

Honourable Speaker,

1. I deem it a privilege to present the budget for the year 2006-07.

2. As you are all perhaps aware, the era of coalition governments in India has begun. Coalition governments are functioning at the Centre as well in many Indian States. In Karnataka also, the coalition Government of Bharatiya Janatha Party and Janatha Dal (S), “Karnataka Abhivridhi Ranga” has come to power. As the name indicates this is a Government, which has come to power with the objective of developing the state. Irrespective of our political ideologies, it is time for us to strive for the development of Karnataka.

3. This is the first budget of the new coalition Government. All round development of Karnataka is our aim. Clean, efficient and responsible governance is our path. The principle of “ Social Justice” which provides an opportunity for every one to lead a just and honourable life is our guiding factor.

As M. Gopal Krishna Adiga, had hoped in one of his poems

*ಅನ್ನವನು ಕೊಡು ಮೊದಲು,
ಬಟ್ಟೆಯನು ಕೊಡು ಉಡಲು
ಕಟ್ಟಿಕೊಡು ಮನೆಗಳನು,
ಇದು ಮೊದಲು, ಆ ಮೇಲೆ ಉಳಿದುದೆಲ್ಲ!*

4. This is the indication of the outlook and priorities of our programmes. Our main objective of this budget is to take Karnataka to a forefront amongst the states of the Indian union in matters of economic, educational and social development.

5. Our desire is to improve the state's infrastructure and to improve the quality of life of the State's five and a half crore citizens.

6. The coalition government of the BJP and the JD (S) parties is presenting its first budget to the people of Karnataka to take forward the State in the competitive world of the first decade of the twenty-first century.

7. We have the good fortune of being guided by our President, His Excellency Dr. A.P.J. Abdul Kalam. I am grateful to His Excellency, The President of India for his thoughtful address presented to the legislators of Karnataka containing the missions for the development of the State.

8. Our Government would like to traverse a dynamic path of development to bring peace, prosperity and contentment to its citizens. I would like to Prioritise the developmental agenda of our Government as follows :

- (i) Achieving all round development of the State with a focus on social justice and maintenance of communal harmony.
- (ii) To achieve a growth rate of 8 to 10 % in GSDP and more than 4% in agricultural sector so that Karnataka's rate of growth exceeds the national average.
- (iii) To strive for the welfare of the farmers, scheduled castes, scheduled tribes, backward classes, minorities and women.
- (iv) To provide drinking water, quality primary education and health facilities on a war footing.
- (v) To ensure positioning of proper infrastructure to support good quality of life and investment promotion.
- (vi) To ensure protection of the State's language and culture, its land and water resources.
- (vii) To ensure according of the status of "Classical Language" to Kannada.
- (viii) To correct regional imbalances.
- (ix) To curb corruption at all levels.

State of the Economy

9. The Economic Survey 2005-06 shows that the GDP of the country has grown at 8.1 % during 05-06 fiscal. Karnataka has also witnessed the trend of high economic growth during 05-06 fiscal.. For the year 2005-06 our economy is expected to grow at 8.7% at constant prices. The primary sector is expected to grow at 6.3%, secondary sector at 5.7% and the tertiary sector at 11.2 %.

10. Inflation is an indicator of the stability of the Economy. Historically, the inflation prevalent in the State has been less than the national inflation rate. The inflation rate of Karnataka is expected to be about 4.4%, which is less in comparison to 4.7%, the expected rate of inflation for the country during 2005-06. This would give impetus for development by encouraging investment.

11. In Karnataka, fiscal correction has enabled the state to contribute to growth by generating surpluses in revenue account and spending it on capital formation. Simultaneously, by keeping the

fiscal deficit under control, the State has also ensured sustainability of this effort. The reforms brought in are expected to result in a growth of 8% for the coming year.

12. While the optimism stems from the conditions that are congenial for the economic growth of the state we are concerned to pass on the fruits of this growth to the vulnerable sections. It is time for us to increase the technical and allocative efficiency and cost effectiveness of public expenditure.

State Finances

13. Fiscal correction over the last few years has brought in financial stability in Karnataka. Almost all the State taxes are expected at least to meet their respective budgetary targets. For 2005-06 the revised estimates of State's own taxes are Rs. 19504.80 Crores as compared to the budget estimate of Rs. 18680.16 Crores. The main contributors to this performance are State Excise, which is expected to be Rs. 3375 crores and this is well above the Budget Estimate of Rs 2997 crores.

The budget estimates of Motor Vehicles of Rs. 1180 crores is expected to result in collection of Rs. 1218 crores which is well above the budget estimates. The state has suffered revenue loss on account of introduction of VAT by Rs 1041 crores. Till date the state has received Rs.251.6 crores as compensation from Government of India. The balance VAT compensation is expected shortly. Loss on account of implementation of VAT was expected and the system will get stabilized over next two years.

14. Even after meeting all the budgeted expenditure commitments, the State will end with a surplus on revenue account and a fiscal deficit of less than 3% of the GSDP this year. This is in line with the targets set in the Karnataka Fiscal Responsibility Act. For achieving the fiscal targets, the State has received fiscal incentive of Rs 65 crores as per the recommendations of the Eleventh Finance Commission. Apart from this, the state has also got the benefit of consolidation of loans extended by Government of India as recommended by the Twelfth Finance Commission. In 05-06 the

state has also gained the benefit of Rs 309 crores through debt consolidation. Because of above two measures the state has gained by Rs 374 crores.

15. In addition, in coming years, the State, by eliminating its revenue deficit and limiting its fiscal deficit within 3% of the GSDP, would get the benefit of Loan waiver under the incentives recommended by the Twelfth Finance Commission. In 2006-07, the State has to repay a principal amount of Rs. 358 Crore to Central Government. If the State is able to control its expenditure and achieve the fiscal target by the end of 2006-07 the repayment of Rs. 358 Crore shall stand waived.

16. The rating agency, ICRA rates the states for investment purposes. This agency has rated Karnataka as AAA-, which would mean that the position of State's Finance is highly satisfactory and no Indian state has received this rating.

Fiscal Reforms

17. On the Fiscal reform front, the State has implemented various tax and expenditure related reforms over the last five years. I propose to continue the fiscal reforms path. In this direction I propose to bring in various tax reforms, which will be dealt in the second part of the speech.

18. Improving the collection of revenues, preventing revenue leakages, and reducing the non-plan expenditure by 5% are our three main priorities. In order to prepare a definite action plan in this regard, I propose to constitute an expert task force with in two months.

19. Pension payments form a major part of the non-plan expenditure of the State. It has been has decided to shift to a 'Defined Contribution Scheme' for new recruits where the Pension liability is backed by a fund in to which contributions from Government as well as employees shall be made. This would ensure that the liability to pay pension

of an employee rendering his service now is not shifted to the future generations.

20. The Karnataka Ceiling on Government Guarantees Act, 1999 is in operation in the State. To elaborate the procedural aspects relating to contingent liability management, rules will be framed under the Act in the ensuing fiscal year.

21. I propose to extend the budget control mechanism from the coming fiscal year to even Zilla and Taluka Panchayats. It is expected that this would enforce budgetary integrity in the transactions of ZPs and TPs as well.

22. The government would like to review the efficacy of Grant In Aid provided to the educational institutions and hostels. It is necessary to examine the results accruing to the society from the grant given to these institutions and take suitable measures.

23. The present registration system of property transactions does not guarantee the title to the

property. There is a need to evolve a mechanism by which the guarantee to the title is assured. One method could be title insurance. I intend to initiate action to develop a methodology and facilitate its implementation. This will impart confidence in buyers of properties especially in urban areas and increase the number of registrations.

24. As part of fiscal reforms, a single unified e-procurement platform is being put in place immediately, which shall be used by all departments in a phased manner. KTPP Act will be amended for this purpose. This reform measure will lead to better transparency and efficiency in Government procurements.

25. Gender based budgeting helps to prioritise and orient public expenditure to reflect the concerns of women. To give focus to this, a Gender Budget Cell would be set up in the Finance Department to identify the quantum and resource allocation and expenditure for women and proper translation of policy commitments.

Now, I propose the following salient features of this Budget.

- Agriculture loans at 4% through cooperative societies.
- Suvarna Suraksha Yojane - an insurance scheme for agriculture labourers.
- Rs. 50 lakhs to each legislative constituency for maintenance and improvement of roads.
- MLA constituency grant to be continued.
- Waiver of dues of Rs. 82.00 Crores under Bhagya Jyothi and Kuteera Jyothi.
- Action to remove encroachments of tanks, identification of boundaries and preservation of all the tanks in the State.
- Rs. 10.00 lakhs for Basava Puraskara Prashasti.
- Priority to Bangalore Metro Rail Project.

- “Bhagya Lakshmi” scheme for the future security of the girl children born in families below the poverty line.
- Motivating the girls studying in high schools to have self-confidence.
- “Kittur Rani Chennamma” award to encourage talented girls.
- Establishment of new high schools, pre university colleges, first grade colleges and ITIs.
- Waiver of fee to talented students from families below poverty line for professional education
- “Hoysala” and “Keladi Chennamma” awards for brave children.
- Setting up of a separate Rural Sports Fund.
- Suitable marketing support to the products of women self-help groups.

- Construction of 50,000 agricultural ponds for dry land development.
- Extension of Bhoomi project to all the hoblies in the State.
- Extension of period for waiver of interest.
- Subsidy up to 75% for drip irrigation and extension of this facility throughout the State.
- Preserving indigenous breed of cattle.
- Encouragement to enhance export of horticultural produce.
- Enhancement of Revolving Fund for market interventions.
- Additional grants for promoting bio-fuel.
- Action to complete 39 irrigation schemes.
- Increase of 44% in Budgetary allocation for irrigation works.

- Enhanced budgetary support for the welfare programmes of weaker sections, scheduled castes, scheduled tribes, backward classes and minorities.
- Increase in unit cost of Ganga Kalyana Scheme.
- Additional grants for land purchase, starting of 110 hostels for education of children of weaker sections.
- A separate Development Corporation for the welfare of the Scheduled Tribes.
- Significant increase in grants to Ambedkar Abhivruddhi Nigama, Minorities Development Corporation and Backward Classes Development Corporation.
- Increase in unit cost of Ashraya Scheme.
- Separate Ashraya Scheme for weavers and fishermen.
- Increased electricity subsidy to weavers.

- Setting up of Devara Dasimayya Peetha.
- Increase in the quantity of subsidized diesel being provided to fishermen.
- Enhancement of widow and disabled persons pensions.
- Legislation for the welfare of construction labourers.
- Increased support in the budget to tourism development.
- Yashaswini health scheme to cover all the members of cooperative societies.
- Implementation of PURA scheme.
- Completion of six new medical colleges.
- Setting up of Karnataka Heritage Preservation Authority.
- Enhanced funding for the development of Basava Kalyana and Kaginele Development Authorities.

- Rashtra Kavi Prashasti – To be renewed in the year of Suvarna Karnataka.
- Converting the birth place of Gen. Thimmaiah into a memorial.
- Preparations for grand celebration of Suvarna Karnataka.

Agriculture and Farmers

*ಬಡಗಿ ಬೇಸಾಯಿ ಕರ್ಮಿಗಳೇನು ಯೋಗಿಗಳೊ!
ಮುಡುಪವರ ಮನಸೆಲ್ಲ ಕೈಯ ದುಡಿತಕ್ಕೆ
ಬಿಡುವಿರದು ಬಣಗು ಚಿಂತೆಗೆ, ಬುತ್ತಿಹಂಗಿರದು
ಕಡಿದಲ್ಲವರೆ ಬಾಳಾ - ಮಂಕುತಿಮ್ಮ*

26. DVG, the famous Kannada poet in his “Mankutimmana Kagga” has described the hard working agriculturists and other members of the working class. The plight of our farmers has been brought out succinctly in the above poem.

