

VIJAYSETU
presents

KARNATAKA BUDGET 2026-27

A Comprehensive Analysis &
Exam Notes Compendium

Helpful for KAS - KPSC - KEA Exams



Under the Guidance of
AJAYKUMAR Sir



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BRIDGE TO VICTORY

KARNATAKA BUDGET 2026-27

A Comprehensive Analysis & Exam Notes Compendium

11G Economic Model - State Finances - Sectoral Reforms - Governance

EXAM-ORIENTED NOTES

KAS • KPSC • KEA • PSI • ESI • FDA • SDA • Group-C and All
other Examinations

**Compiled and Edited By
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CHAPTER 1: CONTEXT AND BACKGROUND, KARNATAKA BUDGET 2026-27 – OVERVIEW

Timeline of the Indian Budget

Era / Category	Year / Date	Key Figure	Event / Milestone
Pre-Independence	April 7, 1860	James Wilson	Introduced India's first-ever budget under the British Crown.
Pre-Independence	1924	Acworth Committee (Advisors)	The Railway Budget was officially separated from the General Budget.
Early Independence	Nov 26, 1947	R. Shanmukham Chetty K.	Presented the first budget (an interim one) for an independent India.
Early Independence	Feb 28, 1950	John Mathai	Presented the first Republic of India budget; laid the groundwork for the Planning Commission.
Early Independence	1955–56	<i>Government of India</i>	Budget documents were printed in both Hindi and English for the first time.
Key Milestones	1973–74	Yashwantrao B. Chavan	Presented the "Black Budget," termed so due to a massive fiscal deficit of ₹550 crore.
Key Milestones	1991–92	Manmohan Singh	Presented the "Epochal Budget" introducing landmark LPG (Liberalization, Privatization, Globalization) reforms.
Structural Reforms	1999	Yashwant Sinha	Shifted the traditional presentation time from 5:00 PM to 11:00 AM.
Structural Reforms	2017	Arun Jaitley	Moved presentation date to Feb 1st; merged Railway Budget back into General Budget.
Modern Changes	2019	Nirmala Sitharaman	Replaced the British-era briefcase with a traditional Indian <i>Bahi-Khata</i> .
Modern Changes	2021–22	Nirmala Sitharaman	Presented India's first completely digital (paperless) budget via a tablet due to COVID-19.

Important "Firsts" & Records

Milestone Record /	Personality	Key Details
Maximum Budgets Presented	Morarji Desai	Delivered a record 10 budgets (8 annual, 2 interim). Presented on his birthday (Feb 29) in 1964 and 1968.
First PM to Present	Jawaharlal Nehru	Handled the Finance portfolio to present the 1958-59 budget (Indira Gandhi and Rajiv Gandhi later did the same).

Taxation Framework

Taxes are classified based on whether the initial burden (incidence) and the final burden (impact) can be shifted.

Tax Type	Who Pays?	Nature of Tax	Examples
Direct Taxes	The incidence and impact fall on the same entity . The burden cannot be passed on.	Generally Progressive (higher income = higher tax rate).	Income Tax, Corporate Tax.
Indirect Taxes	The entity paying the government shifts the final cost onto the end consumer .	Generally Proportional (same rate regardless of income).	GST, Customs Duty, Excise Duty.

Karnataka Budget 2026-27

On March 6, 2026, Chief Minister Siddaramaiah presented his record 17th State Budget for the financial year 2026–27. The budget, with a massive total outlay of **₹4.48 lakh crore**, outlined a unique sustainability-oriented developmental framework known as the "**11G Economic Model**."

1. The "11G Economic Model"

The **11G Economic Model** is a unique policy framework tailored for Karnataka's development. It aims to integrate social welfare with sustainable economic growth, addressing historical disparities while propelling Karnataka as a global technological and industrial hub.

The 11 Pillars of Development

Pillar	Focus Area	2026–27 Budget Highlights & Policy Focus
1. Guarantee Economy	Welfare and Gender Equality	₹50,686 crore allocated for the Five Guarantee Schemes (Gruha Lakshmi, Gruha Jyothi, Anna Bhagya, Shakti, and Yuva Nidhi) to ensure social stability.
2. Good Public Education	Inclusive Growth	₹2,500 crore to upgrade 40 government colleges and 9 polytechnics; focus on filling 15,000 teaching vacancies.
3. Good Health to All	Comprehensive Healthcare	₹620 crore for new medical colleges and super-specialty hospitals; robotic surgery (COBOT) development with IIIT-B and NIMHANS.
4. Grassroots Economy	Agriculture & Rural Development	₹225 crore for the Farmers' Honour Scheme (₹5,000 annual assistance to 1.30 lakh farmers).
5. Good Governance	Citizen-Friendly Administration	Introduction of a transparent, metric-based evaluation system for Group-A officers.

6. Gig Economy	Labour Welfare	Establishment of 62 new residential schools specifically for the children of labourers.
7. Geographical Equality	Removing Regional Disparities	Targeted funds routed through the Kalyana Karnataka Region Development Board (KKRDB) to uplift northern districts.
8. Global Trade Economy	Trade & Industrial Growth	Backing the Karnataka GCC Policy 2024-29 to attract 500 new Global Capability Centres and boost AI leadership.
9. Globe-Trotting Economy	Tourism-Driven Development	Comprehensive tourism plan specifically targeting the coastal region's development.
10. Green Economy	Renewable Energy & Environment	Sales tax on eco-friendly Liquefied Natural Gas (LNG) slashed from 14.34% to 5% ; ₹2,000 crore for 4,000 electric buses.
11. Growing Urban Economy	Sustainable Urban Expansion	₹3,000 crore for Bengaluru road white-topping; funding for the underground Tunnel Road and Bengaluru Business Corridor.

2. Karnataka State Economy (Macroeconomic Indicators)

Karnataka continues to be a powerhouse of the Indian economy, demonstrating resilience and outperforming the national average in growth.

Growth Highlights (2025-26)

- **State GSDP Growth:** The state economy recorded a robust real Gross State Domestic Product (GSDP) growth of **8.1%** at constant prices in 2025-26.
- **National Comparison:** This significantly surpassed the national real GDP growth rate of **7.4%** for the same period.

Sectoral Growth Rates (2025-26)

Sector	Growth Rate	Economic Significance
Agriculture	9.1%	Exceptional recovery and growth driven by allied activities, better monsoon distribution, and tech-driven interventions.
Industries	6.7%	Steady growth bolstered by manufacturing, aerospace, and green energy investments.
Services	8.1%	The backbone of Karnataka's economy, driven by IT/ITes, Global Capability Centres (GCCs), and real estate.

Foreign Direct Investment (FDI)

- **Inflow Data:** In the first half of FY 2025-26, Karnataka received **USD 9.4 billion** in FDI equity inflows.
- **National Share:** This accounts for **26.7%** of India's total FDI inflows.
- **Growth:** Registered a massive **2.6 times** increase compared to the previous period, solidifying Bengaluru's status as a premier global investment destination.

3. State Finance and Fiscal Health

Despite changes in central tax devolution and GST restructuring, Karnataka has maintained strict fiscal discipline under the Karnataka Fiscal Responsibility Act (KFRA).

Revenue and GST Collections

- **Revenue Growth:** The State's Own Tax Revenues are estimated to grow by **8.3%** in the Revised Estimates (RE) for 2025–26.
- **GST Dominance:** Goods and Services Tax (GST) is the largest component, making up **43%** of the State's own tax revenue.
- **National Ranking:** Karnataka consistently ranks **Second** in India for absolute GST revenue collections.
- **Challenges:** Following GST rate restructuring, the state's average monthly GST revenue growth decelerated from **10% to 4%**, causing an estimated revenue reduction of ₹10,000 crore for the current financial year.

Central Tax Devolution (Finance Commission Dynamics)

Karnataka's share in the divisible pool of central taxes has seen significant fluctuations over the last three Finance Commission cycles:

Finance Commission	Operational Period	Karnataka's Share	Impact / Status
14th FC	2015–2020	4.713%	Highly favorable for the state.
15th FC	2021–2026	3.647%	Sharp decline causing substantial revenue loss for the state.
16th FC (Recent)	2026–2031	4.131%	Recommended a vital 13% increase over the 15th FC share, offering fiscal relief.

