

## B.PAC's analysis of Karnataka budget – FY 19 – 20

Karnataka state budget was presented on Friday, February 8<sup>th</sup> 2019

### Budget highlights:

- **The Gross State Domestic Product (GSDP)** of Karnataka for 2019-20 at current prices is estimated to be INR 15,86,830 crore, which is 5% higher than the revised estimates for 2018-19.
- **Total expenditure** for 2019-20 is estimated to be INR 2,26,185 crore, which is 9.95 % increase over the revised estimates of 2018-19.
- **Total receipts (excluding borrowings)** for 2019-20 are estimated to be INR 181862.96 crore, an increase of 9.62 % as compared to the revised estimates of 2018-19.
- **Revenue Surplus** is estimated to be Rs. 258 crore. **Fiscal Deficit** is expected to be Rs. 42,051 crore, which is 2.65% of GSDP.
- **Total liabilities** at Rs.3,27,209 crore at the end of 2019-20 are estimated to be 20.60% of GSDP. This is within the limit of 25% for 2019-20 mandated in Karnataka Fiscal Responsibility Act
- Departments of Education (11%), Urban Development (9%), Water Resources (7%), Energy (7%) saw the highest allocations in FY 2019 – 20.

### Budget 2019 – 20: Key figures

**Table 1: Total Expenditure for FY 2019 – 20**

| Item                        | 2017-18 (Actuals) | 2018-19 (BE)     | 2018-19 (RE)     | 2019-20 BE       | % change from RE of 2018-19 to BE of 2019-20 |
|-----------------------------|-------------------|------------------|------------------|------------------|----------------------------------------------|
| Capital expenditure         | 30666.76          | 35245.92         | 35920.93         | 40080.13         | 11.58%                                       |
| Revenue expenditure         | 142482.33         | 166289.60        | 165702.89        | 181605.00        | 9.60%                                        |
| <b>Total Expenditure</b>    | <b>173149.09</b>  | <b>201535.52</b> | <b>201623.82</b> | <b>221685.13</b> | <b>9.95%</b>                                 |
| A. Debt repayment           | 0.00              | 350.00           | 350.00           | 350.00           | 0.00%                                        |
| B. Interest Payments        | 13929.58          | 16208.58         | 15595.98         | 19060.31         | 22.21%                                       |
| <b>Debt Servicing (A+B)</b> | <b>13929.58</b>   | <b>16558.58</b>  | <b>15945.98</b>  | <b>19410.31</b>  | <b>21.73%</b>                                |

*Source: Annual Financial Statement, Government of Karnataka, FY 2019 - 20*

### Expenditures in 2019 – 20

- a) Capital expenditure: This includes expenditure which affects the assets and liabilities of the state, and leads to creation of assets (such as bridges and hospitals), and repayment of loans, among others.
- b) Revenue expenditure: This expenditure includes payment of salaries, pensions, and maintenance, among others.

In 2019-20, Karnataka is expected to spend INR 19410.31 crore on servicing its debt (i.e., INR 350 crore on repaying loans, and INR 19060.31 crore on interest payments). This is 21.73% higher than the revised estimates of 2018-19.