27. While preparing the budget I had in mind the picture of a farmer giving food to our people. Being a farmer’s son and having been fully engaged in several farmers movements on behalf of farmers I am deeply aware of the pleasures and pains of the

farming community. I am also aware of the difficulties faced by artisans. In recent years our farmers have been affected adversely by a multitude of issues. Failure of rains resulting in low yields, falling price of agricultural commodities and many other reasons have driven some farmers to commit suicide. This is a very sad situation. The small and marginal farmers and agricultural labourers have suffered at the hands of moneylenders. Whenever, I see the problems being faced by the farmers, I am reminded of a poem of a famous Telugu Poet Nagna Muni

ಹೊತ್ತು ಮೇಲೇರುವ ಮೊದಲೇ
ಹೆಗಲಮೇಲೆ ನೇಗಿಲು ಹೊತ್ತು,
ಸೋತು ಸೊರಗಿದ ಎತ್ತುಗಳು ಹಿಂಬಾಲಿಸುತ್ತಿರಲು
ಹೊಲದೆಡೆಗೆ ನಡೆವ ಪ್ರತಿರೋಧನೂ ನನಗೆ
ಶಿಲುಬೆ ಹೊತ್ತ ಜೀಸಸ್‌ನಂತೆ ಕಾಣುತ್ತಾನೆ.

28. Before finalizing the budget 06-07 I have consulted eminent Agricultural scientists economists, farmers' leaders, and NGOs. I have considered their suggestions while formulating this budget. Our government is happy to announce "Pancha Sutra" programme for accelerated growth

in agriculture. The components are: measures to protect and improve soil health, and reform measures. Conservation of natural resources with special emphasis on water and micro irrigation, timely availability of credit, post harvest processing and transfer of technology from lab to land.

29. I propose to exempt the individual farmers from Agricultural Income Tax. Henceforth the Act will be applicable to corporate entities and firms only.

30. Preparing our farmers to confidently face the challenges brought about by Globalization is an urgent necessity. Our Government has thought about this. By appropriate use of modern agricultural technology our farmers can improve their productivity and obtain remunerative prices for the agricultural produce. Necessary mechanism will be evolved for this purpose.

31. I intend to constitute a "Committee of Agricultural Experts" to undertake a comprehensive study of our agricultural systems and to make

recommendations on reorienting and modernization of our agriculture.

32. With the objective of further strengthening the “Revolving fund” specifically created to undertake procurement operations, I propose to take measures such that the corpus of revolving fund which is presently at Rs 200 crores will grow to Rs 240 crores.

33. His Excellency The President of India has shown us that there are new opportunities in promoting bio fuels. By promoting crops like Jatropha, Honge Bio fuels can be produced and processed. For this purpose I propose to earmark Rs 20 crores. Necessary administrative machinery and systems will be created.

34. Agro-Processing units are essential to ensure value addition to agricultural commodities. In order to set up agro processing parks in rural areas I have set apart Rs 20 crores during 06-07.

35. Seed, nutrients and water are the three most critical inputs in agriculture. I would like to continue this scheme and allocate Rs 42.5 crores for this purpose. I propose to increase the subsidy from the present level of 50% to 75%.

36. "Soil Testing Kits" will be positioned at the Raita Samparka Kendras all over the state, using which the extension workers can provide crop specific advice to the farmers. For this purpose I propose to allocate Rs 4.8 crores.

37. As Organic farming is being increasingly recognized as the most suitable technology for sustainable farming, I propose to allocate Rs 8 crores to promote organic farming.

38. In order to increase the competitiveness of our agriculture, farm mechanization has to be supported on a much bigger scale. I propose to allocate Rs 30 crores for providing 10 tractors, 10 mini tractors and 20 tillers in each taluk at 50 % subsidy to the small and marginal farmers.

39. There are many small and marginal farmers who still depend on bullock and bullock cart for their farming activities. I propose to allocate Rs 5 crores for providing 50 % subsidy for the purchase of bullocks and bullock carts by small and marginal farmers.

Watershed development (Suvarana Krishi Honda)

40. Watershed development is a resource conservation exercise. Durable benefits can be expected from these programmes as they are implemented with the involvement of the local communities. But, there is a need to analyze the issues relating to watershed development programme. Hence, I propose to create a high level committee to review the on going programmes.

41. Our Government proposes to give higher attention to Development of dry land in the State. Rain Water harvesting through farm ponds is essential and I propose to launch a new programme called "Suvarna Krishi Honda" wherein we make efforts to create at least 50,000 farm ponds in the

lands of the small and marginal farmers. I allocate Rs 50 crores for this purpose.

Horticulture

42. The Union Government has provided Rs 85.21 crores to the State under National Horticultural Mission programme. This is a happy development. It is expected that more funds will be provided by the Center and the government will take all measures to ensure that our farmers derive full benefits under the programme.

43. There is a need to utilize the emerging opportunities in the area of production and processing of horticultural crops. His Excellency the President of India had urged us to focus our efforts on promoting cultivation and processing of horticultural crops. To promote processing of horticultural crops I propose to allocate Rs 20 crores.

44. Karnataka Agricultural Produce Export Corporation (KAPEC) is engaged in export of

agricultural produce. To promote agricultural exports I propose to provide Rs 10 crores as grant for improvement of infrastructure.

45. In Karnataka, grapes are being grown extensively. Realizing the nature of emerging markets I propose to evolve a wine manufacturing policy.

46. In order to support the cultivation of diversified horticulture crops I would like to expand the scope of the ongoing drip irrigation scheme and provide Rs 44 crores for the purpose. This scheme will be implemented in conjunction with the scheme of supporting agro processing of Horticultural crops. In Kolar and Bijapur, the present scheme of providing 100% subsidy will continue. In the remaining districts subsidy will be enhanced from 50% to 75% will be provided to all farmers upto a limit of 2 hectares.

47. Horticulture farms were established all over the state with the objective of providing Quality Seedlings. To provide long-term support for the

development of horticultural farms I propose to provide Rs 5.75 crores.

Agriculture research and education

48. In order to boost agricultural research and education a policy will be evolved to encourage the private sector to establish agriculture and horticulture colleges.

49. To support research on Organic farming an advanced center for research on Organic Farming will be established at Shimoga. For this purpose I allocate Rs 2 crores.

At this time of formulation and presentation of Farmers Oriented Programmes, I would like to share the experienced thoughts of "Daniel Webster".

"Farmers are the founders of Man's civilization"

Animal Husbandry (Protection of local breed of cattle)

50. Priority will be given for protection and development of local breeds of cattle. In every district, an area of 20 acres of land will be given on

lease to any person or agency who is interested in development of local breeds of cattle. For this purpose, in 2006-07, I propose to provide Rs. 2.70 crores.

51. The beneficiaries of the above programme will not only have to rear minimum of 100 cattle but will have to necessarily collect urine from these cattle. Assistance will be given for undertaking research on the usefulness of cow urine with the co-operation of Veterinary University.

52. I would like to allocate Rs 8 crores for starting of new veterinary dispensaries. In order to ensure that veterinary medicine is available in sufficient quantities I propose to allocate Rs 20 crores.

53. Apart from Veterinary colleges located at Bangalore and Bidar there are no other colleges in the State and there is demand for veterinary graduates. I propose to start a new Government Veterinary College at Shimoga and allocate Rs. 1 crore for preliminary expenses.

54. Under Centrally Sponsored-programme we would like to establish a rural management training center on the lines of “Institute of Rural Management and Administration” (IRMA).

55. Karnataka Milk Federation and all the milk unions have done a commendable job in South Karnataka districts. Similar success has not been observed in Northern Karnataka. It is time for us to bring in corrective measures and rejuvenate milk unions in Northern Karnataka. For this purpose I allocate Rs 11 crores. These schemes apart, we will also implement the Centrally Sponsored Scheme of fodder development, Clean Milk Programme and for these purposes I propose to allocate Rs 51.28 crores.

Fisheries

56. 10,000 houses will be constructed for the fishermen in the current fiscal year.

57. Currently, 200 litres of Kerosene is being distributed to fishermen and this will be raised to 400 litres.

58. 55,000 KL of tax free diesel is being given to motorized boats and it is proposed IT to increase it to 70,000 KL.

59. Arrangements will be made to enable the fishermen to get loans at 4% rate of interest. They may utilize this facility from Urban Co-operative Banks.

60. The compensation given to fishermen who suffer in accidents is raised from Rs.25,000 to 50,000.

61. Under the scheme of "Matsya Mahila Swavalambana Yojane" one lakh women will be covered and each group will be given Rs. 10,000 as revolving fund.

Food Security

62. For the benefit of the weaker sections of the society I propose to continue to provide food security in the ensuing years. In the current year Rs.720 Crores has been earmarked for food subsidy. In the coming years the scheme will be well planned and made available only to those beneficiaries who are below the poverty line. The card holders under the scheme would be brought under the bio-metric identification system. Computerised cards would be provided.

Revenue, Endowment and Social Security

63. All encroachment of revenue lands in rural areas for agricultural purpose will be regularized except forestlands and gomal lands upto a limit of 2 hectares.

64. Under the scheme of "Bhoomi" land records and other documents are presently being distributed at taluk level. This facility will be extended to 740 hoblis all over the State.

65. To support the needs of destitute widows and disabled persons the monthly pension being given to them will be increased to Rs.200 per month, as done in the case of old age pensions. In the years to come this amount will be paid through Bank or Post Office accounts once in a quarter.

66. Under National Family Benefit Scheme when the bread winner of a family below poverty line in rural areas dies on account of accidental death the family members are given Rs.10,000 as relief. It has come to my knowledge that more than 20,000 applications claiming relief under National Family Benefit Scheme are pending since 5 years for want of funds. In order to provide immediate relief I propose to provide Rs. 20 Crores to National Family Benefit Scheme.

67. I propose to provide an assistance of Rs.1,000 for performing the last rites of a person who is from a BPL family. For this purpose I have earmarked Rs. 8 Crores.

68. I propose to double the amount of crop compensation given for crop losses under natural calamities. This revision of compensation amount will be effective from 1-4-2006.

69. Under Aradhana Scheme Rs.2.50 Lakhs are being provided for development of temples per constituency. I propose to increase this amount to Rs.5 Lakhs. I earmark Rs.11.20 Crores for this purpose.

70. The Tasdik allowance fixed under Inam Abolition Act and Annuity fixed under Land reforms Act have not been revised over the last 20 to 25 years and such a revision is long over due. Hence, I propose to double the Tasdik Allowance and Annuity. Also I propose that the minimum amount payable as Tasdik or Annuity must be Rs 500. For this purpose I have set apart Rs 24.3 crores.

71. For effective management of temples under the administrative control of Endowments Department I would like to constitute an Expert Committee. After 12 years "Panchalingadarashana"

will be celebrated in November 2006 in Talakadu. For this event Government would provide adequate resources.

72. I propose to undertake construction of new rooms at Thirupathi. For this purpose I have set apart Rs 5 crores in 2006-07.

“ಬೇರೆ ಸಂಸ್ಕೃತಿಯನ್ನು ಪ್ರೀತಿಸು, ಆದರೆ ನಿನ್ನ ಸಂಸ್ಕೃತಿಯಲ್ಲಿ ಜೀವಿಸು”.

