

# 1 Executive summary

Karnataka came into being as a State of the Union of India on November 1, 1956 as a result of the merger of different regions viz. Hyderabad Karnataka, Bombay Karnataka and old Mysore State. At the time of reorganisation, Karnataka emerged out of the union of regions with varying levels of socio-economic development which meant that there were sharp imbalances between the regions at the very inception of the State. During the last five decades, the State has made focused and concrete efforts to achieve balanced regional development. In order to minimize inter district and inter regional disparities, the State government, in the year 2000, constituted a High Powered Committee for the Redressal of Regional Imbalances (HPCRRRI) under the chairmanship of Dr. D M Nanjundappa, popularly known as Dr. Nanjundappa Committee. The Committee studied the regional disparities existing in the State and assessed the level of development in 175 taluks in the State. On the basis of the assessment the committee identified 26 most backward taluks in the Northern Region of Karnataka and 13 most backward taluks in the Southern Region.

Across the globe high value industrialisation has been successful in breaking the vicious circle of low productivity and poverty by raising incomes to levels enough to put an economy on a sustainable growth path. Going with this imperative and based on the specific recommendations of the Nanjundappa committee report to speed up the development process in backward pockets of Karnataka, the Government of Karnataka, through the Department of Industries & Commerce introduced the Kaigarika Vikasa scheme in the year 2005-06. The Kaigarika Vikasa scheme was introduced in 14 districts covering the 39 most backward taluks. However, with the recent bifurcation of Gulbarga district into Gulbarga and Yadgir, a total number of 15 districts were covered under the scheme.

The primary objective of the scheme was to raise the level of industrial activities in the most backward taluks through intensive industrialization. The scheme also targeted to motivate local youth to take self-employment by exploring the resources available locally. Emphasis was also given on promotion of rural industries and artisan based activities to increase the socio-economical level in 39 most backward taluks. 11 Government and Non-Government agencies/ Quasi Government bodies/organizations were involved in the implementation of the scheme across the three domain activities, viz. creation of industrial infrastructure; creation of weaving sheds/ units; and conducting of training programmes for capacity building and skill development of local youth.

The department, through Karnataka Evaluation Authority (KEA), set out to evaluate the scheme in 2015 by studying the outcome of the programs implemented under this scheme and to assess the level of industrialization in the 39 most backward taluks in 15 districts for the period 2005-06 to 2013-14. The evaluation study was designed to help the State government extract, from past and ongoing activities, relevant information that could subsequently be used as the basis for programmatic fine-

tuning, reorientation and planning for the future of the scheme.

The evaluation assessed the planning and design of the funds allocation and expenditure under KVV in 39 most backward taluks. Through the evaluation of 'Kaigarika Vikasa' scheme the output, outcome and impact of the programs implemented under this scheme have been studied and analysed. The evaluation study has been based on the data and information collected from Department of Industries and Commerce and other stakeholders. Also, formal survey of 10 Implementing Agencies and 374 beneficiaries across the 39 most backward taluks in 15 districts were conducted. The scheme related data received from primary and secondary sources were analysed through both quantitative and qualitative methods to derive the findings and recommendations.

The scheme output was measured through a process of review of financial assistance provided, trainings conducted and industrial infrastructure developed. The objective was to evaluate the financial assistance provided for the programme since its commencement in the year 2005-06 and up to the year 2013-14, process of devolution of funds and their transfer from the State government to implementing agencies. While measuring the output of the scheme, the implementation status was also examined mainly linked to the financial and physical progress of the programme, review of trainings conducted, review of fund allocation and fund utilisation by the implementing agencies and the impact of the programme on developing industrial infrastructure in the scheme area.

