



Government of Karnataka

Expenditure Reforms Commission

Summary of Recommendations

First, Second, Third and Fourth Reports of ERC

(For Official Use Only)

July 2011

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Preface to Fourth Report of ERC

An announcement was made by the Hon'ble Chief Minister in the Budget Speech 2009-10 that a review of government expenditure would be carried out with a view to enhance the efficiency and effectiveness of various programmes of the State. Following upon this, the Government of Karnataka, vide Government Order No. FD 76 Samaya 2009 dated 6 June 2009, constituted the Expenditure Reforms Commission (ERC) with wide ranging terms of reference to examine the efficacy and efficiency of programme implementation in certain major Departments, and to review certain generic issues such as subsidies, user charges, performance monitoring, institutional mechanisms for effective public service delivery, etc. The Chairman of the Commission assumed charge on 22 June 2009.

The infrastructure for the Commission was in place after some initial delay, but key support personnel, particularly a full time Secretary, were not posted to the Commission. Sri R S Phonde, Special Officer (PWD FC) and Ex-officio Deputy Secretary to Government, Finance Department functioned as Secretary on in-charge basis throughout the term of the Commission. The posts of other essential staff sanctioned to assist the Commission, viz. Under Secretary, Accounts Superintendent, Head Accountant, First Division Accounts Assistant, FDA /Assistants, Stenographers and Data Entry Operators, have effectively remained vacant. The Commission had to work with one Officer on Special Duty to the Chairman, a Clerk-cum Typist and two internal consultants (appointed on 1st December 2009 and 26th July 2010).

The resultant gaps in logistical, secretarial and research support were filled, to the extent possible, by the Fiscal Policy Institute (FPI) which is located in the same premises as the Commission office. The FPI also handled the entire accounting functions for the Commission. The Director FPI and his team of officers and staff provided commendable logistic support to the Commission. The Director himself took keen personal interest in facilitating the smooth working of the Commission, took part in its deliberations and field visits, and actively participated in the process of drafting the reports.

Shortly after assuming charge, the Chairman addressed personal letters to Principal Secretaries and Secretaries of the major Departments of Government seeking their suggestions on issues arising from the Commission's terms of reference that could be relevant to their respective Departments. Regrettably, there was no response except from a couple of officers. The Chairman also wrote individually to the Deputy Commissioners and Chief Executive Officers of select Districts, requesting them to review and suggest changes in current practices of submitting various reports and returns to Government. This effort also drew a blank.

The Commission engaged several academic and research institutions based in Karnataka viz. the Institute for Social and Economic Change (ISEC), Infrastructure Development Corporation of Karnataka (IDeCK), the Abdul Nazir Sab State Institute of Rural Development (ANSSIRD), the Centre for Budget and Policy Studies (CBPS), the Public Affairs Centre, The Karuna Trust, etc., to study the various issues covered by the terms of reference. The following domain experts in different fields assisted these Institutions in the preparation of the Study reports:

- i. Prof. Seetharamu for finalising recommendations relating to the Education sector i.e. Primary, Secondary and Higher Education.
- ii. Capt Raja Rao in the matter of Irrigation and environment aspects of Urban Development Department,
- iii. Shri Jai Prasad on the subject of Roads and Bridges, and
- iv. Dr. Jayadev in the area of Animal Husbandry and Veterinary Sciences.

The Commission also invited outside experts to share their experience and knowledge on specific matters relating to the terms of reference. Sri Manish Sabharwal of Team Lease made a presentation to the Commission emphasising the need for equipping students of vocational education with the expertise and skills to meet the requirements of prospective employers. Sri B G Jayaram, Associate VP and Head Project Management, Infosys shared his wide experience of project management in the private sector and elaborated on techniques that could be usefully adopted by Government Departments and organizations. Similarly, Smt. Kanchan Banerjee and Sri Ashok Kamath from Akshara Foundation provided useful insights regarding interventions needed in certain focus areas of pre-primary and primary education.

The Commission held forty two meetings. Many of these were attended by Secretaries / Principal Secretaries and other officers of Government Departments, and by representatives of the Research Institutions engaged by ERC. Apart from this, the Chairman conducted several meetings with officers of the Departments concerned to deliberate on issues highlighted by the independent consultants. The Commission also visited the following Departments and Organisations for a more intensive interaction on specific issues:

- i. the Karnataka Power Transmission Corporation Limited (KPTCL) for interaction with officers in the Energy Sector, where a presentation was made by Additional CS to Government, Department of Energy, Chairman KPTCL, MD KPC, and others,
- ii. the office of the BWSSB,
- iii. the Commerce and Industries Department,
- iv. the Departments of Agriculture, Horticulture, Primary and Secondary Education, Social Welfare, Municipal Reforms Cell in Urban Development and others.

In order to supplement the assessment made by the consultants, who had carried out a limited extent of field study, the members of the Commission decided to visit some Districts to acquaint themselves with problems in program implementation at the grass root level. Accordingly, the Commission members, accompanied by representatives of the Consultant Institutes, visited the districts of Shimoga (May 2010), Dharwad (May 2010), Chamarajnar (November 2010) and Bidar (November 2010).

The Commission has so far submitted three reports. The First Report submitted in February 2010 contained recommendations on certain prudential principles governing the management of Government expenditure, viz. inter-sectoral prioritization; organizational structure and review of the schemes of six Departments; and proposals for dropping and merging of certain schemes.

The Second Report submitted to Government in February 2011 dealt with issues relating to twelve Departments viz. Primary and Secondary Education, Higher Education, Health, Family Welfare and Medical Education, Social Welfare, Minorities Welfare, Women and Child Development, Employment and Training, Agriculture, Horticulture, Fisheries, Animal Husbandry and Veterinary Sciences, Cooperation and Agricultural Marketing. In addition, the Second Report also dealt with a few common subjects viz. Review of Public Expenditure, Pre-investment Appraisal, Legislative Control over Expenditure and Executive Control over Expenditure.

The Third Report was submitted in May 2011. This dealt with three Departments, viz. Public Works, Water Resources and Urban Development. As these Departments deal with the development of infrastructure, they are ideally suited to adopt a project management mode for implementation of their schemes This Report therefore also included a chapter on Project Management.

The present Report has 7 chapters. Chapters two to five deal with the generic subjects of: a) User Charges, b) Subsidies, c) Institutional Mechanisms and d) Performance and Outcome Monitoring Framework. The last two chapters discuss the functioning of the Forest, Ecology and Environment Department and the Rural Development and Panchayat Raj Department. The discussions in these chapters are based on the study reports of independent consultants, viz. a report by ISEC on Subsidies, Performance and Outcome Monitoring, Department of the Forest, Ecology and Environment; CBPS reports on User Charges and Institutional Mechanism; and a report by ANSSIRD on the Rural Development and Panchayat Raj Department.

The study of selected issues pertaining to the Home Department (Police) and the Law Department (conduct of Government Litigation) was entrusted to the National Law School of

India University (NLSIU). These Study reports are still awaited. In the meanwhile, the ERC's term expires on 30.6.2011. (The office of the Commission under the I/c Secretary will continue to function for one more month thereafter to take care of residual office work of the Commission.) The Commission has decided that the reports received from the National Law School of India University, as and when they are received, could be forwarded to the State Government by the Secretary of the Commission.

These last two years (from June 2009 to June 2011) have been an interesting and rewarding journey down memory lane for me. I have had the opportunity, ten years after retirement from active service, to interact once again with a large number of State and field level officers of the Government, and elected representatives and Panchayat Raj officials in the Districts, and to discuss with them the intricacies and challenges involved in the implementation of Government's development and welfare schemes, and in the delivery of services through different public agencies.

It has been a valuable learning experience about current grass root level problems in the functioning of various Government Departments and Agencies, and about some bottlenecks and difficulties encountered in reaching the benefits of welfare programmes (scholarship to SC/ST students, Old Age / Widow Pensions, etc.) to the doorsteps of the beneficiaries. The recommendations contained in these four reports of the ERC are based on these shared experiences of the Commission members and of the functionaries of the ERC and the FPI connected with this exercise.

The Commission would like to place on record its deep appreciation of the co-operation and assistance rendered by the officers of the Government of Karnataka and its various agencies who have interacted with the Commission over the last 2 years. We are also thankful to the Research Institutions / Consultant organisation / Domain experts / other outside experts who have contributed in manifold ways to the finalisation of the reports of the Commission.

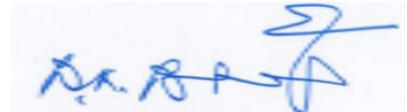
The Commission is thankful to Shri M.R. Sreenivasa Murthy, Former Additional Chief Secretary Finance Department and Shri L.V. Nagarajan, the present Principal Secretary, Finance Department, Smt. Sobha Nambisan, former Principal Secretary, Planning Department and Shri Sanjiv Kumar, present Principal Secretary, Planning, Programme Monitoring and Statistics Department, Shri Ajay Seth, Secretary (B&R), Shri Anil Kumar Jha, Secretary (Expenditure), Finance Department and all the other officers of the Finance and Planning Departments who have provided necessary support, assistance, guidance and inspiration to the Commission over the last 2 years.

As in the case of the three previous reports of the Commission, very valuable contribution to the drafting of this report has been received from Shri P.R. Devi Prasad, Director, FPI and

Shri R.S. Phonde, I/c Secretary of the Commission, and a very important additional contributor to the present effort has been Shri Srinivas Kumar, Advisor, FPI. They have been ably assisted by Shri Mandar Nayak and Ms. Prathiksha Shetty, in-house Consultants of the ERC. The Commission gratefully acknowledges the contribution made by all of them in the process of drafting of this report. The Commission takes this opportunity to acknowledge the services rendered by Smt. Sasikala, OSD to the Chairman, Smt. Lokamba, clerk-cum typist and other staff of the Commission who have contributed significantly to the smoother functioning of the office of the Commission during the last two years.

Finally, as Chairman it is my very pleasant duty to thank you and my other fellow members of the Commission Shri Sanjiv Kumar, Principal Secretary, Planning, Programme Monitoring and Statistics Department, Shri Mohandas Pai, former Director (Human Resources) Infosys Ltd. and Shri G. Ramesh, Professor, IIM, Bangalore who have actively participated in the deliberations of the Commission and have given innumerable insightful suggestions that have enriched and improved the quality of the Commission's report.

In these four Reports, the ERC has made 292 recommendations aimed at making government expenditure more effective and purposeful. The Commission hopes that follow-up action taken by the Government on these recommendations will contribute in some perceptible degree to improving the nature and quality of public services, and thereby make some meaningful impact on the welfare of the people of Karnataka.



B.K Bhattacharya
Chairman, ERC

Summary of Recommendations

ERC First Report (February 2010)

Expenditure Management

- 1.** State to make a systematic delineation of the responsibility of the state in terms of direct provision, facilitation, regulation etc. Adequate allocation has to be made for discharge of the basic functions of the State, viz. protection of life and property of citizens and administration of justice. (Para 4.1)
- 2.** Basic services like Primary Education, Public Health, Drinking Water, Protection and Welfare of the Weaker sections of the Society should get overriding priority in expenditure planning while ensuring high degree of expenditure performance in relation to the objectives set for each of the interventions. (Para 4.1)
- 3.** Education, Health, Drinking Water Supply, Sanitation, Social Welfare etc., sectors should be insulated from any adhocism by earmarking a reasonably prescribed minimum share in the GSDP, while also institutionalizing reliable and transparent expenditure performance monitoring systems. (Para 4.1)
- 4.** Medium term expenditure estimates as provided in the Medium Term Fiscal Plan (MTFP) of the Government year on year need to be firm, in order to minimise variation between the planned estimates and actual expenditure. A more realistic estimation based on more accurate forecasting of expenditure requirements in the medium term will facilitate better fiscal management. (Para 4.1)

All Departments

- 5.** Plan schemes having provision of less than ₹ 100 lakh be abolished. Schemes having provision between ₹ 100 and ₹ 500 lakh should be reviewed as regards their efficiency. If found useful they could be merged with any other existing scheme of the department having similar objectives. (Para 4.1.1(i))
- 6.** All non-technical Group 'C' and Group 'D' posts lying vacant for more than 2 years be abolished. If the departments feel that any of such posts needs to be re-created, because of crucial importance of the services which can't be outsourced, fresh sanction for such posts may be obtained. (Para 4.1.1(ii))

- 7.** Every department should disclose key goals for its operations so that all intervention/schemes are benchmarked against that goal. Such key goals should be stated in measurable terms in order to relate resources used to the results achieved, and the same be disclosed to public every year with effect from 2010-11. (Para 4.1.1(iii))
- 8.** All schemes / programmes / projects should have a sunset clause, indicating the objectives/goals to be achieved, and specifying the terminal year in which such schemes/programmes/projects are to be closed. (Para 4.1.1(iv))
- 9.** All departments be asked to specify in April 2010 the financial resources required for each scheme/project/programme in its life time, while also indicating the quantifiable output/objectives/goals sought to be achieved at the close of such schemes / programmes / projects, with yearly break-up of the same. (Para 4.1.1(iv))
- 10.** All the Departments have to terminate their existing schemes/programmes/projects within five years of the inception of the scheme, etc., or as soon as the specified output / objective /goals are achieved, whichever is earlier. (Para 4.1.1(iv))
- 11.** Any extension of the scheme/ programme/project beyond the terminal year has to be done only after proper evaluation by an independent organisation and after obtaining fresh administrative sanction with concurrence of Planning and Finance Departments. (Para 4.1.1(v))
- 12.** Beginning with the year 2010-11, the Finance Minister should make a statement on the floor of the House once in six months, explaining the progress of each project estimated to cost ₹ 50 crore and above; and that a mandatory impact analysis of all projects /schemes / programmes with outlay of ₹ 50 crore and above has to be made. To ensure compliance of the same, the Karnataka Fiscal Responsibility Act 2002 may be amended. (Para 4.1.1(vi))
- 13.** Departments/offices which have outlived their utility, due to changes in economic environment or regulatory regime, should be merged with other departments/offices with similar or related objectives to ensure that the staff in these organisations are deployed in activities serving public purpose. e.g. Employment exchanges, Small Savings Department (KGID), Motor Vehicle wing (KGID). (Para 4.1.1(vii))
- 14.** Capital investments need to be stepped up and protected from fiscal uncertainties through prudent allocations, the Commission is of the view that Government needs to ensure the capital expenditure (excluding debt servicing) is maintained at 5 per cent of the GSDP every year. (Para 4.1.2)

15. Ex-ante expenditure management tools like investment/project appraisal used by Central government or the donor agencies should be comprehensive and be legally institutionalised to prepare and examine expenditure proposals for inducing fiscal discipline in implementation. Government may set up an Expenditure Finance Committee (EFC) on the line of the prevailing practices in Government of India. Detailed guidelines should be issued by the concerned Administrative / Planning / Finance Department in this regard. (Para 4.1.3)

16. Government may set up an Expenditure Finance Committee (EFC) on the line of the prevailing practices in Government of India. Detailed guidelines should be issued by the concerned Administrative / Planning / Finance Department in this regard. (Para 4.1.3)

17. The regional imbalances observed in the development of sectors like Health and Education need to be addressed by insisting on performance attainments against a set of pre-determined targets for expected outcomes in each sector with a clear time line for the talukas identified as backward, more backward and the most backward. (Para 4.1.4)

18. The Planning Department needs to evolve detailed development plans for backward Talukas within the overarching goals indicated in the recommendations of High Powered Committee for Redressal of Regional Imbalances. (Para 4.1.4)

19. Investments in interventions that impact HDI should be addressed on a priority basis, by earmarking adequate allocations with corresponding emphasis on expenditure performance monitoring in relation to the objectives set for each scheme. (Para 4.1.5)

Department-wise Recommendations

i. Department of Education

20. While conforming to the Government policy regarding language teaching in schools, the Department needs to intensify language teaching (including English & Kannada) so that students acquire adequate communicating ability in addition to proficiency in Mathematics and Science. (Para 4.2.1.1)

21. Department needs to undertake annual survey in each district to assess the quality of its teachers on a statistically acceptable sample basis. Such an annual exercise be started in 2010-11 and the district wise results be disclosed to public. (Para 4.2.1.2)

- 22.** KSQAO and its operations should be quickly evaluated for framing proper guidelines for assessing students' attainment levels. (Para 4.2.1.3)
- 23.** It is important to try to fill at least some percentage of teaching posts in Higher Primary schools with graduates who have studied English, Mathematics, Physics, Chemistry or Life Sciences as optional subject in their Degree Courses. (Para 4.2.1.4)
- 24.** Teachers in the younger age groups who do not have Degree qualifications in the above subjects should be deputed by Government to pursue Degree courses in these subjects. Candidates who already have such qualifications should be given some weightage (say 5% of marks) at the time of recruitment, by making suitable provision in the C & R Rules. (Para 4.2.1.4)
- 25.** Existing Graduate Teachers in Higher Primary Schools who have studied Mathematics, Physics, Chemistry, Life Sciences, Kannada or English Literature, as an optional subject may be given an additional increment. (Para 4.2.1.4)
- 26.** Economics, Statistics, Mathematics and Computer Science (one of the latter two subjects being optional) combination in PU courses should be offered in Government Institutions and Aided Institutions. This will enable the students to study Economics with more quantitative focus, so that their employability improves. (Para 4.2.1.5)
- 27.** Government may consider setting up fully equipped centralized laboratories, making the same available to students from a cluster of schools / colleges on a time-sharing and payment basis. Such access may also be given to students studying in private establishments. Further, PPP mode be explored to establish such laboratories and to maintain the same in every district. Similarly, not-for-profit NGOs like, Karnataka Vigyan Parishat, Science Foundation, etc., may be encouraged to implement the scheme. (Para 4.2.1.6)
- 28.** The Department should examine whether the amount provided in the Budget for the scheme of distribution of bicycles to 8th standard students could be utilized in a more flexible manner i.e., by giving an option to the students/parents to take a bicycle, or use the equivalent amount for incurring travel expenditure using any other mode of travel or any other education related expenditure, or by introducing a monthly scholarship scheme. (Para 4.2.1.7)
- 29.** Since 2650 posts of Cluster Assistant Education officers have been abolished, budget provision needs to be withdrawn. (Para 4.2.1.8)

30. Department needs to aim at doing away with single room schools and single teacher schools, and ensure that every student attains 10th standard of schooling. (Para 4.2.1.9)

31. Standards for providing school infrastructure in the form of tables, laboratories, toilets and drinking water facilities, playground, library need to be specified in terms of units for a given number of students. The Department should plan to provide all such facilities to each of the schools in a time frame of three years. (Para 4.2.1.10)

32. The Government Presses engaged in printing of school text books may be wound up, as modernisation of such presses on a regular basis is not cost effective. (Para 4.2.1.11)

33. The Department has to take note of the fact that including 8th Standard in Higher Elementary School on the All-India pattern would enable them to claim ₹ 199 crore (approx) from Government of India (GoI) under Sarva Siksha Abhiyan (SSA). Though there may be operational difficulties in terms of transferring teachers, creating Infrastructure, etc., the Commission recommends that the Department takes prompt action in this regard to derive maximum benefit under the SSA. (Para 4.2.1.12)

ii. Department of Employment & Training

34. Department may take legal and administrative steps to close the Employment Exchanges as they exist now and transfer all the staff of Employment exchanges to KVTSDC and other Departments while entrusting the task of managing the Virtual Employment Exchanges to the KVTSDC. (Para 4.2.2)

35. Scope of the newly formed Karnataka Vocational Training and Skill Development Corporation (KVTSDC) could be enlarged to ensure that all the tasks relating to registration, training, examination of skills, certification, and placement of job-seekers is done at one place. (Para 4.2.2.1)

36. Vocational training programmes must be introduced for all students who discontinue studies after SSLC or without completing the SSLC, but have studied upto at least the 8th Standard. Such courses should be of appropriate duration (not less than six months) to equip them better for the job market or self-employment. (Para 4.2.2.2)

37. The KVTSDC should draw up a 5 year plan to organise job oriented training for young people in sufficiently large number (starting with 1 lakh trainees in 2010-11) and going up to 4 lakh at the end of a 5 year period. On a rough estimate, training for 1 lakh youth

can be organised in 30 districts through 1,000 centres at an approximate cost of ` 30 crore (capital cost) plus annual recurring cost of ₹ 60 crore. The Department of employment and training should take up a scheme of this order (to be implemented by KVTSDC) from 2010-11 itself. Over a 5 year planning period, the target could be increased to 4 lakh trainees per year requiring annual recurring cost of ₹ 120 crore and corresponding increase in capital cost. This suggestion has to be implemented in consultation with employers organisations like FKCCI, CII, Greater Mysore Chamber of Commerce, Electronic & Electrical Industries Association, Builders' / Contractors' Association and similar other professional organisations and also the Departments of PWD, Irrigation, Health, Agriculture, Horticulture, Fisheries, etc. (Para 4.2.2.2)

38. The KVTSDC should also explore short-duration skill improvement programmes of three months for those who are already working (self employed or employed), in order to raise their finishing skills particularly relating to repairs and maintenance. Such programmes can be offered through Rural Development & Self Employment Training Institutes (RUDSETI) and other competent NGOs. (Para 4.2.2.3)

39. Motor Driving Schools need to expand their activities by providing training to the trainers in Private Driving schools. Modern methods of teaching motor driving skills need to be promoted by effectively regulating the private motor driving schools. Department in collaboration with Transport Department has to provide training for heavy vehicles / commercial vehicle drivers through the facilities attached to the KSRTC bus depots established across the state and also using infrastructure of other public transport organizations. The possibility to evolve this activity into revenue generating model also needs to be explored. (Para 4.2.2.4)

iii. Social Welfare Department

40. To avoid delay in disbursement and reduce unnecessary administrative burden on the department officials, all financial benefits/scholarship to students needs to be made through electronic transfers. This would need creation of a reliable data-base to be synchronized with the soon to be introduced UID number system. (Para 4.2.3.1)

41. There are 37 Schemes relating to management and maintenance of hostels and hostel buildings. Considering the poor maintenance of hostels and hostel infrastructure, the management of all government hostels needs to be rationalised and entrusted to a specialised agency, which can address the issues of hostel infrastructure, ensure quality of maintenance and upgrade the skills sets of the human resources required for the hostels. All government

Departments running hostels can source the services of such an Agency which can provide facility management support of superior quality. (Para 4.2.3.2)

42. Hostels so managed should be open to eligible students of all categories of social groups viz., SCs, STs and BCs as per the entitlements. In other words, student population in the hostel should be more of mixed groups. Such mixed social groups also need to be ensured in girls' hostels. (Para 4.2.3.3)

43. Most of the scholarship schemes were introduced when support in the form of hostel facilities, uniforms, text books mid-day meals, bicycles, etc., were not in existence. Considering the fact that many non-monetary benefits have been introduced in the recent years to support the students, the value and the desirability of continuing with such scholarships needs to be revisited in order to optimise the benefit of support to a large number of students. (Para 4.2.3.4)

44. It is necessary to merge all schemes relating to eradication of untouchability. These schemes are (i) Removal of Untouchability, (ii) Machinery for enforcement of untouchability offences, (iii) Compensation to SC/ST victims, and (iv) Eradication of untouchability. (Para 4.2.3.5)

45. Department should encourage financial institutions to lend the money to prospective entrepreneurs while limiting its support to providing margin money or subsidy. The Department should also explore the possibility of utilizing the services of Karnataka Vocational Training and Skill Development Corporation (KVTSDC) to provide enterprise management skills to beneficiaries. (Para 4.2.3.6)

46. The entire process of sinking bore-well, installing pump set and energising it should be done on a Turn-Key basis in such a way that the farmer gets a bore-well, fixed with an energised pump-set. (Para 4.2.3.7)

47. The training programmes sponsored by the ST Development Corporation, BC Development Corporation and also by the Department need to be transferred to the Karnataka Vocational Training and Skill Development Corporation (Para 4.2.3.8)

48. The selection of agency for construction of School and Hostel buildings should be based on the available capacity of the executing agency including their ability to ensure quality control checks. Further, provision of drawings for construction of the buildings need to be based on type designs (standard architectural designs) with flexibility to modify the drawings for local terrain/needs. If any of the selected Agency sub-contracts the work to any

private contractor it should be done in accordance with the procedure laid down in the Karnataka Transparency in Public Procurements Act. (Para 4.2.3.9)

iv. Public Works Department

49. A State Highways Authority of Karnataka (KSHA) should be created on the lines of National Highway Authority of India (NHAI). (Para 4.2.4.1)

50. The relevance of KRDCCL and its continuity be reassessed in the context of creation of the State Highways Authority, and the State Act be amended suitably. The Act may provide for financing the Authority, by creating a Road Fund which would have access to borrowed funds from the market, receive government grants, toll receipts, and betterment charges to be levied on lands along the highways constructed. The Authority could also generate revenue from sale / lease of commercial property to be created on the Highways as part of public utilities, while retaining the existing objective of containing ribbon development along the State Highways. (Para 4.2.4.1)

51. Such Authority can be entrusted with O & M operations of existing Highways, building new roads, converting 2 lane roads to 4 lane / 6 lane roads, major improvement / strengthening of roads, etc. Optimally, renewal (costing approx. ₹15 lakhs per Km as per present cost) should be carried out every 3-5 years and strengthening of Roads (costing approx. 1.5 crore per Km) should be carried out once in ten years. The Authority should have updated 'Road Condition Database'. (Para 4.2.4.2)

52. A specific Strategic Option Study (SOS) be carried out for State Highways excluding the roads under KSHIP II for which agreement has been signed with the World Bank. About 10,000 Kms of road length according to priority listed in the SOS could be taken up for improvement in stages under this "Special Programme on State Highways". Funds required for this have to be raised from external Agencies (e.g. ADB) State Budgetary support, borrowing from the market, including HUDCO etc. The State Government could think of levying a cess on Petroleum Products (Petrol & Diesel) for partly financing this special Programme. (Para 4.2.4.3)

53. Projects have to be proposed with regard to traffic density, DPR should be prepared and subjected to detailed Project - Appraisal. Standards set by Indian Road Congress (IRC) for new roads and widening of roads, construction of bypasses have to be followed. (Para 4.2.4.4)

- 54.** Project Management Consultants (PMC) be attached to every project above a threshold limit (say, ₹10 crore) in order to ensure that DPR is prepared as per standards and to support the department during the project execution stage. (Para 4.2.4.5)
- 55.** Before bid process is set in motion at least 80% land has to be acquired to avoid delay associated with land acquisition and handing over. (Para 4.2.4.6)
- 56.** For timely shifting of utilities on the Right Of Way (ROW), an inter-departmental committee at district level could be constituted. (Para 4.2.4.7)
- 57.** It should be mandatory that proper project design be done at DPRs stage to avoid time and cost over runs. DPR should also identify implementation constraints such as clearing of encumbrances, time required for environmental clearances or railway approvals etc. (Para 4.2.4.8)
- 58.** Revising the estimates for any project has to be normally avoided. If it is at all necessary, such estimates have to be prepared by the time fifty percent of project is completed. Thereafter no upward revision should be undertaken. (Para 4.2.4.9)
- 59.** The period of Project maintenance, by the contractors / executing agency needs to be extended from present one year to three years. (Para 4.2.4.10)
- 60.** Numerical identification/numbering of roads be extended to district and Zilla panchayat roads in line with numeric identification used in National Highways. Such numbers have to be brought into public domain, and the projects be identified for repairing and strengthening with such numbers. (Para 4.2.4.11)
- 61.** Roads should not be upgraded from MDRs to State Highways without providing for an O & M Plan. (Para 4.2.4.12)
- 62.** Field level officers of PWD should be given intensive training in the use of e-tendering platform. Further, it is recommended to depute officers of all Infrastructure Departments (including PWD) to Project Management Institute (PMI) for in-service Training. (Para 4.2.4.13)
- 63.** The PWD should prepare a district wise panel of Architects and Engineers to prepare designs in time for execution. Similarly, a panel of independent inspectors / institutions for third party quality validation of works should be prepared. (Para 4.2.4.14)

64. PWD should prepare type designs and standard estimates for buildings for schools, colleges, hostels, taluk offices, courts, primary health centres, etc., to minimise time taken for preparation of plans and estimates and to achieve economy in construction. (Para 4.2.4.15)

v. Department of Agriculture and Horticulture

65. All the officials of the Departments of Agriculture & Horticulture (and possibly Sericulture) dealing with farmers should operate from one Hobli level office of the Raitha Samparka Kendras (RSK). There should be convergence in their extension activities. Officials of Agriculture Department should be trained in improved horticultural practices and vice versa. The Krishi Vigyana Kendras (KVK) sponsored by University of Agriculture Sciences (UAS) or other institutions should have Agricultural and also Horticultural experts. Principal Secretary Agriculture should arrange this in consultation with Vice Chancellor UAS Bangalore and Secretary Horticulture. (Para 4.2.5.1)

66. Both the Departments need to migrate from individual based approach in extension services and technology support to a group based approach, for introducing right size technology that is not suited to small holdings. For this purpose, farmers' groups with membership of 20-50 should be formed in every village keeping in view common cropping needs of their members. (Para 4.2.5.2)

67. Wherever cash subsidies are given to farmers the same may be transferred through Electronic Clearing Systems (ECS) to enhance efficiency in transfers. Such transfer could be linked to the soon to be established UID numbers, instead of paying it to the input providers. The Department has to computerise the database of staff and 75.82 lakh farmers indicating land holdings, crops, soil types etc. (Para 4.2.5.3)

68. The interest subsidy scheme of ₹ 250 crore (2009-10 BE) accounts for 43 percent of the Plan Budget of the Agriculture Department. It is likely that during the current year the department may not utilize the entire allocated amount. Since the expenditure under the interest subsidy scheme is linked to timely repayment of loan taken by farmers, the department may take up a campaign to encourage farmers to payback loan on time and avail subsidy. (Para 4.2.5.4)

69. The Commission recommends creation of a Contract Farming Cell (CFC) in order to protect the farmers from unintended and adverse impact of contractual obligations. CFC can be designed to provide technical, legal and managerial support and protect the farmers from such adverse impact. CFC may consist of a few technical officers of the Department and

experts drawn from University/ Law Colleges/ Legal Firms/ Management Consultants etc., on contract basis or on the basis of procurement of outsourced services. (Para 4.2.5.5)

70. The Departments of Agriculture and Horticulture should open Group 'B' and Group 'A' posts to graduates in either Agriculture or Horticulture. These Departments which are facing shortage of qualified personnel could open the doors for B.Sc (Sericulture) and M.Sc (Sericulture) also. (Para 4.2.5.6)

71. Apart from recruiting persons with University qualifications in areas of Bio-technology etc., the Departments should recruit graduates from Management Institutions / CFTRI with Degree/post graduate diploma in marketing, processing/ diploma in post-harvest technology etc. (Para 4.2.5.7)

72. Presently there are approximately 600 vacant posts of gardeners / unskilled workers in Horticulture Department. All such posts be abolished and unnecessary wage burden be reduced. Wherever required such services could be outsourced in a transparent manner. (Para 4.2.5.8)

73. The Department of Horticulture is planning to set up markets for Agricultural / Horticultural produce on PPP mode under the National Horticultural Mission. It is suggested that the private partners in such ventures may be selected in a transparent manner and viability gap (subsidy) element can be decided after following a competitive bidding process. (Para 4.2.5.9)

74. It is necessary to evaluate the costs of promoting organic farming per unit of land or per unit of family, before up-scaling the scheme. Field level study on the results obtained from the use of new techniques for the stated objectives of the scheme need to be conducted on a pilot basis in different agro-climatic zones of the State before up-scaling the scheme. The techniques adopted should ideally be validated by UAS or ICAR Institutions. Independent of the above, the Government needs to switch its resource on interventions like subsidy which have short-term individual focussed benefits, to investment in research and training that enhance yield and benefit groups of farmers. (Para 4.2.5.10)

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Review of Public Expenditure

75. Government has to strike a balance between the need to contain public debt and the need to enhance productive expenditure particularly (a) on Economic Infrastructure, Urban Development, Energy, and Skill Development which impact economic growth with lower time lag and also (b) on Education and Health which lead to immediate higher level of human development and long term economic growth. (para 2.7)

76. To achieve Millennium Development Goals (MDGs) by 2015 the State needs to reorient its strategy particularly focusing on decreasing the gap between potential and actual Infant Mortality Rates (IMR), Maternal Mortality Rates (MMR) and improving other health indicators viz. Life Expectancy at Birth, Institutional births, etc. (para 2.12)

77. Though Karnataka has shown an upward shift in the allocations favouring development expenditure, Karnataka Social Priority Ratio i.e. the percentage of social expenditure devoted to human priority for elementary education, rural health, public health, family welfare, water supply and sanitation and rural development expenditure has gone down from 41 percent in 1987-88 to 34.5 percent in 2008-09. This trend has to be reversed. While increasing the share of development expenditure in the budget, greater priority has to be given to social priority sectors, like elementary education, rural health, public health, water supply and sanitation, etc. (para 2.13)

78. In keeping with the recommendations of the Thirteenth Finance Commission, the State should set up a Committee for annual independent and public review of KFR Act, 2002 compliance. The Committee could evolve into a full fledged Fiscal Council. (para 2.15)

79. There is a need to closely monitor the outcome derived from the expenditure made by the State towards Human Development Indicators at regular intervals. (para 2.16)

80. The regional inequalities remain a matter of serious concern and need to be addressed by not only increased allocations but also with effective planning and management of programmes/interventions and better deployment of personnel, ensuring adequate number of teachers and doctors in the backward regions. (para 2.16)

81. There is a need to regularly ascertain the impact of capital expenditure on GSDP, in order to prioritize Government expenditure, and to provide impetus to economic growth as required under Karnataka Fiscal Responsibility Act, 2002. This task needs to be undertaken jointly by Planning and Finance Departments. (para 2.17)

82. While considering the expenditure priorities, the Government has to take into account the overall impact of Schemes and programmes on growth and welfare by balancing efficiency and equity. Most of the projects, programmes, and Schemes have been started without stating the objective and outcome in clear and measurable terms. Keeping this in mind, the Commission would advocate Government's immediate action towards merger of Schemes which have common objective and outputs. This would require structured and effective inter-Departmental consultations. (para 2.17)

Pre-Investment Project Appraisal

83. While retaining the generic character of guidelines already issued relating to pre-investment appraisal, there is a need for specific guidelines, templates, definitions suited to sectors as diverse as Education and Health, Road and Transport, Irrigation, Agriculture Extension, Electricity, Water supply, Tourism, Waste Management etc. Finance Department as also the Planning Department should give sector specific guidelines, with examples based on case studies and necessary tool-kits should be made available in English as well as Kannada on the Finance Department website. The tool-kit should contain customized software matching the guidelines, updated discount rates, desirable rates of returns etc., along with separate examples for social sector, infrastructure, etc. (para 3.11 and 3.13)

Projects, Schemes or Programmes with investments above ₹ 5 crore in the social sector should be appraised and the necessary Institutional mechanism should be put in place for this purpose. For infrastructure sector, the low limit may be kept at ₹ 10 crore i.e. all infrastructure projects above ₹ 10 crore should be subjected to detailed Social Cost: Benefit analysis. Further, all the Programmes, Projects and Schemes which have already been without such appraisal should be subjected to effective monitoring and evaluation for timely course correction. (para 3.12, 3.14).

Legislative Control over Expenditure

84. Finance Department should define 'adequacy' in Revenue surplus and put in place a mechanism to utilise Revenue surplus generated every year, for use in capital formation as mandated under the provisions of Sec. 4(1)(j) of the KFR Act. (para 4.3)

85. Appendix-E relating to civil works requires being prepared at the beginning of the year. Government needs to explore the feasibility of using MTFP to prepare a Capital budget for major Projects, which should be normally understood and treated as a non negotiable commitment to be honoured until the projects come to a conclusion. (para 4.5)

86. The Planning Cells and the IFAs in each line Department, who are required to handle MTFP related work, have to be further strengthened in order to have analytical reporting of the MTFP as a statement of commitment. (para 4.7)

87. The Monthly Programme Implementation Calendar (MPIC), which replaced Monthly Multilevel Review (MMR) is a tool to review programme performance. The Programme Performance Budgeting (PPB) exercise along with the MTFP can provide valuable inputs to the Legislature and its Committees every year, along with the Budget proposals. As such, the MPIC has to be seen as supportive tool for PPB/MTFP. The Commission is of the view that as part of the exercise of strengthening institutional mechanisms, the Departments should prepare, use and internalize these standardized monitoring tools with due diligence. (para 4.9)

Executive Control over Expenditure

88. The internal controls through the IFAs in the Departments need to be strengthened and their participation in the day to day financial management ensured, as mandated by “The Government of Karnataka (consultation with Financial Adviser) Rules 1982” and Government Notification No. FD 1 TFP 2008 dated 16.5.2008. (para 5.4)

89. The Institution of IFAs has to be strengthened by identifying sufficient number of officers with the requisite background and seniority and with a remaining service of at least 5 years before superannuation. They should be supported with the required infrastructure and exposed to extensive training, including computer skills, to match the job chart of IFAs. (para 5.4)

90. The overall status of all the Schemes reviewed by the Planning Department through the MPIC needs to be brought out into the public domain every month along with measures taken for corrective action. (para 5.10)

91. The coverage for Expenditure Tracking through physical verification by the Directorate of Economics and Statistics (DES) should be enlarged to cover 20 percent of the development /welfare Schemes, programmes, and projects in each Department every year. The officers currently posted as Project Evaluation and Appraisal Officers (PEAOs) could be drafted to perform these functions, after empowering/training them with suitable skills. Presently, most of these officers are said to be engaged in activities not necessarily meant to be performed by PEOs. (para 5.14)

92. In addition to MNREGS, Social Auditing mechanism should be put in place for other programmes which have high and direct human welfare impact viz., NRHM, Housing, ICDS, Bhagyalakshmi, Social Welfare hostel management, Sarva Shiksha Abhiyan, etc. (para 5.15)

Department-wise Recommendations

i. Primary and Secondary Education

93. Growth in the number of secondary schools in the State needs to keep pace with the number of students moving from primary school to secondary schools, more particularly in the context of the objectives set under the Right to Education (RTE) Act and the Millennium Development Goals (MDGs). This can be achieved by upgrading the existing Higher Primary Schools and also by setting up new Secondary Schools. (para 6.1)

94. Suitable teacher redeployment policy for rationalization of work load of teachers in Government primary schools is necessary with due consideration to serve students in districts or regions with difficult terrain. Considering the high unit costs of providing education in schools with very low Pupil Teacher Ratio (PTR) (in areas which are not considered to have difficult terrain) there is a need to close down or merge such schools with nearby schools located within distance of 1-2 km. The teachers, who are found to be surplus due to such merger or closure of the schools, be redeployed to schools in nearby districts with high PTR. (para 6.2)

95. In view of the more liberal norm of Pupil Teacher Ratio adopted in Karnataka vis-à-vis national norms, Government needs to enforce a higher standard of performance indicators to assess the output of teachers and the quality of learning by the students. (para 6.3)

96. One of the objectives of school learning ought be infusing creative abilities into the minds of students by teaching the existing subjects in different way. The students need to learn to think and blend divergent thinking and convergent thinking. Creative abilities have to be innovatively incorporated through laboratory learning, digital learning, experimenting, mock sessions, building models. The programme Nali Kali introduced in Government Primary schools has some elements which promote creative learning through play as against conventional learning. However, the critical challenge is ensuring supply of sufficient learning material in time to all the children. The Department may have an independent study conducted about the impact of the Scheme after it has been in operation for four years (covering I to IV standard). If found efficacious, this innovative scheme could be further extended to the Government aided schools in order to help students to use their imagination, think critically with reason, develop better problem solving skills and promote the spirit of co-operation. To supplement such expansion, the DIET has to be repositioned to provide training to the teachers engaged in Nali Kali on a large scale, including the teachers from aided schools. (para 6.6)

97. Department should ensure provision of adequate space for recreational activities, separate toilets for girls, drinking water in a time-bound manner and thus create congenial atmosphere for learning at schools by preparing a medium term capital budgeting covering all schools. (para 6.7)

98. In order to bring out of school children/drop-outs to mainstream education system, opening of alternative education centres like Bridge courses - residential and non-residential, tent schools, Zero level schools, etc., may be introduced. (para 6.8)

99. With demand for schooling set to increase continuously in medium term, the total cost on managing the schools would also go up. Therefore, Government needs to encourage private participation and also put in place appropriate regulatory regime which may enable the Government to consider introduction of a coupon system in course of time. (para 6.9)

100. The teachers are also increasingly engaged in non-academic activities thus sacrificing their quality time for students. Their engagement in mid-day meal scheme takes away most of their academic time. Therefore, more intensive involvement of SHGs promoted by RDPR and WCD, and adoption of Centralized Kitchen facility needs to be explored. This would relieve teachers from non-academic activities. (para 6.10)

101. It is necessary to plan reorientation trainings for teachers and utilize DIET facilities throughout the year. Further, the training manuals need to be updated keeping in view the futuristic learning needs and that of teaching in order to raise creative abilities and creative thinking of the learners/students. (para 6.12)

102. To improve the quality of learning in the schools, the minimum entry level qualification for Higher Primary School teachers be raised to graduate degree and that for Primary school teachers be raised to Pre-University. Atleast half of the teachers recruited every year should be Science Graduates. (para 6.13)

103. Commission recommends the Department to prepare Grants-In-Aid policy with a provision of sunset clause for existing GIA schools as well as for new schools, if they are brought under GIA in future. (para 6.15)

104. In order to ensure and encourage students to complete Secondary School examination, the Commission recommends that the minimum educational qualification of seventh standard pass for entry into Government jobs be raised to SSLC pass. (para 6.18)

ii. Employment and Training

105. In order to address the gap between the capacity and demand for employable ITI students, more focus is required to enhance the soft skills of the trainees and upgrading the technical skill of the trainers. (para 7.1)

106. ITI trainers' training skills require to be upgraded periodically. The trainers may be encouraged to periodically go on short term "sabbatical" to established industrial units. Such

kind of re-training (during sabbatical) is required for the trainers in Government ITIs, aided ITIs and unaided ITIs. (para 7.6)

107. Department of Technical Education needs to support Karnataka Vocational Training and Skill Development Corporation to encourage ITIs to take up visits to Industrial Units as part of hands-on-training or as part of apprentice programmes, by collaborating with Department of Industries and Department of Public Enterprises. (para 7.7)

108. The Department of Employment and Training should co-ordinate with Department of Social Welfare to encourage ITIs to provide hostel facilities for ITI students so that scheduled castes and other backward classes students can avail of the hostel facilities provided by the Social Welfare Department. (para 7.7)

109. The number of ITI courses relating to automobiles need to be increased and the courses should include orientation to pollution containing technologies. (para 7.8)

110. In order to reduce the employment share in Agriculture and increase employment in Industry sector and Services sector, more investment is required in technical upgradation of the workforce through ITIs and Skill Development Centres. New skills are required to increase employment to about two to three lakhs youths comprising 50 percent of the total workforce who join the non agricultural work force every year. (para 7.9)

111. New areas where the ITIs can enter are Cathode Ray Technologies, Plasma and LED (Light Emitting Diode) technologies, Digital and 3D technologies, Data storage and transformation, Radio Frequency Identification Devices (RFID), medical and precision equipment, high volume electronics production, high-tech manufacturing, handling e-waste, cold chain manufacturing and food processing, food preservation, industrial cleaning, high pressure welding, process improvement techniques, introduction to aircraft/airport support technologies like elevators, conveyor belts, aerobridges, etc., and Housekeeping, laundry management, management of multi-storeyed buildings, etc. (para 7.9)

iii. Higher Education

112. Resource allocation to universities and colleges must strike a balance between provision made towards salary and pensions and other items of expenditure like maintenance, development and improvements. Infrastructure supporting the teaching-learning process like library, laboratories also needs to be monitored and upgraded at regular intervals. However, this does not seem to have been done in Karnataka. Hence, the Department should put in place an institutional mechanism to monitor these facilities at regular intervals and forecast medium term investment needs to upgrade the facilities. Without doing so, the State will not be able to realize the vision for 100 percent National Assessment and Accreditation Council (NAAC) accreditation of its colleges by 2020. (para 8.3)

113. The Government may discourage establishing single subject universities and also explore the possibility of realigning the existing single subject universities into general university system to the extent possible. (para 8.7)

114. The scope of the scheme which is now meant only for attracting science students may be enlarged to include all subjects in general Degree Colleges (BA / B.Sc / B.Com), the scholarship amount should be increased from the present rate of ₹ 5,000 to ₹ 8,000 per annum periodically adjustable to inflation once in three years, the coverage should be expanded, to at least 10,000 students from across the State with equal number of boys and girls. Of the 10,000 scholarships, 2,000 scholarships be awarded to students without reference to their status of being APL or BPL families and the balance 8000 to students from BPL families. Out of this 8000, about 2500 scholarships be exclusively awarded to BPL students who were born and who studied in schools located in 39 Backward talukas as identified in Dr. D.M. Nanjundappa Committee's Report. Drawing this scholarship need not be a bar on the students who otherwise can avail support/benefit under any other Scheme administered by Social Welfare Department, Minorities Welfare Department and WCD etc. (para 8.11)

115. At least ten percent of the university budget should be earmarked towards research by faculty, in the areas of pure science and applied research, with priority to the subject of interest to the State. (para 8.13)

116. The Government may increase investment in Government colleges, while also considering increasing potential for raising tuition fee from students who come from non-BPL families. Also Universities need to be pro-actively encouraged to explore Public Private Partnerships (PPPs) in research programmes, laboratory management, centralised digital library services, including effective use of EDUSAT, and to seek sponsorships for chairs from leading industrial houses as part of their Corporate Social Responsibility (CSR) initiatives. (para 8.14)