Fiscal Parameters (Budget Estimates 2026–27)

- **Fiscal Deficit:** Contained at **2.95%** of GSDP (₹97,449 crore). Statutory limit: 3%.
- **Total Liabilities:** Contained at **24.95%** of GSDP (₹8.24 lakh crore). Statutory limit: 25%.
- **Conclusion:** The state is strictly compliant with the **Karnataka Fiscal Responsibility Act, 2002**.

Exam Focus & Value Additions

Constitutional & Statutory Linkages

- **Article 202:** Mandates the Governor to lay the "Annual Financial Statement" (State Budget) before the State Legislature.
- **Article 280:** Constitutes the Finance Commission (The 16th FC is chaired by Arvind Panagariya).
- **Article 279A:** Constitutes the GST Council.

- **Karnataka Fiscal Responsibility Act (KFRA), 2002:** The legislation that limits the state's fiscal deficit (3%) and debt-to-GSDP ratio (25%).

SDGs Mapping (Sustainable Development Goals)

- **Goal 1 (No Poverty) & Goal 5 (Gender Equality):** Addressed directly by the "Guarantee Economy" (Gruha Lakshmi, Anna Bhagya).
- **Goal 3 (Good Health):** Addressed by "Good Health to All" and COBOT initiatives.
- **Goal 9 (Industry, Innovation):** Addressed by "Global Trade Economy" and the AI/GCC policy.
- **Goal 13 (Climate Action):** Addressed by "Green Economy" (EV buses, LNG tax cuts).

Important Reforms to Remember

- **Alcohol-in-Beverage (AIB) Excise Duty:** Announced to be introduced from April 2026, transitioning to a globally recognized standard that taxes alcohol content rather than volume, reducing the slabs from 16 to 8.

One-Page Revision Notes & Takeaways

- **Budget Size (2026-27):** ₹4.48 Lakh Crore (13.3% increase over previous year).
- **GSDP Growth:** 8.1% (Agriculture led with 9.1%).
- **11G Model:** A holistic framework balancing guarantees (welfare) with global growth.
- **FDI Share:** Karnataka holds ~27% of India's FDI (\$9.4 Billion in H1 25-26).
- **16th Finance Commission:** Karnataka's share increased to **4.131%**.
- **Fiscal Health:** Deficit at 2.95% and Liabilities at 24.95% — strictly within KFRA limits.

Practice Multiple Choice Questions (MCQs)

Q1. Under the Karnataka Budget 2026-27, what is the recommended share of Karnataka in central tax devolution as per the 16th Finance Commission?

- a) 3.647%
- b) 4.713%
- c) 4.131%
- d) 4.500%

Answer: c) 4.131%

Q2. Which of the following is NOT one of the pillars of the "11G Economic Model" announced in the Karnataka State Budget?

- a) Gig Economy
- b) Gold Standard Economy

CHAPTER 2: AGRICULTURE & ALLIED SECTORS

1. Agriculture: The "Four-Pillar Strategy"

The state government has adopted a comprehensive "Farm-to-Fork" value chain strategy built upon four foundational pillars:

1. **Scientific Farming Guidance:** Providing technical expertise and data-driven crop advisory.
2. **Financial Assistance:** Ensuring timely credit and financial support to farmers.
3. **High-Quality Inputs & Crop Management:** Supplying superior seeds, fertilizers, and pest management.
4. **Post-Harvest Technologies:** Expanding storage, food processing, and strengthening market linkages.

Major Schemes & Initiatives

- **Chief Minister's Krishi Vistara Scheme**
 - **Budget Allocation:** ₹100 crore over three years.
 - **Objective:** To create stable, additional income sources for farmers.
 - **Key Features:** Focuses on strengthening post-harvest activities such as processing, value addition, recycling agricultural waste, and building robust market linkages.
- **Vasudhamruta Programme**
 - **Timeline:** Next three years.
 - **Objective:** To promote sustainable and eco-friendly agricultural practices.
 - **Key Features:** Focuses on enhancing soil health by increasing soil organic carbon levels and improving the soil's physical, chemical, and biological properties.
- **Sasya Sanjeevini Scheme**
 - **Timeline:** Next three years.
 - **Objective:** Early detection and control of crop pests and diseases.
 - **Key Features:** Provides real-time recommendations to farmers on eco-friendly pest control measures, heavily promoting bio-control agents and bio-pesticides.
- **Millet Hub**
 - **Concept:** A single-window, self-sustaining institution to promote millets (Siri Dhanya) and organic produce.
 - **Services:** Provides technical assistance, processing facilities, quality certification, and market linkages to rural youth and agri-entrepreneurs.
- **Technological & Infrastructure Upgrades**
 - **Raitha Kare Kendra (Farmer Call Centre):** Upgraded using Artificial Intelligence (AI) to provide centralized, real-time data on weather, markets, and agritech.
 - **Training & Education:** The District Agricultural Training Centre at Babbur (Chitradurga) will be upgraded to a state-level "Agri-Business Training Centre". A new agriculture college is planned for Athani (Belagavi).

- **Hi-Tech Harvester Hub:** Will now include advanced precision sowing and planting machinery to reduce production costs.
- **Raita Malls:** A pilot project launched through MSIL in all taluks of Kolar district to provide seeds, fertilizers, pesticides, and implements under a single roof.
- **Sustainable Practices & Regulation**
- **Organic Pandavapura:** Implementation of an authorized organic certification system to convert Pandavapura taluk (Mandya) into a 100% organic cultivation zone.
- **AWD Method:** Promoting the "Alternate Wetting and Drying" (AWD) method in paddy cultivation to drastically improve water use efficiency and reduce methane emissions.
- **Anti-Spurious Committee:** A state-level advisory committee to curb the supply of spurious, unsafe seeds/pesticides and prevent price gouging.

2. Horticulture

- **Disease Management:** ₹10 crore allocated for community-based control measures (partnering with Agri/Horti Universities and Krishi Vijnana Kendras) to combat Yellow-leaf/Wilt diseases in Arecanut and Black-headed caterpillar/Whitefly in Coconut crops.
- **Cold Storage:** Two new cold storage facilities with a 12,000 Metric Ton (MT) capacity will be built at Honnali (Davanagere) and Toravi (Vijayapura) at a cost of ₹64 crore.
- **Urban & Modern Horticulture:** Comprehensive development of Lingambudi Park (Mysuru). Promotion of soilless cultivation techniques like hydroponics and cocopeat farming to conserve water and prevent soil-borne diseases.

3. Sericulture

- **Digital Transformation:** Karnataka is the first and only Indian state to implement 100% cashless online auctions, e-payments, and e-disbursements across its 15 major cocoon markets.
- **Market Support:** Transport subsidy for North Karnataka farmers selling silk cocoons in government markets increased from ₹10 to ₹20 per kg.
- **Infrastructure:** Establishment of new "Silk Parks" in Ramanagara, Sidlaghatta, Haveri, Tandavapura (Mysuru), and Kalaburagi. Chawki Rearing Centres (CRCs) will be set up via FPOs and agri-entrepreneurs.

4. Animal Husbandry

- **Legislative Protection:** Enactment of the Karnataka Traditional Migratory Shepherds (Welfare Measures and Protection against Atrocities) Act, 2025.
- **Financial Assistance:** A 25% subsidy for setting up sheep/goat and cow/buffalo units, targeting 10,000 beneficiaries each in the Belagavi and Kalaburagi divisions.
- **Breeding Infrastructure:** A Boer Goat breeding center in Mysuru and the comprehensive development of the Banduru Sheep Breeding Centre at Kampalapur (Piriyapattana).
- **Phaladhare Camps:** Organized across 1,000 Gram Panchayats with a ₹5 crore budget under the slogan "One calf per year" to address livestock reproductive issues.

- **Veterinary Care:** First-of-their-kind livestock CT Scan centers at Veterinary Colleges in Bengaluru and Bidar. Dog Birth-control Training Centers established in the same two cities.

