

Hon'ble Speaker,

1. By the grace of Goddess Bhuvaneswari, the mother of all Kannadigas, and with the blessings of the people of Karnataka, I am happy to present the Karnataka Budget for the fifth consecutive time. I expect that the programmes in the 2010-11 Budget will take the State on the path of progress, meeting the aspirations of the people of Karnataka.

2. 'ಅರ್ಥಸ್ಯ ಮೂಲಂ ಉತ್ಥಾನಂ' - 'Progress is the basis of prosperity'- this Chanakya's mantra emphasizes the importance of achieving economic development. On my strong belief that development is the touchstone of administration, I have formulated several programmes in the last four budgets for the State's progress. I have taken the oath in the name of our State's farmers. Our Government has raised Rastra Kavi Kuvempu's song on farmers to the level of a State song. We have been giving due priority to farmers' progress in every budget. To ensure that the declaration of 'equal share and equal opportunity to all' does not remain only a slogan, we have given special attention to the development of the weaker sections, backward classes, minorities and women, so that a prosperous social system can be built on the foundations of social justice. Emphasis has also been given to develop education, science and technology for making the future of our people bright in the coming decades. Our endeavour

has been for the all-round development of all sections of society and all parts of the State.

3. In this background, before presenting the budget of 2010-11, I think it appropriate to mention about the problems and challenges faced by our state in the last year.

Loss due to drought and floods

4. In the first six months of the year 2009-10, serious crop-losses were caused to the farmers in several parts of the State due to drought in the Kharif season. The Government had to spend an amount of Rs.206 crore for emergency relief measures in 86 drought-affected talukas of the State.

5. These scarcity conditions were immediately followed by unprecedented heavy rains towards the end of September and in the first week of October 2009 in fifteen districts of our State, causing catastrophic damages to about 4300 of villages. Because of heavy rains and floods, about 6.55 lakh houses collapsed, making 180 lakh people shelterless. 229 people and thousands of animals got washed away in flood, or perished in house collapse. In about 22 lakh hectares standing crops worth over Rs.3120 crore got damaged.

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ಧರೆಹತ್ತಿ ಉರಿದರೆ ನಿಲಬಹುದೇ?

– ಬಸವಣ್ಣನವರು

The life of people who suffered under natural calamities like scarcity and flood situation is pathetic. These words of

Basavanna reflect the pain and misery in the life of people affected by natural calamities.

6. In such severely adverse conditions, the State Government's administration, with the help of the Central Government's Defence and Disaster Management Forces, brought flood-affected people and animals to safety, and also provided temporary shelter. Hundreds of feeding centres were started for giving timely food to flood-affected people. Precautionary measures were taken to protect people from the outbreak of epidemics in flood-affected areas. Those who had lost shelter from rains and floods were given immediate cash assistance to re-build their lives.

7. In response to the Government's appeal, hundreds of industrial, charitable and non-government institutions have come forward to build 75,000 houses for about 75,000 flood-affected families under 'Aasare' programme. It has been planned to build houses at the unit cost of at least Rs.1 lakh under this programme in 305 new villages and extensions. Empathising with these displaced families, thousands of people have contributed over Rs.317.9 crore for their rehabilitation. The State Government employees and pensioners have on their own initiative contributed about Rs.33.7 crore to the Government, which is greatly appreciated.

8. In order to shift about 305 villages, which are frequently being affected by floods, appropriate locations have been identified for building new villages and extensions. The Government is providing necessary land,

drinking water, electricity connections, roads and drainages in such new habitations.

9. In managing such an unprecedented natural calamity, not only various institutions of the Central Government provided assistance, but the Hon'ble Prime Minister himself and other Central Ministers also visited the State to see the flood havoc, and sympathized with the State Government. After assessing the report of the Central Study team visiting the flood-affected areas, the Central Government has provided Rs.1457 crore from the National Calamity Contingency Fund for providing relief to the flood-affected people, while the State Government has so far released Rs.1879 crore to various affected districts. **I wish to express our heart-felt gratitude on behalf of the people and the Government of Karnataka to the Central Government for providing timely assistance in managing the unprecedented crisis faced by the State.** A memorandum has already been submitted to the Central Government, seeking special assistance for permanent rehabilitation of flood-affected villages, and we hope that the Centre will consider this request favourably.

Background of Economic Conditions

10. At the time of presenting the 2009-10 Budget in February 2009, our country's economy had also been affected by the global financial crisis. In Karnataka's industrial and services sector, especially in information technology, there was widespread fear of economic slow-down. As a result, starting from October 2008 to the first six months of 2009, there was no growth in the collection

of taxes in the State. In the latter half of 2009-10, a significant revival of the State's economy has been observed, and the State Government has continued its efforts to achieve the expectations of the Budget to a great extent.

11. It is expected that this revival of economic growth of the State and the country will get consolidated in the year 2010-11. It has been estimated from the figures of the Reserve Bank of India and other sources that the growth rate of the national economy, which was about 6.7 per cent in 2008-09, may reach 7.2 to 7.5 per cent in 2009-10. The rate of growth of Karnataka's economy which was 4.5 per cent at constant prices and 12.8 per cent at current prices in 2008-09 is estimated to be 5.5 per cent at constant prices and 10.3 per cent at current prices during the year 2009-10. Even though this estimated growth rate can be termed satisfactory in the background of economic slowdown, **in view of the true potential of Karnataka's economy, it is imperative to achieve a faster growth rate.**

State's Financial Condition

12. In the light of selected indicators, the financial position of Karnataka is more sound compared to other States. The State's own tax revenue is more than 10 per cent of the Gross State Domestic Product, which is the highest in the entire country. In this respect, the average of all other states is below 6 per cent, as reflected in the statistics provided by the Reserve Bank of India.

13. Starting from the year 2004-05 up to the year 2007-08, Karnataka has maintained its fiscal deficit within

the limit of 3 per cent of the Gross State Domestic Product every year, as stipulated in the Fiscal Responsibility Act. On the Central Government's advice, this limit was increased to 3.5 per cent in 2008-09 and further to 4 per cent in 2009-10. In both the years, we have managed our fiscal deficit within this limit. It is estimated that the fiscal deficit which was 3.23 per cent of GSDP at Rs.8732 crore in 2008-09, will be 3.77 per cent at Rs.11,266 crore in 2009-10. Besides, starting from 2004-05, the State has been able to maintain a revenue surplus by restricting revenue expenditure within the limits of revenue receipts every year.

14. The consolidated debt of the State, which was Rs.71,410 crore at the end of 2008-09 is about 26.38 per cent of the GSDP, and is estimated to be Rs.82,513 crore by the end of 2009-10. Our State's debt thus appears to be less than the average of 33.7 per cent of the GSDP for all states in the year 2008-09. The interest payment on loans taken by the State amounted to Rs.4,532 crore in 2008-09 which was about 10.46 per cent of the GSDP, which is again considerably lower when compared to the average of 16.9 per cent in respect of all states. **It is a considerable achievement that in spite of the adverse economic conditions faced by the country and the State during the year 2008-09 and 2009-10, our Government has carefully maintained fiscal discipline.**

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ತಾಯಿ ಬೆನ್ನಟ್ಟಿ ಮುಂದೆ ಕಳಿಸು,
ಮುಂದಿಟ್ಟ ಹೆಜ್ಜೆ ಹಿಂದೆಗೆಯದಂತೆ
ನಡೆಯುವುದ ನಮಗೆ ಕಲಿಸು.

Ours is a prosperous state in its natural resources. Besides having skilled manpower, the State also has a rich cultural tradition. With the blessings of Mother Bhuvaneshwari we pledge to move forward to build a new state by utilizing these resources effectively.

Five Principles of Economic Policy

15. An important aspect of the composition of the State's economy is that the sector of agriculture and related activities employing about 58 per cent of the work force contributed only 18 per cent to the income in 2008-09. The contribution of industrial and services sectors to the GSDP is 29 per cent and 53 per cent respectively, while employing only 41 per cent of the work force. As a result, the per capita productivity of a worker in agriculture sector is only about Rs.14,690 which is very low compared to other sectors.

16. In this background, the economic policy must give top priority to increasing agricultural productivity. At the same time, we have to make sincere efforts in the coming years to see that a major part of our population gets employed in the high-productivity sectors of industries and services. In order to enhance the productivity in the agriculture sector, it is required to give importance to expand irrigation, disseminate information about appropriate technology, invest greater capital, and improve marketing facilities. Similarly, for creating greater opportunities of employment in industries and services sectors, it is essential to give more attention to providing necessary power supply, develop industrial areas, railway networks, roads and ports.

17. Providing the right education and training opportunities to the youth of the State should be our priority in the coming years to ensure that agriculture and related activities are performed in a more systematic and scientific way, and employment opportunities are created in non-agricultural sectors. It is particularly important to provide quality education to children from rural areas, especially girls, from the families of farmers, agricultural labourers, backward classes, weaker sections, etc. Those men and women who have already got education need to be provided with skills through quality training. On the whole, we must give topmost priority to human resources development in our State.

18. The nation's objective in the Eleventh Five Year Plan is to promote inclusive growth. The principle of 'equal share and equal opportunity to all' has to be the foundation for this. It is imperative to provide opportunities and build capacities, so that all sections of society can participate in the process of development. In order to achieve this, it is essential to make special efforts for empowerment of the weaker sections of society, including the weaker sections, backward classes, minorities and women. It is also necessary to give special attention for development of those parts of our state which have been identified as backward areas.

19. It is my belief that this analysis should be the foundation of our policies for accelerating the growth-rate of our state's economy in future. **We must not forget the elements of agriculture promotion, industrial growth, human resource development, empowerment of weaker**

sections and development of backward areas. These are the five principles of our economic policy.

Vision of a Prosperous Karnataka

20. In the Karnataka Vision Document prepared and adopted during the last year, the concept of transforming the state into a prosperous Karnataka has been developed. In order to realize this concept in the next three years, the following specific points have to be followed in the economic policy.

- **Water Harvesting in dry lands:** To make the second green revolution possible, it is essential to increase agricultural productivity in dryland areas of the State. For this, 2 lakh water-harvesting structures in the form of check dams and bandharas will be built every year.
- **Greater priority to irrigation areas:** To expand Karnataka's irrigated area by at least 2.11 lakh hectares in the next three years, Upper Bhadra and other projects will be accelerated, along with completing Krishna basin projects. Also, special priority will be given to renovation of small tanks and minor irrigation works.
- **Modernization of agriculture markets:** Agriculture produce exchanges will be established in every district of the State to provide a scientific system for marketing agricultural and horticultural products.
- **Village development through 'Suvarna Gramodaya':** It has been projected to bring about

comprehensive development of 1000 villages every year by spending up to Rs.1000 crore under the Suvarna Gramodaya programme.

- **Higher Education for an educated society:** The objective of the Government in the 21st century is to provide opportunity for making every citizen not only literate but also adequately educated. Therefore, it will be made compulsory from 2010 onwards for every child in Karnataka to get education at least up to 10th standard.
- **Building model hostels for students:** Model general hostels will be built in every district for boys and girls of all classes and communities to provide a conducive environment to study together.
- **Special priority to skill development:** The opportunities of skill development in our state being very limited, it is essential to establish skill-training centres in large numbers. Therefore, a big campaign for skill development will be started from this year by providing training facilities for 3 to 5 lakh educated men and women every year.
- **Establishing industries in all districts:** To provide necessary infrastructure facilities for industrial development in all parts of the State, industrial estates with a minimum area of 1000 acres will be developed for establishing small and medium industries in every district.
- **Partnership with private investment:** Specific policies will be formulated for implementing government schemes for providing infrastructure

facilities like development of road network, development of ports, generation of power, development of educational facilities, etc., in partnership with private investors.

- **Increasing energy generation:** The present energy generation capacity of 8000 MW will be increased to minimum of 12000 MW watts in the next three years. In order to supply quality power in rural areas, Niranthar Jyothi scheme will be implemented in all districts.
- **Campaign for city development:** For bringing about planned development of large, medium and small towns of the State, a campaign for city development will be started by providing about Rs.1000 crore every year.
- **Infrastructure for Bangalore:** In order to improve transport systems in Bangalore city through developing metro rail, mono rail and good roads, and to provide water and drainage facility in all parts, programmes will be implemented with an estimated investment of about Rs.18,872 crore in the coming three years.

21. In the background of the above-mentioned development policies, I am happy to present now the main points of the Budget 2010-11.

Priority to agricultural development

22. In the last 10 years, the agriculture sector has witnessed several ups and downs and our farmers have

faced severe stress in some years. In order to alleviate the loan burden of the farmers, the State Government has started the scheme of giving loans to farmers at subsidized interest rate of 3 per cent since the year 2006-07 through Co-operative institutions. During the year 2009-10, our State became the first in the country in extending this facility to loans taken by farmers from commercial banks also. An amount of Rs.200 crore has been provided for the year 2010-11 to facilitate farmers in obtaining loans from commercial banks at subsidized rates.

23. The scheme of giving agricultural loans to farmers through Co-operative institutions at the rate of 3 per cent has been under implementation for the last four years. An amount of about Rs.120 crore is being provided in 2010-11 to continue this scheme.

24. I would like to stress here that this facility of subsidized loans will be available only to those farmers who make timely repayment. It is therefore being stipulated that the eligible farmers should submit their loan details to the concerned taluka officers of the Co-operation Department and register their names by 30.04.2010.

25. Special assistance will be provided along with grants under employment guarantee scheme for building water-harvesting structures like nala bunds, check dams, etc., in every village under every grama panchayat. A special award of Rs.5 lakh will be given to the best grama panchayat in every taluka for performance in building water-harvesting structures. A movement called 'Jalasiri' will be started with

an expenditure target of Rs.500 crore for building at least 2 lakh such water-harvesting structures in the State.

26. With a view to protecting the ground-water and economizing on consumption of electricity, adopting drip or sprinkler irrigation systems is needed to be made compulsory for farmers in the State. In order to provide necessary financial assistance and technology to the farmers, 'Antharaganga Micro-irrigation Corporation' will be established with an outlay of Rs.100 crore.

27. Necessary arrangements will be made for registration of electricity pump-sets owned by farmers within a prescribed time-limit, and appropriate technical systems will be provided to supply the electricity required in every line.

28. It has been possible during the last two years to increase crop productivity considerably by conducting soil quality tests and supplying necessary micronutrients in about 2.25 lakh hectares of land in 6 districts under 'Bhoochethana' programme. This experiment will be extended to 12.5 lakh hectares of land in 15 more districts of the State by providing Rs.15 crore to Krishi Vigyan Kendras.

29. A grant of Rs.15 crore will be given for organizing krishi melas of a duration of one month at the district level every year for providing necessary inputs like quality seeds and improved agricultural implements to the farmers, and also to give them guidance on agriculture science and technology.

30. Rs.5 crore will be provided for establishing telemetric rain-gauge stations, so that farmers from all parts of the State can utilize agriculture insurance facilities properly.

31. An agriculture university is proposed to be established at Shimoga for study and research of special plants and crops of the Malnad region. A provision of Rs.10 crore will be made for this.

32. Farmers have adopted organic farming in a big campaign all over the State and about 52,200 farmers have participated actively. A provision of Rs.100 crore will be made to make this programme successful.

33. An amount of Rs.400 crore was provided as working capital to the Karnataka Co-operative Marketing Federation last year for supplying fertilizers in adequate quantities to the farmers. This facility will be extended during the year 2010-11 also.