117. The Grant-in-Aid Code needs to be reviewed by the Government, particularly in the light of the impact of the implementation of the Right to Education Act. Since pressure on resources will increase, there is a need to progressively step back from supporting the institutions which have been given concessional land and grants during the last thirty years. An exit policy needs to be drawn while keeping in mind the equity issues in Higher Education. (para 8.15)

118. The Department of Technical Education should therefore encourage the existing private engineering colleges in the state, having required infrastructure and faculty to augment their enrolment capacity for disciplines where there is adequate demand. New Private Colleges (without any GIA from the State Government) who can provide for adequate faculty and infrastructure could also be permitted, with required clearance from All India

Council for Technical Education (AICTE), particularly in Districts where there are no or very few colleges for technical education. (para 8.17)

iv. Agriculture Department

119. Government support to agriculture sector or to farmers flow through varied Schemes administered by several Departments other than Agriculture and Horticulture viz. Water Resources, Medium and Minor Irrigation, Power, Power Distribution, Co-operation, Agriculture marketing, Social Welfare, Minority Welfare and Animal Husbandry. The Government needs to take a holistic view of its expenditure through Schemes, Project and Programmes which benefit the farmers. (para 9.2)

120. The Commission impresses upon the Government to take a long term view to encourage and enable the agricultural workforce to migrate to non-agriculture sector to the maximum extent possible, by promoting the growth of attractive non-farm and off-farm jobs. The Department also has to safeguard the interest of farmers and ensure, while introducing new Schemes for increased production, that the terms of trade should be favorable to the farm sector. (para 9.3)

121. The Department of Agriculture should reprioritize its expenditure in favour of Schemes like Soil Health Centers, Enrichment of Soil Fertility and Soil Conservation techniques for better land use planning and land management. (para 9.11)

122. The State Government should increase allocation for intensifying efforts in Agriculture extension activities. The Agriculture Department, in line with its mission, should channelize its resources towards reviving the extension activities in the State by making use of advanced Information Technology (IT) choices. In addition to our own initiatives like Nemmadi and Raitha Marata Kendra and Bhoomi, the ITC sponsored e-Chaupal in Madhya Pradesh or e-Sagu in Andhra Pradesh offer instructive examples in this direction. (para 9.11 and 9.15)

123. The Commission is therefore of the view that, instead of making excessive allocations for subsidy Schemes such as crop loans, which remain under-utilized, allocations need to be directed towards Schemes that directly raise productivity through research and extension services, as this is the area that needs to be strengthened and extended further. (para 9.13)

124. The relevance, costs, and continuance of the Schemes related to Organic Farming should be assessed regularly against nationally accepted standards vis-a-vis farm output, particularly keeping in view the significance of food security in the near term and medium term. (para 9.14)

125. The Universities of Agricultural Sciences and Institutions under them should be encouraged to produce scalable innovations - which should have a low lead time from lab to land. Farmers in the State should be enabled to benefit from technology-based initiatives by strengthening RSKs/KVKs. (para 9.16)

126. Watershed Development Schemes should be regularly monitored and the farmers should be educated about *in-situ* moisture conservation to increase productivity from unirrigated agricultural land. In this regard, the Commission recommends that the Monitoring and Evaluation of some of the Schemes may be given to a third party, for which 1% of budget outlay could be earmarked as recommended by Planning Department. (para 9.19)

v. Horticulture Department

127. Department should ensure effective expenditure in areas which benefit the horticulturists for better production and productivity. Therefore, Schemes which focus on improving production, processing, research and extension namely Processing in Horticulture, Development & Maintenance of Farms & Nursery, Extension and Training, Cold Storage Subvention and Maintenance of Horticultural Farms should be reviewed and closely monitored for impact evaluation. (para 10.2)

128. Agriculture and Agricultural Marketing & Co-operation graduates could be appointed for filling the Direct Recruitment vacancies in the Department of Horticulture, since these graduates are equally qualified in production technologies, post harvest technologies and Marketing of Horticultural crops. (para 10.4)

129. There is a need to encourage graded cold storage facilities nearer to farms and refrigerated transport facilities at affordable costs. The State Government should assess the feasibility of providing differential rate of tariff for cold storage chain facilities. However, such tariff should not be allowed to be barrier for accessing cold storage facilities. To provide support of technical staff, the Department should encourage ITI courses in cold chain technologies, refrigeration, etc., to support the growth momentum in this sector. (para 10.7)

130. The Government needs to encourage investments in cold chain capacities and efficient transport facilities. The Commission also recommends that the Department of Horticulture should co-ordinate research more intensely towards improving the quality of the seeds, the shelf-life of horticulture products including feasibility of irradiation of select products. While doing so, the Department should take adequate safeguards in the matter of phytosanitary measures as applicable under WTO regime. (para 10.8)

131. Current use of Information Technology (IT) is limited, being mainly up to the District level. It has not reached the Raitha Samparka Kendras (RSK) which serve farmers in groups of 4 to 5 villages. Infrastructure needs to be created and integrated from the taluk level to the

State level, in order to facilitate the maintenance and updating of records with minimum staff. In addition to this, as horticulture crops and processing technologies require continuous extension support or guidance, it is desirable that greater use is made of Hortnet, the interactive website made for this purpose. This could be operated at RSK level with support from KVKs, Universities and supporting agencies. (para 10.9)

vi. Department of Fisheries

132. The various colleges and research institutes under the Karnataka Veterinary, Animal and Fisheries Sciences University, Bidar located at Bangalore, Shimoga, Mangalore, Gulbarga and Hassan should be encouraged to offer one year courses in Fishery Technology. This would facilitate recruitment of adequate number of qualified technical persons in the Department and strengthen the extension activities for increased Inland fisheries in the State. (para 11.7)

133. Department should review whether Schemes that provide input subsidy help to encourage deep sea fishing, and make suitable changes in the Schemes so that resources available within the State's marine territory can be explored. (para 11.8)

Government needs to consider diesel subsidy to cold storages for exclusive use by people engaged in fish trading, particularly in areas where electric supply is erratic; and also to specialized refrigerated transport vehicles. (para 11.8)

134. Department should encourage development of an active processing, transport and storage industry utilising the raw material produced by the marine fisheries sector. The Department should undertake the promotion of industries such as fish processing and canning, production of fish oil and dry fish, etc., which have a steady demand in the domestic and international markets. Such industries would not only help in employment and income opportunities to populations residing near fishing harbours, but could also be the basis for developing a sustainable strategy for alternative nutritious food choices at competitive prices. (para 11.9)

135. There is a need for the Department to assess whether the desired objective of welfare of the fishermen has been actually achieved. It is also necessary to periodically assess the facilities developed as part of the marketing Schemes. In this regard, the Commission recommends that the Department set up a monitoring and evaluation team to periodically pay visits to the facilities created i.e. housing colonies, co-operative societies, markets etc., to continuously assess and review expenditure towards welfare schemes. (para 11.11)

vii. Department of Animal Husbandry and Veterinary Sciences

136. Given that the benefits of the huge ‘Incentive to milk producers’ Scheme essentially reach urban milk consumers, the Department needs to seriously re-look at its major expenditure pattern and assess the true impact of its different Dairy Schemes on milk production in the State. (para 12.4)

137. There is a need to increase the number of colleges either in government or private sector with financial assistance and the number of intake into the existing colleges after obtaining relaxation on class size which has been prescribed by IVC (Indian Veterinary Council) regulations. Further strengthening of infrastructure in the existing colleges is also warranted. There is a need to take up skill upgradation of veterinarians by providing short term P.G. Diplomas to the field staff in field oriented subjects as well as training in short term courses imparted to the field staff. Also there is a need to include refresher course- training to be provided once in 2 years regularly to all the Para-vets in the Department. (para 12.7)

viii. Co-operation and Agricultural Marketing

138. Presently, membership in the credit societies is limited to land holding persons. Those who do not hold land are thus denied the opportunity of benefiting from the programs of the primary co-operative credit societies. Enrolment norms need, therefore, to be made more inclusive so as to admit rural land-less people, and extend agriculture credit to more non-farm activities. Such expanded membership would also facilitate wider flow of benefits from the popular health insurance scheme, Yeshaswini, to cover these landless rural poor as well. (para 13.2)

139. Vacancies in functionally critical positions like Co-operative Development officers, Deputy and Assistant Registrars, Inspectors needs to be filled up to ensure quality service delivery, to promote the mandate of the Department including effective recovery of loans. (para 13.3)

140. Government needs to devise ways to progressively step back from interest subsidy on crop loans and introduce insurance oriented Schemes with a sun-set clause regarding Government support in the initial years. (para 13.5)

141. Modernising the Co-operatives’ organisational management through the use of ICT could be an effective method of bringing about financial inclusion and expansion of business volume. It would be necessary to design an effective line of command and appropriate delegation of powers to suit the modernised organisational structure and use of ICT. (para 13.6)

142. Assistance for implementation of BDPs has to receive focus in the revival package recommended by the Vaidyanathan Committee. The BDPs need to suggest diversification of their lending activities beyond crop loans and into other activities such as fishery, poultry, mushroom cultivation, etc., which could give high marketable surplus to members. (para 13.7)

143. There is need to establish an institutional mechanism for price signalling and price forecasting by drawing from the future price trends particularly in commodities where there is forward trading through (National Commodities and Derivatives Exchange) NCDEX. Part of the 'Revolving Fund' can be utilised for evolving such mechanism through research by leading institutes in Karnataka viz. IIM, ISEC etc. This mechanism will help the Government to capture early warning signals about distress sales and identify the commodities to be notified for Minimum Floor Price (MFP) intervention from time to time. (para 13.11)

144. Higher efficiencies in transportation and marketing are critical to ease the demand-supply gap at the consumer end. Marketing of Horticultural produces through private participation are welcome changes. Such changes, however, should facilitate higher participation of retail food chains to procure horticultural produce at locations close to the place of production and help the farmer in efficient disposal of horticultural produce. Agricultural Marketing Department to ensure compliance to the rules of the licence and the purchase agreements between the farmer and the private purchaser. (para 13.12)

145. The overarching objective of reducing the role of the intermediaries and making the farm output available to the retail stores in time and at competitive prices linkage is missing in the Schemes. The Department has to redefine its role in support of creating enabling environment for enhancing efficiency of retail markets particularly in urban areas. Critical areas of intervention are grading norms, standardization of hygiene and waste handling at retail markets. (para 13.13)

146. In the course of modernization of markets through electronic tendering and other internet enabled services, the need for group 'C' and 'D' staff would come down. The vacant positions could be converted into technical posts for the technical administration required to be provided by market committee including price forecasting and price dissemination activities, and abilities to enforce quality of contract management with outsourced agencies. (para 13.14)

ix. Social Welfare Department

147. For improved efficiency in disbursement of scholarships, it is recommended to consolidate all Schemes relating to scholarships/benefits and entrust the same to a separate well networked financial institution. Such an institution should be able to disburse scholarships to students on time through an electronic mode at regular intervals at predetermined instalments for each student. In case release of funds from Government of India is delayed; the institution may charge marginal financing charges or interest for advancing these scholarships. This would require approval of scholarships at one go at the beginning of the academic year itself so that the financial institution can make its cash flow arrangements accordingly. (para 14.9)

148. It is recommended that starting of hostels in unsuitable private buildings be discouraged. The construction and progress of hostel buildings should be monitored by a dedicated team of Departmental officials with sufficient skills in engineering and agencies like PWD, Nirmithi Kendra, Zilla Panchayat Engineering, Karnataka Rural Infrastructure Development Limited (Formerly KLAC) should be made accountable for timely completion of the construction works. (para 14.11)

149. It is advisable to club all 39 Schemes under the maintenance of hostel/buildings, constituting revenue expenditure, into a single scheme. The Department should clearly define the role and functions of Karnataka Residential Educational Institutions Society (KREIS) in construction, maintenance and running the day to day operations of the residential schools for SC/ST/BC and what would be their relationship with regards to Zilla panchayats and the Directorate. (para 14.12)

x. Minorities Welfare

150. The Department of Minorities Welfare should consider switching to electronic mode of disbursal, and computerised processing of applications can address most of the problems for Financial Assistance to Students. (para 15.4)

151. Reliable demand assessment and, based upon that, proper mapping to locate the hostels has to be undertaken before opening the hostels. The entry bar for admission also needs to be revised downwards to attract more number of students to avail the hostel facility without overcrowding. Wherever there is underutilisation, the excess capacity be utilised for the students belonging to other communities viz., backward classes and SCs/STs. (para 15.9)

152. Every hostel construction has to be seen as a project inclusive of civil works, furniture and electrical equipment, along with facilities for bicycle stands, sports activities, etc. (para 15.10)

153. The task of maintenance of all hostels be entrusted to a Special Purpose Vehicle (i) to optimise administrative costs, (ii) to enhance accountability and (iii) to provide uniform and standard professional services to students in all hostels, including the residential schools established by Social Welfare Department, Minorities Welfare Department, Education Department or any other Department. (para 15.11)

154. The Commission emphasizes the need to orient NGOs and other Institutions about the spirit of Self Help Groups and ensure that the Self Help Groups do not function merely as channelizing agency to individuals for distributing Government money, but also act as genuine Self Help Groups in letter and spirit. The Commission recommends that micro credit through SHGs/ co-operative societies be expanded to gradually phase out direct lending to individuals. (para 15.14)

155. Commission while suggesting the Department to create a lean and effective organisational structure to implement Schemes and Programmes for minority communities, also recommends that before creating a new Department the Government should assess its organisational requirements and take appropriate measures in this behalf. (para 15.16)

xi. Women and Child Development

156. Finance and Women and Child Development (WCD) Departments should jointly conduct a study to devise implementation strategy of Gender Responsive budgeting to achieve its intended objective. (para 16.8)

157. Demographic projections required for implementing the Bhagyalakshmi Scheme be reviewed periodically. It is necessary to correct the past mistakes through verification of the registered applications. (para 16.9 c, d)

158. There is a need to revisit the rate of premium vis-à-vis the assured sum under the Bhagyalakshmi Scheme. While doing so, all factors like (i) probability of failure on the part of the beneficiary fulfilling the conditions to claim the assured sum, and (ii) the survival chances of the girl child until 18 years should be taken into account. The Commission is also of the opinion that the benefit should be given to the girl child in several installments, linking it to the girl's educational progress, rather than making payment in one lump sum. (para 16.9 g)

159. The Department of Women and Child Development needs to consider engaging a competent actuary to recalibrate the premium payable to the LIC, determine different stages at which benefits should be paid, and the quantum of benefit payable at each stage and to decide about the vesting in Government, the unclaimed amounts. (para 16.9 i)

160. For Integrated Child Development Services Scheme (ICDS), there is scope for significant improvement on three counts as below and more particularly in sourcing, preparation and distribution of nutritious food:

- i. providing nutritious food to children at anganwadi centers,
- ii. giving them scientific non-formal education,
- iii. maintaining a conducive physical environment (para 16.10 e)

161. The Department should assess total requirement and prepare an action plan to construct sufficient number of Anganwadi centers in time-bound manner. For this purpose, the Department of RDPR and WCD should exploit the possibility of using funds available under Mahatma Gandhi National Rural Employment Guarantee Act, 2005 with due regard to specification indicated in Schedule-I (read with Section 4(3)) of the Act. (para 16.10 f)

162. Department also needs to investigate entire procurement process of supplementary nutrition food so far and enquire to what extent supreme court orders were or were not complied with and take corrective measure before starting new contract for the year 2011-12. While doing so the Department should take care not to disrupt the availability of food to children. (para 16.10 g)

163. The diversity in the guidelines and financial support as issued by respective ministries of Government of India needs to be negotiated between the Departments at the State level in order to have standard/uniform financial packages. (para 16.11) Several State Government Departments promote Self Help Groups which work on different guidelines, several of which are issued by Central ministries viz., Ministry of Women and Child Development, Ministry of Rural Development, Department of Forest (JFM), Department of Watershed Development. Thus assistance to SHGs varies across the Departments. NGOs too form SHGs. There is a need to standardize the financial package to all Government sponsored SHGs in order to avoid confusion or duplication.