5. Fisheries & Cooperation

- **Fisheries Livelihood:** The value of free Fisheries Requisite Kits provided to fishermen has been doubled from ₹10,000 to ₹20,000.
- **Infrastructure:** A Centre of Excellence for marine biotechnology and mariculture will be established at Mangaluru Fisheries College. Matsya Darshinis (fish eateries) will open in Belagavi, Davangere, Hubballi, and Chikkamagaluru. New fish markets in Uttara Kannada, Dakshina Kannada, Udupi, and Bagalkot.
- **Cooperation:** Financial assistance of ₹100 crores allocated under the Market Intervention Scheme to procure maize. PPP-model commercial complexes to be built in Mysuru (Bamboo Bazaar) and Hubballi (Cotton Market).

6. Water Resources & Minor Irrigation

- **Yettinahole Project:** A 1.2 TMC capacity balancing reservoir will be constructed near Vaderahalli (Koratagere taluk) to impound excess water.
- **Tungabhadra Silt Mitigation:** Due to heavily reduced storage capacity from siltation in the Tungabhadra reservoir, alternative measures including a balancing reservoir near Navali (Koppal) are being prioritized.
- **Regional Irrigation:**
 - **Uduthore Halla Scheme:** Implemented in Hanur (Chamarajanagar) to irrigate 12,000 acres.
 - **Tubachi-Babaleshwara Scheme:** Approval for a 0.67 TMC impounding reservoir in Babanagar (Vijayapura).
 - **Minor Irrigation:** Upgradation of tanks, barrages, and check dams in Yelaburga, Kukanuru (Koppal), and Jidaga (Kalaburagi).

Exam Focus & Value Additions

- **Schemes to Match:** Vasudhamruta (Soil carbon), Sasya Sanjeevini (Pest control), Krishi Vistara (Post-harvest processing).
- **Geographical Tags:** Banduru Sheep (Piriyapattana/Mandya region), Boer Goat Breeding (Mysuru), Raita Malls pilot (Kolar), 100% Organic Taluk (Pandavapura).
- **SDG Linkages:** SDG 2 (Zero Hunger), SDG 12 (Responsible Consumption & Production - Organic Farming/AWD Method), SDG 13 (Climate Action - AWD Method reduces methane).
- **Economic Significance:** AWD method in paddy not only saves water but reduces greenhouse gas emissions. Cashless cocoon markets bring transparency to sericulture.

One-Page Revision Notes

- **Krishi Vistara:** ₹100 Cr, 3 yrs, Post-harvest processing.
- **Vasudhamruta:** Eco-friendly farming, enhancing soil organic carbon.

- **Sasya Sanjeevini:** AI and bio-control based pest/disease management.
- **Raita Malls:** Pilot in Kolar via MSIL for all agri-inputs.
- **Fisheries Kits:** Allowance increased to ₹20,000.
- **Sericulture subsidy:** Increased to ₹20/kg for North Karnataka. Silk parks in 5 towns.
- **Tungabhadra Balancing Reservoir:** Planned at Navali (Koppal) to manage silt storage loss.

Multiple Choice Questions (MCQs)

Q1. Under the Karnataka Budget 2026-27, the 'Vasudhamruta' scheme is primarily associated with:

- a) Providing crop insurance to dryland farmers
- b) Enhancing organic carbon content and soil health
- c) Providing high-yielding variety seeds
- d) Establishing cold storage chains

Answer: b

Q2. The State Government has announced the pilot implementation of 'Raita Malls' through MSIL in all taluks of which district?

- a) Mandya
- b) Kolar
- c) Chitradurga
- d) Belagavi

Answer: b

Q3. To mitigate the water storage loss due to silt accumulation in the Tungabhadra Dam, a new balancing reservoir is proposed at:

- a) Vaderahalli
- b) Navali
- c) Hanur
- d) Babanagar

Answer: b

Q4. The 'Phaladhare' camps, launched with an allocation of ₹5 crore, are aimed at:

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Karnataka Economic Survey 2025-26

*An Annual Review of the State's Macroeconomic,
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CHAPTER 1: OVERVIEW OF ECONOMIC SURVEY

Definition & Institutional Framework, Fundamentals of the Economic Survey

- **What is it?** An annual official document that provides a comprehensive macroeconomic review of the state's performance over the preceding financial year.
- **Timing:** Released immediately prior to the presentation of the **State Budget** (serves as its precursor).
- **Publishing Authority:** **Planning, Programme Monitoring and Statistics Department**, Government of Karnataka.
- **Core Purpose:** **Assesses sectoral growth, identifies structural bottlenecks, and establishes the empirical baseline** for formulating state policies and development schemes.
- **Significance:** The primary benchmark document for **policymakers, researchers, and administrators tracking fiscal health, growth trends, and human development indices.**

Core Contents of the Survey

1. State Income & Macro Indicators (GSDP, PCI, Prices)
2. Fiscal Development (Receipts, Debt, Deficits)
3. Sectoral Performance (Agri, Industry, Services)
4. Infrastructure & Development (Metro, Utilities)
5. Social Sector (SDGs, Health, Education)
6. Governance & Digital Initiatives

Fact Box: Karnataka's Demographic Profile

Indicator	Karnataka Statistic	National Benchmark / Rank
Geographical Area	1,91,791 sq. km	5.83% of India's total area
Population (Census 2011)	6,10,95,297 (~6.11 Crore)	5.05% of India (Rank: 9th)
Rural Demographics	61.33%	Majority of population remains rural
Urban Demographics	38.67%	Above national urban average
Decadal Urbanization Growth	+4.68%	Reflects accelerating urbanization

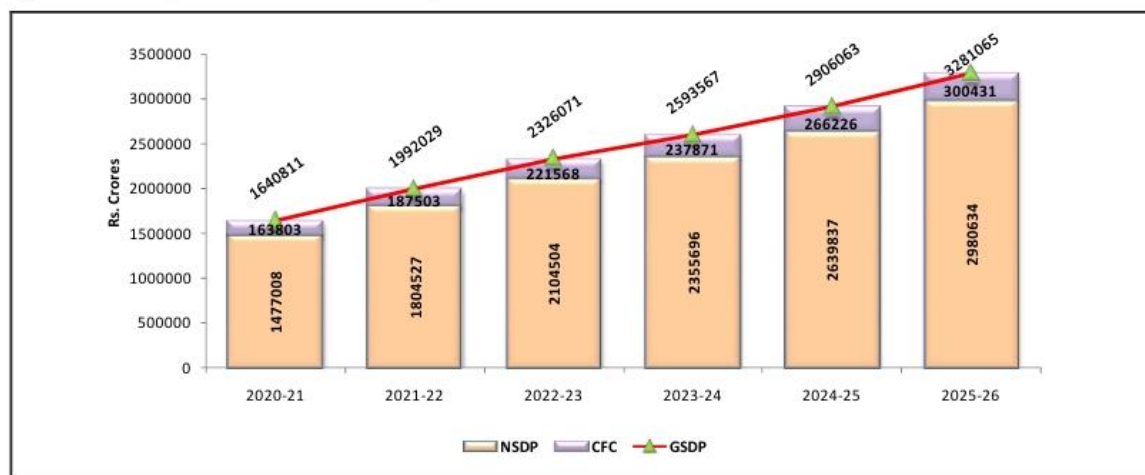
CHAPTER 2: KARNATAKA STATE ECONOMY

Gross State Domestic Product (GSDP)

Economic Term: GSDP is the total monetary value of **all finished goods and services produced within the state's geographic boundaries during a financial year**. It is the state-level equivalent of national GDP.

- **Nominal GSDP (Current Prices):** Expanded from ₹ 29.06 lakh crore (2024-25) to ₹ 32.81 lakh crore (2025-26).
- **Nominal Growth Rate: 12.9%** (Current Prices).
- **Real GSDP (Constant Prices):** Grew from ₹ 15.94 lakh crore to ₹ 17.23 lakh crore.
- **Real Growth Rate: 8.1%** (Constant Prices).
- **Comparison with National Average:** Karnataka's real growth rate (8.1%) significantly outpaced India's national growth rate (7.4%).
- **Contribution to National GDP:** Karnataka's share in India's GDP expanded from 8.79% (2024-25) to 9.19% (2025-26).