34. Financial assistance will be provided for opening super stores for farmers at the district level so that they can buy all the required inputs and implements from one place.

35. The present user fee for obtaining RTC copies by the farmers will be reduced from Rs.15 to Rs.10.

36. An amount of Rs.25 crore will be provided for constructing necessary buildings for Raitha Samparka Kendras in every hobli headquarters.

37. It is the Government's endeavour to provide quality power during specified hours for supporting agricultural operations. Accordingly, the scheme of Niranthara Jyothi will be implemented in 126 talukas of the State in the next two years. During the year 2010-11, necessary capital support will be made available to the electricity supply companies for implementing this scheme in 70 talukas at a cost of about Rs.1200 crore.

38. Rs.2500 crore will be provided as Government's budgetary support for supplying energy to pump-sets and Bhagyajyothi/ Kuteerjyothi.

39. An assistance of Rs.1 lakh will be provided to the families of those farmers and agricultural labourers who lose their lives in accidents like falling from coconut/areca trees or snakebite or any other agriculture related accidents. In respect of loss of crop/hay-stacks an amount of up to Rs.10,000 will be provided as relief.

Support for Horticulture Development

40. The Government aims at increasing the area under horticulture crops in the State from 18 lakh hectares to 25 lakh hectares in next 3 years. Assistance will be given to lakhs of small and marginal farmers to take up remunerative horticultural crops in their holdings through the National Rural Employment Guarantee Scheme in every village. It is expected that at least Rs.500 crore may be utilized during 2010-11 for developing horticultural crops in about 2 lakh hectares of land.

41. Government has extended support to cultivation of grapes by adopting the wine policy, and grapes of wine quality are being grown scientifically in an area of about 1800 acres in the State.

42. To develop the widely cultivated crop of mangoes, Karnataka Mango Board will be established this year with a provision of Rs.10 crore. Apart from facilitating establishment of improved mango markets and processing facilities in partnership with the private sector, the Board will also provide necessary improved technical assistance to mango-growers.

43. Of about 400 horticulture farms under the Department of Horticulture, steps are being taken up to develop 19 farms in partnership with the private sector. During this year 100 more farms will be developed as nurseries and market centres with private partnership.

44. An amount of Rs.5 crore each will be provided to start horticulture colleges in Mysore, Hiriyur, Sirsi and Koppal.

45. An amount of Rs.10 crore will be provided for giving capital assistance of 25 per cent to entrepreneurs for establishing fruit and vegetable processing units in any part of the State, with an investment of at least Rs.10 lakh.

46. An amount of Rs.5 crore will be provided for establishing daily procurement system in district centres for organized marketing of fruits and vegetables.

47. An amount of Rs.5 crore will be provided for giving subsidy up to 50 per cent of the cost of polyhouse and

polynet procured by the farmers for cultivating more remunerative horticultural crops.

48. For marketing of horticultural products, space for 100 new outlets will be provided to Hopcoms in Bangalore city; these outlets will be maintained through private partnership.

49. Areca-growers will be provided subsidy of 50 per cent of the cost with a maximum of Rs.1 lakh for purchase of modern areca-peeling equipment.

Sericulture

50. In the recent years the area under cultivation of mulberry crop related to sericulture industry has come down to some extent, and at present is about 70,000 hectares only. Since this crop provides supplementary income to marginal and small farmers throughout the year, necessary assistance will be given through National Rural Employment Guarantee Scheme for promoting sericulture crops in small and marginal holdings. It is proposed to increase the area under mulberry cultivation to 1 lakh hectare in the next three years.

51. Families which are dependent on silk reeling will be given loans at the subsidized rate of 3 per cent as applicable to the weavers. Necessary provision will be made in the year 2010-11 to help about 7,000 families.

52. It is proposed to formulate a scheme for one time settlement of loans taken through the Karnataka State Finance Corporation and the Karnataka Industrial

Co-operative Bank by the families engaged in silk reeling activities.

53. An amount of Rs.2 crore will be provided for building a Silk Industries Centenary Hall at Mysore.

Animal Husbandry and Dairying

54. The activities of animal husbandry and dairying are important sources of income for rural families of the State, particularly small farmers and agricultural labourers. It is necessary to give greater importance to animal husbandry for removal of poverty in rural areas.

55. During the year 2009-10 Government has provided a special assistance of Rs.2 for every litre of milk collected through Co-operative dairies. The family income of about 6.4 lakh milk producers has increased with this assistance of Rs.200 crore. This scheme will be continued in partnership with the Karnataka Milk Marketing Co-operative Federation in the year 2010-11.

56. An equity capital of Rs.10 crore including the assistance already is being provided in the year 2009-10 for repayment of loan taken by the milk unions of Dharwad, Belgaum, Bijapur and Gulbarga.

57. An amount of Rs.10 crore will be provided for establishing new chilling plants in Gulbarga and Belgaum divisions. An amount of Rs.10 crore will be provided for establishing a milk processing plant at Chikballapur.

58. Amruthmahal Kavalu government lands in Chikmagalur, Chitradurga, Tumkur and Hassan and other districts will be cleared from encroachment, and developed on contract basis in partnership with expert institutions for animal husbandry, breed improvement and other related activities. An amount of Rs.5 crore will be provided for the development of these lands.

59. In order to make sheep rearing more profitable, one Rambule ram and ten local variety sheep each will be provided to 3,600 beneficiaries through Sheep Development Board at a cost of Rs.10 crore, which will make it possible to improve the stock of sheep in the next 5 years.

60. An amount of Rs.10 crore each will be provided for the development of veterinary colleges at Shimoga and Hassan.

61. An amount of Rs.5 crore will be provided for establishing a veterinary college in the name of Shri Bhaurao Deshpande at Athani in Belgaum district.

62. During the year 2010-11 about 487 vacant posts of veterinary doctors will be filled in the Department of Animal Husbandry.

63. In order to extend the facilities of veterinary services in rural areas, 50 new mobile veterinary units will be started.

Incentive to Fishermen

64. For developing inland fisheries in the State, an expenditure of Rs.2.5 crore will be made to produce 25 crore fish seed during the year 2010-11.

65. The quantity of sales tax free diesel being provided to the fishermen of the coastal areas will be increased from 75000 to 85000 kilolitres. The present subsidy of Re.1 per unit of electricity consumed in making ice for preserving fish will be continued.

66. An amount of Rs.10 crore will be given for development of a fishing harbour at Koderi near Baindur.

Co-operation

67. The State has implemented the recommendations of the Vaidyanathan Committee for reviving those Co-operative credit institutions and District Central Co-operative Banks which had suffered losses because of various reasons. In this process, a fresh capital of about Rs.600 crore is being provided through the State and Central Government to these credit Co-operative institutions and banks. This will facilitate in proper functioning of all credit Co-operative institutions of the State in 2010-11.

68. Government had waived agricultural loans in 2006-07. In respect of the farmers who had made repayment, the amount required for refund will be paid in 2010-11.

69. During the year 2009-10 an amount of Rs.30 crore has been given under Yashaswini scheme, which has enabled about 76,000 farmers to get operated for heart diseases and other serious ailments. An amount of Rs.40 crore has been provided to continue this scheme during the year 2010-11.

Agriculture Marketing

70. The Agriculture Produce Marketing Act has already been amended to facilitate private participation in the field of agriculture marketing for providing good marketing facilities for cereals, fruits, vegetables, etc. grown by the farmers.

71. An amount of Rs.5 crore will be provided for assisting private industrial groups in acquiring the necessary land and also to give a capital subsidy of 25 per cent for establishing wholesale markets for agricultural produce.

72. With help from NCDEX, agricultural produce exchanges will be established in APMC yards in every district for providing remunerative prices.

73. An amount of Rs.1 crore will be spent in every taluka through APMCs for providing necessary infrastructure to develop village market yards.

74. An amount of Rs.10 crore will be provided by the State Marketing Federation for establishing a high-tech rice technology park in Karatagi of Gangavathi taluka.

Sugar Industry

75. It is proposed to strengthen the Department of Sugar with more manpower for making improvements in development of sugarcane and its processing.

76. It is proposed to provide an amount of Rs.20 crore for modernization of plant and machinery of the government-owned Mysore Sugar Company.

77. Infrastructure facilities of the Karnataka Sugar Institute at Belgaum will be improved. This institute will be named after the late Sri S. Nijalingappa.

78. In V.C. agriculture farm of Mandya a Sugar Institute will be established through the University of Agricultural Sciences to conduct research for development and processing of sugarcane crop.

Corporation for Food Processing Development

79. Farmers of the State can benefit greatly if integrated systems are established for processing of cereals, fruits and vegetables and for product manufacturing. A capital support of Rs.10 crore will be provided in 2010-11 for establishing a development corporation for promoting food processing industries in a planned way. This corporation will promote of food-processing parks and cold storages, besides providing technology and training in food processing and other related activities.

80. Through suitable amendment in the Karnataka Land Reforms Act, purchase of agricultural land up to 5 acres

will be facilitated in each case for establishing food processing units. A capital assistance of 25 per cent of investment will also be provided.

‘Back to the Village’: Rural Development

81. The Panchayat Raj system in Karnataka has been an important milestone on the path of empowerment of rural people. It is a matter of great satisfaction that women have been participating enthusiastically in these institutions. In order to further strengthen the role of women in Panchayat Raj Institutions, seats up to 50 per cent will be reserved for women by suitably amending the Act.

82. The recommendations of the Third State Finance Commission on allocating funds from State Government to Panchayat Raj Institutions and Urban Local Bodies are being examined. After taking a decision, the grants to rural and urban local bodies will be suitably increased.

83. An amount of Rs.900 crore has been spent so far on implementing the Suvarna Gramodaya Yojane for comprehensive development of villages in the State. A provision of up to Rs.1000 crore will be made to continue this scheme in 2010-11.

84. National Rural Employment Guarantee Scheme is being implemented vigorously in the State for building infrastructure facilities and productive assets such as tanks, canals, etc., in rural areas. Action will be taken to create about 18 crore man-days with an expenditure of Rs.3000 crore in the year 2010-11.

85. During the year 2009-10, 2125 km of rural roads have been built by the Department of Rural Development at the cost of Rs. 726 crore under the Pradhan Mantri Gram Sadak Yojana. In the year 2010-11 a provision of Rs.100 crore will be made as State's share for utilizing about Rs.1500 crore under this scheme.

86. For the development of rural roads a separate provision of Rs. 632 crore will be made under state schemes for upgrading about 5000 km of rural roads.

87. An amount of Rs.150 crore has been provided in this budget for annual and special maintenance of rural roads.

88. With assistance from the World Bank, 'Jalanirmal' project has been implemented at the cost of Rs.997 crore for providing pure drinking water in rural areas in 11 districts. To extend the second phase of this project, the World Bank has agreed to provide an additional assistance of Rs.935 crore, which will be utilized for implementing schemes in villages where the ground-water has been affected by fluoride and other elements.

89. A scheme at a cost of Rs.100 crore will be prepared for supplying drinking water to the villages of Chamarajanagar district.

90. An amount of Rs.25 crore will be provided to implement a scheme of supplying drinking water from Shanthisagar in Channagiri Taluka to Sirigere town including villages on the way.

91. An amount of Rs.25 crore will be spent to implement a scheme for providing drinking water to villages of Tumkur district from Hemavathi canal.

92. An amount of Rs.1000 crore including central assistance will be utilized in the year 2010-11 for drinking water supply schemes in rural areas of the State.

Development of Backward Areas

93. Special Development Plan is being implemented for last 4 years in 114 backward talukas of our State as per the recommendations of Dr.Nanjundappa Committee. A High-powered Committee has been constituted under the Chairmanship of Shri Sashil Namoshi to supervise the implementation of SDP. An allocation of Rs.2580 crore is being made in 2010-11 for implementing development programmes in these backward areas.

94. An allocation of Rs.53 crore is being made for development programmes to be implemented by the State's Hyderabad-Karnataka Area Development Board, Bayaluseeme Abhivrudhi Mandali, Malnad Area Development Board, Coastal Area Development Authority etc.

95. A provision of Rs.300 crore is being made for development programmes in the area of the Hon'ble Legislators.

New Housing Project

96. During the year 2008-09 and 2009-10 about 5.35 lakh houses have been constructed under Indira Awas, Ashraya and Dr.Ambedkar Yojana in rural areas. Besides, 75,000 houses have already been started in flood affected areas. Required assistance will be provided to donor agencies for completion of these houses before June 2010.

97. It has been decided to formulate a modified rural housing scheme by increasing the unit cost from Rs.40,000 to Rs.60,000. The beneficiary's contribution will be Rs.10,000, which will be facilitated by arranging concessional loans from the banks. It is proposed to construct 1.50 lakh houses during this year under the modified scheme.

98. During the year 2010-11, 50,000 houses will be built for the houseless families in urban areas under the Vajpayee Housing Scheme. Under this scheme, houses will be constructed at a unit cost of Rs.1,25,000 by pooling Government subsidy, bank loan and beneficiary's contribution.

99. To solve the problem of inadequate housing for the middle class people in city areas and small towns, it is proposed to start 'Namma Mane' scheme for providing affordable houses.

100. During the year 2010-11, Rs.75 crore will be allocated for providing free sites to the siteless families in rural areas.

101. An amount of Rs.920 crore will be allocated for providing housing facility in rural and urban areas during the year 2010-11.

102. Beneficiaries who repay the instalments due on March 31, 2010 by December 2010, will be given the benefit of interest waiver on their loans under Ashraya scheme.

Primary and Secondary Education

103. The State has made provision to admit 100 per cent children to primary schools so as to quickly improve the literacy ratio which was 66.64 per cent during the year 2001 in Karnataka. During the year 2008-09, 55 lakh boys and girls were studying in about 53000 primary schools. There are 11,835 high schools in the State where about 25 lakh boys and girls are studying.

104. Besides providing mid-day meals under the Akshara Dasoha programme, free uniforms and textbooks are provided to all the students in the State. Karnataka is one among the successful states in implementation of the centrally assisted Sarva Shiksha Abhiyan scheme. During the year 2010-11 Rs. 8830 crore will be spent for primary and secondary education.

105. In rural areas several children, particularly girls, discontinue studies after the primary school level. Thus the children of farmers and poor farm-labourers do not acquire necessary education and are deprived of job opportunities. This situation needs to be corrected.

The government has therefore resolved to provide all necessary facilities in the next three years so that children of every school in the State can acquire education at least up to 10th standard.

106. The scheme of providing free bicycles to the boys and girls studying in the high schools has given great encouragement to the rural children for continuing their studies. An expenditure of Rs.200 crore will be made during 2010-11 to continue this scheme.

107. Besides increasing the literacy ratio, it is necessary to provide all facilities for laying good foundation of quality education in schools for all children. Under the Rashtriya Madhyamika Shiksha Abhiyan, programmes have been formulated to achieve all-round development of 545 high schools at a cost of Rs.700 crore. 74 Model High Schools will also be established under the above scheme in the year 2010-11.

108. As many as 2,64,000 teachers are working in government primary schools, which gives a ratio of one teacher for every 28 students. The above ratio is very favourable when compared to the ratio of one teacher to 40 students as per the national yardstick. Henceforth it is necessary to give greater emphasis to improving the quality of primary education, particularly in the rural areas.

