

Hon'ble Speaker,

1. I deem it a privilege to present the budget for the year 2007-08.

2. The concept of coalition Government is deep rooted in the country. In Karnataka, the coalition Government of Bharatiya Janata Party and Janata Dal (S), "Karnataka Abhivrudhi Ranga" has successfully completed one year in office and is going strong. We are striving to speed up the development process, keeping aside our ideological differences. Our commitment for development will continue.

ಹಾಲು ಹಳ್ಳ ಹರಿಯಲ
ಬಿಣ್ಣೆ ಬಿಟ್ಟವಾಗಲ!
ಜೀನು ಮಳೆಯು ಸುರಿಯಲ,
ತೊಟ್ಟದೊಲದು ತೂಗಲ
ಮುನಿದು ಸಮರ ನರಬಲ
ನರರು ನರರ ನಂಬಲ
ಸ್ವಾಮಿಯಮೃತ ಕೃಪೆಯಲ
ಶಾಂತಿ ಜಗವ ತುಂಬಲ

The meaning reflected in these lines from the poem of Late Rashtra Kavi Kuvempu has become

the inspiration for the coalition government. We believe in emulating his message of eternal importance.

3. In the last one year it has been quite well established that our Government is one which responds to public opinion and works for the people of the State. The credit of taking Government to the doorstep of the citizen is ours. Without limiting our activities to State capital alone we have worked for the development of the whole State. With our fresh outlook, new thought processes and schemes our coalition Government has become a model for other coalition governments.

4. This is the second budget of our coalition Government. As promised in the first, we have prepared a blue print for the overall development of Karnataka and started implementing it. Several schemes and programmes have been formulated with the objective of providing an opportunity to every one to grow and lead a just and honourable life. Of these, some have already been implemented and a few are under implementation. The interests of the farmers, agricultural labourers, scheduled caste and scheduled tribes, backward classes and minorities, women and youth have been looked after by our Government. All welfare measures initiated by our Government are based on the concept of social justice.

5. In order to bring Karnataka to the fore among the developed States of the Indian Union, we have made efforts to achieve balanced growth in the

areas of education and socio-economic development. We have made efforts to improve infrastructure. Attempts have been made for optimal use of human resources through skill development. Attention has been drawn to resource mobilization and investment.

Allama Prabhu, had stated that “One cannot understand the present unless he knows the past”
(ಹಿಂದಣ ಹೆಜ್ಜೆಯ ನೋಡಿ ಕಂಡಲ್ಲದೆ ನಿಂದ ಹೆಜ್ಜೆಯನರಿಯಬಾರದು).

This means, that in the light of a review of the past, we must plan for future.

6. In this background, I would like to present a brief review of the previous years programmes and elaborate on those formulated for 2007-08.

7. We have started a number of educational institutions in rural areas to promote skill development and quality in human resources. In one year, we have initiated, 716 Government primary schools, 500 High schools, 200 Pre-University Colleges and 15 first grade colleges. 104 Govt. ITIs have been modernized besides starting 7 New ITIs. 32 new courses have also been started in the ITIs. To empower the girl child, “Bhagyalakshmi” security deposit scheme and “Bhagyaratha” the free bicycle scheme have been effected by our Government. To encourage the meritorious girl child to pursue professional education, all her expenses are borne by the Government.

8. We have enabled farmers to get loans at 4% rate of interest. We have given seeds, sprinkler and drip irrigation facilities at 75% subsidy and bullock and carts at 50% subsidy. Of the 39 irrigation projects, languishing for a long time 35 have been completed. The remaining 4 will also be completed shortly.

9. Mahatma Gandhiji once said, "comprehensive development of a country depends on allround development of her villages". His excellency, the President of India, Dr. A.P. J. Abdul Kalam, had wished that all facilities normally available in urban areas should be extended to rural areas also. Enthused by these thoughts our Government has launched 'Suvarna Gramodaya' scheme with the aim of achieving allround development of 1,000 villages every year. 'Suvarna Kayaka' Employment Education Programme has also been initiated to provide on the job training to unemployed youth.

10. We celebrated the Golden Jubilee of the formation of the State of Karnataka in a grand and meaningful way. Efforts are on to obtain the status of classical language for Kannada.

11. I am proud to state that the coalition Government has started several novel schemes and initiated effective measures to implement those schemes in commemoration of the Golden Jubilee celebration of the State. I assure you that some schemes, which are at various stages of implementation, will be satisfactorily completed during this year.

12. Karnataka has been subjected to a raw deal with regard to sharing of Cauvery waters. In order to get justice, we are acting cautiously, taking all party leaders, legal and irrigation experts into confidence.

13. Our Government will strive for the peace, prosperity and satisfaction of our people.

The priorities of our Government are:

- Accelerating the process of development
- Achieving balanced growth
- Giving primacy to social justice
- Achieving social harmony
- Ensuring social security
- Ensuring food security
- Supporting skill development and proper use of human resources
- Generation of more job opportunities
- Preservation of our land, water resources, language and culture

State of Economy

14. Economy of Karnataka has witnessed a modest growth in 06-07 and macroeconomic fundamentals have gained strength. Advance

estimates project a GSDP of Rs 1,94,009 crore during 2006-07. Contribution of primary, secondary and tertiary sectors to GSDP is expected to be 19.2 %, 26.13 % and 54.56 % respectively. In 2006-07 our GSDP is expected to grow at 13 % in nominal terms and 8% in real terms. The primary, secondary and tertiary sectors are expected to show real growth rate of 2%, 9.9% and 9.2 % respectively. The real growth during 2006-07 is anticipated at 8% as compared to 7.8% in 2005-06. Though the growth witnessed in 2006-07 is a bit higher as compared to earlier years, our real growth in agriculture of 2% is not satisfactory.

15. Services sector has attracted the highest levels of investment. Manufacturing sector has shown resurgence and the State has attracted Rs. 1,01,280.23 crore investment in 06-07. Agriculture sector has not attracted any major investments. In addition to supporting greater inflow of capital into agriculture sector we must ensure spread of secondary and tertiary sector to rural areas.

16. Agriculture is the main occupation of the rural population of the State. While the share of agriculture to GSDP has decreased to about 19.2%, 64% of households of the State are still dependent on agriculture for their livelihood. In absolute terms the number of persons dependent on agriculture has been rising. Poor growth in agriculture has adversely affected the quality of life in our rural areas.

17. The recent spurt in inflation may lead to increase in production costs leading to erosion of competitiveness. The challenge would then lie in reining inflation without dampening growth. Inflation control calls for curbing excess aggregate demand as well as correcting the supply chain to ensure that demand is met.

State Finances

18. In 06-07 VAT collections have grown by 24%. As against an estimated VAT loss of Rs 1580 crore, actual loss suffered in 06-07 is Rs 730 crore. We have received Rs 390 crore of compensation from Government of India, accounting for 75 % of the loss as per the compensation formula. We have tried to make VAT administration simple, responsive, transparent and friendly to the tax payer. Systematic and extensive computerization of commercial tax department is being carried out to make VAT administration efficient.

19. In collection of State excise also we will be surpassing the budget targets. In 06-07 the unnecessary tier of "Wholesalers of IML" was phased out and this has worked well for the State. Against a budget estimate of Rs 4100 crore the realization from excise is projected to be Rs. 4536 crore. Collections from Stamps and Registration are very encouraging. Against budget estimate of Rs 2766 crore, collections from this source by end of 06-07 is projected to be Rs 3331 crore. In the transport sector also we will be meeting the budget targets.

20. Non-tax revenues of the State have remained stagnant for almost a decade. Realization of water rate and revenues from sale of forestry produce are showing a downward trend. Although, mining sector is witnessing an unprecedented boom, revenues in proportion to growth in mining are not flowing to the State, as royalty rates are fixed at low rates whereas value of minerals has increased manifold. User charges have not been revised for a while and it is time for us to increase user charges and collect them earnestly.

21. In so far as debt management is concerned one can say that Karnataka is in a good position. Our debt stock is less than 30% of GSDP. Total debt stock is Rs 53912.68 crore and is below 300% of our total Revenue Receipts (TRR). Our interest payment is Rs 4366 crore and is less than 18% of TRR. Our debt growth rate is 10.14% and is not more than 1.25 times the growth in revenues. State is having revenue surplus and finally our fiscal deficit is Rs 5210 crore and is not more than 25% of TRR. Hence, I am proud to say that Karnataka is not debt stressed. As a prudent policy, the State is borrowing on the basis of affordability and not availability.

22. The fiscal consolidation macroeconomic fundamentals of the State are robust. In 06-07 fiscal we will surpass our tax collection targets. This will be possible on account of various steps taken for prevention of leakage of tax resources. Many including the Reserve Bank of India, Planning Commission have appreciated our efforts on

resource mobilization and financial discipline. We are once again eligible to claim the incentive of debt waiver for 2006-07, having adhered to the path of fiscal consolidation.

23. The investment rating of State Government Guarantees by ICRA is LA+ category and of CRISIL is AA-, which is highest among all the States in the country.

Fiscal Reforms:

24. Some major fiscal policy reforms contemplated in 07-08 are as follows;

- As revenue growth is a function of economic growth our Government is keen on protecting growth. Sudden increase in tax rates can dampen the economy and business environment. Hence, instead of resorting to sudden and unforeseen modifications in tax rates, we will be focusing our efforts on smooth but rigorous tax administration.
- On health considerations sale of Arrack will be prohibited all over the State from excise year 07-08 commencing from July 2007. This effort will lead to better health of our people, but will result in loss of revenue. This subject will be elaborated later in my speech.
- Considering the adverse impact that State run and other lotteries have on our people,

the State will be declared as a lottery free zone commencing from April 1st 2007. This effort will reduce indebtedness among poor but will also lead to revenue loss. This subject also will be elaborated later in my speech.

- Central Sales Tax is a trade distorting tax and Government of India has already indicated that CST will be phased out over the next three years. The Empowered Committee of State Finance Ministers has also agreed for phasing out of CST. In 07-08 CST will be reduced from 4% to 3%. The loss if any will be fully compensated by Government of India through cash compensation and taxation measures. The machinery required for collection of service tax on certain services, which will be transferred to State Government in 2008-09 will be established in 2007-08.
- Policy measures will be put in place to boost investor's confidence in housing and infrastructure investments. Title Insurance will be promoted through registration policy and the Bangalore Land and Builders Repository will be established.
- On the expenditure reforms front, Budget control system will be introduced for management of accounts in ZP and TP sector

- “ Programme Performance Budget” will be introduced in Health and Family Welfare Department and Education Department.
- In order to further increase the efficiency in public expenditure the Karnataka Transparency in Public Procurement Act will be amended to support E procurement.
- With the objective of increasing efficiency in the use of resources in the education sector, a new system of “ Student Centric Grant in Aid” will be introduced in the secondary education system.

Development strategy

25. Our revenue led reforms strategy has helped in eliminating Revenue Deficit and in containing Fiscal deficit to less than 3 % of GSDP. Our fiscal reforms will be targeted on the following lines.

- As part of fiscal reforms, attempts will be made to reduce revenue expenditure and to channelise the conserved resources to capital investments. Our investments on infrastructure will improve over the years leading to creation of investment promotive atmosphere as well as improving the quality of life of our citizens.
- Our Government believes in targeted subsidies. As a fiscal reforms strategy efforts will be made to reduce non-targeted and unintended subsidies.

- Our Government would like to ensure uniform development of the State. It is committed to implement the report of Dr. Nanjundappa Committee on “Redressal of Regional Imbalances”.
- Agriculture and development of agrarian areas will be a thrust area.
- We will focus on skill development and creation of job opportunities in all sectors of economy in rural areas.
- The State will continue to adopt MTFP framework for fiscal discipline. Health, Education, Social Welfare and infrastructure will continue to be focus areas of development.

Budget highlights.

The highlights of my budget are as below;

- A Special Financial Assistance of Rs.1,500 crore along with general allocation to implement **Dr. D.M. Nanjundappa Committee recommendations** on Regional imbalance.
- **Short term crop loans** availed by the farmers up to Rs.25,000 from the co-operatives in the current year to be waived. Other farmers to get **waiver of 4% interest** against their current year’s co-operative

loans provided they pay the principal loan amount by 31st March.

- **Short term loans** availed by the weavers and fishermen up to Rs.25,000 from the co-operatives in the current year to be waived.
- **Farm credit facility at 4% rate of interest to continue this year also.**
- Weavers and fishermen to get credit facility at 4% rate of interest this year also.
- Credit facility at 4% rate of interest to be extended to “**Stree Shakthi**” and other Self Help Groups.
- **5th Pay Commission Recommendations to be implemented.**
- **Ban on sale of Arrack.**
- **Lotteries to be banned.**
- Monthly Social Security Pension of Rs.400/- to be granted to the senior citizens under “**Sandhya Suraksha**” Scheme.
- A new scheme called “**Amrutha**” to extend financial assistance to destitutes, widows, devadasis & other women to buy milch cow/buffaloes. This scheme will benefit 50,000 Women.

- An incentive deposit of Rs 10000 with two year maturity to the Bride under “**Adarsha Vivaha**” scheme to encourage mass marriages.
- An assistance of Rs.10,000 (with a subsidy of Rs.5,000) to the barber community to upgrade their saloons in rural areas.
- A separate board for the welfare of un-organized skilled workers like tailors, washermen, carpenters, barbers and potters etc.
- Monthly pensions to widows, aged and physically handicapped persons to be raised from Rs.200/- to Rs. 400/-
- Freedom Fighters’ honorarium to be doubled from Rs.1,500/- to Rs.3,000/- per month.
- Goa Liberation Movement Activists to get a monthly pension of Rs. 2,000/- from this year.
- **Suvarna Vidhana Soudha** to be built at Belgaum at a cost of Rs.250 crore.
- Kittur Development Authority to be set up.
- The Circuit Benches of High Court at Hubli-Dharwad and Gulbarga to be completed.