Figure 1.1: GSDP, NSDP and CFC at current prices



Sector-Wise Real Growth Trends (Constant Prices)

Economic Sector	Growth (2024-25)	Growth (2025-26)	Trend Analysis & Drivers
Agriculture (Primary)	7.0%	9.1%	Strong post-drought recovery and momentum
Industry (Secondary)	4.1%	6.7%	Majorly driven by Manufacturing (7.2% growth)
Services (Tertiary)	8.4%	8.1%	Remains the largest structural contributor to GSDP

- **Shivamogga:** ₹ 3,89,743

Figure 1.4: District wise Per Capita Income (in rupees) for the year 2024-25

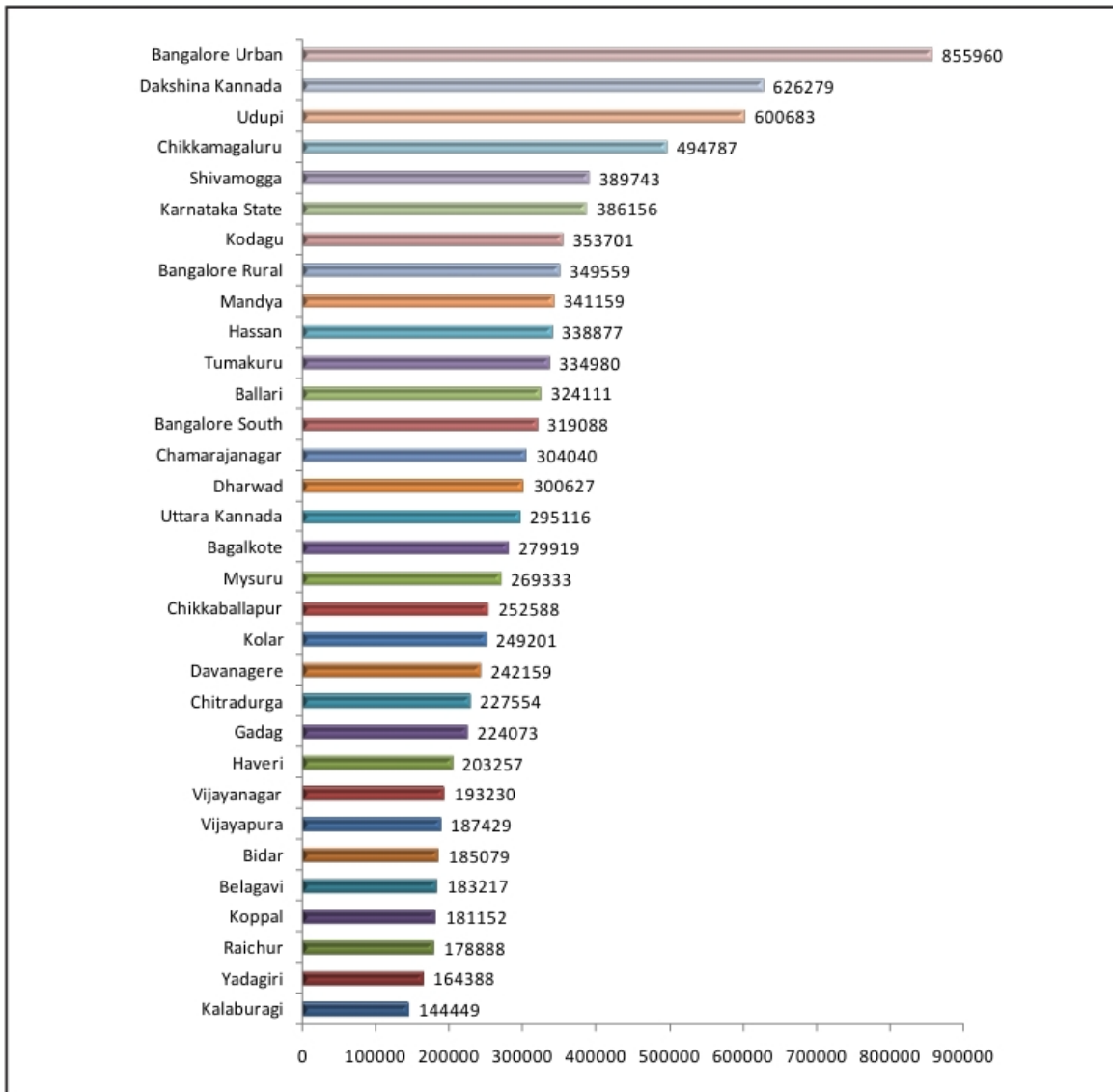
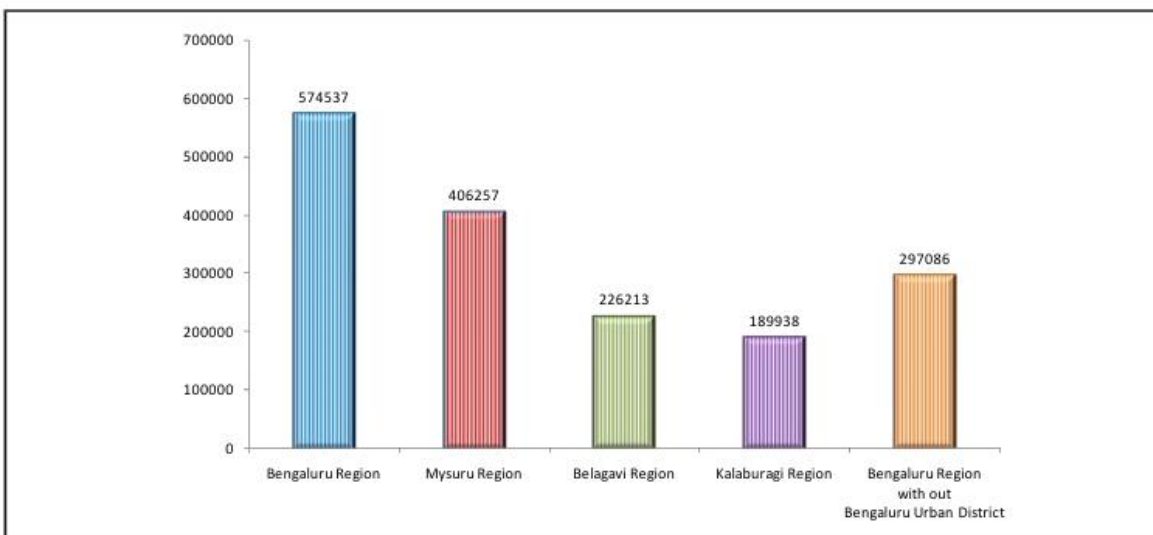


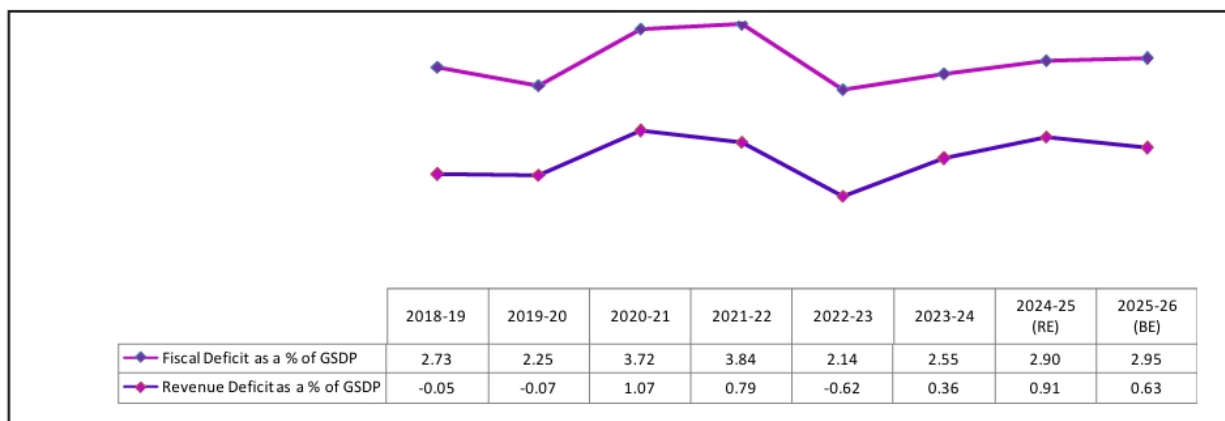
Figure 1.6: Division wise Per Capita Income



Important Facts for Prelims

- **Publishing Agency:** Planning, Programme Monitoring and Statistics Department, GoK.

