

# **Karnataka Budgetary Allocation, Release and Expenditure with Special Reference to Social Groups**

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## **Introduction**

National and State Budgets are the short term government instruments of mobilizing and spending financial resources keeping in view three important objectives :

- a) Promoting growth of the economy
- b) Achieving internal and external stability which actually means keeping the prices under control and maintaining balance in the balance of payments respectively
- c) Ensuring equity or social justice in the economy

While the growth and stability objectives have traditionally been the main objectives of budget formulation, more recently the objective of ensuring equity has received greater attention from the Union and State governments. In view of this fact, it is our concern in this paper to examine to what extent the equity concern has been maintained in the budgets during the past and present days. When one talks about equity concern in a budget one would be talking about several dimensions of equity such as:

- a) Inter-regional equity
- b) Inter-sectoral equity and
- c) Inter-group equity

As for inter-group equity is concerned, generally speaking equity with respect to two groups are considered : One being the inter-generational equity and the other is equity among social groups such as SCs and STs, OBCs, Minorities and differently abled persons. In this paper it is proposed to evaluate the efforts of the Government of Karnataka at ensuring equity across the social groups through its budgets presented from 2002-03 to 2013-14. The methodology followed in this regard is to collect data from the budget reports relating to allocation for the development of these groups. But, since the budget does not provide information on release and



expenditure it is proposed to go to the concerned departments. Even here we face a constraint. And that is, we are not able to go to each and every department and get the information for a period of 10 years considering the time and resource constraint. What we propose to do here is to select important departments and departments which are relevant for the purpose, and obtain the required information. Hence, the reader may keep this limitation in view while reading the paper.

### **Special Focus on Social Groups**

It may be necessary to clarify at this stage as to why there is need for special focus by the budget on the social groups as such. We may justify this on two grounds:

- a) The social groups like SCs, STs, OBCs and Minorities are the groups considered to be socially and economically excluded from the mainstream of development among whom incidence of poverty, unemployment and deprivation is higher. It may be stated that vulnerable sections such as Women and Children and Differently Abled Persons are even more deprived. This problem needs to be addressed by the budget on a priority basis.
- b) If the XII plan objective of sustainable inclusive growth were to be achieved, the focus of the budget ought to be on the needs and aspirations of these groups. Indeed, the main objective of the planning since the XI Plan has been to mainstream these groups into the growth process such that they also shared the benefits of the growth of the economy.

There is, however, a theory which suggests that allocation of development funds separately for the deprived sections, sectors and regions is not necessary even on this ground. For, when resources are allocated for different programmes of development keeping in view the needs of the overall economy, the needs of sectors and regions, and of sections would have been taken care of. Thus, it is argued that if the economy grows the benefits of the growth would reach the different sections, regions and sectors. But the point is that in the past growth did occur in the economy but the benefits of growth did not reach various sections. The basic assumption underlying this theory is that in the growth process trickle down mechanism works and it works efficiently. We are of the view that in the present case trickle down does not work due to following reasons: