

Draft: Not To Be Quoted

**POLITICAL LEADERSHIP AND ECONOMIC DEVELOPMENT
IN KARNATAKA**

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1. BACKGROUND

Political leadership is a complex process by which persons in power influence their followers, civil society and wider public to accomplish societal goals. Political leaders are necessary for initiating as well as for hastening the process of change in any society. It may be social and/or economic change, constitutional change or political change. In all these processes of change, political leadership plays an important role. Political leaders carry out the process of change by applying their leadership attributes like politically relevant beliefs, socially adored values, generally approved character, wide knowledge and wisdom acquired through learning and experience.

Political leaders are supposed to understand the hopes and aspirations of the people and identify the goals of the society. They may formulate a vision of the country's future. They acquire or develop the capacity to mobilise the people to achieve the common societal goal. Further, the political leaders are expected to have certain attributes in order to be effective as leaders. They should have unimpeachable commitment to the cause or societal goal which they decide to fight for or achieve. They should be prepared to render selfless service to the people at large. They should have the quality of inspiring their followers and even the common people. They should have patience and perseverance in pursuing the society's goals, maturity and wisdom for taking sound and timely decisions and exhibit strength of character by setting example and mental toughness to face criticism when found wrong. These are all ideal textbook attributes. It is difficult to find all of them even in an ideal leader. The success or failure of a leader is determined by many circumstances of which lack of some these attributes may also contribute.

Social scientists have advanced several theories of political leadership. Of them four theories are considered relevant as they explain major types of political leadership operating in the world. The first is the theory of traits, which explains that some personality traits may lead some persons naturally into leadership roles. I may quote the example of Subhas Chandra Bose who possessed some personality traits which ultimately made him a leader rather than a British Indian civil servant. The second theory is crisis or cause theory,

which outlines that an important social or political event in a society may throw up an opportunity for a person or persons to rise to the occasion which brings out extraordinary leadership qualities in ordinary persons. I may quote the examples of Mahatma Gandhi, Jawaharlal Nehru and Vallabhai Patel whose leadership qualities were brought out by the freedom movement. The third theory is that given equal opportunities, people may choose to become leaders by learning leadership skills. This is called transformational leadership. This is widely prevalent in most of the democracies. The fourth theory is the dynastic theory of leadership which is easy to understand. Leaders who emerge under one or the other type of leadership mentioned above try to groom their sons and/or daughters to become leaders to succeed them. This is common in traditional societies and much more widespread in India. The pros and cons of dynastic theory of political leadership is also currently debated in the country. But it is not unique to traditional or pre-modern societies. It operates even in developed and stable democracies like the USA where Bush family has shown the characteristics of dynastic leadership. Under this dynastic theory, wives or sons/ daughters or brothers /sisters may succeed the assassinated leaders or those who are dead under tragic circumstances. In India Rajiv Gandhi succeeded her slain mother. In Indonesia Meghawati Sukarnoputri became president partly because of her father's name. In Pakistan, (Benezir Bhuttu), and in Bangladesh, (Hasina Begum), the daughters of their slain fathers (who were political leaders) succeeded them on sympathy wave.

I have purposely left out another categorisation of political leadership into military and non- military political leadership as it is not relevant for my main theme. Also I have not raised the issue of female political leadership as again it has been absent in Karnataka. I have also not referred to the controversy whether democracy is conducive for rapid economic development or not as the debate is inconclusive and it is not relevant for us in India. Because, the day democracy vanishes in India, its disintegration will start and no economic development can take place in the absence of peace and order. So that is a big issue which our political scientists and economists may debate. Since India and Karnataka have had the great fortune of enjoying a fair degree of

political democracy, I am only interested in analysing how the political leadership in Karnataka contributed for the economic development of the state.

2. RELATION BETWEEN POLITICAL LEADERSHIP AND ECONOMIC DEVELOPMENT

Since I am interested in understanding the role of political leadership in economic development, I want to know how they are related. Is there a one way causation or at least correlation? International experience suggests that there seems to be some strong association between political leadership and economic development. Economic development requires mobilisation of a country's physical, human and financial resources and their deployment in productive activities. Further, since the main goal of economic development is to raise the standard of living of the people, what is produced by deploying the country's resources should be equitably distributed. Today mere creation of material wealth and resultant material welfare are not the only goals of economic development. The prime objective of economic development is not merely elimination of material poverty but more importantly to eradicate illiteracy, disease, environmental degradation, and through them improving the quality of life and establishing peace and tranquillity in the society. In other words, political leaders play an important role in good governance and good governance in turn plays an important role in pushing up the pace of economic development..

Realising the importance of governance in achieving growth in developing countries, World Bank experts,(Kaufmann, *et al*, 2002), have studied the association between governance and growth in developing countries. For their purpose they identified 'voice and accountability', 'political stability', 'government's effectiveness', 'regulatory quality', 'rule of law' and 'control of corruption' as the main indicators of good governance. They found strong correlation between quality of governance and level of growth in a majority of the countries studies. Political leadership does influence to a large extent these indicators of governance.