## Receipts in FY 2019 – 20

**Table 2: Total Receipts for FY 2019 - 20**

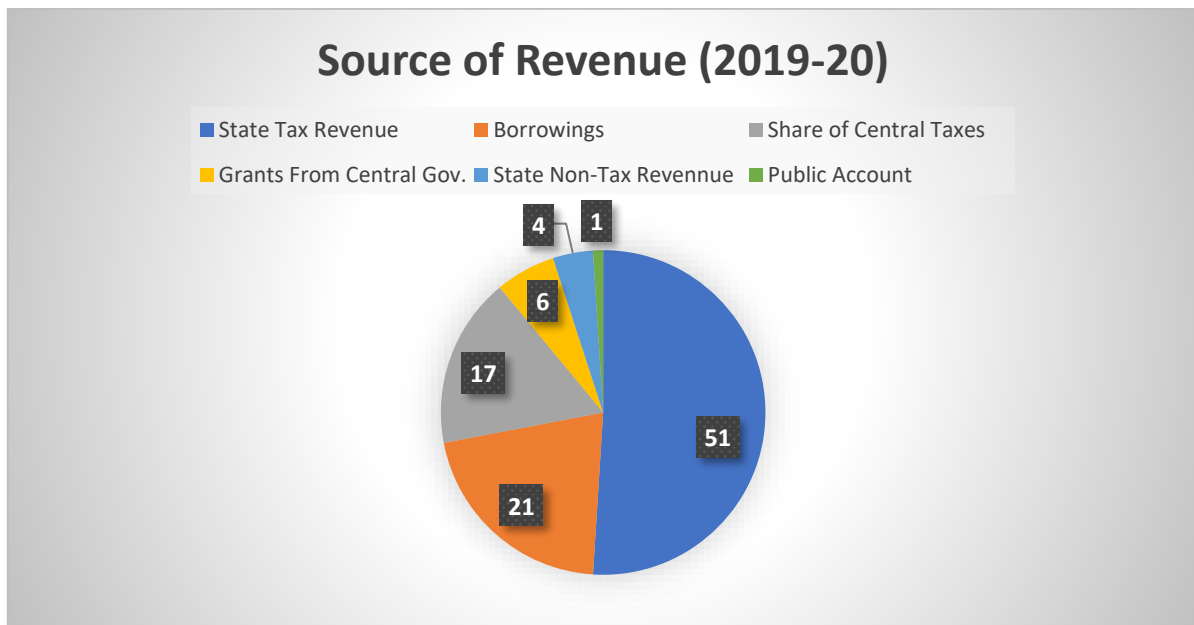
| Item                                 | 2017-18<br>(Actuals) | 2018-19 (BE)     | 2018-19 (RE)     | 2019-20 BE       | % change from<br>RE of 2018-19 to<br>BE of 2019-20 |
|--------------------------------------|----------------------|------------------|------------------|------------------|----------------------------------------------------|
| Tax Revenue                          | 118882.34            | 132036.08        | 131727.70        | 141550.24        | 7.46%                                              |
| Non Tax Revenue                      | 6476.53              | 8180.94          | 7287.09          | 8055.41          | 10.54%                                             |
| Grants - in - aids and Contributions | 21640.78             | 26178.64         | 26882.17         | 32257.31         | 20.00%                                             |
| <b>Total Revenue Receipts</b>        | <b>146999.65</b>     | <b>166395.66</b> | <b>165896.96</b> | <b>181862.96</b> | <b>9.62%</b>                                       |
| Total Capital Receipts               | 25121.8603           | 47134.43         | 46126.47         | 48600.79         | 5.36%                                              |
| <b>Total Receipts</b>                | <b>172121.51</b>     | <b>213530.09</b> | <b>212023.43</b> | <b>230463.75</b> | <b>8.70%</b>                                       |

Source: Annual Financial Statement, Government of Karnataka, FY 2019 – 20

In 2019-20, the receipts of Karnataka is expected to be INR 230463.75 crore. This is 8.70% higher than the revised estimates of 2018-19. The tax revenue and the non-tax revenue for FY 2019 – 20 is estimated to increase by 7.46 % and 10.54 % from the revised estimates of FY 2018 – 19, respectively.

For FY 2019 – 20, the 51 % of the revenue for the state is expected to come from state tax revenue (Commercial tax – Rs 76046 cr, State Excise – Rs 20950 cr, Stamps and Registration – Rs 11828 cr, Motor Vehicle Tax - Rs 7100 cr, and Others – Rs 3069 cr).

