



## STATE REPORT CARD 2016

# KARNATAKA

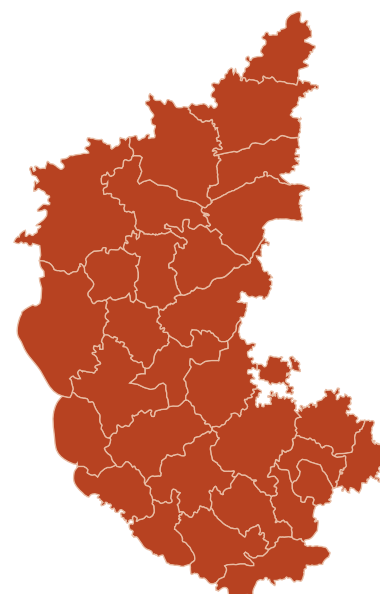
### SUMMARY

#### Revenue

Revenue receipts for the state of Karnataka grew by 13 per cent between FY 2014-15 (Actuals) and FY 2015-16 Revised Estimates (RE). Union Government transfers increased by 26 per cent during the same period. Untied funds accounted for 70 per cent of the total transfers received from the Government of India (GOI) in FY 2015-16 (RE), up by 6 per cent from FY 2014-15 (Actuals).

#### Expenditure

Total expenditure in FY 2015-16 (RE) grew by 12 per cent over FY 2014-15 (Actuals), with the share of social sector expenditure in total expenditure increasing by 2 per cent in the period. While expenditure under the major head, "Education" increased by 9 per cent, "Housing" saw a substantial increase of 91 per cent between FY 2014-15 (Actuals) and FY 2015-16 (RE).



### RECEIPTS

#### Overall Receipts

The state's revenue receipts in FY 2015-16 (RE) grew by 13 per cent over the previous year's Actuals. Union tax revenues transferred to the state increased by an impressive 64 per cent in the same period.

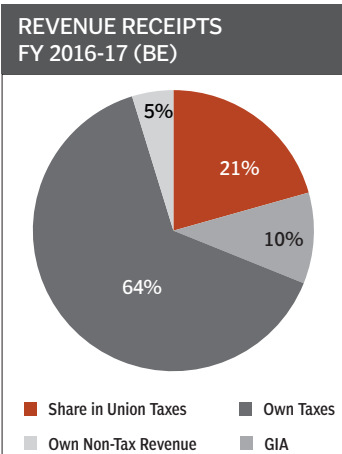
REVENUE RECEIPTS (IN ₹ CRORE)			
	2014-15 (Actuals)	2015-16 (RE)	2016-17 Budget Estimates (BE)
Share in Union taxes	14,654	23,983	26,979
Grants in Aid (GIA)	14,620	12,768	13,694
Own taxes	70,180	75,568	83,864
Own non-tax revenue	4,688	5,411	6,221
<b>Total</b>	<b>104,142</b>	<b>117,731</b>	<b>130,758</b>

Source: Collated from state budget documents.

Note: Grants in Aid (GIA) include: Normal Central Assistance (NCA), Finance Commission (FC) Grants, Centrally Sponsored Schemes (CSSs) and other grants from the Government of India (GOI). Numbers have been rounded off.

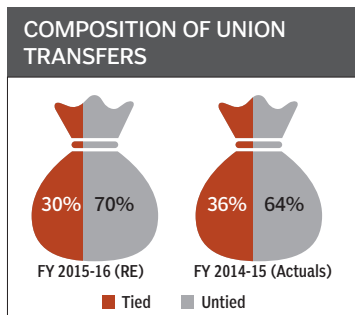
#### Tied and Untied funding

Tied funds are usually for specific purposes, such as grants under Centrally Sponsored Schemes (CSSs) which must be used for particular activities under the schemes. In contrast,



Source: Collated from state budget documents.

Note: GIA includes: NCA, FC Grants, CSSs and other grants from GOI. Numbers have been rounded off.



**Source:** Collated from state budget documents.

**Note:** Untied grants include grants in aid from FC, NCA and Tax devolution. Tied grants include grants for CSSs and other grants such as Additional Central Assistance and Special Central Assistance. Some of the other grants may not specifically be for a particular scheme but their proportions would be very small. NCA has been collated from Ministry of Finance and is thus actual releases.

States can decide how to spend untied funds which are transferred to them. In accordance with the 14th Finance Commission's (FFC) recommendations, the share of untied funds received from GOI increased significantly in FY 2015-16 (RE). For instance, to offset the increased untied funds, the Union Government decreased funding of CSSs and other grants by 35 per cent in FY 2015-16 (RE) over FY 2014-15 (Actuals) across the 19 states we analysed.

The overall share of CSSs and other grants in Union transfers to Karnataka dropped from 36 per cent in FY 2014-15 (Actuals) to 30 per cent in FY 2015-16 (RE).

### Transfers from the Union Government

Transfers from the Union Government accounted for 31 per cent of revenue receipts in FY 2015-16 (RE). Compared with FY 2014-15 (Actuals), Union transfers increased by 26 per cent in FY 2015-16 (RE).

COMPOSITION AND CHANGE IN UNION TRANSFERS TO KARNATAKA (IN ₹ CRORE)				
	2014-15 (Actuals)	2015-16 (RE)	2016-17 (BE)	2015-16 (RE) over 2014-15 (Actuals)
<b>Taxes</b>	14,654	23,983	26,979	64%
<b>FC Grants</b>	3,466	1,877	2,869	-46%
<b>CSSs and other scheme grants</b>	10,636	10,891	10,826	2%
<b>Normal Central Assistance (NCA)</b>	518	0	0	-100%
<b>Total</b>	<b>29,274</b>	<b>36,751</b>	<b>40,673</b>	<b>26%</b>

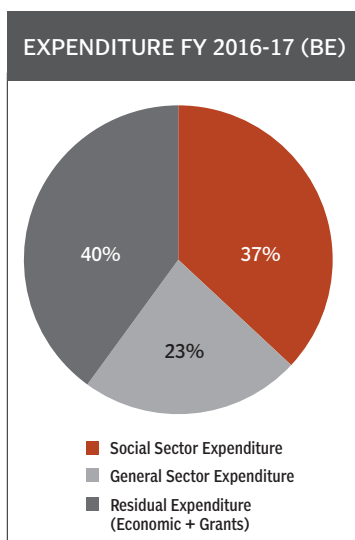
**Source:** Collated from individual state budget documents. NCA collected from Ministry of Finance and thus constitutes actual funds released.

**Note:** Numbers have been rounded off

## EXPENDITURE

### Overall expenditure

Karnataka's total expenditure in FY 2015-16 (RE) grew by 12 per cent over the previous year's Actuals.



**Source:** Collated from individual state budget documents.

**Note:** Social sector has been defined as per the Comptroller and Auditor General of India and does not include expenditure on rural development and warehousing. Total and capital expenditure excludes repayment of public debt. Figures have been rounded off.

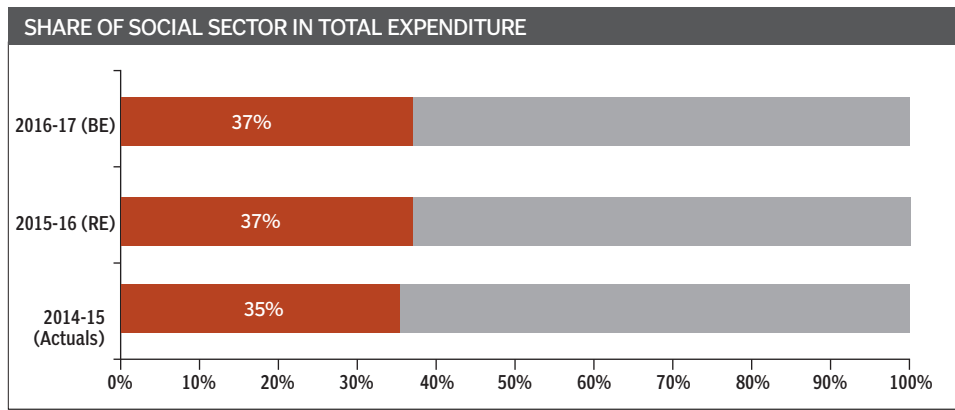
EXPENDITURE IN KARNATAKA'S BUDGET (IN ₹ CRORE)			
Type of expenditure	2014-15 (Actuals)	2015-16 (RE)	2016-17 (BE)
<b>Total expenditure</b>	1,23,813	1,38,715	1,56,577
<b>Revenue expenditure</b>	1,03,614	1,16,732	1,30,236
<b>Capital expenditure</b>	20,199	21,983	26,341
<b>Social sector expenditure</b>	43,547	51,587	57,855
<b>General sector expenditure</b>	28,884	31,257	36,136
<b>Residual expenditure (Economic + Grants)</b>	51,382	55,871	62,587
<b>Fiscal Deficit</b>	19,577	20,561	25,657