109. An amount of Rs.100 crore will be given as a fund for school development for providing facilities of class rooms, equipment, drinking water, and sanitation to all government schools and pre-university colleges in the state during

2010-11. It is proposed to provide drinking water and toilet facilities in all government schools in the districts and to entrust this task to State's Rural Infrastructure Development Corporation.

110. It is necessary to provide opportunities to teachers for higher studies, so that the quality of education improves at school level. A special allocation of Rs.5 crore will be made to facilitate government teachers in going for degree and post-graduate studies for a period of 2 years.

111. Buildings are being constructed for the 250 pre-university colleges opened in various parts of the State during the last 3 years, and an amount of Rs.80 crore will be provided for this during the year 2010-11.

Higher Education

112. At present only 12 per cent of the youth are studying for higher education in Karnataka. It is proposed to increase this to 25 per cent in the coming years. As highlighted in the note on State's development, it is necessary to give priority to higher education for building an educated society, and for expansion of a knowledge-based economy.

113. The recently established universities at Tumkur and Davangere, along with the Women's University at Bijapur, will be provided a grant of Rs.10 crore each for development of infrastructure facilities. Similarly, Rs.5 crore will be provided to the Kannada University at Hampi.

114. To improve facilities for technical education and strengthen infrastructure in engineering colleges, a sum of Rs.80 crore will be spent under the World Bank assisted project of TEQUIP.

115. Rs.76 crore will be provided for construction of buildings and purchase of equipment for 10 engineering colleges and 22 polytechnics started recently.

116. Out of 357 government first grade colleges in the State, only 167 colleges have facilities for teaching science and commerce education. With a view to providing better job opportunities to the students in future, it is required to facilitate science and commerce courses. This facility will be extended to 100 degree colleges during 2010-11 at a cost of Rs.50 crore, and by 2011-12 all colleges will get covered.

117. Special training in language skills, effective communication and personality development will be given to the students in government colleges of the State, so that they acquire soft skills to make them more employable. For this a provision of Rs.10 crore will be made in 2010-11.

118. On the occasion of the 500th anniversary of coronation of Sri Krishna Devaraya of the Vijaynagara dynasty, a new university called Vijayanagar University will be established at Bellary; for which Rs.10 crore is being provided.

119. Special rules will be formulated for providing government land at guidance value to those institutions

which plan to invest in establishing higher education institutions and research centres.

120. An amount of Rs.4 crore will be provided for research activities of DNA Diagnostic Institute at the Karnataka University, Dharwad.

121. Annual grant being provided to the National Law School University of India (NLSUI) will be enhanced to Rs.1 crore.

122. During 2010-11 Rs.5 crore will be provided for establishment of Sanskrit University at Bangalore.

123. An amount of Rs.1 crore will be provided for establishing a Centre for Pali language studies at Gulbarga University.

Health & Family Welfare:

124. During the last two years unique programmes have been started for providing good health care services to the people of the State. 517 ambulances have been deployed under Arogya Kavacha scheme, operating through the toll-free help-line no.108, providing free ambulance service for emergency treatment in all talukas of the State. This has successfully helped in providing emergency medical treatment to lakhs of people.

125. A new scheme called '**Vajpayee Arogya Shri**' Yojana started recently in Gulbarga Division has given a new life to several families of Below Poverty Line by providing

free treatment including surgery for about 400 serious ailments. This scheme will be expanded to other divisions of the State in a phased manner. For this purpose an amount of Rs.40 crore will be provided.

126. There are 2193 Primary Health Centres in the State, of which 975 centres have been converted into 24 hour health centres. In rural areas for every 25000 population, a Primary Health Centre will be equipped with necessary facilities and additional staff for extending free maternity services. Action is being taken to appoint 5021 para-medical staff in order to provide the required manpower to government healthcare institutions at various levels.

127. It is proposed to upgrade 142 taluka hospitals into First Referral Units, so that quality medical care from specialists can be made available at the taluka level. An amount of Rs.100 crore is being provided in 2010-11 for construction and upgradation of health care institutions including taluka hospitals.

128. Free maternity services will be provided to rural women at primary health centers. A special assistance of Rs.1000 will be given to those women who get maternity care in private hospitals.

129. From the year 2010-11, a new scheme will be formulated to provide free medical checkup to all girl children registered under the Bhagyalakshmi scheme; free medical treatment will also be provided to them.

Medical Education

130. In the last three years 6 new medical colleges have been established in the government sector for expanding the facility of medical education in the State. An amount of Rs.583 crore has been spent so far. Besides, super-speciality hospitals for nephrology and diabetology have also been established. The Rajiv Gandhi Institute of Chest Diseases has been upgraded as an autonomous institution.

131. Rs.5 crore has been provided in 2010-11 to establish cancer treatment facilities at Hubli by establishing a branch of Kidwai Institute of Oncology.

132. An additional amount of Rs.20 crore will be provided for increasing the admission capacity of selected medical colleges during 2010-11.

133. A provision of Rs.10 crore will be made for establishing a super-speciality hospital at the Vijayanagar Institute of Medical Sciences, Bellary with private participation.

134. An amount of Rs.20 crore will be provided for completing the construction work of Shimoga Medical College.

135. To provide cardiac treatment under the Hrudaya Sanjivani scheme and to provide kidney treatment facilities to poor people, a provision of Rs.10 crore will be made.

136. It is proposed to make available 15 acres of land and to give a grant of Rs.5 crore to the Mata Amritanandamayi Institution for establishing a super-speciality hospital in Kengeri, Bangalore.

Ayush Health care

137. Rs.5 crore will be given for upgrading the Government Ayurveda hospitals in Bangalore, Mysore and Bellary to provide good quality Ayurvedic treatment.

138. The Central government has come forward to provide Rs.10 crore for establishing an AIIMS-type institution for Ayush at Bangalore with private participation. This will be the first of its kind in the entire country. The State Government will provide necessary support for this.

Encouragement to Industrial Sector

139. Several firms at the international level have expressed interest for establishing industries in the State during 2009-10. The State Government has decided to hold a Global Investors Meet in the month of June during the current year to attract national and international investors who can make large-scale investment, with a view to giving a new dimension to the process of industrialization in the State.

140. As announced in the Budget Speech of 2009-10, there has been substantial progress in acquiring land for establishing industries throughout the State, and it will be possible to acquire about 50,000 acres of land by

31st March 2010. Apart from this, 15,246 acres of land is being acquired for establishing large industries and a Steel Zone in Bellary and Koppal districts respectively.

141. For the development of Information Technology, action has been initiated for setting up a Special Economic Zone in an area of 12,000 acres near Bengaluru International Airport.

142. Several industrial concerns including ArcelorMittal and POSCO, the world's largest steel manufacturers, have come forward for establishing large-scale industries by utilizing the superior quality of iron ore available in the State. Preliminary approvals have been granted by the Government. Apart from this, the Government has accorded approval for an over-all investment of Rs.1.9 lakh crore by capital investment institutions, in various sectors including automobile, aerospace and electronic hardware.

143. In the industrial lands being provided by the Karnataka Industrial Area Development Board, 10 per cent of space will be reserved for garments, textiles and agriculture produce processing units in every district.

144. A well-equipped export centre will be established at Mysore for exporting industrial products.

145. The One Time Settlement scheme introduced by the Karnataka State Finance Corporation, to help the small scale industries, will be extended up to December, 2010; and an amount of Rs.25 crore will be provided as assistance from Government.

146. As per the new mining policy already adopted in the State, priority is being given to the industries, which use the State's mineral-wealth within the state by value-addition. With this, instead of exporting State's mineral ore, it would be possible to create value addition and employment opportunities within the State.

147. With a view to providing training to the youth in traditional crafts, such as carpentry and sculpture, and to adopt modern technology, it is decided to establish Gurukula Training Centres at a cost of Rs.5 crore.

148. Rs.1 crore will be provided to convert and upgrade Chamarajendra Polytechnic, Mysore into a heritage museum.

149. To provide increased employment opportunities to rural people, especially women, it has been decided to promote garment units; and for this purpose special steps like providing suitable tax concessions, assistance for Employees Provident Fund, etc. will be taken.

150. Under Suvarna Vastra Neeti, an amount of Rs.60 crore has been provided for giving assistance to garment units to create job opportunities for 5000 to 10000 persons each in ten districts.

151. Weavers are facing several problems in their profession, and the Karnataka Handloom Development Corporation is striving hard to provide market facilities to the products of the weavers. Rs.10 crore will be provided to increase the working capital of this Corporation.

152. Rs.5 crores will be provided for making available improved pneumatic looms to the weavers, and Rs.2 crore will be given for providing solar lamps.

153. Rs.3 crores will be provided for construction of 'Nekara Bhavana' at Hubli through the Karnataka Handloom Development Corporation.

154. A grant of Rs.10 crore will be provided under Special Development Plan for establishing Industrial Areas in the backward Talukas through Karnataka Small Scale Industries Development Corporation.

Information Technology – Biotechnology

155. Bangalore is already world-famous for information technology industry. Special encouragement will be given for establishing information technology units in State's other cities also. Government has successfully established several BPO centres in rural areas. Rs.10 crore is being provided to establish at least 100 more BPO centres during 2010-11.

156. The Semi-Conductor Policy announced recently has laid a solid foundation for the establishment of semi-conductors units. Rs.10 crore will be provided for implementation of this policy during 2010-11.

157. Rs.10 crore is being provided for encouraging new bio-technology units under the Bio-Technology Policy of the State.

158. Rs.1 crore will be utilized for the establishment of a new planetarium at Pilikula near Mangalore and another at Nandi Hills in Chikkaballapura District.

159. Rs.1 crore will be provided for establishing a master control centre, to forecast natural disasters.

Employment and Training

160. About 8.40 lakhs students are getting education upto 10th standard every year in our State. Out of this, only 1.88 lakh are going for higher education, and the remaining about 6.52 lakh have to try for employment opportunities in various fields. There is a need for well-equipped training centres to train these young boys and girls for jobs in the industry and services sectors.

161. About 2 lakh people every year are being trained by 1233 Industrial Training Institutes and other informal training centres in our State. To double this in the next three years, it is proposed to establish about 1000 Industrial Training Institutes more in the private sector.

162. A new grant-in-aid system will be implemented to provide a grant of Rs.6000 for every student per annum at the private industrial training institutes already started in the State. Rs.50 crore is provided for this purpose.

163. From 2010-11 government land up to 5 acres will be provided at half the guidance value in every District to private managements for establishing Industrial Training

Institutes. For this purpose, approval for purchasing agricultural land up to 5 acres will also be given.

164. For establishing new Industrial Training Institute, 25 per cent of the capital cost, up to a maximum of Rs.25 lakh, will be provided as grant. Additional grant of 10 per cent will be provided to institutes established in the backward talukas identified in Dr.Nanjundappa's Report. Rs.50 crore is provided in the budget for this purpose.

165. The Karnataka Skill Development Corporation after conducting Udyoga Melas at 14 centres during 2009-10 has identified employment opportunities for 33,000 young people. I am happy to say that in providing employment-opportunities in private sector in a systematic way, this experiment has proved to be the most successful in the entire country. It is expected to make arrangements for providing employment opportunities to 4 lakh youths in the State every year.

Development of Energy Sector

166. A total of 750 MW of additional power generation capacity has been installed at Bellary and Raichur by the Karnataka Power Corporation during 2008-09 and 2009-10, and 600 MW capacity has been installed by a private sector thermal plant at Udupi. In addition to this, 230 MW capacity hydro-electric power generation plant has been set up through the Karnataka Power Corporation during 2008-09.

167. The total power generation capacity of the State has now reached 8000 MW, and it is possible to double this in the next five years. For this, action is being initiated to establish a thermal power plant of 4000 MW capacity at Koodagi in Bijapur District, 2400 MW at Yermarus and Yedlapur of Raichur District and 1000 MW at Bellary, apart from launching gas based power plants of 2600 MW capacity at Bidadadi and Tadri through the Karnataka Power Corporation.

168. A 2400 MW capacity thermal power plant is being established at Chattisgarh with private participation.

169. Prior to 2008-09, funds had not been provided for capital investment for power generation for two decades. Rs.500 crores was provided as equity to the Karnataka Power Corporation during 2008-09. For mobilizing the required capital, the Karnataka Power Corporation and power transmission companies are being provided capital support of Rs.500 crore during 2009-10. Rs.500 crore of capital support will be provided during 2010-11 as well.

Water Resources and Irrigation

170. During 2008-09 and 2009-10, Rs.6000 crore (excluding loan repayment) has been spent on major and medium irrigation projects, and 1.20 lakh acres of land has been provided with irrigation facility. In 2009-10 Arkavati, Kamasamudra, Huchanakoppalu medium irrigation projects and lift irrigation schemes at Harangi, Rajanakollur, Sonna and Itagi-Sangama are being completed.

171. During 2010-11, 14 major and medium irrigation projects including Upper Krishna Project Stage-I and II, Karanja, Bennethora, Amarja, Ghataprabha 3rd Stage, and Ubrani-Amrutapura would be completed and 56000 hectares of land (more than 1.35 lakh acres) would be provided with additional irrigation. Besides, field channels would be constructed in 2 lakh hectares of land.

172. Modernization of Bhadra Canal, Kabini Right Bank Canal lining work and modernization of Tungabhadra distributory canal, which were started during the last year, would be continued in 2010-11.

173. In 2010-11, Rs.4256 crore would be provided for major and medium irrigation projects including Accelerated Irrigation Benefit Programmes.

Minor Irrigation

174. About 36,000 small irrigation tanks existing in the State need to be considered as our traditional assets. More than Rs.800 crore is being spent to rejuvenate 3900 tanks with the World Bank-assisted Jala Samvardhane Yojane. Out of the State Budget, Rs.100 crore is being allocated for rejuvenation of 1000 small irrigation tanks and to provide employment opportunities under National Rural Employment Guarantee Scheme.

175. An amount of Rs.40 crore is being provided for construction of 37 tanks under centrally assisted Accelerated Irrigation Benefit Programme in Kolar, Chikkaballapur, Belgaum, Dharwad, Haveri, Gadag, Gulbarga and Bidar districts.

176. Rs.100 crore will be provided for construction of barrages, check-dams and lift irrigation schemes in different parts of the State during 2010-11. It is decided to provide Rs.842 crore for about 2000 irrigation works taken up by the Minor Irrigation Department during this year.

Development of Road Communication Network

177. A detailed project has been prepared by the State to upgrade and ensure systematic maintenance of the State Highways and District Major Roads by the Public Works Department. To upgrade all the State Highways from single lane roads to double lane roads in the coming three years Rs.3,000 crore will need to be spent. During 2010-11 Rs.250 crore is provided for this purpose.

178. An amount of Rs.737 crore has been provided under State Plan and Non-plan budget for up-gradation of Major District Roads. Distinct numbers will be assigned to all roads so as to enable systematized maintenance of roads in the State. A detailed Plan will be prepared for taking up resurfacing and renewal works once every 5 years in respect of all Major Roads. This would facilitate maintenance of the roads as per the time-schedule.

179. Rs.30 crore will be provided to construct bridges in Harihara and Honnali talukas across the Thungabhadra river. Rs.15 crore will be provided for construction of a bridge across Krishna River in Bijapur District.

180. With a view to providing good road communication in Kodagu District, a special package of Rs.25 crore will be provided.