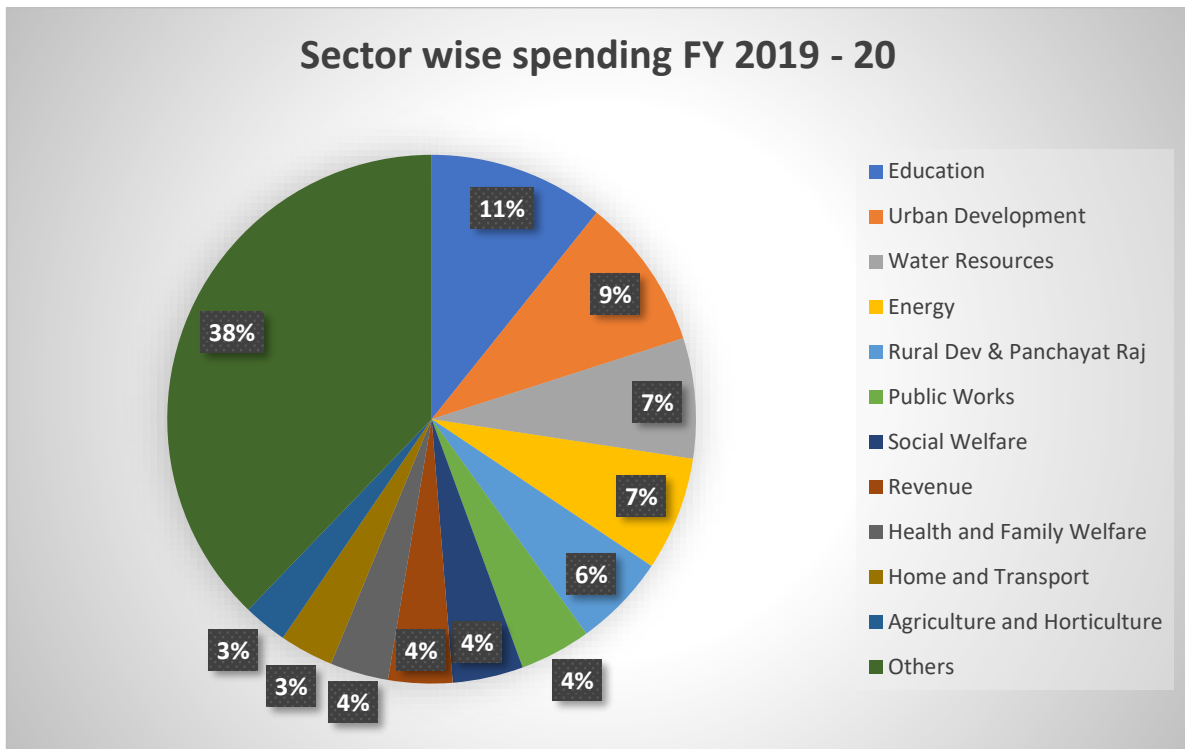
**Figure 1: Source of Revenue to Government of Karnataka for FY 2019 - 20**



Source: Annual Financial Statement, Government of Karnataka, FY 2019 – 20

**Sector wise spending in 2019 – 20**

**Figure 2: Sector wise spending for FY 2019 – 20**



Source: Annual Financial Statement, Government of Karnataka, FY 2019 – 20. Note: Others include Women and Child Department, Food and Civil Supplies and Housing among others.

In the FY 2019 – 20 budget, the highest allocation has been estimated at Rs 28151 crore (11%) for education. Urban Development including BBMP has received allocation for Rs 24413 crore (9%).

## **Allocations for Bengaluru from FY 2019 – 20 budget**

### **Directorate of Municipal Administration:**

- Re-construction of large comprehensive Rain Water Canals within three years in all the Corporations including Bruhat Bengaluru Mahanagara Palike. (BBMP)
- Establishing power generating plants out of water processing units and solid waste processing units.

### **Bengaluru Mobility Scheme (Mobility)**

- Grant of Rs.50 crore for implementation of a comprehensive mobility scheme; priority for public transport and stabilization; all aspects of all types of movement facilities in the; grant to increase the number of buses in BMTC; development of at least 50 KM pedestrian road.