ರಾಷ್ಟ್ರಪಿತ ಮಹಾತ್ಮ ಗಾಂಧೀಜಿಯವರ ಈ ಮಾತು

ಬಹು ಅರ್ಥಪೂರ್ಣ ಮತ್ತು ಸಂಸ್ಕೃತಿ ಸಂರಕ್ಷಣೆಗೆ ಸ್ಫೂರ್ತಿ.

73. There are hundreds of heritage temples in Karnataka. Our Government has decided to renovate and protect these temples which are symbolic of our culture and use it for development of tourism. For this purpose I would like to constitute “Karnataka Samskruti Samrakshana Pradhikara”. Assistance would be availed from Central Government and International Institutions like UNESCO and the funds would be used for conservation of these heritage temples. Bhoganandeshwara Temple near Nandi Hills,

Udutadi the birth place of Akkamahadevi, Balligavi the birth place of Sri Allama Prabhu, etc. would be conserved. For this work which will be taken up through Revenue Department, I have earmarked Rs. 5 Crores.

74. On the lines of Kudalasangama, Basavakalyana, the historical place where Sri Jagajyothi Sri Basaveshwara enlightened the society, will also be developed at a cost of Rs.20 Crores. Basvana Bagevadi, the birth place of Sri Basaveshwara will be developed by entrusting it to Koodalasangama Abhivrudhi Pradhikara.

75. For development of Kaginele Kanakapeeta I propose to allocate Rs.3 Crores.

76. In memory of famous Vachanakara "Sri Devara Dasimayya" a chair would be established at Kannada University, Hampi.

77. For the convenience of pilgrims from Karnataka who propose to visit Manasa Sarovara, an amount of Rs.25 lakhs is being provided.

78. Construction of 13 new Mini Vidhana Soudha will be taken up. For this purpose I have allocated Rs.6 Crores.

79. For construction of Sub Registrar Offices, I propose to allocate Rs.2 Crores.

Co-operation

80. The interest waiver scheme launched in 2005-06 has been appreciated by our farmers and already Rs 1,658 crores of principle amount has been credited since the inception of the scheme. In 2005-06 an amount of Rs 450 crores has been released to the financial institutions. In addition, I propose to provide an additionality of Rs 400 crores for this purpose in the year 2005-06. I propose to provide the remaining amount in the year 2006-07. Further some farmers could not credit the principle with in September 30th of 2005. In order to help them to get benefit under this scheme I propose to extend the last date for payment of principle upto 30th April 2006.

81. The interest rate on agricultural loans being availed from Co-operative societies is presently at 6%. Recently, Government of India has decided to provide assistance for extending agricultural loans at 7%. In this background with the objective of helping our farmers I propose to provide agricultural loans at 4%. This is the lowest rate a farmer gets agricultural loan in India.

82. The scheme of interest waiver has led to the rejuvenation of 4516 Primary Agricultural Co-operative Societies. Out of 175 Primary Land Development Banks 170 are rejuvenated. In order to meet the credit demand of the farmers, there is a need to increase the borrowing limit of the PLD Bank Hence, I propose to increase the government guarantee support to the Bank to the extent essential. Every year in order to ensure that new farmers get priority in availing co-operative credit I propose to issue directions that every year at least 20% of the co-operative credit loan must be given to new members.

83. Yashaswini scheme has been confined to only "farmer" members of the rural co-operative in the State. I would like to expand the scope of the scheme to cover all members of all the rural co-operatives into the fold of Yashaswini from next year onwards. With this, the members of artisans cooperatives and fisherman cooperatives will also come under the umbrella of Yashaswini scheme. I propose to earmark a sum of Rs.20 Crores as the state's share in this regard.

84. In order to promote SC/ST women to take up membership of cooperative societies an amount of Rs 2 Crore is provided in 2006-07.

Social Welfare

ಕೀಳು ಮೇಲುಗಳ ಕಾಳಕೂಟ ವಿಷ ಕಳೆದಿಲ್ಲ
 ಸ್ವಾರ್ಥ ಪಿಶಾಚಿಯನಿನೂ ನ್ಯಾಯದ ಕಿಚ್ಚಿಗೆ ಎಳೆದಿಲ್ಲ
 ವರ್ಣದ್ವೇಷದ ಮೂಲನೆ ಅಳಿದಿಲ್ಲ
 ಕಲ್ಮಷ ತೊಳೆದಿಲ್ಲ

- ಡಾ. ಸಿದ್ದಯ್ಯ ಪುರಾಣಿಕ

85. The facilities given for members of weaker section of the society should be available for every body. In order to ensure that all members of the

weaker sections get equal opportunity there is a need for internal reservation. A Commission with Justice A.J.Sadashiva (Retd.) has been constituted and further action will be taken after receiving its report.

86. Adequate availability of resources is one of the most important prerequisite to launch planned activities for ameliorating the conditions of weaker sections of the society. It is in this direction that I propose to increase the plan outlay for this sector by 45% from Rs.439 Cr to 640.7 Cr in the year 2006-07.

Scheduled Castes and Scheduled Tribes

87. Ganga Kalyan programme has been meeting the irrigation needs of farmers from these communities. The unit cost under the programme was last revised in 2002. Of late due to rising costs, energisation requirements & need to include a component of water conservation there have been demands for increasing the unit cost. To meet this demand I propose to increase the unit cost from

Rs.75000 to a maximum of Rs.1 lakh with same funding pattern for new beneficiaries. To cover more beneficiaries under the programme and to meet additional requirement owing to increase in unit cost under the scheme I propose to increase the outlay on this scheme from Rs.42 Cr to Rs.95 Cr i.e. an increase of 126%.

88. Land Purchase Scheme implemented by Dr.B.R.Ambedkar Development Corporation is another well-targeted programme of the department, which aims at ensuring food security, increasing income levels and social standing for weaker sections. There have been demands for increasing unit cost owing to increase in land prices. It is in this direction that I propose to link the unit cost to guidance value brought out for registration purposes.

89. Morarji Desai Residential Schools with all facilities have been rendering yeoman service towards improving the educational standards. I propose to take up construction of 20 residential

schools for Scheduled Castes and 5 residential schools for Scheduled Tribes. Rs. 4.8 crore will be provided for this. I propose to increase the outlay on construction of residential schools for SC/STs from Rs.10 Crores to Rs. 31.5 Crores.

90. There has been demand for increasing allocation of funds for opening of new hostels and for providing own infrastructure for existing hostels. I propose to open 50 new hostels for SCs and 10 new hostels for STs. Preference will be given to open these schools in taluks identified as backward in Dr. Nanjundappa's Report. For providing hostel buildings I propose to provide an outlay of Rs.42.84 Cr.

91. In order to ensure that Scheduled Caste and Scheduled Tribe communities get development loans under lesser interest rates I propose to introduce a scheme of differential interest. Loans will be provided at 4 % by KSFC. The cost of difference in the interest will be met out of the pooled funds.

92. There is only one Corporation for providing loan facilities to SC's/ST's. With a view to provide special priority and welfare of ST's, I propose to establish a separate Corporation called "Karnataka Scheduled Tribes Development Corporation in the year 2006-07".

93. Every year on 14th of April and 6th of April the birthday of Dr. B.R. Ambedkar and Dr. Babu Jagjeevan Ram are celebrated. In the light of birthday celebrations every year two most backward villages with highest population of Scheduled Castes and Scheduled Tribes and Other Backward Classes would be selected for all round development. After developing them these villages will be named as Dr. B.R. Ambedkar village and Dr. Babu Jagjeevan Ram village.

94. Rs. One Crore would be provided for completing the construction of Dr. B.R. Ambedkar Bhavan at Belgaum.

Backward Classes

95. The unit cost for Ganga Kalyan programme for Backward Classes is revised from present level of

Rs. 75,000 to Rs. One Lakh. The outlay for Ganga Kalyan for Backward Classes is increased from Rs.10 Cr to Rs.23.50 Cr. This amounts to 135% growth.

96. I have provided funds for starting of the 20 Morarji Desai Residential Schools for the benefit of students of Backward Classes in the ensuing year.

97. To cater to the needs of students of Backward Classes I propose to open 50 new hostels in 2006-07. Rs. 4 Crore has been provided for this purpose. Priority will be given to talukas identified as most backward and more backward in Dr.Nanjundappa report. 50% of the hostels will be for girl students.

Development of Minorities

98. My government is aware of the needs of the members of the Minority community and in order to

take up activities for their welfare I propose to increase the outlay on minority welfare from Rs.22.72 Cr to Rs.83 Cr. This increased outlay is primarily earmarked for undertaking activities leading to raising of income levels, training and improvement of educational standards of the students from these communities.

99. As proposed for SC/STs & Backward classes I propose to revise the unit cost under Ganga Kalyan scheme for Minorities also. Total outlay in this regard is increased from Rs.8 Cr to Rs.22 Cr.

100. Karnataka Minorities Development Corporation Limited is playing an important role in extending assistance for self-employment activities and running special training programmes of Minorities. There is demand for increasing assistance for these programmes. To meet this demand I propose to increase allocation under these programmes from Rs.6 Cr to Rs.24 Cr.

101. It has been brought to my notice that there is a demand for introduction of Land Purchase

Scheme for Minorities. I therefore propose to earmark a sum of Rs.2 Cr for this purpose.

102. Assistance towards construction of Shaadi Mahal is an important scheme of the department. It is necessary to cover backward taluks of the state as identified by Dr.Nanjundappa in his report on regional imbalances under this scheme. For this purpose I propose to earmark a sum of Rs.5.5 Cr.

103. Each district in the state has been covered by a minority residential school. As a part of providing infrastructural facilities for residential schools of Minorities I propose to earmark a sum of Rs.10 Cr as against Rs.2.5 Cr provided last year.

104. Own hostel buildings are a must for providing a suitable environment to live and to study. For providing permanent buildings for minority hostels running in rented premises, I propose to increase the allocation from Rs.1.5 Cr to Rs.6 Cr.

Health & Family Welfare and Medical Education

105. Insufficient availability of drugs in public hospitals has hampered the efficient functioning of government hospitals. In order to ensure availability of essential drugs I propose to provide Rs 16 crores over and above the provision of 05-06 to the state sector hospitals. Similarly, I propose to provide Rs 10 crore to the district sector hospitals over and above allocations of 05-06.

106. It is our wish that there should be a 100 bed well equipped hospital in every taluka headquarters of Karnataka. In this background I propose to upgrade all taluka hospitals in a phased manner as 100 bed hospitals.

107. In 2005-06 certain PHCs in 39 most backward taluks were upgraded. In 2006-07 they have to made fully functional. In order to provide necessary equipments to these hospitals I propose to provide Rs. 10 Crores.

108. I propose to extend health insurance facility to all the landless agricultural labourers below the poverty line in Karnataka under the new scheme

called Suvarna Suraksha. The National Universal Health Insurance Scheme has a premium of Rs.548. Government of India provides Rs.300 per person. The Government would provide the remaining amount of Rs.248 with a small contribution from the beneficiary. I propose to allocate Rs.35 Crores for this purpose.

109. In 05-06 a decision was taken to start 6 new medical colleges. The work is in progress. To complete the buildings and for providing equipments, I propose to allocate Rs 39.33 crores.

110. In order to meet the requirement of drugs and other hospital consumables of Jayadeva Institute of Cardiology, Kidwai Hospital, KIMS Hubli, WIMS Bellary and other autonomous medical institutions I propose to provide Rs.22 Crores.

111. Victoria and Bowring hospitals of Bangalore serve members of poorer sections of society. It is proposed to improve the infrastructure of these hospitals. I propose to set apart Rs 30 crores.

