REGIONAL IMBALANCES IN KARNATAKA REVISITED:
REFLECTIONS ON FINANCING FOR A BALANCED REGIONAL DEVELOPMENT

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सा विद्या या विमुक्तये

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Abstract

Balanced regional development has been at the core of development discussion not only in India but in other countries as well. The imbalances in spatial development especially in the Indian context will have significant implications on the welfare aspects of the population in the backward pockets. In this background Government of Karnataka had appointed a High Power Committee to look into the development or otherwise in different taluks of the state. The Committee classified the taluks based on a composite index and also used such status to allocate resources to bring in balanced regional development. The paper examines the aftermath of the report of this Committee and the resource allocation under the Special Development Plan (SDP) as per the recommendations. A decadal comparison of development status of taluks is attempted to have a glimpse of such resource allocation in reducing regional development in the state of Karnataka.

Introduction:

It is quite evident that both policy makers and researchers have recognized the importance of balanced regional development for bringing better fruits of development to the door steps of the community at large. Problems of regional disparities in India can be attributed, at the outset, to our colonial past. However, even in the planned development era of free India, one can witness unbalanced regional development in the present day context. As India is a federation, it is likely to experience certain drawbacks of a federal system. Any federation is likely to experience both vertical and horizontal imbalance as far as the flow of resources to the federating units is concerned. Both Planning Commission and Finance Commission at the national level have been trying to reduce such financial disparities across the states. Such exercises have also been carried forward by the state level Finance Commissions with regard to the intra state distribution of resources across the districts.

The challenges to federal nation building are many. In a country like India these challenges become more complex due to heterogeneity found in our country. The very structuring of a federal polity involving division of authority and distribution of responsibilities presumes coordination and reconciliation of several processes and varied interests. India, a state so vast and varied, the effective and responsive functioning of a new federal sovereignty, involves various levels and components of the huge Constitutional-cum-administrative machinery. The ever-changing dynamics of federalism make it difficult to demarcate jurisdiction and identify areas of operation. It may be difficult to settle such issues by mere enunciation of law or by the juristic separation. The Constitution is assumed to represent the terms and contracts between the federating units and the federal authority. In actual practice the political face of federal system adjusts and adapts itself to the new problems and demands of an evolving polity. The smooth functioning of the federal processes is predicted on their capacity to absorb shocks, overcome tensions and reconcile conflicts and irritations.

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The government at the Centre has to find and modify various layers of other governments- the governments at the states and very recently created governments at the districts in the management of different programs and schemes. Each layer has its own constitutional jurisdiction and other institutions for decision making and decision enforcement with regard to such a management.

Given this federal institutional framework, one can try to figure out other factors along with federal financial "IRRITANTS" that could lead to imbalance in regional development.

Research Questions:

In the background of the above discussion, the following questions would assume significance which need to be addressed in the overall interest of reducing imbalances in the state.

- What is the status of resource flows at the state level in the light of the recommendations of Prof. Nanjundappa?
- How similar resource flows are taking place across major sectors?
- What is the position of different divisions and districts in realizing the resource flows in the light of the recommendations?
- Division wise resource flows under the SDP – are we meeting the targets of recommendations?

Regional Imbalances: View from the Literature

If one looks at the macro economic performance of the Indian economy in general and similar performance across states it is important to note that in recent times the growth rates have been quite impressive. However the issue is that we have not been able to transform this growth into development. This may be on account of serious regional imbalances both among states and within the states. Now the major question that needs to be addressed is which are the factors that would come in the way of realizing this transformation in different states or regions within a state?

In order to do so one needs to evolve a methodology that would address the issue of regional imbalance and understand the factors that have been responsible for such imbalances. Usually the researchers have used a methodology which would construct composite indices using various indicators. Based on the scores of such indicators the identification of backwardness of given regions would be ascertained. Both academicians and policy makers have agreed upon the methodology of construction of such indices. If one looks at development with a multi dimensional angle, researchers have identified a set of indicators for understanding the level of development across regions. Such indicators would naturally reflect upon the socio-economic well being which is measured along different scales. To make such indicators user friendly, researchers would make these indicators 'scale free' by applying suitable statistical techniques. After doing so they would use the long established method to assign weights for the indicators which would be used to aggregate these into composite index. In the last step the cutoff point would be fixed to identify the lagging regions. Another way of looking at the regional imbalances in development could be to use socio-economic distance matrices. These would be constructed on the basis of scale free indicators through application of clustering technique. This approach, instead of using

composite index would depend on different dimensions of development and identifies lagging regions based on their level and pattern of development. In both the approaches, there would be short comings which need to be addressed with additional information on structural and historical issues of the given regions along with cultural dimensions of the society in question.