The most important mechanism through which political leaders contribute for economic development is by choosing appropriate policies and programmes, implementing them effectively and by creating/reviving/ adopting the required institutions for hastening the pace of development. For example, Lee Kwan Yew, former Prime Minister of Singapore, was instrumental for formulating the right type of economic policies which integrated that city state into the world economy in the sixties of the last century. Even in the absence of natural resources he initiated the development policies primarily in the public sector but encouraged the private sector also to operate in the free market setting. This strategy worked and raised the level of development of Singapore. Mahathir Mohamad, former Prime Minister of Malaysia, was responsible for the creation of world-class economy in Malaysia which has ensured higher standard of living, higher literacy and higher life expectancy to his people. Mahathir Mohamad was not an admirer of western values but not an anti-capitalist either. He understood the merits of market forces and their requirements to spur economic development in a traditional society. Accordingly, he implemented appropriate economic policies to encourage Malaysian enterprises to grow and expand by adopting latest technology and management practices and ultimately to compete globally. He faced an uphill task because of the wide disparity between the Malays and Chinese ethnic groups which resulted in bloody clashes in 1969. Therefore, simultaneously he implemented a set of affirmative (*Bhumiputra*) policies under which Malays were given preferential treatment in education, employment and even in equity ownership. Thus he combined free market policies with redistributive policies which minimised the ethnic disparities and ensured social harmony. Now his successor Abdulla Ahamed Bidwai is trying to encourage competition among Malays by abolishing the *Bhumiputra* policies some of which have come to be misused. The latest example of political leadership spurring economic development is in China. Former President of the Peoples' Republic of China, Jiang Zemin, has been credited with exposing a basically centralised communist economic system to capitalist market stimuli and achieving spectacular rates of growth of GDP in China. There is no need to narrate what is common knowledge now. What is important is that he and his comrades in Chinese communist party were bold enough to initiate policies

which encouraged inflow of enormous foreign capital and technology into China and transform a poor economically oppressed economy into a manufacturing hub of Asia. Nearer home, Jawaharlal Nehru no doubt laid the foundations for the development of the Indian economy. But his policies were found to be inadequate to make India to achieve higher growth rate of its GDP. Though late by a decade, Narasimha Rao - Manmohan Singh duo took the risk of introducing required economic reforms like economic liberalisation, privatisation, and globalisation which enabled India to raise its GDP growth rate to a higher plateau, apart from integrating the Indian economy into the global economy. It is true that even after 15 years, some sections of the society including ideologically left oriented political parties have not accepted these economic reforms wholeheartedly. Therefore, the risk of diluting the economic reforms as for example in the power sector and delay in implementing the required reforms particularly in the fiscal sphere still remains.

3. POLITICAL LEADERSHIP AND ECONOMIC DEVELOPMENT IN KARNATAKA

Against this lengthy background let me turn to the role of Karnataka's political leadership in the process of economic development of the state. For this purpose, I have identified political leadership of the state with the chief ministership. This is because the chief minister is the political leader of the party in power and all policy decisions relating to economic development and social justice have to be approved by the cabinet headed by him. Other leaders may influence economic development policies through their performance and advice to the cabinet and the chief minister. But the chief minister's role is crucial in influencing the pace and quality of development of a state.

It may be argued that it is futile to search for any association between chief ministership and the pace and quality of development of a constituent state in a vast country like India where major economic development policies are determined at the national level. Though there is an element of truth in this argument, it is necessary to remember that most of the development policies and programmes are implemented by the state governments. The degree of efficiency of utilisation of available natural and financial resources for

implementing development programmes and projects explains the inter-state disparities in the levels of development in India. Political leadership does play some role in inter-state disparities. Even so, India's development experiment may be broadly divided into two phases. The first phase started with first five year plan and ended with seventh five year plan. The second phase started in the middle of 1991 with the introduction of structural economic reforms. While in the first phase the role of chief ministers in economic development of their states may have been dictated by the national economic policies, though they did make a difference in implementing those policies, their role in the second phase has been significant because of the political support they had to mobilise for the structural reforms in addition to effective implementation of the required economic and fiscal reforms. I have tried to examine the role of chief ministers of Karnataka in both the phases with available quantitative data. In a study like this, qualitative judgements cannot be avoided. But I have tried to be as dispassionate as possible.

Furthermore, it is necessary to remember that while examining the contribution of chief ministers for economic development of Karnataka, we cannot forget the fact that the policies and programmes implemented by the previous chief ministers may start yielding results in the succeeding years making the succeeding chief minister(s) to claim the entire credit. This is inevitable in any longitudinal study but difficult to quantitatively disaggregate the relative contributions in their respective periods.

Karnataka state has been administered by as many as seventeen chief ministers from October 25, 1947 to May 28, 2005.. It may be observed from Table 1 that three chief ministers administered the former princely state of Mysore and fourteen chief ministers presided over the destiny of the reorganised state of Karnataka. Many of them functioned as chief ministers for short periods which makes it difficult to assess their role and contribution to Karnataka's development. Even so their contribution to formulating and implementing appropriate policies at the right time cannot be ignored. Such efforts deserve appreciation particularly in the second phase when structural economic reforms were implemented.

Table 1. Chief Ministers of Former Mysore State and of Karnataka

Chief Ministers	From	To
1. K.Chengalraya Reddy	25-10-1947	30-03-1952
2. K.Hanumanthaiah	30-03-1952	19-08-1956
3. Kadidal Manjappa	19-08-1956	31-10-1956
1. S.Nijalingappa	01-11-1956	10-04-1957
2. S.Nijalingappa	10-04-1957	16-05-1958
3. B.D.Jatti	16-05-1958	09-03-1962
4. S.R.Kanthi	14-03-1962	20-06-1962
5. S.Nijalingappa	21-06-1962	28-05-1968
6. Veerendra Patil	29-05-1968	18-03-1971
. <i>President's Rule</i>	19-03-1971	20-03-1972
7. D.Devaraj Urs	20-03-1972	31-12-1977
. <i>President's Rule</i>	31-12-1977	28-02-1978
8. D.Devaraj Urs	28-02-1978	07-01-1980
9. R.Gundu Rao	12-01-1980	06-01-1983
10. Ramakrishna Hegde	10-01-1983	29-12-1984
11. Ramakrishna Hegde	08-03-1985	13-02-1986
12. Ramakrishna Hegde	16-02-1986	10-08-1988
13. S.R.Bomma	13-08-1988	21-04-1989
. <i>President's Rule</i>	21-04-1989	30-11-1989
14. Veerendra Patil	30-11-1989	10-10-1990
. <i>President's Rule</i>	10-10-1990	17-10-1990
15. S.Bangarappa	17-10-1990	19-11-1992
16. M.Veerappa Moily	19-11-1992	11-12-1994
17. H.D.Deve Gowda	11-12-1994	31-05-1996
18. J.H.Patel	31-05-1996	07-10-1999
19. S.M.Krishna	11-10-1999	28-05-2004
20. Dharam Singh	28-05-2004	--

Source: Government of Karnataka, Bangalore.