112. Karnataka has a wide net work of nursing institutions and more than 50 % of the nursing colleges of the country are located in Karnataka. Our President has asked us to take up the work of preparing Para medics and technicians with quality training on a mission mode. Our government has already constituted a committee to have an in-depth study of the situation and suggest remedial measures. To begin with to take up programmes for skill upgradation of nurses I propose to allocate Rs 2 crores.

Primary Education

113. Primary education system in Karnataka is fairly improved. Sarva Shiksha Abiyan, Vidya Vikasa, Akshara Dasoha programmes have led to establishment of good net work of primary schools. The allocation to Primary education in 06-07 is Rs.4,466 crores and it is 12% higher than the allocation in 05-06.

"Let the Girl come to school with pride"

114. Girls from rural areas who come to schools from distant villages undergo wide variety of hardships. The Government has decided to address their difficulties to ensure that their journey towards their school is smooth. I propose to provide a Bicycle at government cost to all the girls from families below poverty line who have passed seventh standard and are enrolled to the eighth standard. It is expected that this bicycle would not only help the girl child to go from house to the school easily but also help to develop courage and self-confidence in themselves. For this purpose I propose to allocate Rs 25 crores.

Higher Education

115. There are no government first grade colleges in seven district head quarters namely, Belgaum, Raichur, Dharwar, Gadag, Haveri, Shimoga and Bagalkote. Keeping in view of the emerging demand for higher education I propose to allocate funds for starting of Government First Grade colleges in the above seven districts and Kanakapura and Kurgod.

116. There are no science departments in seventeen Government First Grade Colleges. With the objective of encouraging science education it is decided to open science department in these colleges. This year the ongoing work of the construction of Polytechnic Colleges will be completed. I propose to allocate Rs.5.39 Crores for the above programmes.

“Kittur Rani Chennamma Puraskara”

117. My Government is committed for the education of the girl child. As a special support to girl's education our Government has decided to give Kittur Rani Chennamma Puraskara to merited girl students. Under this scheme, in every district the cost of professional education of 10 top merited girls from families below poverty line who get highest marks in PUC examination will be met by the Government. Under the scheme 280 girls from BPL families will be benefited.

Payment of fee for merited students

118. Under this scheme the fees in a professional institution like Engineering, Medicine, Dental, Agriculture, Veterinary Sciences and other such courses to be paid by any merited student from a BPL family who gets more than 80% marks in the Pre University Examination would be met by the Government

119. In order to encourage higher research in pure sciences the Government proposes to institute 50 research fellowships.

Rural Development

120. Development of rural areas continues to be our priority. The State has transferred about 170 schemes to the District sector. The size of the district sector in 2006-07 has increased to Rs.2,354 Crores. In 2005-06 it was Rs.2002 crores.

121. During 2005-06 Government of India has released Rs. 236 crores for which Government of Karnataka has also released its State share. During

2006-07 the allocation towards rural drinking water supply has been increased to Rs 750 crores. Further, necessary matching contribution that has to be paid by Government of Karnataka towards Centrally sponsored schemes will be provided as and when the need arises.

122. During 2006-07 toilet facility will be provided to 23000 schools and 23800 Anganvadies under Total Sanitation Campaign.

123. Rs. 15 crores will be provided under Nirmala Grama Yojane for providing sewerage facility.

124. In view of more demand for Panchasutra based Swachagrama Yojane, villages would be selected under Phase -III during 2006-07. Government will provide the grant of 95% for the scheme and villager's contribution will be 5%.

125. His Excellency The President of India, Dr. A.P.J. Abdul Kalam has proposed the scheme of Providing Urban Amenities in Rural Areas (PURA) to ensure homogeneous and integrated

development. For implementing this new scheme I propose to allocate Rs 25 crores in 2006-07.

126. Government has considered to give awards to best Gram Panchayats at Taluk, District and State level, which will provide good quality of service to the public. This award is named as "AGRA" Prashasti. Rs 1 crore is allocated in 2006-07 for this purpose.

Women & Child Welfare

ಪೆಣ್ಣಲ್ಲವೇ ತಮ್ಮನ್ನೆಲ್ಲಾ ಹಡೆದ ತಾಯಿ
ಪೆಣ್ಣಲ್ಲವೇ ಪೊರೆದವಳು
ಪೆಣ್ಣು ಪೆಣ್ಣೆಂದೇಕೆ ಬೀಳುಗಳೆವರು
ಕಣ್ಣು ಕಾಣದ ಗಾವಿಲರು

ಹದಿಬದೆಯ ಧರ್ಮದ ಸಂಚಿ ಹೊನ್ನಮ್ಮ ಹದಿನೇಳನೇ ಶತಮಾನದಲ್ಲೇ
ಹೆಣ್ಣನ್ನು ಕುರಿತ ಸಮಾಜದ ದೃಷ್ಟಿಕೋನದ ಬಗ್ಗೆ ವ್ಯಕ್ತಪಡಿಸಿದ ಅಭಿಪ್ರಾಯ
ಇಂದಿಗೂ ಕೂಡಾ ಪ್ರಸ್ತುತ.

Bhagyada Lakshmi Baramma

127. In the present society the birth of a female child is still not being celebrated. Especially in families, which are below poverty line there are very few who would enjoy the birth of a female child. Because of female infanticide there is adverse sex

ratio. This is reflected in the fact that for every 1,000 boys there are only 966 girls. Our Government is committed to correct this. In order to give a moral courage for a family below poverty line when a girl child is born we have devised a new programme called "Bhagya Lakshmi".

128. Under this programme any girl child born after 31.3.06 would be eligible to get Rs.10,000 in her name. After completion of 18 years the girl can draw this amount along with the interest. Rules will be framed to ensure that only the girl child can draw this amount after the completion of 18 years. The amount would be of great assistance in taking care of the needs and future of the girl child. It is estimated that Rs.234 Crores would be needed for this purpose. This would be restricted to two girl children.

129. ICDS has continued to be a successful programme. There are 40301 Anganwadis already functioning in Karnataka. We need another 12,000. In 2006-07 I propose to start 11,313 new

Anganwadis. This also means additional cost on supplementary nutrition and other components of ICDS. For these purposes I propose to increase the allocation from Rs 140 crores in 2005-06 to Rs 242 crores. This amounts to an increase by 70%.

130. Also I propose to increase the monthly honorarium to Anganwadi workers by Rs. 100 and by Rs. 50 for the Anganwadi Assistants.

131. Stree Shakti groups are playing a major role in transforming rural societies. During 2006-07, 25000 groups will be formed. I propose to allocate Rs 20 crores as government contribution to Stree Shakti groups. Also I allocate funds for the training of Stree Shakti groups. For marketing of products manufactured by Stree Shakti groups I propose to allocate funds for develop market centers in each district.

132. To recognize bravery among children under 15 years I would like to institute "Hoysala" Showrya Prasashthi for the boys and Keladi Chennamma Prasashthi for girls. This will carry a cash award of

Rs 10,000 and a citation. There will be two awards for boys and girls in each district.

Housing

*“ದಾರಿದ್ರ್ಯಕೊಡಗದ ದ್ರವ್ಯಪದಾರ್ಥದ
ಏರಿ ಇದ್ದರೇನು ಪರ್ವತವಿದ್ದರೇನು”*

*ಕನಕದಾಸರ ಕೀರ್ತನೆಯ ಈ ಸಾಲುಗಳು ಬಡಜನರ ನೆರವಿಗೆ
ಬಾರದ ಸಂಪನ್ಮೂಲಗಳ ಬಗ್ಗೆ ಹೇಳಿವೆ.*

133. With the objective of providing houses to the poor people of the State. I propose to continue the scheme and complete construction of three lakh houses during 2006-07. Also, I propose to increase the unit cost of these houses from Rs 20,000 to Rs 25,000 from 2005-06.

134. For the welfare and upliftment of slum dwellers to provide amenities & housing, Karnataka Slum Clearance Board is implementing Valmiki Ambedkar Awas Yojane. All the houses under Valmiki Ambedkar Awas Yojane will be completed by spending Rs.110 Crores. Further, under “Nirmal Bharath Abhiyan”, 791 community Toilet complexes

at a unit cost of Rs.40,000 per toilet will be completed.

Transport

135. Providing cost effective and convenient public transport services to the people has been one of the important objectives of the State Government.

136. During 2006-07 it is expected that the concessional travel facility will be extended to over 11 lakh students throughout the State at a cost of Rs. 273.36 crores. The State Government will reimburse Rs. 136.08 crores out of this cost and the Road Transport Corporations will collect up to 25% of the cost from the students and absorb the remaining 25% out of their revenues.

137. The freedom fighters are respectable citizens of our society. Treating them honorably is our duty and the only way of thanking them for their services. With this in the background all the freedom fighters will be allowed to utilize their passes for travel in luxury buses also.

138. Many RTO offices are functioning in rented buildings, which lack basic facilities apart from being inadequate space. It is proposed to establish the "Driving Testing Tracks" in all districts in a phased manner. For this purpose, I would like to allocate Rs 10 crores.

139. In order to provide modern testing kits I would like to allocate Rs 5 crores.

140. There is increase in the truck traffic on our roads. Many truck terminals are needed. I propose to take up establishment of truck terminals in a phased manner and for this purpose I would like to allocate Rs 5 crores.

Labour

*“ಅನ್ನವ ನೀಡುವವರಿಗೆ ಧಾನ್ಯವೆಸೆವ ಲೋಕ,
ಅರ್ಥವ ಕೊಡುವವರಿಗೆ ಪಾಷಾಣವೆಸೆವ ಲೋಕ”*

*ಶರಣೆ ಅಕ್ಕಮಹಾದೇವಿಯ ವಚನದ ಈ ಸಾಲುಗಳು ಸಮಾಜದ ಒಳಿತಿಗೆ
ದುಡಿಯುವವರ ಬಗ್ಗೆ ಸಮಾಜ ತಲೆಯಬೇಕಾದ ಮನೋಭಾವವನ್ನು ಬಿಂಬಿಸುತ್ತದೆ.*

141. The State Government will implement the Building and Other Construction Workers' (Regulation of Employment and Condition of Service) Act, 1996 and the Building and other construction workers' Welfare Cess Act, 1996. Rules have been framed and the notification will be issued shortly. This legislation provides for a levy of a 1% cess on the cost of all building or other construction work above Rs. 10 lakhs, which will go into a Welfare Fund. A State Welfare Board will be set up which will administer this Fund for the benefit of construction workers. Pension, disability pension, maternity benefit, medical assistance and loans for housing, purchase of tools, skill development, etc., are some of the benefits that will become available to an estimated 15 lakh workers in the construction sector. Besides this, the safety and health requirements of workers and their service conditions will also be regulated under this Act.

142. Industrial Training Institutes are known for development of skilled manpower. The accelerated

growth of manufacturing and services sector is throwing up enormous employment opportunities and it is time for us to utilize them. Majority of children who prefer to study in ITIs are from poorer sections of the society. I propose to allocate Rs.5 Crore for purchase of consumables and lab materials to ITI s. In 2006-07 I propose to start 32 new trades in the ITI s. All the 104-government ITI s will be modernized and will be provided with facilities like Internet. For upgrading the existing ITI s I propose to allocate Rs 5.6 Crores. Apart from the above I would like to start 5 new ITIs and necessary allocations have also been provided. I also propose to allocate funds for starting a training center specifically for the faculty of the ITI s.

