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# GOVERNMENT SCHEEMS OF KARNATAKA

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## 1.1 INTRODUCTION

Karnataka, a state in India, has been proactive in implementing various social welfare schemes and policies for different segments of society. India has a long history of public investments relating to health and family welfare. It has been a long road to reach its current position and uplift people through proper health guidance and policy initiatives. The Ministry of Health and Family Welfare in the Government of India (GOI) deals with the design and implementation of policies and health and family welfare programmes at the national level (though health is a state subject, these have significance at the national level). Due to the federal structure in India, fiscal decentralization is vital for social sectors like health. Hence, it is vital to allocate budgetary resources to the state and lower levels of government such that the health and family welfare programme can be appropriately implemented.

As per Article 21 of the Indian Constitution, the right to life also includes the right to health. Article 263 provides that the President of India can establish the inter-state council if he/she thinks that such a council can serve the public interest. The Central Council of Health and Family Welfare was formed in keeping with Article 263.

The Seventh Schedule under Article 246 has provided the Union, State, and Concurrent list. These lists show the division of powers between the union and the states in India. The Union List includes subjects on which the parliament makes laws, and the State List includes subjects that come under State legislature; the Concurrent List has subjects on which both parliament and the state legislature make laws. Considering the Indian federation, many subjects, such as health, sanitation, and hospitals, are under the state list. Even though health is a state subject, it has national importance, so these are included in the Concurrent List. With the introduction of the 11th and 12th Schedules for Health and Sanitation, including hospitals, primary health centers come under local governments, and state legislatures have jurisdiction.

The Government of India has social welfare and social security schemes for India's citizens funded either by the central government, state government or concurrently. Schemes which are fully funded by the central government are referred to as "central sector schemes" (CS) while schemes mainly funded by the center and implemented by the states are "centrally sponsored schemes" (CSS). In the 2022 Union budget of India, there are 740 central sector (CS) schemes and 65 (+/- 7) centrally sponsored schemes (CSS).

Karnataka Government Schemes 2023: Empowering the People, Nurturing Progress in a bid to uplift its citizens and foster growth, the Karnataka state government, under the leadership of the Congress party, has introduced a series of visionary schemes aimed at addressing critical issues and propelling the state towards prosperity. These initiatives touch upon various sectors, catering to the diverse needs of the people. In this article, we delve into the comprehensive Karnataka government schemes list for 2023, orchestrated to make a lasting impact on the lives of its residents.

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## GOVERNMENT SCHEMES OF KARNATAKA

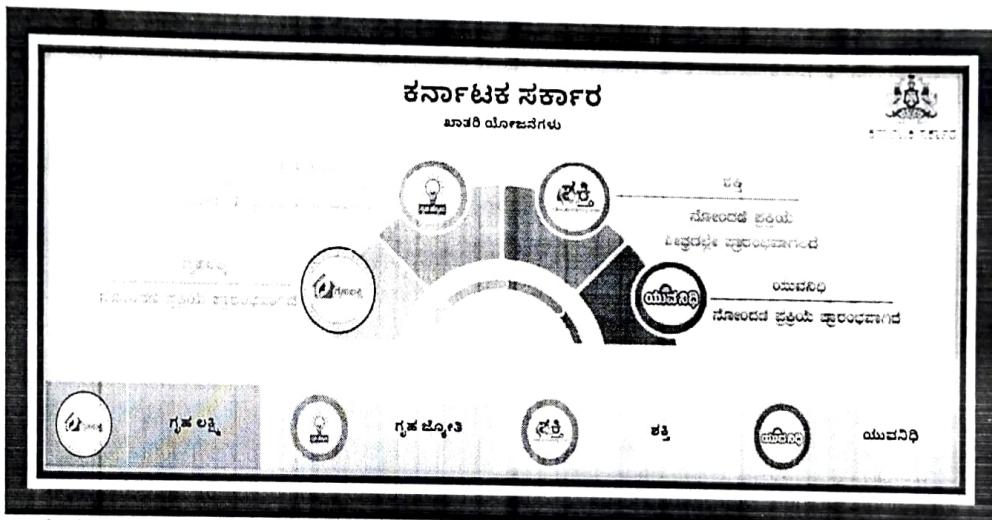
In the dynamic landscape of Karnataka, the state government has embarked on a journey to create a brighter future for its residents through an array of progressive schemes.

