnataka.

152. The plan outlay for the development of Scheduled Castes, Scheduled Tribes, Backward Classes and Minorities has been increased from Rs.662 Crores for the year 2007-08 to Rs. 925 Crore for 2008-09. The boarding and lodging charges for all the students in the hostels for these communities will be enhanced from Rs. 450 per month to Rs.600 per month in case of pre-matric hostels and then Rs. 500 to Rs.650 per month for post matric hostels.

153. An amount of Rs. 157 crores is provided for Ganga Kalyana Scheme. A allocation of Rs. 20 Crores will be provided for the welfare of backward communities such as Kumbara, Uppara, Savitha, Kshatriya, Madival, Kambara communities. The construction of Valmiki Community halls would be taken up in five districts with each hall costing around Rs. 1 Crore.

154. The outlays for Special Component Plan and Tribal Sub Plan in the budget of the various departments are kept at Rs. 2831 Crores and Rs. 1104 Crore respectively.

Minority Welfare

155. Our Government provides equal priority to all communities. In this direction an amount of Rs. 143 Crores is allotted in the year 2008-09 as against Rs.96.67 Crores allotted during 2007-08 for implementation of various schemes for the welfare of minorities. Thus there is increase of about 47% in the allocation in amount of Rs. 6.50 Crores was provided for construction of Shadi Mahals in the year 2007-08. This grant has been increased to Rs. 15 Crores in 2008-09.

Women and Child Development

156. The Bhagyalakshmi Scheme introduced two years back has been greatly appreciated by the people. An amount of Rs. 266 Crores has been provided for issuing bonds in the name of about 2 lakh girl children. The Government's contribution will be doubled under this scheme so that the beneficiary girl child would be receiving Rs. One lakh when she turns 18.

157. For construction of Anganawadi buildings, Rs.50 crores has been provided for the year 2008-09.

158. In order to strengthen the Stree Shakthi Groups Rs. 7.5 crores has been earmarked for the construction of Sthri Shakthi Bhavans at the Taluka level. It is also proposed to provide financial assistance in the form of interest subsidy to enable Stree Shakthi Groups to secure loans up to Rupees One lakh at 6 per cent interest.

159. A scheme to start hostels for working women in every district would be taken up.

160. A Bal Vikas Academy will be established at the state level for the overall personality development of children.

Disabled Welfare

161. Physically challenged persons, who have disability of more than 75 percent, will be given a monthly pension of Rs.1000. A provision of Rs.8 crores has been made this year for providing tricycles and other aids and appliances free of cost to the physically challenged persons.

162. It is proposed to increase the monthly assistance given for taking care of the blind and physically challenged children from NGOs from Rs.400 to Rs.600.

Housing

163. Providing shelter to the poorest of the poor of society is one of the priority areas of the government. In this direction, about 3 lakh houses will be built for the eligible poor families during the year 2008-09. Emphasis will also be given to construct houses for

slum dwellers and to create infrastructure facilities like roads, drainage and drinking water for urban housing projects.

164. Under the rural Ashraya scheme the unit cost will be increased from Rs.30,000 to Rs.40,000 from this year. In order to establish Ashraya Colonies in the villages, 5 - 10 acres of land will be purchased for developing house sites in each case.

165. The provision for Housing programmes has been increased from Rs.727 crores in 2007-08 to Rs.821 crores in 2008-09.

Urban Development

166. 34 percent of the state's population lives in urban areas. These areas also generate almost 80% of economic activities, and stimulate economic growth. However the civic infrastructure in the urban areas has not kept pace with the increase in the population and the increased level of economic activities. In this context, our Government proposes to give a major thrust to the development of urban areas. The plan outlay for this sector is being increased from Rs.2923 crores in 2007-08 to Rs.5041 crores in 2008-09. Besides, State Finance Commission grants have been increased to Rs.2419 crores which is about Rs.500 crores higher than the provision made in 2007-08.

167. For improving water supply and sanitation in cities other than Bangalore, the outlay for Karnataka Urban Water Supply and Drainage Board has been increased from Rs. 231 crores to Rs. 380 crores. A scheme for augmenting water supply to Hubli-

Dharwad at a cost of Rs.136 crores will be undertaken during the current year.

168. Under the Karnataka Municipal Reforms Project, a provision of Rs.250 crores has been made for improving municipal administration in towns and cities. Rs.100 crores will be spent on improving urban infrastructure in the cities of northern Karnataka. An amount of Rs.161 crores has been provided for improving facilities of drinking water, roads and drains in the towns of coastal Karnataka.

169. For the development of second tier cities such as Mysore, Mangalore, Belgaum, Hubli-Dharwad, Davanagere, Bellary and Gulbarga it is proposed to provide Rs.100 crores each to the municipal bodies of these cities over a period of two years. During this year, upto Rs.50 crores each will be given to these municipal bodies for specific projects.

170. Already action has been initiated to contain traffic congestion in Bangalore. it is proposed to provide Rs.2 Crores for preparing project plan to setup "Mono-rail System in Mysore, Mangalore and Udupi.

171. For the comprehensive development of coastal areas, it is proposed to establish Karavali Karnataka Development Authority.

Bangalore Development

172. It is estimated that an investment of Rs.36,000 crores will be needed during the next five years for tackling infrastructure problems in the city of Bangalore. This huge investment can be made possible through the State Government, public-

private-partnership and support from the residents of Bangalore.

173. Nada Prabu Kempegowda Layout will be formed to provide 60,000 sites. 20% of these house sites will be reserved for economically weaker section of the society.

174. It is proposed to develop 65 K.M. length of outer Ring Road at a cost of Rs. 3000 Crores under build, own, and transfer (BOT) basis. For smooth flow of traffic in the existing Bangalore outer ring road 10 flyovers and underpasses will be constructed at an estimated cost of Rs. 350 crores.

175. During this year, a provision of Rs. 1800 crores has been made for the development of Bangalore city as follows;

- Financial support of Rs.300 crores to Bruhat Bangalore Mahanagara Palike:
- Rs.100 Crores to Bangalore Water Supply and Sewerage Board for providing drinking water to the newly added areas through bore wells;
- The allocation for Bangalore Metro Project is being enhanced from Rs.173 crores during the year 2007-08 to Rs.700 crores during 2008-09;
- An amount of Rs.240 crores has been provided to improve identified roads in and around Bangalore;
- An amount of Rs.25 crores has been provided to make improvements in traffic-management in Bangalore city;

98. To tackle the problem of traffic congestion, and to provide parking space in the city, it is proposed to build multi-storeyed parking facilities on a public-private-partnership basis;

99. An amount of Rs.700 crores will be invested by the Bangalore Development Authority for providing roads, drainage, and drinking water facilities in the areas which have been newly added to the BBMP;

100. Bangalore Development Authority is taking up some major infrastructure projects on public-private-partnership basis. These include construction of outer ring road, flyovers, and housing projects for economically weaker section of the society;

101. To provide drinking water supply and sanitation facilities in the newly added areas, implementation of the World Bank assisted project and the Megacity project will be expedited. The Cauvery State IV project will be implemented at cost of Rs. 3400 crores of JBIC assistance.