Irrigation

143. Creation of irrigation potential is the key to development of rural areas. Our government would like to ensure that progress of any irrigation project is not hampered for want of funds. We have planned to complete 39 major irrigation projects in

2006-07. Apart from the works taken up by Krishna, Karnataka and Cauvery Nigams we will take up modernization of Bhadra and Tungabhadra projects. Kalasa-Bandoori Scheme which has remained unimplemented for many years and our Government is committed to take up implementation. The total allocation to Irrigation works during 2006-07 is Rs. 2,972 Crores. In 2005-06 this amount was Rs. 2068 Crores. Thus in comparison to previous year the amount provided for Irrigation works has increased by 44%.

Minor Irrigation

144. Minor Irrigation sources are very important in Karnataka. There is an urgent need to rejuvenate them. As enormous funds are required for this purpose, we will develop schemes for availing external assistance. Apart from construction of new tanks wherever they are necessary, there is a need to protect and develop the existing minor irrigation tanks. For minor irrigation works in 2006-07 I propose to allocate Rs.672 Crores. Compared to

2005-06 the allocation to Minor Irrigation is 53% more.

145. Encroachment of Minor Irrigation tanks has been a matter of great concern. Our Government has already constituted lake development authority for protection and rejuvenation of tanks. In order to remove the encroachment and subsequently to protect them I would like to strengthen Lake Development Authority.

146. There is a need to closely watch the progress in Minor Irrigation works. In order to review the progress I would like to create a High Level Committee involving experts.

Public Works

147. In 2006-07 I propose to earmark Rs.2,382 Crores for Public Works and in comparison to allocation made in 2005-06 the increase in 2006-07 is about 50%.

148. I would like to give a special emphasis for repair and maintenance of PWD Roads. In 2006-

07, for this purpose I am earmarking Rs. 607 Crores. If this is compared to Budget Estimates for the same purpose in 2005-06 the increase is about 95%.

149. For construction and maintenance of PWD roads, I am proposing to provide Rs.50 Lakhs per assembly constituency. Roads around Bangalore would be developed in the next three years at a total cost of Rs.600 Crores. In 2006-07 I propose to provide Rs.200 Crores for this purpose.

Tourism

150. This is the year of "Suvarna Karnataka". Karnataka has a number of places of tourist attraction. His Excellency The President of India while narrating his experience with a ruler in Dubai has conveyed to us that development of tourism does not mean mere development of the places of interest. It means a comprehensive development plan to meet multiple requirements. We have to ensure that tourism emerges as a very important source of livelihood.

151. First of all we need friendly and professional tour operators. They must have proficiency in different languages and should be well versed in culture and history. To develop this new cadre I propose to allocate Rs 5 crores. The department of tourism will take steps to encourage establishment of courses at University level in the area of Tourism.

152. Tourist infrastructure of world class at affordable rates are to be developed at important tourist destinations like Kemmanugundi, Nandi Betta, Kodachadri, Jogfalls, Bellary Fort, Pattadakallu, Chitradurga, Hampi and other places. Apart from information to tourists, attractions like sound and light programmes are to be developed. Increased tourist arrivals will provide opportunities to the local youth. For these purposes, I propose to allocate Rs 40 crores. Sufficient publicity has to be provided for Tourism sector. I propose to allocate Rs 5 crores for this purpose.

153. School excursions are not merely educational but will help in overall development of children.

Hence, our Government will give special emphasis to excursions to tourist places by school children.

Kannada and Culture

As told by Rastrakavi Kuvempu Karnataka is not merely a name.

*ಕರ್ನಾಟಕ ಎಂಬುದೇನು
ಹೆಸರೆ ಬರಿಯ ಮಣ್ಣಿಗೆ?
ಮಂತ್ರಕಣಾ! ಶಕ್ತಿಕಣಾ!
ತಾಯಿಕಣಾ! ದೇವಿಕಣಾ!
ಬೆಂಕಿಕಣಾ! ಸಿಡಿಲುಕಣಾ!*

154. On 1st of November 1956 Karnataka was unified fulfilling the dream of Kannadigas. The Government is ready to befittingly celebrate the fiftieth year of unification of Karnataka. On the occasion of “Suvarna Karnataka” our Government has chalked out a number of meaningful programmes.

- Celebration of “Vishwa Kannada Sammelana” at Shimogga in November 2006.

- Translation of hundred celebrated books to Kannada.
- Construction of “Suvarna Samskrutika Samuchaya” at Udupi and Madikeri.
- Publication of Kannada Encyclopedia and Kannada to English Dictionary.
- Providing Rs. 5 Crore assistance for folklore fare in front of Vidhana Soudha and at Lalbagh.
- Rs. 70 lakhs of assistance for district festivals and festivals in the border areas of Karnataka.
- Rs. 1 Crore for modernization of Kannada Sahitya Parishat.
- Programme for conservation of palm leave and publication of palm leaf literature
- Assistance of Rs.1 Crore for development of Shivarpatna, the sculpture’s village.

- A residential school in the name of Sri Masti Venkatesh Iyengar.
- General Thimmaiah is the proud son of Karnataka. The fact that he was the first General of Indian Army is a matter of pride to us. This is his birth centenary year. In this background, I propose to conserve his house at Madakeri as a heritage structure and develop it in memory of this great son of Karnataka.
- After Rashtrakavi Kuvempu no one has got the award of “Rashtra Kavi”. On the auspicious occasion of “Suvarna Karnataka” we have decided to revive this award. We will constitute a selection committee of experts for this purpose. For the award Rs.10 Lakhs has been allocated.
- An award called “Basava Puraskara” will be given to a person who has rendered most useful service in the society. This award would consist of Rs.10 Lakhs and citation.

Films

155. Our Government is committed for healthy growth of film industry in the State. Our Government has decided to prevent the onslaught of motion pictures of other languages and support well meaning Kannada films. Continuing the practice of giving subsidy for good Kannada films in the year 2006-07 I propose to provide subsidy for 30 good films instead of 20. Further, for each film Rs.10 lakhs will be given as subsidy. For the award winning technicians the amount of prize money would be same as amount payable to the artists.

Youth Services

156. In order to support rural sport and talented rural sports men I would like to constitute a Rural Sports Fund. For this purpose I would like to allocate Rs.5 Crores.

Self Employment for Youth

157. In order to utilize the youth power in constructive and income generating activities and to

enable to become self employed we will be supporting creation of Self-help groups. In order to provide employment opportunities to the self help groups District Industries Centers will be nodal agency. In order to create self help groups with One Lakhs youth members and to engage them in income generating activities I propose to allocate Rs.5 Crores.

Commerce and Industries

158. A new Industrial Policy would be announced very shortly, which would highlight the road map for industrial development for the period 2006-2011.

159. If the small-scale entrepreneurs are suffering on account of non-payment of industrial investment subsidy I will take steps to release the balance amount. If there is a need additional amounts will be provided.

160. The public sector enterprises, which are under losses would be studied further to see the

possibilities of rehabilitating them. But the companies, which are profit making, will not be privatized and continued in the Public Sector.

161. Tiny sector industries foster entrepreneurship and have great employment potential. It is in this direction that I propose to establish 25 layouts across the state with emphasis on backward areas as mentioned in Dr. Nanjundappa report. NABARD funding has been sought in this regard and I propose to allocate a sum of Rs.8 Cr for this purpose.

162. The Khadi and Village Industries have got an enormous potential for providing gainful self employment even in the remote rural areas. There are almost 30,000 artisans dependent on Khadi sector. It is proposed to encourage and support this community by providing upgraded Charkas which will enable the Khadi artisans to improve their productivity and earnings. To provide 5000 improved Charkas through Khadi societies at a subsidized cost I propose to earmark a sum of Rs.3

Cr under Modernisation, Technology and Training scheme.

163. In some districts of Karnataka, Maize is the main crop. Agri export zones for Maize will be developed with Davanagere district as the focal point. Neighbouring maize growing districts of Haveri, Shimoga, Bellary, Koppal and other districts will be benefited from this activity.

Sericulture and Textiles.

164. Sericulture is an agro based, labor intensive, export oriented cottage industry in Karnataka. As a part of programme to produce gradable silk and to increase productivity per unit area assistance is provided under Catalytic Development Programme for which I propose to earmark a sum of Rs.20.75 Cr. For the components not covered under this programme and other regular programmes of sericulture department I propose to launch a comprehensive scheme by name "Reshma Varadana Yojane" with an allocation of Rs.5 Cr. I am hopeful

that this would provide the much-needed fillip to the sericulture sector.

Weavers' package

165. In so far as the weavers are concerned, commencing from the year 2006-07 I propose to extend the power subsidy to power looms of 10HP to 20HP capacities. Secondly, the weavers who are enjoying the benefit of reduction in interest and penal rate will be extended to the loans taken from Urban Cooperative Banks, the reason being the interest rate on these loans is high. Thirdly, I propose to extend loans to weavers at 4% as part of weaver's package.

Nekaara Ashraya

166. When Ashraya houses are being constructed for Hand loom weavers I propose to provide an additional amount of Rs.5,000 for the Ashraya house in addition to Rs. 25,000 for construction of the weaving shed. Including this amount of Rs.5,000 cost of Ashraya house for weaver would be Rs.30,000.

167. The above facility will be given to 10,000 weavers of Bijapura, Bagalkote, Gadag and Dharwar Districts. For this purpose under Ashraya scheme an additional amount of Rs.5 Crores will be provided.

168. After abolition of quota system in the world trade the textile sector is witnessing an unprecedented boom in the Country. This is the time to utilize the new opportunities. If reforms were brought in the textile sector then investment would take place. It will be possible to utilize the advantage of export markets. There is a need to make an in depth study of this sector. So I propose to constitute a committee of experts to give a suitable suggestion in this regard.

169. Ilakal sarees not only represent our culture but are world famous. The weavers are facing threat. Action will be taken to preserve the skills.

170. For implementing the schemes for weavers I would like to allocate Rs.50 Crores during 2006-07. These schemes will specifically benefit the weavers.

171. Textile Parks play an important role in promoting textiles. For the establishment of Textile Park, I set apart Rs.12.2 Crores for these programmes. This apart we have number of state schemes to support Hand loom and power loom sectors and I would like to set apart Rs.14.86 Crores for this purpose during 2006-07.

Urban Development

172. The city of Bangalore and Mysore qualify for assistance under JNNURM. The State has prepared the Development strategy plan and has prioritized the projects to be taken up under the programme. In order to embark upon this programme I propose to allocate an amount of Rs.682 crores for urban infrastructure services and a sum of Rs.48 Cr for basic services for urban poor.

173. The centrally sponsored programme of Urban Infrastructure Development Scheme for Small & Medium Towns (UIDSSMT) aims at planned improvement of urban infrastructure in all cities and towns which are not covered under JNNURM. The scheme will include all urban infrastructure

development projects including Water Supply & Sewerage. For this purpose I propose to allocate an amount of Rs 45 crores.

174. With the objective of reducing the pressure on Bangalore City it is proposed to take comprehensive development of Ramanagara Town, a satellite town of Bangalore, through a Comprehensive Development Programme for the next four years which would address not only the physical infrastructure but also the social and economic infrastructure. Similarly towns of Shikaripura of Shimogga District and Jewargi of Gulbarga District will also be taken up for development.

175. To augment the water supply in Bangalore City and the surrounding areas, BWSSB has taken up Cauvery 4th Stage (Phase-II) at an estimated cost of Rs.3384 crores. In addition, works relating to water supply for seven City Municipal Councils of Bommanahalli, Byatarayanapura, Dasarahalli, Krishnarajapuram, Mahadevapura, Rajarajeshwari nagar and Yelahanka and one Town Municipal Council of Kengeri falling within the Metropolitan area of Bangalore (GBWSP) have commenced and

are expected to meet potable water needs of these areas.