181. Model designs, plans and estimates for construction of various departmental buildings based on the needs of every department will be prepared to avoid delay in construction of buildings, as also to economise on expenditure.

182. Panel of approved architects would be utilized for preparation of designs and supervision of construction works in every Public Works Zone, in respect of all buildings with estimated cost of more than Rs.10 crore.

Infrastructure Facilities

183. With a view to accelerating commercial and industrial activities in the State, Government has given priority to upgradation of communication systems in various parts of the State. I have personally discussed with Hon'ble Central Minister for Railways about speedy implementation of railway projects in the State. The Central Railway Minister has positively responded to the suggestion of the State to bear 50 per cent expenditure for construction of new railway projects on priority. As a result, it is a matter of pleasure to note that 12 new railway projects have been approved for commencement in the recently presented Railway Budget for 2010-11.

184. The Government is prepared to provide the matching share for this. Rs.600 crore would be contributed by the State Government during 2010-11 to take up the long-demanded railway projects of Shimoga – Harihar, Kudachi – Bagalkot, Whitefield – Kolar, Gadag – Haveri, Tumkur – Davangere, Bijapur – Shahabad, Dharwad –

Belgavi, Thalaguppa – Honnavara, Hassan – Bangalore, Kadur – Chikmagalur – Saklespur, Arsikere – Birur doubling, Kolar – Chikballapur gauge conversion, etc.

185. Necessary action has been initiated for developing airports with private participation in tier-two cities of the State, like Belgaum, Bijapur, Gulbarga, Bellary and Shimoga. It is expected that efforts to start civil aviation facilities from Bidar airport would be fruitful during 2010-11.

186. It has been planned to develop ports with 34 million ton capacity at Tadari and 18 lakh ton capacity in Haldipur in the Western Ghats with private participation.

187. An amount of Rs.10 crore is being provided to establish a project development fund for preparing necessary project reports and designs for the development of infrastructure facilities in the State.

Urban Development

188. For development of infrastructure of Bangalore city, the pride of the nation, approximately Rs.6000 crore has been spent during the last two years through Bangalore Development Authority, Bruhath Bengaluru Mahanagara Palike, Bangalore Water Supply and Sewerage Board and Bangalore Metropolitan Transport Corporation. Necessary grants and resources are being provided to continue various major programmes during 2010-11.

189. For the ultra modern metro project, taken up in collaboration with the Central Government, the State has already provided approximately Rs.1600 crore of its share in the form of capital and loan. Commissioning of the first phase of this project will take place in 2010-11, and for this purpose Rs.600 crore will be provided by the State Government.

190. The State Government is prepared to provide 50 per cent of the required capital to start local trains in Bangalore City. The Central Government will be requested to give approval to this scheme expeditiously.

191. Rs.1000 crore will be spent through the Bangalore Development Authority for construction of multi-storeyed vehicle parking centres and improvement of 10 important traffic routes in various parts of Bangalore.

192. Rs.200 crore will be utilized through Bangalore Development Authority for improvement of 25 tanks of the city.

193. Infrastructure facilities such as improvement of city roads, improvement of footpaths, construction of over bridges and under bridges will be taken up through the Bruhath Bengaluru Mahanagara Palike at an expenditure of Rs.3000 crore.

194. A project of Rs.425 crore for providing drinking water and sanitation facilities to the villages newly added to the jurisdiction of the BBMP will be started through the Bangalore Water Supply and Sewerage Board. An amount

of Rs.100 crore will be utilized to change defective water and drainage pipes in the old areas of Bangalore.

195. More than 34 per cent of the people of the State live in cities, and this ratio is increasing every year. There is a need to formulate a systematic plan for providing appropriate infrastructure facilities for these citizens. Apart from Bangalore there are seven City Corporations, 44 City Municipal Councils, 94 Town Municipal Councils and 68 Town Panchayaths. For the improvement of these areas '**Mukhyamanthri Nagarothana Yojane**' will be started from 2010-11. It is decided to provide Rs.600 crore under this scheme for the specific development programmes, such as drinking water, sewerage system and road development.

196. To provide sufficient drinking water supply to the fast-growing towns of the State, the Government has given it special priority and provided Rs.304 crore in the year 2010-11 to expand the drinking water supply schemes in 120 towns.

197. The 24X7 water supply scheme started on a pilot basis in the cities of Gulbarga, Hubli and Belgaum has been implemented successfully. This scheme will be extended to other 16 cities in the State.

198. An amount of Rs.50 crore will be provided to make a four-lane road between the twin cities of Hubli – Dharwad.

199. Rs.25 crore will be provided for the improvement of infrastructure facilities of the new district headquarters of Yadgir.

200. A special grant of Rs.25 crore will be provided to Udupi Municipal Council on the occasion of celebrating Platinum jubilee of its functioning.

201. An amount of Rs.5 crore will be provided to the Vishveswaraiah Technological University for establishing a post-graduate study centre in urban development subjects.

Labour Welfare

202. For providing health insurance up to Rs.30,000 for the Below Poverty Line families in 5 districts of the State under the Rastriya Swasthya Bima Yojana for annual contribution of Rs.475, which includes State's share of Rs.118.75 on behalf of every family, Rs.12.04 crore has been given. An amount of Rs.15 crore is provided during 2010-11 to extend this scheme to other districts.

203. For the benefit of workers in unorganized sectors such as drivers in private buses, auto drivers as well as workers in garages and workshops, it is proposed to make a contribution of Rs.1200 every year by the State Government for a period of three years under the New Pension Scheme. The workers are required to contribute a minimum of Rs.100 every month for this purpose. For this Rs.20 crore will be provided.

204. The complete abolition of child labour system is the objective of the government. It has been decided to provide Rs.5 crore for starting educational and training institutions for special education and skill-development of child labourers in selected four districts.

Social Welfare

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ಒಂದೇ ಕುಲ, ನಾವು ಮನುಜರು.
ನರರ ನಡುವಿನ ಅಡ್ಡಗೋಡೆಗಳನ್ನು
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ರುದ್ರರು, ಹೊಸ ಬಾಳಿನ ಹೊಸ
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– ಗೋಪಾಲಕೃಷ್ಣ ಅಡಿಗ

Our government is committed to work hard for the betterment of all without any restriction of caste, community etc.

205. The best way of achieving all-round development of the people from the Scheduled Caste/Scheduled Tribe and Backward classes is to provide them the opportunities of education and employment. In this direction, 14 Morarji Desai residential schools and 114 Kittur Chennamma residential schools for girls have been started in the year 2009-10. An amount of Rs.150 crore is being provided for developing these institutions and constructing necessary buildings for 150 schools.

206. In the State, there are 1683 and 186 hostels for the students of Scheduled Castes and the Scheduled Tribes, respectively. The Government has also opened 1760 hostels for the students from Backward Classes. During the last year an increase was made in the rates of food charges per student from Rs.400 a month to Rs.600 a month in respect of pre-matric hostels and from Rs.450 to Rs.650 a month for post-matric hostels. In view of the rise in prices of essential commodities, the above rates will further be increased to Rs.650 and Rs.750 respectively. Similarly, the rates in respect of students in grant-in-aid hostels will also be increased.

207. At present, separate hostels are being run for Scheduled Castes, Scheduled Tribes, Backward Classes and minorities, with limited scope of admission for other categories. It is proposed to make this system more comprehensive at district level for students from all categories and classes by establishing new Model Hostels. An amount of Rs.20 crore is being provided for starting such model hostels in 10 districts. It is expected that from the student life itself young men and women will develop the feeling of equality.

208. In 2009-10 the provisions made for Special Component Plan and Tribal Sub-Plan was Rs.2916.6 crore and Rs.1144 crore respectively. In the year 2010-11 this amount has been increased to Rs.3358.78 crore and Rs.1344.19 crore respectively.

209. The pooled amount under SCP and TSP is proposed to be increased to Rs.617.2 crore and Rs.182.8

crore respectively, which is Rs.200 crore more when compared to the pooled funds provided during 2009-10.

210. An amount of Rs.20 crore will be provided for building Jagjivanram Bhavans in 10 districts of the State.

Development of Backward Classes

211. An amount of Rs.20 crore will be provided for supporting economic activities of communities from the Backward Classes, such as Kammara, Kumbara, Akkasaliga, Agasa, and others working in traditional occupations.

212. In these times of declining traditional pottery industry, it is necessary to provide new designs and skills to the Kumbars and provide good marketing facilities for their products. For this purpose, an amount of Rs.3 crore will be provided to establish 'Kumbakala Abhivruddhi Mandali'.

213. An amount of Rs.1 crore each will be provided for construction of community halls for Daivagya Brahmans of Uttara Kannada district and Bhalavallikar community at Manipal.

Minority Welfare

214. An amount of Rs.167 crore was provided for minority welfare in 2009-10, which is being increased to Rs.207 crore in 2010-11.

215. An amount of Rs. 5 crore will be provided for constructing a Haj Bhavan in Bangalore.

216. This time an amount of Rs.10 crore is provided for construction of Shadi Mahals/Kalyana Mantapas.

217. An amount of Rs.3 crore will be provided for special language training to enable minority students to change their medium of instruction for higher education.

218. An amount of Rs.10 crore will be provided for skill development training in various professions through Minorities Development Department.

219. Rs.1 crore will be provided for the development of Tavakkal Mastan Darga of Bangalore and Mardan-e-Ghaib near Shivana Samudra.

Women and Child Welfare

220. An amount of Rs.831.98 crore has been invested so far in the names of 7.21 lakh girls under the Bhagyalakshmi scheme providing security to girls from poor families. Rs.380 crore is provided to continue this scheme during 2010-11.

221. The number of children suffering from malnutrition is very significant in our State. Special efforts are required to be made for overcoming this problem. The government proposes to start a Comprehensive Nutrition Mission. A provision of Rs.5 crore will be made for this for a pilot project.

222. To provide employment opportunities to the rural women on a large scale, centres for providing training in the garment industry will be set up in each district. For this purpose a grant of Rs.10 crore will be provided to the Apparel Training & Design Centre (ATDC).

223. Private or voluntary organizations which build hostels for working women will be provided sites up to 10,000 sft at 50 per cent of the guidance value by respective Development Authorities/City Corporations in each district headquarters. Assistance of up to Rs.25 lakh will also be provided for construction of a minimum of 25 rooms. For this purpose an amount of Rs.10 crore will be allocated during this year.

224. Contributory Pension Scheme will be introduced to cover 50,000 Anganawadi workers and assistants in the State. A monthly contribution of Rs.150 will be taken from each worker and Rs.75 from each assistant, and an equal amount will be contributed by the Government. Rs.10 crore will be allocated for this purpose during 2010-11.

225. Rs.20 crore will be provided for giving grants to the institutions running schools for taking care of the children suffering from mental retardation, autism, blindness and other handicaps.

Food and Civil Supplies

226. Food Department has taken up special steps to provide food-grains to families below poverty line at reduced rates. In the public distribution system, 77 lakh families

have been issued B.P.L. cards and they are being provided wheat and rice at the rate of Rs.3 per kg. Further, food-grains are also being provided at reduced rate to the families who have obtained temporary ration cards. About 1.36 lakh tons of rice and 44,000 ton of wheat is being distributed through public distribution system every month and subsidy of Rs.1250 crore has been given in 2009-10.

Forest and Ecology

227. An amount of Rs.200 crore has been utilized during 2009-10 in the State under the Employment Guarantee Scheme for taking up forest development programmes in each district through social forestry. Special emphasis will be given similarly for forest development in 2010-11.

228. Rs.5 crore will be allocated for development of a new forest and wildlife study centre by utilizing the land and buildings of the Water Resources Department available near Chakra project of Hosanagar Taluk.

229. Rs.3 crore will be allocated for electric fencing works to provide security to the Nagarahole Wild Life Sanctuary.

230. An amount of Rs.1 crore will be provided for developing medicinal plants in Siddara Betta of Tumkur District.

231. Rs.50 lakh will be provided for establishment of a deer park in Yelburga Taluk of Koppal District.

Kannada and Culture

ಕನ್ನಡದ ಸನ್ಮಾನವೆನಗದುವೆ ವರಮಾನ
 ಕನ್ನಡಿಗರ ಸ್ವತಂತ್ರವದೆ ಪರಮಮಂತ್ರ
 ಕನ್ನಡದ ಕೀರ್ತಿ ಎನ್ನ ಚಿತ್ತದ ಸ್ಪೂರ್ತಿ
 ಕನ್ನಡದ ಒಗ್ಗೂಟವೆನಗದೆ ಕಿರೀಟ

— ಬೆನಗಲ್ ರಾಮರಾವ್

Our government is pledged to protect and support the Kannada language and culture. With support of all, our government has been successful in getting status of classical language to Kannada. In view of this status, we shall make all efforts to get the required support and benefits from the Center.

232. To promote Kannada as a classical language, an amount of Rs.50 crore will be provided for preparing and implementing special programmes.

233. There have been encouraging results of various programmes undertaken in last year's budget for development of Kannada language and spread of culture. Assistance is also being provided for Kannada Sahitya Sammelanas are being held every year.

234. An amount of Rs.20 crore will be given to establish Sahyadri Heritage Development Authority at Shimoga for the development of traditional areas in Shimoga, Chikmagalur and Uttara Kannada districts.

235. The World Kannada Conference scheduled to be held during the last year was postponed due to various

reasons. It is proposed to hold the same on a grand scale in Belgaum during 2010-11. An amount of Rs.10 crore will be provided for this purpose.

236. Rs.3 crore will be provided for construction of Sahitya Bhavana at Gadag, where the poet Kumaravyasa composed his famous Kumara Vyasa Bharatha. Rs.1 crore will be provided for constructing a memorial at Koliwada, his birthplace.

237. Rs.1 crore will be provided for constructing a memorial at the place visited by Mahatma Gandhi in Kengeri in Bangalore Urban District.

238. Rs.2 crore will be provided for organizing Anegondi Utsava in Koppal district.

239. Rs.10 crore will be provided for the activities of the Border Area Development Authority.

240. Free travel facility will be provided in the Karnataka State's Road Transport Corporation buses for National Awardees.

241. For publishing the volumes of representative writings of the Kannada Jnanapeetha awardee writers, Rs.1 crore will be provided. Arrangements will be made to translate the writings of Jnanapeetha Awardees into English and other languages.

242. To facilitate higher research and study in their specific field by the writers and artists, a programme of

awarding fellowships to five persons every year will be implemented through the concerned Academies. A monthly fellowship of Rs.10,000 will be given to senior writers/artists for a period of one year.

243. Rs.2 crore will be provided for construction of Kannada Samskruthi Bhavana at Belgaum.

244. An amount of Rs.2 crore will be provided for organizing Bengaluru Habba in the name of Nadaprabhu Kempegowda.

245. Rs.1 crore will be provided for the maintenance of Gangubai Hanagal Music School at Hubli.

Information Department

246. A site has already been allotted for construction of Kannada Film Industry Platinum Jubilee Bhavana. A grant of Rs.5 crore will be provided for this in 2010-11.

247. Rs.10 crore will be provided for construction of a memorial for the film actor Dr.Vishnuvardhan. Rs.4 crore will be released for the ongoing works of Dr.Raj Kumar memorial.