164. The scheme of marriage of destitute widows and Devadasis, which is not popular, can be considered to be merged with Devadasis Rehabilitation Programme, which is being implemented by the Karnataka State Women's Development Corporation. (para 16.12)

165. The Department feels that Additional posts are required for Institute for Mentally Retarded Children home at Bangalore and Mentally Retarded Children for girls at Hubli for maintenance of inmates. Since these homes have a considerable impact on mainstreaming the children there is a need to have qualified and competent human personnel to manage these homes. (para 16.13b)

166. Guidelines of the scheme Skill upgradation for inmates of correctional institutions need to be redesigned so as to suit the children of 10-12 years. The activities which are restricted in the present guideline also need to be increased to include people of varied age groups. (para 16.13c)

167. Only one scheme ‘Suraksha’ is implemented by the Karnataka State Commission for Women. This scheme can be transferred to the Karnataka Women Development Corporation for administering the financial aspects, leaving the Commission with powers to pronounce the compensation after due consideration. (para 16.16)

168. The Scheme “Training and Employment” under the Department of Welfare and Disabled and Senior Citizens could be transferred to Karnataka Vocational Skill Development Corporation (under Department of Employment and Training). The interests of the disabled can also be safeguarded by the Department by identifying the beneficiaries and also by periodical monitoring of progress of implementation of schemes by the Corporation. (para 16.17 a)

169. It is suggested that social welfare pensions i.e. Old Age Pension, Widows’ Pension etc., under the Revenue Department could be brought on par with the maintenance allowance for the Physically Handicapped. At present Old Age Pension is ₹ 400 per month of which ₹ 200 is Government of India’s contribution. Taking into account the daily wage being paid under MNREGS (under which 100 days work is guaranteed for one member per family) and also the Planning Commission’s revised definition of poverty level, the Expenditure Reforms Commission recommends that allowance for disabled persons (with disability of 40-75%) may be fixed at ₹ 800 per month. It is suggested that similarly the recipients of Old Age Pension should be assured of a sum of Rupees Eight hundred per month (inclusive of GOI contribution). Similar enhancement may be made in Widow’s Pension also, so that inclusive of GOI pension, if any, eligible widows also receive ₹ 800 per month. (para 16.17 b)

State Government should move to the Government of India to share the expenditure on the welfare pensions on 50:50 basis. Proper verification procedure for such welfare pension/allowances should be put in place so that benefit goes only to the persons fulfilling all the conditions of the Schemes and there is no possibility of the same person receiving

pension/allowance from two different sanctioning authorities (e.g. from Tahsildar of the two different Talukas). (para 16.17 b)

170. It may be made mandatory that every Department should disclose activities, undertaken by them for the benefit of physically disabled persons in their Departments in a separate chapter in its Annual Report. The Commissionerate may bring out a report on the status of implementation of Persons with Disability Act 1995 every year through a sample study which can be formally institutionalized in a time frame of three to four years. The Commissioner may be provided with suitable accommodation and requisite staff. (para 16.19)

171. Government should issue guidelines for spending three percent of budget of every beneficiary oriented scheme on the Disabled and compliance with these guidelines should be regularly monitored. (para 16.20)

172. There is a need for upgradation of the Status of the Chairman and members of the Karnataka Child Rights Commission, taking into account the position in the Central Government. (para 16.22)

xii. Department of Health and Family Welfare

173. The skewed location of PHCs in some of the districts with difficult terrain may be understandable, but the unevenness of the location of the PHC in other districts not only violates one of the commitments made in the State Integrated Health Policy but also increases the unit cost of providing health care services leading to inefficient expenditure through PHCs. The Government should revisit the present location of health care facilities in the State with respect to Primary Health Centres, Community Health Centres and Sub Centres. (para 17.8)

174. The District Health Officers should maintain a record of the drugs procured for the district hospitals and ensure quality control for timely issue of adequate drugs from district level offices. There is a need to ensure that regular and periodic quality inspections at District and Taluk level hospitals are carried out, and also to ensure an efficient administration of drug supply in Government Hospitals. (para 17.10)

175. Department of Health should,

- (a) put in place a mechanism whereby physical infrastructure is fully utilised by posting adequate staff and ensuring their presence during duty hours,

- (b) not create further new physical infrastructure without assessing, through epidemiological studies, the actual demand for the proposed services,
- (c) create and position manpower on the basis of the morbidity pattern, which needs to be reviewed at least once in three years, and
- (d) consider dovetailing services provided by Government with those provided by the private sector through Government supported insurance schemes. (para 17.13)

176. The hospital patient database could be actively managed and used for monthly review, procurement and epidemiological analysis. However, the Department has to use existing hardware and software for data mining from HMIS, HRMIS to enable informed decision making for better HR placement, drug procurement & distribution and man power planning. Since HMIS is being used in 11,500 institutions, an intensive training needs to be undertaken for the staff in the use of HMIS and HRMIS. The Commission also recommends that, using IT, an accountable performance review mechanism be put in place to assess the performance of PHCs. (para 17.13)

177. There is a need to support the Department of Drugs Control with sufficient number of drug testing facilities inline with the quantum of drugs supply and various health institutions in the State. (Para 17.20)

178. In line with the objectives of the Department of AYUSH, and general popularity, there is a need to have an integrated policy in pursuit of the objectives and if necessary, for such a policy to complement the State Health Policy. The integrated policy needs to optimise the cost advantages in some of the potentially beneficial treatments which otherwise are costlier in the mainstream Health care system. To strengthen existing research institutions and ensure research programmes for identified diseases for which AYUSH systems have an effective treatment, the State needs to encourage research in AYUSH, particularly Ayurveda and strengthen technical certification in drugs which are normally sold as over the counter drugs. (para 17.23)

179. There is a need to provide supportive infrastructure to make optimum use of the dispensaries in the State. Also the vacancies position should be reviewed within the overall policy priorities and improvements required to be made in Infrastructure facilities. (para 17.24)

180. The preventive, promotive and curative functions of the Department of Health need to be split between two directors i.e., Director- Medical (for curative and clinical services) and Director- Public Health (preventive and promotive services) with required technical staff to

support the Director from positions of Assistant Director, Deputy Director to Joint Director. Such hierarchy has to be designed for reasonable promotion opportunities and enable focused supervision on each of the areas. It is recommended that two separate cadres may be constituted relating to Public Health and Medical (clinical). (para 17.25)

181. It is suggested that the Department needs to have a principle driven formula for prescribing user charges, which should be reviewed periodically by a team of experts who should also consider the market rates for the services. Secondly these user charges should be collected from people without Below Poverty Line (BPL) Cards while exempting Below Poverty Line (BPL) families. (para 17.26)

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Project Management

182. Government should internalise lessons learned from successful projects, and put in place a formal and fairly standardised set of procedures that would enhance project implementation capacity in the Departments on a continuing basis. (para 1.1)

183. The need for preparation and planning is critical at each stage of the project. Ideally, the project management activities for the project should be initiated at pre-execution stage. For the purpose, the Project Management Unit (PMU) should be identified early and activities such as need assessment studies, determining the basis for design conditions and calculations for financial viability, etc., should be taken up in co-ordination with the project management unit. (para 1.6)

184. The DPRs should include a risk management plan to identify and monitor the risks associated with the project viz. likely factors which may cause time over runs, cost over runs and factors relating to stake holders in the project including the maintenance challenges. The role responsibilities (responsibilities for giving clearances) and interdependencies of the stakeholders could be made a part of the Detailed Project Report for each project. The risks and dependencies identified in the Detailed Project Reports could then be incorporated into the project plan.
(para 1.7)

185. The Detailed Project Reports should include a time schedule of deliverables or activities using work break down structure. In a work break down structure, project works are classified into activities with defined cost and time parameters. (para 1.8)

186. It should be made mandatory for completion reports to be filed for each project, once the Project is completed. The completion report could provide an understanding of the project with respect to objectives achieved and various factors encountered and addressed during the project period for achievement of the project objectives. The Completion Report should contain a statement showing the project objectives achieved vis-à-vis the baseline data and outcome indicators as given in the Feasibility Report and Detailed Project Report. The completion report should also include time schedules both for maintenance of the project and for taking up an evaluation study of the project within three years at the latest of completion of the project. (para 1.9)

187. There is a need, at the pre-execution stage itself, to define the roles and responsibilities of each one of the multiple agencies involved in the project. Such defining of roles and responsibilities is important particularly for projects executed in the PPP mode, as any delay in PPP projects would increase contingent liability on government. Similarly, at the outset itself, a Memorandum of Understanding (MoU) should be entered into by the different agencies involved in the project. Bottlenecks could also be mitigated by establishing a third party project management unit to co-ordinate between departments, flag delays, and monitor progress under the various project parameters. (para 1.14)

188. Infrastructure Departments should actively seek support and co-ordination from the e-Governance Department to set up the infrastructure for an IT based project management. (para 1.15)

189. It is essential that the projects are strengthened with institutional capacities for project development and project management. Going forward, it is equally essential that the institutional capacity is mainstreamed / internalised into the existing departmental structures in order to build up in-house expertise. For this purpose, regular training and capacity building should be built into the departments' organisation structure. (para 1.16)

190. In the case of high value projects exceeding ₹ 5 crores, particularly those relating to infrastructure, a project management approach should be adopted similar to the one followed by the Public Works Department for projects in KRDC and KSHIP. This project

management approach should be dovetailed with existing e-governance practices such as e-tendering, e-procurement, etc., already being used by the Departments. (para 1.17)

191. A database of projects executed in the past should be developed, which could be used to understand various challenges faced by the department in different districts. Similar to MIS reports followed for department reports in the State, Project Management Dashboards could be prepared which include the comparison of initial base line parameters with actual completion parameters, time schedules, etc. (para 1.18)

192. The Departments should undertake skilled development of personnel associated with the project. It is also desirable that engineers from the various agencies and contractors are also involved in co-ordinated project management training programmes prior to the commencement of the project. Such co-ordinated project management training programmes could be made a part of the tender conditions. (para 1.19)

Departmental Recommendations

i. Public Works Department

193. The Commission has looked into the project selection guidelines followed for road projects aided by external agencies and recommends that the same may be adopted for road projects taken up with state funding. The report also stresses the need for regular evaluation study as a part of road projects and recommends that the department take up econometric evaluation of roads in the State as a separate study. (para 2.4)

194. The Commission recommends that the PWD should update the asset registers and get the same validated by independent agencies. Although preparation of an asset register complying with Audit standards may take time, the department should make a beginning to prepare an inventory of its assets immediately, and upgrade the same into a full-fledged comprehensive register within two years. (para 2.5)

195. While invoking the power to acquire land for road development, it should be mandatory that a technical feasibility study, justifying the alignment of the road as the best option, is available to the State Government. (para 2.18 b)

196. The PWD must ensure that road works are selected more objectively and that funding is tied up before starting work on any road. Furthermore, periodic road maintenance should be carried out more methodically, using an information system to ensure that all the roads are covered within a specified time frame. (para 2.24)

197. The Commission recommends that the PWD should emulate the methods of Project Selection and implementation adopted in externally aided projects in the State, while taking up projects financed from the State Government budget. Detailed feasibility and project report should be ensured for each of the PWD's Road development projects to address and reduce the prevailing extent of arbitrariness in scheme selection. Further, it is recommended that a review of the project outcome indicators should be carried out after completing execution of the project. (para 2.30)

198. PWD needs to take up with the assistance of institutions competent in econometric analysis, a separate study of the overall contribution of important roads to the State economy. The study could examine the economic impact of roads on, industrialisation, exports, contribution to SDP (State Domestic Product), State's tax revenue, etc. The study of economic parameters could be entrusted to institutions with ability to conduct econometric analysis of such issues. (para 2.31)

199. The Commission is of the view that a separate 'State Road Regulatory Authority' should therefore be set up to determine road tariffs for various roads in the state. Tariff fixation must be done with independence, transparency and professional competency. This regulatory authority could look into the development of roads and ploughing back of collected user charges for the benefit of road users across the State. The regulatory body could also ensure compliance to standards on construction of roads and structures on land adjacent to the roads, road protection, safety features, other features like speed breakers, etc. (para 2.34)

200. There is need to follow uniformity in designing the public buildings. The Chief architect of the department and the panel of architects should be encouraged to provide building designs which ensure features like environment friendliness, natural air and ventilations, etc. Also the Commission was of the view that the architects should be encouraged to design the buildings for easy maintenance after the completion of the building works. (para 2.35)

201. As regards the construction of bridges by PWD, it is recommended that, taking into account the flow of water, quantity of water, land to be taken up for acquisition, the PWD could consult the Water Resources Department as to whether the bridge could be constructed as a bridge-cum-barrage as a means to create water bodies for watershed development and for utilising water for Irrigation and other purposes, etc. (para 2.36)

202. Committee for according approval to the Schedule of Rates should also include a representative of the Finance Department of the State Government and the rates, before they are firmed up, may be placed in public domain inviting suggestions and objections from the

public and other user departments. Since the e-procurement platform is available, the Department should be able to collect prices quoted by vendors during atleast the last three years in respective circles, including those who did not win the bids, but quoted lower rates for some items. All such inputs should be considered for arriving at the Schedule of rates. (para 2.37)

203. Going forward, activities like training and skill development, project monitoring, contract management, could be taken up in co-ordination with e-governance Department. The Commission strongly recommends that the Government should bring out the revised PWD Code within the next three months. (para 2.39)

204. The Task force on Quality Assurance in Public Works should, inter-alia, set up norms for Technical audit of all large projects. Further the projects should be prioritized for technical audit based on the project cost. All Projects worth ₹ 10 crore and above and which have achieved physical progress of 50 percent should be compulsorily submitted to a technical audit. Further the government should compile a Quality Control Manual and Quality Assurance manual for immediate dissemination to the project personnel to facilitate training and skilled development of the project personnel in quality works. (para 2.40)

205. It is desirable to have an institutional focus on activities and to develop institutional expertise and memory within each of department handling the works for Water Resources, Urban Infrastructure, and Public Works. Therefore in line with the Karnataka Panchayat Raj Engineering Department Service cadre constituted under the RDPR, separate Engineering Department/cadres for (i) “Urban Engineering”, (ii) “Water Resources” and (iii) Roads, ‘Bridges and Buildings’ should be constituted. The engineers from the Public Works Department may be allowed to exercise an irrevocable option for absorption in one of three cadres mentioned above. (para 2.41)

206. Engineers of PWD should be also provided with higher education opportunities to pursue specialized Post-Graduate courses in highway planning, traffic planning, traffic engineering, transport economics, etc. (para 2.42)

ii. Water Resources Department

207. The State Government should draw up effective project appraisal tools, focusing especially on financial and economic returns from State investment on irrigation projects. The Department could create a Project Design & Management unit equipped with Project management tools to provide support, particularly by way of containing cost & time over runs, during the construction as well as the operation phases. (para 3.8)