**Source:** Collated from individual state budget documents.

**Note:** Social sector has been defined as per the Comptroller and Auditor General of India and does not include expenditure on rural development and warehousing. Only expenditures from the Consolidated Fund have been accounted, net of recoveries. Total and capital expenditure excludes repayment of public debt. Figures have been rounded off.

## Social Sector Expenditure

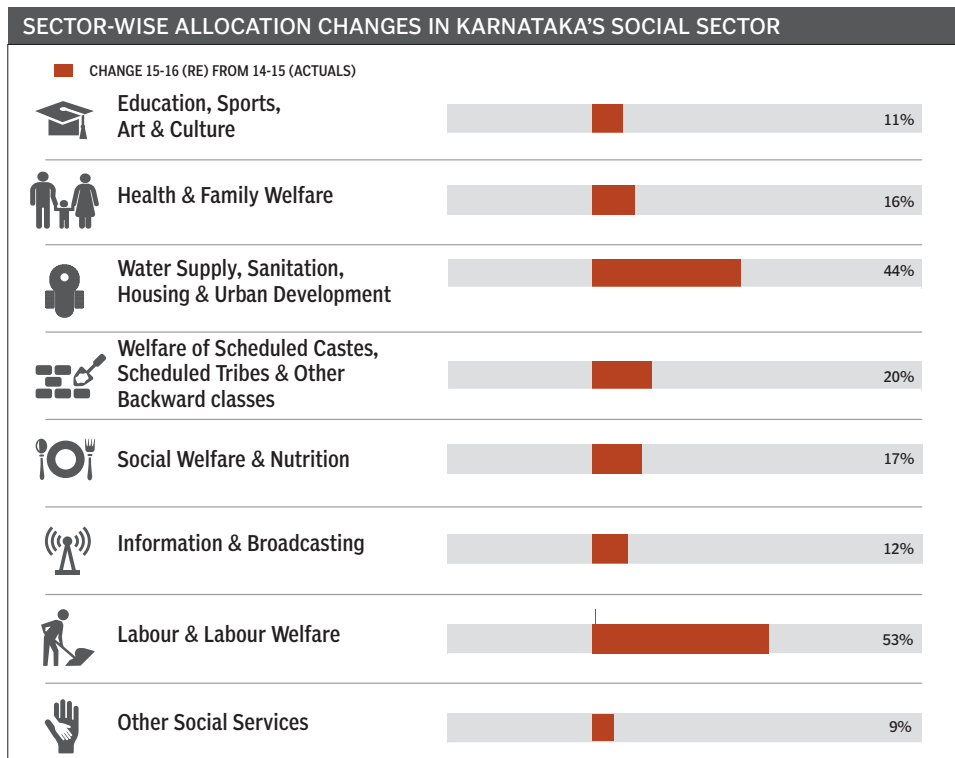
Social sector expenditure in the state increased by over ₹8,000 crore or 0.2 per cent in FY 2015-16 (RE) over FY 2014-15 (Actuals) . However, the share of social sector expenditure in Karnataka's total expenditure increased by 2 per cent in that period.



