

# Karnataka Vision 2025

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# KARNATAKA VISION 2025

## 1. Background

Karnataka is a progressive state of the Indian Union and has a long and proud history of significant achievements. These include:

- A legacy of rich cultural and administrative traditions traceable to the Vijayanagara (e.g. Hampi), Hoysala (e.g. Halebeedu) and Mysore kingdoms;
- Being a pioneer in power generation, with the first hydro-electric power station being set up as far back as 1902;
- Being home to both the Indian Institute of Science (India's premier science and technology institution) as well as the country's first private engineering college;
- Being a leader in financial services, with one district alone being the birthplace of five major commercial banks;
- Being the centre of high technology manufacturing industries after independence in areas such as machine tools, defence electronics, aerospace, telecommunications, and earth-moving equipment;
- Being one of the first states to introduce decentralized systems of governance;
- Providing a supportive environment for the creation of India's globally competitive information technology services industry and today accounting for 35-40% of software exports from India
- Pioneering e-governance in India through Bhoomi project to computerize rural land records and make available land record information for a nominal fee<sup>1</sup>

Karnataka has several strengths that should allow it to accelerate forward and build on this legacy:

- Strong economic growth<sup>2</sup>
- A well-structured and qualified administrative system
- Fertile lands and high agricultural productivity along river basins and in irrigated areas
- Leadership in coffee, raw silk, sandalwood, and floriculture production
- Reputation as a progressive state
- Strong position in new high-technology industries such as biotechnology<sup>3</sup>
- Rub-off from success of high technology industry
- Availability of trained manpower
- Wide network of educational institutions
- Generally peaceful environment

- Communal amity

Karnataka's performance on different development dimensions is shown in Table 1.

From this table, it can be seen that Karnataka is in the top six ranks on only two indices - infant mortality, and per capita GSDP – whereas on all other indices it ranks 7 or lower among Indian states. A more careful study of the state shows that there are huge regional imbalances in the state – north Karnataka has two-thirds of the most backward talukas in the state. These arid, less-irrigated, drought-prone talukas have development indicators that are comparable to some of the underdeveloped regions of India and pull down the state averages resulting in the moderate ranks of the state. Further economic growth in the state is centered around the metropolitan city of Bengaluru which accounts for one-fourth of the state's economic activity. Bangalore is struggling to cope with the influx of people, and consequent increase in traffic, and demand for urban infrastructure.

	<b>Parameter</b>	<b>Score</b>	<b>Rank</b>	<b>Source</b>
1.	Human Development Index (2001)	0.478	7 (among 15 large Indian states)	Karnataka Human Development Report (KHDR) 2005
2.	Infant Mortality Rate (2002)	55	5 (among 15 large Indian states)	KHDR 2005
3.	Life Expectancy at Birth (2003)	65.8	7 (among 15 large Indian states)	KHDR 2005
4.	Literacy Rate (2001)	66.6	8 (among 15 large Indian states)	KHDR 2005
5.	Primary Education Index <sup>4</sup> (2005)	2.69 (Out of 5)	9 (out of 20 states)	<i>India Today</i> , August 2005
6.	Population below poverty line (1999-2000)	20.04%	7 (among 15 large Indian states)	KHDR 2005
7.	Per Capita Gross State Domestic Product (2001-02)		6 (among 15 large Indian states)	KHDR 2005
8.	Infrastructure Index <sup>5</sup>	2.23 (Out of 5)	10 (out of 20 states)	<i>India Today</i> , August 2005
9.	Best State to Live in <sup>6</sup>		8	<i>India Today</i> ,

			(out of 20 states)	August 2005
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In addition to the problem of uneven regional development, Karnataka has other challenges:

