

Impact of Special Development Plan on Regional Development in Karnataka: A Study on Social Aspects

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ABSTRACT

The Special Development Plan (SDP) in Karnataka is designed to reduce regional disparities by promoting balanced development across the state. The plan emphasizes improvements in infrastructure, human capital, and economic empowerment, particularly in backward regions. It targets less-developed taluks through additional investments and specific programmes aimed at addressing developmental backlogs in critical sectors such as roads, irrigation, rural development, and social services. Furthermore, the SDP seeks social aspects to enhance access to quality education and healthcare, while fostering employment opportunities through initiatives in agriculture, small-scale industries, and entrepreneurship. The progress of the programme is systematically monitored at both the state and district levels to ensure effective implementation and equitable growth.

The present study has three main objectives: 1) to examine the performance and functions of the SDP in reducing regional disparities in selected areas of Karnataka, 2) to analyze the fund allocation under the SDP for regional development in the state, and to investigate the impact of SDP on social factors for regional development in Karnataka. The Exponential Growth Model applied to analyse the growth trends in fund allocation under the SDP for regional development in Karnataka from 2010 to 2021. The study results indicated an average growth rate of 8.8% in fund allocation during the study period. However, the growth rate was found to be statistically insignificant at the 10% level of significance. The Goodness-of-Fit (R^2) value of 0.959 suggests that approximately 95.9% of the variation in SDP fund allocation is explained by the model.

Keywords: *History; Objectives; SDP; Fund Allocation; Achievements; Social Factors.*

1. Introduction

The SDP in Karnataka is a targeted initiative designed to reduce regional imbalances and promote inclusive growth across the state. Its primary objective is to accelerate development in backward and less developed taluks by focusing on key sectors such as infrastructure, human capital formation, and economic empowerment. Under the SDP, additional investments and specific programmes are directed toward addressing backlogs in crucial areas including roads, irrigation, rural development, social services, education, and healthcare. The plan also seeks to enhance employment opportunities through schemes that promote agriculture, small-scale industries, and entrepreneurship. To ensure accountability and track progress, monitoring mechanisms are established at both the state and district levels. While the overall effectiveness of the SDP depends on the quality of its implementation, its core function remains to narrow developmental gaps and bring the lagging regions closer to the state average in terms of growth and human development indicators. A wide range of government-led policies and development programmes, supported by strong political will, active community participation, and digital innovation, have significantly transformed the lives of the

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poor. These initiatives have not only improved access to basic amenities and livelihood opportunities but have also contributed to social empowerment and inclusive growth (Keshava S.R., 2025).

2. Objectives of the Study

- i. To examine the performance and functions of the SDP in reducing regional disparities in selected areas of Karnataka.
- ii. To analyze the financial support under the SDP for regional development in the state.
- iii. To investigate the impact of SDP on social aspects for regional development in Karnataka.

3. Hypothesis

There is a significant impact of SDP fund allocation on regional development in Karnataka.

4. Materials and Methods

This study is primarily based on secondary data, which were collected from various reliable sources. The data sources include Annual Reports, Action Plans, and Expert Committee Reports of the Government of Karnataka, as well as publications from the Directorate of Economics and Statistics and the Economic Survey of Karnataka. In addition, relevant scholarly journal articles, seminal books, and other research publications were also consulted to support the analysis.

Statistical Tools Analysis: For the secondary data, the Compound Annual Growth Rate (CAGR) and the Exponential Growth Model were employed to assess financial trends over time. In addition, statistical software packages such as SPSS (Version 21), Gretl, and Microsoft Excel were utilized for data analysis. They are given below:

Compound Average Annual Growth Rate: The CAAGR signifies the growth rate of an initial investment assuming, it is compounded by the period specified. The research study used Compound Growth Rate exponential function to know the trend in growth of fund allocation and expenditure of SDP in Karnataka from the period of 2010-11 to 2021-22. Growth rate were estimated (as per Jayaram, H. (2010) by using the following exponential function.