**Source:** Collated from individual state budget documents.

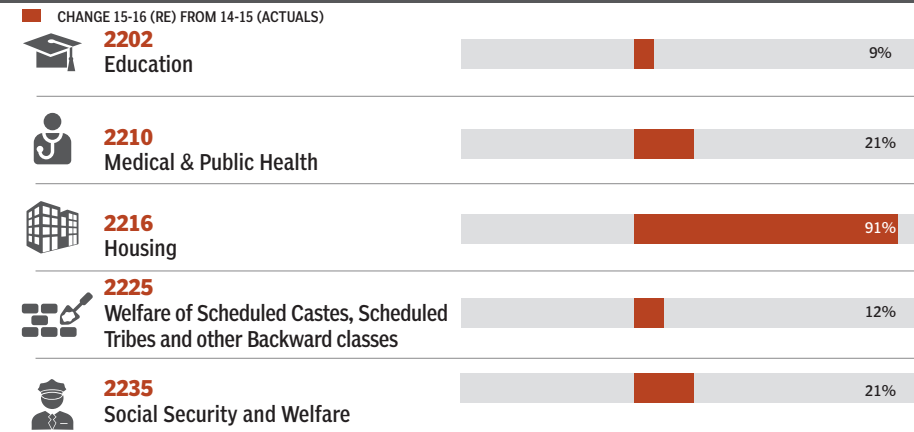
**Note:** Social sector has been defined as per the Comptroller and Auditor General of India and does not include expenditure on rural development and warehousing. Only expenditures from the Consolidated Fund have been accounted, net of recoveries

While all sectors in the social sector of the state saw increases in the revised estimates of FY 2015-16 over FY 2014-15 (Actuals), the most significant increases were in the sector “Labour and Labour Welfare” and “Water Supply and Sanitation” which saw a significant 53 per cent and 44 per cent increase in funding, respectively, in FY 2015-16 (RE) compared to FY 2014-15 (Actuals).



**Source:** Collated from state budget documents.

### CHANGES IN THE FIVE BIGGEST COMPONENTS OF KARNATAKA'S SOCIAL SECTOR



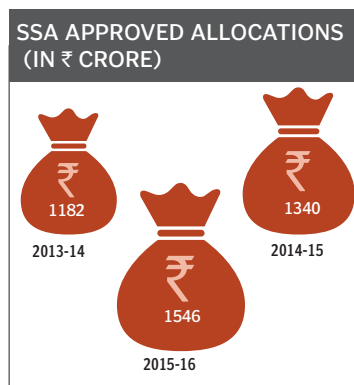
Source: Collated from state budget documents.

## CENTRALLY SPONSORED SCHEMES

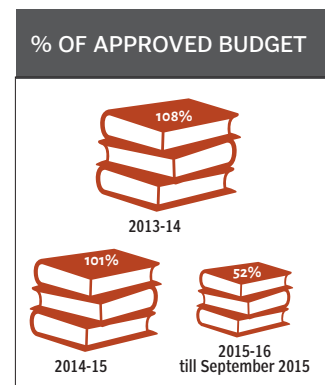
### Sarva Shiksha Abhiyan (SSA)

Approved allocations for Sarva Shiksha Abhiyan (SSA) (including state shares) increased by 15 per cent from ₹1,340 crore in FY 2014-15 to ₹1,546 crore in FY 2015-16.

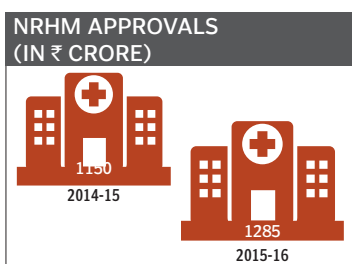
The actual release of funds has also been consistently smooth. In FY 2014-15, 101 per cent of the total allocation was released to the SSA state implementing society, implying that more funds than approved were released. Up to September 2015, halfway through the financial year, 52 per cent of the approved funds had been released. The corresponding figure for the same time period in FY 2014-15 was 59 per cent. The pattern indicates that overall fund availability and expenditure under SSA is likely to meet FY 2015-16 targets.



Source: RTI filed by Accountability Initiative and SSA portal.



Source: RTI filed by Accountability Initiative and SSA portal.



Source: NHM Website

### National Rural Health Mission (NRHM)

Approved funds for the National Rural Health Mission increased from ₹1,150 crore in FY 2014-15 to ₹1,285 crore in FY 2015-16. In FY 2014-15 GOI had released 85% of its total share. In FY 2015-16, till September, 61% of total GOI allocations have been released. The corresponding figure for FY 2014-15 was 72%, which indicates that releases have slowed. Expenditure in FY 2015-16 has also been slow. A mere 14 per cent of funds had been spent by September 2015. Moreover, this does not include additional supplementary proposals that the state has made, as they have not been accepted. If the proposals are accepted, then expenditure would be even lower.