

Karnataka Budget Analysis 2026-27

The Chief Minister of Karnataka, Mr. Siddaramaiah, presented the Budget for the financial year 2026-27 on March 6, 2026.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Karnataka for 2026-27 (at current prices) is projected to be Rs 33,05,500 crore, amounting to a growth of 7% over 2025-26.
- **Expenditure (excluding debt repayment)** in 2026-27 is estimated to be Rs 4,12,688 crore, an increase of 12% over the revised estimates of 2025-26. In addition, debt of Rs 35,316 crore will be repaid by the state.
- **Receipts (excluding borrowings)** for 2026-27 are estimated to be Rs 3,15,240 crore, an increase of 14% over the revised estimate for 2025-26.
- **Revenue deficit** in 2026-27 is estimated to be 0.7% of GSDP (Rs 22,957 crore), as compared to a revenue deficit of 0.8% of GSDP (Rs 25,449 crore) in 2025-26 as per the revised estimates.
- **Fiscal deficit** for 2026-27 is targeted at 2.9% of GSDP (Rs 97,448 crore). In 2025-26, as per the revised estimates, fiscal deficit is expected to be 3% of GSDP, marginally higher than budgeted (2.9% of GSDP).

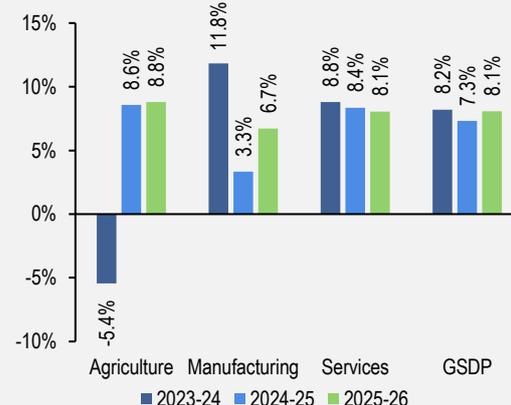
Policy Highlights

- **Devolution to local bodies:** The proportion of revenue devolved to local bodies will be increased from 48% to 50% of own revenue receipts of the state government.
- **Tax proposals:** Sales tax on Liquefied Natural Gas will be reduced from 14.3% to 5%. An alcohol-in-beverage based excise duty structure will be introduced from April 2026.
- **Women and child welfare:** Women working in various industries, including government employees can avail paid menstrual leave for one day per month. Social media will be banned for children aged below 16.
- **Social justice:** A separate Scheduled Tribes Commission will be established. The Karnataka Adivasi Development Corporation will be established for Vulnerable and Particularly Vulnerable Tribal Groups. The Rohith Vemula Act to prevent caste-based atrocities in educational institutions will be enacted.
- **Recruitment:** The process to fill 56,432 posts across government departments has been initiated. This includes 15,000 vacant posts of teachers in schools and colleges, and 8,000 posts in the Home Department.

Karnataka's Economy

- **GSDP:** In 2025-26, Karnataka's GSDP (at constant prices) is estimated to grow by 8% over the previous year. In comparison, India's GDP is estimated to grow by 7.4% in 2025-26. In 2023-24, agriculture sector contracted primarily due to a 15% decline in crop output over the previous year.
- **Sectors:** In 2025-26, agriculture, manufacturing, and services sectors are estimated to contribute 11%, 19%, and 70% of Karnataka's economy, respectively (at current prices).
- **Per capita GSDP:** In 2025-26, Karnataka's per capita GSDP (at current prices) is estimated to be Rs 4,77,003, an increase of 12% over the previous year. In 2025-26, India's per capita GDP is estimated to be Rs 2,51,393, an increase of 7% over 2024-25.

Figure 1: Growth in Karnataka's GSDP at constant prices (2011-12)



Note: These numbers are as per constant prices (2011-12) which implies that the growth rate is adjusted for inflation.
Sources: Economic Survey of Karnataka 2025-26; PRS.