- 6 Minor Airports and 22 Helipads to be built.
- New Directorate of Social Security and Pensions to be set up.
- Yakshagana Academy to be set up.
- Senior Journalists Welfare Fund to be started.
- Mid-day Meal Scheme “**Akshara Dasoha**” to be extended up to 10th standard
- Free text books and uniforms to the male students upto 10th Standard.
- **Horticulture University at Bagalkot**
- **Music University at Mysore**
- Centre for Hindustani Music to be set up at Hubli.
- Celebrated Hindustani classical singer Dr. Gangoobai Hanagal’s house to be converted into a museum.
- A chair to be set up in Mangalore University to study the contributions of the Kodagu Royal family.
- Financial assistance of Rs 2 crores to construct building for Basava Peeta at Dharwad University and also take up

translation of Vachana literature and works relating to Basaveshwara.

- Rs. 50 lakh for reprinting of Dr. B.R. Ambedkar's works.
- Rs. 50 lakh for reprinting of Rashtrakavi Dr. G.S. Shivarudrappa's works.
- Rs. 5 crore for development of Ingaleshwara, the birth place of Basaveswara and M.K. Hubballi in Belagavi Taluk where Basaveswara's wife Gangambike attained liberation.
- Special assistance of Rs. 1 crore to Vignyaneshwara Rajadharma Research Centre at Martur in Gulbarga district.
- Assistance of Rs 1 crore to reprint 14 volumes of Encyclopedia on Kannada and volumes on Epigraphs on Karnataka .
- A comprehensive Dairy Development Programme to promote dairying in North Karnataka.
- Dairy Science College at Gulbarga.
- Polytechnics at Kushalnagar, Raichur, Chamarajanagar and Bellary to be upgraded into Engineering Colleges.
- Birth Centenary of Siddaganga Sree to be celebrated by the Government. Rs. 10 crore

to be provided towards construction of Dasoha Bhavan and for other development works.

- Rs. 3 crore for construction of Dr. Rajkumar Memorial.
- Rs. 3 crore for construction of Babu Jagjeevan Ram Centenary Memorial at Bangalore.
- Rs. 3 crore to build Yathri Nivas at Jain Pilgrimage Centre at Varur near Hubli.
- Rs. 2 crore to develop historic Thogarsi Mallikarjuna Temple near Shikaripur into a tourist spot.
- Comprehensive development of Bada Village, the birth place of Saint Kanakadasa.
- Kaginele Authority to be set up & Rs. 3 crore provided for development works.
- Kanakadasa Research Centre to be set up at Udupi.
- Rs.50 lakh each for the activities of Kanaka Study Chairs' at Dharwad and Mangalore Universities.
- Financial Assistance of Rs. 2 Crore to establish "Somavamsa Sahasrarjuna Study Centre at Karnataka University, Dharwad.

- Rs.10 crore grant for Sheep and Wool Development Board.
- Sarvajna Memorial to be built at Haveri
- Rs. 50 lakh for Sirasangi Lingaraja Centenary Memorial.
- Institute of Diabetology to be set up at Bangalore.
- Jewellery Training Institutes at Bangalore and Karwar.
- Permanent Industrial Exhibition Centres (Urban Haat) at Shimoga and Hubli.
- Sports stadium of international standards to be built at Shimoga.
- Institute of Toxicology to be set up at Shimoga.
- Rs. 25 crore to build a dam across Dandavathi River near Jodigere in Soraba Taluk of Shimoga District.
- Financial assistance to Kempegowda Foundation to undertake study of Bangalore City's history starting from its founder Kempegowda.
- Financial assistance of Rs. 54 crore for Tumkur city development.

- Taking up of Yeragola drinking water project for Kolar through KUWS & DB.
- Rs. 50 crore for Bagalkot rehabilitation works.
- Rs. 50 crore for North-Eastern Transport Corporation for infrastructure development
- Rs 50 crores to North-Western Road Transport Corporation for infrastructure development.
- Bio-fuel policy to be announced.
- Wine Policy to be announced.

Agriculture, Horticulture, Co-operation and Irrigation

*ಯಾದೂ ಅರಿಯದ ನೇಗಿಲ ಯೋಗಿಯೆ
ಲೋಕಕೆ ಅನ್ನವನೀಯುವನು.
ಹೆಸರನು ಬಯಸದೆ ಅತಿಸುಖಕೆಳಸದೆ
ದುಡಿವನು ಗೌರವಕಾಶಿಸದೆ.
ನೇಗಿಲ ಕುಳದೊಳಗಡಗಿದೆ ಕರ್ಮ;
ನೇಗಿಲ ಮೇಲೆಯೆ ನಿಂತಿದೆ ಧರ್ಮ.*

(Rashtrakavi Kuvempu has described the importance of the hard working farmer who provides us food and also the need to encourage agriculture.)

26. The farmer who provides food to all of us deserves our salutations. Life sustaining agriculture is the base of all other occupations. Being the son of a farmer, I understand the necessity of

strengthening agriculture and keeping the farmers content, in order to promote social harmony. Our Government is striving to meet the genuine needs of the farmers and also respond to their pains and pleasures. Farmers were put to hardship last year due to unprecedented rains and crop failure and also crash in the price of agricultural produces. Some of them were even driven to suicide. This has pained me a lot. I have sincerely tried to be more responsive and attempted to mitigate the problems faced by the farming community.

27. Karnataka agriculture in 06-07 was marked by floods affecting 26 lakh ha. in 10 districts and simultaneous drought extending over 6.0 lakh ha. in 128 taluks. Food grain production is expected to be 25 % less than target and oilseed production is expected to be less than 40% of targeted production. Our Government now has to shoulder the responsibility of rekindling the agricultural production system, which has suffered in 06-07.

28. With more than 70% of our cultivable lands dependent on rainfall for farming our agricultural production is determined by factors such as rainfall pattern, degree of irrigation, availability of quality power and inputs, impact of extension effort, access to facilities like short term credit, profitable processing and marketing of produce. In addition, marketing of agricultural produce is becoming more and more difficult. Distress in agriculture has become apparent and I am thankful to Government of India for announcing a relief package to overcome distress in districts affected by farmers' suicides.

The challenge before us is how do we overcome this situation and impart growth to agriculture.

Irrigation

29. Irrigation is the best drought proofing measure and therefore it gets our first priority. In 06-07 we had assured that no irrigation project in the State would suffer from resource limitations. We had also assured to complete 39 irrigation projects. I am happy to report to the Hon'ble members that we have succeeded in completing 35 irrigation projects in 06-07. We have added 1,27,335 ha of irrigation potential. During 2007-08, we will complete 19 major and medium irrigation projects/schemes. We will ensure that the irrigation activities under KNNL, CNNL and KBJNL not suffer on account of fund limitations.

- We will undertake improvements/modernization of minor irrigation tanks in the Cauvery basin
- The modernization of Tungabhadra left bank canal will be continued.
- All balance works of Bhadra canal modernization programme will be taken up on package basis by stopping flow of water in the canal for a period of 8 months.
- Necessary financial support will be provided through KNNL for implementing Upper Bhadra project in a time bound manner. Modernization of Tunga canal,

Gondi canal and Vijayanagar canal which are the part of Upper Bhadra will be taken up during 2007-08.

- In order to provide irrigation to the tail end reaches of the canal, it is proposed to construct balancing reservoirs at selected points in the command areas of Tungabhadra reservoir.
- It is proposed to develop the area around Bhadra reservoir where Sri Sri Ravishankar Guruji attained enlightenment.
- It is proposed to take up works at a cost of Rs 100 crore to fill up 19 minor irrigation tanks in Davangere district. This will be implemented by KNNL.
- To mitigate the drought problem of Bijapur & Bagalkot districts it is proposed to take up works at a cost of Rs 86.10 crore to fill up all minor irrigation tanks from water of the Krishna river.
- Our Government is implementing Kalasanala-Banduranala diversion scheme (Mahadayi scheme), a long pending demand of the people of Northern Karnataka. The works of the scheme in non-forest region have been taken up. In 07-08 Rs 30 crore would be spent by KNNL for this work.

- For implementing Bagalkote Rehabilitation package I propose to allocate Rs 50 crore in 2007-08.
- It is proposed to construct a reservoir at Jodigere across Dandavati river at a cost of Rs 200 crore. In 07-08 I propose to provide Rs 25 crore and the work will be taken up by KNNL.
- To impart technical, administrative & computer training to in-service engineers facilities in Karnataka Engineering Research Station at Krishnarajasagar will be upgraded at a cost Of Rs 2 crore.
- In 07-08 I propose to allocate Rs. 3683 crore for capital works in major and minor irrigation. I propose to complete 19 projects in 07-08.

Minor irrigation

30. Minor irrigation tanks play an important role in providing irrigation to 6.067 lakh ha of land in our State. Realizing the importance of minor irrigation tanks we have embarked on World Bank assisted programme Karnataka Community Based Tank Development Project for restoration of these tanks at a cost of Rs. 677 crore. In 07-08 I propose to allocate Rs. 160 crore for this purpose.

31. Hon'ble Prime Minister has announced a special package of relief for suicide prone districts. Belgaum, Hassan, Chitradurga, Chickmagalur,

Kodagu and Shimoga have been identified for assistance under this special package. Minor Irrigation tanks will be taken up for improvement at a cost of Rs 458.20 crore over the next three years, by availing assistance from NABARD.

32. Pilot project of repairs, rejuvenation and restoration of water bodies has been taken up in Bangalore Rural and Gulbarga districts and the programme is fully funded by Government of India as grant. In 07-08 I propose to allocate Rs 200 crore for this purpose. Further, we will pursue with Government of India to extend this project to the other districts of the State.

33. For Minor Irrigation works I propose to provide an allocation of Rs. 767 Cr in 2007-8 against Rs.603.99 Cr in 2006-7

Agricultural credit & Cooperation:

34. In order to provide agricultural loans to farmers at low interest we introduced the scheme of providing credit at 4%. This has been appreciated and acknowledged by the farming community. I propose to continue this scheme in 07-08 also and would like to set apart Rs 160 crore for this purpose.

35. Claims relating to schemes announced by previous Governments like Dam Duppat scheme, interest waiver scheme and failed well scheme have remained unpaid for a number of years, crippling the cooperative credit system. We will be making efforts to settle these claims in 06-07 itself.

36. Large numbers of self-help groups are doing exemplary work in cooperative sector. In order to help these groups to get loans at 4% from cooperative societies I propose to allocate a sum of Rs 15 crore.

37. I propose to allocate Rs 50 lakh to Souharda Cooperative federation.

Waiver of Crop Loans :

38. Agriculture in the State was affected in 2006-07 by drought and floods. Farmers have suffered. Hence, with the objective of providing a one time relief to farmers who have availed short-term crop loans from co-operative institutions our Government proposes to extend the benefit of loan waiver.

39. All short term current crop loans availed from 1st April 2006 up to a limit Rs 25,000 at the time of sanction and outstanding as on 31st December 2006 are waived. For those who have availed short term, medium term and long term loans of more than Rs 25,000 from 1st April 2006 I propose to offer the benefit of complete interest waiver if they pay all the principle outstanding within 31st March, 2007. To benefit farmers who had availed short term current crop loans sanctioned from 1st April 2006 up to a limit Rs 25,000 at the time of sanction and have repaid the current crop loans from 1st of April 2006 to 31st December 2006 I propose to convert the amount repaid into a 3 year fixed deposit payable after 3

years with interest of 4%. The benefit of this facility will be limited to Rs 25,000 only. As Government is proposing to waive all the current crop loans up to Rs 25000, crop insurance compensation if any received by the farmer will also be adjusted to the loan account. The total burden of extending this facility to our farming community is Rs 1505 crore and a part of this burden will be met during the financial year 06-07 itself. In 2007-08 I propose to allocate Rs 500 crore for this purpose.

Support to Agriculture production.

40. In 2006-07 our Government took a number of innovative measures to support farming and to promote new agricultural technologies. Sowing seeds with 75% subsidy was provided to all small & marginal farmers. Bullock and carts were provided to farmers at 50% Subsidy. 75% subsidy was provided to drip irrigation.

41. I propose to continue all the schemes initiated in 2006-07. In 07-08 for providing seeds at 75% subsidy I propose to allocate Rs. 80 Crore.

42. For providing bullocks to 50000 farmers I propose to allocate Rs 50 crore in 07-08. In each taluk 285 farmers will get this assistance.

43. In order to support agricultural mechanization I propose to provide Rs 39 crore. At 50% subsidy 10 tractors, 10 mini tractors and 20 power tillers will be distributed in each taluka.

44. Bio fuels are emerging as optimistic options to solve the fossil fuel crisis. Hence, I propose to initiate "The Karnataka Biofuel programme" under a mission mode. First phase of this mission will span over seven years. A separate project cell will be established under the Department of Agriculture and the activity will be taken up in 15 selected talukas of the state. The agricultural farms, which are presently non-functional, will be put back into use under this programme. An empowered committee involving scientists, non-government agencies and bankers will be established under the chairmanship of Agricultural Production Commissioner of Government of Karnataka to oversee the implementation of this scheme. For this purpose I propose to allocate Rs 4 crore in 07-08.

45. Karnataka State is known for its emerging seed sector. We should now look at the global seed market instead of limiting ourselves to the domestic market. I propose to allocate Rs 5 crore for the new programme, "Karnataka- the global seed destination". A separate project cell under the Department of Agriculture will be established at Department of Agriculture. An empowered committee will be constituted under the chairmanship of Agricultural Production Commissioner of Government of Karnataka to oversee the implementation of this scheme.

Horticulture:

46. Horticulture is growing fast in Karnataka. We will continue to implement the "National Horticultural Mission" in Karnataka and the share

required to be provided by our Government for this centrally sponsored programme will be fully met.

47. For promoting drip irrigation programme I propose to allocate Rs 20 crore. The present pattern of providing 100% subsidy in Bijapur and Kolar districts and 75% subsidy in other districts will continue.

48. As with field crops, new equipment are required to promote horticulture. To promote mechanization among horticulturists I propose to allocate Rs 5 crore in 2006-07.

49. Koleroga on arecanut and bacterial blight of pomegranate have become serious impediments in the cultivation of areca and pomegranate. For supporting pest control activities I propose to allocate Rs 3 crore.