The studies in the past have documented the fact that the problem of regional disparities is almost universal and its extent may differ in different economies. The causes and behavior of such inequalities have attracted the attention of economists. They have also felt that the best way to study the level of economic development is to analyze economic growth which is considered as a popular field in regional economics. Various theories and models have been propagated to answer this issue but of course the issue still remains unsettled. Myrdal (1957) and Kaldor (1970) argued that basic forces at work are dis-equilibrating in nature. They tried to put forth the argument that once the divergence from equity occurs, the forces at work would be such that there is further divergence. Hirschman (1959) points out that the polarization effects are stronger than the trickle-down effects in earlier stages of development of a nation. These and other such arguments brought on the scene the U shaped curve between the extent of regional disparity and the level of national development. Such an inverted U shaped curve was empirically tested and proved by Kuznets (1958) and Williamson (1965). They explained such a behavior with the help of four factors namely,

- Labor migration
- Capital migration
- Interregional linkages and
- Government policy

Taking a lead from such studies, people tried to investigate the reasons for regional differentials. The arguments of Isard and Reiner (1961) for regional imbalances in growth seem to be interesting. They felt that polarization of the economic growth in a nation may largely be due to the following,

- Unevenly distributed natural resources among regions
- Unequal access to major markets including foreign markets and
- Unequal distribution of inherited know-how and labor skills among regions

In this background the broad message that emerges from such arguments is that a policy of pure equalization is necessarily a poor policy, although a policy towards greater equalization can be and is likely to be valid.

Empirics:

Another issue that the research has addressed in this context is about defining the unit for consideration while analyzing the regional imbalances or otherwise. In the Indian context most of the studies have considered states as th+e unit for understanding regional growth. This may be obvious in the background of the provisions of our Constitution and resulting in federal framework. One may recall the studies by Lakdawala et. al 1974; Majumdar 1977; Nair 1983 and the like. Very recently there are efforts that have considered district as the unit in their efforts to understand regionalism.

After the initiation of planning in the Indian context, there were many studies which tried to examine the issue of regional development. Nair (1971) observes that "the first decade of Indian Planning does not seem to have witnessed any major decrease in the interstate income differentials." Rao S.K (1973) concludes on the basis of a composite index of six indicators of development that "regional disparities have not been reduced in the course of fifteen years of planning." Nath V. (1970) finds that economic growth during the 1950s and early 1960s was probably somewhat more rapid in the developed States than in less developed ones. Majumdar and Kapoor (1980) taking three yearly averages find a clear rising trend in the extent of regional disparity in India during 1962-76. These studies concentrated mainly on the income while understanding regional imbalances.

There are few studies which considered other aspects as well. For example Sandesara J.C. (1974) concluded that organized industry has played a role in reducing the regional imbalances. This was supported by Gupta S. (1973) as well which documented the fact that public sector investments have contributed in reducing regional imbalances. Dholakia R.H. (1979) also finds declining regional disparities in value addition in the registered manufacturing sector during the sixties and early seventies. Nath (1970) finds that public investments have not been properly distributed to address the issue of regional development. Reddy K.N. (1972) argues that majority of the recommendations of the Finance Commissions are not in tune with achieving balanced regional development. Bhagavati (1970) makes a similar argument in case of plan fund allocations.

The report of the Inter-Ministerial Working Group on Redressing Growing Regional Imbalances (Planning Commission 2005) identified 170 most backward districts including 55 Extremist affected districts in the country. It has come out with suggestions which have tried to touch upon issues relating to decentralized governance with a focus on development of systematic village level plans.

In a major study sponsored by the World Institute for Development Economics Research of the United Nations (UNU-WIDER) the issue of spatial inequality was examined in the Asian context. The focus of the studies completed under this initiative concentrated on the methodological aspects of measuring inequality supported by empirical data in select Asian countries. The studies highlighted a range of theoretical, empirical and policy issues. (Kanbur Ravi, Venables A.J. & Wan Guanghua)

Dholakia R.H. (2005) tried to understand regional imbalance under federal structure in Canada and India. He points to the fact that the Canadian experience has shown that it is possible under the democratic federal structure to achieve both the vertical and horizontal balance in fiscal matters although the macro parameters are not very favourable. He finds this conclusion due to the fact that the Canadian system works on market philosophy and allows the economy and population to adjust to the incentives and signals provided by the market. As far as India is concerned, he feels that there is need to clear the confusion and fog surrounding the notion of horizontal balance and regional equity. He also concludes that in India as for the fiscal transfers formulae, there is no weight-age to the contribution or the revenue-base that region has a responsibility to nurture and grow. Nair K.R.G. (2004) uses the NSDP and industrial data for two dacades to show that in the post reforms period the disparity among the Indian states has widened.

Panchamukhi P.R. (2009) takes the argument of regional imbalances to a broader issue relating to 'Regional Justice' and creation of newer states under the pretext of achieving balanced regional development. He argues that historical perspective would be useful in understanding such imbalances which could lead us to arrive at holistic policies. Kadekodi examines regional disparity across districts in Karnataka and concludes that environment and social development are to be taken together in reversing regional disparity and raising quality of life.