Budget Estimates for 2026-27

- **Total expenditure (excluding debt repayment)** in 2026-27 is targeted at Rs 4,12,688 crore. This is an increase of 12% over the revised estimate for 2025-26. This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 3,15,240 crore and net borrowings of Rs 96,684 crore. Total receipts for 2026-27 (other than borrowings) are expected to register an increase of 14% over the revised estimate for 2025-26.
- The state estimates a **revenue deficit** of 0.7% of GSDP (Rs 22,957 crore) in 2026-27, as compared to a revenue deficit of 0.8% of GSDP in 2025-26 (Rs 25,449 crore). The revenue deficit in 2025-26 is estimated to be 32% higher than budgeted (Rs 19,262 crore).
- **Fiscal deficit** for 2026-27 is targeted at 2.9% of GSDP (Rs 97,448 crore), marginally lower than the revised estimate for 2025-26 (3% of GSDP).

Table 1: Budget 2026-27 - Key figures (in Rs crore)

Items	2024-25 Actuals	2025-26 Budgeted	2025-26 Revised	% change from 2025-26 BE to 2025-26 RE	2026-27 Budgeted	% change from 2025-26 RE to 2026-27 BE
Total Expenditure	3,68,419	4,09,549	3,95,307	-3%	4,48,004	13%
(-) Repayment of debt	24,895	26,474	26,474	0%	35,316	33%
Net Expenditure (E)	3,43,524	3,83,075	3,68,833	-4%	4,12,688	12%
Total Receipts	3,61,837	4,08,647	3,93,572	-4%	4,47,240	14%
(-) Borrowings	1,03,342	1,16,000	1,16,000	0%	1,32,000	14%
<i>of which central capex loans*</i>	5,296	4,500	4,500	0%	4,500	0%
Net Receipts (R)	2,58,495	2,92,647	2,77,572	-5%	3,15,240	14%
Fiscal Deficit (E-R)	85,029	90,428	91,261	1%	97,448	7%
<i>as % of GSDP</i>	3.0%	2.9%	3.0%		2.9%	
Revenue Deficit	20,834	19,262	25,449	32%	22,957	-10%
<i>as % of GSDP</i>	0.7%	0.6%	0.8%		0.7%	
Primary Deficit	48,907	44,828	45,661	2%	44,117	-3%
<i>as % of GSDP</i>	1.7%	1.5%	1.5%		1.3%	
GSDP	28,61,929	30,70,103	30,91,111	1%	33,05,500	7%

Note: BE is Budget Estimates; RE is Revised Estimates. *Central government has been providing 50-year interest-free loans to state governments for capital expenditure since 2020-21. These loans are excluded from the calculation of the state's borrowing ceiling.

Sources: Annual Financial Statement, Karnataka Budget Documents 2026-27; PRS.

Expenditure in 2026-27

- **Revenue expenditure** for 2026-27 is proposed to be Rs 3,38,007 crore, an increase of 12% over the revised estimate for 2025-26. This includes expenditure on salaries, pension, interest, grants, and subsidies.
- **Capital outlay** for 2026-27 is proposed to be Rs 71,924 crore, an increase of 14% over the revised estimate for 2025-26. Capital outlay indicates the expenditure towards creation of assets such as roads and buildings.

Expenditure on five guarantee schemes

In 2023, Karnataka launched five welfare schemes targeting women, youth and households below the poverty line. Spending on these schemes is estimated to be Rs 51,286 crore in 2026-27, which is 12% of the total expenditure (excluding debt repayment). In 2025-26, Rs 51,034 crore (14% of the total expenditure) is estimated to be spent on these schemes.

CAG (2025) noted that implementation of these guarantee schemes increased revenue expenditure and revenue deficit (see Figure 3 on page 5). Fiscal deficit has also increased, from 2.14% of GSDP in 2022-23 to 2.97% of GSDP in 2024-25. CAG observed that in 2023-24, a higher allocation towards these schemes reduced spending on infrastructure by Rs 5,229 crore compared to the previous year. It noted that these schemes were partly financed through borrowings in 2023-24.