4. DEVELOPMENT PERFORMANCE OF CHIEF MINISTERS OF KARNATAKA.

The political leadership of both K.C.Reddy and Kengal Hanumanthaiah emerged during freedom movement. But Kengal Hanumanthaiah's leadership was the product of that great political event which brought out his leadership potential. Nijalingappa was also thrown up by freedom movement. So were B.D.Jatti and S.R.Kanthi. However, Devaraj Urs' leadership emerged by a particular socio-political development which had evolved after the formation of unified Karnataka state. It was the outcome of a crisis of confidence. There was a general perception that the two dominant communities in the state had monopolised the political power and all the benefits which go with it. At that momentous time there was a split in the national congress party and Devaraj Urs joined Indira Gandhi congress. This set him against congress (O) and *garibi hatao* slogan caught the imagination of the poor people. Devaraj Urs rode to power on that political wave. Though Ramakrishna Hegde had participated in freedom movement, his political leadership did not emerge

from that political event namely, independence movement. After 1983 Karnataka assembly elections, when two dominant community leaders were pitched against each other for the post of chief ministership, he emerged as a compromise candidate and continued for a considerable time. All other chief ministers were followers of other leaders who chose to become political leaders by acquiring leadership skills through experience. Through this process of transformation they emerged as chief ministers. They were transformational leaders and not thrown up either by their leadership traits or by great social and political events. Fortunately, Karnataka did not have dynastic chief ministers so far.

When the princely state of Mysore got integrated into the Indian union, the state had already achieved considerable economic progress thanks to the farsighted policies of the erstwhile *Dewans* particularly Sir M.Viswesvaraya and Sir Mirja Ismael. They invested government funds productively in irrigation dams, good roads, electricity generation, free public health and education. On top of developing these economic and social infrastructure, they had started public sector industries like iron and steel, porcelain factory, sandal oil factory, electrical goods manufacturing industry etcetra. People were content with the development which was achieved. But their horizon got widened after princely state of Mysore became category 'B' state in the Indian union. When Kengal Hanumanthaiah became the chief minister, the first five-year plan of India was launched with all the fanfare. The five –year plan regime in India robbed the political leaders at the state level of an opportunity to formulate their own vision for the future of their states. Their vision had to fit into the wider vision prepared by Jawaharlal and his advisers in New Delhi. Kengal Hanumanthaiah clashed with Nehru on many occasions on this issue.

The first five-year plan of India gave priority for achieving self-sufficiency in food grains and the states were asked to give priority for those schemes which would increase food grains production. The first five-year plan of princely state of Mysore envisaged an outlay of Rs.47.58 crores. Originally it was lower at Rs.42.14 crores but because of the transfer of Bellary district

from Hyderabad state in 1952-53, the plan outlay was enhanced. But the state government could not mobilise the required financial resources and the central government was not in a position to help the state to implement the total outlay. The state government could spend only Rs.40.51 crores, a shortfall of about 15 per cent. Even so, the total income of the state increased from Rs.199 crores in 1950-51 to Rs.247 crores in 1955-56 and the per capita income increased from Rs.103 in 1950-51 to Rs.127 in 1955-56, at 1950-51 prices. Please do not compare these rupee figures with the present rupee figures. State income data are hardly available for princely state of Mysore.. I have gathered whatever data I could get from several sources. The rate of growth of state income was 5 per cent per annum. This was what the Indian first five-year plan had envisaged. Kengal Hanumanthaiah's government fulfilled the national target of economic development with 15 per cent lower outlay. Indirectly it reflects the effectiveness of implementation. There were no contractor lobbies to inflict shoddy development works on the people of Mysore state. Kengal Hanumanthaiah never allowed any such lobbies near him. Even the huge construction work of Vidhana Soudha was entrusted to the state public works department. It should be remembered in this context that by spending 33 per cent of the plan outlay on irrigation and 29 per cent on power he laid firm foundation for future development of the state.

If we examine other indicators of development which have more relevance for the welfare of the people, we find that the net irrigated area which was 10.51 lakh hectares in 1951-52 increased to 17.80 lakh hectares in 1955-56. Consequently, food grains production which was 25.50 lakh tonnes in 1951-52 when Kengal Hanumanthaiah assumed the office of chief ministership, increased to 37.83 lakh tonnes in 1955-56 when he left the office.

The princely state of Mysore was reorganised by adding the kannada speaking areas of former Bombay, Hyderabad and Madras states to form Karnataka state. While kannadigas felt happy about this union, they hardly realised the enormous burden imposed on the political leadership and beauracracy to manage the disparate regions of the state which had joined

together with high hopes and aspirations. The legacy of this past still hangs around the necks of Karnataka political leaders. The first chief minister of reorganised state was S.Nijalingappa. who was confronted with the problem of balancing the pushes and pressures of different regional political leaders within the state. During the first period of his chief ministership, from 1956 to 1958, he was preoccupied with administrative problems of integration. He was able to give attention to economic development only in his second stint from 1962 to 1968. But we do not have data for these sub-periods and hence we have to use whatever available data for assessing the pace of development from 1956-57 to 1960-61. This period also coincides with the second five-year plan which was implemented for one year by Nijalingappa and for four years by Jatti. We have some data on state income for reorganised state which show that the state income increased from Rs416.50 crores in 1956-67 to Rs.477.40 crores in 1960-61 and per capita income increased from Rs.192.43 in 1956-57 to Rs 204 in 1960-61 at 1955-56 prices. Here again the development goals were handed down from New Delhi though the state was free to choose its own priorities of development for allocation of state plan funds within the framework of national five-year plan. So irrigation, power and roads received top priority in that order. As a result the net area irrigated increased from 17.80 lakh hectares in 1955-56 to 18.76 lakh hectares in 1957-58.