Various Finance Commissions and the Planning Commission laid much emphasis on the objective of achieving balanced regional development. In the recent past regional imbalances in India is mostly a subject for the intra-state analysis than the inter-state (see among others for Karnataka Panchamukhi, 1998; Vyasalu, 1995; Vidwans 1996; Nanajundappa, 1999; Abdul Aziz, 2001; Hanagodimath, 2006; Vivekananda, 1992). Gayithri (1999) has tried to examine the industrial development across the districts of Karnataka. There is a huge work on regional imbalances at the state level, while studies at the district level of an individual state are comparatively less. Further, the regional imbalances within a state are more important than that of inter-state. No state is an exception for intra-state disparity but it may be more in some states and less in some states, but the problem is present every were. Many committees have been set up for the redressal of regional imbalances in all states. In Karnataka regional imbalances are considered as one of those acute issues in Indian states. In Karnataka regional imbalances have always been seen as dividing the state into three parts namely, Old Mysore, Hyderabad Karnataka and Bombay Karnatak.

It is important to take note of the fact in this regard the view of the National Committee on the Development of the Backward Areas (NCDBA). It opined that areas identified as backward must have three key characteristics and they are indicated below.

a. They must have potential for development
b. There must be some inhibiting factor which prevents this potential from being realized
c. There must be a need for spatial programmes to remove or mitigate the inhibiting factor and realize the full potential for development.

The arguments that are usually made in the literature focus on the need for stimulants like the forces which raise the level of income, output, employment, investment and the like. These are required in sufficient doses to uplift from backwardness so that the development forces get released.

Role of the Government: Policy Initiatives:

Role of the government and the initiatives taken by both Union and respective state governments are important in resolving the regional imbalances in the country. This would reflect on the mindset of the policy makers. The following tabular presentation would capture the major attempts that have been carried out in addressing the issue of regional imbalance.

Table 1: Policy Initiatives in resolving Regional Imbalance

Major Initiatives	Approaches with regard to Regional Imbalances
Working Group on Identification of Backward Areas - (Pande Committee)	Focus of the committee was to examine the industrial backwardness in the country and suggest measures to correct them
Wanchoo Committee Chakrabarthy Committee Dandekar Committee (Maharashtra)	It was asked to suggest financial and fiscal incentives in order to remove the industrial backwardness Used different Indicators to ascertain backwardness Focus on sectoral disparities
Plan Efforts National Commission on Agriculture Special Programmes for Dry Land Areas, Drought-prone Area Programme, the Integrated Hill Area Programme and Integrated Development of Tribal Areas Programme. Programmes for small and medium farmers Minimum Needs Programme	Correcting regional imbalances with different view points
National Committee on the Development of Backward Areas (NCDBA)	Identification of backward areas taking into account certain economic and social indicators and suggesting measures to overcome such imbalances across the country
Approach of Planning Commission over the period of time	Evolving resource allocation criteria for meeting the needs of backward states – Gadgil Formula and revised Gadgil Formula and the like
Approach of Finance Commissions over the period of time	Devolution of resources for meeting the needs of all sates on the non plan account with a focus on the needs of less developed states – Normative Approach by the ninth Finance Commission deserves attention in this regard.

Focus of the Study:

In the context of Karnataka state, the issue of regional imbalance in development has triggered off a good deal of debate especially in the aftermath of Nanjundappa Committee Report in 2002. The report, which was pioneering one, is considered to be a benchmark in highlighting the regional imbalance across the taluks of the state. Indicators for different sectors were used to measure the distance among the taluks and taluk rankings so done have brought forward the issue of backwardness to the forefront. Along with this the report of the Task Force on Health (Dr. Sudarshan Committee) has also tried to bring in the issue of imbalance in regional development especially in the domain of health care. Governments one after the other in the state have pronounced measures to implement the recommendations of the Nanjundappa Committee. Very recently Special Development Plan (SDP) was announced by the state government to cater to the recommendations of this committee.

Irrespective of various measures, the issue of imbalance continues to exist and now it is the opportune time to examine the impact of the special initiative taken by the Government of Karnataka in this regard.

Overview of Nanjundappa Committee:

The Committee constructed comprehensive composite development index (CCDI) using 35 indicators from five different sectors, viz., Agriculture, Industry Trade and Finance, Economic Infrastructure, Social Infrastructure, and Population characteristics. Of the total 175 taluks, the committee identified 114 taluks as backward, taking state average of development as the benchmark i.e., equal to 1, and giving appropriate weights. Based on CCDI values, these backward taluks were further classified into most backward (CCDI of 0.52 - 0.79), more backward (CCDI of 0.80 - 0.88) and backward (0.89 - 1.00). Those with the value greater than one were classified as relatively developed. In the below mentioned table division wise distribution of the taluks in these various groups has been presented.

Table 2: Division and Region wise distribution of the taluks in different categories:

Division/Region	Relatively Developed	Backward	More Backward	Most Backward	Total Taluks
Bangalore	18	09	13	11	51
Mysore	22	10	10	02	44
Belgaum	18	14	12	05	49
Gulbarga	03	02	05	21	31
Total (State)	**61**	**35**	**40**	**39**	**175**

Source: HPC FRRI, 2002

Resource Allocation Pattern by Prof. Nanjundappa Committee:

For the allocation of resources, the committee constructed another index named as Cumulative Deprivation Index (CDI), which is one minus CCDI. Based on this, resources have been allocated to different divisions of the state. In order to bridge this deprivation, an amount of Rs. 31,000 crores at 2002-03 prices was recommended by the Committee. Out of this total recommended fund Rs. 16,000 crores needed to be spent through a period of 8 years under the banner of Special Development Plan (SDP) and remaining Rs. 15,000 crores to be allocated through regular budget. Table 2 & 3 shows the recommended resource allocation as per the Committee's report.