Sources: Report No. 4 of 2025, State Finances Audit, CAG; Karnataka Budget Documents 2026-27; PRS.

Table 2: Expenditure budget 2026-27 (in Rs crore)

Items	2024-25 Actuals	2025-26 Budgeted	2025-26 Revised	% change from 2025-26 BE to 2025-26 RE	2026-27 Budgeted	% change from 2025-26 RE to 2026-27 BE
Revenue Expenditure	2,78,987	3,11,739	3,02,851	-3%	3,38,007	12%
Capital Outlay	57,906	68,172	62,834	-8%	71,924	14%
Loans given by the state	6,631	3,164	3,148	-0.5%	2,757	-12%
Net Expenditure	3,43,524	3,83,075	3,68,833	-4%	4,12,688	12%

Sources: Annual Financial Statement, Karnataka Budget Documents 2026-27; PRS.

Committed expenditure: Committed expenditure of a state typically includes expenditure on payment of salaries, pension, and interest. A larger proportion of the budget allocated for committed expenditure items limits the state's flexibility to decide on other expenditure priorities, such as capital outlay. In 2026-27, Karnataka is estimated to spend Rs 1,85,025 crore on committed expenditure, which is 59% of its estimated revenue receipts. This comprises spending on salaries (29% of revenue receipts), pension (13%), and interest payments (17%). In 2024-25, 51% of revenue receipts were spent on committed expenditure (as per actuals).

Table 3: Committed Expenditure in 2026-27 (in Rs crore)

Items	2024-25 Actuals	2025-26 Budgeted	2025-26 Revised	% change from 2025-26 BE to 2025-26 RE	2026-27 Budgeted	% change from 2025-26 RE to 2026-27 BE
Salaries	64,652	85,860	85,531	-0.4%	90,557	6%
Pension	30,651	37,655	37,684	0.1%	41,136	9%
Interest payment	36,122	45,600	45,600	0%	53,332	17%
Total	1,31,425	1,69,115	1,68,816	-0.2%	1,85,025	10%

Sources: Annual Financial Statement, Karnataka Budget Documents 2026-27; PRS.

Sector-wise expenditure: The sectors listed below account for 60% of the total expenditure on sectors by the state in 2026-27. A comparison of Karnataka's expenditure on key sectors with that by other states is shown in Annexure 1.

Table 4: Sector-wise expenditure under Karnataka Budget 2026-27 (in Rs crore)

Sectors	2024-25 Actuals	2025-26 BE	2025-26 RE	2026-27 BE	% change from 2025-26 RE to 2026-27 BE	Budget Provisions (2026-27)
Social Welfare and Nutrition	49,865	46,397	46,372	47,948	3%	Rs 28,608 crore has been allocated towards the Gruha Lakshmi scheme.
Education, Sports, Arts, and Culture	34,210	40,954	39,642	44,054	11%	Rs 15,693 crore has been allocated as grants to government primary schools and Taluk board officers, and Rs 5,556 crore has been allocated as grants to government high schools. Rs 2,230 crore has been allocated towards the Samagra Shikshana Karnataka.
Energy	27,285	26,853	26,853	29,902	11%	Rs 19,290 crore has been allocated as subsidy towards free power supply for irrigation pump sets. Rs 10,578 crore has been allocated towards the Gruha Jyothi scheme.
Agriculture and Allied Activities	22,835	22,871	23,173	23,970	3%	Rs 7,700 crore has been allocated towards the Anna Bhagya scheme. Rs 1,700 crore has been allocated towards PM Fasal Bima Yojana.
Irrigation and Flood Control	20,647	22,186	22,190	22,430	1%	Rs 6,654 crore has been allocated towards Krishna Bhagya Jala Nigam Limited, and Rs 3,095 crore towards Cauvery Neeravari Nigam Limited.
Transport	17,291	15,281	14,396	18,123	26%	Rs 5,300 crore has been allocated towards the Shakthi scheme. Rs 7,640 crore has been allocated for capital outlay on roads and bridges.
Welfare of SC, ST, OBC, and Minorities	13,907	16,631	16,881	17,812	6%	Rs 6,349 crore has been allocated towards scheduled caste welfare, and Rs 4,762 crore towards minority welfare.
Health and Family Welfare	14,513	18,690	18,211	17,731	-3%	Rs 5,552 crore has been allocated towards medical education. Rs 1,238 crore has been allocated towards the Ayushman Bharath scheme.
Water Supply and Sanitation	9,261	13,399	7,635	12,926	69%	Rs 10,433 crore has been allocated towards Jal Jeevan Mission.
Police	9,432	11,461	11,339	12,547	11%	Rs 8,957 crore has been allocated towards district police.
% of total expenditure on all sectors	65%	62%	62%	60%		