During his second term the state income grew at a modest rate of 2.6 per cent per annum and the per capita income increased from Rs.310 in 1961-62 to Rs.316 in 1967-68 at 1960-61 prices. However the net area irrigated did not increase though food grains production increased from 46.10 lakh tonnes in 1961-62 to 58.91 lakh tonnes in 1967-68. We have to remember that this was achieved during the pre-green revolution period and after facing a very severe drought in 1965-66. and 1966-67. This was a remarkable recovery in the field of agriculture. It is also necessary to remember that Nijalingappa is credited with implementing Sharavathi hydroelectric project which made the state a power surplus state. He also conceived the scheme of implementing the Cauveri river basin irrigation projects from the state's own funds as non-plan schemes. He had foreseen the bellicose attitude of Tamil Nadu

government and political leaders towards water sharing and therefore he wanted Karnataka farmers to utilise most of the water flowing in Cauveri basin in Karnataka as the original agreement was to lapse in 1974. In the field of irrigation and power Nijalingappa showed economic foresight and political wisdom. However, he could not make a dent into the reduction of the poverty of the people as its magnitude was magnified because of the integration of some of the most backward areas of former Hyderabad state. Poverty estimates became available showed that the percentage of rural people in Karnataka living below poverty line which was 45.14 in 1960-61 increased to 59.26 in 19667-68. In urban Karnataka it increased from 37.49 per cent to 53.27 per cent in 1967-68. Even so, because of the implementation of tenancy abolition legislation during this period, the inequality of land holdings as reflected in Gini-coefficients declined from 0.68 for operational holdings and from 0.69 for ownership holdings in 1960-61 to 0.67 and 0.59 respectively in 1961-62. What is more, in 1960-61 the Gini-coefficient of state income was only 0.32 in rural Karnataka and 0.40 in urban Karnataka. .Even the Gini-coefficient of consumer expenditure in rural Karnataka was only 0.30 though it was slightly higher at 0.41 in urban Karnataka.

Jatti was the chief minister from middle of 1958 to early part of 1962 during which he implemented the second five-year plan for four years. During that period, the state income (NSDP) grew by 5.8 per cent per annum and per capita income increased from about Rs.265 in 1958-59 to Rs.310 in 1961-62. Rural poverty was very high when he left power. We do not find any far reaching policy decisions or major achievements of his government. Further, the second five-year plan faced financial crunch during this period and as a result the size of the plan had to be pruned down. This had its own impact on the state plan.

Veerendra Patil assumed office of the chief minister in May 1968 and continued till March 1971. These were politically disturbing years in the country. Five-year plan was discontinued and annual plans were reluctantly implemented. Even then green revolution was initiated in the country. Veerendra Patil's good administration was able to harness the economic

infrastructure base created by his predecessors in the past to achieve a very impressive growth rate of NSDP of 6.8 per cent per annum during his period as the chief minister. Per capita income increased from Rs.316 in 1967-68 to Rs. 361 in 1970-71. Food grains production increased to 69.62 lakh tonnes thanks to the effective dissemination of HYV technology in agriculture. As a result, the per cent of people living below poverty line declined in 1970-71 to 51.63 in rural areas and to 51.51 per cent in urban areas. The inequality of income and consumer expenditure also showed a decline during the chief ministership of Veerendra Patil. The Gini-coefficient of state income in 1970-71 was 0.32 in rural Karnataka and it was 0.33 in urban Karnataka. The Gini-coefficient of consumer expenditure was also lower at 0.27 in rural Karnataka and 0.31 in urban Karnataka in 1970-71, that is at the end of the chief ministership of Veerendra Patil. Even the inequality of land holdings as reflected in Gini-coefficient declined to 0.56 in 1970-71 for operational holdings though for ownership holdings it increased to 0.60.

Now we come to the remarkable period of the chief ministership of Devaraj Urs. I have treated his tenure as a whole though he was chief minister from 1972 to 1978 and again from 1978 to 1980. His period is marked by not merely reasonably good pace of economic development but also by the far reaching socio-economic and political reforms. In the field of economic development, his period witnessed 5.3 percent annual growth of NSDP. Per capita income increased from Rs. 584 in 1972-73 to Rs. 729 in 1979-80 at 1970-71 prices. Net area irrigated in the state had declined in earlier years. It stood at 13.78 lakh hectares in 1971-72 which increased to 14 lakh hectares in 1979-80. He completed many Cauveri basin irrigation projects by allocating more funds. Consequently, food grains production increased from 60.67 lakh tonnes in 1971-72 to 73.73 lakh tonnes in 1979-80. The degrees of income and consumer expenditure inequalities declined during his period. The Gini-coefficient of state income was 0.27 for rural Karnataka and 0.36 for urban Karnataka in 1974-75. The Gini-coefficient of consumer expenditure was 0.25 for rural Karnataka and 0.30 for urban Karnataka. In 1977-78 the per cent of people below poverty line declined to 48.49 in rural Karnataka and to 39.99 in urban Karnataka.