Figure 2.1 Revenue Deficit and Fiscal Deficit as a % to GSDP



5. Expenditure Profile & Sectoral Budget Allocations

- **Total State Budget Size (2025-26 BE): ₹ 4,09,549.24 crore.**
- **Total Revenue Expenditure:** Surged to **₹ 3,11,738.73 crore**, driven largely by subsidies, welfare programs, financial assistance, and social justice initiatives. *(Despite this rise, Karnataka historically maintained a revenue surplus, recording only minor deficits recently).*
- **Developmental Expenditure:** Increased to **₹ 2,62,001.05 crore (+8.63% growth)**, focusing heavily on infrastructure and social development.

Sectoral Breakdown of the State Budget

Sector	% Share	Focus Areas
Social Services	35.39% <i>(Highest)</i>	Education, Health, Welfare, Housing
General Services	28.00%	Governance, Police, Justice, Administration
Economic Services	27.81%	Agriculture, Energy, Irrigation, Transport
Public Debt	6.46%	Repayment of internal & central loans
Grants to Local Bodies	1.56%	Financial assistance to Urban/Rural bodies
Loans & Advances	0.77%	Credit for Urban Development & Agri storage

6. The Five Guarantee Schemes: Outlay & Fiscal Impact

The state has allocated a massive **₹ 51,034.40 crore** towards the Five Guarantees, which consumes **12.46%** of the entire 2025-26 State Budget.

Guarantee Scheme	Allocation (2025-26)	Objective
Gruha Lakshmi	₹28,608.40 crore <i>(Highest)</i>	Financial aid to women heads of households
Gruha Jyothi	₹10,100.00 crore	Free electricity
Anna Bhagya	₹6,426.00 crore	Free food grains / DBT

- **Highest Guarantee Allocation:** Gruha Lakshmi (₹ 28,608.40 crore).
- **Economic Multipliers:** Capital Expenditure (**2.0**) vs. Revenue Expenditure (**0.82**).

Prelims Exam Approach

- **Question types:** Match-the-following (Schemes vs. Allocations, Sectors vs. Budget %), and multi-statement evaluations on KFRA norms/macro indicators.
- **Common traps in options:** Confusing the *Revenue Deficit* (~1%) with the *Fiscal Deficit* (2.95%); assuming *Economic Services* receives the highest budget share instead of *Social Services* (35.39%); claiming central grants are increasing (they are actually declining to 0.52%).
- **High-yield areas:** Total percentage of the budget consumed by Guarantees (12.46%), the Fiscal Deficit vs. FRBM limit (2.95% vs 3%), and the specific reports mandated by KFRA.
- **Quick elimination tips:** Eliminate options stating non-tax revenue is a primary income source (it's only 0.54%). Eliminate any statement suggesting Capital Expenditure has a lower economic multiplier than Revenue Expenditure.

LEARN THROUGH MCQS:

1. Which of the following departments is the official publishing authority of the Karnataka Economic Survey?

- A) Department of Finance
- B) Directorate of Economics and Statistics
- C) Planning, Programme Monitoring and Statistics Department
- D) NITI Aayog State Chapter

Answer: C

Explanation: The survey is officially published by the Planning, Programme Monitoring and Statistics Department of the Government of Karnataka, acting as a precursor to the State Budget.

2. What is the real Gross State Domestic Product (GSDP) growth rate of Karnataka at constant prices for the financial year 2025-26?

- A) 7.4%
- B) 8.1%
- C) 12.2%
- D) 12.9%

Answer: B

Explanation: Karnataka's real GSDP growth rate (at constant prices) is 8.1%, which outpaced the national average of 7.4%. The 12.9% figure represents nominal growth (at current prices).

4. Consider the following statements regarding Karnataka's macroeconomic performance for 2025-26:

- Karnataka's real economic growth rate was higher than the All-India average.
- The Services sector recorded the highest growth rate among the three primary economic sectors.
- Karnataka currently contributes exactly 8.79% to India's national GDP.

Which of the statements given above is/are correct?

- A) 1 only
- B) 1 and 2 only
- C) 2 and 3 only
- D) 1, 2, and 3

Answer: A (1 only)

Explanation:

- **Statement 1 is correct:** Karnataka's real growth (8.1%) is higher than the national average (7.4%).
- **Statement 2 is incorrect:** While Services is the *largest contributing* sector, Agriculture was the *fastest-growing* sector at 9.1%.
- **Statement 3 is incorrect:** Karnataka's contribution to India's GDP *expanded* from 8.79% (in 2024-25) to **9.19%** in 2025-26.

5. Read the following statements regarding district-level and inter-state economic disparities:

- Bengaluru Urban is the highest contributor to the State GDP, followed by Dakshina Kannada and Udupi.
- Belagavi ranks 3rd in the state in terms of Per Capita Income (PCI).
- Among major Indian states, Karnataka ranks 4th in Total State Income and 3rd in Per Capita Income.

Which of the statements given above is/are **NOT** correct?

- A) 3 only
- B) 1 and 2 only
- C) 2 and 3 only
- D) 1, 2, and 3

Answer: B (1 and 2 only are incorrect)

Explanation:

- **Statement 1 is incorrect:** The top 3 GDP contributors are Bengaluru Urban, Dakshina Kannada, and **Belagavi** (not Udupi).

CHAPTER 3: INVESTMENT AND EXPORTS

1. Investment Climate & Institutional Support

Karnataka has emerged as a global investment hub, largely driven by its dominance in the Information Technology (IT) and Biotechnology (BT) sectors. A major indicator of this success is that **exports contribute approximately 40% to the state's Gross State Domestic Product (GSDP).**

Karnataka Industries (Facilitation) Act, 2002

To promote industrial development and improve the "Ease of Doing Business," Karnataka enacted this landmark legislation to speed up project approvals through a structured **Single Window Clearance System.**

The 3-Tier Approval Ecosystem:

- **State High Level Clearance Committee:** For *very large* investment projects.
- **State High Level Single Window Clearance Committee:** For *medium and large* projects.
- **District Level Single Window Clearance Committee:** For *smaller projects* at the district level.

2. Karnataka Innovation and Technology Society (KITS)

KITS (formerly known as Karnataka Biotechnology & IT Services) is the nodal registered society driving the state's tech ecosystem.

Nodal Department: Functions under the **Department of Electronics, IT, Biotechnology and Science & Technology (IT, BT & S&T).**

Core Functions of KITS:

- Drive policy support and investment promotion for IT, BT, Electronics, and Semiconductors.
- Promote startups, innovation, and industry-ready skill development.
- Facilitate **Global Innovation Alliance (GIA)** for international R&D partnerships.

Key Policies Managed by KITS

(Highly important for Match-the-Following questions)

- **IT Policy:** 2020–25
- **Startup Policy:** 2022–27
- **Data Centre Policy:** 2022–27
- **AVGC-XR Policy** (Animation, Visual Effects, Gaming & Comics): 2024–29
- **Biotechnology Policy:** 2024–29
- **Cybersecurity Policy:** 2024–29
- **Global Capability Center (GCC) Policy:** 2024–29

E. The Quantum Leap: Future Tech Initiatives

Karnataka Quantum Mission & Roadmap

- **Financial Backing:** Launched with a massive **₹ 1,000 crore** funding.
- **Vision 2035 Targets:** Create a **\$20 Billion** quantum economy, generate **10,000 high-skill jobs**, establish **100+ startups**, and file **150+ patents**.
- **Infrastructure:** Will develop a Quantum Hardware Park and Quantum Innovation Zones targeting healthcare, defense, and finance.

F. Centres of Excellence (CoEs)

Karnataka has established **16 CoEs** uniting industry and academia for R&D and startup incubation.

- **Quantum Research Park:** Located at the **Indian Institute of Science (IISc), Bengaluru**.
- **Artificial Intelligence CoE:** Developed in collaboration with the **IIT Alumni Centre Bengaluru** (Funding: ₹ 27.59 crore).
- **ARTPARK:** Focuses on AI and Robotics Technology.
- **Centre for Internet of Ethical Things:** Focuses on privacy frameworks and secure IoT.