Table 3 Division Wise Allocation of Resources as Recommended by Prof. Nanjundappa Committee

Division/Region	CDI	Recommended Resource Allocation Share (%)	Recommended Resource Allocation (Rs. crores)
Belgaum	4.12	20	3200
Gulbarga	8.06	40	6400
Bangalore	5.32	25	4000
Mysore	2.76	15	2400
Total (State)	**20.26**	**100**	**16000**

Source: HPC FRRI, 2002

Table 4: Sector Wise Allocation of Resources as Recommended by Prof. Nanjundappa Committee (Rs. Crs.)

Sector	Under SDP	Under Regular Budget	Total
Agriculture and Allied	1208	1132	2340
Rural Development	3665	3435	7100
Irrigation	4129	3871	8000
Energy	1548	1452	3000
Industry and Minerals	206	194	400
Transport	852	798	1650
Science and Technology	103	97	200
Economic Services	5	5	10
Social Services	4142	3883	8025
Total	15858	14867	30725
Rounded off	16000	15000	31000

Source: HPC FRRI, 2002

Resource Allocation under SDP: View of the Implementation Committee:

A committee was established to oversee the implementation of the recommendations of Prof. Nanjundappa Committee. This committee developed the criteria for allocation of resources for different years under the SDP.

Objectives of SDP:

➢ A total of Rs. 30725 cr. from 2007-08, to be invested over a period of 8 years – 50 % from Normal Plan and 50 % through additional outlay
➢ Accelerate growth in backward taluks through additional investment in various sectors/areas
➢ Building infrastructure to make good the identified backlog in the backward taluks
➢ Establishing the needed institutions/organisations
➢ Providing location specific sectoral schemes in backward taluks

Special Features of SDP:

➢ It is proposed to allocate funds in the ratio of 10%, 20%, 15%, 15%, 15%, 10%, 10% and 5% respectively in eight years
➢ In the 2nd and subsequent years, the allocations have been enhanced by 5% annual inflation
➢ The SDP does not take into account the recommendations already implemented and investment already made during the period June 2002 to March 2007
➢ Within the allocated amount to the sector, the amount is to be distributed among the Most Backward, More Backward and Backward Taluks in the ratio of 50:30:20
➢ A special cell to be created in Planning Dept

The division wise and region wise allocation of such resources is presented in the table below.

Table.5: Year wise Amount Recommended for the SDP (Rs. Crs.)

Year	Recommended Share	Recommended Amount	Divisions /Regions				
			Belgaum	Gulbarga	Bangalore	Mysore	Total (State)
2007-08	10%	1600	320	640	400	240	1600
2008-09	20%	3200	640	1280	800	480	3200
2009-10	15%	2400	480	960	600	360	2400
2010-11	15%	2400	480	960	600	360	2400
2011-12	15%	2400	480	960	600	360	2400
2012-13	10%	1600	320	640	400	240	1600
2013-14	10%	1600	320	640	400	240	1600
2014-15	5%	800	160	320	200	120	800
Total	100%	16000	3200	6400	4000	2400	16000

Financing for a Balanced Regional Development: Reflections from Special Development Plan Funding:

It is observed from the data that an amount Rs. 14140 crore has been allocated through the SDP as against the recommended outlay of Rs. 16,000 crore by Dr. D M Nanjundappa Committee Report. SDP allocation is 12 per cent of the recommended outlay. **This reflects on the serious tilt towards the efforts made by the government in the reduction of regional imbalances.** However, if one looks at the level of expenditure as against the recommended allocation we can note that the state has spent 33 per cent less than the recommended amount.

From the table below we can note the year-wise allocation and expenditure of SDP resources in the state. It captures the data from initiation year of SDP (2007-08) to 2014-15, which ideally completes the recommended eight years of SDP. From the table it can be

observed that as the time has progressed the deficiencies of both allocation and expenditure have been declining, which is an encouraging sign for the state.

Table 6: Growth of Special Development Plan

Year	Recommended Outlay	SDP Allocation		SDP Release	SDP Expenditure	
		Rs.	%		Rs.	%
2007-08	1600	906	-(43)	681	658	-(59)
2008-09	3200	1660	-(48)	1234	1076	-(66)
2009-10	2400	2103	-(12)	1608	1487	-(38)
2010-11	2400	1883	-(22)	1480	1316	-(45)
2011-12	2400	2365	-(1)	2010	1731	-(28)
2012-13	1600	1833	(15)	1905	1860	(16)
2013-14	1600	1824	(14)	1457	1399	-(13)
2014-15	800	1565	(96)	1349	1234	(54)
All Years	16000	14140	-(12)	11725	10762	-(33)

Source: SDP Cell, GoK

Table 7: Division wise allocation of SDP

Divisions	Recommended	Expenditure	Gap	Gap (%)
Bangalore	4000	2748	-1252	-31
Belgaum	3200	2147	-1053	-33
Gulbarga	6400	4387	-2013	-31
Mysore	2400	1476	-924	-38
Total	16000	10759	-5241	-33

From table 7 it can be observed that the allocation of SDP against the recommended amount varies across the divisions, which is true for SDP expenditure as well. The highest negative deviation of allocation is found in Mysore division (-38%) followed by Belgaum division (-33%) followed by Bangalore (-31%), Gulbarga (-31%).