Devaraj Urs hit upon a political strategy of dividing the two dominant communities and uniting the non-dominant backward caste people. He succeeded in both though not for long. He appointed Havanur Commission to identify socially and educationally backward castes in the state and to recommend reservations in admissions to educational institutions and in state government jobs. The commission retained one dominant community in the backward class list and removed other community which created a lot of political opposition. But Urs weathered it when the High court upheld the recommendations. Then he implemented the ceilings on land holdings which reduced the economic base of both the dominant communities. Though the two dominant communities opposed the ceiling legislation, its implementation was timed during emergency period and hence they could not resist. So the economic backbone of the dominant communities was broken and reservation benefits were denied to one dominant community. He gave political opportunities to unheard of caste groups in the legislature and in political appointments. I do not want to elaborate his socio-political strategies here as I have analysed them in detail elsewhere. (See Thimmaiah,1994).

Gundu Rao succeeded Devaraj Urs as the chief minister of Karnataka and he was there for three years from 1980 to 1983. During his period the NSDP of Karnataka increased by 4.5 per cent per annum and the per capita income increased from Rs.1520 in 1980-81 to Rs.1663 in 1983-84 at 1980-81 prices. The net area under irrigation increased from 13.60 lakh hectares in 1980-81 to 15.90 lakh hectares in 1983-84. The food grains production which had declined to 58.80 lakh tonnes in 1980-81 increased to 72.52 lakh tonnes in 1983-84. Was that the result of free supply of electricity to the farmers? Whatever may be the reason for this impressive increase in food grains production, the percentage of people below poverty line in 1983-84 declined to 30.26 in rural Karnataka and to 22.73 in urban Karnataka.

Ramakrishna Hegde's period of chief ministership was marked by continuous drought in the state and political tight rope walking. He served Karnataka state for a period of five years from 1983 to 1988. During his period the NSDP

of Karnataka grew at an annual rate of 6 per cent which is a remarkable achievement judged against the background of successive droughts faced by the state. The per capita income increased from Rs 1663 in 1983-84 to Rs.1853 in 1987-88 at 1980-81 prices. The net area irrigated increased to 20 lakh hectares and food grains production increased to 71 lakh tonnes after recovering from drought years. Even so the percentage of people living below poverty line in 1987-88 showed an upward tendency by increasing to 31.10 in rural Karnataka though it declined to 19.83 in urban Karnataka. This is the effect of continuous droughts which affected the cereal intake of rural people.

A lasting contribution of Ramakrishna Hegde to the state of Karnataka has been the implementation of political decentralisation by enacting Panchayat Raj legislation. There were several novelties in the system created by Hegde like making the elected representative as the chief executive, reservation for women, backward classes and SCs/STs in the elected seats etc. These novelties attracted the national attention and induced Rajiv Gandhi to initiate efforts to enact 73rd and 74 constitutional amendments to give constitutional status to the Panchayat Raj institutions in the entire country.

Bomma's period was lacklustre in the sense that his term was short (eight months) and Veerendra Patil's second term was only for eleven months. Though Veerendra Patil tried to provide a responsive and clean administration, he had to leave because of his ill-health. Bangarappa and Veerappa Moily served for two years each. During the period of Veerappa Moily the NSDP of the state increased by 5.23 per cent and the per capita income increased by 3.30 per cent. The per capita income of the state stood at Rs.9966 in the last year of Moily's term. Deve Gowda was supposed to serve the state as the chief minister for five years but left after two years to become the prime minister of India. During his period of two years NSDP increased by 5.29 per cent and per capita income increased by 3.35 per cent. The per capita income increased to Rs.11478 in 1995-96. J.H.Patel succeeded Deve Gowda and during his period NSDP of the state increased impressively by 9.18 per cent, 6.21 per cent and as much as 13.56 per cent respectively in 1996-97, 1997-98 and 1998-99. Per capita income also

increased by 7.43 per cent, 4.73 per cent and 12.03 per cent respectively. The per capita income of the state increased from Rs.13180 in 1996-97 to Rs.16673 in 1998-99. S.M.Krishna became the chief minister towards the end of 1999. During his period Karnataka faced successive droughts for three years and hence the development performance of the state was not as good as it was in earlier years. His period was marked by widespread suicides of hundreds of farmers who faced severe economic distress consequent of successive droughts. Even so, expansion of service sector in the wake of phenomenal growth of software industry in the state enabled the state economy to achieve 4.79 per cent growth of NSDP in 1999-00 and 10.31 per cent growth in 2000-01. But the growth of NSDP declined by 1.58 per cent in 2001-02 though it recovered to achieve 4.21 per cent growth in 2002-03. Per capita income increased by 3.44 per cent in 1999-00, 9.05 per cent in 2000-01 but declined by 3.23 per cent in 2001-02. It recovered to grow at 2.46 per cent in 2002-03. The per capita income which stood at Rs.18332 in 1999-00 declined sharply to Rs.13335 in 2000-01.

I have presented the major economic indicators of economic development during the periods of successive chief ministers of Karnataka. I do not want to assert that the changes in these indicators were the direct result of the efforts of the chief ministers. They are the result of so many factors which operated simultaneously during those periods. Therefore, it would be more appropriate to review the policy initiatives taken by the successive chief ministers which might have created conditions conducive for the development of Karnataka.

5. POLICY INITIATIVES OF KARNATAKA CHIEF MINISTERS

It should be remembered that most of the major development policies were formulated by the central government and the state governments were only expected to implement them. This was true even in regard to the subjects which were constitutionally reserved for the states like agriculture and land reforms. The required compliance was induced by carrot of financial assistance for state plans and also by the stick of one party rule both at the centre and at the state level for almost twenty years after independence.

However, some enterprising chief ministers did take the initiative to make marginal changes in the nationally decided policies to meet the local exigencies.