50. To popularize production, processing, storage and marketing technologies relating to agriculture, horticulture, animal husbandry, sericulture, and fisheries I propose to establish an authority called "Karnataka Agricultural Trade Fair Authority" under the chairmanship of the Development Commissioner of the State. This authority will be responsible for conducting kharif and rabi agricultural trade fair. Horticulture farm at Poojanahalli, near International Airport, Bangalore will be developed as permanent trade fair park.

Agricultural Research:

51. Agricultural research and extension is a prerequisite for growth of agriculture.

Horticulture University at Bagalkote

52. In view of the growing influence of horticulture in farming our Government proposes to establish "Karnataka Horticultural University" with its headquarters at Bagalkote. I propose to allocate Rs 10 crore for this purpose.

53. Bidar district has excellent potential for promoting horticulture. In order to start a horticulture college at Bidar I propose to allocate Rs 4 crore.

54. The diseases Yellow leaf and Koleroga have become limiting factors for cultivation of areca. I propose to establish "Areca Research Institute" at Sringeri and provide Rs 2 crore to provide required manpower, equipment and other facilities.

55. Similarly, bacterial blight has been causing losses in pomogranate cultivation. To conduct advanced research on this disease I propose to allocate Rs 50 lakhs to Dharwad Agricultural University.

56. I propose to establish Dairy Science College at Gulbarga, and for this purpose I propose to allocate a sum of Rs 6 crore.

57. A convention centre will be constructed at UAS, Bangalore, at a cost of Rs. 30 Crore. In 2007-08 I propose to allocate Rs. 8 Crore.

58. Opportunities are emerging in the area of clinical trial of new pharmaceutical and agricultural

molecules. Avian toxicity and mammalian toxicity studies are part of clinical trials and there is large-scale commercial opportunity. To train manpower in conducting of clinical trials I propose to provide initially Rs 2 crore for starting of “ Center for Toxicological Studies” at Shimoga.

59. To utilize emerging opportunities under vaccine development I propose to establish “ Center for Vaccine Studies” at Belgaum.

60. Wild life biology is another important emerging area and studies on diseases of wild animals will have global impact. Hence, I propose to allocate Rs 2 crore to start “Institute of Wild life Veterinary studies” at Madikeri.

Animal husbandry:

61. Animal Husbandry activities started as subsidiary occupation is developing as a major occupation especially in dairy development by farmers in rural area. Foot and mouth disease, which is contagious, is of economic importance causing heavy loss to farmers by attacking dairy animals. I propose to allocate Rs 8 crore for controlling Foot and mouth disease.

62. We continue to give priority for conservation of local breed of cattle. Our earlier policy of leasing veterinary farms for supporting improved breed of cattle will continue. In 07-08 Vishwa Go Samrakshana Sammelana will be held at Ramachandrapura of Shimoga district and for this purpose I propose to allocate Rs 2 crore.

63. New dispensaries and mobile clinics will be opened in the most backward talukas of the State at a cost of Rs. 28.70 crore.

64. Dairying is yet to take deep roots in Gulbarga and Raichur. To give support to milk unions in these two districts and also to improve dairying activities there I propose to allocate Rs 6 crore.

65. To support sheep rearing activities through Sheep Development Corporation I propose to allocate Rs. 10 crore. Improved breeds of sheep and goat will be provided at 25% subsidy. Our earlier schemes will also continue.

Agricultural Marketing:

66. Our Government will support establishment of a permanent "Karnataka Agricultural Commodities Forward Markets Commission". This commission will not only engage itself in trading of instruments relating to agricultural commodities but also act as an interface between farmers and commodity markets. For initial expenses I propose to provide Rs 1 crore.

67. The corpus of market stabilization revolving fund would be enhanced to Rs 300 crore.

Fisheries

68. Matsya ashraya, the housing scheme for fishermen will from now onwards be implemented by the Fisheries Development Corporation. For this purpose I propose to allocate Rs 10 crore.

69. The loan waiver scheme will be applicable to all fishermen on par with farmers. All short-term loans availed by fishermen from co-operative institutions and cooperative banks from 1st April 2006 up to a limit Rs 25,000 at the time of sanction and outstanding as on 31st December 2006 are waived. For those who have availed short term, medium term and long term loans of more than Rs 25000 from 1st April 2006 I propose to offer the benefit of complete interest waiver if they pay all the principle outstanding within 31st March, 2007. To benefit the fishermen who had availed short term current crop loans sanctioned from 1st April 2006 up to a limit Rs 25,000 at the time of sanction and have repaid the current crop loans from 1st of April 2006 to 31st December 2006 I propose to convert the amount repaid into a 3 year fixed deposit payable after 3 years with interest of 4%. The benefit of this facility will be limited to short term loans up to Rs 25000 only.

70. Our Government has revived the Fisheries Development Corporation. As part of revival a process, the Corporation will be permitted to open fish selling outlets in all 10 major cities of the State. For this purpose and for other promotional activities I propose to allocate Rs 10 crore.

Regional imbalance.

71. Regional imbalance in Karnataka is all too well known and the committee constituted under the chairmanship of Late Dr. Nanjundappa has given its report on "Redressal of Regional

Imbalances". There is no disagreement among us about the need to implement the recommendations of Dr. Nanjundappa Committee. But, it has not been possible for us to make an acceptable and concerted effort to implement the recommendations.

72. We have made a humble beginning in this regard. As per Dr. Nanjundappa Committee report the State has to invest Rs 16000 crore over and above normal expected expenditure of Rs 15000 crore in next 8 years. The committee has indicated the sectors in which this investment should be made. On the basis of the recommendations made by the committee I have made efforts to prepare a special eight year development plan for Redressal of Regional Imbalances and this has enabled us to estimate the amount required to be invested annually over the next eight years with a inflation rate of 5%. An outline of the medium term framework of the Special Development Plan will be placed before this august body.

73. Now that the Special Development Plan is before us it is time for us to act. In 2007-08 we have to provide Rs 1530 crore over and above the allocations made under normal plan. In line with this calculation I propose to provide Rs 1571 crore for the implementation of the special developmental plan in 07-08. The sectors in which these amounts are to be utilized are also indicated in the Special Development Plan. The broad allocation for each sector in 07-08 is indicated at Annexure -1.

74. I propose that the allocated amount be distributed in each sector among the most backward, more backward and backward talukas in a ratio of 50:30:20. Every department will submit an annual action plan for utilizing these resources. A Special cell will be created in the Planning Department. A high power committee will be constituted under the chairmanship of Deputy Chairman of the State Planning Board. This committee will conduct periodical review of implementation of the Special Development Plan.

75. Eminent economist and Nobel laureate Sri. Amartya Sen while referring to regional diversity in elimination of basic deprivations has emphasized the importance of public policy and public action to enhance the quality of life and expand basic human capabilities. I see our Special Development Plan as an instrument of our public policy to achieve this objective of removal of regional disparities in Karnataka.

76. In 2006-07 under Legislators constituency development fund I had provided Rs 300 crore and I propose to earmark Rs 300 crore even during 2007-08.

77. In 07-08 I propose to allocate Rs 53 crore to Hyderabad Karnataka Development board. Rs 34.50 crore has been earmarked to Malnad Development board. For Bayaluseeme Development board I propose to allocate Rs 21 crore. Rs 10.30 crore has been allocated to Border Area Development board.

Kannada & Culture

78. In 2006-07 we celebrated "Suvarna Karnataka". This will continue till November 2007. In 06-07 we celebrated the 50th year of unification of Karnataka in a befitting manner. On November 1st we celebrated Karnataka Rajyotsava at Bangalore in a memorable way. Janapada jathra, the folklore exposition of Karnataka was presented in front of Vidhana Soudha.

79. For the first time in the history of Karnataka the Legislature session was held at Belgaum, and we have decided to construct a permanent Secretariat for holding Legislature session at Belgaum. We had the pleasure of conferring the title Rashtra Kavi Prashasthi on Dr. G.S. Shivarudrappa, our beloved poet.

80. Our Government has decided to continue "Suvarna Karnataka " celebrations in 2007-08 also. On this occasion I propose to allocate funds specifically for the following purposes.

- Rs 3 crore for construction of memorial in memory of Dr. Rajkumar.
- Rs. 60 lakh to the Kannada Book Authority for printing and publication of books.
- Assistance of Rs 10 lakh each to Dr Bendre Memorial trust, Dr. Putina Library Research Centre, and Masti Venkatesh Ayyangar Trust

- Assistance of Rs. 1 crore for celebration of Hampi Utsav
- Assistance of Rs 1 crore to Kempegowda Foundation for establishing a museum at Bangalore depicting the history of Bangalore.
- Grant of Rs 2 crore for development of famous Mallikarjuna Temple at Ingaleswar, birth place of Sri Jagadhyoti Basaveshwararu
- Grant of Rs 2 crore for development of village Togarshi in Shimoga district.
- Grant of Rs 1 crore to Siddarooda matt at Hubli
- Grant of Rs 50 lakh to Janapad Parishat
- Grant of Rs 5 lakh to Kannada Sanga at Kasargod
- Grant of Rs 5 crore to development of Gangambika Ikiya Mantapa
- Grant of Rs 2 crore to Basavapeeta of Karnataka University, Dharwar for construction of building and printing and publishing of literature on Jagajyothi Basaveshwararu.
- Grant of Rs 50 lakh for construction of a memorial to Sarvagna at Haveri.

- Grant of Rs 50 lakh for establishment of Hadapada Appanna Peeta at Gulbarga University.
- Grant of Rs 1 crore for establishment of Ambigara Chowdaiah peeta at Gulbarga University.
- Providing grant of Rs 10 crore to Siddaganga Mutt, Tumkur for improving sanitation and creation of basic facilities at the hostel.
- Providing grant of Rs 1.5 crores to Devadasi children Vimochana Residential school at Athani, Belgaum, working for development of Devdasis's rehabilitation..
- Grant of Rs. 20 lakh for Yakshagana Academy
- Grant of Rs. 2 crore to Sri Vivekananda Yoga Anusandhana Samsthe.
- Grant of Rs. 6 lakh to Kuvempu Vidhyavardaka trust
- Grant of Rs 5 lakh to B.M.Shri Prathistana, Bangalore
- Grant of Rs. 1.25 crore for construction of Hallikeri Gudleppa memorial at Hosaritti village
- Rs 1.25 crore for improvement of village Bada of Haveri district, birthplace of Shri Kanakadasa.

- Rs 1.25 crore for improvement of Holealur and construction of a memorial in the name of Sri. Alur Venkatarao.
- Grant of Rs 1 crore to Udupi Kannada Sahitya Sammelana.
- Rs 50 lakh for reprinting of Kannada Vishwa Kosha
- Grant of Rs 50 lakh for reprinting of volumes of "Epigraphia Karnataka"
- Grant of Rs 1 crore for converting the house of our famous novelist Anakru into a memorial
- Grant of Rs 1.50 crore to Kannada Abhivridhi Pradhikara
- Grant of Rs 50 lakh for construction of memorial to Sri. Panje Mangeshwara rao.
- Grant of Rs 1 crore for construction of community hall and village works to village Bookanakere.
- Grant of Rs 1 crore for reprinting the book on Dr. B.R. Ambedkar brought out by Government of Karnataka
- Rs 1 crore for printing the works of Sri. D.R. Bendre

- Grant of Rs 50 lakh for printing and publishing of works of Dr. G.S. Shivarudrappa.
- Grant of Rs 1crore for improvement of village Ambale, birth place of Sri. A.R. Krishna Shastri.
- Grant of Rs 1.5 crore for improvement of village Thalaku of Chitradurga district, birth place of Prof. Venkaniyah, teacher of Sri. Kuvempu.
- Grant of Rs 1 crore for construction of a memorial in the name of Dr. Siddiah Puranik.
- Grant of Rs 3 crore for the development of Jain piligrimage center at Varur in Dharwad district.
- Janapada Adyayana Kendra will be established at MM Hills.

Music :

81. Karnataka is the only State in India representing the confluence of two great streams of music, Carnatic and Hindustani. Sri. Chowdaiah, Sri Veene Sheshanna, Sri Bidaram Krishnappa are legends in Carnatic music. Sri Kumar Gandharva, Dr. Bhimsen Joshi, Dr. Gangubai Hangal, Sri. Mallikarjuna Mansoor, Sri. Basavaraj Rajguru, Sri. Panchakshari Gawi, are doyens of Hindustani music. In order to protect, preserve and enjoy music in all its harmony our Government proposes

to establish a Music University at Mysore Rs 5 crore is provided for this.

82. At Dharwar our Government would like to establish a center for Hindustani music, I propose to provide Rs. 5 crore for this .

83. In addition, we propose to conduct musical concerts in the name of Sri. P. Kalinga Rao and Sri. Mysore Ananth swamy and for this purpose I propose to allocate Rs 50 lakh each.

84. I propose to provide assistance of Rs 10 lakh to Sri. Mallikarjuna Mansur Trust.

85. The residence of Dr. Gangubai Hangal will be renovated and a museum will be established by our Government and for this purpose I propose to allocate Rs 25 lakh.

Revenue

86. Our State Government is providing pension for the aged, destitutes, widows and also for the physically handicapped. The Revenue department, Women and Child Welfare department, Directorate for the Disabled and Health and Family welfare department in a disjoint manner, implement these schemes. Due to this, there is no common database. At the cutting edge level the Tahasildar implements all the above schemes. Our Government proposes to establish the new "Directorate of Social Security and Pensions" and assign it the responsibility of implementing all the above mentioned pension schemes. In addition, the work

of implementing Antyodaya, Shavasamskara and NFBS will also be entrusted to this new directorate. I propose to allocate a sum of Rs 4 crore for this purpose.

Sandhya Suraksha The new Social Security Pension:

ಹಗಲೆಲ್ಲಾ ಗಾಡಿಯನ್ನೆಳೆದು ಸೊರಗಿದ
ಜಟಕಾ ಕುದುರೆಯಂತೆ,
ಸೋತ ದಳಪತಿಯಂತೆ,
ಕೆನ್ನವಿರ ತಲೆಗೆದರಿ ಮುಳುಗುತಿಹನಲ್ಲ ಅದೊ
ಮುದಿಯ ಸೂರ್ಯ,
ಮುಗಿಲ ಕೊತ್ತಳದಲ್ಲ ಮೊಳಗುತಿದೆ ಆಗಲೇ
ಇರುಳ ಸೂರ್ಯ!