$$\text{Compound Growth Rate (CGR percent)} = [\text{antilog}(\log b) - 1] \times 100$$

Exponential Growth Model for Fund Allocation under the Special Development Plan (SDP)

The Exponential Growth Model is used to analyze the trend of fund allocation over time, particularly when the rate of increase is proportional to the existing amount of funds allocated in the past few years. It helps in understanding how financial support for regional development evolves and forecasts future allocations if the growth trend continues. The general exponential growth model can be expressed as:

$$Y_t = Y_0 e^{rt}$$

Where:

Y_t = fund allocation at time t

Y_0 = initial fund allocation (base year)

r = exponential growth rate of fund allocation

t = time period (in years)

e = base of the natural logarithm (≈ 2.718)

To estimate the growth rate (r), the model can be linearized using natural logarithms:

$$\ln Y_t = \ln Y_0 + rt$$

5. History and Status of Special Development Plan in Karnataka

The history of Karnataka's SDP to address regional disparities initiated in 2000 with the formation of the High Powered Committee for Redressal of Regional Imbalance (HPCRRI) under Dr. D. M. Nanjundappa. This committee's final report in 2002 highlighted significant regional imbalances and recommended a focused SDP to improve lagging areas, focusing on infrastructure, human capital, and economic empowerment. Subsequent plans have allocated significant funds, and various specialized boards have been established to target specific regions like Malnad, Karavali, and Hyderabad-Karnataka. Based on 35 socio-economic indicators, the level of development was assessed across 175 taluks in the state. These indicators covered a wide range of sectors, including agriculture, industry,

economic infrastructure, social infrastructure, and financial and technical infrastructure. Using the state average of development in these indicators as the benchmark (set equal to 1), the Committee constructed a Comprehensive Composite Development Index (CCDI) by assigning appropriate weights to each indicator. On this basis, 114 taluks were identified as backward taluks requiring special attention under the development plan.

6. Major Objectives of SDP

Human Resource Development plays a significant role in the process of socio-economic development. It contributes not only to enhancing productivity and efficiency but also to promoting inclusive growth, equity, and social justice. By investing in education, skill development, and capacity building, HRD ensures that economic progress is both sustainable and people-centered. Consequently, it serves as a vital instrument for improving the overall welfare and quality of life of individuals within society (Keshava S.R., 2023). The primary objective of the SDP is to reduce regional disparities within Karnataka by focusing on infrastructure development, human capital development and socio-economic empowerment in backward regions. Specific objectives given below:

- i. **Infrastructure Development:** Improving connectivity through roads, railways, irrigation, and power supply in lagging district. This often involves funding for rural electrification and construction projects and water management initiatives.
- ii. **Human Capital Development:** Enhance access to quality education and healthcare facilities in underserved areas. This might involve establishing new schools and hospitals, providing scholarships, and improving healthcare infrastructure.
- iii. **Economic Empowerment:** Promoting economic activities and employment generation in backward regions. To generate employment and promote economic activity through support for agriculture, small-scale industries, and entrepreneurship.
- iv. **Social Development:** Addressing social inequalities and promoting inclusive growth, social justice, address social inequalities, particularly for targeting marginalized communities.
- v. **Balanced Regional Development:** To reduce the gap between developed and backward areas by providing additional investment and focused programs.

Table-1 SDP for Regional Development in Karnataka

S. No	Division	Relatively Developed	Backward	More Backward	Most Backward	Total Taluks
1	Bengaluru	18	09	13	11	51
2	Mysuru	22	10	10	02	44
3	Belgaum	18	14	12	05	49
4	Kalburgi	03	02	05	21	31
	Total	61	35	40	39	175
1	North Karnataka	21	16	17	26	80
2	South Karnataka	40	19	23	13	95
	Total	61	35	40	39	175

Source: Compiled various Economic Surveys of Karnataka data – 2010 to 2021.

