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HIGHLIGHTS OF KARNATAKA BUDGET 2003-04

PRINCIPAL FEATURES

- Continuing commitment to earlier programmes and number of major people friendly initiatives.
- Fillip to agriculture, horticulture, irrigation, rural development, education, health, social welfare and empowerment of women.
- Strengthening of local self government.
- Citizen-friendly tax regime.
- Emphasis on fiscal responsibility and expenditure management.
- Focus on power sector reforms and strong measures to infuse efficiency in the sector.
- 16% growth in Annual Plan outlay from Rs. 8421 crores (Revised Estimates of 2002-03) to Rs. 9780 crores in 2003-04.

AGRICULTURE & ALLIED ACTIVITIES

- Capital Subsidy on Drip irrigation & sprinkler equipment enhanced to 50% for all farmers and 100% for SC/STs and Horticultural crops in Bijapur district.
- Subsidy on purchase of farm machinery increased from 25% to 50%.
- Additional Rs. 100 crores earmarked for Market Intervention Fund.
- Subsidy on organic manures enhanced from 25% to 50%.
- University of Veterinary Sciences to be established in Bidar.
- Cooperative Medical Insurance Scheme called 'Yashaswini' initiated to cover 10 lakh farmers and their families with a contribution of Rs. 5 per person per month.
- Kissan Credit Card to be extended to all farmers in the State.
- RURAL DEVELOPMENT & PANCHAYAT RAJ
- Grants to Grama Panchayats enhanced from Rs. 3.5 lakhs per G.P. to Rs. 5 lakhs.
- Swachha Grama Programme to be extended to an additional 1000 Grama Panchayats.

EDUCATION

- Akshara Dasoha Scheme launched to provide Mid-day meals to every primary school going child all over the State.
- Revenues from online lotteries to be dedicated to primary education.
- Adult Education Council to be strengthened.

HEALTH

- Tele-medicine Project to cover 25 District hospitals.
- 4 Cardiology Referral Centres of Jayadeva Institute to be set up in Hubli-Dharwar, Shimoga, Mercara and Bijapur.

SOCIAL WELFARE, BACKWARD CLASS & MINORITY DEVELOPMENT

- New Programme called 'Kausalya' to train 5000 SC/ST & 5000 Backward Class Women in various trades.
- Two Ambedkar Bhavans to be constructed in each constituency in the State.
- One Devaraj Urs Bhavan in each District Headquarter.
- Chief Minister's Fund for repair of old temples, mosques, churches, gurudwaras and basadis set up.

WOMEN & CHILD DEVELOPMENT

- Womens' University to be established at Bijapur.
- Number of Stree Shakti Groups to be increased to 1 lakh.
- Enhanced honorarium for Anganwadi workers.
- 5% of all Ashraya houses to be reserved for the physically challenged.

YOUTH SERVICES & SPORTS

- Rajiv Yuva Shakthi Programme initiated to assist Youth Associations in all Grama Panchayats of the State.
- HOUSING
- 2.5 lakh houses for economically weaker sections every year.
- Housing deficit to be wiped-out by 2004-05.

FOOD & CIVIL SUPPLIES

- Massive Programme to computerize all yellow cards.

IRRIGATION & WATER RESOURCES

- A new Special Purpose Vehicle called 'Cauvery Neeravari Nigama' to be set up to raise Rs. 1000 crores over the next three years.

- ROADS
- A dedicated Road Maintenance Fund called 'Mukhya Manthri Grameena Rasthe Abhivruddhi Nidhi' to be set up with a corpus of Rs. 100 crores.

ENERGY

- Strong measures to infuse efficiency in the power sector including stepping up of revenue collection, reduction in technical and commercial losses, full metering of consumptions and adherence to daily supply levels as prescribed.
- 4 lakh Ashraya households to be provided electricity connections under the Bhagya Jyothi and Kutira Jyothi Schemes.
- Interest Waiver Scheme for farmers who pay full principal electricity dues.

URBAN DEVELOPMENT

- Bangalore Metro Project to be taken up.

INDUSTRIES & COMMERCE

- New Export Promotion Policy to target enhancement of the State's share of exports from the present level of 7% to 15% by 2007.
- Food Karnataka Limited, a Special Purpose Vehicle to be set up to build partnerships between farmers and private sector food majors.

ECOLOGY & ENVIRONMENT

- An Award called the 'Rajiv Gandhi Parisara Prashasthi' for signal service done in the preservation of ecology and environment.

TOURISM

- Focus on eco-tourism.

KANNADA & CULTURE

- Two Suvarna Cultural Complexes at Dharwar & Gulbarga.

FISCAL RESPONSIBILILTY

- Right-sizing Government expenditure.
- Enhancing allocation for development expenditure for key sectors.
- Strict adherence to Fiscal Responsibility Act.

COMMERCIAL TAX

- Value Added Tax (VAT) to be introduced from April, 2003.
- Goods of necessity like fresh vegetables, fruits, coarse grains, manual agricultural implements, etc., exempt under VAT.