The most important policy which was taken up for enacting legislation and effective implementation was abolition of various types of tenancies in the state. (See Thimmaiah and Aziz, 1984). Kadidal Manjappa, who hailed from a tenant's family, took special interest when he became the chief minister, to get the *Inam* tenancy abolition Acts passed. But he could not remain in office for long to prevent evasion of the *Inam* tenancy abolition legislations by his own party leaders who owned tenanted land. After the reorganisation of the state, Nijalingappa turned his attention to expanding the cultivated area under irrigation. The Planning Commission of India was providing central assistance for state plans mainly on the basis of the quality of the projects submitted by the states. He used that opportunity to take up Cauvery basin irrigation projects by diverting state government funds for Cauveri basin irrigation projects on non-plan account and allocated substantial funds for their execution. He also took up Sharavathi hydroelectric project which on completion made the state power surplus though temporarily. Nijalingappa openly invited industrialists to invest in Karnataka by offering them cheap power at as low as 10 paise per kwt. Of course some power guzzling industries like aluminium industry established their production units in Karnataka.

Deveraj Urs made a difference in his policies to develop the state. Apart from devising a new political strategy to reign in the two power hungry dominant communities, he diverted substantial funds for the completion of all Cauvery basin projects started by Nijalingappa. This enabled the state to hoodwink Tamil Nadu which used to raise objections to Karnataka state starting of any new irrigation projects in the Cauvery basin area. Next he enacted a new land reforms Act in 1974 and completely abolished all forms of tenancies and made the tenants not only *de facto* but also *de jure* owners of the lands which they had cultivated. Besides he imposed ceilings on land holdings owned by all members of a family taken together. Further he barred non-cultivators from

owning land. Furthermore, he imposed ceiling on urban land owned by individuals. Though he bestowed ownership right on tenants, he could not successfully implement the land ceilings. He also implemented a justifiable reservation policy for the backward classes in Karnataka.

His immediate successors did not bother about any new policy initiatives in the state. They simply implemented the plan programmes handed down to them from the Planning Commission. One exception was Ramakrishna Hegde who formulated and implemented a novel decentralisation policy which influenced even the national leaders to emulate it. However, by the time Deve Gowda became the chief minister of the state, structural economic reforms were implemented at the national level. Deriving inspiration from those policies, Deve Gowda got a new agricultural development policy document prepared which advocated changes in land ceilings and land ownership by non-cultivators and encouragement for horticulture crops. Deve Gowda amended the land ceilings provisions to relax the ceiling limit for growing of commercial crops and also non-cultivators to own up to 106 acres of land to be used only for growing horticultural crops. He also got the urban rent control act amended to exclude commercial buildings from its purview. Deve Gowda found it difficult to fund the upper-krishna irrigation projects with the limited resources available with the state government. So He created an independent corporation, (*Krishna Bagya Nigama*), to raise funds in the open market to complete the Krishna basin irrigation projects within the stipulated period. Later S.M.Krishna emulated this example and created another independent corporation, (*Cauvery Jala Nigama*), to raise funds for completion/renovating Cauvery basin irrigation projects.

It should be mentioned here that every new government headed by new chief minister made it a practice to announce innumerable policies relating to industrial development, export promotion, dairy development, sericulture development and so on. Some of them were implemented seriously so long as the concerned chief minister was in power and were shelved or forgotten after the change of chief minister. Thus there has been absence of continuity in implementation of many policies. Another feature of policy making in

Karnataka has been to announce innumerable policies with attractive names and high sounding words. Many of them were forgotten after the euphoria was over.

Amidst all such political publicity, there were some major policies which were seriously implemented. For instance, Kadidal Manjappa and Devaraj Urs were responsible for abolishing tenancy and giving land to the cultivators which not only helped improve productivity but also ensured social justice. However, land ceilings implemented by Devaraj Urs did not help Karnataka's agriculture. Land ceilings increased the proportion of marginal and small farms and made land holdings economically unviable. This is one of the reasons for the economic distress faced by the farmers particularly those dependent on dry land agriculture. All talk about consolidation of holdings has become an exercise in futility. Recent amendment to land ceiling legislation to allow non-cultivators to own land for growing commercial crops has encouraged horticultural crops on a large scale in the state and private industrialists have taken up this activity though in a small way. Exclusion of commercial buildings from rent control Act has encouraged commercial activity and also increased the earnings from real estate in the state. We are happy to note that successive chief ministers who came to power after the introduction of structural economic reforms have endorsed them and have been striving to encourage private sector investment in the state by improving/expanding the physical infrastructure through public-private sector initiative.

6. INTER-STATE COMPARISON OF DEVELOPMENT PERFORMANCE

Before concluding this paper I would like to present an inter-state comparison of the development performance with a view to throwing up some light on the role of political leadership in the relative performance of Karnataka state in economic development. I want to begin such an exercise with contrasts in inter-state variations in infrastructure development because the pace of economic development depends to a large extent on the adequacy of good infrastructure. Karnataka Development Report prepared by the Institute for Social and Economic Change,(2005), has found that there is a

strong correlation between the growth rate of NSDP and index of infrastructure across the states in India. What is interesting is that the value of correlation which was .668 in 1990-91 increased after the introduction of structural economic reforms to .806 in 1995-96 and further to .833 in 2000-01. This is mainly because in a liberalised economy where private sector is called upon to play a prominent role in economic development, infrastructure facilities become more important. Since infrastructure facilities have to be developed by undertaking government investment, the role of political leadership becomes important. This is much more so at the state level.

The Confederation of Indian Industry (CII) and the World Bank conducted a survey of 1099 manufacturing companies spread over 10 states in 2000 to assess their opinion about the quality of infrastructure available in ten major states of the Indian union. The infrastructure facilities included transport network, banking and financial network, power availability and technically trained manpower. The perceptions of the companies were ranked in the following order:

Table 2. Subjective Ranking of State in terms of Availability of the Best and the Worst Infrastructure.

States with Best Infrastructure	States with Good Infrastructure	States with Medium Infrastructure	States with poor Infrastructure
Maharashtra Gujarat	Tamil Nadu Karnataka Andhra Pradesh	Delhi Punjab	Kerala West Bengal Uttar Pradesh

Source: CII and World Bank,(2000).