As per Dr. Nanjundappa Committee Report, there were 114 taluks in the backward category and 61 taluks in the developed category, whereas in 2010 these were 98 and 77 respectively. Among the divisions Mysore division has the highest regional imbalances followed by Bangalore, Gulbarga and Belgaum divisions in both the years.

The resources allocated for the reduction of regional imbalances have been allocated by the State Government almost in accordance with the recommendations of Dr. Nanjundappa Committee. However the irritant in this regard is relating to the expenditure of such resources to the fullest extent. For example, the expenditure for all the divisions taken together falls short to the extent of -33 per cent. Thus the need is felt to examine this issue in detail and find out why such deficit is occurring. Our discussions with the officials both at the district and taluk levels revealed that sometimes the money does not get allocated and even if it is allocated the release of the funds is not within the stipulated period of time. Administrative hurdles also sometimes affected the quantum of expenditure.

Nexus between SDP Expenditure and Development Status of Taluks:

In order to examine the impact of SDP expenditure as well as other budgetary support of Government of Karnataka on the development status of taluks, we followed the methodology of Dr. Nanjundappa Committee to understand the development status of taluks for the year 2010 – a ten year comparison of development status of taluks was attempted. We used the same methodology and same 35 indicators to arrive at the development status of the taluks. The data of the Dr. Nanjundappa Committee was for the year 2000 and we have used the data for the year 2009-10. Though conceptually it may be difficult to extricate the impact of SDP expenditure alone on the change in the development status of taluks, we did attempt this just to know the linkage. The following chart shows the change in the development status of taluks for the period 2000 to 2010.

Chart 1: Change in Development status of taluks for the period 2000 to 2010

Status of Talus	Direction of Change	Nature of Change	No. of Taluks	Taluks
DEV→DEV	≡	No Change	52	Jamakhandi, Mudhol, Belgaum, Chikkodi, Dharwad, Hubli, Naragund, Ranebennur, Honnavar, Karwar, Kumta, Sirsi,Yellapur, Bellary Hospet Devanahalli, Nelamangala, Bangalore North, Bangalore South, Chikballapur, Davanagere, Harihara, Kolar, Ramanagaram, Bhadravathi, Hosanagara, Sagara, Shimoga, Thirthahalli, Tiptur and Tumkur, Yelandur, Chikmagalur, Koppa, Mudigere, Narasimharajapura, Sringeri, Bantval, Belthangadi, Mangalore, Puttur, Sullya, Hassan, Sakaleshpur, Madikeri, Somwarpet, Virajpet, Mandya, Mysore, Karkala, Kundapur and Udupi
MSB→DEV	↑	Triple Jump Forward	2	Sandur, Madhugiri
MRB→DEV	↑	Double Jump Forward	5	Gokak, Raichur, Turuvekere Kadur and Krishnarajpet
MSB→BAK	↑	Double Jump Forward	8	Bilagi, Afzalpur and Sindanur Channagiri, Gubbi, Kunigal and Sira Chamarajanagar
BAK→DEV	↑	Single Jump Forward	18	Raybag, Bijapur, Navalgund, Byadgi, Haveri, Ankola,Siddapur, Gulbarga, Hosakote, Anekal, Shikaripura, Tarikere, Arasikere, Channarayapatna, Holenarasipura, Maddur, Srirangapattana and K.R. Nagar
MSB→MRB	↑	Single Jump Forward	9	B. Bagewadi, Indi , Muddebihal, Sindgi Kudligi , Sedam,

Chart 1: Change in Development status of taluks for the period 2000 to 2010

Status of Talus	Direction of Change	Nature of Change	No. of Taluks	Taluks
				Shorapur, Hosadurga and Pavagada
MRB→BAK	↑	Single Jump Forward	14	Athani, Hirekerur, Bhatkal and Supa (Joida) Arakalgud, Malavalli , Nagamangala, Hunsur, Nanjanagud, Honnali, Soraba, C.N. Halli, Koratagere and Siruguppa
BAK→BAK	≡	No Change	10	Bailhongala, Hukkeri and Kundagol, Gangavathi,Chennapatna, Bangarpet, Malur, Srinivasapura, Pandavapura and Periyapatna
MRB→MRB	≡	No Change	12	Badami, Soundatti, Savanur and Shiggaon, H.B. Halli, Hadagalli, Koppal, Holalkere and Mulbagal Gundlupet, Kollegal and T. Narasipur
MSB→MSB	≡	No Change	20	Aurad, Basavakalyan, Bhalki, Humnabad, Aland, Chincholi, Chitapur, Jevargi, Shahapur, Yadgir, Kushtagi, Yelburga, Devadurga, Lingsugur, Manvi Kanakapura, Magadi, Harappanahalli and Bagepalli H.D. Kote
DEV→BAK	↓	Single Jump Backward	8	Bagalkot, Khanapur, Gadag, Haliyal, Mundagod, Doddaballapur and Chitradurga Alur
BAK→MRB	↓	Single Jump Backward	3	Ramdurg, Chintamani and Belur
MRB→MSB	↓	Single Jump Backward	9	Hungund, Kalghatagi, Mundaragi Challakere, Hiriyur, Molakalmuru, Jagalur, Gowribidanur and Gudibanda
BAK→MSB	↓	Double Jump Backward	4	Ron, Shirhatti and Hanagal and Sidlaghatta
DEV→MRB	↓	Double Jump Backward	1	Bidar