- Failure of Planning to keep pace with Growth & Create Necessary Infrastructure
  - E.g. With more than 3 million vehicles already on the road, more than 1000 vehicles are added daily as road users seek private solutions to their transportation problems
  - E.g. Karnataka faces an endemic power deficit of 500 – 600 MW. Non-availability of reliable power supply forces firms to install captive power generation equipment, thereby increasing capital costs, reducing return on investment, and lowering competitiveness. Captive power is also likely to be more expensive to generate and less environment-friendly. Micro, Small and Medium Enterprises (MSMEs) that face capital constraints are further disadvantaged because they either have to lock-up scarce capital in power generating equipment, or expose themselves to the vagaries of the availability of power from the grid.
  - E.g. Though 65% of the state’s total area is cultivated, only 26.5% of the sown area is irrigated.
- Tardy project completion
  - E.g. The Bangalore International Airport project was first conceived in 1991. However, delays in location decision and the bidding process led to the successful bidder being selected only in October 2001. Delays in various government clearances led to further delays and the construction of the airport commenced only in July 2005.
- High levels of corruption
  - Transparency International ranked Karnataka as the fourth most corrupt state in a recent survey<sup>7</sup>
- Image of lack of political stability (in recent years)

Yet, Karnataka with its strong heritage, well-established administrative structure, reputation and potential to raise resources is in a good position to overcome these challenges and become a leading state in India on almost every front. The people of Karnataka are determined to create such a land for themselves. This is reflected in the people’s vision of the state in 2025 that emerged from this study:

## 2. Karnataka Vision 2025

In 2025, Karnataka will:

- *Be a leader in human development;*
- *Offer a minimum quality of life that is at least the national average in every region of the state;*
- *Be a leader in knowledge-intensive, ecologically-friendly economic activities;*
- *Have world-class infrastructure;*
- *Provide opportunities for employment suiting people's locational and community choices;*
- *Provide outcome-driven, accountability-based governance at all levels;*
- *Be sensitive to regional and local aspirations;*
- 
- *Be an ecologically-conscious and low pollution state.*

People everywhere believe that development is finally about quality of life, and this is reflected in the availability of basic necessities like health services, water and sanitation, and education.<sup>8</sup> There is a strong sense that Karnataka has the potential to move to be within the top three ranks on an all India basis on these human development indicators by 2025.

If the state is to move to this position, it is clear that there has to be substantial improvement in the development of the backward regions of the state. These regions must offer a quality of life that is at least the national average if the state is to be an overall leader. This need is all the more on grounds of equity, and to reduce the pressure on infrastructure in the more developed areas of the state, particularly Bangalore and Mysore.

Karnataka has been a leader in knowledge-intensive industries since independence, first in manufacturing, and now in services. The people of Karnataka wish to build on this base to be a leader in new, emerging knowledge-intensive industries, while consolidating the state's position in existing industries. At the same time there is a clear sense that the state does not

wish to go into industries that pose ecological hazards or that could pollute the air and water of the state.

Specifically, the state should, in 2025, have a leadership position in software and information technology-enabled services, biotechnology, nanotechnology, and light engineering industry (particularly precision engineering).

As a state with fertile soils in some regions and a strong agricultural tradition, the state aspires to be at the forefront of agriculture and to capture value addition potential through agro-based industries such as food processing.

With one of the strongest bases of education and research institutions in the country, Karnataka aspires to be a global education and research hub by 2025.

Another sector of great potential for Karnataka is tourism thanks to the state's natural (beaches, rivers, forests and wildlife) and historical attractions.

At the same time there is a strong desire among people of the state to live in their natural traditional locations and communities and have economic opportunities closer to home. This has several implications: the state needs to have good infrastructure across the state so that economic activities are better distributed across the state. Power, roads (and other forms of transportation), water and sewerage need to be available at a reasonable level across the state. Multiple urban centres distributed across the state must be developed to world standards. Vocational and technical education must be available across the state, and access to modern telecommunication and internet must be available with good bandwidths across the state.

This vision is incomplete and indeed unachievable without an outcome-driven, accountability-based governance system at all levels. While the people of Karnataka wish to have a governance structure that enables all-round development of the state, they also want to have a decentralized system where there is devolution of powers to local bodies, and the involvement of people in industry location choices.

The people of Karnataka desire to see the further development of their language and culture through support for Kannada, and for local art forms, traditional crafts, and local habitats.

Last, but certainly not the least, the people of Karnataka, particularly the youth, want to see an ecologically-conscious and "green" state in 2025 with low pollution levels, efficient use of energy, responsible use of scarce resources such as water, and careful recycling and reprocessing of waste.