It may be observed that private sector companies no doubt ranked Karnataka as only having good infrastructure facilities and only second even among the states having good infrastructure facilities.

Mitra *et al* (2002) conducted a study of the effect of infrastructure on total productivity and technical efficiency of the manufacturing industries in Indian states. Their study used annual data from 1976 to 1992 for 17 industries and 15 states. They found significant disparities in physical, social and economic

infrastructure facilities across states in India. By using the principal component analysis they developed a composite indicator of infrastructure availability and ranked the states in the following order:

Table 3. Ranking of States in terms of Infrastructure Availability

Best Infrastructure	Good Infrastructure	Poor Infrastructure
Maharashtra	Tamil Nadu	Assam
Punjab	Karnataka	Uttar Pradesh
Gujarat	Kerala	Bihar
		Orissa
		Rajasthan
		Madhya Pradesh

Source: Mitra et al (2002)

They found that wide disparities in infrastructure availability explained variations in total factor productivity and technical efficiency of these industries. Here again Karnataka ranked second among those states having good infrastructure facilities.

CII and World Bank conducted another survey in 2003 covering a large number of industries and across 12 states to find out whether there was any improvement in the perceptions of industrialists regarding the availability of infrastructure facilities in different states. They ranked the states in the following order:

Table 4. Subjective Ranking of States in Terms of Availability of Infrastructure Facilities

States with Best Infrastructure	States with Good Infrastructure	States with Poor Infrastructure
Maharashtra	Gujarat	Madhya Pradesh
Delhi	Andhra Pradesh	Kerala
	Karnataka	West Bengal
	Punjab	Uttar Pradesh
	Tamil Nadu	
	Haryana	

Source: CII and World Bank, (2003)

It is interesting to note that the perceptions of industrialists did not change in regard to Karnataka state. Instead, its position even in the company of states having good infrastructure came down from second to third position.

It is true that these are subjective judgements based on the specific experiences of the industrialists though Mitra *et al* study is based on reliable data. A similar exercise has been done by the Institute for Social and economic Change,(ISEC), in its study *Karnataka Development Report*, (2005). I have reproduced below ISEC's ranking of major states based on an independently computed index of infrastructure:

Table 5. Rankings of States On the Basis of their Infrastructure Indices.

State	1990-91		1995-96		200-01	
	Index	Rank	Index	Rank	Index	Rank
Punjab	0.60	1	0.65	1	0.83	1
Haryana	0.42	2	0.46	2	0.59	2
Tamil Nadu	0.41	3	0.46	2	0.58	3
Gujarat	0.38	4	0.44	3	0.59	2
Kerala	0.37	5	0.42	4	0.58	3
Andhra Pradesh	0.31	6	0.34	6	0.44	5
Uttar Pradesh	0.31	6	0.33	7	0.37	7
West Bengal	0.30	7	0.33	7	0.35	9
Karnataka	0.29	8	0.32	8	0.42	6
Maharashtra	0.28	9	0.35	5	0.47	4
Orissa	0.28	9	0.29	9	0.37	7
Assam	0.26	10	0.26	10	0.30	10
Bihar	0.25	11	0.26	10	0.30	10
Rajasthan	0.25	11	0.29	9	0.36	8
Madhya Pradesh	0.20	12	0.25	11	0.27	11

Source: ISEC,(2005)

The data presented in the foregoing table have thrown up interesting results. It has become conventional knowledge to consider Maharashtra and Gujarat states as well developed in infrastructure and hence have attracted more industries.. But the ISEC study shows that that assumption was not based on reliable and relevant data. Further, Karnataka which used to be considered as having good infrastructure facilities if not the best, is now confirmed as a state having a modest level of infrastructure facilities. However, what is encouraging is that a majority of the states have improved their infrastructure development particularly in the wake economic liberalisation. Political

leadership has played an important role in this improvement because it is the state governments which spend on infrastructure development under their plan outlays and the policy decisions of the political leaders to give top priority for infrastructure sectors like power and roads have come to yield reasonably good results in the form of improved infrastructure development in most of the states.

It may be useful in this context to examine the magnitude of plan funds spent by various state government during the successive five-year plan periods which went mostly for infrastructure development. Accordingly, I have presented the per capita plan outlays of the states in Table 6 below:

Table 6. Per Capita Plan Outlays of States Under Five-Year Plans in India(Rs)

State	V Plan 1974-79	VI Plan 1980-85	VII Plan 1985-90	VIII Plan 1990-95	IX Plan 1997-02	X Plan 2002-07
Andhra Pradesh	102.04	601.94	885.86	1557.86	3492.92	6157.73
Assam	66.36	644.51	1065.99	2044.74	3608.03	3126.02
Bihar	61.04	475.66	667.54	1511.63	1805.19	2536.23
Gujarat	120.89	1132.31	1657.46	2725.12	5983.12	7922.18
Haryana	180.60	1463.41	2027.97	3372.78	4848.03	4897.62
Jammu & K	1356.40	1607.14	2089.55	5000.00	10439.56	14399.21
Karnataka	95.96	638.03	870.65	2691.47	4717.74	8265.28
Kerala	55.67	632.65	1250.00	1863.49	5261.14	7547.17
Madhya Pradesh	109.51	760.00	1213.17	1694.66	2768.97	4086.57
Maharashtra	138.04	1025.75	1519.54	2294.92	4095.98	6890.59
Orissa	80.34	590.55	950.70	3115.26	4322.77	5177.11
Punjab	152.32	1218.56	1814.92	3189.32	5088.50	7709.50
Rajasthan	69.82	623.08	787.40	2466.81	4382.49	4843.62
Tamil Nadu	60.14	671.64	1120.86	1808.51	4194.63	6441.22
Uttar Pradesh	84.11	550.33	855.61	1480.96	2985.82	3596.87
West Bengal	66.60	667.94	688.65	1410.40	2244.36	3571.20
All India	452.31	1483.88	2402.88	2154.50	3667.53	5667.57

Source: Guruswamy Mohan *et al*, "Economic Growth and Development in West Bengal", *Economic and Political Weekly*, May 21, 2005.