Sources: Annual Financial Statement, Karnataka Budget Documents 2026-27; PRS.

Receipts in 2026-27

- **Total revenue receipts** for 2026-27 are estimated to be Rs 3,15,050 crore, an increase of 14% over the revised estimate for 2025-26. Of this, Rs 2,36,000 crore (75%) will be raised through **own resources**, and Rs 79,050 crore (25%) will come **from the centre**. Resources from the centre will be in the form of share in central taxes (20% of revenue receipts) and grants (5% of revenue receipts).
- **Devolution:** In 2026-27, the state's share in central taxes is estimated at Rs 63,050 crore, an increase of 24% over the revised estimate for 2025-26. This may be driven by an increase in Karnataka's share in devolution as per the recommendations of the 16th Finance Commission (see Page 7 for more details).
- **Grants from the centre** in 2026-27 are estimated to be the same as the revised estimate for 2025-26 (Rs 16,000 crore).
- **State's own tax revenue:** Karnataka's total own tax revenue is estimated to be Rs 2,20,000 crore in 2026-27, an increase of 14% over the revised estimate of 2025-26. Own tax revenue as a percentage of GSDP is estimated at 6.7% in 2026-27. In 2025-26, as per revised figures, own tax revenue is estimated at 6.2% of GSDP, lower than the budgeted figure (6.8%).

Trends in own non-tax revenue

Karnataka's own non-tax revenue (ONTR) has ranged around 0.5%-0.6% of GSDP since 2018-19. ONTR includes items such as mining royalty, dividends from state public sector undertakings (PSUs), and interest receipts. Receipts from mining accounted for 54% of ONTR in 2021-22, and 43% in 2022-23. Increased receipts under this head improved the ONTR-to-GSDP ratio in 2021-22 (0.60%) and 2022-23 (0.61%). In 2026-27, this ratio is estimated to be 0.48%.

The Medium Term Fiscal Policy of 2025-26 projected an annual growth of 7% in non-tax revenue till 2028-29. This is expected to come through various sources, including higher dividends from state PSUs as a result of improved efficiency. However, the 16th Finance Commission noted that the turnover-to-GSDP ratio for Karnataka's PSUs was 4.1%, lower than the national average of 5.7%. In 2022-23, total losses of PSUs (Rs 7,450 crore) exceeded total profits (Rs 3,132 crore).

The Resource Mobilisation Committee recommended certain measures to improve non-tax revenue. These include: (i) enforcing clear rules for levying user charges, (ii) pricing utilities closer to costs, (iii) strengthening policies for dividends from state PSUs, (iv) speeding up mining auctions, and (v) monetisation models such as infrastructure investment trusts and public-private partnerships.

Sources: Evaluation of finances of Karnataka state, submitted by Institute for Social and Economic Change, Bengaluru to the 16th FC; Report of the 16th FC Volume-I; Karnataka Budget Documents 2025-26, 2026-27; PRS.