248. Rs.50 lakh will be contributed to the Film Artists and Workers Welfare Fund.

249. Rs.5 crore will be provided for the construction of Newspaper / Media Bhavan at Bangalore. Rs.3 crore will

be provided for construction of Media Bhavans at District headquarters.

250. An amount of Rs.1 crore will be provided for various activities of the State Media Academy.

251. The monthly honorarium of Rs.1000 to journalists, will be increased to Rs.2000.

Youth Services and Sports

252. During the year 2010-11, a total of Rs.98 crore is provided for Youth Services and Sports Department. Several activities have been undertaken to improve the infrastructure facilities available for sports.

253. Rs.5 crore will be utilized for providing synthetic track for organizing athletic meets at Mysore, Shimoga and Gulbarga.

254. Rs.2 crore will be provided for construction of a stadium at the new district headquarters of Yadgir.

255. For the development of gymnasium (Garadi Mane) in rural areas an amount of Rs.2 crore will be provided.

Revenue Department

256. Government has been initiating land acquisition process in every district for various development works related to irrigation, housing, industry etc. It is proposed

to delegate the powers of approving the final notification to the Regional Commissioners. Apart from this, assistance of retired judges will be taken in every district for providing legal advice to the Deputy Commissioners.

257. An amount of Rs.5 crore will be provided in 2010-11 to take up a survey campaign for conducting survey and marking the borders of the lands allotted to various individuals and organizations by the Government.

258. Mapping of properties through GIS based survey, which is already under implementation in 5 cities of the State, will be extended to 10 more cities in the next year.

259. To complete the Suvarna Soudha construction work in Belgaum, which is progressing fast, Rs.150 crore is being provided during 2010-11.

260. Rs.30 crore is provided for construction of District Offices Complexes in the new districts of Yadgir and Chikkaballapur and District Offices Complex at Bellary, and to complete the District office complexes already under construction. Rs.25 crore is provided for the construction of Taluk level Mini Vidhana Soudhas.

Muzarai Department

261. Tasdeek allowance of Rs.600 a month being paid to a total of 27,000 religious and Muzarai institutions in the State will be enhanced to Rs.1000.

262. Rs.5 crore will be provided to complete the works under the jurisdiction of Kudalasangama Development Authority; Rs.5 crore will be provided for the balance works of Basava Kalyana Development Authority.

263. Rs.10 crore is provided for the works of Kaginele Development Authority; Rs.5 crore is provided for completing the works of Shravanabelagola Bahubali Temple complex.

264. Rs.10 crore is provided for the development works of Yedyur Siddalingeshwara Kshethra.

265. Rs.5 crore is being provided during this year for construction of guest houses at Tirupathi for the benefit of the pilgrims from Karnataka.

266. Rs.5 crore is being provided for construction of a guest house at Shabarimalai.

267. Assistance being provided to the pilgrims to Manasa Sarovara is being enhanced to Rs.3 crore.

268. Rs.2 crore will be provided for development of Dattatreya peetha of Devalaganapura in Gulbarga district.

269. An amount of Rs.5 crore will be provided for development of infrastructure facilities at Adichunchanagiri kshethra in Nagamangala taluka.

270. An amount of Rs.3 crore will be provided for development of Shri Someshwar Kshethra at Rambhapuri

in Chikmagalur district. An amount of Rs.1 crore will be given for the development of Hariharpura kshethra in the same district.

271. Rs.25 lakh each will be provided for the maintenance of government guest houses at religious places outside the state, such as Mantralaya, Kashi, Haridwara.

Home Department

272. The total grant for Home Department is proposed to be increased to Rs.2345 crore from Rs.2092 crore in 2009-10.

273. Rs.25 crore and Rs.50 crore will be provided in the next year for repair and construction of houses for police personnel.

274. The allowance being paid to the police personnel for working on holidays will be enhanced from Rs.50 to Rs.100 a day.

275. Rs.5 crore will be provided for establishing the new Commissionerate and staff at Mangalore. Rs.2 crore will be provided for the development of the Commissionerate at Hubli-Dharwad.

276. Rs.5 crore will be provided for setting up Commando Training Centre at Kudremukh, Chikmagalur by utilizing the existing buildings and other basic facilities.

277. Rs.25 crore will be provided for setting up new Fire Force Stations under K-safe scheme. Rs.10 crore will be provided for purchase of three Aerial Platforms for providing fire extinguishing services to the multistoreyed buildings in big cities.

278. Rs.25 lakh will be provided for setting up Fire Force Welfare Fund.

279. Rs.40 crore will be provided for shifting District Prisons from the city centres of Dharwad, Mangalore, Raichur, Kolar, Bidar, Mysore, Davanagere, Bellary and Hassan to the outskirts. Rs.5 crores will be provided for modernization of prisons in the State.

Sainik Welfare

280. There has been a demand for abolition of property tax on houses owned by Army, Navy and Air Force soldiers and Ex-soldiers who have been residing in the cities of the State for a long time. It is decided to give 50 per cent rebate in the House Tax Payable for the houses owned and occupied by the Soldiers, Ex-soldiers or their families with effect from 2010-11. Suitable compensation for this will be provided to the concerned City Corporations and other local bodies from the government.

Law Department

281. Rs.10 crore will be provided to create infrastructure facilities in the Law University established at Hubli.

282. An amount of Rs.2 crore will be given for constructing a building for State Advocates Association in the court complex at Bangalore.

283. An amount of Rs.10 crore will be given for constructing building and providing infrastructure to courts in the state. Rs.1 crore will be given for providing digital library facilities for the benefit of the courts in the State.

284. A grant of Rs.50 lakh will be provided to the Karnataka Advocates Welfare Fund.

Transport Department

285. Rs.25 crore each will be given to the Karnataka State Road Transport Corporation, North West Road Transport Corporation and North East Road Transport Corporation for providing infrastructure facilities for the benefit of the passengers of rural areas and small towns in backward areas.

Tourism

286. An amount of Rs.204 crore is being provided in 2010-11 for development of tourism infrastructure in the State. Tourist spots will be developed in collaboration with the private sector, after preparing projects for integrated development, with necessary infrastructure for tourists at important tourist sites in every district.

287. A 'theme park' will be developed at a cost of Rs.50 crore at the renowned world heritage site Hampi to reflect the glorious traditions of the Vijayanagara empire.

288. An amount of Rs.5 crore will be provided for developing roads and infrastructure at the famous tourist place of Sringeri.

289. For promotion of tourism, industry will be permitted to purchase up to 5 acres of agricultural land, at 100 selected tourist centres in the State for construction of hotels. Concessional loan at the interest rate of 10 per cent will be made available through Karnataka State Finance Corporation. Such enterprises will also be given VAT exemption for a period of 3 years.

Information Technology in Administration

290. The Bangalore One centres opened in Bangalore City have become very popular. The number of the existing 60 centres will be doubled during 2010-11. Rs.6 crore will be allocated for establishing Citizen Service Centres and Citizen Information Network under the name of 'Karnataka One' in other cities of the State.

291. E-tender system introduced with the help of e-Governance Department has been very successful. This system has been used for tendering works costing Rs.20,000 crore so far. It is a matter of pride that this e-tender system has got the national award for e-governance and Nihilent award from Computer Society of India. This system will be

made compulsory for all work tenders issued by the Government.

292. For the first time in the country, our government transport corporations have started the system of distributing electronic tickets. The system 'Avatar' of facilitating advance reservation in these transport corporation buses through internet has got national award. New software is being provided for upgrading the computerized treasury network in the state.

Modernisation of the Administrative Machinery

293. As announced in the budget for the year 2009-10, several steps have been initiated under 'Anushtana Parva' for enhancing the efficiency of the State's administrative machinery. The implementation of these programmes will be continued and completed during the year 2010-11.

294. It is required to upgrade the efficiency and capacity of Government employees by organizing annual training in every department. A separate allocation will be made for expenditure on training.

295. It is possible to formulate good projects with the help of expert institutions and specialists for works in the departments of Public Works, Water Resources, Infrastructure Development, Industries etc. Accordingly, it may be possible to analyse the implementation process and outcomes in a scientific way, rectify the mistakes in planning, and do evaluation so that meaningful achievement

is feasible. Therefore, special grants will be given to all departments for preparing project reports and commissioning evaluation studies.

296. The successfully implemented 'Janaspandana' programme started last year has been a huge effort for redressing grievances of the rural people. This campaign will continue to be conducted on the first Saturday of the month at hobli headquarters. A system will be put in place to ensure that all District and Taluka level officers are compulsorily available in their offices for looking into grievances of the public.

297. There is a need to observe economy in implementation of various programmes being taken up by different government departments. Therefore, expert opinion will be obtained for modifying the schedule of rates scientifically in all works departments, so as to design, estimate and implement various projects in the most cost-effective way.

298. The progress of all government works/projects of over Rs.50 crore will be reviewed every month by a High-power Committee headed by the Chief Secretary.

299. Recommendations of the Expenditure Reforms Commission in respect of different departments to bring economy and efficiency are being examined, and will be implemented expeditiously.

300. While posts are vacant in various departments, there are at the same time surplus staff working in other

departments and some public sector undertakings and organizations. Action will be taken to redeploy such surplus staff compulsorily to the vacant positions.

Government Employees

301. To simplify the process of transfers, full powers will be given to the heads of the departments and district level officers in respect of Group C and D employees. Transfers of only Group A and Group B employees will be ordered at the government level.

302. Uniform allowance which was earlier given to the D Group employees will be restored.

303. The amount of gratuity admissible on superannuation of Government employees will be increased from Rs.3 lakh to Rs.6 lakh.

304. To redress the grievance of the pensioners and to take remedial actions, the Small Savings Department will be reorganized as the Department of Pensions. This will facilitate in resolving the pending issues of pensioners at the district level.

State Plan Estimates for 2010-11

305. In 2009-10 budget, State Plan size was estimated to be about Rs.29,500 crore. This included expenditure of Rs.22,480 crore from the State Consolidated Fund and Rs.7020 crore of extra- budgetary resources from the own resources of various government institutions. As per the

Revised Estimates, the Plan Expenditure is expected to be Rs.25,967 crore, including expenditure of Rs.21336 crore from the State Consolidated Fund and Rs.4631 crore from extra-budgetary resources. It should be noted that compared to the achievement of Plan Expenditure of Rs.17,227 crore in 2007-08 and Rs.22,577 crore in 2009-10, this is an increase of 51 per cent and 15 per cent respectively.

306. To achieve faster economic growth of the State, it is necessary that there should be a significant increase in plan expenditure every year. It has been decided to increase the plan allocation to Rs.31,000 crore in 2010-11, with a view to providing necessary infrastructure for the development of various sectors and to give impetus to economic activities. Out of this, Rs.17,636 crore and Rs.13,364 crore will be allocated for Capital and Revenue expenditure respectively. Details of the Plan Expenditure is provided in Annexure-I. Apart from this, extra-budgetary resources of Rs.5,776 crore is planned to be invested for development schemes.

Recommendations of the 13th Finance Commission

307. As per the recommendation of the 12th Finance Commission for the period 2005-10, Karnataka was receiving 4.46 per cent of the States' share of the Central Taxes. In the report submitted by the 13th Finance Commission, applicable for 2010-15, it has been recommended that States' share should be increased to 32 per cent from 30.5 per cent, and Karnataka's share has been fixed at 4.33 per cent. Accordingly, it is expected that

in place of Rs.7,000 crore received in 2009-10, Rs.9060 crore will be received in 2010-11. Keeping in view the important role that has to be played by the state governments in development works, the allocation of 32 per cent appears to be insufficient. It needs to be said that the above allocation, especially for Karnataka State, is not adequate for the required expenditure to be incurred on administration and development responsibilities.

Capital Receipts

308. In the context of above situation, it is necessary to increase the non-loan Capital Receipts with a view to increase the Capital Expenditure of the State. In the year 2010-11 efforts will be made to sell specific extents of lands at good prices. Further, it would be possible to generate resources for Capital Expenditure through disinvestment in government undertakings, which will also facilitate in running these enterprises more profitably. It is estimated that during 2010-11, the collection of non-loan capital receipts including repayment of government loans will be Rs.2,903 crore.

Non-Tax Revenue

309. The State's Net Non Tax Revenue has been about Rs.2200 crore for the last few years. It has become necessary to achieve growth in this source of revenue. On repeated requests from the State Government, the rate of royalty on major minerals such as gold, iron-ore, lime-stone, etc. has been revised by the Centre last year. This has helped our state to some extent. While revenue from this

source was Rs.556 crore in 2008-09, it is expected to increase to Rs.720 crore in 2009-10. Besides, it is necessary to impose an appropriate toll on heavy vehicles that transport mineral ores, etc. causing frequent increase in expenditure on maintenance of road-network. Accordingly, I propose to impose a toll of Rs.500 on every trip made by a vehicle of more than 16 ton weight in transporting materials other than machinery and equipment.

Tax Proposals

310 'ಕೋಶಪೂರ್ವಾಃ ಸರ್ವಾರಂಭಾಃ / ತಸ್ಮಾತ್ ಪೂರ್ವಂ ಕೋಶಮವೇಕ್ಷೇತ' — Thus spake Kautilya in Arthashastra, emphasizing that the progress of all government's programmes depends on tax revenue. It is therefore necessary that special attention is given to resource-collection so as to achieve development objectives.

311. In the Budget 2009-10, it was estimated that the revenue from State's Own Taxes would be Rs.32,721 crore. In view of the reasons already mentioned, in the Revised Estimates the tax collections are expected to be Rs.29,339 crore. Though this is less compared to the Budget Estimates, the State's Own Tax Revenue during 2009-10 is still 6 per cent more than Rs.27,646 crore collected during 2008-09. Especially, the State Excise revenue has achieved an increase of 17 per cent in 2009-10, while there appears to be an increase of 5 per cent in Commercial Taxes and 7 per cent in Motor Vehicle Taxes. Due to reduction in Stamp Duty from 7.5 per cent to 6 per cent and also on account of slow-down in real estate transactions, there has been a shortage of 8 per cent in collection from the Stamp and Registration sources.

Commercial Taxes : Value Added Tax

312. The Value Added Tax system in Karnataka State also is within the framework established by the states since 2004-05. Like many other states, Karnataka also has been imposing Value Added Tax at the rate of 12.5 per cent, 4 per cent and 1 per cent. The decision to implement the Goods and Services Tax system from 2010-11 has been postponed to April 2011. The State has to get prepared in the next one year to adopt this system.

313. In the background mentioned above, I propose to take some reform measures in our taxation system for increasing tax-compliance as also to make it more convenient for the tax-payers. Apart from discussing these issues with the representatives of commerce and industries, their representations have also been examined. I propose to submit the following measures for reform and relief.

1. The present exemption from VAT in respect of food materials such as paddy, rice, wheat, pulses etc. will be extended for one more year from 1.4.2010.
2. I propose to reduce the tax rate for the following items presently in the 12.5 per cent tax group namely, Masala Powder Mixtures, Macroni similar to wheat based vermicelli, Trophies, Shields and Medals used as prizes, all kinds of scrap items, Electricity generators up to the capacity of 15 KVA, Railway concrete sleepers – from 12.5 per cent to 5 per cent.
3. I propose to reduce tax rate from 12.5% to 5 per cent for school bags costing up to Rs.200/-.