These initiatives, meticulously crafted by the Congress party, span across education, healthcare, women's empowerment, agriculture, urban development.

Here are some of the recent schemes of the Karnataka government:

1. GRUHAJYOTI SCHEME:
2. GRUHALAKSHMI SCHEME:
3. YUVANIDHI SCHEME:
4. SHAKTI FREE BUS SCHEME:

Ever since the Congress party in Karnataka introduced five key welfare initiatives ahead of the 2023 state Assembly elections, there has been a noticeable uproar among the Bharatiya Janata Party (BJP) and its core supporters. Criticisms about the five guarantees –



GruhaJyoti (upto 200 free units of electricity for households), GruhaLakshmi (Rs 2,000 monthly for

female household heads), Anna Bhagya (10 kg of food grains monthly for eligible cardholders), Shakti (free bus travel for women and transgender persons within Karnataka), and YuvaNidhi (Rs 3,000 monthly for recent graduates and Rs 1,500 for diploma holders) – have varied widely, from dismissing these promises as mere 'electoral gimmicks' to concerns about potentializes these schemes may cause among beneficiaries, misuse of taxpayer money, and fears of state bankruptcy.

However, these criticisms began to lose ground when the newly elected Congress government, led by Chief Minister Siddaramaiah, promptly gave these schemes the green light in their inaugural cabinet meeting in May 2023. It's crucial to challenge these misleading narratives especially now that they have come to the fore again in the light of the Karnataka government's recent demonstrations against perceived unfairness in tax allocation by the Union government.

Moreover, the Janata Dal (Secular) [JD(S)] too has now aligned with the BJP in criticizing these

~~welfare~~ programs, despite both parties having pledged similar benefits in

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## GOVERNMENT SCHEEMS OF KARNATAKA

theirelectionmanifestos.

The argument that these schemes misuse taxpayers' money falls short when considering that the state's revenue primarily stems from indirect taxes – excise duties, GST (goods and services tax), and customs on imports – alongside borrowings rather than just income tax. This broad base of revenue sources underscores that all residents, not just the affluent income tax-paying segment, contribute to state finances.

Allocating Rs 52,000 crore to these 'guarantee' initiatives will undoubtedly impact the state's budget, but looking at the design of the schemes, they are unlikely to push the state

intobankruptcy. Viewing this expenditure as an investment in development is crucial, as development encompasses not only physical infrastructure but also the well-being of every individual in the state. This expenditure, representing about one-seventh of the state's overall budget, is within manageable limits. Moreover, if the Union government were to clear its pending dues to Karnataka, adhering to federal norms, the state would find itself in a stronger position to steer its economy more adeptly. These dues include Rs 5,495 crore in special grants promised in the interim report of the 15th Finance Commission for 2020-21, Rs 6,000 crore as state-specific grants for Bengaluru's Peripheral Ring Road and water bodies improvement, Rs 18,172 crore in central drought relief funds, and Rs 5,300 crore for the Upper Bhadra Project.

The southern Indian states have a long history of implementing welfare schemes. A review of their state budgets reveals no signs of financial distress; on the contrary, these states continue to thrive and show economic growth year after year.

The five guarantees schemes in Karnataka are crafted to strike a balance between preserving the state's economic health and improving the quality of life for its inhabitants. Chief Minister Siddaramaiah's extensive experience in economic management, evidenced by his 15 state budgets in his political career so far, underpins the thoughtful implementation of these welfare initiatives. For example, the Anna Bhagya scheme alleviates the daily struggle for sustenance among working-class families, enabling them to focus on productivity and savings. Gruha Lakshmi empowers millions of women entrepreneurs, whose spending in turn fuels the state's economy through various taxes. Similarly, the Shakti scheme enhances women's workforce participation, contributing to economic growth.