Infrastructure Development

102. The State government has released its state support of Rs.295 crores and equity of Rs.48 crores to Bangalore International Airport Limited. All necessary steps are being taken to quickly improve road connectivity to the new airport. The Delhi Metro Rail Corporation has been appointed as the advisor to implement the prestigious 'High Speed Rail Link Project' on Public-Private-Partnership basis.

103. The Government is determined to develop industry and tourism in all parts of the state. In this connection Rs.150 crores is being provided to develop airports in the year 2008-09.

- Necessary land is being acquired to upgrade Hubli airport to international standard, and to expand Belgaum and Mangalore airports,
- Steps are being taken to acquire additional land for the development of Mysore airport. Similarly the airports at Bijapur, Gulbarga, Shimoga and Hassan will be developed on public-private-partnership basis,
- To give impetus to tourism in the state, it is proposed to spend Rs.40 crores to develop 10 air strips at the cost of Rs.4 crores each in various districts which do not have airports.

Railway Projects

105. An amount of Rs.253 Crores has been provided for railway projects in the state to be implemented on a cost-sharing basis with the central government. The state is pursuing with the Ministry of Railways to complete the following projects early.

1. Bidar-Gulbarga new rail line
2. Bangalore-Mysore line doubling
3. Munirabad-Mehaboobnagar new rail line
4. Sholapur-Bagalkot-Gadag-Gauge conversion
5. Shimoga-Talaguppa Gauge conversion
6. Kotturu-Harihara new rail line.

Public Works

106. A special emphasis will be given to maintain the existing roads, along with building new roads in the state. Under the Mukhya Mantri Grameena

Rasthe Abhivriuddhi Yojane, it is proposed to utilise Rs.250 Crores for improvement and maintenance of roads. With assistance from NABARD, Rs.200 crores will be spent to improve and build 1275 kms of roads and 35 bridges. Rs.200 crores has been earmarked for the development of roads in backward taluks.

- Under the Special Component Plan and Tribal Sub Plan, an amount of Rs.76.30 crores will be spent for improvement of MDRs and link roads connecting to villages and thandas having larger SC/ST habitations.
- With assistance from World Bank, it is proposed to take up 584 kms of road work at a cost of Rs.150 crores under KSHIP-II.
- An amount of Rs.100 crores has been allocated for improvement works of 3411 kms of roads under KSHIP-I.
- We have also planned to effectively utilize central assistance under the Central Road Fund Scheme to improve 71 roads and 2 bridges at a cost of Rs.150 Crores. Roads connecting taluk headquarters with districts will be developed at a cost of Rs.500 crores.

107. KRDCCL will develop 200 Kms of State Highway and 225 bridges. Included among these works are the Bridges over river Cauvery near T. Narasipura and across the backwaters of Sharavathi near Ambergod in Sagar taluk.

108. To ensure proper maintenance of the assets created in the past, an innovative scheme of Output & Performance Based Road Maintenance Contract will be started to maintain 1780 kms. of roads which

were built and improved under KSHIP-I. An amount of Rs.50 crores has been allocated for this.

109. An allocation of Rs. 15 crores has been earmarked for land acquisition for the proposed National Highway between Tumkur and Honawar. An allocation of Rs. 20 crores will be provided for land acquisition for ring roads for major cities.

Buildings

110. One of the aspirations of the people of Northern Karnataka have been fulfilled by the recent inauguration of the High Court Circuit Benches at Dharwad and Gulbarga. Adequate budget provision will be made to complete both these projects. A budget provision of Rs.9 crores has been made for building district offices at Davangere, Udupi and Madikeri. A provision of Rs.23 crores is also made for construction of Mini Vidhana Soudhas at taluka headquarters.

Ports

111. It is proposed to develop Karwar port on public-private-partnership basis. A provision of Rs. 10 Crores has been made for maintenance of various other ports. An amount of Rs.4 Crores will be spent to prevent sea-erosion. In order to provide better road connectivity to ports Rs. 5 crores will be allocated.

Energy

112. The demand for power has been increasing every day. However, the supply has not improved proportionately. In this direction, power generation

has been identified as one of the top priorities of the government.

113. We have a vision to transform the power scenario in Karnataka over the next 5 years by adding 5,000 MW of power generation capacity for comprehensive developments in agriculture, industry and services sector. To achieve this objective in a planned way, it has been programmed to add 1,000 MW of power to the state power grid during the year 2008-09.

114. In order to improve power transmission and maintenance, it is proposed to set up 50 sub stations of 33 kv capacity during 2008-09. In order to provide quality power to rural consumers, Rural Load Management System will be operationalised.

115. We have kept our promise to make available free power up to 10 HP capacities to about 15 lakh irrigation pump sets. It is estimated that the agriculture sector consumes around 37% of the total electricity consumption in the state. It is our responsibility to ensure that the benefits meant for the farmers reach the eligible farmers.

116. Renewable energy is beneficial for protecting the environment. The government therefore proposes to give thrust to the programme of renewable energy by establishing 220 MW capacity of wind energy and 50 MW capacities of small hydro electricity plants.

Industries and Commerce

117. Industrial development denotes the growth of economy. Industries do not only accelerate growth-rate, but also generate large-scale employment. Therefore, there is a need to create a friendly

environment to promote investments for industrial development. For this it is proposed to revise our Industrial Policy.

118. Similarly, a **New Textile Policy** will be announced and implemented to promote garment manufacturing, which has great potential for employment-generation.

119. Keeping in mind the natural and human resources in the State, six special industrial zones will be developed on the Public Private Partnership basis.

- A steel zone will be established for Bellary, Koppal, Raichur, Baglakot, Haveri and Gadag districts.
- A cement zone will be established for Gulbarga, Bagalkot, Chitradurga, Belgaum and other districts.
- A food zone will be established in Bangalore Rural, Kolar, Shimoga, Bagalkot, Bijapur, Davangere and other districts.
- An IT – BT zone will be established in Mysore, Mangalore, Hubli-Dharwad, Belgaum, Shimoga and Gulbarga.
- Ramanagara, Shimoga and Hubli-Dharwad will be earmarked for automobile zone, and a garment zone will be established in Bangalore Rural, Tumkur, Kolar, Mandya, Belgaum, Bidar, Dharwad and other districts. For the above purposes Rs.500 Crores will be spent by KIADB during the year 2008-09.

120. A Suvarna Karnataka development corridor programme will be implemented throughout the length and breadth of the state for industrial development. For this purpose Rs.10 Crores will be allocated for preparing the project plans for the following corridors.

Bidar-Bangalore via Chitradurga

Tumkur-Honnavar via Shimoga

Chitradurga-Mangalore via Shimoga-Udupi

Bangalore-Belgaum via Davangere-Hubli.

121. It is proposed to have a Global Investors Meet in January 2009 to attract large scale capital investment.

122. It is proposed to improve the roads to reach mining areas, and to levy toll on vehicles plying on these roads.

123. An amount of Rs.2 crore is provided to establish a food processing park at Shimoga. Similar parks would be established at Malur, Bagalkot, Hiriyr and Jewargi. An export-import office will be established in Hubli.

124. The Karnataka Leather Industries Development Corporation will be revived and strengthened by infusing additional capital from government.

Information Technology and Bio Technology

125. The IT and BT industry has been concentrated largely in Bangalore and Mysore. These industries have large employment potential. In order to promote IT and BT companies in other areas of the

State, I propose that the new IT and BT establishments, which come up in Zone-1 and Zone-2 talukas, would be given exemption from stamp duty, reduction of registration charges and waiver of conversion fee as per the guidelines prescribed in the New Industrial Policy 2006-2011.