The above table-1 illustrates the extent of regional imbalances in Karnataka, as identified by the Dr. D. M. Nanjundappa Committee. Among the 39 most backward taluks in the state, 26 are located in North Karnataka and 13 in South Karnataka, with 21 of these belonging to the Kalaburagi Division. Conversely, out of the 61 relatively developed taluks, 40 are situated in South Karnataka. The Committee recommended a policy mix comprising resource transfers, fiscal incentives, and special development programmes aimed at promoting the overall development of the 114 backward taluks across the state.

7. Results and Discussion

The financial performance of Karnataka's Special Development Plan (SDP) is mixed, with successes in improving infrastructure and services in some backward regions, but also facing challenges like a lack of transparency, capacity constraints at the local level, and sustainability issues. The High Power Committee (HPC) recommended an investment of ₹31,000 crore for the SDP aimed at promoting regional development during the period 2007–2014, this included ₹15,000 crore from the Normal Plan and an additional ₹16,000 crore as supplementary support. Furthermore, an annual allocation of ₹3,000 crore was provided during 2015–16 to 2019–20 to address regional imbalances.

The Committee's recommendations emphasized a participatory approach involving local communities, voluntary organizations, and Self-Help Groups (SHGs), along with the adoption of a decentralized planning approach to foster inclusive development and provide long-term solutions to the challenges of regional disparity. The state's overall fiscal strategy has focused on capital formation and revenue surplus, though the success and efficiency of the SDP specifically require more detailed financial performance metrics for a definitive analysis. The SDP has concentrated on the following core sectors in which allocations are being made on a priority basis so that outcomes are visible agriculture and allied sectors; health; education; housing; infrastructure; irrigation, and tourism. Table-1 gives the information about the financial status of SDP for regional development in Karnataka from 2010 to 2021.

Table-1: Fund Allocation and Expenditure of SDP in Karnataka from 2010-11 to 2021-22
(Rs in Crores)

Year	Fund Allocation	Released (1)	Expenditure (2)	% of Expenditure to Total Allocation = (2/1*100)
2010-11	2584.00	1924.47	1762.54	91.59
2011-12	2975.64	2529.99	2200.16	86.96
2012-13	2680.00	2464.83	2402.92	97.49
2013-14	2925.60	2053.63	2053.63	100.00
2014-15	1228.48	1223.78	1212.73	99.10
2015-16	2300.02	1967.49	1805.42	91.76
2016-17	3000.00	2755.94	2495.49	90.55
2017-18	3224.43	2650.06	2312.64	87.27
2018-19	3532.97	3271.11	2979.97	91.10
2019-20	3599.25	2875.17	3130.04	108.86
2020-21	2426.39	2297.48	2223.27	96.77
2021-22	3210.82	1331.41	906.84	68.11
CAGR (%)	2.38	0.40	-0.43	

Source: Compiled various Economic Surveys of Karnataka data – 2010 to 2021.

The above table presents the fund allocation, release, and expenditure under the SDP for regional development in the backward areas of Karnataka during the period 2010–2021. The allocated funds amounted to ₹2,584 crore in 2010–11, which increased significantly to ₹3,599.25 crore in 2019–20. However, the allocation declined sharply to ₹2,426.39 crore in 2020–21, before rising again to ₹3,210.82 crore in 2021–22.

In 2010–11, the funds released under the SDP amounted to ₹1,924.47 crore, which increased significantly to ₹3,271.11 crore in 2018–19. However, the amount declined sharply to ₹1,331.41 crore in 2020–21. Finally, the expenditure under this plan amounted to ₹1,762.54 crore in 2010–11, which increased substantially to ₹3,130.04 crore in 2019–20. However, the expenditure declined sharply to ₹906.84 crore in 2021–22. The CAGR for the fund allocation, release, and expenditure of SDP for regional development in Karnataka state was 2.38%, 0.40% and -0.43% respectively.