208. The irrigation project reports should include techno-economic investment analysis explaining the rationale for the project with supporting documentation indicating the study of possible alternative options. The Suggested Generic Reporting Template mentioned in the 2nd Report of the Commission includes factors to be considered for Economic Analysis, Option Analysis and Project Impact Analysis. The Commission recommends that the Government may make use of the templates and that the Water Resources Department in co-ordination with related Departments i.e. the Agriculture Department, Energy, and Urban Development Department, should create a template for Economic Cost:Benefit analysis of the projects. (para 3.9)

209. Incomplete projects that have reached 85% cumulative physical progress as on a predetermined date should be declared as 'substantially complete'. Based on this, the Department should compile a 'Schedule of Balance works' for budgetary allocation. Such allocation could be made under a separate scheme with a sunset clause of 2 years. The Department should form a separate Project monitoring unit within the department to monitor the financial and physical completion of Schedule of Balance works. Hence, instead of repetitively working out the revised project costs separately for each of the incomplete projects, the Schedule of Balance works should be made use of for budgetary allocations. (para 3.12)

210. Audit also reported irregularities such as allowing of undue benefit to contractors, unwarranted change in standard terms of contract, contractors being allowed to make modifications to quoted rates in violation of guidelines approved by Board of Directors of the Company, payment at rates higher than the approved Schedule of Rates, recording of false measurements on the basis of which excess payment to the extent of several crores of rupees was made to contractors, non compliance with the KPWD Code and misappropriation of funds. Such actions by officials/contractors obviously attract penal measures. The Department needs to conduct prompt and speedy enquiries into all such cases, and award exemplary punishment to officers found guilty, as a demonstrable deterrent measure. (para 3.14)

211. There is a need for the KBJNL, KNNL and the Water Resources Department to adopt professional project management approach for executing irrigation projects in the State. Similarly, the Land Consent award followed by KBJNL in the Upper Krishna Projects should be followed for mitigating risks associated with delays caused due to land acquisition. In the vexed matter of encountering increased occurrence of hard-rock during execution of project as compared to initial estimates, it is recommended that a) the contract terms may be so designed that whenever hard rock found during project execution is more than 10 percent of

the initial estimates, the extent of hard rock should be measured and validated by a third party expert team; and b) while preparing estimates, latest technology of geological imagery should be utilized in order to correctly assess the hard rock. Several instances of irregularities noted by audit and poor compliance with audit observations underscore the need for better supervision and oversight. KBJNL and KNNL should strengthen the internal audit in their companies so that the scope for misuse of funds in executing irrigation projects is minimised. (para 3.15).

212. The Commission emphasizes the importance of creating a sense of ownership of irrigation assets amongst the water users in the areas of the completed projects. In case of incomplete projects or for projects in progress, a system of collecting user charges after a period of say, 2 years of release of water, by the irrigation Authorities should be made mandatory. (para 3.20)

213. Initiatives for collecting water charges for power generation have to be enlarged to cover all projects including micro/mini/small hydel power projects which have completed five years life. The Government Order granting open-ended price concessions to micro/mini/small hydel power projects needs to be amended to introduce a sunset clause. Similarly, ULBs wherever, they draw water from Government Irrigation sources should pay water charges as provided by the Karnataka Irrigation (Levy of Water rates) Rules, 2002. The ULBs can in turn, collect appropriate water charges from their users. (para 3.20A)

214. The Water Resources Department in co-ordination with the Finance Department should evolve an implementation strategy for recovery of water charges from users in accordance with the recovery rates as suggested by the 13th Finance Commission or as mandated by the Water Regulatory Authority. (para 3.22)

215. The Water Resources Department should orient the CADAs to ensure community participation in irrigation management, and to extend structured training and education to the Water User Associations and farmers in their respective command areas in matters such as the efficient use of available water, practice of effective water harvesting techniques, and adoption of drip and sprinkler methods of irrigation so as to maintain increased productivity and soil fertility in the Command area. (para 3.23)

216. CADAs should monitor the relevant parameters and communicate the same every month to both the Water Resources Department and the Agriculture Departments (committed and experienced professionals should be posted in the CADAs with fixed terms of atleast 3 years each. The CADA staff should be given regular orientation, training and technology support to enhance their competence. (para 3.23A)

217. The Karnataka Community Based Tank Management Project (KCBTMP) demonstrates the feasibility of forming Tank users groups for managing the irrigation assets, and recovering of water charges for maintenance. This model needs to be sustained in order to continuously draw benefit from Tanks without burden on budgetary resources. Further, the model can be suitably upscaled to involve water users in all other irrigation projects effectively. If necessary the officers and staff involved in KCBTMP, which is a kind of social engineering/enterprise development activity, may be deployed for up-scaling operations in the medium irrigation project areas or under CADAs (para 3.26)

218. The State Government should expedite the constitution of a State Water Regulatory Authority to function as a regulator for water use in the State. This authority has to fix and regulate the water tariff system and determine and regulate the distribution of entitlements for various categories of water users. (para 3.31)

219. The Water Resources Department, Nigams and CADAs should be encouraged to maintain more accurate and credible database required formulating proper water rates for water use. Systematic maintenance of asset registers, and a credible data-base relating to capital cost, O & M cost, quantum of water released in different seasons, data regarding yield of different crops, market rates, etc., can form the basis for fixing water rates and a reliable system to collect the same. The Water Resources Department should also formulate a training plan for its personnel to use the data. (para 3.32)

220. There should be good co-ordination between the various agencies involved in the project, so as to give minimum scope for changes in scope or design, or for delays in project implementation. The Water Resources Department should organise regular training of the staff on the necessary procedures, documentation and record-keeping required to be maintained for better project management. (para 3.33)

221. The recommendations of the Working group on Water Resources set up by Ministry of Water Resources, Government of India regarding the Strategies for improving irrigation efficiency and measures for efficient irrigation water delivery are very apt for Karnataka. These include evolving a basin efficiency concept which integrates all surface water and ground water uses as well as reuse and recirculation, conjunctive use of water, selective lining of canals, preparation of water budget, preparation of O&M budget in consultation with farmers, study of all schemes which are more than 25 years old for structural safety and performance. (para 3.34)

iii. Urban Development Department

222. There is a need to examine, in detail, the pattern and process of urbanization and its implications for present and future economic growth of the State. Long term strategies for sustainable economic growth need to be examined and evolved. In order to step up industrial development in predominantly agrarian regions of the State, the development of new urban settlement of sizable dimension in an appropriate location in central/north eastern Karnataka needs to be promoted vis-a-vis urbanisation in Bangalore. It is critical that Karnataka augments its efforts substantially to manage the process of urbanization and the related transformation effectively, primarily by investing in urban services and developing HR capacity for urban management, including financial management and asset management. (para 4.16)

223. It is recommended that BWSSB plan a dual pipeline system and supply tertiary treated water to the 8 CMC's included under BBMP jurisdiction, as well as to new layouts formed by BDA. The possibility of using tertiary treated water in the future for water supply and irrigation purposes could also be explored. Government may also direct all ULBs, KUWS&DB to plan dual pipeline systems in all urban areas so as to supply tertiary treated sewage water, after undertaking an extensive education campaign among water users. (para 4.32)

224. The Commission recommends that the urban water supply projects should be undertaken based on a comprehensive assessment of the technical (suitability of the design), financial (sources of financing including interest rate negotiation with the lenders), environmental and quality aspects as also after taking note of alternative arrangements for drawing and storing water. (para 4.35)

225. In order for the Boards to serve the ULBs better a database of existing assets and its condition may be prepared by each ULB e.g. details of the distribution pipeline (length, type of pipes, condition status etc), public taps, overhead tanks, ground level reservoirs, etc., including the GIS mapping of the areas under the jurisdiction of the ULB. The data needs to be updated periodically. (para 4.36)

226. The Commission is of the opinion that there is a need for KUWS&DB to hand hold ULBs in proper maintenance practices till they develop adequate capacity. (para 4.37)

227. The project report should have a "Maintenance Plan" which includes staff requirement for maintenance and recurring cost. There is a need for a policy by the State Government on inclusion of O & M as a part of project report and it should incorporate technical, administrative and financial aspects of both execution of the project and O & Ms. (para 4.38)

228. The Commission recommends setting up of an agency which could co-ordinate between the ULBs and Boards as well as performs certain regulatory functions. (para 4.39)

229. The methodology followed in KMRP should be documented in the form of a report so that a similar network database can be undertaken for the Boards in the State. Further the model should be upscaled to include a database of existing assets. Information regarding the condition of the assets can be regularly updated by each ULB with details of distribution pipeline (length, type of pipes, condition status, etc.), public taps, overhead tanks, ground level reservoirs, sewerage treatment plants, owned properties for self use and properties given on long lease and rent, properties not subject to tax, vehicles and such other assets belonging to the ULBs. Also the GIS mapping of the areas under the jurisdiction of the ULB and the data could be updated periodically. Further, the department should conduct a process audit of the project regularly through a third party to assess the potential of the software system for further improvements and increased coverage. (para 4.40 (i))

230. The e-governance model followed by the Municipal Reforms Cell could be further extended to include socio-economic data as part of its evaluation of ULB performance. The socio-economic data could be further used for better planning and implementation of the schemes and a focused targeting of beneficiaries. Further, the regular data uploaded by the ULBs could be effectively used for determining the outcome and long term impact of poverty alleviation schemes in the State. (para 4.40(ii))

231. Given that JnNURM was envisaged with a seven year project period (2005-2012), it is recommended that KUIDFC should prepare and publish a detailed and comprehensive completion and results report of the programme, indicating the various challenges faced and the steps taken to address the same. (para 4.40 (iv))

232. With rapid rise of urbanisation and an exponential increase in population of poorer sections of society moving to cities for better job employment opportunities, it is urgent that the State Government augment its resource allocation to avoid further compounding of the menace relating to public sanitation. Under the Basic Services for Urban Poor (BSUP) component of the programme, the State Government should prepare a proposal for a study and improvement of the status of public sanitation in Bangalore. The studies conducted under Integrated Housing and Slum Development Programme (IHSDP) should be extended to all ULBs of Karnataka, particularly the backward districts of Karnataka like Bidar, Gulbarga, etc. Further under the Greater Bangalore Pro-Poor Sanitation program under Karnataka Municipal Reforms Project (KMRP), the Government should take up additional support for construction of toilets at the community and individual levels in slum settlements in other

ULBs. The Municipal reforms cell could be asked to prepare a database of the public toilets and public sanitation facilities in the ULBs in Karnataka, so that ULBs can have a perspective planning to address problems. (para 4.40 (v))

233. It is suggested that UDD guidelines should be made more specific as to what projects under ₹ 100 crore package program can be categorized as “large scale”, so that the ULBs have specific directions as to what projects can be chosen under the program. (para 4.44 (i))

234. To avoid arbitrariness and adhocism in the choice of the projects under ₹100 crore package programs, it is recommended that an integrated city development plan reflecting local priorities and preferences should be formulated and subsequently the action plan should be derived from the city wide plan in the choice of the projects. (para 4.44 (ii))

235. Though the use of IT in project monitoring for projects under CMSMTDP is appreciated, it is recommended that programmes involving the use of IT should include a component of training modules for staff and personnel development. There is a need for capacity building in the form of training and the use of Internet Technologies should be made for tendering and monitoring of the projects. BBMP Project monitoring through e-platform, and which is in the nature of social audit can be used as an example, with focus on the need to disclose the feedback received and action taken on citizen feedback. (para 4.44 (iv))

236. It is recommended that projects for solid waste management under UIDSSMT be taken up with sufficient emphasis given on the need to create and maintain public toilets in order to mitigate Public Health problems. (para 4.44 (v))

237. Under the Swarna Jayanthi Shahari Rozgar Yojana (SJSRY), it is suggested that the money from the underutilized ULB could be diverted to the performing ULBs. The offset should be adjusted if the performance improves by next instalment. DMA could follow the guidelines the Union Government uses for the diversion of the under utilized funds of States and the Union Territories and the same can be applied for the ULBs in Karnataka. In order to have better clarity of accounts it is suggested that the physical targets set take into account the release of the current year and the unutilized amount of the previous year. It is recommended that all the maximum unit costs be consistent with the revised guidelines of SJSRY. For this purpose, DMA should compare releases with expenditure for all the ULBs in the state. The performance analysis can be done simultaneously with the strengthening of ULBs reporting requirements. The exercise can also be repeated on a component- by component basis. (para 4.44 (vii))

238. In order to evaluate the SJSRY scheme for its outcome and benefits, the State Government should comprise a study of the beneficiaries and determine the number of people who have risen over the poverty line. Such study would also help to provide aid and scheme benefits to focused and targeted beneficiaries. (para 4.44 (viii))

239. Directorate of Town planning should draw up and put a Long Term Urbanisation Plan for Karnataka by making effective use of the City Development Plans of the ULBs and the data infrastructure provided by the Municipal Reforms Cell. (para 4.50)

240. It is essential that a register comprising the government assets owned and maintained by these bodies should be prepared and updated regularly. Further, as per section 4 (n) of The Karnataka Local Fund Authorities Fiscal Responsibility Act, 2003, local bodies are mandated to follow prudent financial management principles. The asset register should contain details of assets (separately in the form of land and buildings) owned, auctioned or leased by the ULBs, municipal corporations and the various boards. The details regarding collections of tax and revenue from such assets and the details regarding assets exempted from tax should be maintained in the registers. Further the list of beneficiaries of development rights awarded under Section 14B of the Town and Country Planning Act, should be included as part of the register. (para 4.51)

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User Charges

241. Despite the felt need for user charges, there is no stated policy on the subject. The Commission is of the view that the government should articulate a clear policy on user charges so that it is firmly on the agenda of every Department. While the government may draft a detailed User Charges Policy, this Report provides a basic framework. (Para 2.12)

242. The Commission recommends that a) that the power to set tariffs be retained with ULBs and Water Boards; and the State Water Regulatory Authority, when set-up, may design a comprehensive policy detailing tariff setting principles, cost recovery goals, service delivery standards, which the city-level service providers will have to adhere to and b) the Water Boards and ULBs be encouraged to set the tariffs as scientifically as possible. For this, if required, they may take assistance of a professional body of experts. (para 2.26)

243. It is recommended that KUWS&DB must devote adequate resources, financial and technical, to ensure that all ULBs achieve 100% metered connections within the next 2 years. (para 2.27)

244. As WUCS are important instruments in proper management of irrigation assets, the Commission recommends that the Water Resources Department should focus efforts to improve the formation of WUCS and help enhance their effectiveness through capacity building measures. (para 2.33)

245. The Commission reiterates its recommendation (already made in its Third report) that the State Government should expedite the constitution of a State Water Regulatory Authority which could function as a regulator for water use in the State (water for irrigation, drinking and industrial purposes). As far as drinking water supply is concerned, the Water Regulatory Authority would serve as a link between the Water Resources Department, city level water service providers, Municipal Corporations / Councils and the citizens. (para 2.39, para 2.25)

246. The Commission recommends that while the government may undertake a review of road related taxes to bring them in line with various costs incurred for building and maintaining roads, it should immediately undertake a review of congestion pricing policies, existent in urban cities like London, Singapore and Hong Kong to draw up feasibility scenarios for replication / adoption for Bangalore city which is facing severe traffic congestion problems. (para 2.49)

247. Considering both tangible and intangible benefits arising out of the roads, the Commission suggests that road network consisting Village Roads and District Major Roads may be considered as pure public goods, and part of road network consisting State Highways, select District Roads may be considered as merit goods where partial recovery of costs could be considered and they be subjected to toll collection as per State Toll Policy. (para 2.51)