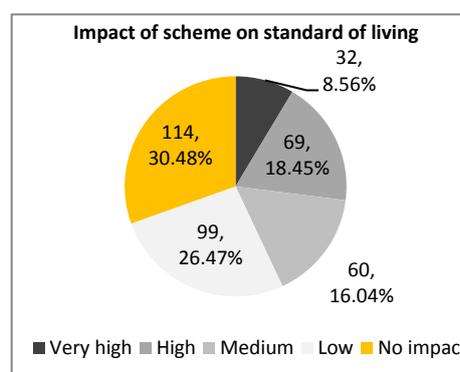
The scheme outcome was analysed through formal surveys to validate sample details provided by the respective implementing agencies across 3 domain activities and beneficiary survey to gauge their opinion on quality of industrial areas/estates, weaving sheds developed and training programmes conducted. The objective of such formal surveys were to analyse the current status and quality of such industrial infrastructure created, and quality of training programmes conducted in the scheme area under KVV funds and the overall benefit derived by beneficiaries from such programmes.

The impact of the scheme was assessed through a series of steps and each step included a set of actions. The steps refer to the period before, during and after the implementation of the Kaigarika Vikasa scheme. The objective was to go beyond the simple acquisition of knowledge about the scheme and to undertake a comprehensive assessment of the scheme. The indicators that were examined under the impact analysis of the scheme were a) level of improvement in industrial activities; b) local youth employment and c) impact of the scheme on the socio-economic conditions of the local people.

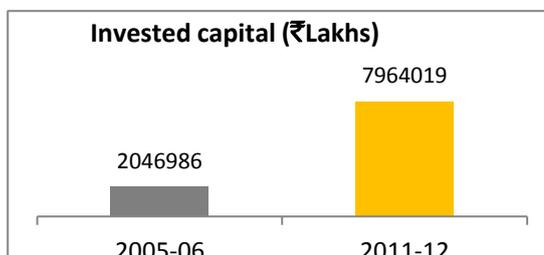
Summary of findings based on the evaluation are presented below:

- ▶ There has been improvement in the level of industrial activity in 39 most backward taluks where the scheme is being implemented. The total number of factories across the scope area increased by 43.77 per cent between 2004-05 to 2011-12, with districts such as Raichur, Mysuru, Tumakuru, Chitradurga and Kalaburagi having the highest number of factories. The total number of workers and employees across the scope area increased by 114.13 per cent and 276.08 per cent respectively during the same period.

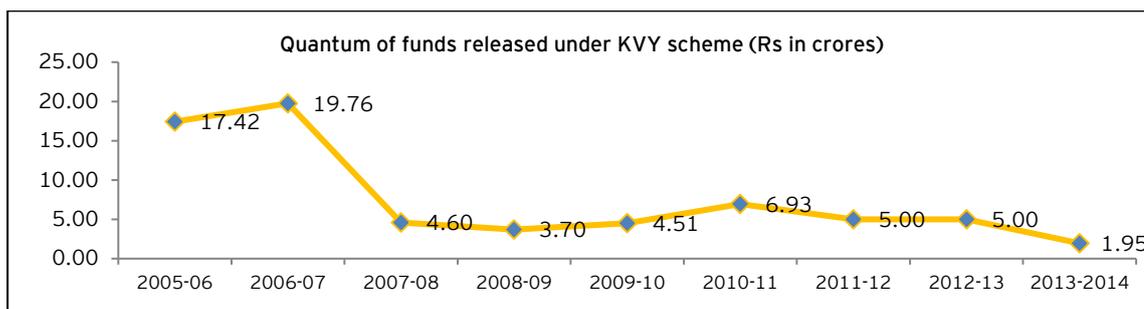
- ▶ There has been significant increase in the invested capital across the scope area of 15 districts during the period from 2005-06 to 2011-12. The total invested capital across the scope area has increased from `2046986 lakhs in 2005-06 to `7964019 lakhs in 2011-12. Districts such as Bellary, Mysore, Gulbarga, Koppal, Bagalkote and Tumkur recorded the highest quantum of investments during the period from 2005-06 to 2011-12.
- ▶ There has not been significant change in the number of large and mega scale industrial units operating in the 13 districts for the period 2010-11 to 2014-15. The Industrial area/ estates developed under KVY in the scheme area have not been able to attract any major industry unit.
- ▶ The socio-economic level in these 39 most backward talukas did not increase significantly due to the implementation of the scheme. There still exists considerable inter-taluka disparity in income, standard of living, access to private jobs, access to healthcare, access to basic amenities, etc.