8. Impact of SDP on Social Factors in Regional Disparities Areas

The SDP in Karnataka plays a significant role in addressing social factors by focusing on reducing regional disparities and improving the quality of life in backward areas. It uses targeted interventions and additional investment to improve

crucial social services like education, healthcare, and housing, while also promoting economic development through schemes that aim to build infrastructure and institutions. Key roles of SDP in addressing social factors:

- i. **Reduces Regional Disparities:** The main objective is to bridge the development gap between different regions of the state by giving more resources to less-developed areas.
- ii. **Improves Human Capital:** The plan aims to improve education and health services in backward regions.
 - a) Under this plan, improve the education development and support educational mobility through scholarships, funding for higher education abroad, and providing residential facilities for students through hostels. It also aims to improve the overall level of services to the state average.
 - b) Provide healthcare under this plan to create awareness on health issues like menstrual health and nutrition, and improve access to institutional deliveries and antenatal care through convergence with programs like the National Rural Health Mission (NRHM).
- iii. **Enhances Social Infrastructure:** Under SDP, it builds necessary social infrastructure like community halls to promote social cohesion and provides location-specific schemes tailored to the needs of backward taluks.
- iv. **Promotes Economic Empowerment:** The SDP stimulates economic growth by providing additional investment and infrastructure in backward areas. In infrastructure, focuses on building critical infrastructure such as roads, railways, irrigation, and power supply. Under this plan, institutions establish or strengthen institutions to address sector-specific imbalances.
- v. **Addresses Specific Community Needs:** While the SDP focuses on regional backwardness, other related plans, like the Special Component Plan, are designed to specifically address the social and economic needs of Scheduled Castes and Scheduled Tribes.
- vi. **Economic and Social Empowerment:** Allocating significant budgets for welfare schemes under the Scheduled Castes Sub Plan (SCSP) and Tribal Sub-Plan (TSP) to directly support marginalized communities.
- vii. **Social Protection:** Expanding social safety nets to reduce poverty, with programs covering food security (Anna Bhagya), housing (Gruha Lakshmi), and skill development (MGNREGA, PMKVY).
- viii. **Promoting Social Cohesion:** Constructing community halls for backward classes to foster social integration.

Testing Hypothesis

H0: There is no significant impact of SDP fund allocation on regional development in Karnataka.

H1: There is a significant impact of SDP fund allocation on regional development in Karnataka.

Table-3: Fund Allocation and Expenditure of SDP in Karnataka from 2010 to 2021

Model Summary and Parameter Estimates							
Dependent Variable: Fund Allocation, Released and Expenditure							
Equation	Model Summary					Parameter Estimates	
	R Square	F	df1	df2	Sig.	Constant	b1
Fund Allocation	.088	.959	1	4	.350	2333.812	.023

The table above presents the results of the Exponential Growth Model applied to analyse the growth trends in fund allocation under the SDP for regional development in Karnataka from 2010 to 2021. The study results indicated an average growth rate of 8.8% in fund allocation during the study period. However, the growth rate was found to be statistically insignificant at the 10% level of significance. The Goodness-of-Fit (R^2) value of 0.959 suggests that approximately 95.9% of the variation in SDP fund allocation is explained by the model. Based on the results of hypothesis testing, the alternative hypothesis is rejected, implying that there is no statistically significant impact of SDP fund allocation on regional development in Karnataka during the study period.

9. Conclusion

This study found the impact of the Special Development Plan (SDP) on various social dimensions of regional disparities in Karnataka. The analysis focused on how the SDP contributes to reducing regional inequalities, improving human capital, enhancing social infrastructure, promoting economic empowerment, addressing the needs of specific communities, strengthening social protection, and fostering social cohesion and inclusion. The plan emphasizes improving education, healthcare, and economic opportunities in backward regions to promote inclusive growth. Key strategies include targeted budget allocations for the welfare of SCs and STs, the establishment of higher educational and medical institutions such as universities and medical colleges, and the implementation of welfare programmes such as the Five Guarantees that ensure food security, housing, and financial support for marginalized populations. Overall, the SDP reflects the State Government's commitment to achieving balanced regional development and social equity through sustained investment and participatory governance.

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