Note: DEV = Developed Taluk, BAK = Backward Taluk, MRB = More Backward Taluk and MSB = Most Backward Taluk

From the above chart we can note that out of the total 61 developed taluks as per the Dr. Nanjundappa Committee, 52 have remained as developed, which means 9 have moved to different backward categories. We can also note from the chart that 8 have moved to Backward (BAK) category and one has moved to More Backward (MRB) category. This shows that such 9 taluks marginally moved backwards.

Within the backward category of taluks some have moved forward with different levels of jumps as indicated below.

- ➢ Two taluks have moved forward with triple jump to the developed category
- ➢ Five taluks have moved forward with double jump to developed category
- ➢ Eight taluks have moved forward with double jump to backward category
- ➢ Eighteen taluks have moved forward with single jump to developed category
- ➢ Nine taluks have moved forward with single jump to more backward category
- ➢ Fourteen taluks have moved forward with single jump to backward category
- ➢ Ten taluks have remained in the backward category
- ➢ Twelve taluks have remained in the more backward category
- ➢ Twenty taluks have remained in the most backward category
- ➢ Eight taluks have moved backwards with single jump to backward category
- ➢ Three taluks have moved backwards with single jump to more backward category
- ➢ Nine taluks have moved backwards with single jump to most backward category
- ➢ Four taluks have moved backwards with double jump to most backward category
- ➢ One taluk has moved backward with double jump to more backward category

The analysis brings out the fact that the across – the - board allocation of SDP resources for 114 taluks as identified by Dr. D. M. Nanjundappa Committee needs a relook. This is more relevant in the background of the fact that 25 taluks have got

> **Taluks which got converted as DEVELOPED TALUKS**
>
> Gokak, Raybag, Bijapur, Navalgund, Byadgi, Haveri, Ankola, Siddapur,Sandur, Gulbarga, Raichur, Hosakote, Anekal, Shikaripura, Madhugiri, Turuvekere, Kadur, Tarikere, Arasikere, Channarayapatna, Holenarasipura, Krishnarajpet, Maddur, Srirangapattana and K.R. Nagar

converted into relatively developed taluks as the time has progressed. In the same way, some taluks have moved backwards, which also needs to be considered while allocating the resources. Thus, the need is felt to understand the dynamics of the change in the development status of the taluks at regular intervals and such analysis should act as the base for considering allocations of resources under SDP.

On the whole it appears that by and large the taluks have remained in the same category as was identified by Dr. D M Nanjundappa Committee. However, there are few movements across the categories. Noteworthy is the movement of Bidar, which was a developed taluk and it has moved backwards to more backward category with double jump. Sandur and Madhugiri have moved forward from most backward to developed category. Those taluks which have moved from more backward to developed category are Gokak, Raichur, Turvekere, Kadur and Krishnarajpet. Backward movement of taluks is found mainly on account of poor performance in sectors like

- Agriculture,
- Economic infrastructure,
- Economic and Social infrastructure and
- *Industry Trade and Finance*

Thus, the need is felt to understand the dynamics of the change in the development status of the taluks at regular intervals and such analysis should act as the base for considering allocations of resources under SDP. For example our analysis with regard to development status of taluks for the year 2010 (ten years after such analysis by Dr. Nanjundappa Committee) has shown that some taluks have literally moved out of SDP framework as they have attained the status of Developed taluks. Few Developed taluks have become either backward or More Backward which would qualify them to be part of SDP resources.

Inter taluk disparity (CV%) in CCDI in Karnataka has increased marginally from 27.5 per cent in 2000 to 28.5 per cent in 2010. Among the divisions Mysore division has the highest regional imbalances followed by Bangalore, Gulbarga and Belgaum divisions in both the years. Out of 27 districts 8 districts have shown the decrease in regional disparity from 2000 to 2010. These districts are Bagalkot and Bijapur from Belgaum division, Bellary and Bidar from Gulbarga division, Chitradurga from Bangalore division, and Hassan, Mandya and Udupi from Mysore division. Highest inter taluk disparity is observed in Mysore, Dharwad, Davangere and D. Kannada.