- Petrol, diesel, Aviation Turbine Fuel, Sugarcane and lottery tickets continued under the present sales tax system.
- Rectified Spirit and liquor including Beer, Fenny, Wine and Liqueurs continued under the Excise Act.
- Standard rate of VAT would be 12.5%.
- Certain commodities are taxable at 1% and 20%.
- Demerit goods taxable at 20%, denied input tax credit under VAT.
- VAT to be levied on textile, sugar, tobacco and tobacco products after the State Government is permitted.
- Industrial inputs, packing materials and IT Products taxable at 4% VAT to be notified.
- Concessions on Agricultural Income Tax announced for the year 2002-2003 continued during the year 2003-2004 also.
- Sales tax reduced to 4% on Avgas sold to flying schools.
- Sales tax reduced to 4% on ATF and Avgas used by regional airlines connecting new regional destinations.
- Government of India to reduce CST from 4% to 2%.
- Luxury tax levied on telephone charges collected by hotels and lodging houses.
- Luxury tax levied on club membership at Rs.600 per annum.
- Luxury tax rates on hotels and lodging houses reduced.
- Kalayana Mantapas exemption limit increased from Rs.2000 to Rs.5000
- Number of rate slabs and exemption of persons of self-employed persons harmonized under profession tax.
- Tax on new professions levied.
- Tax on every branch of self-employed person levied.
- A time limit of 90 days to the first appellate authorities fixed for disposal of appeals covered by stay orders under Entry Tax.
- Stay powers restored to State Appellate Tribunal to the extent of 50% under Entry Tax.
- Dealers to issue self-printed form-40 declarations.
- The Committee of Additional Commissioners empowered to issue statutory clarifications under Entry Tax.
- Entertainment tax on sponsors of sports events exempted.
- Surcharge of Rs.1 and Rs.0.50 per admission on AC and Non-AC theatres levied.
- Rates of composition of tax in respect of cable and satellite TV operators revised.

- Composition amounts for Horse Racing revised under Betting Tax.
- New enactment to be brought for levying Betting tax on lotteries.

EXCISE DEPARTMENT

- Supply of alcohol to oil companies for mixing with petrol.
- Increase in minimum basic price of liquor to Rs. 350/- per case and raising of additional excise duty to Rs. 130 per litre.
- Introduction of fee for Sub-Leasing of distilleries.
- Reduction of licence fee for wholesalers.
- Supply of spirit to industrial concerns through Government Agencies.
- Third Party inspection in critical areas of manufacture and distribution of liquours.

STAMPS AND REGISTRATION DEPARTMENT

- Stamp duty on conveyance has been reduced from 10% to 8% in BMRDA areas (in Bangalore city).
- Stamp duty on conveyances reduced from 9% to 8% in city corporations, city municipalities, town municipal councils and town panchayats outside BMRDA.
- Registration Fee is reduced from 2% to 1%.
- 2% and 3% surcharge on the stamp duty to be levied in place of additional duty on behalf of the local bodies.
- As a result of this total levies on conveyance (stamp duty + registration fee + additional duty) will be around 9%.
- Step towards providing citizen centric services and good governance.
- Citizens to declare correct value.
- Central Valuation Committee - estimation, revision and publication of guideline values and to widen the tax base.
- Discontinuation of stamp papers and stamps including judicial stamps from April 1st, 2003.
- Exemption of levy of stamp fees upto Rs. 10/- both for judicial and non-judicial purposes.
- Stamp duty on mortgages reduced from 3% to 0.5% to promote lending activities.
- Stamp duty on GPAs related to the sale of properties increased from 2% to 8%.
- Uniform conveyance rate on flats and apartments- 8%.

DISCONTINUATION OF USE OF STAMP PAPERS

- Stamp Paper and stamps, Non-judicial and Judicial, will be discontinued from 1st April, 2003.
- No stamp papers will be accepted for registration purposes.
- The stamp duty to be paid either through cash/challan/DD.
- The documents can be prepared on a paper.
- Arrangements are being made with the SBM for the issuance of DDs of all the denominations at the Sub-Registrar office.

TRANSPORT DEPARTMENT

- Karnataka Contract Carriages (Acquisition) Act, 1976 to go.
- Introduction of City and Town Services within the radius of 20 kms. from all the district headquarters except Bangalore city.
- Tax on moffusil services of STUs increased from 6% to 7% and urban services from 3% to 5% on the gross traffic revenue.
- Liberalised issue of Permits for Autorickshaws fitted with approved LPG Kits. Subsidy of Rs. 2000/- on interest to the existing autorickshaws to switch over to LPG.
- To boost tourism, tax rates reduced for All India Tourist Buses and Campers van.
- One time tax for Motor cars, Jeeps increased from 7% to 9% on the value of the vehicle.
- One time tax for Motor cars, Jeeps costing more than Rs. 10/- lakhs increased from 7% to 10% on the value of the vehicle.
- Computerisation will be extended to all R.T.Os and Checkposts and establishment of integrated checkposts on state boarders at Nippani, Attibele, Zalki and Nangli.
- Users to pay user charges to get computerised documents.