### **Bruhath Bengaluru Mahanagara Palike**

- Implementation of Nava Bengaluru Kriya Yojane at an estimated cost of Rs.8,015 crore. A grant of Rs.2,300 crore is provided for the year 2019-20.
- Grant of Rs.1,000 crore to construct elevated corridors in the year 2019-20.
- Converting 5 lakh road lights in Bengaluru into LED.
- Action to convert Commercial Street and Brigade Road into pedestrian roads.
- Establishing a 400 metric tonne capacity solid waste processing unit through KPCL under PPP.
- Enacting “Parking Rules and Implementation Policy” in Bengaluru. Action to park 10,000 vehicles on 87 selected smart parking systems.
- A new underpass at Goraguntepalya at a cost of Rs.195 crore. Additional loop construction on the existing Hebbal and K.R.Puram Flyover.

### **Bengaluru Sub-Urban Rail System**

- Sub-urban rail services in Bengaluru at a total estimated cost of Rs.23,093 crore; a Special Purpose Vehicle (SPV), Bengaluru Rail Infrastructure Development Entity (B-RIDE) under State and Central Government partnership.
- Study of feasibility of design for Multi Modal Transport Hub at Hebbal, Byappannahalli, K.R.Puram, Kadugodi, Challaghatta and Peenya area.
- Development of necessary infrastructure for Inter-Modal Integration design in Bengaluru Metro, Rail and TTMC strategically located at Yeshwantapur, Banashankari, Vijaynagar, Peenya etc.

### **Bengaluru Metro Rail Corporation Limited**

1. Commuter’s card for Metro and BMTC services
  2. Converting the 3 coach into 6 coaches of 50 Rail sets.
  3. Charging facility to two wheeler electric vehicles in selected 10 Metro stations.
  4. Small capacity buses from BMTC in 10 selected Metro stations to provide last mile connectivity.
  5. Construction of pedestrian flyover in Yeshwanthapur and Metro Rail Stations.
- Metro line from Central Silk Board (CSB) junction to the Outer Ring Road-Airport via K.R. Puram, Hebbal at a cost of Rs.16,579 crore.

- Extension of the western end of Kengeri Metro Network and construction of an additional station at Challaghatta.

### **Bengaluru Development Authority (BDA)**

- Construction of Peripheral Ring Road with an estimated cost of Rs.17,200 crore and Rs.1,000 crore in the year 2019-20.

### **Bengaluru Water Supply and Sewerage Board (BWSSB)**

- Scheme for flow water into Arkavati and Dakshina Pinakini rivers using the water resources available in Bengaluru. Availability of 1400 MLD of additional water by this scheme; A committee headed by the Chief Minister to implement this scheme. A grant of Rs.50 crore for this scheme.
- Grant of Rs.500 crore in 2019-20 for the work of V Stage Cauvery Water Supply Scheme estimated at cost of Rs.5,550 crore with the help of JICA.
- Work to prevent 914 entry points wherein sewerage is mixing with storm water drain in Bengaluru at a cost of Rs.76.55 crore.

### **Housing**

- Development works in notified slum areas in Bengaluru which are predominantly inhabited by SC/ST communities at a cost of Rs.300 crore under the SCSP/TSP grant of BBMP.
- Housing on rental basis “Saarathiya Sooru” scheme for auto drivers and taxi drivers in Bengaluru at a cost of Rs.50 crore.
- Rs.50 crore for housing on rental basis for garment workers.

### **Education**

- Establishment Well Equipped Language Skill Training Centres in Bengaluru, Mysuru, Belagavi and Kalaburgi Divisions in the name of Alur Venkatarao at a cost of Rs.2 crore to improve language teaching methodology.

### **Health:**

- A grant of Rs.10 crore for Sports Injury and Robotic Surgery facility at Sanjay Gandhi Institute of Trauma and Orthopedics, Bengaluru
- Opening of a 450-bed hospital in the premises of Indira Gandhi Institute of Child Health at Bengaluru at a cost of Rs.100 crore
- Construction of a 450-bed hospital in the Kidwai Institute of Cancer premises at Bengaluru with private partnership at a cost of Rs.100 crore

### **Social Welfare:**

- Establishment of a large ‘Constitution Museum’ in Bengaluru city to introduce the genesis and importance of our Constitution to the future generations; Rs. 20 crore is provided