> Currently SDP is the mechanism for the resource flows for the backward taluks as indicated by Prof. D.M Nanjundappa Committee. Along with this, various Regional Development Boards (RDBs) are also in place. Instead of having such initiatives a comprehensive institution may be created in the name of **"Regional Development Commission"**. This can consist of greater degree of Corporate Governance. This Commission can create a Fund for Balanced Regional Development. The Commission can mobilize funds from international development agencies like Asian Development Bank and the like. The HKRDB can function simultaneously along with this Commission.

It may be noted that by and large the taluks have remained in the same category as was identified by Dr. D M Nanjundappa Committee. However, there are few movements across the categories. Noteworthy is the movement of Bidar, which was a developed taluk and it has moved backwards to more backward category with double jump. Sandur and Madhugiri have moved forward from most backward to developed category. Those taluks which have moved from more backward to developed category are Gokak, Raichur, Turvekere, Kadur and Krishnarajpet.
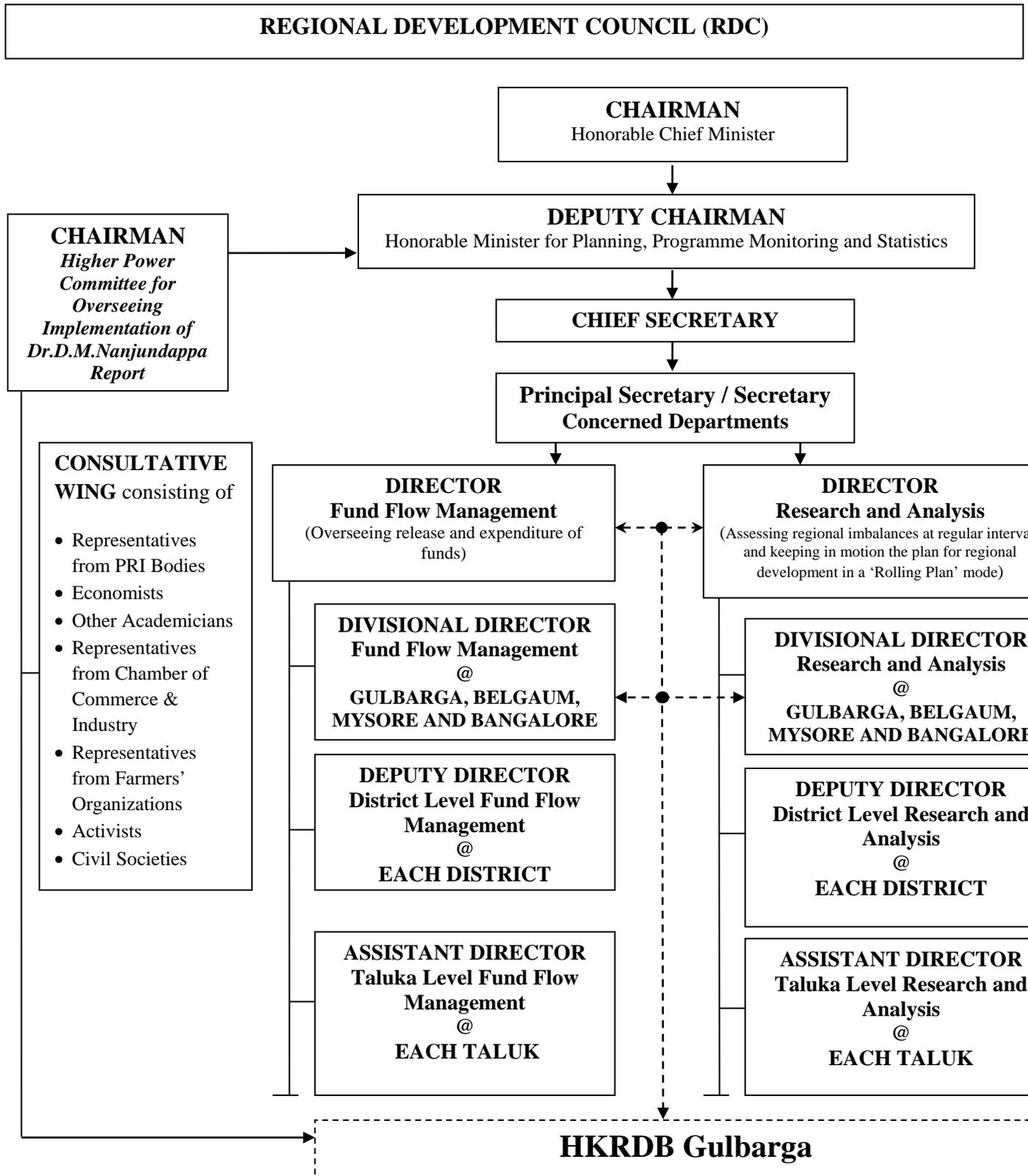
In sum one can say that the efforts of the State Government deserve full appreciation for exhibiting seriousness in compressing the regional imbalances in the state. Though in the initial years there were teething problems, the machinery responsible for the implementation of the recommendations of Dr. Nanjundappa Committee has picked up speed and is on the right track. Few corrective measures are required in case of select sectors and taluks which are lagging behind marginally. The need is felt to extend the SDP for current five year plan period with additional allocations.