176. Capacity of Bangalore city roads is reduced due to the road side parking of vehicles. This has resulted in inadequate carriage way causing traffic congestion. Car parking lots when created divert the car parking to these areas, thus making available the full carriageway width for the flow of traffic. Bangalore Metropolitan Parking Authority will be created to plan and develop vehicle parking lots in Bangalore. Funds for this would be generated through organized parking management.

Infrastructure Development

177. In addition to above, for provision of better infrastructure facilities through Externally aided Projects over a period of 5-8 years, State Government is investing Rs. 937 Cr for infrastructure in 10 coastal towns under KUDCEM Project and Rs.1800 Cr in 25 cities and towns of North Karnataka under the ADB assisted Projects. Under the World Bank assisted projects, Karnataka Municipal Reforms Project is being taken up at

a cost of Rs.1,149 crores. Provision for infrastructure facilities in the identified 20 towns in Phase-2 and also Road improvement & sewerage works in Bangalore and also Rs.277 crores for water supply augmentation in 3 city corporations of Karnataka namely Hubli-Dharwad, Gulbarga and Belgaum.

178. Karnataka Urban Water supply and Drainage Board is executing 39 Water Supply and 19 UGD Schemes at an estimated cost of 613.40 Crores. During 2005-06 it is targeted to commission 8 Water Supply and 6 UGD Schemes at an estimated cost of Rs.220.27 Crores. Further, under the CSS of Accelerated Urban Water Supply Scheme augmentation of the drinking water supply in the cities of Shiralakoppa, Jagalur, Naregal, Chitapur has been taken up at a cost of Rs.30.55 crores. It is proposed to commission 15 Water Supply Schemes & 7 UGD schemes for the year 2006-07.

179. Urban lands have become precious resources. But survey of urban lands has not been

undertaken. Our Government has decided to survey the Government lands, evaluate them on market value under the jurisdiction of Bangalore City Corporation and create a Land Bank or revolving fund. For this survey we will be using the Geographical Information System. I have earmarked Rs. One Crore for these purposes. Similar survey will be taken up in the jurisdiction of other municipal corporations of the State. In order to efficiently and effectively use the land resources we propose to issue guidelines.

180. The Bangalore Development Authority is taking all necessary steps to distribute 20,000 sites in the Arkavathi Layout shortly. A second Ring Road (Peripheral) around the City is also planned.

181. A Ring Road around Mysore city is being developed by the Urban Development Authority of Mysore at an estimated cost of about Rs.50 crores with the assistance of Asian Development Bank. In Gulbarga city Karnataka Road Development Corporation is building the ring road.

182. Hassan city is also rapidly growing and there is a need to create a ring road. In this regard after conducting the survey work will be taken up.

Metro Rail Project:

183. Government of Karnataka has taken a decision to implement a Metro Rail Project in the city of Bangalore. The project was cleared at the meeting of PIB held on 05-08-2005. Clearance from Cabinet Committee for Economic Affairs is awaited.

Airport Projects

184. Construction of Bangalore International Airport is progressing smoothly and state support of Rs 128.85 Crores is being fully provided. Expansion of Mangalore Airport and up-gradation of Hubli Airport work is in progress. For development of minor airports an amount of 25 crores is being provided. Land acquisition for Shimoga and Karwar airports will begin during current year. The budgetary support for Airport Infrastructure

projects in 06-07 is Rs 212.37 Crores and this is 39.19% higher in comparison to Rs 152.28 crores provided in 05-06.

Railway Projects:

185. Our State has been supporting a number of railway projects on a cost-sharing basis. In 2005-06 we have provided Rs 10 Crores for a new railway line from Bidar to Gulbarga. For doubling the track from Bangalore to Mysore funds have been provided for the track from Bangalore to Ramnagar. In 2006-07 I propose to allocate Rs 25 Crores for doubling of the track from Ramnagar to Mysore. For commuter rail services in Bangalore we are earmarking Rs 10 Crores. For Hassan- Mangalore gauge conversion an amount of Rs 15 Crores has been provided. Rs 30 Crores have been provided for construction of railway over bridges and under bridges. Thus, the allocation to Railway projects in 2006-07 is Rs 95 Crores and is 111% more than the allocation in 2005-06, which was Rs 45 Crores.

Information Technology

186. His Excellency the President of India has advised the State Government to set up a 10 GBPS per second e-Governance grid linking the Government, educational and industrial institutions at State level, district and taluk level. The e-Governance grid should also provide connectivity to the village level.

187. The State Government is now in the process of setting up of State Wide Area Network for connecting important Government offices at State, district and taluk level. The network would however, be limited to 2 MPBS expandable to 8 MPBS. The funding for the project will be arranged out of the National e-Governance Plan funds and out of 12th Finance Commission grants.

Power Generation & Transmission and Distribution

188. It is gratifying to note that Government of India has decided to promote the establishment of an Ultra Mega Power Project of 4,000 MW capacity using the latest technology in Coastal Karnataka. We have identified a site at Tadri in Uttara Kannada

district where 1,800 acres of land is already available. Tadri port in the region will be developed. This will give impetus to the local economic activity. Karnataka Power Corporation will become an equity partner in the Special Purpose Vehicle (SPV) which has been formed by Government of India to undertake all the preliminary work. Thereby KPC would be associated with this giant project from the very beginning.

189. During the year 3,000 main rural feeders will be renovated. This would reduce distribution losses and improve the quality of power supply in rural areas.

190. Under the new scheme called Rajiv Gandhi Grammen Vidyutikarana Yojana, Government of India has sanctioned projects for 17 districts in the State at a cost of Rs.375 Crores. These projects cover 8100 villages and hamlets with 13,19,000 rural households, including 6,32,000 below poverty line (BPL) households. Works have already started

in several districts. Proposals for another 9 districts are pending with Government of India.

Power Subsidy

191. The power bill arrears of all the Bhagya Jyothi and Kutira Jyothi households below the poverty line pending as on 31st March 2006 amounting to Rs.82 crores will be waived subject to metering on the connection. After metering the BJ/KJ households will continue to enjoy free power upto 18 units and only consumption above 18 units per month will have to be paid as per the rates fixed by KERC.

192. There are more than 70,000 unauthorized irrigation pump sets which are utilizing free power. In order to establish better accountability I propose to regularize them. For this purpose of regularization the farmer will have to pay Rs 10,000. The rest of the amount viz. Rs.16,450 will be borne by the government. Secondly all such pump sets will have to be metered. For this purpose I would like to allocate Rs 127 crores.

193. In order to reduce the burden of cost of power to the farmers and also to incentivise the metering of agricultural pump sets I propose to exempt all the farmers from payment of line minimum charges subject to them metering their pump sets. However, on metering farmers can pay flat charges or metered charges, whichever is low. I propose to compensate the distribution companies for the revenue foregone on account of waiver of line minimum charges. For this purpose I propose to allocate Rs 100 crores.

194. Gram Panchayat are meeting the cost power utilized for drinking water and street lighting from untied grants and their own resources. Some of them are not prompt in paying power dues. With the twin objective of reducing cost of power on prompt Grama Panchayats and also to incentivise them to pay power dues with in time I propose to provide 25% power subsidy to Panchayats which pay their bills with in due date. For these purposes I propose to allocate Rs 100 crores.

195. Apart from the above I propose to provide Rs 1,800 crores of Subsidy towards consumption by agricultural pump sets. Thus the total support to power sector goes up from Rs 1,750 crores of 2005-06 to Rs 2,373 crores during 2006-07.

Forest, Ecology and Environment

196. The State is committed for the development of forest cover and an amount of Rs.199.93 Crores has been earmarked for this purpose. Last year this was Rs.58.70 Crores. The issue of revising the compensation payable to the victims of wild life animals living in the vicinity of forest is under my consideration.

Law and Parliamentary Affairs

197. In 2005-06 ninety new courts have been sanctioned in the State. To continue their activities in 2006-07 an amount of Rs.5 Crores has been provided. In addition, Rs.3 Crores are being provided for construction of Court buildings.

198. In our State the young law graduates before they begin their professional practice will have to work with experienced advocates some times. I propose to help them in in the beginning of their professional career. For this purpose I propose to provide Rs.1,000 as honorarium for a period of 12 months only.

Home

199. With the objective of stopping Naxalite activities in Karnataka and to take precautionary measures I propose to provide Rs. 5 Crores to Police Department.

200. Bangalore city is growing rapidly and we have to focus our attention on prevention of crime. For this purpose I propose to give 49 Hoysala vehicles. I earmark Rs.3.2 Crores for this purpose.

201. For the repair of police quarters, the Karnataka Police Housing Corporation has prepared a Comprehensive Plan for Rs.40 Crores. I propose

to provide Rs.20 Crores for this purpose during the current year.

Security around Vidhana Soudha

202. The area of Vidhana Soudha, Vikasa Soudha, M.S. Building, High Court, Raj Bhavan, Legislators Home, Udyoga Soudha, General Post Office will be considered as special security zone and tight security arrangements will be made. This will be known as “Vidhana Parisara Security System”.

203. Traffic situation in Bangalore City is a major concern for the government. The government is taking up an ambitious project called ‘B-TRAC 2010 for this purpose. The project will begin this year and will be on till 2010-11. The project aims at significant reduction in traffic congestion by adopting most modern technologies and strategies such as Intelligent Transportation System (ITS), modernization of traffic police and enforcement automation. The total cost of the project is Rs. 350 crores and Rs. 44 crores have been set apart for the financial year 2006-07.

Government Officials

204. As you are all aware Fifth Pay Commission has been constituted regarding the revision of pay scales of Government employees and the Commission has given its interim report. Government has been examining this and a decision will be taken shortly.

Annual Plan 2006-07

205. I have enhanced the Annual Plan Outlay from **Rs. 12852.82 Crore** in 2005-06 (Revised Estimates) to **Rs. 16166.00 Crore** in 2006-07 (Budget Estimates). The increase in Plan Size amounts to 25.78%. The major sectoral allocations are given in **Annexure-I**.

I now go to the tax proposals.

206. 1. Sir, I am happy to inform that as in the previous years revenue mobilization in the State during the current year is also good. We would be exceeding the targets fixed in the previous Budget under different taxes.

COMMERCIAL TAXES:**VALUE ADDED TAX:**

207. Sir, Value Added Tax has been introduced in the State from 1st April, 2005. Except for the initial hurdles, it has been implemented successfully. Though the full benefit has not reached the consumers by way of reduction in prices, the trade and industry in the State have benefited immensely from this. During the first year of introduction of Value Added Tax, as compared to the earlier sales tax system it was estimated that there would be reduction of about 2,160 crore rupees in our tax revenue. As per the latest estimate it is expected that the shortfall in revenue would be about 1,200 crore rupees. This is a good development and it has encouraged me to implement the new tax system much more effectively. As per its assurance the Central Government has been compensating the State towards shortfall in revenue. We are expecting the same kind of co-operation from the

Central Government on the issues of reforms in Central Sales Tax and tax on services.

208. In order to effectively implement Value Added Tax some changes were made in the organizational structure of the Commercial Taxes Department. In the background of our one year's experience in this regard, I propose to make some more changes and make implementation of the new tax system much more effective.

Reliefs

209. The Associations of Trade and Industry have requested for several tax exemptions, reductions and other concessions. As already informed to this house the design of Value Added Tax system has been evolved based on the consensus of all States and the State cannot make modifications in this. In this background, within the space available to the State I have considered a few requests.