A recent survey on the impact of the Shakti Scheme has revealed that women are saving up to Rs 200 daily and the scheme has increased their frequency of bus travel. Women also feel safe travelling in buses due to the high presence of women post the scheme's introduction. These welfare programs focused on women not only aim to narrow the historical income disparity between genders but also enhance women's mobility and independence, significantly contributing to their sense of security and community.

The misconception that welfare programmers breed dependency and laziness among recipients has been debunked by numerous studies worldwide. Renowned economist and Nobel laureate Abhijit Banerjee's analysis of cash transfer programs in 13 countries found no evidence supporting the claim that such initiatives foster idleness or misuse of funds. On the contrary,

## GOVERNMENT SCHEEMS OF KARNATAKA

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## GOVERNMENT SCHEMES OF KARNATAKA

- Empowering local bodies for effective planning and development
- Enhancing community participation and decision-making at the grassroots level
- Special Area Development Programs:
  - Targeted initiatives to uplift specific regions or communities.
  - These programs address unique challenges faced by particular areas
- Energy Production, Transmission, and Distribution:
  - Ensuring reliable power supply for economic growth.
  - Focusing on both urban and rural energy needs
- Industries, Mines Development, and Metrology:
  - Promoting industrial growth, including large, medium, and small industries.
  - Supporting sectors like handlooms, textile, sericulture, and mining
- Digital Economy Policies:
  - Encouraging innovation and supporting businesses in the digital domain.
  - Incentives including rental reimbursement, recruitment assistance, and support for quality certifications and patents
- Education, Healthcare, and Social Welfare Schemes:
  - Providing financial aid, scholarships, and medical support to economically disadvantaged individuals.
  - Focusing on primary and secondary education, women's empowerment, and pensions schemes

### 1.3 HYPOTHESIS

Government schemes emerge as a vital force driving social development and welfare. These meticulously crafted initiatives embody the collective will of a nation to create a just and equitable society, where every citizen has equal access to opportunities and necessities. Let's delve into the hypotheses surrounding government schemes:

#### *Social Development and Welfare:*

➤ Hypothesis: Government schemes play a pivotal role in fostering social development and welfare.

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# GOVERNMENT SCHEEMS OF KARNATAKA

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## GOVERNMENT SCHEMES OF KARNATAKA

- Evidence: Governments worldwide recognize the importance of uplifting their citizens and promoting equitable growth. To achieve these goals, they implement various schemes and programs addressing critical social issues such as poverty, healthcare, education, employment, and social inclusion.
- Impact: These endeavors contribute to poverty reduction, social mobility, and overall societal well-being.

### *Education as a Cornerstone:*

- Hypothesis: Education is a fundamental aspect of government schemes.
- Evidence: Initiatives aim to provide quality education to all, irrespective of socio-economic backgrounds. These schemes promote access, affordability, and equity in the education system.
- Impact: By empowering individuals through education, societies can break barriers and create a more informed and skilled populace.

### *Poverty Alleviation:*

- Hypothesis: Government schemes significantly impact poverty alleviation.
- Evidence: Schemes provide direct cash transfers, employment opportunities, skill development programs, and support for entrepreneurship, empowering individuals to escape the cycle of poverty.
- Impact: Poverty reduction leads to improved living standards and social well-being.

### *Rural Development:*

- Hypothesis: Government schemes positively influence rural development.
- Evidence: Studies reveal that these schemes significantly affect both the economic and social development in rural areas.
- Impact: Rural communities benefit from improved infrastructure, livelihood opportunities, and overall progress.

### *Circular Economy and Waste Management:*

- Hypothesis: Government-sponsored schemes play a role in circular economy systems.
- Evidence: Game theory models explore government actions in sponsoring circular economy initiatives, which can be active or passive.
- Impact: These interventions contribute to sustainable waste management and resource conservation.