It may be observed that some states like Jammu and Kashmir which spent higher per capita plan outlay than all India level have not really improved their infrastructure. Karnataka spent higher per capita plan outlay than all India level only from eighth plan period onwards which means that the state was influenced by the economic liberalisation programme launched by the national government and geared itself to exploit the resultant opportunities by

improving its infrastructure facilities. This policy has paid off as is evident from the higher growth rates of NSDP achieved during the post- liberalisation period than during the pre-liberalisation period which may be observed from Table 7 below.

Table7.Growth Rates of NSDP of States during Pre- Post-Liberalisation Periods

State	Average Growth Rate of NSDP (1990-91 over 1980-81) %	Average Growth Rate of NSDP (2002-03 over 1993-94) %
Andhra Pradesh	8.54	5.88
Bihar	6.14	6.62
Gujarat	6.65	6.72
Karnataka	6.30	7.29
Madhya Pradesh	5.83	2.94
Maharashtra	7.95	5.17
Orissa	2.61	3.60
Punjab	6.86	4.79
Rajasthan	10.50	6.10
Tamil Nadu	7.21	5.84
Uttar Pradesh	6.25	4.49
West Bengal	5.06	8.55
India(GDP)	7.27	6.87

Source: Guruswamy et al, Ibid.

Thus it may be observed that after liberalisation Karnataka's economy has performed reasonably well partly because of right kind of policies pursued by the state government particularly for attracting private sector investment.

Finally, I want to refer to another important area of policy making at the state level which has got a bearing on the creation of positive investment climate at the state level. This relates to the climate of industrial relations. It is generally believed that Indian labour laws are more in favour of the labour and hence impose additional cost on the employers in the private sector. Further, politicisation of labour has done harm to the industry, labour and also to the society. Therefore, industrial peace is considered important for attracting private investment and also for the growth of the manufacturing and service sectors in the states. This depends upon the nature of labour regulations and the state governments' effectiveness in enforcing them in a fair manner.

Immediately after independence the central government enacted Industrial Disputes Act in 1947. Indian constitution empowers the state governments to amend this Act as and when required to promote industrial peace. The Act provides for conciliations, arbitrations and adjudications. Many state governments have amended this Act several times. Besely and Burgess carefully studied these amendments from 1952 to 1992 and coded them to rank the states in terms of labour regulation. They have given a minimum of +1 to indicate the labour regulations to be pro- worker, -1 for pro-employer and 0 for neutral. I have reproduced below their ranking of different states in terms of labour regulations:

Table 8. Index of Labour Regulations in Indian States. (Cumulative Scores for 1992)

Pro-Worker	Score	Pro-Employer	Score	Neutral	Score
West Bengal	4	Andhra Pradesh	-2	Assam	0
Maharashtra	2	Tamil Nadu	-2	Bihar	0
Gujarat	1	Karnataka	-1	Haryana	0
Orissa	1	Kerala	-1	J& K	0
		Madhya Pradesh	-1	Punjab	0
		Rajasthan	-1	Uttar Pradesh	0

Source: Besley and Burgess,(2002).

It may be observed that two richer states are having pro-worker labour regulations and three middle income states are having pro-employer labour regulations to attract private investment. What is interesting is that of the two states ruled by communist party, one (West Bengal) is having pro-worker labour regulations and another (Kerala) is having pro-employer regulations. Karnataka is having pro-employer labour regulations with a view to attracting private investment. This situation has been created cumulatively by the successive state governments which amended the Industrial Disputes Act to protect the employers without harming the workers. This is a positive feature of the actions of political leadership in Karnataka. In other words, though it is difficult to relate the contributions of chief ministers to the pace of development in cause and effect manner, their role in creating required infrastructure and ensuring industrial peace cannot be denied.

The end result of the role political leadership in the development of Karnataka is presented in the following table 9 which summarises not only the contribution to the growth of NSDP but also for qualitative area of social development of the state.

Table 9. Inter-State Comparison of Economic and Human Development

State	Rank in Human Development Index			Per Capita NSDP Rank 2001
	1981	1991	2001	
Andhra Pradesh	9	9	10	8
Assam	14	14	14	12
Bihar	15	15	15	15
Gujarat	4	6	6	4
Haryana	5	5	5	3
Karnataka	6	7	7	6
Kerala	1	1	1	7
Madhya Pradesh	13	12	12	11
Maharashtra	3	4	4	2
Orissa	10	11	11	14
Punjab	2	2	2	1
Rajasthan	11	10	9	10
Tamil Nadu	7	3	3	5
Uttar Pradesh	12	13	13	13
West Bengal	8	8	8	9

Source:

Thus it may be observed that Karnataka has lost one rank in terms of human development index during the years of economic reforms. So also Andhra Pradesh, Maharashtra and Gujarat which are competing states for attracting private investment. They have also not improved their ranks in human development index. But Tamil Nadu has improved its rank in human development index. Even Rajasthan and Madhya Pradesh have improved their ranks in human development index which shows the positive impact of economic liberalisation. In other words, while Karnataka has done well in achieving overall development in terms of growth of NSDP, it has slipped in the sphere of human development thereby indicating that the political leaders have not paid the required attention to the quality of life in the state. There is also a valid charge that political as well as bureaucratic corruption has increased over the years in Karnataka which has been responsible for the poor quality of public services. Widespread corruption has also adversely affected the efficiency of utilisation of both public sector and private sector resources in the state.

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