- An amount of Rs.5 Crores has been earmarked for IBAB (Institute of Bio-Informatics and Applied Bio-Technology) to encourage Bio technology. It is proposed to establish a Bio-IT park in Bangalore on a Public-Private Partnership basis.
- It is proposed to set up IT and BT parks in cities like Hubli-Dharwad, Belgaum, Gulbarga, Shimoga, Davangere, Mangalore through joint ventures of private participation and Karnataka Industrial Area Development Board. KEONICS will be provided with a capital contribution of Rs.10 Crores to promote the above development.
- An amount of Rs.2 Crores has been allocated for the development of “Aryabhata” IT Park at Hubli.
- A Rural IT programme will be started to create IT-based employment opportunities in rural areas. This will promote starting of BPO services in rural areas with an allocation of Rs.5 crores.

Information Technology enabled financial inclusion

126. Financial inclusion in the form of affordable financial services supports inclusive growth. The

State Government and the Banks will enlarge the scope of financial inclusion through use of Information Technology in Bellary, Chitradurga and Gulbarga districts through a pilot project. The social security pension and payment of wages under National Rural Employment Guarantee Programme will be disbursed through the use of smart cards in each village. About 6 lakh beneficiaries will receive the payments in an efficient, convenient, and cost effective manner.

Common Service Cyber Center

127. The benefits of Information Technology are yet to reach the rural areas. The state government will facilitate setting up of around 5,000 Common Service Cyber Centers with a centre for each gram panchayath through public private partnership. These centers will provide Government to Citizen and Business to Citizen services at affordable cost.

128. With the setting up of these centers the people in the rural areas can get the services at the village level itself rather than traveling to taluka and district headquarters.

Employment and Training

129. An integrated scheme will be implemented for the development of experienced and skilled man power for the industrial sector.

130. Industrial Training Institutes will be opened in 9 talukas which do not have such institutes at present. Rs.20 Crores have been reserved for construction of buildings, equipment, and other basic infrastructure for the I.T.I.s started during last year.

131. A "**Skill Commission**" will be set up to improve the skills of the youth for facilitating creation of 10 lakh jobs. During this year 1 lakh youth will be trained and provided with employment.

ಕಸ್ಟೋಮರ್ ಹಿರಿನಾ ಗಾಡು
ಮಾಸ್ಟೋ ಸುಧಿಯಾ ಬೀಡು
ದಾಡಿವಾಣೋ ಎಲ್ಲ ಕೈ ಎಲ್ಲ
ಬಡುಗಡೆಯು ಹಾಡುತಿದೆ ಬಲ್ಲ

As expressed by the poet N.S. Lakshminarayana Bhat, our Government is committed to improving the skills of the people.

132. Vocational Education and Training courses will be transferred to Employment and Training Department.

133. A welfare fund will be established for beedi workers, tailors and other persons working in other un-organised sectors. Action will be taken to ensure that Daily wage workers get their payment on time every month.

134. A special assistance of Rs. 5 Crores will be provided for the welfare of workers in the un-organised sector such as, auto drivers, tailors, beedi workers and others.

Revenue

135. A new undertaking called the "**Karnataka Public Lands Corporation**" will be set up to raise resources for development through the sale or lease of valuable government land through a competitive process. It is planned to mobilize about Rs.3,000

crores through sale of land in and around Bangalore during the year 2008-09.

136. GIS based re-survey of land will be taken up in two districts on a pilot basis.

137. New talukas will be set up based on recommendations of the Taluka Re-organization Committee. Lambani tandas will be converted into revenue villages.

138. A committee will be set up for survey and effective use of wakf and mujarai properties.

139. The social security for the senior citizens, the physically challenged persons and the destitute widows is a priority of the Government. Last year "Sandhya Suraksha" scheme was started. Special emphasis will be given for effective implementation of this scheme to provide financial empowerment to the poor persons above the age of 65 years.

Tatkal Phodi Scheme

140. The State Revenue department has earned acclaim for computerization of land records under the "Bhoomi Project". In the same direction a 'Tatkal Phodi Scheme' will be implemented for the benefit of the farmers. Under this scheme the Phodi applications received from the farmers with the prescribed fee will be taken up for survey and issue of phodi documents within a month.

Muzrai

141. Under Aaradhana scheme Rs.29 Crores have been earmarked for renovation of religious and charitable temples during 2008-09.

142. Rs.3 crores will be provided for improving accommodation facilities for the pilgrims from Karnataka visiting to Tirupathi. Additional rooms will be constructed with the funds received from donors.

143. The allocation for Manasa Sarovara Yatra has been increased from Rs.1.75 crores to Rs.2.75 crores.

Food and Civil Supplies

144. The government is committed to providing food grains at affordable prices under the public distribution system. The application received last year for BPL cards would be processed expeditiously. Concurrently, action will be taken to identify ineligible beneficiaries and bogus cards.

145. The Legal Meteorology Department will be restructured and named as Consumer Protection Department. Its services will be improved through various activities.

Home Department

146. To make the state free from the crime and terrorism is the priority of the Government. Rs.97 Crores have been provided for modernization of the police force. Housing facilities for the families of police personnel will be constructed at a cost of Rs.45 crores. Further Rs.10 crores have been provided for special repairs of the police housing facilities. Rs.6 crores have been provided for computerization and maintenance in the department.

147. Rs.25 crores have been provided for a smooth management of traffic in the Bangalore city. A well

equipped anti-terrorist squad is being set up at Bangalore. Rs.35 crores has been earmarked for new fire stations and housing for the staff. Rs.2 crores will be reserved for the security of coastal areas.

Transport

148. The public road transport corporations will augment their fleet by 3500 new buses at a cost of Rs. 549 crores. Rs.50 crores is being provided as financial support for North West Karnataka Road Transport Corporation.

149. A 25 per cent concession in fares will be given to all senior citizens above the age of 65 for their travel on state road corporation buses.

150. In order to address the shortage of trained drivers for the heavy vehicles four training centers will be established, one each in the revenue divisions, at the cost of Rs. 5 Crores. Truck terminals will be established in Mysore, Hubli-Dharwad, Belgaum and Bellary through public private partnership.

Kannada and Culture

151. The Government is committed to protecting and developing the Kannada language. We have strongly taken up with the central government the issue of giving classical status to kannada language. Our efforts in this regard will continue. Several special programmes will be taken up for the development of Kannada language and culture. For this purpose an amount of Rs.184 crores have been provided in the budget.

- For the Vishva Kannada Sammelana to be held in Belgaum this year a sum of Rs.25 crores has been provided. A cell for providing information and support to non-resident Kannadigas will be set up in Bangalore (NRI Cell).
- The Government will provide Rs.5 crores for setting up a museum in Bangalore to showcase Kannada heritage and culture.
- Kannada Cultural Bhavans will be built in important places in the border areas for which Rs. 5 crores will be provided.
- The contribution to Kannada language, art and culture made by Dr. Rajkumar is immense and unforgettable. Rs.5 crores will be provided for the construction of Dr. Rajkumar Memorial in Bangalore to provide inspiration to the future generations.
- An amount of Rs.5 crores is being earmarked for purchase of copies of 3,500 books in Kannada for the libraries throughout the State. An amount of Rs.One crores will be provided for translation of Kannada literary works into other Indian and foreign languages.
- The historical documents and books pertaining to old Mysore and other administrative regions of the state would be published through the Department of Archives.
- Rs. One crores will be provided for the development of Kannada software.

