CHAPTER - IV
A BRIEF PROFILE ON KARNATAKA

Keeping in view the major constraints on growth and welfare as surveyed in our theoretical discussion in the previous chapters, we now proceed to study the development of Karnataka in particular and try to investigate the various ramifications of its development in the era of planning.

Geographical Setting

Until 1974 the state of Karnataka was popularly known as the state of Mysore. Karnataka is the 8th largest state, geographically and demographically, having a geographical area of 74,040 square miles endowed with immense natural resources like land, water, forests and minerals and power resources.

It is bounded by states like Tamilnadu and Kerala on the South, Andhra Pradesh on the East, Goa and the Arabian sea in the West alongside the state of Maharashtra in the North all forming common boundaries of the state. The state is broadly divided into four regions of topographical importance even though their economic viability is disputable. These regions are:

1. **The Coastal Region** covering a great part of the western ghats and the coast along the Arabian Sea the latter being the maritime belt of the state.
2. The Malnad Region contiguous partly to the western ghats in the west and partly to the region of southern maiden.

3. The Northern Maiden which is a semi-malnad area covering the area of northern and eastern bounds stretching towards the north of Bellary district.

4. The Southern Maiden which is the region best known as the Princely State of Mysore.

The topographical features of the landscape are made more attractive by the perennial flow of certain important rivers in the state. The major rivers are: (1) Krishna and its tributaries like Ghata Prabha, Malaprabha and Thungabhadra in the North and (2) Cauvery and its tributaries in the south. These rivers with perennial sources of water traverse through different parts of the state and are of great economic significance both from the point of view of irrigation and the hydro-electricity generation and potential in the state.

While the average annual rainfall in the state is around 1200mm there is regional variation in its distribution. The soils also differ from one area to the other. It is claimed that "the variations in soil and climatic conditions are such that no other state in the country can be compared with it in the variety of crops raised."(1)
The second major attraction of the state is its rich mineral resources. While the place of the state in terms of mineral endowment is the fifth, it occupies the first place in the southern region. The major proportion of mineral output consists of gold, silver, manganese ore, quartz silica, iron ore alongside chromite, manganese, magnesite, limestone etc. Karnataka has had the distinction of being the premier gold and silver producing state in India.

Next in order come the natural resources like forestry and fisheries. The forest area accounts for less than 20 per cent of the total area and it is very rich in its wealth since the forests "account for about 1.9 per cent of the state output compared to their share of 1.0 per cent in the national output."(2) In terms of revenue it is "as high as ₹.2800 as against all India average of about ₹.720 per square kilometer."(3) As regards fisheries, Karnataka with its 320 Km. or about 1/15th of Indian Coastline alongside 26 big reservoirs, 2700 major tanks, about 30,000 minor tanks the latter two items covering the area of 3,44,129 hectares, constitute an important exploitable natural resource of the state.(4) Therefore the development of fisheries has become a newfound gift of Karnataka in recent times and it has augured well for the potential development of the fishing industry in the state.
Despite these natural advantages it is paradoxical that the state is plagued by nagging inter-regional as well as intra-regional differences caused by disparate resource endowments of different regions within the state. An integrated planned development required to overcome some of the regional imbalances could not be put through until recently mainly because of the integration of the state in accordance with the recommendations of the States Re-organisation Commission in 1956 and the administrative problems resulting therefrom. "It was only the Third Five Year Plan which can be considered as the first comprehensive programme of economic development of the new state of Mysore."(5) Thus, by the time the state was able to evolve a first and comprehensive plan of development, it had already gone through nearly 15 years of planned era. But the perception of planning to remove the inter-regional and intra-regional imbalances was started only during the Fourth Five Year Plan i.e. after nearly two decades of planning in the state. 'Planning in the state was thus far confined to the choice of sectors which claimed priority in the investment of scarce resources.'(6) It is with this background that we have to comprehend the problems of planning in Karnataka with due emphasis on the efficiency parameter that aught to have been emphasised in the course of planning.
Strategy for Development