(In this poem, Poet laureate Dr. G.S. Shivarudrappa, depicts the life of the aged by comparing them to the setting sun. While describing their miseries, he calls for just and sympathetic treatment to the elders who are in the evening of their lives.)

87. I am saddened to know of the distress the elders undergo in their evenings of life. I intend to provide some relief to the aged by providing financial assistance in the form of social security pension, under "Sandhya Suraksha" scheme. A monthly amount of Rs.400/- will be paid to the citizens above 60 years of age. The beneficiaries under this scheme will be chosen from among small and marginal farmers, labourers from unorganized sector including agricultural labourers, weavers, fishermen etc.

88. All persons who have completed 60 years with combined annual income, of the proposed

pensioner and his or her spouse not exceeding Rs 20,000 as certified by the local revenue authority and whose total value of combined deposits held by the pensioner and his or spouse not exceeding Rs 10,000 will be eligible to get this pension. The pensioner has to declare that their combined deposits are not more than Rs 10,000. In the event of the pensioner or the spouse having a deposit above Rs 10000, the pension will be stopped and the amount of deposit will be forfeited to the Government. Persons availing of OAP, DWP or PHP or any other form of pension from public or private sources will not be eligible for this scheme. The proof of age is the date of birth mentioned in the voters identification card issued by the Election Commission of India. Amount of pension will be transferred on a monthly basis to the bank or postal account in the name of the pensioner. The income of adult children will not be counted for calculation of the income of the proposed social security pensioner. So long as the pensioner is ready to declare himself or herself as poor, he/she becomes eligible. This scheme will come into effect on 29th of July 2007. To implement this scheme I propose to allocate a sum of Rs. 250 crore.

89. Further I propose to increase pensions payable under OAP, PHP, DWP to Rs 400 per month. For this purpose I allocate Rs. 350 crore over and above the allocations made in 2006-07.

90. The total cost of these pensions is Rs. 720 crore.

91. For construction of Mini Vidhana Soudhas I propose to allocate Rs 45 crore. In addition district offices will be taken up for construction at a cost of Rs.12.00 crore at Davanagere and Madikeri.

92. For establishing Kittur Abhivridhi Pradhikara I propose to provide Rs 3 crore.

Endowment:

93. Rs. 5.00 lakh per constituency is being provided under Aradhana scheme. I propose to provide Rs 10 lakh per constituency and for this purpose I propose to allocate Rs 8.80 crore.

94. For construction of guest house at Thirupathi I propose to provide Rs 5 crore in 07-08 also. We will take steps to install stone idol of famous Keerthanakara Sri Purandaradasa at Tirumala-Tirupati Devasthanam premises by TTD.

95. I propose to provide Rs 2 crore for providing financial assistance to the pilgrims of Manasa Sarovara during 2007-08.

Stamps & Registration

96. Functional capability of Stamps and Registration department needs to be improved. I propose to provide Rs 3 crore for construction of Offices of Sub Registrar, wherever they are not part of "Mini Vidhana Soudha". Support will be given for computerizing of records.

97. Encroachment of Government lands by builders and developers has been a menace especially in Bangalore. Gullible public suffer on account of loss of title. Even, law abiding land and apartment developers are finding it difficult to convince prospective buyers about the correctness of title. The prospective house, site and apartment purchasers and the financing agencies are often worried about the legal validity of the title. In the absence of complete and legally validated information, investment decisions are often postponed and large sums are spent on obtaining confirmation of legality of documents. To overcome these obstacles I propose to introduce the following two measures.

- Our Government would like to promote the introduction of Title Insurance. I propose that all properties, which are backed by title insurance, will enjoy 0.5 % concession on payment of stamp duty at the time of registration of the property.
- I propose to establish “Bangalore Developers, Builders and House Owners Repository” on a Public- Private Partnership model. This repository will collate all declared information by a particular Developer, Builder or House owner and pass on the same to the prospective purchaser. The aspect of the property enjoying the protection of title insurance along with other valid information on title will eventually

smoothen the process of land-based transactions.

Social Welfare

*ನೂರುಗಾಳಗಳ ಸುಲಗಿಯ ದಾಳಿಗೆ
ಎದೆಯನೊಡ್ಡಿ ಎಲೆಯುದುರಿದ ಬಾಳಿಗೆ
ವಸಂತ ಮೂಡುವುದೆಂದಿಗಿ?*

ಡಾ: ಜಿ.ಎಸ್. ಶಿವರುದ್ರಪ್ಪ

98. For the development of citizens from weaker sections our Government is giving emphasis to both educational and economic upliftment . In line with this strategy our Government will promote more number of Morarji Desai Residential schools. We also propose to start more new hostels as this facility will help students from weaker sections to have ready access to centres of learning with the least inconvenience to them and will also reduce drop out rates. To promote higher education among the girl students from weaker sections we would like to earmark 50% of new post matric hostels for female students. During our tours we have seen a number of hostels operated out of rented buildings. We plan to construct more hostel buildings.

99. For economic upliftment of weaker sections our Government will give more emphasis to Land purchase scheme and Gangakalyana Scheme. In addition, I propose to initiate the new scheme of "Micro credit" under which many skilled/unskilled persons belonging to scheduled castes, scheduled tribes, backward classes and minorities in rural, semi-urban and urban areas will be assisted in

pursuing small business activities. For this purpose I propose to provide of Rs.10 Crore.

Scheduled Castes and Scheduled Tribes

100. In the current year the allocation for the Special Component Plan for Scheduled Castes is Rs. 2560 crore and Rs 1035 crore for the Tribal Sub Plan for Scheduled Tribes. Hon'ble members will be pleased to know that these is a substantial increase over last years provision and stands testimony to our sincerity towards bettering the status of the Scheduled castes and the Scheduled tribes.

101. We propose to open 25 Morarji Desai Residential Schools for Scheduled castes and 5 for Scheduled tribe students. We also propose to open 75 new hostels for Scheduled castes and 10 for Scheduled tribes. Besides this we will also be spending an amount Rs.24 crore and Rs.8.5 crore each for construction of hostel buildings for Scheduled castes and Scheduled tribes respectively.

102. In order to increase the coverage of Ganga Kalyana Scheme our government is allocating Rs 100 crore inclusive of pooled fund for Scheduled caste and Schedule tribe beneficiaries. For land purchase scheme I propose to allocate Rs 18.50 crore and Rs 7 crore for Scheduled castes and the Scheduled tribes respectively.

103. In order to promote admission of 1000 meritorious Scheduled castes and the Scheduled tribes students into reputed Residential/Non-

Residential schools in all districts I propose to allocate Rs.2 crore.

104. In memory of the centenary celebration of the famous Dalit Leader of the nation Sri. Babu Jagajeevan Ram I propose to provide Rs 3 crore for construction of an auditorium at Bangalore. I also propose to allocate Rs 1 crore for the construction of Dr. B.R. Ambedkar Bhavan at Gadag.

Development of Minorities

105. In 2007-08 we propose to open 7 Morarji Desai Residential Schools along with 50 new pre matric and post matric hostels and provide an amount of Rs.11 Crore for construction of hostels. We propose to continue the Ganga Kalyana scheme through Minorities Development Corporation and a provision of Rs 22 crore has been made in 2007-08. Job Oriented training programme would be taken up by Karnataka Minorities Development Corporation at a cost Rs.5.5 Crore.

106. For construction of Shadi mahal I propose to earmark a sum of Rs 6.5 crore.

107. In addition, to promote self-employment opportunities among minorities I have extended Government Guarantee of Rs 15 crore to Karnataka Minorities Development Corporation for availing refinance from National Minorities Development Corporation. This would be in addition to Rs 92 crore, which is being provided on budget for the development of minorities. Using these amounts

the Corporation would be providing development loans to minority women and others who live in slums and villages. It is a proud moment for me to announce that for programmes relating to development of minorities we have increased the total allocation of minority development to more than Rs 100 crore for the first time in the history of our State.

Backward Classes

108. We have committed to begin 22 new Morarji Desai Residential Schools for the backward classes in 07-08. Apart from this we will also be opening 75 new post and pre matric hostels. An amount of Rs.26 Crore is earmarked for construction of Backward classes hostels which at present do not have their own buildings. We have made a provision of Rs 27 crore for 2007-08 in the budget toward the Ganga Kalyana scheme for backward classes.

109. Through the Devaraj Urs Backward Classes Corporation, we propose to initiate a special scheme for nomadic and semi nomadic tribes. Under this we will be extending financial assistance with subsidy of Rs.5,000 and loan of Rs 5000 per beneficiary in all Rs 10,000 to take up self-employment activities. A provision of Rs 4 crore has been made in this regard.

110. Similarly, I propose to provide Rs 1 crore for the development of " Savita Samaj". This amount will be used for renovation of hair cutting saloons located at talukas places and all rural areas. Financial assistance is Rs. 10,000 per beneficiary will be provided which Rs. 5,000 will be subsidy.

Women and Child Development:

*ಮನೆ ಮನೆಯಲ ದೀಪ ಮುಡಿಸಿ
ಹೊತ್ತು ಹೊತ್ತಿಗನ್ನವುಣಿಸಿ
ತಂದೆ-ಮಗುವ ತಜ್ಞದಾಕೆ
ನಿನಗೆ ಬೇರೆ ಹೆಸರು ಬೇಕೆ
ನೀ ಎಂದರೆ ಅಷ್ಟೆ ಸಾಕೆ?*

Dr. G.S. Shivarudrappa's depiction of the sacrifice and service of women is touching. It moves all our hearts.

First Gender Budget Document

111. While presenting budget for 2006-07 I had assured this august body that we would create a separate cell for preparing gender budget, which would indicate our sensitiveness to the issues relating to women. We have made a humble beginning. I am happy to present the first ever "Gender Budget Document" of Karnataka government before this august body. I solicit your comments, suggestions and support for further improvement of this exercise. I hope this effort will improve our sensitivity to issues relating to women in the years to come.

112. In 2006-07 our Government initiated a number of programmes for the upliftment of women. The whole State has welcomed "Bhagyalakshmi". The scheme guidelines have been issued, detailing the eligibility criteria and registration procedures. More than 1.5 lakh girls born in BPL families after 1st of April 2006 have been registered under this programme. Our

Government has established a registered trust for managing the funds under “Bhagyalakshmi” scheme and has transferred Rs 166 crore accounting for Rs 10,000 for each beneficiary girl child along with an interest accruing for the year 06-07 at 8.5%. I assure you that funds required for “Bhagyalakshmi” scheme has been fully provided and is in safe hands. The scheme will be implemented as contemplated. Our Government will continue to implement this scheme in 07-08 and for this purpose I allocate a sum of Rs 225 crore.

113. The Women and Child Welfare department runs 27 girl hostels and in 2007-08, I propose to start 10 more girls hostels. For providing financial assistance to women to pursue job-oriented courses I propose to allocate Rs.2 crore. Through Women Development Corporation we will take up a programme for rehabilitation of Devdasis and self-employment of women.

114. Stree Shakti programme started in 2000-2001 has been a major success and has empowered rural women. Abolition of sale of arrack in Karnataka, which I am proposing in this budget, is partly attributable to constructive pressure exerted by these groups.

Stree Shakti Bhavana

115. I propose to provide Rs.23 Crore to provide training and revolving fund and credit at cheaper rate to these groups. In order to support marketing

of products developed by Stree Shakti groups I propose to provide Rs.7.5 Crore in 2007-08. Stree Shakti Bhavanas will be constructed in 50 selected taluks and space provided here for sale of Stree Shakti group products.

'Adarsha Vivaha':

116. Marriage has become a costly affair in our society. This has become a burden among the poor and middle class families. The concept of mass marriages is gaining ground and our Government intends to popularize mass marriages. A new scheme called "Adarsha Vivaha" is being launched from 2007-08. Under the scheme, the Bride who enters into wedlock in a mass marriage function will be given a 2 year maturity deposit of Rs.10000/- as an incentive. To be eligible for the benefit, a minimum of 25 marriages should be conducted at a time. I am providing Rs 10 crores for this purpose.

Amrutha Scheme

117. Widows, Destitutes, Devadasis and victims of several socio-religious practices lead a difficult and miserable life. I am starting a new scheme called "Amrutha" to provide financial assistance to these women to buy a milch cow and become economically independent. A subsidy of Rs.10,000/- will be provided along with a loan of Rs.10,000/-.

118. Karnataka Milk Federation would be involved in not only ensuring availability of proper breed of milch animal but also in training, vaccination and

providing all kinds of backward and forward linkages. For this purpose I propose to allocate a sum of Rs 50 crore.

119. I propose to allocate Rs 1 crore for the activities of Karnataka State Women's Commission in 07-08.

Welfare of Disabled:

120. Our Government has reviewed the implementation of NPDRP scheme launched in 2001-02 for the benefit of the disabled, and are issuing new guidelines. For implementing this scheme I propose to allocate Rs.5.92 Crore for this purpose.

121. Under Adhara Scheme Rs.35,000 will be provided as loan to each beneficiary. Under this a booth worth Rs.15,000 is given and another Rs.20,000 provided as interest free working capital loan.

122. Sometimes all that is required for a differently abled to perform on par with the rest of us is a simple equipment or aid. In order to provide aids like tricycle, hearing aid, clutches etc. I propose to allocate Rs.10 crore.

Health and Family welfare

123. During 06-07 our Government introduced telemedicine at all our district hospitals. National health programmes like malaria programme, programme for prevention and control of blindness,

tuberculosis control programme are being implemented as contemplated and our share will be fully provided.

124. In 2007-08 budget, Government of India has announced the introduction of a new scheme called "Aam Admi Bima Yojana" and we will explore the possibility of linking our "Suvarana Suraksha" scheme with this. For implementing Suvarana Suraksha I propose to allocate Rs 35 crore in 07-08.