### 3. How to Achieve this Vision

#### *Role of Government & Political Parties*

The government has a direct role to play in improving the quality of life in the state. Better tax collections leading to enhanced budgetary allocations for social programmes and essential infrastructure need to be coupled with effective implementation and execution of programmes and projects. Fortunately, over the years, the Government of Karnataka has constituted many task forces and committees to identify policies and programmes to improve the development of the state. The reports of these committees such as the Nanjundappa Committee to Redress Regional Imbalances, the *Karnataka Human Development Report 2005*<sup>9</sup> and the *Karnataka Agriculture Policy 2006*<sup>10</sup> contain several well thought out recommendations. If implemented with strong political will, these policies would help achieve Karnataka Vision 2025.

The *Karnataka Human Development Report 2005* has dealt extensively with the steps that need to be taken to improve human development indicators in the state. Some of its significant recommendations that are totally consistent with the achievement of Karnataka Vision 2025 are:

- Enhance the Public Expenditure Ratio (PER) of the state to 25% and the Social Allocation Ratio (SAR) to 40% as suggested by the UNDP Human Development Report 1991. The additional resources to allow these enhanced allocations to be generated by
  - o Increasing the revenue-GSDP ratio
  - o Improving power sector finances as means for financing human development
  - o Levying appropriate user charges on irrigation and taking steps to collect these charges
  - o Ensuring greater efficiencies in power and irrigation
  - o Rationalising grants and fees to higher educational institutions
  - o Containing unproductive administrative expenditures
- As a general principle, target expenditures and human resource at backward regions, and poor and marginal groups
- Within social development support, focus on social priority sectors. For example, in education, continue focus on primary education, and in healthcare, focus on primary rather than tertiary healthcare.
- In education, while access and enrolment issues have been addressed, there are major challenges in retention of students in school and providing them a quality education. Improvement of infrastructure (toilets, drinking water, laboratories, library) and gender



- sensitivity (e.g. more female teachers) are needed to improve retention, and resources need to be made available to make these improvements
- A comprehensive employment strategy focusing on the primary sector in view of the poor skill base of the majority of unemployed youth
  - Training and technical skills for productive employment
  - Support to Self Help Groups, particularly those set up by women and disadvantaged groups
  - Enhancement of capacity of NGOs
  - Managerial and technical capacity building to gram panchayats, the unit of decentralized government closest to the people
  - Improvements in governance such as
    - o Setting up of a Task Force on Governance Reforms
    - o Annual Governance Strategy & Action Plan at the state and district levels
    - o E-governance action plan for each district
    - o Human development objectives to be specified in each district plan

In addition to the *Karnataka Human Development Report 2005* recommendations, political parties need to overcome the temptation to score short term brownie points by opposing projects or programmes just because they are proposed or launched by their electoral rivals. A recent study by the World Bank<sup>11</sup> compared Karnataka with another more successful south Indian state on different development dimensions and concluded that even though Karnataka spent about the same amount, it lagged behind. The reasons for the other state's success were identified as a shared welfarist ideology among the principal parties of the state, interlocking welfare initiatives (e.g. the family planning initiatives encourage more women to visit public health facilities where they also accessed maternal and child care services; the midday meal scheme improved nutrition levels, led to increased school attendance, and also improved the health of children) that reinforced each other, an empowered bureaucracy (particularly in matters relating to welfare schemes) and strong programme monitoring in the health sector. Strong political mobilization in the more successful state led to more pressure on and demand for public services, thereby enhancing their quality. On the other hand, in Karnataka, "political parties have generally not sought to mobilize political support by pursuing welfarist policies."<sup>12</sup>

Government has a critical role to play in enhancing infrastructure availability throughout the state. Contemporary wisdom suggests that Public-Private Partnership arrangements are the best way to overcome infrastructure inadequacies. However, the economic justification for private participation is not that it is a means of overcoming the government's fiscal constraints, but instead that it has potential impact on the political economy of provision of infrastructure – i.e., competition to lower costs, and greater recovery of the costs of service provision. Creation of a positive investment climate for infrastructure involves creating rules

and institutions that constrain (monopoly) market power but do not over-ride the property rights of service providers. The processes and arrangements need to be transparent, and need to be perceived as fair and legitimate by both service providers and consumers if they are to be sustainable.<sup>13</sup>

To enable balanced development of the state and a more equitable distribution of economic activities, creation of world-class infrastructure (power, water, sanitation/waste disposal, highway access, local roads, rail & air access) is essential at multiple urban locations. The government should invest in such infrastructure at “Tier-2 cities” such as Mysore, Mangalore, Hubli-Dharwad, Belgaum, Bellary, Raichur, and Gulbarga.