- Rs. One crores each will be released for the Kannada Sahitya Smmelana in Chitradurga and Allama Prabhu Literature Research Centre.
- Rs. One crores each will be provided for the development of Santh Shishunala Sharief Shivayogi Samadhi Kendra, birth place of Sangolli Rayanna, birth place of Kanakadasa at Baad village in Haveri district and Poorna Chandra Tejasvi Research Centre.
- Rs.3 crores will be provided to Panchakshari Gavayi Math for educational activities and the Dasoha activities.
- Swami Vivekananda had stayed at the Niranjana Math in Mysore during his parivrajaka days in 1892. In memory of the great saint a 'Vivekananda Cultural Youth Centre will be established at the government building at a cost of Rs. 5 crores.
- The Dasara Festival of Mysore signifies the glorious heritage of the state. A grant of Rs.10 crores is proposed to be given for celebrating this festival as 'Nada Habba' this year.
- Rupees one crore will be provided for construction of Rangamandira in Gulbarga city and assistance will be given to the college of visual arts.

Tourism

152. Action is being taken for improving basic infrastructure such as transport and airports for development of tourism in the state. Development of good roads is essential for easy access of famous tourist spots. For this purpose Rs.30 crores will be

provided this year. Efforts will be made for promoting the establishment of hotels and other facilities through private investments at various tourist places.

153. Tricentenary celebrations for the “Gur-ta-Gaddi” are being organized at Nanded in Maharashtra in October this year. A large number of pilgrims are expected to visit Jhera Gurudvara at Bidar during this period. For providing civic amenities in Bidar, in this connection an amount of Rs.25 crores will be provided.

154. A scheme will be formulated for the development of tourism around Mangalore Karnish through public private partnership.

- Rs.One crores will be provided for setting up Vigyaneshwara Garden and Cultural Center at Marthur in Gulbarga district.
- Rs. One crores will be provided for the development of Kukkarahalli tank in Mysore

Forest and Environment

155. The budget for 2008-09 has an allocation of Rs.194 crores for forest and environment. The State government attaches great importance to the conservation of our forest resources particularly the biodiversity in sensitive areas like the Western Ghats. The government will constitute a special Task Force for the conservation of the flora and fauna of these areas.

156. It is proposed identify areas of importance from the point of conserving biodiversity in established Devara Kadus, rivers, tanks, and hills of the state

and promote eco tourism in such areas. A special scheme will be formulated for the conservation of the birth place of our rivers.

157. The government has decided to develop 2731 hectares of plantations of 13 medicinal plants in collaborations with the Foundation for the Revival of Native Health Systems.

158. For starting a special for promoting cultivation of sandal wood an amount of Rs.2 crores has been provided.

159. Village Forest Committees will be revived and it is proposed to extend these committees to 1000 villages.

160. An allocation of Rs.100 crores will be utilised out of the NREGP outlay for the state for implementing Social Forestry works throughout the state. Funds will be provided for promoting urban forestry in the major towns of the state.

Information and Publicity

161. The Information Department will be strengthened for conveying information about various government development schemes to the people in an effective manner. For this purpose grant of Rs.10 crores will be provided during 2008-09 to the department.

- "**Kannada Platinum Film Festival**" at national, state and district levels in association with the film industry in the context of the completion of 75 years of the first talkie Kannada movie.
- The establishment of a Kannada Film Academy has been a long pending demand of the Kannada

film industry. Government will to set up the Kannada Film Academy during the current year.

- Any kannada film winning the national golden lotus award will be given a special a reward of Rs.25 lakh.
- An endowment fund of Rs.50 lakh will be setup for the welfare of senior journalists. A separate committee consisting of retired senior journalists and others will be setup for management of this fund. The existing endowment fund for the welfare of the working journalists will be increased from Rs.50 Lakh to Rs.One crores.
- The amount for bus passes for journalists will be increased to Rs.2,000.
- An additional amount of Rs.3 crores has been provided towards the service charges of news agencies.

Youth Services

162. This year Karnataka has undertaken the responsibility of hosting the National Youth Sports Meet for the first time. For this purpose Rs.5 crores has been provided in the budget.

163. For creating sports facilities and multi gymnasiums Rs.25 crores have been provided. The grants to Karnataka Sports Academy for giving special training and coaching to the sports persons will be increased.

164. Grants will be provided for increasing the honorarium to the coaches substantially. A new insurance scheme called 'Yuva Sanjeevini' will be formulated for the sports persons. A new youth

policy will be formulated for the development of the youth in the state.

165. Assistance of Rs.2 crores will be provided to Bharath Scouts & Guides for developing their training campus at Doddaballapura.

Law

166. For the circuit bench of High Court for Dharwad and Gulbarga Rs.50 crores have been provided. Further, for acquiring land for setting up Law University an amount of Rs.4 crores has been reserved in the budget.

Government Servants

167. The Government has already implemented the first part of the Fifth Pay Commission. The Government has also decided to implement most of the recommendations in the second part of the Commission's report. An important decision is to give a higher pay scale of Rs.6500 to the school teachers who will have greater motivation to impart quality education due to their increased salaries.

168. Experienced employees are an asset to the Government. With the increase in the life expectancy and improvement in other health indicators, it is possible for the employees to serve for a longer period than earlier. With this background, the government has decided to increase the retirement age of Government employees from 58 to 60 years.

Administrative Reforms

169. The use of technology is very important for improving transparency and efficiency in the Government system. An **information highway** will

be established between Vidhana Soudha and the district and taluka level offices through a State Wide Area Network (SWAN).

170. For Redressal of public greviances of rural people, web based system would be established. The rural people can lodge their complaints in gram panchayat office or through any cyber café. The status of compliant can be obtained through electronic means.

171. The number of Bangalore One centers will be increased from the present 34 to 75. Similar centers will be opened in Hubli-Dharwad, Gulbarga, Belgaum, Bellary, Shimoga, Mysore and Mangalore cities.

172. Various high powered committees would be constituted under the chairmanship of Chief Minister for examining the comprahensive development of 7 major cities along with Bangalore.

173. The foundation stone for the construction of Suvarna Vidhana Soudha at Belgaum has been laid some time ago even though the work has not yet commenced. The work on this project will be accelerated this year utilizing an allocation of Rs.50 crores provided in the budget.

174. For establishing new district offices in Chikaballapura district headquarters Rs.20 crores will be provided.

Strategies for Economic Development

175. The total expenditure by the State government programmes for all its activities and amounts to about 21% of the estimated GSDP. Out of this, the development expenditure as a proportion of GSDP at 15% is among the highest by the state governments. This has been possible in view of prudent management of the non-development expenditure.

176. The total investment needed for developing infrastructure, providing public services and investing in human resources is a lot more than the fiscal capacity of the state government. Apart from the financing gap, it is well recognized that there are sectors where private sector has much better efficiency, managerial capability and risk bearing capacity than the public sector.