In a federation like India planning at the state level entails the control of a certain geographical area by the state which constitutes a part of a greater political entity. This is analogous to regional planning with a measure of decentralisation in preparing plans, their execution, monitoring and supervision. Planning of this nature is carried out within the general framework of a national plan so that the needs and aspirations of people living within a given region are fulfilled as effectively as possible. As are the regional differences of a vast area of a nation so are the inter-regional and intra-regional differences in economic characteristics of a given state. Therefore, planning at the state level, in conformity with the national plan, is always directed towards the lessening of inter-regional and intra-regional imbalances on the one hand and development of regional resources on the other and thus increasing its own share of wealth, raw materials and other resources which would act as a fillip to the building up of the national economy as a whole. But this depends on the co-ordination and implementation of schemes in conformity with the geo-physical, socio-economic and political factors within the state as well as outside it. Given these factors it further envisages the clear perception of the strategies, priorities, targets and
formulation of schemes to realise the objectives desired by the people of the state. There is, to be sure, little real choice between preparation for a big leap forward and plunging into a deep economic morass. All this will definitely tax the ingenuity of planners and it is at this stage that the planners and the policy makers go awry not only because they work, more often than not, at cross purposes but also because there are technical difficulties in coordinating the economic and non-economic factors. This is an inevitable by-product of a democratic system in which the government is concerned with placating the different interest groups. Gunnar Myrdal says that "the recently independent countries in Asia are all soft states" in which the policies decided on are often not enforced if they are enacted at all and even while framing policies they are reluctant to place obligations on people."(7) While this reflects the ineffectiveness of the governments in dealing with the problems of public importance "it is widely felt that the reason why some countries have not developed as rapidly as others is because they are improperly governed, that is, exploited by colonial powers or by internal minorities" - the latter referring to the government dominated by a powerful minority of individuals.(8) These are but a few instances to show how non-economic factors have hindered the process of achieving desired results in a developing economy. However, for
the country, planning is as necessary as a beating heart is to human life.

**Necessity of Resource Appraisal**

The first step in the planning process is to appraise the potentials for development both in the short run and in the long run. Dealing with development at the sub-national level a proper assessment of and reproducible and non-reproducible resources is the first step. This is so because "regional resources are used as inputs into production process that can be described uniquely by a production function."(9) Such an exercise includes (a) the identification of lags in supply of and demand for several mass consumer goods which enables in turn to understand the lags in the development of different sectors; (b) finding out the magnitude of land, labour, capital and entrepreneurial skill available with an emphasis on the potentials of the economy for generating domestic finance and mobilising outside assistance needed and realised to meet the imperatives of development; (c) correcting the imbalances, if any, in the growth of different regions; (d) evaluation of the programmes under way and devising ways and means of improving their performance; (e) identifying the idle capacity and devising measures to optimise their use; (f) assessing the need for monetary and fiscal incentives for varied types of economic activities in the public and in the private sectors.
Such an appraisal is a categorical imperative for evolving definite policies to be pursued, the determination of the volume of investment to be made and therefrom determining the rate of growth to be realised within the stipulated time span. This would help to evolve the "need-cum-resource based regional plans" thus avoiding lopsided development in different segments of the region. (10) Thereafter, it is necessary to identify two of the major dimensions of regional development, viz., (1) regional economic planning and (2) regional physical planning. 'In order to understand and evaluate the regional development process it is but necessary the framework of a regional physical plan becomes an important tool', and on the basis of which the regional economic planning could be systematically and scientifically evolved. (11) This entails the proper planning of the spatial and locational programmes the latter referring to those involving rural, urban and semi-urban human settlements, the former relating to agricultural land, natural resources and other related material resources. This is necessary to ensure effective utilization of all the resources of the region.

The quantity and quality of natural resources have an important bearing on the pattern of production and on the levels of income achieved. Several empirical studies reveal the existence of a strong evidence of a relationship between resource endowment and pattern of growth. (12) But in the
context of India, although the economic effects of natural resources have been studied all along - both at the national and state level - empirical generalisations are yet to emerge. We do not have any satisfactory measure of aggregate endowments nor do we have information concerning their total contribution to growth. Thus, the lack of adequate statistical data about the effect of natural endowment on the pattern of growth has been a major constraint in establishing a direct correlation between resource availability and present income levels. However, there is the need for a careful exercise regarding the best use to be made of these natural resources which are fixed in quantity. This is necessary to hasten the process of development through accumulation of surpluses from land, labour and capital. This accumulation requires effective co-operation of all the factors of production and resource endowments.

The accumulation of these factors of production will not occur without expectations of rewards. This is so, particularly in the context of India, because profit motive as an all-embracing incentive for investments conceal the very great difference in economic behaviour pattern of the owners of productive resources in society. In order to motivate the owners of productive resources it is necessary to build economic models to show that they are actually combined and coordinated to the advantage of public benefit and private profit. It is
in this context that we realise the importance of induced investment to hasten the process of regional development as it is rightly emphasised that "under developed regions would continue to remain poor both economically and socially unless they are assisted by induced investments." (14) This is to say that unless the under developed regions are given sufficient encouragement, they tend to remain poor both socially and economically. It is, therefore, imperative that the design construction should clearly demarcate whether to go in for labour-intensive or capital-intensive techniques of production both at the micro and at the macro levels. Such a design construction is of great significance.