## GOVERNMENT SCHEEMS OF KARNATAKA

### 1.4 METHODOLOGY

This section describes the methods and data sources used to determine the allocation of budgetary resources to health and family welfare demand for 2022-23 by the Government of India and the Government of Karnataka at the state and local levels.

This study has used secondary data to determine the allocation of the Government of India (GOI), the Government of Karnataka (GOK), and the Local Government. The Government of India allocates budgetary resources to health and family welfare through Central Sector Schemes, which the Government of India wholly funds, and Centrally Sponsored Schemes, which are transfers by the Government of India to state governments, and allocation to CSS that are shared by the union and the state governments.

The details regarding the Government of India's allocation to the Ministry of Health and Family Welfare are collected from the Budget Document-Expenditure Profile 2022-23. To calculate the Government of India's allocation to Karnataka, the following methods were used.

Karnataka government has a comprehensive approach to planning and implementing various schemes across different sectors. Here are some key aspects of their methodology:

#### *Decentralized Planning and Development:*

Karnataka emphasizes decentralized planning, allowing local bodies (such as Gram Panchayats and Municipal Corporations) to actively participate in decision-making.

This approach ensures that schemes are tailored to the specific needs and priorities of each region.

#### *Special Development Plans for Regional and District Disparities:*

The government focuses on addressing disparities between different regions and districts within the state.

Special development plans are designed to uplift underdeveloped areas and bridge gaps in infrastructure, education, healthcare, and livelihood opportunities.

#### *Sustainable Development Goals (SDGs) 2030*

Karnataka aligns its schemes with the United Nations' SDGs, aiming for sustainable and inclusive development.

These goals cover areas such as poverty reduction, quality education, gender equality, clean energy, and environmental conservation.

#### *Sectoral Programs:*

  
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Karnataka Fiscal Responsibility Act, 2002 as well as the Fiscal Responsibility and Budget Management Act 2003. Under these Acts, the fiscal deficit of the state cannot exceed 3% of its GSDP. Additionally, the Debt to GDP ratio of the state cannot exceed 25%. The analysis checks if these conditions are fulfilled under various scenarios.

**2.1.2 Scenario C: Reduction in expenditure and lower revenues but additional borrowings available under the Central government's new fiscal policy.**

Table 1.3: Analysis of Karnataka's budget statements under scenario C

Budget Heads	2019-20	2020-21 (BE)	-4%	-2%	-6%	MTFP 2020-21
SGDP	16,98,685	18,05,742	16,30,738	16,64,711	15,96,764	18,05,742
Total Expenditure (incl Borrowings)	2,26,625	2,37,893	2,14,104	2,14,104	2,14,104	
Total Receipts	2,26,088	2,33,135	2,12,196	2,13,725	2,10,371	2,33,135
a. Revenue + Capital Receipts	1,77,598	1,80,217	1,38,813	1,38,813	1,38,517	1,80,217
b. Borrowings	48,490	52,918	73,383	74,912	71,854	52,918
Borrowing Limit	50,961	54,172	81,537	83,236	79,838	54,172
Borrowing Required	49,027	57,676	75,291	75,291	75,587	
Revenue Expenditure	1,76,970	1,79,776	1,61,799	1,61,799	1,61,799	1,79,776
Revenue Surplus	284	143	23,282	23,282	23,282	144
Total Expense - Public Debt	2,16,350	2,26,288	2,03,659	2,03,659	2,03,659	2,25,992
Revenue + Misc Receipts	1,77,598	1,80,217	1,38,813	1,38,813	1,38,813	1,79,920
Fiscal Deficit	38,752	46,071	64,846	64,846	64,846	46,072
Total Liabilities	3,08,411	3,51,759	3,38,598	3,39,056	3,38,139	3,68,692
Additional borrowing			1,908	379	3,732	

This scenario could be the more realistic one as the state government might slash expenditure on many non-essential sectors and maintain or slightly increase allocations for essential services like PDS, healthcare, etc. As such, the overall expenditure has been pegged at 90% of the budgeted expenditure without any analysis on sector-wise division of expenditure. Borrowing can be availed upto 4.5% of the GSDP or 5% in case Karnataka can

successfully implement three of the four conditional reforms. The revenue receipts have