177. In this context, a paradigm shift is needed in the development financing. A strong partnership between the public and private sectors based on allocation of responsibilities and risks as per respective expertise of the two sectors should be the preferred mode for development of the state. The state government would create an enabling environment for facilitating such public private partnerships through creation of institutional and legal framework.

178. For the projects that are economically viable but may not have financial viability, the government would provide viability gap support so that the private sector can undertake such projects. Such Public Partnership may also require a helping hand from the public by way of appropriate user charges.

State Plan 2008-09

179. The size of the state plan in this budget is Rs.25953 crores (Annexure-I) representing over 10% of the GSDP. This outlay is 46% more than the revised estimates of the plan expenditure during 2007-08. The sectors with substantial increase in the state plan outlay are Agriculture, and Urban Development reflecting the priorities of the state government. This is an ambitious plan. However with the support of the House, I feel confident to mobilize the required resources to fulfill the development promise made to the people.

Tax Proposals

180. The accelerated development of the State inevitably requires the mobilization of resources on a large scale. During the last four years progressive rationalization of Karnataka's tax structure has resulted in the Value Added Tax system being well established and accepted in the State. The possibility of a common Goods and Services Tax being introduced throughout the country in the next two years is now being seriously considered in the deliberations of the Empowered Committee of the State Finance Ministers. The 13th Finance Commission which has recently been constituted by the Central Government have already commenced their deliberations on the issues relating to Fiscal Federalism in the Country. The State Governments which are required to address a large number of issues relating to the lives of citizens have a greater burden of public expenditure to bear. Added to this the responsibility of improving the standards of living of the people and promoting the overall development of the State is also on the State Government. In this

context I have on more than one occasion requested the Central Government to provide a financial assistance liberally to the State for bearing the burden of the loan waiver of farmers, promoting the accelerated development of infrastructure in Bangalore and many other issues. Even as we seek increased support from the Central Government we also need to continuously increase the efficiency of our revenue collecting departments and aim at mobilizing increasing amounts of resources.

Commercial Taxes

Sir,

181. Even though the revenues from the Value Added Taxes have shown a healthy trend of growth in the State the State is likely to suffer some reduction in the growth of its tax revenues due to the reduction of the Central Sales Tax from the earlier 4% to the present 2%. While the State received some compensation from the Centre when this tax was brought down to 3% last year, the Centre has not yet come forward to fully compensate the State for further reduction in this regard. We will therefore continue to request the Centre through the Empowered Committee and the 13th Finance Commission to protect the financial security of the State in meeting its needs of development finance.

Reliefs

182. Having had a dialogue with various trade and industries associations before the preparation of the Budget I propose to provide relief on the following items in respect of VAT and other taxes.

Value Added Tax

183.VAT on all types of components, accessories spares and parts including packing materials used by the textile industry will be notified as industrial inputs taxable at 4%.

184.In order to encourage the manufacture of readymade garments in the State the VAT on imported textiles will be abolished.

185.Entry tax on readymade garments will be abolished.

186.VAT on used motor vehicles and cycles sold by dealers of used vehicles will be reduced to 4%.

187.Plastic boxes, cases, crates and similar articles used as articles of conveyance or as packing material will be taxed at 4% retrospectively from 1.5.2005.

188.VAT on vermicelli will be reduced to 4%.

189.VAT on corn cobs/powder/grits will be reduced to 4%.

190.VAT on branded brooms manufactured with grass and natural sticks will be abolished.

191.The benefit of input tax credit will be made available to the transferee when sale of business takes place from one registered dealer to another.

192.The scheme of tax deduction at source will be extended to purchase of iron and steel, hardware, plywood and timber by works contractors.

193.I also propose to streamline several matters of procedure to facilitate easy compliance by the trade and industry.

194.The requirement of filing the annual VAT statements by traders in addition to monthly returns will be dispensed with.

195.The penalty levied on late filing of monthly returns will be reduced from 10% to 5% if the delay does not exceed 10 days.

196.Provision will be made for appeals against the revision orders of Joint Commissioners to the Karnataka Appellate Tribunal.

197.Excess claims of input tax credit will henceforth attract penalties.

198.The system of e-filing of tax returns will be introduced selectively during the current year.

199.Mosquito repellants and toilet cleaning liquids will be excluded from the scope of insecticides.

Sales Tax

200.In order to extend the air facility to small cities in the state, it is proposed to reimburse the tax on aviation turbine fuel partially.

Luxury Tax

201.Luxury tax will be made uniform at 20% for Conference hall in Hotels and marriage halls.

202.The system of levying luxury tax on rack rates instead of actual rents will be reintroduced to prevent loss of revenue.

203.Deposit of 50% of disputed tax will be made mandatory for admitting appeals as in the case of other taxes.

Entertainment Tax

204. Kannada films are exempted from Entertainment Tax except in the case of remake Kannada films. In order to avoid the confusion resulting from this it is proposed to exempt all Kannada films (except other language films dubbed in Kannada) from entertainment tax.

205. Deposit of 50% of disputed tax will be made mandatory for admitting appeals as in the case of other taxes.

Profession Tax

206. The Profession tax will be made payable by all banking companies whose operations come within the purview of the Banking Regulation Act 1949.

207. The exemption limit of income will be raised to Rs.5000/- per month for salaried employees.

State Excise

208. Hon'ble Members are aware that in the Budget presented by me last year I had taken the historic step of abolishing the sale of arrack in the State. This measure has been widely welcomed by many social activists and women's organization as conducive to promoting a healthy society. Considering the revolutionary nature of the above measure the transition achieved by the State is comparatively smooth even though there are still some unscrupulous elements in some parts of the State who are indulging in the illicit production of arrack and other kinds of liquor which have a dangerous effect on the health of the consumers. I proposed to strengthen the enforcement machinery of the Excise and Police Department to put down such illegal activities with a heavy hand.

209. After the abolition of arrack many consumers in the rural areas are required to commute long distances to obtain IML for consumption. This has also given scope for some persons to illegally indulge in the sale of liquor through unauthorised outlets. I therefore propose to permit opening of 1000 additional liquor shops (CL-2) and 500 additional Bars & Restaurants (CL-9) during the current year. The grant of these licenses will be strictly within the population norms prescribed by the Excise Rules. The Government will also consider opening some retail liquor shops through a public sector undertaking.

210. I also propose to permit transfer of CL-2 licenses from urban areas to rural areas and from one place in rural areas to another place within a district to facilitate opening of shops in unserved areas.

211. There are several complaints from consumers of the liquor shops in many places charging higher prices than the maximum retail price prescribed by the Excise Commissioner. The Excise Act will be amended to provide for cancellation of license in proven cases of violation of the MRP.

212. The State Government have taken major steps to implement the wine policy which was announced earlier. The license fee for establishing a winery has been reduced from Rs.50,000/- to Rs.5,000/- and the fee for a tavern license is fixed at a nominal Rs.1000/-. It is hoped that combined with the liberalized taxation on wines and the promotional efforts of the State Wine Board the wine industry in the State will take firm roots benefiting the thousands of grape farmers in the State.

Stamps and Registration

213. The Department of Stamps and Registration has recently commenced a new system of electronic stamping of documents on an experimental basis in Bangalore. This will be extended in a phased manner to other parts of the State to reduce inconvenience to people in paying stamp duty under the present system. During the last year the registration of property transaction in and around Bangalore has somewhat declined the reasons for which will be analysed and corrective action taken.