210. Accordingly, I propose to exempt,

(1) Paddy, Rice, Wheat, Pulses, Flour and Soji of Rice and Wheat, and Maida of wheat for a further period of six months,

(2) Animal shoes,

(3) Certain parts of animal driven carts and

(4) Chunni of pulses.

211. I also propose to reduce tax to 4% from 12.5% on

(1) poha of maize,

(2) spent and cut dry chillies, and dry chilly seeds,

(3) handmade soap,

(4) surgical gloves,

(5) all compact disks,

(6) cold tar,

(7) certain test and measuring equipments and

(8) Biological Control Agents

(9) Packing material with lining

(10) certain goods of daily necessity sold by canteen stores department to defence forces.

212. I also propose to add a few more goods to the notified list of industrial inputs and capital goods and revise the list of I.T. products. I propose to

- a) to permit rebating of input tax on capital goods in one month instead of 12 months,
- b) extend the composition tax facility to bakeries and all stone crushing units and
- c) subject to certain conditions permit works contractors enjoying the composition facility to purchase goods from outside the State and give deduction on their sub-contractors turnover.

Rationalisation Measures

213. I propose to introduce the facility of direct remittance of refund amounts to the bank accounts of the dealers and certain other rationalization measures in the Value Added Tax Act. The details of these measures are at Annexure II.

214. Further, to smoothen transport of goods within the State I propose to abolish internal checkpoints on Tumkur Road (outward) and Mysore Road.

SALES TAX

Relief

215. I propose to exempt resale tax on sale of petrol and diesel by the oil refinery at Mangalore owned by ONGC.

Rationalisation measure

216. Though after introduction of VAT the earlier Sales Tax is applicable only on a few commodities, the number of cases in which assessments are pending for the earlier years is enormous. In the interest of administration, they need to be disposed urgently. Accordingly, I propose to bring in a scheme of acceptance of returns filed by the dealers under Sales Tax and Entry Tax, subject to certain conditions.

ENTRY TAX**Relief**

217. I propose to exempt tax on beedi leaves, rubber tyres and tubes.

218. To encourage exports to other countries from the refinery in Mangalore, I propose to exempt entry tax on crude oil used in the manufacture of petroleum products exported.

SPECIAL ENTRY TAX

Rationalisation measure:

219. To prevent diversion of trade, I propose to levy tax on a few more commodities.

AGRICULTURAL INCOME TAX

Relief

220. Considering the continuing losses suffered by coffee growers, I propose to exempt tax on all growers other than firms and companies and reduce tax on firms from 40% to 30% and companies from 50% to 35%.

Rationalisation measure

221. I propose to provide for collection of interest even during the period of stay in disputed cases.

ENTERTAINMENT TAX

Reliefs:

222. I propose to exempt tax on magic shows and sports.

223. I propose to reduce compounding fee levied on offences not relating to tax evasion.

Rationalisation measures

224. I propose to, levy tax only on multi-system operators to effectively collect tax on cable television, exempt tax on their cable operators and exempt disputed tax on multi-system operators for the earlier years.

225. I propose to fix a uniform limit of admission for tax exemption instead of the current different

limits fixed for entertainment events other than films and cable television in urban and other areas.

226. To effectively curb tax evasion, I propose to give certain powers to Entertainment Tax Officers.

PROFESSIONS TAX

Rationalisation measures

227. I propose to provide for the insurance companies and banks to deduct and pay professions tax payable by insurance agents and pigmy agents receiving commission from such insurance companies and banks.

228. I propose to levy tax on owners of transport vehicles instead of holders of permits and fixed time limit for recovery of tax.

BETTING TAX

Relief

229. I propose to reduce the Composition tax amount payable by Mysore Race Club from 4% to 2%.

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

Excise

231. Regulation of excise sector without curtailing freedom of the industry will be the focus in the current year. Towards this end, it is proposed to closely monitor the sale of arrack.

232. The distribution of liquor has been working smoothly through Karnataka State Beverages Corporation from the year 2003-04. In this background, it is proposed to abolish the wholesale licences (CL-1) given to the private individuals with effect from 01.07.2006.

233. I intend to mobilise an additional revenue of Rs.300 crores as follows:-

a) By direct Sale of liquor to licences by the Karnataka State Beverages Corporation ...Rs. 125 Crores

b) By restructuring of Excise duty and Additional Excise Duty ... Rs.175 Crores

234. At present, excise duty is levied at Rs.40 and Rs.55 per bulk litre depending upon the value of liquor. In order to rationalise duties, I propose to levy an excise duty of Rs.45 per bulk litre irrespective of the value of liquor.

235. I propose to increase the excise duty on beer from Rs.4 per bulk litre to Rs.5 per bulk litre.

236. In order to rationalise duties, I propose to revise the declared price slabs of liquor and rates of additional excise duty levied on liquor as in Annexure-III

237. At present, the manufacturers of liquor have the option to revise the declared price of liquor thrice in a year. In view of the proposed

rationalisation of excise duty and additional excise duty, the manufacturers of liquor, in addition to the existing provisions in regard to the revision of declared price, may have the option to revise the declared price with effect from 1st April, 2006.

238. At present, the establishment charges towards salary and allowances payable to the Excise staff deployed to distilleries, breweries, wineries, arrack manufacturing and other units are borne by the respective manufacturing units. The expenditure on this to the manufacturing units is about Rs.3.80 crores per annum. It is proposed to discontinue this practice and to bear the said expenditure by the Government.

239. The above provisions will come into force with effect from 1st April, 2006.

240. In the backdrop of the policy to blend ethanol with petrol, the issue of production of ethanol (Rectified Spirit) from molasses has assumed great significance. Since this development poses the possibilities of decrease in availability of rectified

spirit for potable and medicinal purpose, it is proposed to permit production of rectified spirit from sugarcane juice, different kinds of grains, tapioca etc. in addition to molasses.

241. At present, in respect of liquor imported from outside India, a special fee is being levied. In order to create a level playing field between the domestic liquor and liquor imported from outside India, in lieu of sales tax, a special fee will be levied at the same rates as that of additional excise duty as applicable to liquor manufactured in India. This provision will come into effect from 1st April, 2006.

242. At present, IML licensees are required to pay an additional fee for sale of foreign liquor imported from outside India, besides the prescribed licence fee for sale of Indian Made Liquor. It is proposed to discontinue the practice of charging additional fee from 01.07.2006.

243. In the budget speech for the year 2005-2006, it was proposed to provide an opportunity to clear old excise arrears by extending Karasamadhana

Scheme. I now propose to give one more opportunity by extending the benefit of Karasamadhana Scheme by three months from the date of notification to be issued in this regard.

Motor Vehicle Tax

244. There is no proposal to increase motor vehicles tax. However, the existing rate of tax in respect of multi-axled and articulated vehicles is higher when compared to the neighbouring States. In order to avoid migration of such vehicles to other States, it is proposed to reduce the tax.

245. Further, I propose to extend the benefit of payment of annual tax on personalized vehicles owned by the employees of Public Sector Undertakings of Government of India including nationalized Banks who are transferable. Necessary amendments will be made to the existing notification.

246. The changes proposed are detailed in the Annexure-IV. These measures will result in reduction of revenue to an extent of Rs.10 crores.

Stamps and Registration

247. The State had embarked upon a set of radical reforms in the field of Stamps and Registration and had taken steps like discontinuation of Stamp Paper, reduction of Stamp Duty and comprehensive computerisation of Sub Registrars offices. The Stamp Duty had been reduced to 8% and in furtherance of the reforms effort, to improve compliance, I propose to reduce the Stamp Duty by 0.5%. This is in line with the commitment given by the State to reduce the Stamp Duty as part of a larger urban sector reform package under the Jawahar Lal Nehru National Urban renewal Mission.

248. I propose to increase the Sub Registry offices in Bangalore Urban District to render better service to the general public, in view of a large number of documents registered in each office, which will

ensure compliance of Acts and Rules and realization of revenue.

249. It is proposed to revise the guidelines values of properties in Urban and Semi Urban areas of the State as the Real Estate market is buoyant in these places

250. I propose to amend Section 45-A of Karnataka Stamp Act 1957, wherein the Regional Revenue Commissioner of the Division is being vested with powers to hear appeals in Under Valuation cases and also to bring the penal provisions under Section 45(A)(2) and 45(A)(3) which are, at present, provided under Section 45(A)(5) of the Act.

251. I also propose to amend some of the Articles in the Schedule to the Karnataka Stamp Act 1957, taking into consideration the legal pronouncements on the recitals in the Deeds, for the realisation of revenue to the State.

252. An explanation is being added to Article 6 of the Schedule for levying the Stamp Duty on the Deposit of Title deeds.

253. Article 14 is being amended to tax the re-conveyance of property styled as cancellation.

254. Article 30(C) is being amended to rectify the anomaly in Column 3; Article 30(D) is being added to levy Stamp Duty on the Security Deposit in a Lease Deed, which infact is money advanced, chargeable to Duty.

255. Article 53 is being amended to levy Stamp Duty as conveyance if the remaining period of Lease, in a transfer, is above thirty years.

256. The Roads connecting Hospet-Karwar, Dharwar-Anmod, Chicknayakanahalli and Hassan are damaged due to heavy truck traffic carrying iron ore. The damage is more due to the excessive pay load carried by these trucks. Computerised checkpoints at appropriate places would be established and toll would be collected. With this, it

would be possible to check the damage of the roads due to excessive pay loads. In addition, it would be possible to create a fool proof data base on the iron ore transports. A sum of Rs.5 crores is earmarked for this purpose.

Revised Estimates 2005-06

257. The Revised Estimates of total receipts are Rs. 35123.98 Crore as compared to the Budget Estimates of Rs. 34592.06 Crore for 2005-06. The total expenditure is expected to be Rs. 35094.98 Crore according to the Revised Estimates against the Budget Estimates of Rs. 34615.15 Crore for 2005-06. After taking the net Public Account, the closing balance for the year is likely to be Rs. 51.57 Crore as against the expected closing balance of Rs. 49.57 Crore at the time of presentation of the 2005-06 Budget.

Budget Estimates 2006-07

258. The total receipts are expected to be Rs. 41878.13 Crore comprising revenue receipts of

Rs. 35875.08 Crore and capital receipts of Rs. 6003.05 Core. The total expenditure is likely to be Rs. 41850.66 Crore of which revenue expenditure is estimated at Rs. 34340.54 Crore and capital expenditure is estimated at Rs. 7510.12 Crore.

259. Government expects to raise Rs. 22533.79 Core in tax revenue and Rs. 4088.43 Core in non-tax revenue. In addition, Government expects to raise Rs. 1179.41 Crore as total loans from the Central Government and Rs. 1200.00 Crore from RBI and other Financial Institutions.

260. The Revenue Surplus and Fiscal Deficit for 2005-06 RE is Rs.1186.79 Core and Rs. 4764.09 Crore which is 0.71% and 2.85% of the GSDP. The Revenue Surplus and Fiscal Deficit for 2006-07 BE is Rs. 1534.54 Core and Rs.5210.56 Crore respectively which is 0.83% and 2.82% of the GSDP. This is as per the Karnataka Fiscal Responsibility Act, 2002.

261. It is my desire that the result of implementation of various programmes mentioned in this budget must come to the knowledge of the legislature. I believe that it is only through such deliberations that a frame work would be available for proper application of public funds; even misuse of resources are also controlled.

262. In order to ensure proper utilization of resources in the area of Irrigation, Infrastructure, Health, Education and other sectors, I propose to constitute expert committees and would like to come out with reports to facilitate public debate.