125. In 2006-07 we had taken a decision to upgrade all talukas hospitals, in a phased manner, into 100 bed hospitals wherever the bed strength was less than this. Construction work has begun in 45 hospitals. Work on remaining hospitals will begin in 07-08. For this purpose I propose to allocate Rs 45 crore.

Starting of Evening OPDs in hospitals:

126. Most of the persons who depend on Government Hospitals are the poor. Out Patient Department (OPD) in most of our health establishments operate from 9 am to 5 pm like all Government Offices. This is the time when wage earners and other office going people are at work. By the time they come back, our Government OPD's are closed. Our resources are not being used optimally. In order to optimize the use of our resources I propose to introduce the concept of evening OPD in all Government hospitals having a bed strength of 30 and above. The evening OPD will run from 5.30 pm to 8.30 pm. All doctors of

Government hospitals may participate in evening OPD for a maximum of 5 days a week. For each day of service in OPD the doctor would be paid an honorarium of Rs. 300. The Nurse, supporting paramedical worker providing supporting service to the doctor in the evening OPD will be paid an amount of Rs. 100 as honorarium for each day of service. The administrative medical officer will have to assign doctors and nurses to the evening OPD. Service in evening OPD will be on a voluntary basis for the Government medical officers working in a hospital. If Government doctors are not willing to work at the evening OPDs, the administrative medical officer can hire the services of other qualified private doctors to run the evening OPDs. Detailed guidelines will be issued in this regard.

127. These new measures may lead to increase in patient load. For supply of drugs I propose to increase the funds to Rs. 107 crore in 07-08.

128. In order to encourage pregnant mother to undergo institutional delivery in public health care institutions I propose to provide a medical kit containing all materials required for the mother and child for the next three months after delivery. This kit will contain materials like mosquito net, soap, lotion and other materials required to facilitate hygiene maintenance. I propose to allocate Rs 5 crore for this purpose.

Medical Education:

129. In 2005-06 the Government had initiated the programme for establishing six new medical colleges. This work is in full swing. We have completed the first phase in all the 6 colleges and the second phase is under progress. I propose to allocate Rs. 65.5 crore during 2007-08 for completing these new medical colleges.

130. KMC hospital Hubli is celebrating its Silver jubilee. Our Government has decided to develop this institution on the lines of PGI Chandigarh at a cost of Rs 100 crore. In 2007-08 I propose to allocate Rs 20 crore.

131. I propose to upgrade Bellary medical college. This will enable increasing the intake from the present level of 100 to 150. For this purpose I propose to allocate Rs 8 crore. In addition we propose to take up construction of Dental college at Bellary at a cost of Rs 8 crore.

132. There is a need to upgrade the facilities of nursing school at Gulbarga and for this purpose I set apart Rs 1.3 crore.

133. Bangalore has grown over the years and there is no General hospital to take care of requirements of citizens in Bangalore (East). For the construction of a General Hospital at Indiranagar I propose to allocate Rs 10 crore.

134. Diabetes is no longer a disease of the rich. Recent surveys have indicated that prevalence of

diabetes is quite high even among the poor. Hence, I propose to allocate a sum of Rs 6 crore for establishment of Bangalore Diabetic Center.

135. I propose to provide Rs 3.5 crore to establish Karnataka Nephro Urology Institute.

136. Allocation to our autonomous medical institutions like Jayadeva Institute of cardiology, Kidwai hospital, Indira Gandhi Institute of child health, is increased from Rs 30 crore in 06-07 to Rs 40.5 crore in 07-08.

Ramanagaram- The Health City

137. Our Government proposes to develop Ramanagaram city into a Health city. The Medical University will be establishing its administrative blocks, a constituent medical college, dental college and nursing school at this city. The Medical University will also establish a super speciality hospital with 250 beds. The total project cost is estimated to be Rs 283 crore and Medical University will invest an amount of 150 crore over the next three years. Our Government proposes to provide Rs 133 crore over the next three years. I propose to allocate Rs 43 crore in 2007-08.

Primary Education

*“ವಿದ್ಯೆಯಿಂದ ವಿನಯ, ವಿನಯದಿಂದ ಗೌರವ
ಗೌರವದಿಂದ ಧನ ಪ್ರಾಪ್ತಿ
ಧನದಿಂದ ಧರ್ಮಾಚರಣೆ
ಆ ಮೂಲಕ ಸುಖ ಪ್ರಾಪ್ತಿ”*

This ancient Subhashitha (meaning “well said verse”) underlines the importance of education in the pursuit of riches, respect, happiness and virtues in one’s life.

138. Karnataka has achieved significant progress towards achieving universalisation of access and participation in elementary education. 97% of the population has a primary school within walking distance of one kilometer. Drop out rates between 1-5 classes are quite low. Apart from recruiting teachers we are giving emphasis for establishing teacher training schools.

139. Sarvashiksha Abhiyan is a Centrally Sponsored Scheme. From 07-08 State Government has to share 50% of the cost of this programme, which was hitherto only 25%. Hence, I propose to support a programme of Rs 700 crore for Sarva Shiksha Abhiyan in 07-08.

140. Our Government has decided to extend Vidya Vikas scheme to all boys studying in VIII to X standard. With the extension of this programme a total of 4.70 lakh boys will benefit by way of free text books and uniforms. For this programme. I propose to allocate Rs 6 crore.

141. Our Government has decided to extend Akshara Dasoha Programme to 17.18 lakh students of Government and aided schools studying in VIIIth to Xth Standards from the academic year 2007-08.

142. In 07-08 I propose to allocate Rs 70 crore for the construction of rooms in Government high schools and P.U. Colleges.

Extending Grant In Aid

143. The private educational institutions belonging to SC/ST managements, which started between 1-6-1987 to 1-7-1992, have been brought under the purview of grant-in-aid. Now Government has decided to extend the facility to primary, secondary and P.U. Colleges started by general managements who fulfill the conditions prescribed by Education Department and have started up to and inclusive of the academic year 1992-1993.

144. Government has decided to introduce a new policy of student achievement based grant in private primary and high schools, which have begun from the academic year of 1993-94. This policy will help a number of unaided schools to obtain performance oriented grant. Detailed guidelines will be issued. For this new system of "Student Centric Grant in aid" I propose to allocate Rs 50 crore.

145. In order to monitor the on going programmes to achieve quality in primary and secondary schools, one of the existing Government **high schools in each cluster will be selected and converted as a center for all academic activities.** The identified high school at the cluster level will be provided with all basic infrastructure. The Head Master of this selected school will be designated as cluster education officer and will be given additional

responsibilities. Teacher's quarters will also be constructed in a phased manner. This new concept will be first tried in a few of the educationally backward blocks and I propose to allocate Rs. 19 crore for this purpose.

146. I propose to extend EDUSAT programme in selected Government higher primary schools throughout the State with the collaboration of Government of India's ISRO. For this purpose I propose to allocate Rs. 2 Crore.

147. In line with the recommendations of Sri.Vaidyanathan Committee our Government proposes to introduce physical education and yoga in schools. For this purpose I propose to allocate Rs. 2 crore. This scheme will be implemented in the most backward taluks of the State in 07-08.

148. In addition, I propose to open 200 new Government high schools and 100 Government P.U. Colleges during 2007-08 in the most backward taluks of the State.

Higher Education

149. In view of the growing demand for engineering colleges, I propose to upgrade the polytechnics at Kushalnagar, Raichur, Chamarajanagar and Bellary into Engineering colleges. In addition the Vishweshariah Technological University will be establishing its constituent Engineering college at Hassan. For these purposes I propose to allocate Rs 50 crore in 07-08.

150. The quality of teaching in Engineering colleges will be upgraded under TEQUIP and I propose to allocate Rs 70 crore for this purpose in 07-08.

151. Polytechnic buildings at Chamarajanagar, Chikkamagalore, K.R. Pet, Mangalore, Channapatana, Bijapur, Bellary, Karwar and Shikaripura will be completed during the current year. New women's polytechnic will be set up in Shiral koppa of Shikaripura taluk. I propose to allocate a sum of Rs 6 crore during 07-08.

152. I propose to provide buildings for all the first grade colleges and for this purpose I propose to allocate Rs.45 crore.

153. I propose to introduce science education in 17 first grade colleges of the State.

154. Rajadharma and Nyayadarshana are not new to our rich cultural heritage. There is a need to study these practices of the past and compare them to the present situation. This will help in refinement of administrative and judicial practices. I propose to institute a Chair at Gulbarga University to study Nyaya Darshana and Rajadharma and for this purpose I propose to allocate a sum of Rs 1 crore.

155. For establishing a center for Tulu studies at the Dravidian University, Kuppam I propose to provide Rs. 10 lakh.

156. Similarly, at then University of Mangalore we propose to establish a Chair for the study of the

history of the Kodavas, and I would like allocating Rs. 25 lakh for this purpose.

157. At Karnataka University Dharwad, our Government proposes to establish a Chair for study for "Soma Vamsha Sahasra Arjuna Kshatriyas". For this purpose I propose to allocate Rs 25 lakh.

158. Kannada University, Hampi, has proposed to start a new course on " Use of Kannada in Administration". This course will be very useful for administrators. I propose to provide Rs. 50 lakh for this purpose.

159. Assistance of Rs 1 crore each to " Kanaka Adhyayana Peetha" established at Dharwad and Mysore.

160. For construction of stadium by Kuvempu University at Shimoga I propose to allocate Rs 2 crore.

161. Law college will be established at Shimoga and Gulbarga.

Rural Development:

162. Provision of protected drinking water is of foremost importance amongst basic minimum services. We are organizing it through piped water supply, mini water supply and bore wells with hand pump schemes. In 06-07 Government of India has provided Rs 210 crore for rural drinking water programmes. In 07-08 I propose to allocate a sum of Rs 420 crore for drinking water programmes.

Government of Karnataka will be providing matching contribution as required.

163. Selection of villages for the first phase of “**Suvarna Gramodaya**” programme is complete. In order to implement the activities under this programme during 2007-08 I propose to allocate Rs 350 crore.

164. For implementing Jal Nirmal Project I propose to allocate Rs 311 crore in 07-08.

Transport

165. Providing convenient public transport at affordable costs has been one of our objectives. In 2007-08 about 11.3 lakh children are expected to avail concessional facility. Transport corporations will bear 25% of the cost and the students will bear the remaining 25%. Government has been subsidising 50% of the cost of passes and for this purpose I propose to allocate Rs 130 crore.

166. In 06-07 we initiated the programme of establishing testing tracks in all districts and to continue this activity I propose to provide Rs 5 crore.

167. For modernization of transport department I propose to set apart Rs 5 crore.

168. For construction of RTO offices I propose to earmark Rs 5 crore.

169. For establishment of truck terminals I propose to earmark Rs 5 crore.

170. While BMTC has good infrastructure, the bus stands falling under the purview of NEKRTC and NWKRTC suffer from poor infrastructure. For improving the infrastructure in Bus Stands I propose to provide Rs 100 crore and the amount will be spent as per the Special Development Plan prepared for implementing the recommendations of the report on Redressal of Regional Imbalances.

Labour, Employment and Training:

171. On the lines of Kerala Government our Government plans to establish Un-organised Workers Welfare Board covering different segments of the labour force like tailors, potters, blacksmiths etc.. I propose to allocate Rs 3 crore for this purpose.

172. For conducting training of officers of labour department I propose to establish the Karnataka State Institute for Labour Studies in association with the National Law School of India University.

173. At present, there are 636 private ITI's., out of which 124 are receiving grant-in-aid. With the objective of promoting quality vocational training I propose to introduce the new "Student Centric Grant-in-aid" for hitherto unaided ITIs. The detailed scheme guidelines will be issued shortly. I propose to provide a sum of Rs 10 crore for this purpose.

174. To promote employment of skilled people abroad we propose to introduce “pre-departure training” to workers going abroad. In addition we will establish an organization to look after the whereabouts and welfare of the workers from Karnataka working outside India. This will be a centrally sponsored scheme with 25% share of the State Government.

175. In order to improve the skills of unorganized workers I propose to allocate a sum of Rs 1 crore for this purpose.

176. Of the 39 taluks identified as most backward, 15 taluks already have a Government ITI. I propose to provide funds for starting of ITIs in the Special Development Plan. In addition, a large number of women are opting for vocational training. Hence, during the year 2007-08, it is proposed to start 8 new Government Women ITIs.

177. In order to safeguard the interests of women working in unorganized sector I propose to establish a Woman Rights Training and Safety Monitoring Centre.

Public Works

178. Roads are the lifeline for our State, where other modes of transportation are not very well developed. Properly laid and well-maintained roads have the potential to spur economic activity and achieve the objective of economic growth with equity. Maintenance of already laid roads is important to safeguard public assets and to derive

maximum returns from it. In this direction I propose to increase allocation for maintenance of Major District Roads from Rs.132.71 crore in 2006-7 to Rs.300 crore in 2007-08. For capital works on Major District roads I propose to earmark a sum of Rs.111.87 crore as against Rs.81.16 crore in 2006-07.

179. The state had embarked on a programme of Rs.450 crore for 3 years for upgradation and maintenance of State Highways through KRDC. We would be completing this programme in 2007-08 and I propose to allocate an amount of Rs.108 crore for balance payments. We would be reviewing the efficacy of this programme and devise the best possible option to upgrade and maintain State Highways in future.

180. Substantial Length of Major District Roads has been notified as State Highways in the past. It is important to take up upgradation, widening, relaying and construction of these stretches to bring them up to the norms envisaged for State Highways. Karnataka State Highways Improvement Project has led to substantial improvement in quality of State Highways. We propose to complete all the balance works in the Project in 2007-08 and for this purpose, I allocate a sum of Rs. 251 crore. The State is actively considering taking up of Karnataka State Highways Improvement Project-II with external aid. Action in this regard would be expedited and efforts would be made to operationalise the Project from 2007-08. Budgetary support would be extended after sanction of the Project.