4. The minimum turnover for compulsory registration under the Value Added Tax is proposed to be increased from Rs.2 lakhs to Rs.5 lakhs.
5. The maximum turnover for opting for Composite Tax Scheme is being proposed to be increased from Rs.15 lakhs to Rs.25 lakhs.
6. Limit of turnover for compulsory audit of books of accounts of the assesses is proposed to be increased from Rs.40 lakhs to Rs.60 lakhs.
7. Appropriate amendments would be introduced to make provisions for giving opportunity to pharmaceutical traders to pay taxes based on the MRP for non-medicinal items generally sold by such units.
8. I intend to introduce the Advance Ruling Mechanism to provide an opportunity to the tax payer to seek advance decision or clarification in respect of applicable rates of tax etc.

Steps for Additional Resource Mobilisation

Hon'ble Speaker,

314. In the Budget of the last four years, I had not included any substantial new tax proposals. In this period, even though there is some increase in the collection from State's own Taxes every year, there is need for further increase in generating resources to meet the huge resources required for taking up development works in the state.

315. Due to adverse impact of global economic crisis, it has not been possible to achieve the expected growth in commercial taxes collections during 2008-09 and 2009-10.

316. In view of reduction in the Central Sales Tax rate from 4 per cent to 3 per cent from the year 2007-08 and to 2 per cent later, Central government had informed states to increase the lower slab rate to 5 per cent from 4 per cent, to positively compensate for revenue losses. Besides, it was agreed that the States should impose taxes on Textiles and Sugar. For various reasons it had not been possible to increase the above taxes. Many States have already increased the rates of taxes under Value Added Tax. With a view to mobilise additional resources, it has become necessary to modify the tax rates in our State also.

317. **Increase in Value Added Tax:** In view of the above reasons, Value Added Tax rates, will be increased from 12.5 per cent to 13.5 per cent and from 4 per cent to 5 per cent with effect from 1.4.2010. However, tax rate of 4 per cent would be continued on 'declared goods' such as iron and steel, oil seeds, cotton etc.

318. **Tax on Tobacco Products:** I intend to increase Value Added Tax from 12.5 per cent to 15 per cent on tobacco products. To ensure collection of taxes on value added at the retailers level, amendment would be brought in to bring in the system of collection of taxes on the Maximum Retail Price.

319. **Increase in Luxury Tax:** I propose to increase the luxury tax rate from 6 per cent to 8 per cent for hotel room rents ranging between Rs.1000 and 2000, and from 10 per cent to 12 per cent for rooms with a daily rent of more than Rs.2000.

320. **Entry Tax on Sugar:** Law will be amended to collect the present entry tax of 1 per cent from factories instead of from distributors.

321. **On line Submission of Records:** I intend to bring amendments to the relevant laws enabling submission of tax records electronically and payment of taxes on line; the same should result in a lot of convenience to tax-payers.

322. From the above mentioned modification in rates, it is expected to get an additional resource of Rs.1480 crore.

Commercial Taxes Karsamadhana Scheme

323. Till the year 2004-05 there was sales tax on all the items; from the year 2005-06 almost all the items have been brought under the system of Value Added Tax. An amount of about Rs.498 crore and interest thereon, remains as arrears in respect of sales tax and central sales tax, for the period prior to 2004-05. This does not include arrears covered under court stay orders, B.I.F.R. cases etc. I intend to bring in Karsamadhana Scheme to provide relief to the tax payers who have not been able to pay their taxes till now due to various reasons such as, stoppage or loss in

business, or because of disputes in tax assessment – pending before the courts, etc. Under this scheme, relief in respect of interest will be given to those who pay the principal tax amount prior to 30th June, 2010.

Excise

324. After the ban on sale of arrack in July 2007 the Government had introduced many policy decisions like revision of additional Excise Duty, License fee and reduction in the margin of retailers. The revenue target of Rs.6,565 crore for the year 2009-10 is likely to be surpassed and a growth of about 20% over the revenue of Rs.5,792 crore in 2008-09 is expected.

325. Instead of proposing any new taxation measures the government proposes to consolidate the measures introduced in the past. However, considering the normal growth and through novel enforcement measures revenue growth of about 10 per cent over the revenue of 2009-10 is expected and a revenue target of Rs.7,500 crore is proposed for the year 2010-11.

Excise Karasamadhana Scheme

326. There are no excise arrears since 2005-06. The Government had earlier introduced two karasamadhana schemes in the year 2002 and 2006 to liquidate the excise arrears pending for the period prior to the same from 1947 to 2004-05. In view of the ban on sale of arrack the

government proposes to formulate a new karasamadhana scheme to collect the arrears related to toddy and arrack. Under the scheme, those who pay the principal amount in respect of arrack/toddy rentals or, other excise dues will be given relief in respect of interest and penal interest dues.

Stamps and registration

327. There has been a significant decline in revenue from the sources of stamps and registration because of the decrease in the stamp duty from 7.5 per cent to 6 per cent and also because of a fall in property transactions during 2009-10. There has been of late a perceptible improvement in transactions of sale and transfer of immovable property. It is hoped that complete revival of this sector will be possible because of the impetus provided by the rates of stamp duties lowered in 2009-10.

328. When compared to the stamp duties prevalent in the neighbouring states, it appears that there is a need to modify our rates and procedures. In this background, it is proposed to make the following changes in the Stamp Duty, so as to satisfy the needs of the traders, industrialists, and the common man, as also to consolidate the resources.

1. Stamp duty on agreement to sale to be modified from 0.25 per cent to 0.1 per cent subject to a maximum of Rs.20,000.

2. On joint development agreement and general power of attorney the stamp duty will be 1 per cent of the market price subject to a maximum of Rs.1.50 lakh.
3. Stamp duty will be reduced from Rs.200 to Rs.50 on agreement deeds related to shares/debentures and other marketable securities. The Broker Notes / memos required to be given to the parties in connection with transfer of Shares / Debentures and other Marketable Securities, would be charged at the rate of 0.01 per cent subject to a limit of Rs.50/-.
4. On DTD, applicable rate would be reduced from 0.25 per cent to 0.1 percent subject to a maximum ceiling of Rs.50,000/-.
5. Appropriate amendments would be brought in to stop the stamp duty avoidance, in transfer of apartments/ flats.
6. An opportunity will be provided for adjustment of duty in case of sales transaction – for a particular property among the same persons who had earlier entered into General Power of Attorney agreement.
7. Duty in respect of annulment of all kinds of documents will be simplified.
8. Present rate of 5 per cent would be brought down to 3 per cent in respect of Amalgamation and De-merger of companies.
9. Duty at the rate of 1 per cent would be imposed on papers of Transfer of Development Rights (TDR).

10. After further simplifying of duty structure in respect of lease and license, Stamp Duty at the rate of 0.5 per cent will be imposed for a period up to 1 year, subject to a maximum of Rs.500 for residential buildings. Stamp Duty of 1, 2 and 3 per cent for a period of 1 year to 10 years, 10 years to 20 years, 20 years to 30 years, respectively, would be imposed – based on average of one-year rentals and advance.
11. Stamp Duty and Registration Fee will be fully exempted in respect of loan documents of rain water harvesting units, student studies, non-conventional sources of energy – like solar and Bio-gas energy units, houses built under Indira Avas Scheme and in respect of loan papers pertaining to the Agricultural loans of the farmers.
12. Stamp Duty and Registration Fee exemption will be granted in respect of documents transferring properties for public purposes, free of cost to local bodies and urban development authorities.

329. Details in respect of proposed changes have been given in Annexure-II. Additional receipts of about Rs.100 crore is expected from the above mentioned modification and rationalization of taxes

Motor Vehicle Taxes

330. During the later half of 2009-10 a noticeable increase has taken place in motor vehicle sales which has caused some improvement in collection of motor vehicle

taxes. There is a possibility of further improvement in collection from this source. Accordingly, it has been targeted to collect Rs.2200 crore from motor vehicle taxes during the year 2010-11. It is therefore proposed to bring the following changes in motor vehicle taxes from April 1, 2010.

- For the central government employees who are subject to transfers out of the State, there is a provision to pay taxes on vehicle on yearly basis. Those rates have not been modified for a long time. Therefore the quarterly taxes in respect of two wheelers purchased by Central Government employees will be increased from Rs.25 to Rs.125, while the quarterly taxes in respect of cars, jeeps and other vehicles will be increased from Rs.187.50 to Rs.500.
- In respect of light goods vehicles of 3000 to 5,500 kg GVW, instead of quarterly tax of Rs.1200, it is proposed to impose life time tax of Rs.20,000. For those light goods vehicles which are already under operation, the life time tax at an average of Rs. 12,000 will be levied on the basis of the year of manufacture.
- The quarterly tax on stage carriage will be increased from Rs.500 to Rs.600 per seat.
- The quarterly tax on stage carriages covered by special permit will be increased from Rs.700 to Rs.1,000 per seat.

- Life time tax on motor cycles and other two wheelers will be modified as follows.
 1. For vehicles with selling price below Rs.50,000: from 8 per cent to 10 per cent.
 2. For vehicles with selling price from Rs.50,000 to Rs.1,00,000: from 10 per cent to 12 per cent.

- Life time tax on motor cars and jeeps will be modified as follows.
 1. Vehicles with selling price less than Rs.5,00,000: from 12 per cent to 13 per cent.
 2. Vehicles with selling price from Rs.5,00,000 to Rs.10,00,000: from 13 per cent to 14 per cent.
 3. Vehicles with selling price from Rs.10,00,000 to Rs.20,00,000: from 16 per cent to 17 per cent.
 4. Vehicles with selling price more than Rs.20,00,000: from 16 per cent to 18 per cent.

- It is proposed to modify the quarterly taxes for omnibuses with all-India permit from Rs.2500 to Rs.2750.

- Taxes on construction vehicles like mobile cranes, tower wagon, tipper, fork lift, air compressor and generator carry vehicles etc. will be modified from Rs.200 quarterly for every 1000 kg of weight of vehicle

to life time tax assessed at the rate of 10 per cent of the selling price of the vehicle.

331. Additional resources of Rs.249 crore is expected from changes mentioned above in the Motor Vehicle Taxes. Details of the modified rates are given in Annexure-III A to III E.

Resource Collection

332. The measures for additional resource mobilization, as proposed above, are expected to generate Rs.1829 crore of additional revenue in the year 2010-11, while it is estimated that the State's Own Tax Revenue would be Rs.36,228 crore.

333. It is estimated that various authorities, undertakings and other organizations of the government will contribute Rs.5776 crore of plan investment from their own resources as well as borrowings based on their capability of repayment.

Statutory Amendments

334. In order to collect the targeted additional revenues as proposed above, and to bring in necessary reforms in the tax system, it is required to make certain amendments in the tax laws. Necessary amendment-proposals in this regard will be submitted before the Hon'ble House.

Budget 2009-10 at a glance

335. The total revenue receipts for the year 2009-10 are expected to be Rs.55,381 crore in the Revised Estimates as against Rs.61,070 crore in the Budget Estimates. The Revised Estimates of total government expenditure is expected to be Rs.60,051 crore as against Rs.62,414 crore estimated in the budget. The final deficit after taking net of public account is likely to be Rs.-44.80 crore, while it was estimated to be Rs.-43.08 crore in 2009-10 budget.

Budget Estimates 2010-11

336. Total receipts in 2010-11 are estimated to be Rs.68,564 crore; consisting of Rs.53,639 crore of Revenue Receipts and Rs.2,903 crore of Non-Debt Capital Receipts. Total expenditure in 2010-11 is estimated to be Rs.70,063 crore consisting of Rs.53,138 crore of Revenue Expenditure and Rs.16,925 crore of Capital Expenditure.

337. In the year 2010-11, the government expects to collect Rs.36,228 crore of tax revenue and Rs.2,820 crore of non-tax revenue. Total central transfers including taxes and grants would be Rs.14,591 crore.

338. Details of allocation, Plan and Non-Plan put together, in the budget, in respect of some of the important departments for the development of the State, are as follows:

Agriculture and Horticulture	Rs.2094 crore
Education and Higher Education	Rs.10505 crore
Urban Development	Rs.5883 crore
Energy	Rs.3547 crore
Irrigation	Rs.5180 crore
Rural Development & Panchayat Raj	Rs.3442 crore
Public Works	Rs.2909 crore
Revenue	Rs.2764 crore
Health and Medical Education	Rs.2673 crore
Home	Rs.2345 crore
Social Welfare	Rs.2671 crore
Women and Child Welfare	Rs.1832 crore
Housing	Rs.928 crore

339. It is estimated that apart from the total of Rs.70,063 crore provided in the budget, an expenditure of Rs.5776 crore would be incurred by the various government organizations as plan expenditure from their own and external resources. Among others organizations, organizations in the energy sector, urban development sector, commerce and industry sector and the transport sector intend to spend Rs.2700 crore, Rs.1450 crore, Rs.500 crore and Rs.701 crore, respectively.

340. In the Budget Estimates of 2010-11, the revenue surplus is estimated to be Rs.500.49 crore, while the fiscal deficit is estimated to be Rs.9708.46 crore, which is 0.15 per cent and 2.96 per cent of the GSDP respectively. This is in accordance with the stipulations made in the Karnataka Fiscal Responsibility Act, 2002, for the current year.

ಹೊಸತೊಂದು ನಾಡ ಕಟ್ಟುವೆವು
ತಾಯಿ ಬೆನ್ನಟ್ಟಿ ಮುಂದೆ ಕಳಿಸು,
ಮುಂದಿಟ್ಟ ಹೆಜ್ಜೆ ಹಿಂದೆಗೆಯದಂತೆ
ನಡೆಯುವುದ ನಮಗೆ ಕಲಿಸು

Ours is prosperous state. Besides having skillful human resources, plenty of natural resources is available in the state. With the blessings of Mother Bhuvaneshwari we pledge to move forward to build a new state by utilizing these natural resources effectively.

Hon'ble Speaker,

341. It is my pleasure now to submit the Budget Estimates of 2010-11 for consideration of the Hon'ble House, and to request for approval of vote on account as proposed to meet the expenditure up to 31.7.2010.