248. The GoK may also review their revision policy to keep a fixed increase in toll plus a variable component partially dependent on WPI movements. It is recommended that at least 60% of tax and tolls should be routed back to the sector for development and maintenance of roads. The Commission would also like to reiterate its recommendation made in the Third Report that a separate ‘State Road Regulatory Authority’ be constituted for, among other things, evolving and fixing road tariffs. (para 2.51)

Subsidies

249. The Commission recommends that efforts be made towards feeder separation, introduction of High Voltage Distribution Systems (HVDS), metering of distribution transformers and control of supply as per policy. Distribution franchising and Electricity Services Company (ESCO)-based structures for efficiency improvement may be considered by the utilities. (para 3.21)

250. The Commission recommends that in tandem with separation of feeder lines and associated reforms in distribution, the distribution companies should undertake extensive energy audit to identify potential risk factors. (para 3.22)

251. In addition, in the opinion of the Commission the following are required to be attended to:

- a. Promote consumer education to apprise them on the imperative for tariff increases; and;
- b. Expedite linking tariffs to service levels, performance improvement and tariff reforms (including Multi-year Tariff implementation as required by the Act);
- c. Strengthen the institutional capacity and corporate governance of utilities. Public sector companies, whether or not they have raised funds from the market, should follow the provisions of the Company Law in finalising accounts, appointment of independent directors, appointment of audit committees, and implementing the Guidelines on Corporate Governance issued by the Department of Public Enterprises. (para 3.24)

252. The Commission recommends that the efforts to streamline the identification of BPL through proper verification and computerization should be expedited. (para 3.29)

253. After reviewing various subsidy Schemes in the agriculture sector, the Commission recommends that the government should comprehensively evaluate various subsidies being offered in the agriculture sector to get an idea of their cost effectiveness and impact on relieving distress of farmers. The Government should also examine other options e.g. insurance to mitigate the risks faced by farmers. (para 3.37)

254. The Commission recommends that interest free loan equivalent to assessed VAT value to industries be allowed only for small and medium industries to which such an incentive makes a difference. Even if the Government wants to attract industry by giving some incentives, it should be some selected industry, for which Karnataka does not bestow any special advantage such as availability of raw material. In other words, such incentives should not be given to units in cement and steel industries; on the other hand incentives may be

justified for, say, automobiles. In any case loan amount should not exceed 25 percent of fixed costs, subject to conditions regarding VAT amount, employment generation, etc. (para 3.43)

255. As the state government continues to rely on concessions as an instrument to promote industry, the Commission recommends that there should be serious effort to track the revenue loss arising on account of all such Schemes. The government should try to prepare a statement of revenues foregone as done by the Union Government based on sample studies. It should be possible for the government to also devise ways by which some of the incentives are captured in the accounts of the government. For instance, concessional registration charge can be accounted as a receipt and the concession shown as expenditure. (para 3.44)

256. Current tracking of subsidy bill by the Government of Karnataka is limited to the budget head '106'. There are a number of other items, especially in the industrial sector that extend other forms of support for promotion of sales, purchase of raw material etc. The Commission recommends that the Government identify all such Schemes, however small they may be, and report the total subsidy bill of the Department concerned. (para 3.45)

257. The Commission is also of the view that the State Government should strengthen the infrastructure in the state - particularly power and road network, as ultimately it is the adequate availability of industrial infrastructure that plays a greater role in the industrial development of a region rather than the incentives and concessions. (para 3.47)

258. The Commission recommends that the government should on priority make a systematic forecast of housing needs and funds needed to meet them. Once these are in place, it should be possible to a) target the subsidy to districts where there is a need and b) gradually decrease the quantum of subsidy in this sector. (para 3.59)

259. In view of substantial funding for rural housing Schemes by the Central Government, the Commission suggests that the state government could consider increasing the support to two urban housing Schemes viz. Urban Ashraya and House Sites to meet the unmet urban housing needs in the state. (Para 3.60)

260. Considering the large gap in recovering the cost of providing secondary and higher / technical education, it is felt that there is greater scope for levying higher tuition fees from students from APL households. (para 3.64)

261. The Commission is of the view that there is no economic rationale to subsidize tertiary medical care for people who can afford to pay for such services or underwrite expenditure on medical education when a person pursuing medical education can generally be expected to

come from a reasonably well-to-do background. This does not preclude the government from providing subsidy to persons from economically weaker sections of society. Therefore, the Commission recommends that the government may consider charging fees for APL patients for healthcare services in tertiary hospitals, while continuing to provide subsidized treatment to the BPL households. Similarly, tuition fees for medical education be suitably enhanced while providing relief to students from economically weaker sections. (Para 3.67)

Institutional Mechanism for programme Implementation and Service Delivery

262. The Planning Department at the state level is in a better position to provide strategic leadership, set priorities and also suggest systemic changes in the line Departments. For instance, studying the linkages between State budgets and sector specific implications on GSDP; challenges in identifying activities which have potential for PPPs, putting in place appropriate evaluation standards, improving statistical systems, and challenges in technology and innovation, securing energy future, enhancing capacity for growth, enabling efficient markets. Accordingly, the Planning Department should be reorganised and system capacity be built up to address the emerging challenges. (para 4.11)

263. The Commission is of the view that the three Departments viz. Department of Planning, Department of Administrative Reforms (AR) and Department of IT & Communications should be brought under an Additional Chief Secretary for coordinating government's efforts to derive maximum value for its interventions and investments. (Para 4.12)

264. The Commission is of the view that the institutional mechanism of empowered committees be further strengthened so that approvals are not delayed. (para 4.14)

265. The Commission urges the government to exercise caution while creating Special Purpose Vehicles for scheme implementation or service delivery. The government should carry out a comprehensive zero-base review of all parastatal organizations to see how many of them are still relevant in terms of the original objective with which they were set up; how many of them have their accounts audited up to date; what is their financial status; and so on. The government should wind up those whose continued existence cannot be justified on grounds of relevance in present day context or if the objectives of that SPV are being met by another. (para 4.24)

266. The Commission recommends that the Government should adopt explicit criteria for choosing to create a SPV. If the SPVs in the state have to function as executive agencies, they must be provided financial and operational autonomy while ensuring that there are sufficient measures guaranteeing accountability, transparency and oversight. In order that the SPVs

function independently and professionally and they can be held accountable for their performance, the government should maintain arm's length from them by strictly entrusting their management to an independent and competent Board of Directors. (para 4.25)

267. Barring the State Schemes / projects, it would greatly help if the funds provided to local bodies are completely untied where the local body could take a view on how much to spend on what scheme. It would give them much more ownership and involvement in implementation with positive outcome. It may, of course, be necessary to provide some checks and balances, for instance a cap on how much can be spent on salaries. Even better from control viewpoint would be if the local bodies can actually prepare plans based on local needs which then can be vetted by the state government and necessary funds provided for them in the budget. This way the planning becomes bottom-up and local bodies can be held accountable. (para 4.29)

268. The Commission recommends that the Government review all the subsidies from the standpoint of alternative delivery mechanisms to optimize their outcomes. (Para 4.36)

Framework for Assessing Performance and Monitoring Outcomes

269. The Commission suggests two refinements to MPIC – a) monitoring of progress of activities be limited up to only District level officers; and b) monitoring at higher levels be prioritized so that high value Schemes (say the 20% in number contributing to 80% in value) are monitored on a monthly basis and the balance reviewed on a quarterly basis. (Para 5.22)

270. The Commission recommends that that the Government should strengthen the practice preparing Programme and Performance Budget by making it mandatory for Departments in social sector and gradually extending it to all Departments. The Government should also take forward the initiative of setting up a performance evaluation authority or unit. It is advisable to have a centralized evaluation unit in order to ensure quality control and optimally use the scarce expertise in this domain. (Para 5.23)

Departmental Recommendations

i. Departments of Forests, Ecology and Environment

271. There is a need to closely look at the implementation of Development of Degraded Forest Scheme during the year 2009-10, particularly because there is no proper mechanism to learn from the previous plantation exercise. Local people's opinion about the plantation should be taken into consideration prior to the implementation of the scheme. Before

plantation, the forest Department should hold a workshop in the region where the plantation is to be carried out. A socio- economic survey is also necessary to find out the priorities of both poor and non-poor farmers. (para 6.10)

272. Care should be taken to ensure that the promotion of tourism in and around the State forests, particularly the protected areas, does not compromise the interests of either flora and fauna. Eco-tourism development requires a complete set of institutional, environmental and technology inputs which are coherently integrated with the natural habitat. The Forest Department should prepare a pre-project investment appraisal for expansion of existing facilities or for investing in new projects. However, while prioritizing the activities and allocating the budget, the role of the local community in promoting eco-tourism needs to be properly recognized and the suggestions and a mechanism to capture the perceptions of tourists should be considered. (para 6.11)

273. Labour intensive Schemes with a substantial component of earthwork that cannot be reliably measured (digging of pits) and of doubtful efficacy (poor percentage of survival of seedlings) lend themselves to abuse and hence need to be thoroughly revamped and streamlined for accountability. It is suggested that a priority list of the potential areas for planting should be prepared under greening of urban areas before the Forest Department takes up any new plantation. The Forest, Ecology and Environment Department in its work with urban bodies should also explore the opportunities to evolve strategy for disposal of solid waste using Clean Technology in such a way that urban bodies' capacity is enhanced for counting and taking advantage of carbon credits. The Department should evolve suitable guidelines to identify and prioritise urban areas with needs for implementing a comprehensive Environment and Ecology programme. (para 6.12)

274. The Commission recommends that the investment made for planting of seedlings should be followed up with regular monitoring of trees planted under the program. The Department should prepare and publish an annual report providing an account of the trees planted under the programme which could be used to understand and document the survival rate of the seedlings planted. (para 6.13)

275. It is recommended that the Forest Department review its State budgetary allocation towards its various Schemes that have the objective of forest regeneration and conservation; and make optimal use of financial resources available with CAMPA funds in line with Supreme Court directions in letter and spirit. (para 6.14)

276. The cultivation and sale of medicinal and aromatic plants will be successful only if their efficacy and safety are clearly established and certified by a recognized authority, and if

the farmers can get a remunerative price for them from pharmaceutical firms, individual consumers, or other interested buyers. There is a need to identify good research institutions in the public and private sectors to take up the necessary scientific analysis, documentation, etc., to validate the utility of these products for medicinal purposes. Innovative / progressive farmers should also be encouraged to take up MAPs cultivation in a bigger way. (para 6.15, para 6.16)

277. There is a need for the Forest Department to work in tandem with other government Departments for effective implementation of its Schemes and optimum utilization of its limited resources for the protection and maintenance of the forest resources. In this regard, the Forest Department in co-ordination with the Agriculture Department can motivate farmers to shift cropping pattern in favour of crops that are not attractive to wildlife, by weaning the farmers away from crops like banana, sugarcane which attract wild life particularly the elephants. To avoid man-animal conflict, the Department needs to devise special measures to educate the farmers about appropriate cropping patterns in farms near the forest areas. (para 6.21)

278. An effectively coordinated enforcement mechanism for monitoring of activities in forest areas should be put in place by the government. Such mechanism should be manned by officials of Forest Department, Commerce and Industries Department, Commercial Taxes Departments, weights and measures inspectors, and officials of Transport Department, police officers and officials of Revenue Department. Such enforcement mechanisms also should have powers to monitor enforcement compliance, progress in prosecution of offenders. The Government should use research based inputs for a transparent and objective moderation of state forest and mining policy from time to time. The Finance and Forest Departments also need to explore the possibility to disclose the details of firm-wise tax collected from top 100 mining firms, along with demand raised and arrears to be collected, in public domain every half year. (para 6.23)

279. The Forest, Ecology and Environment Department should ensure a regular audit of the reports of the reclamation and rehabilitation plans prepared for greening of forest areas. This would require permitting mining activities in forest areas based on objective based priorities, which need to be established by using modern technology like remote sensing and GIS to help maintain ecological integrity and forest landscape in the state. As such this would require collaboration with Karnataka State Remote Sensing Applications Centre (KSRSAC) which can study detailed technical aspects for balancing short term and long term priorities of mining in forest areas. (para 6.24)

280. The Commission is of the view that for the items of work common to the various Departments, a separate Committee could be established to list out the items of work common to the Departments and sanction rates to be commonly followed by the Departments. The Committee could be formed with members from the concerned Departments to ensure that concerns of each Department has been included. Further, for items of work which are the expertise of the specific Department, the concerned Department could approve the rates, to be followed by other Departments. The Committee should establish standard definition and turnout for productivity norms of the manpower and machinery employed, to be followed for the calculation of rates of the Departments. The established norms for the efficiency of the works could then ensure a common base for the sanction of rates by the Departments. (para 6.25)

281. All the major expenditure related decisions of the Forest Department must be subjected to the rigour of Project Appraisal, and the returns on investment have to be carefully assessed. For this purpose, appropriate appraisal techniques, including green accounting for better valuation of eco-system services across the State, should be put in place. The project appraisal should also internalise the relevant Environmental audit guidelines prepared by CAG in 2010. This would facilitate the Department to plan and prepare itself to subject its activities to overall environmental audit. (para 6.26)

282. There is an urgent need to put in place a reliable and IT induced monitoring system to track the forest expansion/regeneration in a systematic manner including the quality of expansion in forest cover. Doing so would also enable the Department to put in place reliable mechanism to measure carbon credits which would have immense tradable advantage to the state. The Department has to take advantage of expertise available with Directorate of Economics and Statistics, e-governance Department as also with Fiscal Policy Institute to build HR capacity in this direction. (para 6.27)

283. Sustainable flow of ecological resources is important for the sustainability of any region. Creating protected areas has an impact on the livelihood options of the people living in forested areas. There is a need to develop an appropriate approach that would link sustainability of livelihood in a region and its effect on the ecosystem. This could provide a basis for evolving alternative policy options for decision takers and policy makers. (para 6.28)

ii. Department of Rural Development and Panchayat Raj

284. There should be a system to ensure that the employment under MGNREGS is accrued to the local beneficiaries within the jurisdiction of the Gram Panchayats. The Gram Panchayats need to be supported in terms of training for proper screening of the beneficiaries

before allocating employment. In this regard, initiatives with regard to convergence of welfare and development activities with MGNREGS, could be appropriately adopted. In order for the MGNREGS works to be taken up based on local needs, a better and effective participation of local persons in identification of works is desirable. The Information Technology interventions in terms of GPS (Geographical Positioning System) and biometric job cards could be appropriately adopted to ensure equitable benefits with less scope for leakages. (para 7.17)

285. The Commission in its 2nd report has emphasized the need for social audit in various programmes. Care should be taken that the effectiveness of Social auditing is not diluted while upscaling social audit in MGNREGS. As such the monitoring of productivity/turn out requires to be done with due care and attention by suitably trained supervisors. Such linkage of wage to turnout needs to be extended to all wage programmes implemented by various government Departments, in Irrigation Department, PWD, Forest Ecology and Environment Department and Agriculture Departments. (para 7.18)

286. The Self Employment programmes could be effectively implemented by ensuring active participation of credible NGOs in conducting training programmes and marketing support. The programme could be implemented through groups and effectively co-ordinated through co-operative societies with a view to bring down the costs of operations. Also, institutionalizing a continuous and regular feedback program from the beneficiaries would help the Government to continuously improve and adapt its training modules to the needs of the beneficiaries. These suggestions may suitably internalized into National Rural Livelihood Mission (NRLM). (para 7.22)

287. The Commission, while appreciating the convergence efforts of the RDPR Department is of the view that the RDPR Department should extend similar efforts in other Department viz. Agriculture, Water Shed development, Forest Department to achieve economy of efforts between the development objectives of the Schemes of the Departments. For instance, the afforestation efforts of the Forest Department could be dovetailed with the employment objectives under MGNREGS. Similarly, planting of seedlings, watershed development programmes and the employment objectives under MGNREGS and SGSY could appropriately and jointly met by dovetailing the programmes with Water supply and Sanitation Schemes. (para 7.34)

288. Water Supply and sanitation campaigns need to be reinforced with wider and deeper literacy campaigns to quell misconceptions inherited through generations and spread awareness about efficient use of water. The literacy and awareness campaigns need to be directed to bring about behavioural, cultural and attitude changes among the community

towards good sanitation practices and optimal use of water for domestic and sanitation purposes. (para 7.37)

289. The TSC programme needs to be implemented by identifying and addressing the local constraints towards construction and use of toilets. In cases where pour flush toilets may not be feasible, the TSC programme should be supported with adequate technical training programmes in use of ecological sanitation concepts. (para 7.38)

290. In an eco-sanitation approach, the waste is treated by dry storage and by soil composting systems i.e. by adding soil, wood ash and leaves. The eco toilets could be effectively made use of as a solution to sanitation as well as a reliable and low cost water conserving technology. (para 7.39)

291. There is need to review the various housing Schemes implemented in the State. Since the housing Schemes are implemented at Gram Panchayat level, there is also a need to reconcile the database of the waitlisted houseless at state level in order to avoid duplication of beneficiaries and ensure provision of housing to the intended beneficiary. It is necessary that the Department in collaboration with Rajiv Gandhi Rural Housing Corporation makes medium term forecasting of demand for houses under various Schemes. (para 7.46)

292. The RDPR Department should ensure training and orientation of the officers at GP and TP level to effectively monitor the construction of the houses under the housing Schemes. Further the engineers at GP and TP level should be trained to provide technical support to the beneficiaries of the housing Schemes for economical and cost effective housing solutions. (para 7.47)

Recommendations made by the ERC Consultant viz. National Law School of India University (NLSIU), Bangalore regarding selected issues pertaining to two Departments i.e. Law, Justice and Human Rights and Home (Police).