To attract more investment in economic activities, the state has to provide a genuine single window clearance system for new investors. The government should follow a more transparent process in land acquisition and make available industrial land expeditiously. To facilitate development of new locations such as the cities listed above, the government may make investment in Tier-2 cities a necessary condition for obtaining industrial land in and around Bangalore. The creation of a regime friendly to MSMEs based on minimal inspection and submission of one integrated return to the government per year will go a long way to encourage small companies that are typically more labour-intensive than large enterprises.

The *Karnataka Agriculture Policy* formulated in November 2006 after consultation with the National Commission for Farmers headed by Dr. M.S. Swaminathan envisages a 4.5% annual growth in farm output. The policy is built around five principles: (1) protect and improve soil health; (2) conservation of natural resources with special emphasis on water and micro-irrigation; (3) timely availability of credit and other inputs to farmers; (4) integration of post-harvest processing with the production process, and (5) reduction of the distance between “Lab” and “Land” in the transfer of technology.

The *Karnataka Agriculture Policy 2006* recognizes the importance of focusing on the entire agriculture value chain. It emphasizes better irrigation planning, better utilization of available water, promotion of water-efficient technologies and crops, and a strategic approach to agriculture research. The policy advocates a change in strategy from a grain-based approach to a diversified approach including horticulture, poultry, and livestock. The Policy document specifically addresses the issues faced in backward talukas of the state and proposes specific crops and cultivation methods that could be used in these areas. The Policy which is centered around the well-being of the farmer thus addresses human development, balanced development, ecological and locational aspirations of Karnataka Vision 2025. All the government needs to do is to take its own policy seriously and implement it with a strong sense of commitment.

To attack corruption and thereby enhance the resources available to the state as well as improve the quality of governance, the government should support the office of the Lok Ayukta by giving speedy clearance for prosecution of government officials accused of corruption, enforcing annual disclosure of financial assets by ministers, legislators, and bureaucrats, and bringing in place a policy of zero tolerance for corruption.

Overall, the key governance issues that need to be addressed for the achievement of Karnataka Vision 2025 are:

- Transparency, fairness, and legitimacy of all governance processes
- A clear focus on execution
- Creating a consensus on basic & synergistic welfare programmes
- Targeting backward regions and marginalized groups
- Reduction of corruption

### ***Role of Industry & Commerce***

Achievement of Karnataka Vision 2025 depends on the behaviour of industry and commerce as responsible corporate citizens. High standards of corporate governance and adherence to all laws will (1) help the government to generate adequate resources to pursue development programmes, (2) enhance the quality of the environment, and (3) facilitate growth and provision of employment opportunities. Greater investments in training and development will help the company, state, and country have a more competitive workforce. Corporate social responsibility initiatives would help industry and commerce go beyond their economic roles to partner with government and NGOs in human development. Some specific action items for industry and commerce are detailed in the section titled “Action Agenda for CII” below.

### ***Role of Civil Society***

NGOs have a salient role to play in three dimensions of the vision – leadership in human development, balanced regional development, and improving accountability in governance. In addition, several of them will be naturally inclined to contribute to the protection of local habitats and the preservation of the environment.

A recent World Bank Study on “Reforming Public Services in India” found that civil society organizations play an important role in enhancing the quality of such services.<sup>14</sup> This happens in two ways – putting pressure on government agencies, and working with government in a collaborative mode. Similarly, a recent study of the effectiveness of Citizens’ charters in government departments found that the role of Non Government Organisations (NGOs) is

critical in making citizens aware of their rights and exerting demand pull on the providers of public services.<sup>15</sup> NGOs in Karnataka have contributed significantly to the improvement of the quality of school education and mass public health programmes such as polio eradication.