In the background of the above discussion the need is also felt to create REGIONAL DEVELOPMENT COUNCIL (RDC) through the act of legislature. The funds which would be allocated and released to implement the recommendations of Dr. Nanjundappa Committee need to be treated as per the SCP and TSP framework and guidelines. In other words the

implementation and monitoring of funds meant for such recommendations would emphasize, inter-alia, on earmarking of such funds towards achieving balanced regional development, creating a dedicated unit (at taluka / district level) for proper implementation and there should also be a separate budget-head / sub-heads for making funds non-divertible and approval for plans of Ministries and / Departments. At the state level the need is felt to create a REGIONAL DEVELOPMENT COUNCIL (RDC) for overseeing the resource flows and the implementation of Dr. DMN Committee recommendations which would also pave the way for addressing regional imbalances issues with a futuristic perspective. The Council needs to be created out of the Act of the legislature. Following chart depicts the prototype of the proposed RDC.

In sum one can say that the efforts of the State Government deserve full appreciation for exhibiting seriousness in compressing the regional imbalances in the state. Though in the initial years there were teething problems, the machinery responsible for the implementation of the recommendations of Dr. Nanjundappa Committee has picked up speed and is on the right track. Few corrective measures are required in case of select sectors and taluks which are lagging behind marginally. The need is felt to extend the SDP for current five year plan period with additional allocations.

REGIONAL DEVELOPMENT COUNCIL (RDC)

CHAIRMAN
Honorable Chief Minister

DEPUTY CHAIRMAN
Honorable Minister for Planning, Programme Monitoring and Statistics

CHIEF SECRETARY

Principal Secretary / Secretary Concerned Departments

CHAIRMAN
Higher Power Committee for Overseeing Implementation of Dr.D.M.Nanjundappa Report

CONSULTATIVE WING consisting of

- Representatives from PRI Bodies
- Economists
- Other Academicians
- Representatives from Chamber of Commerce & Industry
- Representatives from Farmers' Organizations
- Activists
- Civil Societies

DIRECTOR
Fund Flow Management
(Overseeing release and expenditure of funds)

DIRECTOR
Research and Analysis
(Assessing regional imbalances at regular intervals and keeping in motion the plan for regional development in a 'Rolling Plan' mode)

DIVISIONAL DIRECTOR
Fund Flow Management
@
GULBARGA, BELGAUM, MYSORE AND BANGALORE

DIVISIONAL DIRECTOR
Research and Analysis
@
GULBARGA, BELGAUM, MYSORE AND BANGALORE

DEPUTY DIRECTOR
District Level Fund Flow Management
@
EACH DISTRICT

DEPUTY DIRECTOR
District Level Research and Analysis
@
EACH DISTRICT

ASSISTANT DIRECTOR
Taluka Level Fund Flow Management
@
EACH TALUK

ASSISTANT DIRECTOR
Taluka Level Research and Analysis
@
EACH TALUK

HKRDB Gulbarga

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Appendix: List of indicators used to classify the development status of taluks

1. AGRICULTURAL AND ALLIED: A1: Percentage of total cropped area to net area sown, A2: Percentage of area under food grains to total cropped area, A3: Percentage of area under horticultural crops to total cropped area, A4: Percentage of area under commercial crops to total cropped area, A5: Percentage of net area irrigated to net area sown, A6: Fertilizer (NPK) consumption in kilograms per hectare (total cropped area), A7: Number of tractors per lakh rural population, A8: Livestock units per lakh rural population A9: per capita bank credit (commercial and regional rural banks) to agriculture (in rupees).

2. INDUSTRY, TRADE AND FINANCE: I1: Number of industrial units per lakh population, I2: Percentage of industrial workers to total workers, I3: Per capita development credit by banks, I4: Number of bank branches per lakh population, I5: Number of enterprises engaged in trade, hotels and transport per lakh population

3. INFRASTRUCTURE (ECONOMIC) E1: Number of post offices per lakh population, E2: Number of telephones per lakh population, E3: Road length in kilometers per 100 square kilometres, E4: Proportion of villages having access to all weather roads(in percentage), E5: Railway track in kilometers per 1000 square kilometres, E6: Number of motor vehicles per lakh population, E7: Number of co-operative credit societies (agri. & non-agriculture) per lakh population, E8: Proportion of electrified villages and hamlets to total villages and hamlets, E9: Number of regulated markets and sub-markets (equivalent regulated markets) per lakh population

4. INFRASTRUCTURE (SOCIAL) S1: Number of doctors (govt. & private) per 10,000 population, S2: Number of government hospital beds per 10,000 population, S3: Literacy rate (in percentage), S4: Pupil-teacher ratio (1st to 10th standard), S5: Percentage of children out of school in the age group 6 - 14 years S6: Number of students enrolled in government and aided first grade degree colleges per lakh population, S7: Percentage of habitations having drinking water facility of 40 or more LPCD

5. POPULATION CHARACTERISTICS P1: Sex ratio, P2: Percentage of urban population to total population, P3: Percentage of SC & and ST population to total population, P4: Percentage of non-agricultural workers to total workers, P5: Percentage of agricultural labourers to total workers.