Important Facts for Prelims

- **Exports Share:** Exports contribute approximately **40%** to Karnataka's GSDP.
- **Clearance Committees (Facilitation Act 2002):** *State High Level* (Very Large projects) vs. *State High Level Single Window* (Medium & Large projects).
- **GCC Policy Targets (2029):** 500 new centers, 3.5 lakh jobs, \$50 Billion.
- **KATALYST:** The dedicated "Ease of Doing Business" cell set up under the GCC Policy.
- **Nipuna Karnataka:** Launched in Sept 2024; Tagline is "*Skill Locally, Work Globally*" (₹ 100 Cr budget).
- **KAN Scope:** Connects Bengaluru to Mysuru, Mangaluru, Hubballi-Dharwad, and Belagavi.
- **Quantum Mission Vision 2035:** ₹ 1000 crore funding to build a \$20 Billion economy.
- **Key CoE Locations:** Quantum Research Park is at **IISc Bengaluru**; AI CoE is with **IIT Alumni Centre Bengaluru**.

Prelims Exam Approach

- **Question types:** Match-the-following (Policies & Validity Years), statement-verification on institutional targets (e.g., Quantum Mission 2035 targets).
- **Common traps in options:** Swapping the roles of the three clearance committees under the 2002 Act; confusing *Nipuna Karnataka* (which is for student skills) with *KAN* (which is for startups).

Important Facts for Prelims

- **Electronics Exports:** Karnataka is India's **2nd largest** electronics exporter (contributing **22%** of the national total, behind Tamil Nadu).
- **Space Market Target:** Karnataka Space Tech Policy 2025-2030 aims to capture **50% of India's space market share**.
- **PCB Park Location:** Kochanahalli, **Mysuru**.
- **SFAL Full Form:** Semiconductor Fabless Accelerator Lab (focused on chip design, not space).
- **First in Biotech:** Karnataka is the only Indian state with a dedicated Dept of Biotechnology (since 2001).
- **Aqua-Marine CoE Location:** **Mangaluru** (not Bengaluru).
- **Biotech Clusters (Beyond Bengaluru):** Mysuru, Belagavi, and Dakshina Kannada.

Prelims Exam Approach

Question types: High probability of Match-the-Following (Institutions vs. Locations) and multi-statement questions on policy targets (percentages/years).

Common traps in options:

- Claiming Karnataka is the *1st* in electronics exports (it is **2nd**).
- Placing the PCB Park or Aqua-Marine CoE in *Bengaluru* (they are in **Mysuru** and **Mangaluru**, respectively).
- Confusing *SFAL* with a space tech lab (it is for **semiconductors/chip design**).
- **High-yield areas:** Space Policy targets (50% market share), specific CoE locations, and the uniqueness of the state's Biotech department.
- **Quick elimination tips:** Any option suggesting the state is centralizing all new tech parks exclusively in Bengaluru is false—current policies aggressively push Tier-2 cities (Mysuru, Mangaluru, Belagavi).
- **Karnataka Startup Policy (2022–2027)**
 - **Historical Context:** Karnataka holds the distinction of being the **first state in India** to introduce a dedicated Startup Policy.
 - The 2022–27 policy is a highly ambitious roadmap designed to position the state as a global champion of entrepreneurship.
 - **Mega Target:** To stimulate and support **25,000 startups** in the state by 2027.
 - **Implementation Agency:** Karnataka Innovation and Technology Society (**KITS**) serves as the nodal agency, operating the **Startup Karnataka Portal** as a single-window clearance platform.

Core Objectives & Strategic Pillars

- **Beyond Bengaluru:** Actively promoting startup clusters in Tier-2/3 cities like Hubballi, Dharwad, Mysuru, and Mangaluru.
- **Inclusivity:** Promoting entrepreneurship among women and disadvantaged communities.
- **Deep Tech Leadership:** Dominating AI, Deep Technology, and Electronics manufacturing.
- **Financial & Global Support:** Providing proof-of-concept seed funds, connecting startups with Venture Capital, and providing pathways to global innovation hubs.

Programme Name	Objective	Key Features & Support
WESCALATE	Women Entrepreneurs	Operates in 2 phases: Incubation & Acceleration. Conducted in 2 cohorts annually . Rule: Minimum 30% of incubated startups must progress to the acceleration stage.
Rajiv Gandhi Entrepreneurship Prog.	Early-stage innovators	Launched on 19 July 2024 . Supports 30 innovators annually for 3 years with funding, mentorship, and prototype development (Implemented by KITS).
ELEVATE (Launched 2017)	Innovation-driven startups	Grants up to ₹50 lakh for prototyping and commercialization.

Incentives: Reimbursements on GST, marketing expenses, and patent filing; providing specific R&D grants for life sciences and agritech.

Flagship Entrepreneurship & Funding Programmes

Karnataka operates specific, targeted schemes to fund and incubate different demographics of entrepreneurs.

- **Special Tracks under ELEVATE**

- a. **ELEVATE Unnati:** Specifically for startups led by entrepreneurs from disadvantaged communities.

- **GI Tag Management:** VTPC actively promotes and manages **49 Geographical Indication (GI) tagged products** originating from Karnataka.

Bengaluru Tech Summit (BTS) 2025

- **Date & Venue:** 18–20 Nov 2025 at BIEC, Bengaluru.
- **Theme/Vision:** Positioning Bengaluru as India's innovation hub for the "Techade."
- **Green BTS Initiative:** A major sustainability push achieving an **83% emission reduction** and a 90% lower per-capita carbon footprint during the event.

Important Facts for Prelims

- **Startup Target:** Karnataka Startup Policy 2022–27 targets the creation of **25,000 startups**.
- **ELEVATE Unnati vs. NxT:** *Unnati* targets disadvantaged communities; *NxT* provides up to ₹ 1 crore for Deep-Tech.
- **Rajiv Gandhi Entrepreneurship Programme:** Supports exactly **30 innovators annually** for 3 years.
- **FinTech CoE Partner:** Established in partnership with **NSRCEL, IIM Bangalore**.
- **KITVEN Funds:** Fund-4 is for **AVGC**; Fund-5 is for **Deep-Tech**.
- **Regulatory Sandboxes:** Managed legally by the **Karnataka Innovation Authority (KIA)**.
- **VTPC:** Established in **1965**; currently promotes **49 GI-tagged products** in Karnataka.

Prelims Exam Approach

- **Question types:** Match-the-following (Funds/Schemes vs. Beneficiaries) and statement-verification on institutional roles (VTPC, KIA, KITS).
- **Common traps in options:** Mixing up *ELEVATE Unnati* (disadvantaged groups) with *ELEVATE Minorities*; confusing *KITVEN Fund-4* (AVGC) with *Fund-5* (Deep-tech); attributing GI tag promotion to the Tourism Dept instead of **VTPC**.
- **High-yield areas:** The numerical targets (25,000 startups, 49 GI tags, 30 innovators) and the institutional partnerships (IIMB for FinTech).
- **Quick elimination tips:** If a statement says KIA focuses on "tax collection" or "startup funding," eliminate it—KIA is strictly for **regulatory sandboxes and tech testing**.
- **Pattern idea:** KPSC frequently tests sub-schemes. Expect a direct question asking, "Which of the following tracks under *ELEVATE* provides ₹ 1 crore for AI and Robotics?" (Answer: *ELEVATE NxT*)

Exports of Karnataka

Historical vs. Modern Context: Traditionally, Karnataka exported coffee, spices, silk, cashew, and handicrafts. Today, it has transformed into a high-tech export powerhouse dominated by software, electronics, engineering goods, and aerospace products.

Overall Export Performance (2024-25)

- **Total Exports:** ₹ 16,02,865 crore.
- **National Share:** Karnataka contributes **22.96%** of India's total combined exports (merchandise + services).
- **IT & Software Dominance:** Karnataka is the **leading exporter** of computer software and IT services in India, accounting for **over 40%** of the country's software and services exports.