To enhance their effectiveness, NGOs should come together on issues that cut across society even though their own focus areas may be more restricted. NGOs should take up advocacy and mobilization more seriously. Specifically, NGOs should enhance people's aspirations, make them aware of their rights, and seek to overcome public apathy so as to put pressure on the government to deliver. NGOs should track performance of government against announced policies, present performance scorecards to the public (through the media) and thereby try to enhance accountability of the government. NGOs should ensure that they follow high standards of self-regulation so as to maintain the credibility of civil society organizations and enhance their ability to intervene in contentious issues.

While both government and industry may partner NGOs for policy implementation and corporate social responsibility concerns respectively, they should take care to preserve the independence of NGOs so that NGOs retain their credibility.

#### 4. Action Agenda for CII – The Four Cs

Consensus on Infrastructure Development: Develop consensus across the political spectrum on the importance of infrastructure provision. Document the costs of inadequate infrastructure and present them to policy-makers, influencers across political parties. Compile and provide case studies of successful infrastructure development in other states (e.g. Haryana) to bureaucrats and politicians. Work on creation of equitable guidelines and policies for PPPs in the state. Keep up pressure on government to create world-class infrastructure in multiple urban locations in the state.

Cooperation on Human Development: Support government in human development initiatives through training of manpower (particularly vocational education), making available company infrastructure for education and training purposes (wherever possible), voluntary adoption of some affirmative action initiatives (consistent with CII national policy), adoption of schools, provision of education and health infrastructure, and capacity-building of government itself.

Clean Environment: Adoption of a zero tolerance policy towards air or water pollution exceeding environmental norms, enhancement of energy and water use efficiency, rainwater harvesting, world-class effluent treatment, adoption of ISO 14000 by all members of CII Karnataka, initiative with government on solid waste disposal

Collective Resolve to be Good Corporate Citizens: Build collective resolve to be good corporate citizens by (1) paying all taxes, duties and government dues regularly and (2) reducing corruption by (a) campaigning to reduce unnecessary regulation, (b) refusing to pay bribes, (c) adopting collective civil disobedience against corrupt officers, etc.

## **Appendix: The Process through which this Vision was developed**

Regional visioning has become an important tool of regional development in several countries including the United Kingdom, Australia, and the United States over the last two decades. Published reports<sup>16</sup> suggest that the regional visioning process harnesses the power of ideas, looks at needs of the region that might get missed out without a vision, takes into account unique characteristics of the region, helps excite people, brings people together, sets the agenda and pushes local leaders to think about what they are doing.

Successful regional visions result in the ability to focus growth where growth is most appropriate; the ability to connect growth with transit and infrastructure investment; predictable, balanced land-use regulations that create a level-playing field for developers & encourage the development of more vibrant communities; and sufficient resources to support economic development, infrastructure investment, and environmental protection.

Prior studies<sup>17</sup> indicate several best practices for regional visioning exercises: use of background information to help inform an appropriate vision; a high level of inclusivity; targeted interviews and workshops; and conducting a series of regional forums.

This study attempted to incorporate the above philosophy and practices. Workshops were held in different regions of the state with a wide spectrum of participation. Participants were acquainted with Karnataka's performance on different development indicators and then encouraged to brainstorm on their vision of Karnataka in 2025, the barriers to achieving this vision, and how these barriers could be overcome. Key themes emerging from these workshops were synthesized together. The agenda for action was drawn from both the suggestions of participants as well as prior research.