181. KRDCCL is also taking up large number of works pertaining to upgradation of State Highways, construction of bridges and road works on public private partnership model. Speedy completion of these works will provide boost to the economy. For this purpose I propose to increase allocation of KRDCCL for Capital Works from Rs.200 crore in 2006-07 to Rs.300 crore in 2007-08.

182. Last year we had embarked on a major works programme of Rs. 600 crore to be taken over 3 years to decongest roads in and around Bangalore. Rs.200 crore was provided in 2006-07. For continuation of the programme I propose to earmark Rs.200 crore for 2007-08 also.

183. In addition to all the above road programmes, works taken up under Rural Infrastructure and Development Fund would be expedited. I have already provided an additional allocation of Rs.150 crore for these works in 2006-07 over and above the allocation of Rs.135 crore. For 2007-08 I propose to earmark a sum of Rs.135 crore.

184. In my last budget I had mentioned the need for development of Peripheral Ring Road around Hassan. We have conducted preliminary studies in this regard. To take up works programme during 2007-08 I propose to earmark a sum of Rs.50 crore.

185. For efficient and effective delivery of public services, adequate and well-maintained Public Buildings are necessary. To provide emphasis to public building construction programme I propose

to earmark a sum of Rs.190 crore as against Rs.101 crore in 2006-07.

186. Apart from all these works, Road and Building maintenance under Twelfth Finance Commission Grants would continue in 2007-08 and I propose to allocate a sum of Rs. 146.15 crore and Rs.13.20 crore respectively.

187. I would like to appraise the Honourable members that apart from outlay indicated above, funds have been provided for construction of buildings in Health, Education and Social Welfare sector.

188. Total allocation of Public Works Department for 2007-08 is Rs.2253 crore.

Information

189. In order to spread information our Government proposes to encourage community radio centers. Non Government organizations and Education institutions that come forward to establish community radio stations will be encouraged under a new programme called “Namma Banuli”. In 2007-08 I propose to support two radio stations in each of the Revenue Divisions of the State. I propose to allocate Rs 1.80 crore for this purpose.

190. Our Government will establish a fund for the welfare of senior Journalists. I propose to allocate Rs 50 lakh for this purpose in 2007-08.

191. Mass media has undergone large-scale changes in recent years and therefore our policy towards issuing our advertisement should also change. In order to give preference to Kannada news papers especially the district newspapers our Government proposes to come out with an advertisement policy.

192. Our Government proposes to encourage new producers who produce Kannada films based on Kannada stories and novels. We must also encourage production of new wave films and films based on digital technology. Hence, we propose to come out with a new film policy.

193. Television has a strong influence on our society. Therefore our Government proposes to give awards to talented artists and technicians and quality programmes which appear on the television. Our Government will finalize the guidelines shortly and steps will be taken to confer the awards in 07-08.

Tourism:

194. Karnataka Tourism is on the fast track and tourism business has gained momentum. Compared to 2005-06 tourist arrivals to Karnataka has increased by 40%.

195. For promotion of tourism in our state my Government has identified four tourists circuits;

- Belur-Halebid-Shravanabelagola-Madikeri-Mysore-Srirangapatna-Somanathapura-Shimsa

- Shimoga-Thirthahalli-Agumbe-Jog-Mangalore
- Hampi-Badami-Ihole-Patadakallu-Koodalasangama-Bijapur
- Mangalore-Udupi-Dharmasthala-Kollur-Maravante-Murudeshwara-Gokarna

196. In two places in each circuit our Government proposes to create tourist infrastructure through public private participation. Government lands have been identified for supporting Public-Private tourism initiatives at Pattadakal, Belur, Marawante, Kodachadri, and Talkad. We are scouting for suitable lands at Hampi, Bijapur and Horanadu. This private-public partnership projects will be funded on the basis of viability gap funding and KSIIDC will be the nodal agency for establishment of these projects. In 07-08 I propose to allocate Rs. 50 crore for viability gap funding.

197. Our Government proposes to promote development of Aqua Marine park, golf club and ropeway between Tannir Bavi and Sultan Bateri at Mangalore on a PPP model. This work will be assigned to KSIIDC. For this purpose I propose to allocate Rs 20 crores in 2007-08 for viability gap funding. We need to develop our major hill stations at Nandi hills and Kemmanugundi on a PPP model. I propose to allocate Rs. 25 crores for this purpose and the work of attracting private investor will be assigned to KSIIDC. We must take care to see that the serenity of our environment is not invaded and spoiled by tourism opportunities.

198. Male Mahadeshwara hills is a very important pilgrimage and a tourist destination. We propose to establish Janapada Adyayana Kendra at Chamarajanagar and for this I propose to allocate Rs 5 crores for this purpose. (New para Vishu)

199. To improve connectivity, 6 airports and 22 helipads are being developed.

200. Hampi Master Development plan has been developed in partnership with UNESCO. During 2007-08 in partnership with UNESCO we propose to identify ancestral homes at Belur and Halebidu to develop them into boutique hotels.

201. I propose to allocate Rs. 148 crores for development of Tourism during 2007-08 and this will give big boost to State Tourism.

Youth Services

202. To provide for boarding and lodging of sports students and for providing sports kits I propose to allocate Rs 4.73 crore. Rs 1.67 crore is allocated to for holding of State level Olympics.

Industries and Commerce:

203. Industries are a vital link between primary and tertiary sector. It would be difficult to meet the objective of employment creation and fast economic growth without ensuring robust industrial growth. It is a matter of pride for us to bring it to the knowledge of this august house that as per data available with Department of Industrial Policy and

Promotion, Government of India, Karnataka is the top State in the country to attract investors' interest and credit goes to our investor friendly policies. As promised in my budget speech last year, the New Industrial Policy 2006-11 was announced which marks a radical departure from tax exemption based policies to emphasis on infrastructure improvement and employment creation through skill upgradation.

204. As announced in the New Industrial policy, the State is committed to spend Rs.500 crore on industrial infrastructure development over a period of 5 years. Infrastructure will be developed throughout the State. I propose to earmark a sum of Rs.100 crore for this purpose in 2007-08.

205. Agriculture alone cannot lead to reduction of poverty in rural areas. We must make efforts to improve skills in rural areas. Suvarna Kayak scheme, which was launched by our Government last year with Public Private Partnership has received widespread acclaim and is benefiting a large number of unemployed capable youth. The skills are actually developed on the shop floor. We propose to train 1 lakh youth in 2007-08 and for this purpose I propose to earmark a sum of Rs.60 crore.

206. Under the scheme "Koushalya Abhivrudhi Yojane" training institutes will be established on a Public Private Partnership model. State Government will provide a part of recurring and non recurring

costs. In 2007-08 I propose to provide Rs 30 crore for “Koushalya Abhivrudhi Yojane”

207. I plan to wipe out the entire portion of backlog of industrial subsidy of precious years in 2007-08. Towards this direction I propose to earmark a sum of Rs.75 crore.

208. Urban Haats provide important infrastructure for local artisans to exhibit their wares I propose to support opening of Urban Haats at Mangalore and Shimoga. I earmark a sum of Rs.6 crore for this purpose. This scheme would be implemented under Government of India’s Urban Haat scheme.

209. There is a lack of formal training institutes to train youth in Gem and Jewellery trade. To bridge this gap I propose to announce setting up of Jewellery Training Institute in Bangalore and Karwar and earmark a sum of Rs.2 crore for this purpose.

210. It has come to my notice that large number of small borrowers who had taken loans from Karnataka State Finance Corporation are in difficult circumstances because of Industrial down turn in the initial years of 10th plan period. KSFC already has a One Time Settlement Scheme to reduce the interest burden on these loans. To extend further assistance to these borrowers who have outstanding loan of less than Rs.10 lakh I propose to waive off simple interest on these loans and for this purpose I propose to allocate Rs 54 crore in 07-08.

Sericulture, Handloom and Textiles

211. To improve our silk production capabilities under the Centrally sponsored Catalytic Development Programme I propose to allocate Rs 24.4 crore.

212. To promote adoption of improved silk rearing practices I propose to allocate Rs 3.40 crore.

213. For Reshme Varadane Yojane I propose to allocate Rs 3 crore in 07-08.

214. Apparel park in Doddaballapur is coming up satisfactorily. I propose to provide Rs 4.7 crore as State's share for the development of this park.

215. To promote Khadi and Handloom textiles I propose to provide 5% subsidy on Khadi for all days and 10% subsidy during special occasions. In order to compete with the power loom products, there is a need for special assistance to be given for marketing of handloom products. Hence I propose to provide Rs 3 crore for this purpose in 2007-08.

216. While addressing us on the eve of "Suvarna Karnataka" His excellency, the President of India suggested that we recognize the importance of garment sector and encourage its development. Our Government will publish the "Garment Policy". By providing Rs 500 crore over next 5 years we will promote development of ready-made garment sector. In the next 5 years we propose to create 5 lakh jobs in this sector. 56 posts as required by Textile Department will be sanctioned. A committee

under the chairmanship of Hon'ble Minister for Textiles will be empowered to take decisions. I propose to allocate Rs 100 crore in 2007-08. Of this amount Rs 50 crores will be utilized on the basis of the Special Development Plan for redressal of regional imbalances.

Weavers package:

217. I also propose to allocate Rs 60 crore to the Weavers Special Package.

- Rs 30 crore will be provided for providing Power Tariff subsidy to powerloom units.
- Waiver of all loans availed by weavers from cooperative institutions upto a limit of Rs. 25000. Interest will be waived if borrowers who have borrowed more than Rs25000 agree to pay the outstanding principal before March 2007.
- Interest subsidy to urban co-operative banks for providing loan to weavers at 4%.
- Grants will be provided to Karnataka Handloom Technology Institute at Gadag and Advanced Handloom Training Centre at Jamakhandi.
- Training institute will be established at Bellary.
- Weavers colony will be established at Ilkal.

Housing

218. Our Government has accorded very high priority for housing. In 2006-07 we provided Rs 370 crores for completion of all the incomplete houses. In 2007-08 our Government proposes to take up construction of 6 lakh houses, I propose to allocate Rs 600 crore for this purpose.

Karnataka Slum Clearance Board

219. Under JNNURM slums of Bangalore will be developed at a cost of Rs 160 crore. Similarly, slums of Mysore will be developed at a cost of Rs 40 crore.

220. The IHSDP scheme covers cities and towns apart from Bangalore and Mysore and provides housing and infrastructure to the slum dwellers. In 2007-08 we propose to implement this programme at a cost of Rs 100 crore. Rs 20.80 crore has been provided in 2007-08 for this scheme as State share.

Urban Development

221. Our Government is providing of Rs 54 crore towards the development of Tumkur city as a satellite town of Bangalore.

222. For improvements to roads in the city of Mangalore and Shimoga I propose to provide Rs 20 crore each.

223. Under the Urban Infrastructure Development Scheme for Small and Medium Towns, which covers

water supply, underground drainage, storm water drains and construction of roads, Rs 369 crore has been provided in 2007-08.

224. The North Karnataka Urban Infrastructure Development Project is an attempt to narrow the regional imbalance of North Karnataka with the rest of our State. In 2007-08 Rs 220 crore is provided.

225. Karnataka Coastal Management and Urban Development Project has been provided with Rs 167.04 crore for the integrated infrastructure development of our 10 coastal towns.

Urban Water Supply

226. The pace of urbanization is rapid in Karnataka and has led to an increase in the demand for drinking water and management of drainage and waste disposal has become increasingly difficult. To mitigate this I propose to provide Rs 30.98 crore as State's share for the centrally sponsored Accelerated Water Supply scheme.

227. The Karnataka Urban Water Supply and Sanitation Improvement Project is concerned with improving the sanitation and water services in Gulbarga, Hubli-Dharwad and Belgaum. For this I propose to provide Rs 57.01 crore in 2007-08 in urban areas.

228. In addition to this I provide Rs 128.89 crore in 2007-08 towards water supply and underground drainage schemes.

229. Rs 415 crore is also provided in 2007-08 towards the Cauvery Water Supply-Stage IV Phase II for augmentation of 500 mld of treated water supply to Bangalore city.

230. Water supply to Mysore town will be improved under JNNURM funds at a cost of Rs 198 crore.

231. Kolar 2nd stage Under Ground Drainage project will be implemented at a cost of Rs. 6.42 crore. Yeragol water supply project will be taken up for implementation in 07-08 by KUWS&DB.

Development of Bangalore.

232. For Karnataka Municipal Reforms Project Rs. 250 crore is proposed and is double the amount of what was provided in 2006-07.

233. To ensure planned development of Bangalore, my Government has constituted the Bruhat Bangalore Mahanagara Palike (Greater Bangalore Municipal Body) by merging the areas of 7 CMCs, 1 TMC and 110 Villages around Bangalore with the BMP, with effect from 16.1.2007. With this, the jurisdiction of Bangalore Mahanagar Palike, has increased from 225 sq kms to nearly 741 Sq.kms in BBMP. 5 new zones have been formed over the existing ones and we have already sanctioned 1106 new posts.

234. My Government is committed to support the BBMP in their efforts to make Bangalore a world-class city. For improvement of main roads, road side drains and foot paths in the newly created

divisions of BBMP namely Byatarayanapura, Bommanahalli, Dasarahalli, Mahadevapura, and Rajarajeshawri nagara I propose to provide Rs 30 crore each. For this purpose I propose to allocate Rs 150 crore., For construction of Over passes in 9 locations at Bangalore I propose to allocate Rs 50 crore. In order to construct a tunnel from BDA point to Mink's Square I propose to allocate Rs 50 crore in 2007-08.

235. In order to mitigate the problem of urban commuters in Bangalore city the Namma Metro Project was initiated in 2006-07. It is a joint venture between the Government of India and the Government of Karnataka and is likely to be completed in 2009 at an estimated cost of Rs 6395 crore. The State's contribution towards this project in 2007-08 is going to be Rs 172.88 crore.

236. The major infrastructure needs of Bangalore city is being taken care of under the Jawaharlal Nehru National Urban Renewal Mission for Bangalore. I propose to allocate Rs 800 crores in 2007-08 for this purpose. The following are some important works which will be taken up at Bangalore in 2007-08:

- “ Valley Project” for proper directed flow of storm water at a cost of Rs 640 crore.
- Road improvement works around M.G. road and Koramangala at Rs 99 crore.