- The students who currently get benefits from other applications or schemes of a comparable type will not be eligible for this scheme's benefits.
- Those receiving apprentice pay, those engaged in postsecondary education, and those hired via the government or the commercial enterprise quarter are ineligible.
- Youths who work for themselves and feature taken-out loans from banks, the authorities, or different agencies aren't eligible.
- To take gain of this initiative, the applicant's bank account must be related to their Aadhaar

### 3.3.3 BENEFITS OF KARNATAKA YUVANIDHI SCHEME 2024

The information on the advantages that the unemployed teenagers of the state will receive from the Karnataka YuvaNidhi Scheme, which has been commenced to offer monthly financial help to the unemployed youth inside the state of Karnataka, is as follows.

- The unemployed teens of the state who have passed graduation might be provided financial help of Rs 3000 every month.
- Unemployed youth of the country who are diploma holders could get financial help of Rs 1500 every month.
- By getting economic assistance each month through the scheme, the unemployed youngsters of the country can be capable of growing to be self-reliant.
- The children of the country could be able to prepare further to get an activity in the future.
- The amount of economic assistance supplied via the scheme could be released to the financial institution account of the beneficiary students, for which the teenagers will no longer visit any office.

### 3.3.4 ASSISTANCE AMOUNT OF KARNATAKA YUVANIDHI SCHEME

Under the YuvaNidhi Scheme released in the state of Karnataka, the amount of financial help in order to be given to the eligible unemployed children of the state has been determined done by one for the graduate passed youth and degree holder teenagers, the details of which might be as follows.

Unemployed students with diplomas	Rs 1500 every month
Unemployed students passed graduation	Rs 3000 each month

## 3.1 SHAKTI FREE BUSS SCHEME

### INTRODUCTION

the total liabilities of this fiscal year go up directly by the same amount.

**2.1.1 Scenario B: Expenditure maintained at budgeted levels, no additional borrowings and reduced revenues.**

Table 1.2: Analysis of Karnataka's budget statements under scenario B

Budget Heads	2019-20	2020-21 (BE)	-4%	-2%	-6%	MTFP 2020-21
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Total Expenditure (incl Borrowings)	2,26,625	2,37,893	2,37,893	2,37,893	2,37,893	
Total Receipts	2,26,088	2,33,135	1,87,735	1,88,754	1,86,716	2,33,135
a. Revenue+Capital Receipts	1,77,598	1,80,217	1,38,813	1,38,813	1,38,813	1,80,217
b. Borrowings	48,490	52,918	48,922	49,941	47,903	52,918
Borrowing Limit	50,961	54,172	48,922	49,941	47,903	54,172
Borrowing Required	49,027	57,676	99,080	99,080	99,080	
Revenue Expenditure	1,76,970	1,79,776	1,61,799	1,61,799	1,61,799	1,79,776
Revenue Surplus	284	143	23,282	23,282	23,282	144
Total Expense- Public Debt	2,16,350	2,26,288	2,26,288	2,26,288	2,26,288	2,25,992
Revenue + Misc Receipts	1,77,598	1,80,217	1,38,813	1,38,813	1,38,813	1,79,920
Fiscal Deficit	38,752	46,071	87,475	87,475	87,475	46,072
Total Liabilities	3,08,411	3,51,759	3,51,759	3,51,759	3,51,759	3,68,692
Additional borrowing			50,158	49,139	51,177	

This scenario is created for a comparative analysis of how the state would cope if the Central government did not grant them the fiscal space to take on additional borrowings. The total expenditure has been fixed at Rs 2,37,893 crore as per the 2020-21 budget. The assumptions on revenue receipts and revenue expenditure are the same as in the previous scenario. The tax collection was at 47% of the estimated tax collection in the first quarter of the fiscal year.

#### Fiscal Parameters:

The finances of the Government of Karnataka (GoK) are governed under the