## Notes/References

- <sup>1</sup> In a recent survey, *Dataquest* magazine ranked Karnataka as #2 in e-governance satisfaction. Source: <http://www.cybermedia.co.in/press/pressrelease33.html> (Accessed on 12th February 2008).
- <sup>2</sup> According to the Karnataka Human Development Report 2005, between 1990 and 2001 Karnataka had the highest level of Gross State Domestic Product growth among Indian states.
- <sup>3</sup> Some reports indicate that Karnataka has the highest number of biotechnology firms in the country. See, for example, [http://en.wikipedia.org/wiki/Karnataka#\\_note-excel](http://en.wikipedia.org/wiki/Karnataka#_note-excel) accessed on 12<sup>th</sup> February 2008.
- <sup>4</sup> The Primary Education Index is based on a comparison to an ideal state of 4 teachers per 100 students; 100% completion of primary education by the age of 10; and female-male ratio of 1:1.
- <sup>5</sup> Criteria: Percentage of households with electricity & LPG; Percentage of villages with pucca road; per capita road length; per capita bank branches; density of post offices & tele-density.
- <sup>6</sup> Criteria: Agriculture, industrial environment, consumer market, health, education, law and order, infrastructure, prosperity.
- <sup>7</sup> *India Corruption Study 2005*. Transparency International. Downloaded from [www.tiindia.in](http://www.tiindia.in) on 12<sup>th</sup> February 2008.
- <sup>8</sup> For the process adopted to evolve the Karnataka Vision 2025, see Appendix.
- <sup>9</sup> *Karnataka Human Development Report 2005: Investing in Human Development*. Government of Karnataka, 2006.
- <sup>10</sup> *Karnataka Agricultural Policy 2006*. Department of Agriculture & Horticulture, Government of Karnataka, November 2006. Downloaded from <http://raitamitra.kar.nic.in> on 11<sup>th</sup> February 2008.
- <sup>11</sup> World Bank. *Reforming Public Services in India: Drawing Lessons from Success* Sage Publications, 2006. [See Chapter 6].
- <sup>12</sup> World Bank. *Reforming Public Services in India: Drawing Lessons from Success*, quoting R.C. Crook and J. Manor *Democracy and Decentralisation in South Asia and West Africa*, Cambridge University Press, 1998.
- <sup>13</sup> These points are based on *World Development Report 2005 A Better Investment Climate for Everyone*. World Bank and Oxford University Press, 2004.
- <sup>14</sup> World Bank. *Reforming Public Services in India: Drawing Lessons from Success* Sage Publications, 2006.
- <sup>15</sup> Samuel Paul “India’s Citizen’s Charters: In Search of a Champion” *Economic & Political Weekly*, February 16, 2008, 67-73.
- <sup>16</sup> (1) South-east Queensland Regional Plan. Downloaded from <http://www.oum.qld.gov.au/?id=467> on 31<sup>st</sup> May, 2007; (2) Fred D. Baldwin “The Power of Vision: Making the Strategic Plan Come Alive” *APPALACHIA*, September–December 1997. Downloaded from <http://www.arc.gov/index.do?nodeId=1333> on 31<sup>st</sup> May 2007; (3) Jennifer Hicks “Eastern Shore 2010: A Regional Vision” November 2005. Downloaded from [www.eslc.org](http://www.eslc.org) on 31<sup>st</sup> May 2007; (4) “A Regional Vision for Future Growth” Blueprint HoustonCitizen Bulletin Issue No. 1 August 12, 2005. Downloaded from [www.blueprintinhouston.org](http://www.blueprintinhouston.org) on 31<sup>st</sup> May 2007; (5) “Northeast ERDP Regional Chapter Regional Vision and Aspiration” Downloaded from [www.defra.gov.uk/erdp/docs/nchapter/nesection21/nesection221.htm](http://www.defra.gov.uk/erdp/docs/nchapter/nesection21/nesection221.htm) on 31<sup>st</sup> May 2007. (6) “How to Develop the Vision” Ministry of Economic Development Manatu Ohanga Downloaded from [www.med.govt.nz/templates/Page\\_21641.aspx](http://www.med.govt.nz/templates/Page_21641.aspx) on 31<sup>st</sup> May 2007; (7) “Translating a Regional Vision into Action” ULI Community Catalyst Report No. 2. Urban Land Institute, March 8, 2005. Downloaded from [www.uli.org](http://www.uli.org) on 31<sup>st</sup> May 2007; (8) “A Regional Vision for the Counties and Towns of Culpeper, Fauquier, Madison, and Rappahannock” Rappahannock Rapidan Regional Commission, 2001. Downloaded from [www.state.va.us/rrpdc](http://www.state.va.us/rrpdc) on 31<sup>st</sup> May 2007 ; and (9) “A Vision for the future of East Central Wisconsin” July 2004 Downloaded from [www.eastcentralrpc.org](http://www.eastcentralrpc.org) on 31<sup>st</sup> May 2007.
- <sup>17</sup> See reports in above note.