**Jai Hind
Jai Karnataka**

BUDGET AT

Sl. No.	Item	Budget Estimates 2009-10	Revised Estimates 2009-10	Budget Estimates 2010-11
	Opening Balance	42.80	-358.45	-44.80
A. REVENUE ACCOUNT				
I. Receipts				
	State Taxes	32721.25	29338.72	36228.32
	Share of Central Taxes	7645.49	7000.00	9060.09
	Grants from Central Government	5892.80	7572.50	5530.47
	Non-tax Revenue	2129.50	2494.81	2819.90
	Total-A. I	48389.04	46406.03	53638.78
II. Expenditure				
	Social Services	18731.98	19649.49	21952.46
	Economic Services	11060.42	10397.61	12226.15
	General Services	14725.59	13451.06	16074.54
	Grants-in-aid & Contributions	2719.68	2369.68	2885.14
	Total-A. II	47237.67	45867.84	53138.29
	A. Revenue Account Surplus/Deficit	1151.37	538.19	500.49

A GLANCE*(Rs. in crores)*

Sl. No.	Item	Budget Estimates 2009-10	Revised Estimates 2009-10	Budget Estimates 2010-11
B. CAPITAL ACCOUNT				
I. Receipts :				
	Loans from Government of India	1040.57	726.10	1142.00
	Open Market Loans (Net)	6061.43	5953.43	7028.19
	Loans from LIC, RBI, GIC & NCDC	1205.00	1180.00	1530.41
	Recoveries of Loans and Advances	76.97	29.35	103.25
	Public Account (Net) etc.	1258.35	4983.35	1550.36
	Total - B. I	9642.32	12872.23	11354.21
II. Disbursements :				
	Capital Outlay (Net)	8712.74	10880.82	8977.76
	Repayment of Central Loans	508.27	469.64	549.97
	Repayment of Loans to LIC, RBI, GIC and NCDC	649.47	793.92	941.11
	Disbursement of Loans & Advances	1009.09	952.39	1334.44
	Total - B. II	10879.57	13096.77	11803.28
	B. Capital Account Surplus/Deficit	-1237.25	-224.54	-449.07
	C. Overall Surplus/Deficit for the Year	-85.88	313.65	51.42
	D. Closing Balance	-43.08	-44.80	6.62

ANNEXURE - I
(Para 306)

SECTORAL STATE PLAN ALLOCATION DURING 2010-11

Sector	Rs. in Crores	Percentage
A) ECONOMIC SERVICES		
Agricultural & Allied Services	2356.99	7.60
Rural Development	1505.63	4.86
Special Area Programmes (HKDB & MADB)	137.82	0.44
Irrigation & Flood Control	4428.92	14.29
Energy	3359.24	10.84
Industries & Minerals	413.53	1.33
Transport	3096.94	9.99
Science, Technology & Environment	38.36	0.12
General Economic Services	1118.05	3.61
B) SOCIAL SERVICES		
Education, Sports, Arts & Culture	2634.21	8.50
Health & Family Welfare	1086.76	3.51
Water Supply & Sanitation	1674.72	5.40
Housing	876.60	2.83
Urban Development	4748.80	15.32
Information & Publicity	27.70	0.09
Welfare of SC's & ST's, OBC's, Social Welfare & Nutrition	2359.08	7.61
Labour & Employment	315.68	1.02
C) GENERAL SERVICES		
	820.97	2.65
Total	31000.00	100.00

Annexure-II (Para 329)**Changes proposed to the SCHEDULE of the Karnataka Stamp Act 1957**

Sl. No.	Article No.	Description	Existing	Proposed
1	5(e)(ii)	Agreement for Sale without delivering possession of property	0.25% on the consideration shown in the agreement for sale	0.1% on the consideration subject to a minimum of Rs. 500/- and maximum of Rs.20,000/- Provided that, where a deed of cancellation of earlier agreement is executed by and between the same parties to the earlier agreement in respect of the same property and if proper stamp duty has been paid on such agreement [under article 5(e)(i)], then the duty on such 'deed of cancellation' shall not exceed Rs.500/-.
2	5(f)	Agreement for Sale for joint development	1% on the market value (or consideration, whichever is higher) of the property which is the subject matter of transfer.	1% on the market value(or consideration, whichever is higher) of the property which is the subject matter of the agreement, subject to a maximum of Rs.1,50,000/-. Provided that, if the proper stamp duty is paid under clauses (ea) of Article 41 on a power of attorney, executed between the same parties in respect of the same

Sl. No.	Article No.	Description	Existing	Proposed
			<p>Provided that, if the proper stamp duty is paid under clause (e), (ea) and (eb) of Article 41 on a power of attorney executed between the same parties in respect of the same property, then the stamp duty under this article shall be as per Article 5(i).</p>	<p>property, then the stamp duty chargeable on such agreement shall not exceed Rs.200/-.</p>
3	5(j)	<p>Agreement between depository participant and client for opening de-mat account or between stock broker or sub-broker and client for stock market operations (New Insertion)</p>	<p>Rs.200/- [under Article 5(i)]</p>	<p>Rs. 50/-</p>

Sl. No.	Article No.	Description	Existing	Proposed
4	6(1)	Agreement relating to deposit of title deeds(D.T.Ds.)	0.25% on the loan or debt amount subject to a maximum of Rs. 5 Lakhs	0.1% on the loan or debt amount subject to a minimum of Rs. 500/- and maximum of Rs.50,000/-
5	14(a)	Cancellation of instruments	Same duty as on the original instrument	Same duty as on the original instrument if such cancellation has the effect of reconveyance of property already conveyed by the original instrument Provided that if the original instrument is a conveyance on sale then the stamp duty payable on the cancellation instrument is, as per Article 20(1) on the market value of the property as on the date of such cancellation.
6	20(2)	For conveyance , where it relates to instrument of conveyance executed by a promoter, land	6% of the value	The same duty as conveyance(6%) under Article 20(1) on the market value of the property deeming the same as fully constructed irrespective of the stage of construction

Sl. No.	Article No.	Description	Existing	Proposed
		owner or a developer pertaining to premises of apartment or flat or unit		
7	20(2)(c)	“Promoter”	“Promoter” means a promoter as defined in clause (c) of section 2 of the Karnataka Ownership Flats (Regulation of the Promotion of Construction, Sale Management and Transfer) Act, 1972(Karnataka Act 16 of 1973)	“Omitted”

Sl. No.	Article No.	Description	Existing	Proposed
8	20(4)(i)	Amalgamation of Companies	5% on the market value of the property of the transferor company	3% on the market value of the property of the transferor company
9	20(4)(ii)	Reconstruction or Demerger of a company	5% on the market value of the property of the transferor company	3% on the market value of the property of the transferor company
10	20(7)	Relating to transfer of Transferable Development Rights(T.D.Rs.) (New Insertion)	.....	1% on the value of the Transferable Development Rights(TDRs) equivalent to the market value of the property leading to TDRs, or consideration for such transfer; whichever is higher
11	30(1)	Lease of immovable property	.....	(i) Not exceeding 1 year : <u>Residential</u> , - 0.5% on the total amount or value of, average annual rent, fine, premium and money advanced, subject to a maximum of Rs.500/- <u>Commercial or Industrial</u> , - 0.5% on the total amount or value of, average annual rent, fine, premium and money advanced (New Insertion)

Sl. No.	Article No.	Description	Existing	Proposed
12	30(1)(i)	Not exceeding 5 years	1% on the total of, average annual rent and fine or premium or money advanced	(ii) Exceeding 1 year and not exceeding 10 years ; -1% on the total amount or value of, average annual rent, fine, premium and money advanced
13	30(1)(ii)	Exceeding 5 years but not exceeding 10 years:	2% on the total of average annual rent and fine or premium or money advanced	
14	30(1)(iii)	Exceeding 10 years but not exceeding 30 years :	4% on the total of average annual rent and fine or premium or money advanced	(iii) Exceeding 10 years and not exceeding 20 years ; - 2% on the total amount or value of, average annual rent , fine, premium and money advanced (iv) Exceeding 20 years and not exceeding 30 years; - 3% on the total amount or value of, average annual rent, fine, premium and money advanced

Sl. No.	Article No.	Description	Existing	Proposed
15	30(1)(iv)	Exceeding 30 years :	The same duty as conveyance [under Article 20(1)], for the amount or value of such fine or premium or advance, as set forth in the lease, in addition to duty which would have been payable on such lease if no fine or premium or advance had been paid or delivered; or for an amount equal to the market value of property, whichever is higher	(v) Same duty as conveyance under article 20(1) on the total amount or value of, average annual rent, fine, premium and money advanced; or on the market value of the property; whichever is higher
16	32-A	License of immovable or movable property	.....	(i) Not exceeding 1 year : <u>Residential</u> ,- 0.5% on the total amount or value of, average annual rent, fine, premium and money advanced, subject to a maximum of Rs.500/- <u>Commercial or Industrial</u> ,- 0.5% on the total amount or value of, average annual rent, fine, premium and money advanced (New Insertion)

Sl. No.	Article No.	Description	Existing	Proposed
17	32-A(i)	Not exceeding 5 years	1% on the total of average annual rent and fine or premium or money advanced	(ii) Exceeding 1 year and not exceeding 10 years ; -1% on the total amount or value of, average annual rent, fine, premium and money advanced
18	32-A (ii)	Exceeding 5 years but not exceeding 10 years:	2% on the total of average annual rent and fine or premium or money advanced	
19	32-A(iii)	Exceeding 10 years but not exceeding 30 years :	4% on the total of average annual rent and fine or premium or money advanced	(iii) Exceeding 10 years and not exceeding 20 years ; - 2% on the total amount or value of, average annual rent, fine, premium and money advanced
				(iv) Exceeding 20 years and not exceeding 30 years;- 3% on the total amount or value of, average annual rent, fine, premium and money advanced

Sl. No.	Article No.	Description	Existing	Proposed
20	37	Note or Memorandum or record of transactions	(a) Of any goods exceeding in value twenty rupees: - 0.01% on the value of goods	(a) Of any goods or commodities: -0.01% on the value of goods or commodities subject to a maximum of Rs.50/-
		(Electronic or otherwise) Sent by a broker or agent to his principal intimating the purchase or sale on account of such principal or effected by a trading member(agent) through stock exchange or association or otherwise on	(b) Of any share, scrip, stock, bond, debenture, debenture stock or other marketable security of a like nature exceeding in value Rs.20/-, not being a Government security: -0.01% on the value of such security at the time of its purchase or sale, as the case may be	(b) Of any share, scrip, stock, bond, debenture, debenture stock or other marketable security of a like nature, not being a government security : -0.01% on the value of such security at the time of its purchase or sale, as the case may be, subject to a maximum of Rs.50/-
			(c) (same)	(c) (same/ no change)

Sl. No.	Article No.	Description	Existing	Proposed
		behalf of the client(principal) resident in the State of Karnataka or otherwise (New Substitution)	.....	(d) Of securities other than those falling under clause (b) above, in respect of either delivery or non delivery based (jobbing and trading) transactions: -0.01% subject to a maximum of Rs.50/- (New Insertion)
.....	(e) Of futures and options trading, of securities other than those falling under clause (b) above, : -0.01% subject to a maximum of Rs.50/- (New Insertion)			
.....	(f) Of forward contracts of commodities: -0.01% subject to a maximum of Rs.50/- Explanation: For the purposes of clauses (b), (d) and (e) , “securities” means, the securities as defined in clause (h) of section (2) of the Securities Contract (Regulation) Act, 1956. (New Insertion)			

Sl. No.	Article No.	Description	Existing	Proposed
21	41(e)	Power of Attorney: When given for consideration and or when coupled with interest and authorizing the attorney to sell any immovable property	.....	Provided that the duty paid on such power of attorney is adjustable towards the duty payable on the instrument of sale or transfer executed subsequently between the same parties and in respect of the same property (New Insertion)
22	41(ea)	Power of Attorney: When given for construction or development to a developer	1% on the market value(or consideration, whichever is higher) of the property which is the subject matter of Power of Attorney Provided that,, when proper stamp duty is paid under clauses (e) or (f) of	1% on the market value(or consideration, whichever is higher) of the property which is the subject matter of Power of Attorney, subject to a maximum of Rs. 1,50,000/-. Provided that, when proper stamp duty is paid under clause (f) of Article 5 on such agreement, or records thereof or memorandum of an agreement executed between the same parties and in respect of the same property, the duty chargeable on such power of attorney shall not exceed Rs.200/- .

Sl. No.	Article No.	Description	Existing	Proposed
			Article 5 (as the case may be) on such agreement,, or records thereof or memorandum of an agreement executed between the same parties and in respect of the same property,, the duty chargeable under these clauses shall be as per Article 41(f).	<p>Provided that the duty paid on such power of attorney is adjustable towards the duty payable on the instrument of sale or transfer executed subsequently between the same parties and in respect of the same property.</p> <p>(New Insertion)</p>

ANNEXURE – III A
(Para 331)

EXISTING				PROPOSED		
Sl. No.	Item No	Class of Vehicle	Qrtly. Rate of tax (In Rs.)	Item No.	Class of Vehicle	Qrtly. Rate of tax (In Rs.)
1	1	Motor cycles (including Motor Scooters & Cycles with attachment of propelling the same by mechanical power) owned by Central Govt. Employees or Defence Personnel or Employees of Public Sector Undertakings owned by Govt. Of India including Nationalised Banks.	25.00	1	Motor cycles (including Motor Scooters & Cycles with attachment of propelling the same by mechanical power) owned by Central Govt. Employees or Defence Personnel or Public Sector Undertakings owned by Govt. Of India including Nationalised Banks	125-00
2	3	Goods vehicles including Mobile Canteen, Mobile Library Van, Mobile Workshop, Mobile Clinic. X-Ray Van, Cash Van. Vehicles in weight laden		3	Goods vehicles including Mobile Canteen, Mobile Library, Van, Mobile Workshop, Mobile Clinic, X-Ray Van, Cash Van. Vehicles in weight laden	

EXISTING				PROPOSED		
Sl. No.	Item No	Class of Vehicle	Qrtly. Rate of tax (In Rs.)	Item No.	Class of Vehicle	Qrtly. Rate of tax (In Rs.)
	b)	Exceeding 3,000 Kgs but not exceeding 5,500Kgs	1200.00	b)	xxxxxxx	LTT as in part A6
3	4	Motor Vehicles other than those mentioned in items 5,6,7,8,and 9 plying for hire and used for Transport of passengers.	500.00	4	Motor Vehicles other than those mentioned in items 5, 6, 7, 8, and 9 plying for hire and used for Transport of passengers.	600.00
	(3)	Vehicles permitted to carry more than 12 passengers (other than the driver and conductor)		(3)	Vehicles permitted to carry more than 12 passengers (other than the driver and conductor)	
	(a)	For every seated passenger, which the vehicle is permitted to carry		(a)	For every seated passenger, which the vehicle is permitted to carry	

EXISTING				PROPOSED		
Sl. No.	Item No	Class of Vehicle	Qrtly. Rate of tax (In Rs.)	Item No.	Class of Vehicle	Qrtly. Rate of tax (In Rs.)
4	5(b)	Motor Vehicles plying for hire or reward and constructed or adapted to carry more than 12 passengers (excluding driver and conductor/attendant) and complying with rule 151(2) of the Karnataka Motor Vehicles Rules, 1989 and covered by Special permit issued under section 88(8) of the Motor Vehicles Act, 1988 for every passenger.	700.00	5(b)	Motor Vehicles plying for hire or reward and constructed or adapted to carry more than 12 passengers (excluding driver and conductor/attendant) and complying with rule 151(2) of the Karnataka Motor Vehicles Rules, 1989 and covered by Special permit issued under section 88(8) of the Motor Vehicles Act, 1988 for every passenger.	1000.00
5	6(a)	Motor Vehicles (luxury buses) plying for hire or reward, constructed or adapted to carry more than 12 passengers (excluding driver and conductor / attendant)		6(a)	Motor Vehicles (luxury buses) plying for hire or reward, constructed or adapted to carry more than 12 passengers (excluding driver and conductor / attendant)	