214. Several suggestions received during discussions with industry and trade in regard to stamp duty and registration have been examined. Also suggestions received from lending institutions have also been considered. In order to improve the business environment in the State and to facilitate financial transactions of the general public the following concessions and rationalization of stamp duty are proposed.

- I propose to reduce the Stamp Duty on Agreements of Deposit of Title Deeds under Article 6(1) of the schedule to the Karnataka Stamp Act 1957 from 0.5% to 0.25% on all types of loan subject to a maximum Rupees Five Lakhs.
- I propose to reduce the Stamp Duty from 7.5% to 5% in respect of Amalgamation, Demerger or Reconstruction of companies under article 20(4) of the Schedule.
- I propose to exempt Stamp Duty on Loan or debt up to Rs.10,000/-, in respect of pawn or pledge of jewels under article 6(2) of the schedule.

- I propose to supply certain omission in Article **30(1)(a)(iii)** and rectify anomaly after Article **30(1)(c)**, in respect of “**Security Deposit**”, by inserting “**explanation**” therein; and omitting sub-clause **(d)** of clause **(1)** in the Article, concerning “**Leases**”, to avoid misinterpretation, abuse and evasion of Duty, and to mobilise additional revenue, by amending the Article suitably.
- The structure of the Stamps and Registration Department will be rationalized based on the work load of each unit. A Technical Cell will be created to assist the e-Governance project. An Enforcement Wing will be created for effective implementation of the Stamp Act.
- The Department will undertake a major e-Governance initiative which should ultimately lead to digitization of all records on any where registration, for convenience to the public electronic service are used for all services of the department like issuing encumbrance, marriage certificate, e-stamping and copies of all the registered documents. I propose that these activities will start on a pilot basis in Gandhinagar Registration District, Bangalore during this year.

215. The changes (Amendments) proposed are detailed in Annexure-II.

Motor Vehicles Taxes

216. Hon'ble Members are aware that the State is required to incur huge and increasing expenditure on the development and maintenance of the road network every year. It is therefore inevitable that

some of this burden is passed on to the users of motor vehicles particularly the personalized vehicles like cars, jeeps and two wheelers. This is also necessary to slow down the alarming rate at which these vehicles are being added in urban areas causing traffic congestion and pollution. I therefore proposed to increase the life time tax on these vehicles except two wheelers. The life time tax on cars, jeeps etc., will be increased by 2 per cent as follows:

217.Vehicles costing less than Rs.5,00,000 : from 10% to 12%.

- Vehicles costing Rs.5,00,000 to Rs.10,00,000 : from 11% to 13%
- Vehicles costing more than Rs.10,00,000 : from 14% to 16%

It is expected that the above revision the details of which are at Annexure-III will yield an additional revenue of Rs.100 crores per year.

218.Promoting the use of public transport facilities is the desired policy for containing congestion on roads as also reducing accidents. The State Road Transport Corporations have greatly improved their services during the recent years and the public patronage for their services needs to be further augmented. Also, as these Corporations pay passenger tracks as the percentage of their turnover instead of on per seat basis, their tax liability increases with every revision of tax. It is therefore necessary to provide relief to the passengers traveling by public transport busses of the State Road Transport Corporations. At present these corporations pay MV tax at 7 per cent of the turnover in the case of KSRTC, NWKRTC and NEKRTC while

the BMTC pays 5 per cent. The MV tax paid by these corporations is proposed to be fixed uniformly at 5 per cent. The revenue loss from this proposal will be Rs.65 crores.

Forest Development Tax

219.Forest Development Tax will be levied on all mining and quarrying operations in forest areas exercising the State Government's powers under Section 98-A(1) of the Karnataka Forest Act, 1963. At present this tax is being collected only from public sector undertakings. By extending this levy to private mining and quarrying operations in the forest areas we will bring about parity between the public sector and private sector mining and quarrying companies. This will result in an additional revenue of Rs.150 crores per year.

Additional Resource Mobilisation

220.For the remaining part of this year the net additional resource mobilization from the proposed tax measures is estimated to be Rs.120 crores. These resources have been included in the revenue estimates.

Related Amendments

221.In order to implement the above proposed measures, it is required to make amendments to the tax laws. Accordingly, the above amendments as well as further amendments required will be presented.

Revised Budget 2008-09 overview

222.As per our developmental priorities objectives the revised budget inculcates the following.

Revised Estimates 2007-08

223. The Revised Estimates of total receipts are Rs. 47649.42 Crore as compared to the Budget Receipt of Rs.47927.28 Crore for 2007-08. The total expenditure is expected to be Rs.47822.98 Crore according to the Revised Estimate against the Budget Estimate of Rs. 47950.34 Crore for 2007-08. After taking the net public account the closing balance for the year is likely to be Rs.58.23 Crore as against the expected closing balance of Rs.73.31 Crore at the time of presentation of 2007-08 budget.

Budget Estimates 2008-09

224. The total receipts are expected to be Rs.55273.94 Crore comprising revenue receipts of Rs.47240.31 Crore and capital receipts of Rs.8033.63 Crore. The total expenditure is likely to be Rs.55313.41 Crore of which the revenue expenditure is estimated at Rs.45712.86 Crore and Capital expenditure is estimated at Rs.9600.55 Crore.

225. The Government expects to raise Rs.31875.85 Crore in tax revenue and Rs.1931.65 Crore in non-tax revenue in addition, the government expects to raise Rs.1571.29 Crore as loans from Central Government and Rs.5248.42 Crore from RBI and other financial institutions.

226. The revenue surplus and fiscal deficit for 2007-08 RE is Rs. 2981.49 Crore and Rs.6085.48 Crore respectively, and which are 1.38 percent and 2.83 percent of the GSDP respectively. The revenue surplus and fiscal deficit for BE 2008-09 is estimated at Rs.1527.45 Crore and 7029.73 Crore respectively which are 0.63% and 2.88% of the GSDP respectively. This is as per the limits set by the Karnataka Fiscal Responsibility Act, 2002.

ಭಾರತಿಗೆ ಬಲವಾಗಿ
ವಸುಮತಿಗೆ ಚೆಲುವಾಗಿ
ಸಕಲರಿಗೆ ಗೆಲುವಾಗಿ
ನಮ್ಮ ಹೊಸ ಹುಟ್ಟು
ಇದಕ್ಕಾಗಿ ಒಂದಾಗಿ
ದುಡಿಯುವೆವು ನಾವು

In the same voice as in this poem by poet Kavyananada, our Government will strive to make Karnataka strong and prosperous and thus make our country stronger.

227. Respected Sir, I now commend the Revised Budget Estimates of 2008-09 for the consideration and approval of this august House.