- ▶ The weaving units operating in the weaving sheds have not been provided any access to market support.
- ▶ The training programmes conducted under KVY in the scheme area were mostly focussed on entrepreneurship development and awareness without any stress on creating skilled workers.
- ▶ The growth in industrial activity and invested capital did not have a significant impact on the beneficiaries.



- ▶ 17.14 per cent of the 35 local youths surveyed across the three domain activities were highly motivated to take up self-employment after the scheme was implemented in their taluks.
- ▶ Government assistance under the Kaigarika Vikasa scheme was in the form of financial assistance. However, there has been a huge downward shift in terms of fund released under KVY scheme.
- ▶ The financial assistance provided to implementing agencies has reduced from ₹17.42 crores in 2005-06 to ₹1.95 crores in 2013-14. KIADB and KSSIDC undertook projects during scheme implementation period from 2010-11 to 2013-14. This shift is mainly due to low scheme awareness among implementing agencies; lesser number of project proposals received from Implementing Agencies than anticipated and delay in submission of project proposals.



The Kaigarika Vikasa Scheme is the first of its kind scheme that has been introduced to help industrialise and lift the socio-economic status of the most backward taluks of the State. The continuance of the scheme will allow the government to create job ready youth, knowledgeable entrepreneurs and more employment opportunities for the local population and also help monitor the impact of the scheme on the socio-economic level of the 39 most backward taluks vis-à-vis other more developed taluks of the State. Based on the evaluation following recommendations for modifications in the scheme have been made:

► Policy and Institutional Arrangement

- ▶ A dedicated nodal officer may be appointed for the implementation of the scheme. This will improve coordination between the DIC and the implementing agencies and increase accountability for the successful utilisation of funds under the scheme and disbursement of benefits under Industrial policy to the local beneficiaries.
- ▶ The government may create awareness amongst local entrepreneurs in the 39 most backward talukas about incentive schemes and benefits available under various departmental schemes.
- ▶ Government may fast track applications for incentives from MSMEs operating in the scheme areas.

► Eco-system development

- ▶ The government may provide access to support infrastructure for the weaving units/ sheds developed under the scheme to improve occupancy, such as electricity; water; access roads with public lighting; compound walls; basic healthcare facilities and safe working environment

► Value Chain Linkages

- ▶ Besides creating industrial areas/ estates, the implementing agencies for such projects along with the DIC's have to also focus on attracting in industrial units that will help sustain the local MSMEs/ artisans and translate into visible benefits such as increase in economic activity, employment and income, etc.
- ▶ The government may provide access to market support for the weaving units/ sheds developed under the scheme to help them become sustainable and profitable.

▶ Capacity building

- ▶ The training programmes under the scheme may be focussed on skills development, especially for the vulnerable groups and youth.
- ▶ The course and duration of the training programmes may be aligned to industry standard skill development programmes with use of new technology and machines.
- ▶ The duration of the training programmes may be as per skill requirement and as per industry standard
- ▶ The beneficiaries may be awarded industry recognised certificates on completion of trainings to enable them to get employment.

▶ Funding

- ▶ The funds allotted/ granted by the government under the scheme may be used only for infrastructure projects (that provide employment/ jobs) & training programmes to be conducted within the scope area.
- ▶ Financial assistance to implementing agencies for creating capital assets and conducting training programmes may be continued as per current scheme guidelines.
- ▶ The department may have special funds for institutions imparting skill based training programmes and creating skill based training infrastructure such as for GTTC.

▶ Monitoring & Evaluation

- ▶ The scheme may be concurrently evaluated and skill imparted/ updated every 1½ to 2 years for effective implementation as per scheme guidelines. Also, impact assessment of the scheme may be carried out every 5 years.