EXISTING				PROPOSED		
Sl. No.	Item No	Class of Vehicle	Qrtly. Rate of tax (In Rs.)	Item No.	Class of Vehicle	Qrtly. Rate of tax (In Rs.)
		and complying with Rule 128 of Central Motor Vehicles Rules, 1989 or Motor Vehicles with permits granted under the Motor Vehicles (All India Permit for Tourist – Transport Operators) Rules, 1993, plying for hire or reward permitted to carry more than twelve passengers (Excluding driver and conductor/attendant for every passenger.	2500.00		and complying with Rule 128 of Central Motor Vehicles Rules, 1989 or Motor Vehicles with permits granted under the Motor Vehicles (All India Permit for Tourist – Transport Operators) Rules, 1993, plying for hire or reward permitted to carry more than twelve passengers (Excluding driver and conductor/attendant for every passenger.	2750.00
6	11	Motor Vehicles registered as Cranes, Mobile Cranes, Tower-Wagons, Tree Trimming Vehicles, Fork Lifts, Vehicles fitted with Air Compressor or Generator, for every 1000 Kgs or part thereof in weight unladen	200.00	11	Motor Vehicles registered as Cranes, Mobile Cranes, Tower-Wagons, Tree Trimming Vehicles, Fork Lifts, Vehicles fitted with Air Compressor or Generator,	LTT as in part A7

EXISTING				PROPOSED		
Sl. No.	Item No	Class of Vehicle	Qrtly. Rate of tax (In Rs.)	Item No.	Class of Vehicle	Qrtly. Rate of tax (In Rs.)
7	14(2)	(2) Motor cars including jeeps owned by Central Govt. Employees or Defence Personnel or employees of Public Sector Undertaking owned by Govt. Of India, including Nationalized Banks	187.50	14(2)	(2) Motor cars including jeeps owned by Central Govt. Employees or Defence Personnel or employees of Public Sector Undertakings owned by Govt. Of India, including Nationalized Banks	500.00

ANNEXURE - III B**1. EXISTING LIFE TIME TAX FOR TWO-WHEELERS**

Sl. No.	Class of vehicles	Motor cycles whose cost does not exceed Rs.50,000	Motor cycles cost of which exceeds Rs.50,000	Motor Cycles run on Electricity
A.	At the time of Registration of New Vehicles.	8 Percent of cost of the vehicle.	10 percent of the cost of the vehicle.	4 percent of cost of the vehicle
B.	If the vehicle is already registered and its age from the month of Registration is :	Percentage of the life time tax levied under Clause A	Percentage of the life time tax levied under Clause A	Percentage of the life time tax levied under Clause A
1.	Not more than 2 years	93%	93%	93%
2.	More than 2 years but not more than 3 years	87%	87%	87%

Sl. No.	Class of vehicles	Motor cycles whose cost does not exceed Rs.50,000	Motor cycles cost of which exceeds Rs.50,000	Motor Cycles run on Electricity
3.	More than 3 years but not more than 4 years	81%	81%	81%
4.	More than 4 years but not more than 5 years	75%	75%	75%
5.	More than 5 years but not more than 6 years	69%	69%	69%
6.	More than 6 years but not more than 7 years	64%	64%	64%
7.	More than 7 years but not more than 8 years	59%	59%	59%
8.	More than 8 years but not more than 9 years	54%	54%	54%
9.	More than 9 years but not more than 10 years	49%	49%	49%
10.	More than 10 years but not more than 11 years	45%	45%	45%
11.	More than 11 years but not more than 12 years	41%	41%	41%
12.	More than 12 years but not more than 13 years	37%	37%	37%
13.	More than 13 years but not more than 14 years	33%	33%	33%

Sl. No.	Class of vehicles	Motor cycles whose cost does not exceed Rs.50,000	Motor cycles cost of which exceeds Rs.50,000	Motor Cycles run on Electricity
14.	More than 14 years but not more than 15 years	29%	29%	29%
15.	More than 15 years	25%	25%	25%

2. PROPOSED LIFE TIME TAX FOR TWO WHEELERS

Sl. No.	Class of vehicles	Motor cycles whose cost does not exceed Rs.50,000	Motor cycles cost of which exceeds Rs.50,000	Motor Cycles run on Electricity
A.	At the time of Registration of New Vehicles.	10 Percent of the cost of the vehicle.	12 percent of the cost of the vehicle.	4 percent of cost of the vehicle
B.	If the vehicle is already registered and its age from the month of Registration is :	Percentage of the life time tax levied under Clause A	Percentage of the life time tax levied under Clause A	Percentage of the life time tax levied under Clause A
1.	Not more than 2 years	93%	93%	93%
2.	More than 2 years but not more than 3 years	87%	87%	87%
3.	More than 3 years but not more than 4 years	81%	81%	81%
4.	More than 4 years but not more than 5 years	75%	75%	75%

Sl. No.	Class of vehicles	Motor cycles whose cost does not exceed Rs.50,000	Motor cycles cost of which exceeds Rs.50,000	Motor Cycles run on Electricity
5.	More than 5 years but not more than 6 years	69%	69%	69%
6.	More than 6 years but not more than 7 years	64%	64%	64%
7.	More than 7 years but not more than 8 years	59%	59%	59%
8.	More than 8 years but not more than 9 years	54%	54%	54%
9.	More than 9 years but not more than 10 years	49%	49%	49%
10.	More than 10 years but not more than 11 years	45%	45%	45%
11.	More than 11 years but not more than 12 years	41%	41%	41%
12.	More than 12 years but not more than 13 years	37%	37%	37%
13.	More than 13 years but not more than 14 years	33%	33%	33%
14.	More than 14 years but not more than 15 years	29%	29%	29%
15.	More than 15 years	25%	25%	25%

ANNEXURE – III C**1. Existing - Lifetime Tax for Motor Cars, Jeeps, Omni Buses and Private Service Vehicles**

Sl. No.	Class of vehicles	Motor cars, Jeeps, Omni Buses and Private Service Vehicles having floor area upto 5 Sq.Mtrs, cost of which does not exceed Rs.5 Lakhs	Motor cars, Jeeps, Omni Buses and Private Service Vehicles having floor area upto 5 Sq.Mtrs, cost of which exceeds Rs.5 Lakhs but not exceeding Rs.10 Lakhs	Motor cars, Jeeps, Omni Buses and Private Service Vehicles having floor area upto 5 Sq.Mtrs, cost of which exceeds Rs.10 Lakhs	Motor Cars, Vans run on Electricity
1	2	3	4	5	6
A.	At the time of Registration of New Vehicles.	12 Percent of the cost of the vehicle.	13 percent of the cost of the vehicle.	16 percent of the cost of the vehicle.	4 percent of the cost of the vehicle.
B.	If the vehicle is already registered and its age from the month of Registration is :	Percentage of the life time tax levied under Clause A	Percentage of the life time tax levied under Clause A	Percentage of the life time tax levied under Clause A	Percentage of the life time tax levied under Clause A
1.	Not more than 2 years	93%	93%	93%	93%
2.	More than 2 years but not more than 3 years	87%	87%	87%	87%
3.	More than 3 years but not more than 4 years	81%	81%	81%	81%

1	2	3	4	5	6
4.	More than 4 years but not more than 5 years	75%	75%	75%	75%
5.	More than 5 years but not more than 6 years	69%	69%	69%	69%
6.	More than 6 years but not more than 7 years	64%	64%	64%	64%
7.	More than 7 years but not more than 8 years	59%	59%	59%	59%
8.	More than 8 years but not more than 9 years	54%	54%	54%	54%
9.	More than 9 years but not more than 10 years	49%	49%	49%	49%
10.	More than 10 years but not more than 11 years	45%	45%	45%	45%
11.	More than 11 years but not more than 12 years	41%	41%	41%	41%
12.	More than 12 years but not more than 13 years	37%	37%	37%	37%
13.	More than 13 years but not more than 14 years	33%	33%	33%	33%
14.	More than 14 years but not more than 15 years	29%	29%	29%	29%
15.	More than 15 years	25%	25%	25%	25%

2. PROPOSED Lifetime Tax for Motor Cars, Jeeps, Omni Buses and Private Service Vehicles

Sl. No.	Class of vehicles	Motor cars, Jeeps, Omni Buses and Private Service Vehicles having floor area upto 5 Sq.Mtrs, cost of which does not exceed Rs.5 Lakhs	Motor cars, Jeeps, Omni Buses and Private Service Vehicles having floor area upto 5 Sq.Mtrs, cost of which exceeds Rs.5 Lakhs but not exceeding Rs.10 Lakhs	Motor cars, Jeeps, Omni Buses and Private Service Vehicles having floor area upto 5 Sq.Mtrs, cost of which exceeds Rs.10 Lakhs but not exceeding Rs.20 Lakhs	Motor cars, Jeeps, Omni Buses and Private Service Vehicles having floor area upto 5 Sq.Mtrs cost of which exceeds Rs.20 Lakhs	Motor Cars, Vans run on Electricity
1	2	3	4	5	6	7
A.	At the time of Registration of New Vehicles.	13 Percent of the cost of the vehicle.	14 percent of the cost of the vehicle.	17 percent of the cost of the vehicle.	18percent of the cost of the vehicle	4 percent of the cost of the vehicle.
B.	If the vehicle is already registered and its age from the month of Registration is :	Percentage of the life time tax levied under Clause A	Percentage of the life time tax levied under Clause A	Percentage of the life time tax levied under Clause A	Percentage of the life time tax levied under Clause A	Percentage of the life time tax levied under Clause A

1	2	3	4	5	6	7
1.	Not more than 2 years	93%	93%	93%	93%	93%
2.	More than 2 years but not more than 3 years	87%	87%	87%	87%	87%
3.	More than 3 years but not more than 4 years	81%	81%	81%	81%	81%
4.	More than 4 years but not more than 5 years	75%	75%	75%	75%	75%
5.	More than 5 years but not more than 6 years	69%	69%	69%	69%	69%
6.	More than 6 years but not more than 7 years	64%	64%	64%	64%	64%
7.	More than 7 years but not more than 8 years	59%	59%	59%	59%	59%
8.	More than 8 years but not more than 9 years	54%	54%	54%	54%	54%

1	2	3	4	5	6	7
9.	More than 9 years but not more than 10 years	49%	49%	49%	49%	49%
10.	More than 10 years but not more than 11 years	45%	45%	45%	45%	45%
11.	More than 11 years but not more than 12 years	41%	41%	41%	41%	41%
12.	More than 12 years but not more than 13 years	37%	37%	37%	37%	37%
13.	More than 13 years but not more than 14 years	33%	33%	33%	33%	33%
14.	More than 14 years but not more than 15 years	29%	29%	29%	29%	29%
15.	More than 15 years	25%	25%	25%	25%	25%

ANNEXURE – III D

EXISTING Life time tax for goods vehicles having gross vehicle weight exceeding 1,500 Kgs but not exceeding 3,000 Kgs in weight laden, whether used for hire or reward or not.

Item No.	Class of vehicles	Goods vehicles having gross vehicle weight exceeding 1500 Kgs and not exceeding 2000 Kgs - Rs	Goods vehicle having gross vehicle weight exceeding 2000 Kgs and not exceeding 3000 Kgs - Rs.
1	2	3	4
A.	At the time of Registration of New Vehicles.	10000.00	15000.00
B.	If the vehicle is already registered and its age from the month of Registration is :		
1.	Not more than 2 years	9300.00	13950.00
2.	More than 2 years but not more than 3 years	8700.00	13050.00
3.	More than 3 years but not more than 4 years	8100.00	12150.00
4.	More than 4 years but not more than 5 years	7500.00	11250.00
5.	More than 5 years but not more than 6 years	6900.00	10350.00
6.	More than 6 years but not more than 7 years	6400.00	9600.00

1	2	3	4
7.	More than 7 years but not more than 8 years	5900.00	8850.00
8.	More than 8 years but not more than 9 years	5400.00	8100.00
9.	More than 9 years but not more than 10 years	4900.00	7350.00
10.	More than 10 years but not more than 11 years	4500.00	6750.00
11.	More than 11 years but not more than 12 years	4100.00	6150.00
12.	More than 12 years but not more than 13 years	3700.00	5550.00
13.	More than 13 years but not more than 14 years	3300.00	4950.00
14.	More than 14 years but not more than 15 years	2900.00	4350.00
15.	More than 15 years	2500.00	3750.00

2. PROPOSED Life time tax for goods vehicles having gross vehicle weight exceeding 1,500 Kgs but not exceeding 5,500 Kgs in weight laden, whether used for hire or reward or not.

Item No.	Class of vehicles	Goods vehicles having gross vehicle weight exceeding 1500 Kgs and not exceeding 2000 Kgs - Rs.	Goods vehicle having gross vehicle weight exceeding 2000 Kgs and not exceeding 3000 Kgs - Rs.	Goods vehicle having gross vehicle weight exceeding 3000 Kgs and not exceeding 5500 Kgs -Rs.
1	2	3	4	5
A.	At the time of Registration of New Vehicles.	10000.00	15000.00	20000.00
B.	If the vehicle is already registered and its age from the month of Registration is :			
1.	Not more than 2 years	9300.00	13950.00	18600.00
2.	More than 2 years but not more than 3 years	8700.00	13050.00	17400.00
3.	More than 3 years but not more than 4 years	8100.00	12150.00	16200.00
4.	More than 4 years but not more than 5 years	7500.00	11250.00	15000.00
5.	More than 5 years but not more than 6 years	6900.00	10350.00	13800.00

1	2	3	4	5
6.	More than 6 years but not more than 7 years	6400.00	9600.00	12800.00
7.	More than 7 years but not more than 8 years	5900.00	8850.00	11800.00
8.	More than 8 years but not more than 9 years	5400.00	8100.00	10800.00
9.	More than 9 years but not more than 10 years	4900.00	7350.00	9800.00
10.	More than 10 years but not more than 11 years	4500.00	6750.00	9000.00
11.	More than 11 years but not more than 12 years	4100.00	6150.00	8200.00
12.	More than 12 years but not more than 13 years	3700.00	5550.00	7400.00
13.	More than 13 years but not more than 14 years	3300.00	4950.00	6600.00
14.	More than 14 years but not more than 15 years	2900.00	4350.00	5800.00
15.	More than 15 years	2500.00	3750.00	5000.00

ANNEXURE - III E**1. Existing Rate of Tax to vehicles under Item 11**

Sl. No.	Class of vehicle	Quarterly Tax
Item 11	Motor Vehicles registered as Cranes, Mobile Cranes, Tower-Wagons, Tree Trimming Vehicles, Fork Lifts, Vehicles fitted with Air Compressor or Generator, for every 1000 Kgs or part thereof in weight unladen	200.00

2. PROPOSED LIFE TIME TAX FOR CONSTRUCTION EQUIPMENT VEHICLES AS DEFINED UNDER RULE 2(ca) OF CENTRAL MOTOR VEHICLE RULES, 1989 - AND VEHICLES FITTED WITH AIR COMPRESSOR OR GENERATOR

Sl.No.	Class of vehicles	Percentage of tax levied
A.	At the time of Registration of New Vehicles.	10 Percent of cost of the vehicle.
B.	If the vehicle is already registered and its age from the month of Registration is :	
1.	Not more than 2 years	93%
2.	More than 2 years but not more than 3 years	87%
3.	More than 3 years but not more than 4 years	81%
4.	More than 4 years but not more than 5 years	75%
5.	More than 5 years but not more than 6 years	69%
6.	More than 6 years but not more than 7 years	64%
7.	More than 7 years but not more than 8 years	59%
8.	More than 8 years but not more than 9 years	54%
9.	More than 9 years but not more than 10 years	49%
10.	More than 10 years but not more than 11 years	45%
11.	More than 11 years but not more than 12 years	41%
12.	More than 12 years but not more than 13 years	37%
13.	More than 13 years but not more than 14 years	33%
14.	More than 14 years but not more than 15 years	29%
15.	More than 15 years	25%