Jai Hind
Jai Karnataka

BUDGET AT

Sl. No.	Item	Budget Estimates 2007-08	Revised Estimates 2007-08	Budget Estimates 2008-09
	Opening Balance	96.37	231.88	58.32
A. REVENUE ACCOUNT				
I Receipts				
	State Taxes	26691.17	27218.32	31875.85
	Share of Central Taxes	6300.00	6300.00	7982.38
	Grants from Central Government	5913.82	5519.81	5450.43
	Non-tax Revenue	1857.10	1802.10	1931.65
	Total-A. I	40762.09	40840.23	47240.31
II Expenditure				
	Social Services	14783.09	13445.18	17138.39
	Economic Services	10675.80	11302.77	11816.31
	General Services	11772.15	11206.40	13763.48
	Grants-in-aid & Contributions	1904.39	1904.39	2994.68
	Total-A. II	39135.43	37858.74	45712.86
	A. Revenue Account Surplus/Deficit	1626.66	2981.49	1527.45

A GLANCE*(Rs. in crores)*

Sl. No.	Item	Budget Estimates 2007-08	Revised Estimates 2007-08	Budget Estimates 2008-09
B. CAPITAL ACCOUNT				
I Receipts :				
	Loans from Government of India	1990.71	1990.71	1571.29
	Open Market Loans (Net)	-465.27	-465.27	3199.66
	Loans from LIC, RBI, GIC & NCDC	1200.00	1200.00	2048.76
	Recoveries of Loans and Advances	49.07	63.07	69.97
	Public Account (Net) etc.	4390.68	4020.68	1143.95
	Total - B. I	7165.19	6809.19	8033.63
II Disbursements :				
	Capital Outlay (Net)	7507.23	8686.14	7640.06
	Repayment of Central Loans	463.73	463.73	500.80
	Repayment of Loans to LIC, RBI, GIC and NCDC	370.47	370.47	472.60
	Disbursement of Loans & Advances	473.48	443.90	987.09
	Total - B. II	8814.91	9964.24	9600.55
	B. Capital Account Surplus/Deficit	-1649.72	-3155.05	-1566.92
	C. Overall Surplus/Deficit for the Year	-23.06	-173.56	-39.47
	D. Closing Balance	73.31	58.32	18.85

ANNEXURE - I
(Para 179)

SECTORAL STATE PLAN ALLOCATION DURING 2007-08

Sector	Rs. in Crores	Percentage
A) ECONOMIC SERVICES		
Agricultural & Allied Services	2491.63	9.60
Rural Development	1593.28	6.14
Special Area Programmes (HKDB & MADB)	181.92	0.70
Irrigation & Flood Control	3468.75	13.37
Energy	2414.29	9.30
Industries & Minerals	356.94	1.38
Transport	3293.83	12.69
Science, Technology & Environment	25.29	0.10
General Economic Services	740.55	2.85
B) SOCIAL SERVICES		
Education, Sports, Art & Culture	2198.99	8.47
Health	964.39	3.72
Water Supply & Sanitation	1267.54	4.88
Housing & Urban Development	4672.00	18.00
Information & Publicity	19.10	0.07
Welfare of SC's & ST's, OBC's, Social Welfare & Nutrition	1546.08	5.96
Labour & Employment	153.62	0.59
C) GENERAL SERVICES	564.64	2.18
Total	25952.84	100.00

ANNEXURE - II (Para 215)

Changes (Amendments) proposed to the Schedule of the Karnataka Stamp Act 1957.

Sl. No	Item in the Schedule	Article	Existing			Proposed				
			Description	Rate		Description	Rate			
1	2	3	4	5	6	7	8	9		
1	Agreement relating to deposit of title deeds.	6 (1)(a) (b)	(a) if such loan or debit is repayable on demand for more than three months from the date of instrument evidencing the agreement. (i) when the amount of the loan or debt does not exceed Rs. 500 (ii) when it exceeds Rs. 500 but does not exceed Rs.1,000 (iii)when it exceeds Rs.1,000 but does not exceed Rs.5,000 (iv)when it exceeds Rs.5,000 but does not exceed Rs.10,000. Provided that, if the loan is for the following purpose._ 1. Exclusively for the development of property for Commercial use as indicated in the sanctioned plan. 2. Exclusively for the development of property fro Residential use as indicated in the sanctioned plan. (v) when it exceeds Rs.10,000 for every additional Rs. 5,000 or part thereof in excess of Rs. 10,000; (b) if such loan or debt is repayable not more than three months from the date of such instrument.	If drawn singly Rs.P 2.50 5.00 25.00 50.00 0.5% duty is subject to a maximum of Rupees five lakh. 0.5% duty is subject to a maximum of Rupees fifty thousand. 25.00 Half the duty payable on a loan or debt under item (i) or (ii) or (iii) or (iv) or (v) of Sub-clause (a) for the amount secured.	If drawn in set of two, for each part of the set Rs. P 2.00 2.50 12.50 25.00	If drawn in set of three for each part of the set Rs.P 1.00 2.00 10.00 20.00	(a) if such loan or debit is repayable on demand for more than three months from the date of instrument evidencing the agreement. (i) when the amount of the loan or debt does not exceed Rs. 500 (ii) when it exceeds Rs. 500 but does not exceed Rs.1,000 (iii) when it exceeds Rs.1,000 but does not exceed Rs.5,000 (iv) when it exceeds Rs. 5,000 but does not exceed Rs. 10,000. (v) when it exceeds Rs.10,000 for every additional Rs.5,000 or part thereof in excess of Rs.10,000; b) if such loan or debt is repayable not more than three months from the date of such instrument.	If drawn singly Rs.P 1.25 2.50 12.50 25.00 12.50 Half the duty payable on a loan or debt under item (i) or (ii) or (iii) or (iv) or (v) of Sub-clause (a) for the amount secured. Subject to a maximum of Rs. Five Lakhs.	Rs. P 0.50 1.00 5.00 10.00 5.00	Subject to a maximum of Rs. Five Lakhs.

Sl. No	Item in the Schedule	Article	Existing		Proposed	
			Description	Rate	Description	Rate
2	pawn or pledge	6(2)	Exemption: Instruments of pawn or pledge of goods, if unattested.	Provided that where a fresh instrument of [X X X X X], pawn or pledge of movable property is executed for securing repayment of money already advanced by way of loan between the same parties and for the same purpose and for the same amount and the duty in respect of earlier instrument has been paid, then the duty chargeable on such fresh instrument is chargeable as per clause (i) of Article 5 of this Schedule.	Exemption: 1. Instruments of Pawn or pledge of jewels wherein such loan or debt is upto Rupees Ten Thousands. 2. Instruments of pawn or pledge of goods, if unattested.	Provided that where a fresh instrument of [X X X X X], pawn or pledge of movable property is executed for securing repayment of money already advanced by way of loan between the same parties and for the same purpose and for the same amount and the duty in respect of earlier instrument has been paid, then the duty chargeable on such fresh instrument is chargeable as per clause (i) of Article 5 of this Schedule.
3	Conveyance	20(4) (i) & (ii)	if relating to an order made by the High Court under Section 394 of the Companies Act, 1956 in respect of.- (i) Amalgamation of Companies, including a subsidiary amalgamating with parent company.	Same duty as a conveyance [under Article 20(1)] on the market value of the property of the transferor company, located within the State of Karnataka and transferred to the transferee company; or An amount equal to 0.7% of the aggregate value of shares issued or allotted in exchange, or otherwise and in case of a subsidiary company, shares merged (or cancelled) with parent company and in addition, the amount of	if relating to an order made by the High Court under Section 394 of the Companies Act, 1956 in respect of.- (i) Amalgamation of Companies, including a subsidiary amalgamating with parent company.	5% on the market value of the property of the transferor company, located within the State of Karnataka and transferred to the transferee company; or An amount equal to 0.7% of the aggregate value of shares issued or allotted in exchange, or otherwise and in case of a subsidiary company, shares merged (or cancelled) with parent company and in addition, the amount of