Furthermore, the success of regional planning at the sub-national level also depends on how information flow is brought into service so that it would help formulate the programmes and projects along technically sound lines. This depends on the collection of the right kind of data and other relevant information pertaining to the projects and programmes of the respective regions. Such a technical study which is called 'techno-economic surveys' should be a continuing exercise, unlike across the board surveys conducted before the starting of the projects, so that any lacuna noticed at any point of time could be immediately set right. In doing so, the costs and benefits of programmes undertaken could be optimised with no loss of time which would help avoid the inefficient use of resources.
The success of this exercise would be thorough and complete provided (1) the state planning apparatus is extended beyond the bounds of the state capital, (2) the existing set up is restructured and (3) a permanent techno-economic survey cell is established within the state planning apparatus. The last one should be a technical monitoring cell in charge not only of techno-economic surveys but also of undertaking a continuous cost benefit exercise relating to all the programmes undertaken so as to realise maximum gains. This would also help to optimise the information - flow either for adopting remedial measures or for meeting the dynamics of development. Besides, there is the need for revamping the existing set up of the planning department at the state level. Although the present set up has some semblance of a planning cell it needs to be strengthened and straightened up on scientific lines. This entails departmentalising the cell and the demarcation of functions of each department like finance, agriculture, industry, education, public health, housing and urban development, supply and demand monitoring etc.

It is a pity that the present set up of the state planning department with a total personnel of over 100, does not possess sufficient expertise. It consists of 4 Ph.D's and a handful of those with academic background who guide the destiny of planning and progress in Karnataka. It is also observed that there is only one regional planning cell looking after the job
of planning of all the regions in the state. Here there is the need for setting up of regional planning cells in charge of different regions demarcated on the basis of population and geo-physical resources. They should serve not only as feed-back centres but should also look after the job of evaluating the plan programmes of their respective regions so that the plan work at the state level does not suffer. The setting up of such an agency is necessary to assemble the information concerning the dynamics of regional development which are crucial to the determination of macro economic policies at the state and the national levels. Further, the job of the regional cell is to design the programmes feasible to be undertaken and collect the relevant data thereto. After processing the information so collected if should see that the programmes suitable for different areas of the region are coordinated in such a way as to yield internal economies of production and external economies of consumption so that the entire region gets benefited. After this is done the proposals should be made available to the state planning body whose responsibility is to (1) deliberate on the feasibility of the proposals coming from different regions (2) allocate the resources with due regard to the norms of allocational efficiency and (3) to maintain the economic record of each region for periodical appraisal of projects and to adopt necessary action thereof.
The resource allocation necessary for the development of different regions forms the bedrock of planning both at the national level and the state level. The major drawback in this regard is that, notwithstanding economic efficiency, our policy makers form a pressure group and exert so much influence as to appropriate a major share for their region at the cost of other regions. This has accentuated the problem of intra-regional imbalances within the state. In this context the policy makers need to be reminded of the earlier conclusion that the development of a retarded area depends upon the development of the more advanced regions. (16) But that is not to mean that the undeveloped or underdeveloped areas should not be developed. The investment of resources should be such as to maintain the tempo of development of the already developed ones and intensify the development of other backward areas by allocating the resources between the two on the basis of economic efficiency. Thereafter, launching upon plans of development involves an increase in the total production of goods and services at a rate faster than population growth. But that by itself could not ensure development unless it is dovetailed with the programmes of fulfillment of noneconomic needs of the society. "Catching up with the West" may appear to be attractive but such naivette, if built into development without taking into consideration the factors in economic development and expressed in completely unrealistic
goals, can do nothing but harm. Sustained economic progress hinges on our approach to the task of development as realistically and constructively as possible through effective monitoring and execution. To plan effectively for economic development it is necessary for the planners and policy makers to have a clear idea of what economic development means. But this is not as simple as it sounds. In fact, there is much confusion in the literature on development planning and policy about what development means. It is this that has often led planners and policy makers to drift away from the real issues in the process of development. This makes it incumbent on all concerned to come up with goals that are compatible with one another, and the stage at which the conflicts are likely to arise should be identified and the conflicts moderated in order to promote the major growth objectives of the state.