National Rankings & Growth Trends (2025)

Category	National Rank	Growth Rate
Services Exports	1st (~41% of India's share)	11.77%
Merchandise Exports	4th	25.98% (Highest growth segment)
Overall Exports	-	13.78%

Major Export Commodities

- Electronics and computer software
- Engineering goods & Aerospace products
- Petroleum products
- Pharmaceuticals and chemicals
- Readymade garments
- Coffee and spices

Agricultural Exports & Top Districts

- **Agri-Export Growth:** Increased from USD 2,043.7 million (2023-24) to **USD 2,457.02 million** (2024-25), marking a solid **~20% growth**.
- **Top Agri-Commodities:** Coffee, tea, and spices.
- **Top 5 Exporting Districts (2024-25):**
 - Bengaluru Urban**
 - Dakshina Kannada
 - Kolar
 - Bengaluru Rural
 - Ramanagara

Export Promotion Measures

CHAPTER 6: AGRICULTURE AND FOOD MANAGEMENT

1. Agricultural Land & Farmer Demographics

Economic Context: Despite structural shifts in the economy, agriculture remains the primary source of livelihood for millions in Karnataka. The data reflects a trend toward land fragmentation, making mechanization and input support critical.

- **Total Geographical Area: 190.50 lakh hectares**
- **Net Cultivated / Cropped Area: 111.66 lakh hectares** (accounts for **59%** of the state's total area).
- **Gross Cropped Area: 147.48 lakh hectares**
- **Total Farm Families: 86.81 lakh**
- **Average Land Holding:** Declined significantly to **1.36 hectares** (down from 1.95 hectares in 1995–96), indicating severe land fragmentation.
- **Small & Marginal Farmers:** Constitute **80% of total agricultural holdings**, yet they operate only **44% of the total area**.

Land Utilization Pattern (2021–22 Data)

Apart from the 59% net sown area, the remaining land use is structured as follows:

- **Forest Area: 16%**
- **Non-Agricultural Land: 8%**
- **Pastures: 5%**
- **Barren Land: 4%**
- **Cultivable Waste: 2%**
- **Fallow Land: 1%**

*Note: The **Cropping Intensity** stands at **132%** (calculated as $\text{Gross Cropped Area} \div \text{Net Cropped Area} \times 100$), meaning about 35.82 lakh hectares are sown more than once a year.*

2. Cropping Pattern & Sectoral Trends

Karnataka's diverse geography is traditionally divided into **10 Agro-Climatic Zones**. Most districts fall under the **Southern Plateau & Hilly Region**, while coastal districts fall under the **West Coast Plains & Ghats**.

A. Seasonal Distribution (Average 2020–21 to 2024–25)

- **Kharif Season (June–October): 82.25 lakh hectares** (Dominant crops: Rice, Maize, Millets, Pulses, Oilseeds, Cotton).
- **Rabi Season (October–March): 23.64 lakh hectares** (Dominant crops: Wheat, Gram, Mustard, Vegetables).
- **Summer Season: 6.09 lakh hectares.**

B. Crop Share & Shifting Trends

Crop Category	% Share in Area	Key Ongoing Trends
Cereals	45%	Declining: Paddy, Jowar, Bajra
Pulses	28%	Increasing: Tur (Pigeon pea), Green gram
Oilseeds	10%	Declining: Groundnut, Sunflower
Sugarcane	9%	Increasing: Sugarcane, Soybean
Cotton	7%	Declining: Cotton
Tobacco	1%	-

3. Rainfall, Monsoon & Climate Impact (2025)

- **Pre-Monsoon Rainfall: 286 mm** (A +149% departure, classified as **Large Excess**).
- **Southwest Monsoon: 882 mm** (A +4% departure, classified as **Normal**).
- **Annual Rainfall: 1319 mm** (A +14% departure, classified as a **Normal year** overall).

Crop Loss Due to Excess Rainfall

Despite a "normal" aggregate monsoon, localized excess rainfall caused significant agricultural distress.

- **Total Crop Area Damaged: 13.83 lakh hectares**
- **Worst Affected Districts: Kalaburagi** (3.24 lakh ha) > **Vijayapura** (3.15 lakh ha) > **Bidar** (1.65 lakh ha) > Yadgiri (1.43 lakh ha) > Gadag (1.22 lakh ha).
- **Major Crops Damaged:** Tur, Green gram, Cotton, Maize, and Soybean.

4. Vision, Major Policies, and Strategic Interventions

The **Karnataka Agriculture Department** aims to ensure sustainable growth, higher farm incomes, and long-term food security.

- **State Agricultural Growth Target:** Achieve a **4.5% annual growth rate** in the agriculture sector.

A. Redefining Agro-Climatic Zones

- **Initiative:** Recognizing changing climate patterns, the 2025-26 Budget allocated **₹ 50.00 lakh** to redefine the state's agro-climatic zones.
- **Committee:** Headed by **Dr. B.V. Patil** (Former Vice-Chancellor, University of Agricultural Sciences, Raichur).

B. Sustainability & Organic Farming

- **Organic Taluka Initiative: Joida taluka (Uttara Kannada)** has been officially declared as **Karnataka's first Organic Taluka**.
- **Rainfed Agriculture Policy:** Strictly focuses on soil and water conservation, nutrient management, and efficient water use.

- **High-yield areas:** Dr. B.V. Patil Committee purpose, Joida's organic status, the 80% small/marginal farmer metric, and the 4.5% annual growth target.
- **Quick elimination tips:** Eliminate options stating the average land holding is *increasing* (it has declined to 1.36 ha). Eliminate any statement suggesting *Cash crops/Commercial crops* occupy the majority of sown area (Cereals and Pulses dominate at 73% combined).
- **Pattern idea:** Expect a multi-statement question analyzing the paradox of "Normal" annual rainfall (+14%) alongside massive localized crop damage in North Karnataka (Kalaburagi/Vijayapura).

Agricultural Schemes, Support & Value Addition

1. Centrally Sponsored Agricultural Schemes (GoI & Karnataka)

Economic Concept: Centrally Sponsored Schemes (CSS) are developmental programs implemented by the State Government but funded jointly by the Central and State Governments (usually in a 60:40 ratio).

Scheme / Mission	Implementation Details & Core Objectives
NFSNM (National Food Security & Nutrition Mission)	Renamed in 2025-26 (formerly NFSM). • Funding: 60:40 (Centre–State). • Scope: Covers rice, pulses, coarse cereals, nutri cereals, cotton, and sugarcane. • Special Feature: Includes TRFA-Pulses (Targeting Rice Fallow Areas to grow pulses).
NMEO-OS (National Mission on Edible Oil – Oilseeds)	Timeline: 2024–25 to 2030–31 (under the overarching Krishonnati Scheme). • Goal: Achieve self-reliance in edible oils and drastically reduce imports by expanding oilseed cultivation and targeting a 60% yield gap reduction.
RKVY-RAFTAAR	Launched in 2007-08 (revised in 2017). • Funding: 60:40. • Focus: Promotes agribusiness, innovation, and rural entrepreneurship.
Micro Irrigation (PMKSY – PDMC)	<i>Per Drop More Crop (PDMC)</i> component under the PM Krishi Sinchayee Yojana. Promotes drip and sprinkler irrigation to maximize water-use efficiency.
ATMA Scheme	Started in 2005 to strengthen the agricultural extension system (knowledge transfer). Establishes <i>Farmer Field Schools</i> and Block Technology Teams.
Karnataka Raitha Suraksha (PMFBY)	Crop insurance launched in Kharif 2016 . Covers hailstorms, floods, landslides, and cloudbursts. • Mandatory Rule: FRUITS ID (Farmer Registration and Unified beneficiary Information System) has been mandatory since 2023.

2. Major State-Driven Thrust Programmes (Karnataka Specific)

Karnataka runs targeted schemes tailored to its specific agro-climatic challenges, heavily focusing on rainfed agriculture and organic farming.

- **Krishi Bhagya (Relaunched 2023-24):** A highly successful scheme dedicated to **rainfed agriculture sustainability**. Focuses heavily on digging **farm ponds** for rainwater harvesting.