- Improvement of drinking water facility in 110 villages coming up in new BBMP area at a cost of Rs 98 crore.

Infrastructure Development

237. Work on the Bangalore International Airport is progressing at satisfactory pace and is expected to be operational as per schedule. I propose to earmark a sum of Rs. 137.33 crore in 2007-08 for meeting State's share of the expenditure.

238. Greenfield minor airports are being planned in district headquarters of Mysore, Hassan, Shimoga, Belgaum, Bijapur, Gulbarga and Bellary. Existing airports at Hubli & Mangalore are proposed to be expanded. Defense Airports at Karwar & Bidar are being planned for civilian use. It is in this direction that I propose to earmark a sum of Rs. 50 crore.

239. Helicopter connectivity has a potential to link remote areas and thus provide substantial thrust to tourism in the State. To meet this objective, I propose to earmark a sum of Rs. 2 crore for development, maintenance and upgradation of Helipad infrastructure in all the districts and places of tourist importance in the State.

240. Our State is the only one in the country to substantially co-finance number of railway projects. This cost sharing of the projects has ensured speedy implementation of projects that were languishing for sometime. Railway over-bridges and railway under-bridges ensure speedy and safe

traffic movement at rail-road intersections. As a measure of continued support towards railway projects and financing of ROB/RUB, I propose to earmark a sum of Rs. 158 crore in 2007-08.

241. To meet growing needs of various infrastructure projects, corpus of infrastructure fund needs to be enhanced. Also the land rendered excess due to change in alignment of BIAL project has to be put to optimal use. Therefore I propose to auction this excess land and mobilize a minimum sum of Rs.700 crore in 07-08.

Information Technology

242. Information Technology has witnessed accelerated growth in Karnataka and Bangalore has been in the lead. The State is making efforts to support the spread of information technology companies into interior Karnataka. The IT policy and BT policy of the State has brought out the intentions of the State and has listed the incentives and facilities offered to the new IT and BT industries.

243. Indeed IT and BT sector is not seeking any direct tax or non-tax concession. They are seeking upgradation of infrastructure at Bangalore and other parts of the State. The investments made in infrastructure and urban development sectors bear testimony to our commitment.

244. Establishment of Regional Science Center at Dharwar is in progress and I propose to allocate Rs 1 crore for this purpose in 07-08. For other

schemes of Science and Technology department I propose to allocate Rs 5 crore. In addition there is demand for establishment of District Science Centers. For this purpose I propose to earmark a sum of Rs 5 crore. For giving support to venture capital funding for new start ups I propose to earmark a sum of Rs.5 Crore

245. Nano Technology is emerging as a new branch of science. This sector may open up new opportunities. To make a beginning in this direction I propose to allocate Rs 3 crore. If need be more funds will be allocated for this purpose later.

Power

246. Karnataka Power Corporation Ltd. has an installed capacity of 4994.83 MW. Bellary Thermal Power Station Stage I and II, Varahi Hydro Electric Project, Raichur Thermal Power Station are being implemented as envisaged. We will be taking up Gundia Hydel scheme with an installed capacity of 400 MW in the 11th Plan. We will encourage power generation through private initiatives and also explore the possibility of inviting power sector investors through the bidding route.

247. As per our declared commitments to KERC, I propose to provide Rs 1800 crore as revenue subsidy to the power sector during 07-08. To clear Pension and Gratuity liability of KPTCL/ESCOM Employees as on 31-05-2002 I propose to provide Rs 280 Crore.

248. Our Government accords highest priority for provision of quality power in backward talukas. I propose to provide Rs 250 crore to ESCOMS to implement rural load management system. This amount will be spent as per the allocations indicated in the Special Development Plan for Redressal of Regional Imbalances.

249. In 2007-08, I propose to electrify 1000 such hamlets through renewable energy sources like solar, micro hydel, biomass gasifiers through Karnataka Renewable Energy Development Limited. The Central Government provides a financial assistance of 90 % of the project cost.

Forests

250. For implementing the JBIC assisted project "Karnataka Sustainable Forest Management & Bio-diversity Conservation Project" I propose to allocate Rs 137 Crore in 2007-08.

251. In order to protect and conserve wildlife in the State, an area of about 323.28 ha. in Maidhana Halli in Tumkur District will be declared as "Black Buck Conservation Area" during 2007-08.

Ecology and Environment:

252. In 2007-08 "Karnataka State Environment Impact Assessment Authority" (SEIAA) and "Karnataka State Expert Appraisal Committee (SEAC)" will be established. The National Lake conservation programme and National river conservation programme, the two centrally

sponsored programmes will be implemented and for this purpose I propose to allocate Rs 3.4 crore in 2007-08.

253. The State of Karnataka and in particular Bangalore city has tremendous scope for recycling and use of e-products. The turn over of e-products is very fast but there is no mechanism and facility for disposal of obsolete e- products. It is necessary to create infrastructure for marketing all reusable e-products in some industrial areas or urban areas where there is a demand for such products. To support such initiatives I propose to earmark Rs. 85 lakh.

Law & Parliamentary affairs

254. Our policy of supporting fast track courts will continue in 07-08 also. In addition an amount of Rs 2 crore is being provided for establishment of Lok Adalats. I propose to increase the stipend given to young law graduates from Rs 1000 per month to Rs. 2,000.

255. Construction of Circuit Bench at Dharwad and Gulbarga will be completed and for this purpose I propose to allocate Rs. 20 crore.

256. Government Law Colleges will be established at Shimoga and Gulbarga.

Home

257. The law and order situation in Karnataka was peaceful through out the year. There were no major

untoward incidents. However, as the population in the State is expanding there is a need to strengthen our police forces. For establishing a reserve police battalion at Munirabad I propose to allocate Rs 2 crore. The Armed Reserve Police training center will be established at Hoovinahadagali and for this purpose I propose to allocate Rs 3 crore. For building quarters for City Armed Reserve Police at Hubli I propose to allocate Rs 3 crore and the work will be taken up by Karnataka Police Housing Corporation.

258. The Prosecution Department has been requesting for provision of funds for modernization. For this purpose I propose to allocate Rs. 1.5 crore.

259. For implementing B-trax, the ambitious project for regulating vehicular traffic in Bangalore I propose to allocate Rs 35 crore.

Fire protection:

260. K Safe 2010 project aims at creating infrastructure at talukas level for firefighting. I propose to allocate Rs 35 crore for this purpose. This amount will be utilized as per the Special Development Plan for Redressal of Regional Imbalances.

261. Presently, Government is providing free rations and contributions to welfare fund to police personnel. Similar facility will be extended to permanent personnel working in Fire Forces and Home Guards department. Further, staff of fire

services will be provided with allowance for one more set of uniform.

262. We propose to provide the much needed Sky Lift to Bangalore Fire Force.

Prison and Jails.

263. There are about 13000 convicts and under trials in our prisons. As part of the rehabilitation programme, skill is imparted to prisoners. Basic facilities of working space, equipment and trainers are available. But, shortage in raw material availability, is hampering the skill development programme in prisons. To provide raw materials I propose to set apart Rs 2.7 crore in 2007-08. Secondly, with the objective of preventing unnecessary movement of prisoners and under trials our Government would like to provide video conferencing facilities between 12 prisons and 12 courts. For this purpose I would like to allocate Rs 1.78 crore.

Food and Civil Supplies;

264. Ensuring food security for weaker sections is an important objectives of the State Government. The benefit of ration cards will be limited to obtaining ration from fair price shops only. Possession of a ration card will no longer be a criterion for getting benefits under various Government programmes.

DPAR and e-Governance:

265. For the first time, the Karnataka Legislature session was held outside the capital. The subject of implementing Dr. D.M. Nanjundappa committee's recommendations to tackle the Regional Imbalance took a definite shape after this session. This is evident in the current budget. Here after, the joint session of the legislature will be held at Belgaum for at least 15 days of the year. For this purpose, the Suvarna Vidhana Soudha costing Rs.250 crore will be built. I propose to allocate Rs 70 crore for construction of Vidhana Soudha and other buildings at Belgaum.

266. I propose to provide Rs 5. crore for constructing of "Suvarana Swatantra Horata Bhavana" at Gulbarga in memory of great souls like Ramananda Thirtharu, Kollur Mallappa, Chandrashekar Patil, Shivamurthy Alawandi and others who fought for the liberation of Hyderabad Karnataka. In addition, I propose to provide Rs 40 lakh for the construction of Swatantra Yodhara Samudhaya Bhavana at Hosaritti of Haveri district.

Freedom Fighters Honorarium:

267. The participants in various struggles during the freedom movement are getting an honorarium of Rs.1,500/- per month. There was a demand to enhance this amount. Conceding to the request of various persons and organizations, I have decided to double the honorarium from Rs.1,500/- to Rs.3,000/-.

Honorarium to Goa Liberation Activists:

268. While the participants who took part in Freedom struggle, Quit India movement of 1942, Freedom movement of 1947 and Hyderabad Liberation movement, are being paid honorarium, the Goa Liberation Activists have been denied this benefit. This long pending demand is being met by the coalition Government. A monthly sum of Rs.2,000/- will be paid as honorarium to the Goa Liberation Activists from 2007-08.

269. In order to increase citizen Government interface, we propose to set up Karnataka Call Center, so that citizens can file their grievances from their homes without traveling to Bangalore or to the District Headquarters. So as to bring in expertise and efficiency in running this center, it would be set up on Public-Private-Partnership basis.

Government employees.

270. The 5th State commission appointed by Government has given its report. Our Government proposes to implement the recommendations of the Pay Commission. Notional fixation of pay would be done from 1.7.2005 as recommended by the Commission.

271. A major portion of the amount to be paid as per the recommendations of the pay commission has been paid and arrears from 1-4-2006 to 31-3-2007 will be paid in 08-09. Disbursement as per revised pay and pension would be made from 1.4.2007 onwards.

Annual Plan 2007-08

272. I have enhanced the Annual Plan Outlay from Rs.16166.00 Crore in 2006-07 (Budget Estimates) to Rs. 17782.56 Crore in 2007-08 (Budget Estimates). The increase in plan Size amounts to 10% The major sectoral allocations are given in **Annexure-I**

TAX PROPOSALS:

Now I come to tax proposals.

273. Tax income is needed for governance and development. Even, Smruthies (Ancient Indian Codes) Stressed the need for collecting tax to promote development. Our ancient code implied that "The Taxes should be collected from the people in such a way that the Honey Bees collect the nectar from the flowers." Our government is also guided by this principle. Affordable sections who can bear a little bit of burden are to be taxed and we propose to spare the poorer sections. In addition, I propose to simplify collection methods to prevent harassment to the honest tax payer.

COMMERCIAL TAXES:**VALUE ADDED TAX:**

274. Sir, though the revenue under the Value Added Tax system in force in the State for the past two years has come up to our expectation, it needs further improvement. Though most of the trade and industry have improved their tax compliance,

certain dealers are still lacking in this regard. The Government intends to take strict action against them and increase revenue to the State. For this, it is proposed to bring in necessary amendments in the law and administrative measures.

RELIEFS

275. Representations from the associations of trade and industry requesting several tax exemptions, reductions and other concessions have been received. I propose to consider a few requests that are possible in the limited space available to the State to make modifications in the Value Added Tax system introduced in the State as per the consensus of all States.

276. Accordingly, I propose to continue tax exemption on rice, paddy, wheat, products of rice and wheat and pulses which are used by common people for one more year.

277. Further, I propose to reduce tax to 4% from 12.5% on-

- (1) rubber tyres and tubes of tractors,
- (2) software licences and
- (3) used motor vehicles.

278. I propose to add a few more goods to the list of industrial inputs and capital goods taxable at 4%.

279. I propose to exempt purchases of developers of special economic zones and units located there.

280. I also propose to,

- (1) permit contractors under composition tax scheme to collect tax,
- (2) fix minimum amount for issue of tax invoice for sales,
- (3) reduce penalty for delay in filing of monthly returns,
- (4) permit digital signature on tax invoices,
- (5) increase the limit fixed for audit of accounts,
- (6) reduce the penalty fixed for non-maintenance of correct accounts,
- (7) give deduction to the main contractors on amounts payable to sub-contractors,
- (8) modify the rate of input tax rebate on petroleum products and inter-State stock transfers,
- (9) permit Cost Accountants to audit accounts of dealers and
- (10) permit dealers engaged in more than one business to opt for composition scheme.

RATIONALIZATION MEASURES:

281. To simplify payment of tax and to make tax administration more effective, I propose to bring in certain rationalization measures. The details of these measures are at Annexure-II.

282. I also propose to levy tax at 20% on molasses, ethyl alcohol, denatured spirit and rectified spirit on which levy of excise duty has legal disputes.

**SALES TAX:
RELIEF:**

283. I propose to permit issue of self declaration towards purchase of diesel at concessional tax of 4% for captive power generation.

**ENTRY TAX:
RELIEFS:**

284. I propose to exempt tax on entry of goods returned which were sent outside the State on inter-State sales and stock transfer.

285. I also propose to reduce entry tax to 1% on crude oil brought by the refinery owned by ONGC and located at Mangalore in the State.

**PROFESSIONS TAX:
RATIONALISATION MEASURES:**

286. I propose to provide for deduction at source and payment to the department of professions tax payable by,

- (1) employees working on contract basis by the persons availing their services,
- (2) owners of commercial vehicles by persons who have taken them on rent,
- (3) horse owners, jockeys and bookies by race clubs and
- (4) visiting medical practitioners by hospitals and nursing homes visited by them.

287. I also propose to provide for submission of annual return by self employed persons and permit one application for registration by employers having multiple business premises.

ADDITIONAL RESOURCE MOBILISATION MEASURES:

288. I propose to bringing the following classes of persons under the tax net.

- (1) Contractors providing vehicle parking services
- (2) Massage parlours including Ayurvedic massages
- (3) Selling Agents, consultants and brokers of used motor vehicles
- (4) Persons acting as agents of companies
- (5) Income tax assesseees not specified in professions tax schedule.