Sl. No	Item in the Schedule	Article	Existing		Proposed	
			Description	Rate	Description	Rate
			<p>consideration if any, paid for such amalgamation. - whichever is higher.</p> <p>ii) Reconstruction or Demerger of a company.</p> <p>Same duty as a conveyance [under Article 20(1)], on the market value of the property of the transferor company, located within the state of Karnataka, and transferred to the resulting company; or</p> <p>An amount equal to 0.7% of the aggregate value of shares issued or allotted to the resulting company and in addition, the amount of consideration if any, paid for such demerger or reconstruction; -whichever is higher.]</p> <p>Exemption: X X X X</p>		<p>consideration if any, paid for such amalgamation. - whichever is higher.</p> <p>ii) Reconstruction or Demerger of a company</p> <p>5% on the market value of the property of the transferor company, located within the state of Karnataka, and transferred to the resulting company; or</p> <p>An amount equal to 0.7% of the aggregate value of shares issued or allotted to the resulting company and in addition, the amount of consideration if any, paid for such demerger or reconstruction; -whichever is higher.]</p> <p>Exemption: Amalgamation of sick companies with others, under the orders of Board of Industrial Finance and Reconstruction (BIFR)</p>	

Sl. No	Item in the Schedule	Article	Existing		Proposed	
			Description	Rate	Description	Rate
4	Lease of immovable property.	30 (1)- (a) (iii)	(iii) where the lease purports to be for a term of less than five years , but not exceeding ten years;	“same”	(iii)where the lease purports to be for a term of more than five years , but not exceeding ten years;	“No Change”
5	Lease of immovable property	30(1) (c) 30(1)(d)	(d) where the lease is granted for a rent or fine or premium or money advance, in addition to the refundable deposit, by whatever name called.____ i) where the lease purports to be for a term not exceeding 30 years. ii) where the lease purports to be for a term exceeding 30 years.	Explanation.____x x x x x one percent on the amount of deposit as set forth in the lease deed in addition to the duty, which would have been payable on such lease as per Article 30(a), 30(b) or 30(c) as the case may be. Three percent on the amount of deposit as set forth in the lease deed in addition to the duty payable as per Article 30(a), 30(b) or 30(c) as the case may be or for an amount equal to the market value of the property whichever is higher.	 (d) X X X X X [Sub-clause (d) of clause (1) omitted.]	Explanation: The term “money advanced”, means and includes the security deposit, whether refundable or adjustable towards the rent. X X X X X.....

ANNEXURE-III
(Para-217)

Sl. No.	Section	Class of vehicle	Existing rate of tax as percentage of gross revenue traffic	Section	Class of vehicle	Proposed rate of tax as percentage of gross revenue traffic
1	10(ii)	In respect of public service vehicles owned/under the control of STUs other than BMTC operating outside the city limits of Bangalore .	7	10(ii)	In respect of public service vehicles owned/under the control of STUs other than BMTC operating outside the city limits of Bangalore.	5

Part A5

[See Section 3(1)]

Existing Lifetime Tax for Motor Cars, Jeeps, Omni Buses and Private Service Vehicles

Sl. No.	Class of vehicles	Motor cars, Jeeps, Omni Buses and Private Service Vehicles having floor area upto 5 Sq.Mtrs, cost of which does not exceed Rs.5 Lakhs	Motor cars, Jeeps, Omni Buses and Private Service Vehicles having floor area upto 5 Sq.Mtrs, cost of which exceeds Rs.5 Lakhs but not exceeding Rs.10 Lakhs	Motor cars, Jeeps, Omni Buses and Private Service Vehicles having floor area upto 5 Sq.Mtrs, cost of which exceeds Rs.10 Lakhs
A.	At the time of registration of new vehicles.	10 percent of cost of the vehicle.	11 percent of the cost of the vehicle.	14 percent of the cost of the vehicle.
B.	If the vehicle is already registered and its age from the month of registration is :	Percentage of the life time tax levied under Clause A	Percentage of the life time tax levied under Clause A	Percentage of the life time tax levied under Clause A
1.	Not more than 2 years	93%	93%	93%

2.	More than 2 years but not more than 3 years	87%	87%	87%
3.	More than 3 years but not more than 4 years	81%	81%	81%
4.	More than 4 years but not more than 5 years	75%	75%	75%
5.	More than 5 years but not more than 6 years	69%	69%	69%
6.	More than 6 years but not more than 7 years	64%	64%	64%
7.	More than 7 years but not more than 8 years	59%	59%	59%
8.	More than 8 years but not more than 9 years	54%	54%	54%
9.	More than 9 years but not more than 10 years	49%	49%	49%

10.	More than 10 years but not more than 11 years	45%	45%	45%
11.	More than 11 years but not more than 12 years	41%	41%	41%
12.	More than 12 years but not more than 13 years	37%	37%	37%
13.	More than 13 years but not more than 14 years	33%	33%	33%
14.	More than 14 years but not more than 15 years	29%	29%	29%
15.	More than 15 years	25%	25%	25%

Part A5

[See Section 3(1)]

Proposed Lifetime Tax for Motor Cars, Jeeps, Omni Buses and Private Service Vehicles

Sl. No.	Class of vehicles	Motor cars, Jeeps, Omni Buses and Private Service Vehicles having floor area upto 5 Sq.Mtrs, cost of which does not exceed Rs.5 Lakhs	Motor cars, Jeeps, Omni Buses and Private Service Vehicles having floor area upto 5 Sq.Mtrs, cost of which exceeds Rs.5 Lakhs but not exceeding Rs.10 Lakhs	Motor cars, Jeeps, Omni Buses and Private Service Vehicles having floor area upto 5 Sq.Mtrs, cost of which exceeds Rs.10 Lakhs
A.	At the time of registration of new vehicles.	12 percent of cost of the vehicle.	13 percent of the cost of the vehicle.	16 percent of the cost of the vehicle.
B.	If the vehicle is already registered and its age from the month of registration is :	Percentage of the life time tax levied under Clause A	Percentage of the life time tax levied under Clause A	Percentage of the life time tax levied under Clause A
1.	Not more than 2 years	93%	93%	93%

2.	More than 2 years but not more than 3 years	87%	87%	87%
3.	More than 3 years but not more than 4 years	81%	81%	81%
4.	More than 4 years but not more than 5 years	75%	75%	75%
5.	More than 5 years but not more than 6 years	69%	69%	69%
6.	More than 6 years but not more than 7 years	64%	64%	64%
7.	More than 7 years but not more than 8 years	59%	59%	59%
8.	More than 8 years but not more than 9 years	54%	54%	54%
9.	More than 9 years but not more than 10 years	49%	49%	49%

10.	More than 10 years but not more than 11 years	45%	45%	45%
11.	More than 11 years but not more than 12 years	41%	41%	41%
12.	More than 12 years but not more than 13 years	37%	37%	37%
13.	More than 13 years but not more than 14 years	33%	33%	33%
14.	More than 14 years but not more than 15 years	29%	29%	29%
15.	More than 15 years	25%	25%	25%