Agricultural Constraints, Watershed Development & Marketing

1. Major Constraints in the Agriculture Sector

KAS Mains Value Addition: Understanding these constraints is crucial for GS Paper answers on agricultural distress and rural economy. Karnataka's agriculture is constrained by multiple intersecting factors:

- **Structural:** High predominance of rainfed farming; severe fragmentation and subdivision of landholdings.
- **Infrastructure:** Inadequate irrigation networks, cold storage, warehousing, and transport logistics.
- **Economic:** Rising cost of cultivation, low public investment in capital assets, and limited post-harvest value addition.
- **Technological:** Yield potential of High Yielding Varieties (HYVs) has saturated; weak extension services to disseminate new technology.
- **Environmental / Climate:** Rapid soil fertility decline, groundwater depletion, and climate change impacts (erratic rainfall).
- **Socio-Demographic:** Declining availability of agricultural labour and a decreasing interest among youth/farmers in continuing agriculture.

2. Watershed Development & Dryland Farming

Geographical Context (Highly Important): Karnataka faces massive environmental vulnerability. It holds the **highest percentage of drought-prone area (79%)** among India's major states and has the **second-largest dryland area** in the country (after Rajasthan). Consequently, crop yields in these areas are 2 to 5 times lower than their optimal potential.

A. Watershed Strategy & Coverage

The Watershed Development Department focuses on the integrated management of soil, water, and vegetation.

- **Total Geographical Area:** 190.50 lakh hectares.
- **Area Suitable for Intervention:** 129.70 lakh hectares.
- **Area Treated (as of March 2025):** 74.94 lakh hectares.

B. WDC-PMKSY 2.0 (Watershed Development Component- Pradhan Mantri Krishi Sinchayee Yojana 2.0)

- **Objective:** Economic growth and livelihood improvement in rainfed agriculture.
- **Coverage:** 78 projects across 78 taluks.
- **Funding Pattern:** 60:40 (Centre : State).
- **Unit Cost (Exam Trap):** ₹ 22,000/ha for plain areas vs. ₹ 28,000/ha for hilly areas.

C. REWARD Project

- **Full Form:** Rejuvenating Watersheds for Agricultural Resilience through Innovative Development.

- **Amrutha Swabhimani Kurigahi Yojana:** Distribution of "20 + 1" units (20 female, 1 male). Funding: 50% Loan, 25% Govt Subsidy, 25% Beneficiary Share.
- **Migratory Shepherd ID Cards:** Over 6,000 cards issued to protect nomadic shepherds.

3. Karnataka Co-operative Milk Producers' Federation (KMF)

Significance: Known by its brand name "Nandini," KMF is the **2nd largest dairy co-operative in India** (after Amul) and the **1st in South India**.

- **Evolution:** Established in **1974** as the Karnataka Dairy Development Corporation with World Bank assistance under *Operation Flood-I*.
- **Three-Tier Structure:**
 - a. **State:** KMF (Apex)
 - b. **District:** 16 Milk Unions
 - c. **Village:** 16,142 Primary Societies (including 4,813 exclusive women's societies).
- **Scale & Tech:** Procures ~1 crore litres daily. Uses **Automatic Milk Collection Systems**, achieving 70% digitization.

Major Welfare Interventions

- **Milk Incentive:** Farmers receive an additional incentive of **₹ 5 per litre** via Direct Benefit Transfer (DBT).
- **Ksheerabhagya:** Provides free milk powder **5 days a week** for school students (Class 1–10) and Anganwadi children.
- **Ksheera Sanjeevini:** A women's empowerment initiative partnered with the State Rural Livelihoods Promotion Society.

4. Fisheries Sector (The Blue Economy)

Karnataka possesses a **320 km coastline** and massive inland water resources, contributing **0.48%** to the GSDP.

- *Note:* The **Inland fisheries sector is larger** (6.53 lakh fishermen) than the marine sector.

Schemes & Financial Support

- **Pradhan Mantri Matsya Sampada Yojana (PMMSY):** Funded 60:40 (Centre:State). Offers a **60% subsidy** for SC/ST/Women and 40% for the General category.
- **Savings-cum-Relief Scheme:** Provides **₹ 6,000** financial relief during the annual fishing ban (June–July).
- **Interest Subsidy Loans:**
 - **Fisherwomen:** Zero percent (**0%**) interest loans up to ₹ 3 Lakh.
 - **Fishermen:** 2% interest loans up to ₹ 50,000.
- **Fishermen's Distress Relief Fund:** ₹ 10 Lakh compensation for death.

Future Strategy: Shifting focus to Open Sea Cage Culture, Recirculatory Aquaculture Systems (RAS), and Bio-floc technology to modernize the sector.

5. Food Security & Public Distribution

The state guarantees food security through the National Food Security Act (NFSA), covering **76.04% of the Rural** and **49.36% of the Urban** population.

Beneficiary Categories

- **AAY (Antyodaya Anna Yojana):** For the "poorest of the poor." Entitlement: **35 kg per household** per month.
- **PHH (Priority Household):** For low-income groups. Entitlement: **5 kg per member** per month.

Flagship Guarantee Schemes

- **Anna Bhagya Scheme (Update Feb 2025):** The state has discontinued the ₹ 170 cash transfer system and reverted to the **direct distribution of 5 kg of rice**.
- **Annasuvidha:** Launched on World Food Day 2025. Ensures **doorstep delivery of rations** for AAY households and single-member households aged **above 75 years**.
- **DASOHA Scheme:** Free food grain allocation strictly for welfare institutions (orphanages, old age homes). State institutions receive 15 kg of Rice per beneficiary, while Central institutions get 10 kg of Rice + 5 kg of Wheat.
- **Fortified Rice:** Extended to all districts since April 2023 to combat severe malnutrition.

Important Facts for Prelims

- **Milk Rank:** Karnataka is **2nd in India** for Co-operative Dairying and **1st in South India**.
- **MAITRI Full Form:** Multi-Purpose Artificial Insemination Technicians in Rural India.
- **Ksheerabhagya:** Provides milk **5 days a week** to school/Anganwadi children.
- **Amrutha Swabhimani Kurigahi:** Provides sheep/goat units in a "**20 + 1**" ratio.
- **Fisherwomen Loans:** Available up to **₹ 3 Lakh at 0% interest**.
- **Anna Bhagya Update (Feb 2025):** Shifted from cash transfer back to **direct 5 kg rice** distribution.
- **Annasuvidha Target:** Doorstep delivery for AAY and seniors **above 75 years**.
- **Breeding Centers:** Bandur sheep is bred at **Dhangur**; Osmanabadi goat at **Anagawadi**.

Prelims Exam Approach

- **Question types:** Match-the-Following (Sheep Breeds vs. Breeding Centers) and direct numeric checks (Loan limits, Interest rates, Ration limits).
- **Common traps in options:**

- Stating Anna Bhagya *currently* gives ₹ 170 cash (it reverted to 5 kg rice in Feb 2025).
- Confusing the Fisherwomen loan limit (₹ 3 Lakh @ 0%) with Fishermen (₹ 50k @ 2%).
- Claiming Ksheerabhagya provides milk *7 days a week* (it is 5 days).
- **High-yield areas:** Specific targets of Annasuvidha (>75 years), KMF ranking (2nd in India), and the specific diseases targeted by NADCP (Brucellosis and FMD).
- **Quick elimination tips:** Eliminate options stating the Marine fisheries sector is larger than Inland (Inland has more fishermen). Eliminate statements assigning
- 100% state funding to Rashtriya Gokul Mission (it is 100% Central).

MCQs:

1. Which of the following has been officially declared as Karnataka's first "Organic Taluka"?

- A) Joida
- B) Chincholi
- C) Byadgi
- D) Dhangur **Answer: A**

Explanation: Joida taluka in Uttara Kannada district has been declared Karnataka's first Organic Taluka under the state's sustainability initiatives.

2. The "Annasuvidha" scheme, launched on World Food Day 2025, ensures doorstep delivery of rations for AAY cardholders and single-member households above what age?

- A) 60 years
- B) 65 years
- C) 70 years
- D) 75 years

Answer: D *Explanation:* Annasuvidha targets the doorstep delivery of PDS rations to single-member households aged above 75 years.

3. The headquarters of the Karnataka State Spices Development Board (KSSDB), established to promote 52 scheduled spices, is located in:

- A) Madikeri
- B) Chikkamagaluru
- C) Hubballi
- D) Mangaluru

Answer: C *Explanation:* The Karnataka State Spices Development Board (KSSDB) is headquartered in Hubballi.