289. I also propose to withdraw tax exemption on persons running education institutions and tutorials.

ENTERTAINMENTS TAX: RELIEFS:

290. I propose to reduce,
- (1) tax payable by multi system operators from 10% to 6% and
 - (2) tax payable by owners of amusement parks from 20% to 10%

291. In order to protect the declining theatre art, I propose to exempt entertainments tax levied on admission to dramas.

LUXURY TAX:

RELIEF:

292. As in most of the other States, I propose to levy tax only on actual amounts of room rent collected by hotels.

293. I propose to bring in suitable amendments to the provision providing levy of tax on luxuries provided in hospitals to remove ambiguities.

294. **Consequential Amendments:** The relevant tax laws need amendments to implement the above proposed measures. These amendments together with other amendments for rationalization will be moved.

LOTTERY:

295. Currently, paper lotteries and online lotteries including internet lotteries are being organized in the State. It is the desire of the people and the Government that these should not be continued in the interest of the society and poor people. Accordingly, I propose to abolish all kinds of lotteries in the State from the next financial year and declare the State of Karnataka as 'Lottery Free Zone'. There will be a loss of about 250 Crore rupees to the State because of ban on lotteries. I hope to make up this loss by strengthening tax collection measures. The Government is also aware that many people who survive by selling

lottery tickets would become unemployed. I assure that they will be given preference under 'Karnataka Suvarna Kayaka Scheme' in case they come forward to undergo training in skill development.

EXCISE

296. For the year 2006-07, a total revenue of Rs.4400 crores is expected from Excise Department. Out of this, 1905 crores of revenue, that means 43% of the total revenue is coming from arrack sector only.

297. However Streeshakti Swasahaya Sangha, Dalitha Vimochana Sangha, Dalitha Sagharsha Samithi and other Organisations and a few Grama Panchyaths have been strongly agitating for abolition of sale of arrack. Therefore inspite of this substantial revenue, considering the ill effect of consumption of arrack on the society, particularly on the socially and economically backward people, the Government deems it fit to respond to these demands. Although there will be a great set back to the revenue to the Government, for the welfare of the backward and weaker section of society, I propose to abolish the sale of arrack in the entire State with effect from 1-7-2007.

298. The Government is aware of its increased responsibility in view of abolition of arrack. The anti-social elements are likely to take un-due advantage of the situation arising out of abolition of arrack and engage in illegal activities like illicit

distillation, manufacture, transport and sale of spurious liquor. It would be difficult for the excise department alone to handle such hazardous activities. Therefore in order to effectively control such a situation, I propose to entrust specific responsibilities on Excise and Police officials to control the offences committed under the Excise offences as follows:-

- (a) the Excise offences committed by the licensees or authorised persons under Karnataka Excise Act and Rules are controlled, detected, investigated and charge sheeted in the Court of law by the officials of the Excise Department and
- (b) the Excise offences under the Karnataka Excise and Rules committed by the persons other than licence holders and un-authorized persons are controlled, detected, investigated and chargesheeted in the Court of law by the officials of the Police Department.

299. In order to effectively control bootlegging, Police Department has to take special responsibilities. Therefore, I propose that, Police Department should chalk out a special program to take action under the Karnataka Prevention of Dangerous Activities of Bootleggers, Drug-Offenders, Gamblers, Goondas, Immoral Traffic Offenders and Slum Grabbers Act, 1985, to book bootlegger who are engaged in the manufacture of illicit liquors. Accordingly to facilitate the Police Department to deploy special

staff and to equip with additional vehicles and other communications, I propose to allocate Rs. 25 crore. Similarly I propose to earmark Rs.25 crore for Excise Department to provide additional staff, vehicles and other communications.

300. To create awareness among the general public about the dangerous effects of consumption of illicitly distilled arrack and spurious liquor, help of institutions like Streeshakti and other non governmental agencies, religious institutions, Grama panchayaths would be availed. To give wide publicity by the department through audio, visual, electronic and print media, I propose to earmark Rs.10 crores.

301. I am aware that a number of families, who are employed in the sale of arrack may not immediately get suitable employment. Our Government has introduced a programme called "Suvarna Kayaka", wherein one lakh persons will be trained in functioning industries. During the period of training, stipend is also given. We have taken a decision to give preference to worker displaced on account of prohibition of sale of arrack.

302. At present through 15,248 shops, arrack is being sold throughout the State. With effect from 1-7-2007, all these arrack shops will be closed. In place of such closed shops, no new licenses for sale of Indian made liquor in retail will be granted. The licenses for sale of Indian made liquor in retail (CL-2), are granted on the basis of population as per rules. Even in future, licenses for retail sale of

Indian made liquor (CL-2) will be granted under this policy only. I propose that in case the applications received for grant of retail liquor shop (CL-2) licences are more than the number of licenses that could be granted, then the Deputy Commissioner shall decide, to whom the licence has to be granted as per rules after drawal of lots

303. The Government is not granting Bar (CL-9) licenses for the last several years. There is great demand for these licenses. Therefore Bar (CL-9) licenses will be issued to hotels as per demand for such licenses under the existing rules only. After taking such measures, further serious action will be taken to control the practice of open drinking by the road side CL-2 shops.

304. All the existing licenses issued under the Karnataka Excise (Sale of Indian and Foreign Liquors) Rules, 1968 for sale of IML will be renewed as per the present rules only.

305. I propose to abolish the permit fee of Rs.50/- levied under the Karnataka Excise Act, for grant of permits to transport of IML and spirits with effect from 1-4-2007. I also propose to simplify the procedure for grant of transport permits.

306. I propose that, in the interest of the health of the Consumer and to prevent the sale of un authorisedly manufactured liquor in the name of authorised manufacturers, all liquor and spirits confiscated to Government will be destroyed.

307. To rationalise, I propose to abolish the levy of fee on Rectified spirit, Denatured spirit and Denatured anhydrous alcohol (ethanol) supplied to oil companies for the purpose of mixing with petrol. This proposal will come into force with effect from 1-4-2007.

308. In order to rationalise, I propose to simplify the existing procedure for declaration price of liquor.

309. I propose to dis-continue the litre fee levied on the liquor imported from outside India .

310. I propose to make provisions in the rules to permit the transfer of CL-6A (Star hotel licence) licences just like CL-2, CL-7 and CL-9 licenses.

311. I propose to increase the licence fee levied in case of Retail Shop (CL-2), Clubs (CL-4), Occasional licences (CL-5), Star Hotel (CL-6A), Hotel and Boarding Houses (CL-7) and Refreshment Rooms (Bar) (CL-9) licences as given in Annexure-3. These rates will come into force with effect from 1-7-2007.

Stamps and Registration:

312. I propose to introduce suitable e-stamping system in the State on pilot basis.

313. Government had in the Budget speech for 2006-07 announced that action would be initiated to develop a methodology to guaranty Title to the property. In pursuance of this, I propose to extend concession of 0.5% on Conveyance Deeds backed by valid Title Insurance policy, issued by an Insurance

Company recognized by Insurance Regulatory and Development Authority.

314. Computation of stamp duty on Awards, Trust Deeds involving Transfer of property, Development Agreements and Power's of Attorney for development of commercial and residential properties will now be made on the market value of the property and necessary amendments will be made to Article 11, 54, 5 and 41 respectively of the schedule to Karnataka Stamp Act 1957 and include them in the ambit of Section 45A of the Act

315. An explanation will be added to Article 5 of the Schedule to cover a power of Attorney given along with an Agreement to Sell and treat the same as deemed possession of property.

316. A ceiling limit of Rupees Five lakh on the stamp duty will be fixed for Deposit of Title Deeds under Article 6(1)(b) of the schedule to Karnataka stamp Act 1957,executed for the purpose of development of immoveable properties for commercial use and Rupees Fifty thousand for the purpose of Residential use and advalorem rate for any other purpose.

317. Article 14 of the Schedule to Karnataka Stamp Act 1957 prescribes duty for Cancellation Deeds executed previously. However duty for cancellation of certain deeds have already been prescribed in the concerned Articles themselves. Thus there is a necessity to except these Articles from the residuary Article 14. This anomaly is being corrected.

318. Anomaly in Article 20(4) in respect of “Amalgamation” of Companies is removed and a new provision will be made to levy Stamp Duty on Amalgamation of Subsidiaries with parent companies and De-mergers, to prevent evasion.

319. Definition of family in Article 28 relating to “Gift” Deeds and Article 48 relating to “Settlement” Deeds is extended to Brothers and Sisters.

320. I propose to fix the Stamp Duty on different kinds of Development Agreements under Article 5(f) and corresponding Power’s of Attorney under Article 41(ea) at slab rates, on the market value of property, with a cap of Rupees One lakh fifty thousand.

321. Anomaly in Article 45(a)(i) and (ii) of the schedule to the Act in respect of Release Deeds will be rectified to prevent misinterpretation and evasion of duty.

322. In order to provide better service to the public and further strengthen the existing initiatives, I propose to constitute Kaveri Monitoring Cell. I also propose to establish Data storage and Disaster management Center at Bangalore and Dharwad for storage and preservation of permanent records.

323. The Changes proposed are detailed in Annexure - 4.

TRANSPORT DEPARTMENT

324. It is proposed to mobilize additional revenue of Rs. 75 crores by enhancing the tax on various class of vehicles as under:-

325. Two wheelers and Motor Cars are being taxed on 'Life Time' basis. The registration of these classes of vehicle is increasing day-by-day at an alarming rate and it is causing air-pollution and traffic problems. In order to discourage the increasing number of registration of these vehicles, it is proposed to levy higher rate of tax on these vehicles.

326. Vehicles are given Temporary Registration, so as to facilitate to proceed to the registering authorities for permanent registration. So far it is not provided in the Schedule to levy tax on the vehicles temporarily registered. It is proposed to levy a small amount of tax on them separately.

327. It is proposed to enhance the tax on the Contract Carriages, both ordinary & luxury vehicles.

328. The tax on Campers Van is being levied on the basis of the floor area of the vehicle. These are used like sleeper coaches and seaters Therefore it is proposed to levy enhanced rate of tax on campers van.

329. It is proposed to enhance tax on multiaxled and articulated vehicles to bring it to the level prevailing prior to 1-4-2006.

330. At present there is no separate clause in KMV Rules for sleeper coaches. It is now proposed to amend the relevant Rules so as to provide for the registration of sleeper coaches for ensuing budget year. Therefore, it is proposed to levy tax on these vehicles separately.

331. It is proposed to enhance the rate of tax on the vehicles run by obtaining Special Permits.

332. Tourist Vehicles are being taxed at a higher rate in the neighbouring States. Therefore it is proposed to enhance the rate of tax on these vehicles.

333. Keeping in view of the administrative difficulties caused in the collection of quarterly rates of taxes on the Goods Vehicles having a gross laden weight of more than 1500 Kgs but less than 3000 Kgs, it is proposed to levy tax on these vehicles on 'Life Time' basis.

334. It is proposed to enhance the rate of tax on the Private Service Vehicles obtained by the companies on lease basis.

335. It is proposed to enhance the tax rates in respect of Tourist Vehicles from other States that ply in our State for 7 days & 30 days basis in Part-B Schedule. The enhancement proposed is comparable with the rates of taxes that are being levied by neighbouring States.

336. The changes proposed are detailed in the Annexure-5

Revised Estimates 2006-07

337. The Revised Estimates of total receipts are Rs. 44136.96 Crore as compared to the Budget Estimates of Rs.41878.13 Crore for 2006-07. The total expenditure is expected to be Rs. 44092.75 Crore according to the Revised Estimates against the Budget Estimates of Rs. 41850.66 Crore for 2006-07. After taking the net Public Account, the closing balance for the year is likely to be Rs. 96.37 Crore as against the expected closing balance of Rs. 73.04 Crore at the time of presentation of the 2006-07 Budget.

Budget Estimates 2007-08

338. The total receipts are expected to be Rs. 47927.28 Crore comprising revenue receipts of Rs. 40762.09 Crore and capital receipts of Rs.7165.19 Crore. The total expenditure is likely to be Rs. 47950.34 Crore of which revenue expenditure is estimated at Rs. 39135.43 Crore and

capital expenditure is estimated at Rs. 8814.91 Crore.

339. Government expects to raise Rs.26691.17 crore in tax revenue and Rs.1857.10 crore in non tax revenue. in addition, government expects to raise Rs.1990.71 crore as total loans from the Central Government and Rs.1200.00 crore from RBI and other Financial Institutions.

340. The Revenue Surplus and Fiscal Deficit for 2006-07 RE is Rs. 2831.54 Crore and Rs. 5371.85 Crore which is 1.46% and 2.77% of the GSDP. The Revenue Surplus and Fiscal Deficit for 2007-08 BE is Rs. 1626.66 Crore and Rs. 6304.98 Crore respectively which is 0.74% and 2.87% of the GSDP. This is as per the Karnataka Fiscal Responsibility Act, 2002.

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Kautilya our ancient Indian thinker and economist in his famed "Artha Shastra" says. "The King (in the modern context those who run the state administration) should take people's happiness as his happiness. The people's interests as his (King's)

interest, And to such work which is in the interests of the people, not according to his will and wish.

341. Kautilya's words are our guiding principle. We have kept aside our self-interests and have strived to protect the interests of all sections of our society and promote all round development of the State.

342. Sir, I feel very fortunate to have presented the second budget of our coalition government. I have the satisfaction of having responded to the aspirations of the people of our great State. Our second budget has tried to address the problems of the poor, the oppressed, and the weaker sections of our society. We have used this occasion to make our land, language, arts and culture blossom. Our budget is rich as it is full of resources. Our Budget is dependable as it has been presented within the bounds of fiscal discipline.

343. At the beginning of sarvajeet samvatsara I convey my heartiest wishes for a happy ugadi to all the citizens of Karnataka and all the members of this august body.

344. I now commend the Budget Estimates 2007-08 for the consideration and approval of the House. The full budget would be discussed on the floor of the House. The Government will then seek approval of the full budget. I now seek a vote on Account for a period of four months ending 31st July 2007.

Jai Hind

Jai Karnataka