1. Law, Justice and Human Rights Department

1. The existing practice of appointing Government Advocates at all levels of the Judiciary will have to be seriously examined. Appointments will have to be made on merit. There can be a written examination to test the competence and viva to test the aptitude.
2. At present, there is no provision for any training programmes/ refresher courses for the Government advocates. When the qualifications prescribed are 12 years for Government pleader and 15 years for Government Advocates, the expectation is that they are sufficiently trained. There has to be a strong orientation programme, orienting them as to how to conduct the Government litigation. There is the need for arranging some refresher courses. The refresher courses can be in the areas like service matters, land acquisition compensation, Government contracts, arbitration with focus on challenging the arbitration award and conducting of public interest litigations. There can be a module on how to coordinate with the government departments.
3. The remuneration paid to the Government Advocates is not attractive to attract talent. The remuneration has to be a total of at least Rs. One and half lakh per month at the High court level keeping in mind the experience required to become Government Advocate or Government Pleader. Similarly, the remuneration for the District Government Pleaders can be increased.
4. The concern expressed by the advocates is that there is need for improving the co-ordination between the Government departments and the Government Advocates. The possible solution for this could be the Government departments will have to have internal legal section with a responsible and competent officer handling it. This officer must co-ordinate his department cases with the Government Advocate by staying back in the office beyond

regular office hours and briefing the advocate either at the Government Advocate's office or in his private chambers. These legal heads and the officials working in the legal department of the Government will have to be given flexible working hours and also some allowances for transport, late in the evening. Any deficiency in co-ordination, accountability also will have to be fixed. The Head of the Legal Cell will co-ordinate right from drafting the pleadings at all stages of the Litigation. This is possibly what the Karnataka Government mentions as Nodal Officer.

5. Sec. 80 of the Civil Procedure Code has to be taken seriously. Whenever notices are received by the Government Departments, efforts will have to be made to see whether it is a genuine complaint and objectively sort it out at the department level itself, instead of pushing it to litigation mechanically. Many problems of the people with the Government will be sorted out effectively if this Section of CPC is used properly. This needs authorising a responsible officer in each department to make reasonable and appropriate decisions whenever notices are received under Sec. 80 of Civil Procedure Code giving notice under Sec.80 of CPC is mandatory. If the required notice is not given the court will not admit the suit. Unfortunately, the government never makes use of this and has been defeating the very intention of the law makers.

6. When the notices are received, if it is not possible to resolve the problem at the department level, the matter may go before the Lok Adalats or Mediation Centres, wherein the Mediation or Lok Adalat process will help the disputing parties to resolve the dispute amicably. This has been stated by the National Litigation Policy as well as Karnataka Litigation Policy. But, what is the authority of the Departmental Heads to settle the matters before the Mediators or Lok Adalat?

In Mediation or in Lok Adalat, it may be necessary to make compromises, to what extent the departmental representative is empowered to make concessions. These are very important things which are not reflected in the litigation policy. Without this authorisation, no representative of the department will be prepared to make compromises and risk himself being

scrutinised by the auditors. This needs an economic analysis of the litigation cost and to what extent the concession can be made in the mediation or Lok Adalat. The departments can have dedicated days in every month to organise Lok Adalats. The High Court of Karnataka organises Lok Adalats every week to facilitate resolving of disputes pending before the High Court. The Karnataka state Legal Services Authority will be able to organise the Lok Adalats if approached by the government departments. This is Lok Adalat organised under the Legal Services Authorities Act 1987. There are many examples of Government departments taking initiative in hearing the representations given by the public and sorting them out. We can take the examples like telephone Lok Adalat, water supply department Lok Adalat. This needs the training of the departmental officer who will be involved in resolving disputes in the skills of negotiation especially the problem solving strategy or collaborative strategy of Negotiation. The litigation cost will have to be calculated not only keeping in mind the fees paid to the Government Advocate, salary paid to the departmental representatives, but also the other hidden costs like, congesting the courts with Government litigation and the delay caused by frivolous litigations of the Government for the private litigants before the court and the cost towards the time spent by the court on such frivolous litigations.

7. The middle and lower level officers may be given training programmes in Administrative law and application of Principles of Natural Justice. This will be an effort on the part of the Government to improve efficiency of the officials, provide good governance as per Rule of Law and minimise litigation. Such training can be seen as Government's effort to minimise unproductive expenditure.
8. The land acquisition matters appear to be nearly 40% of the Government litigation. Land acquisition officers are to be trained in the skills of negotiation, so that they can negotiate and buy the land after preliminary notification without any scope for litigation.

9. The 13th Finance Commission has allocated funds towards training of the Asst. Public Prosecutors and the Public Prosecutors in the Prosecution Department. Regarding training of the prosecution department personnel, the department may consider the possibility of developing proper course outline and reading materials to train the trainers. The resource persons so trained will be able to conduct the training programmes in future also.

2. Police Department

The following three points upon (or to be more precise themes) which the entire effort of police delivery can be fine-tuned with the basic objective (for which the police force is established) and reform the same, viz.

1. Professionalizing the force;
2. Modernizing the force; and
3. Humanizing the force.

1. Professionalizing the force;

1. Ideally a separate pay band for the Police Department especially for those who are working in the lower rank be devised – this is keeping in mind the ‘risk’ involvement of the police work.
2. Recruitment is a critical component of professionalizing the police. Ideally an independent Police Recruitment Board be established for regular recruitment (on scientific basis) of the police personnel below the rank of Deputy Superintendent of Police.
3. Right now there is only an ‘induction training’ to the police personnel below the rank of Inspectors. However, this must be enhanced to include the ‘continuing education’ modules. Such programmes shall be given on a regular basis. Every police officer shall take such training at least once in five years during his career; [CHAPTER 4 & 7]
4. REDESIGNING THE DELIVERY MODEL:- There shall be a separate specialized wing in the department, which would analyze the patterns like

statewide crime patterns, trends and other factors, which would influence the aspect of the policing. This would aid the police in their operations by developing greater insights; and also to devise specific action plans to improve their performance.

5. **PERFORMANCE (OF DELIVERY) APPRAISAL:-** supporting the police department to improve its performance quotient is one aspect; and on the other hand, it is highly imperative that, there must be some scheme to appraise the performance. In other words, it is also a mechanism to assess on objective basis the quality of delivery of police services to the society. Unfortunately, there is no such appraisal mechanism. The research team was given to understand (during consultations) that there are regular ‘crime meetings’ at district, divisional levels, which can be taken as in-house performance appraisal mechanism devised and practiced by the police department from time immemorial. However, it cannot be taken as proper appraisal system. It might be ideal if there is an independent system of performance appraisal created, which shall not only confine to crime investigation, but spanning over other aspects of police as well.

2. Modernizing the Police force;

The modernization initiative predominantly targeted eight major heads of the police force viz:-

1. **Police buildings** – construction of both administrative buildings, including police stations and outposts;
2. **Police Housing** – construction of residential houses including barracks;
It is also ideal if the construction norms for (both official and housing buildings) is determined, with quality norms – so that many challenges engrossed in this regard can be eliminated.
3. **Mobility** – purchase of vehicles and motor cycles including bullet proof / mine proof vehicles;

4. **Weaponry** – purchase of arms and ammunitions;
5. **Equipment** – purchase of equipment for security, communication, crowd control, protective gear, bomb disposal aids, aids to investigation, disaster management equipment, etc.;
6. **Training** – enhancement of infrastructure facilities to training institutes both building and equipment.
 - a. Police training equipment/training aids;
 - b. Physical training equipment;
 - c. Field craft equipment;
 - d. Games equipment.
7. **Computerization** – use of Information and Technology in policing.
8. **Forensic science** – to improve forensic science laboratories and infrastructural facilities.

3. Humanizing the force;

DEVELOPMENT OF POLICE CENTRIC MODULE - A well balanced module of ‘Human Rights’ has to be developed especially by the police department (may be by taking the necessary technical expertise of domain experts) itself. Such a module shall understand the deliverables of the department and the basic objective of respecting human rights by the police. It is absolutely essential to maintain high value based approach in the module. The present statement is necessary – as many police officials’ mind-set demonstrates that, they understand human rights as deterring them from only adhering to de-humanizing treatment (popularly known as ‘third’ ‘forth’ degree treatments etc.,) meted out to the criminals. Respect to human rights would not necessarily exclude the suspects and criminals, but is mainly to understand the sentiments of victims of crime, and general public. Therefore, the module shall only be developed by the department, and shall be very well balanced one.

Abbreviations

ADB	Asian Development Bank
AICTE	All India Council for Technical Education
APL	Above Poverty Line
AR	Administrative Reforms
AYUSH	Ayurveda, Yoga, Unani, Siddha and Homoeopathy
BC	Back Word Class
BDP	Business Development Plans
BPL	Below Poverty Line
BWSSB	Bangalore Water Supply and Sewerage Board
BBMP	Bruhat Bengaluru Mahanagara Palike
BSUP	Basic Services for Urban Poor
CAMPA	Compensatory Afforestation Fund Management and Planning Authority
CADA	Command Area Development Authority
CFC	Contract Farming Cell
CMC	City Municipal Council
CFTRI	Central Food Technological Research Institute
CII	Confederation of Indian Industry
CSR	Corporate Social Responsibility
CMSMTDP	Chief Minister's Small & Medium Town Development Programme
DES	Directorate of Economics and Statistics
DIET	District Institute for Education and Training
DMA	Directorate of Municipal Administration

DPR	Detailed Project Report
ECS	Electronic Clearing Systems
EDUSAT	Education Satellite
EFC	Expenditure Finance Committee
ESCO	Electricity Services Company
FKCCI	Federation of Karnataka Chambers of Commerce and Industry
GIA	Grant-in-Aid
GIS	Geographic Information System
GSDP	Gross State Domestic Product
GOI	Government of India
HDI	Human Development Index
HMIS	Health Management Information System
HVDS	High Voltage Distribution Systems
HUDCO	Housing and Urban Development Corporation
ICAR	Indian Council of Agricultural Research
ICDS	Integrated Child Development Services Scheme
ICT	Internet and Communication Technologies
IFA	Internal Finance Advisors
IIM	Indian Institute of Management
IMR	Infant Mortality Rates
ISEC	Institute for Social and Economic Change
IT	Information Technology
ITI	Industrial Training Institute
IVC	Indian Veterinary Council

JFM	Joint Forest Management
JnNURM	Jawaharlal Nehru National Urban Renewal Mission
KBJNL	Krishna Bhagya Jala Nigam Limited
KCBTMP	Karnataka Community Based Tank Management Project
KNNL	Karnataka Neeravari Nigam Limited
KFRA	Karnataka Fiscal Responsibility Act
KGID	Karnataka Government Insurance Department
KLAC	Karnataka Land Army Corporation
KMRP	Karnataka Municipal Reforms Project
KRDCL	Karnataka Road Development Corporation Limited
KREIS	Karnataka Residential Educational Institutions Society
KRIDL	Karnataka Rural Infrastructure Development Limited
KSHA	Karnataka State Highways Authority
KSHIP	Karnataka State Highway Improvement Project
KSQAO	Karnataka School Quality Assessment Organisation
KSRTC	Karnataka State Road Transport Corporation
KVK	Krishi Vigyana Kendras
KUIDFC	Karnataka Urban Infrastructure Development and Finance Corporation Limited
KUWS & DB	Karnataka Urban Water Supply and Drainage Board
KVTSDC	Karnataka Vocational Training and Skill Development Corporation
LED	Light Emitting Diode
MAPs	Medicinal and Aromatic Plants
MDGs	Millennium Development Goals
MDR	Major District Roads

MFP	Minimum Floor Price
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MMR	Maternal Mortality Rate
MPIC	Monthly Programme Implementation Calendar
MTFP	Medium Term Fiscal Plan
NAAC	National Assessment and Accreditation Council
NCDEX	National Commodities and Derivatives Exchange
NGO	Non Governmental Organization
NHAI	National Highway Authority of India
NRLM	National Rural Livelihood Mission
NRHM	National Rural Health Mission
O & M	Operations and Maintenance
PEAO	Project Evaluation and Appraisal Officers
PHCs	Public Health Centers
PMC	Project Management Consultants
PPB	Programme Performance Budget
PPP	Public Private Partnerships
PTR	Pupil Teacher Ratio
PWD	Public Works Department
RDPR	Rural Development and Panchayat Raj
RFID	Radio Frequency Identification Devices
ROW	Right Of Way
RSK	Raitha Samparka Kendras
RTE Act	Right to Education Act

RUDSETI	Rural Development & Self Employment Training Institutes
SC	Schedule Caste
SSLC	Secondary School Leaving Certificate
SHG	Self Help Group
SOS	Strategic Option Study
SPV	Special Purpose Vehicle
SSA	Sarva Siksha Abhiyan
SJSRY	Swarna Jayanthi Shahari Rozgar Yojana
ST	Schedule Tribe
TSC	Total Sanitation Campaign
UAS	University of Agricultural Sciences
UDD	Urban Development Department
UID	Unique Identification
UIDSSMT	Urban Infrastructure Development Schemes for Small and Medium Towns.
ULB	Urban Local Bodies
VAT	Value Added Tax
WCD	Women and Child Development
WTO	World Trade Organization
WUCS	Water Utility Control Systems