263. We wish to involve all the people and communities as our partners in our effort of building a strong and able, comprehensively developed Karnataka. We are committed to protect the interest of all groups as desired by Sri Jagajyothi Basavanna. We will strive for progress and equal opportunity for everybody.

264. Sir, to say a few words at the end about the Budget,

- This is a light budget as there are no additional tax burdens.
- This is a rich budget as it is full of resources.
- This is a dependable budget as it gives a sense of comfort and support to the women.
- This is a budget, which meets the expectations of the farmers and alleviates their sufferings.
- This is a budget, which is responding to the pains of Dalits, Backward Classes and Minorities.
- This is a Budget, which makes our land, language, arts and culture to shine.

265. I have the satisfaction of having responded to the desires and aspirations of the peoples of our State. I enjoy the pride of taking Karnataka in the path of fiscal discipline.

266. At the beginning of Vyanama Samvatsara I convey my best wishes for a happy Ugadi to all the

citizens of Karnataka and all the Hon'ble Members of this august body.

267. I now commed the Budget Estimates 2006-07 for the consideration and approval of the House. The full budget would be discussed on the floor of the House. The Government will than seek approval of the full budget. I now seek a Vote on Account for a period of four months ending 31st July, 2006.

Jai Hind - Jai Karnataka

BUDGET AT

Sl. No.	Item	Budget Estimates 2005-06	Revised Estimates 2005-06	Budget Estimates 2006-07
	Opening Balance	72.66	22.57	51.57
A. REVENUE ACCOUNT				
I. Receipts				
	State Taxes	18680.16	19504.80	22533.79
	Share of Central Taxes	3760.40	3922.65	4608.90
	Grants from Central Government	2687.61	2620.19	4643.96
	Non-tax Revenue	4090.30	3637.19	4088.43
	Total-A. I	29218.47	29684.83	35875.08
II. Expenditure				
	Social Services	8566.71	9109.14	11244.66
	Economic Services	7020.72	7317.84	8578.22
	General Services	11616.58	10911.05	12987.48
	Grants-in-aid & Contributions	1160.00	1160.01	1530.18
	Total-A. II	28364.01	28498.04	34340.54
	A. Revenue Account Surplus/Deficit	854.46	1186.79	1534.54

A GLANCE*(Rs. in crores)*

Sl. No.	Item	Budget Estimates 2005-06	Revised Estimates 2005-06	Budget Estimates 2006-07
B. CAPITAL ACCOUNT				
I. Receipts :				
	Loans from Government of India	2191.12	1991.83	1179.41
	Open Market Loans (Net)	1269.00	171.61	-233.98
	Loans from LIC, RBI, GIC & NCDC	1015.00	4427.25	1200.00
	Recoveries of Loans and Advances	29.91	29.91	44.61
	Public Account (Net) etc.	868.56	-1181.45	3813.01
	Total - B. I	5373.59	5439.15	6003.05
II. Disbursements :				
	Capital Outlay (Net)	5364.54	5647.05	6553.52
	Repayment of Central Loans	563.42	417.54	464.05
	Repayment of Loans to LIC, RBI, GIC and NCDC	88.89	198.61	256.36
	Disbursement of Loans & Advances	234.29	333.74	236.19
	Total - B. II	6251.14	6596.94	7510.12
	B. Capital Account Surplus/Deficit	-877.55	-1157.79	-1507.07
	C. Overall Surplus/Deficit for the Year	-23.09	29.00	27.47
	D. Closing Balance	49.57	51.57	79.04

ANNEXURE - I
(Para 205)

SECTORAL STATE PLAN ALLOCATION DURING 2006-07

Sector	Rs. in Crores	Percentage
A) ECONOMIC SERVICES		
Agricultural & Allied Services	936.22	5.79
Rural Development	713.47	4.41
Special Area Programmes (HKDB & MADB)	143.50	0.89
Irrigation & Flood Control	4280.58	26.48
Energy	1711.35	10.59
Industries & Minerals	207.07	1.28
Transport	1966.34	12.16
Science, Technology & Environment	23.13	0.14
General Economic Services	321.93	1.99
B) SOCIAL SERVICES		
Education, Sports, Art & Culture	1283.62	7.94
Health	395.56	2.45
Water Supply & Sanitation	698.45	4.32
Housing & Urban Development	2134.65	13.20
Information & Publicity	5.78	0.04
Welfare of SC's & ST's, OBC's, Social Welfare & Nutrition	1063.97	6.58
Labour & Employment	45.46	0.28
C) GENERAL SERVICES	234.92	1.45
Total	16166.00	100.00

ANNEXURE-II
(Para 213)
Proposed Rationalization Measures

Sl. No.	Nature of rationalization measure
1.	Inclusion of Schedule of Works Contracts.
2.	Provision for inspection of goods transported through railways.
3.	Extension of suo-moto revision powers to Joint commissioners.
4.	Provision for deduction of tax in respect of canteens run in industrial units.
5.	Suitable revision in penalties.
6.	Empowering Government to notify textile made ups taxable at 4%.
7.	Empowering Government to extend composition facility through notification.
8.	Withdrawal of input tax rebate on naphtha.
9.	Modification of documents and provisions relating to sale bills, allowing discounts and sales returns.
10.	Clarification regarding tax liability of dealers under composition on their purchases from unregistered persons.
11.	Provision for issue of tax clearance certificate to dealers.
12.	Empowering the Commissioner to authorize officers to file appeal before the Appellate Tribunal (under all Commercial Tax Act enactments).
13.	Provision for filing of annual statements by dealers.
14.	Amendment of certain entries to remove ambiguities.

Annexure-III**(Para 236)****Rates of Additional Excise Duty/Additional Countervailing Duty**

(B.L. = Bulk litre)

(U.P. = Under proof)

Sl. No.	Name of the Article	Declared price range per case containing 8.64/9/12 bulk litres of liquor		Rate of Additional Excise Duty/Additional Countervailing Duty per BL of 25* UP	
I.	Brandy, Whisky, Gin, Rum and such other liquors, but not including Beer, Wine, Toddy and Fenny	From	To	(1) Manufactured in Karnataka and when issued to a Distributor Licensee under the Karnataka Excise (Sale of Indian and Foreign Liquors) Rules, 1968, for the purpose of sale within Karnataka but excluding the liquor issued to a licensee holding Military	(1) Manufactured in Karnataka – (i) when issued to a licensee holding Military Canteen Licence, Military Canteen Stores Bonded Warehouse Licence or Border Security Force or Para-military Forces Licences; or

Sl. No.	Name of the Article	Declared price range per case containing 8.64/9/12 bulk litres of liquor		Rate of Additional Excise Duty/Additional Countervailing Duty per BL of 25* UP	
		Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.
				Canteen License, Military Canteen Stores Bonded Warehouse Licence or Border Security Force or Para-military Forces Licences; or (2) Manufactured in other States in India and when imported into Karnataka State by a Distributor Licensee.	(ii) when issued for export to licensees outside Karnataka but within India by way of sale or stock transfer; or (2) Manufactured in other States in India and when imported into Karnataka by a Licensee holding the Military Canteen Stores Bonded Warehouse licence.
		Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.
Existing					
01		250-00	399-00	45-00	0-85

Sl. No.	Name of the Article	Declared price range per case containing 8.64/9/12 bulk litres of liquor		Rate of Additional Excise Duty/Additional Countervailing Duty per BL of 25* UP	
02		400-00	449-00	65-00	1-05
03		450-00	649-00	75-00	1-50
04		650-00	1199-00	90-00	2-20
05		1200-00	above	140-00	2-75
Proposed					
01		250-00	299-00	40-00	1-00
02		300-00	349-00	52-00	1-25
03		350-00	449-00	85-00	1-75
04		450-00	649-00	105-00	2-25
05		650-00	849-00	120-00	2-50
06		850-00	1049-00	135-00	2-75
07		1050-00	1249-00	150-00	3-00
08		1250-00	2049-00	180-00	3-25
09		2050-00	above	Rs.225-00 or 3 per cent of the declared price per bulk litre, whichever is higher	3-50

Sl. No.	Name of the Article	Declared price range per case containing 7.8/7.92/12 bulk litres of beer		Rate of Additional Excise Duty/Additional Countervailing Duty per BL	
II	Beer (Bottled)	From	To	(1) Manufactured in Karnataka and when issued to a Distributor Licensee under the Karnataka Excise (Sale of Indian and Foreign Liquors) Rules, 1968, for the purpose of sale within Karnataka but excluding the beer issued to a licensee holding Military Canteen Licence, Military Canteen Stores Bonded Warehouse Licence or Border Security Force or Para-military Forces Licences;	(1) Manufactured in Karnataka – (i) when issued to a licensee holding Military Canteen License, Military Canteen Stores Bonded Warehouse Licence or Border Security Force or Para-military Forces Licences; or (ii) when issued for export to licensees outside Karnataka but

Sl. No.	Name of the Article	Declared price range per case containing 7.8/7.92/12 bulk litres of beer		Rate of Additional Excise Duty/Additional Countervailing Duty per BL	
		Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.
				or (2) Manufactured in other States in India and when imported into Karnataka State by a Distributor Licensee	within India by way of sale or stock transfer; or (2) Manufactured in other States in India and when imported into Karnataka by a Licensee holding the Military Canteen Stores Bonded Warehouse licence
		Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.
Existing					
01		125-00 (in case of 330 ml. bottles)	139-00	20-00	0-40
02		140-00	150-00	20-00	0-40

Sl. No.	Name of the Article	Declared price range per case containing 7.8/7.92/12 bulk litres of beer		Rate of Additional Excise Duty/Additional Countervailing Duty per BL	
03		151-00	160-00	22-00	0-45
04		161-00	above	22-00	0-50
Proposed					
01		125-00 (in case of 330 ml. bottles)	Above	29-00	2-00
02		140-00	Above	29-00	2-00

Annexure - IV
(Para 246)

		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	2	3	4	5	6	7
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.	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 Undertaking owned by Govt. of India, including nationalized Banks	25-00

		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.)
2	3A	Multi-axled goods vehicles other than Articulated vehicles for which tax levied under item no. 10 of Part-A Schedule having weight laden exceeding 15000 kgs. for every 250 kgs. or part thereof in excess of 15000 kgs.	2200-00 plus 75/- for every 250 kgs. or part thereof in excess of 15000 kgs.	3A	Multi-axled goods vehicles other than Articulated vehicles for which tax levied under item no.10 of Part-A Schedule having weight laden exceeding 15000 kgs. for every 250 kgs. or part thereof in excess of 15000 kgs.	2200-00 plus 50/- for every 250 kgs. or part thereof in excess of 15000 kgs.
3	10	Motor Vehicles not themselves constructed to carry any load (other than water, fuel, accumulators and other equipments used		10	Motor Vehicles not themselves constructed to carry any load (other than water, fuel, accumulators and other equipments used	

		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.)
		for the purpose of propulsion of loose tools & equipments) used for haulage solely & weighing together with the largest no.of trailers proposed to be drawn in weight laden:- (g) exceeding 15000 kgs.	2300-00 plus Rs.75/- for every 250 kgs or part thereof in excess of 15000 kgs.		for the purpose of propulsion of loose tools and equipments) used for haulage solely & weighing together with the largest no.of trailers proposed to be drawn in weight laden:- (g) exceeding 15000 kgs.	2300-00 plus Rs.35/- for every 250 kgs or part thereof in excess of 15000 kgs.

		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	14	(2) Motor cars including jeeps owned by Central Govt. employees or Defence Personnel	187-50	14	(2) Motor cars including jeeps owned by Central Govt. employees or Defence Personnel OR Public Sector Undertaking owned by Govt. of India, including nationalized Banks	187-50