Table 5: Break-up of the state government's receipts (in Rs crore)

Items	2024-25 Actuals	2025-26 Budgeted	2025-26 Revised	% change from 2025-26 BE to 2025-26 RE	2026-27 Budgeted	% change from 2025-26 RE to 2026-27 BE
State's Own Tax	1,77,447	2,08,100	1,93,100	-7%	2,20,000	14%
State's Own Non-Tax	16,148	16,500	17,500	6%	16,000	-9%
Share in Central Taxes	46,933	51,877	50,802	-2%	63,050	24%
Grants-in-aid from Centre	17,625	16,000	16,000	0%	16,000	0%
Revenue Receipts	2,58,153	2,92,477	2,77,402	-5%	3,15,050	14%
Non-debt Capital Receipts	342	170	170	0%	190	12%
Net Receipts	2,58,495	2,92,647	2,77,572	-5%	3,15,240	14%

Note: BE is Budget Estimates; RE is Revised Estimates.

Sources: Annual Financial Statement, Karnataka Budget Documents 2026-27; PRS.

- In 2026-27, **State GST (SGST)** is estimated to be the largest source of own tax revenue (41% share). SGST revenue in 2026-27 is estimated to register an increase of 14% over the revised estimate for 2025-26. In 2025-26, SGST revenue is estimated to be 13% lower than budgeted, which may be due to recent GST rate revisions.
- Revenue from state excise in 2026-27 is estimated to increase by 10% over the revised estimate for 2025-26. Revenue from Sales tax/ VAT in 2026-27 is expected to register an increase of 14% over the revised estimate for 2025-26.

Table 6: Major sources of state's own-tax revenue (in Rs crore)

Head	2024-25 Actuals	2025-26 Budgeted	2025-26 Revised	% change from 2025-26 BE to 2025-26 RE	2026-27 Budgeted	% change from 2025-26 RE to 2026-27 BE
State GST	77,169	92,132	80,108	-13%	91,000	14%
State Excise	35,784	40,000	41,000	2%	45,000	10%
Sales Tax/ VAT	23,898	26,410	28,410	8%	32,400	14%
Stamps Duty and Registration Fees	22,353	28,000	25,000	-11%	29,000	16%
Taxes on Vehicles	12,516	15,000	14,000	-7%	15,500	11%
Taxes and Duties on Electricity	3,803	1,487	2,487	67%	1,655	-33%
Land Revenue	499	613	613	0%	723	18%

Sources: Annual Financial Statement, Revenue Budget, Karnataka Budget Documents 2026-27; PRS.

Deficits and Debt for 2026-27

The Karnataka Fiscal Responsibility Act, 2002 provides annual targets to progressively reduce the outstanding liabilities, revenue deficit, and fiscal deficit of the state government.

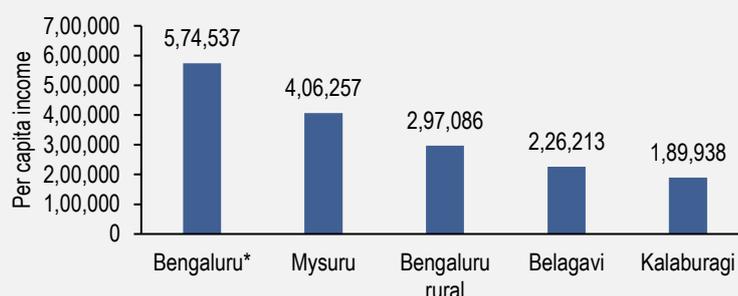
Revenue balance: It is the difference of revenue expenditure and revenue receipts. A revenue deficit implies that the government needs to borrow to finance those expenses which do not increase its assets or reduces its liabilities. The budget estimates a revenue deficit of Rs 22,957 crore (0.7% of GSDP) in 2026-27.

Fiscal deficit: It is the excess of total expenditure over total receipts. This gap is filled by borrowings by the government and leads to an increase in total liabilities. In 2026-27, the fiscal deficit is estimated to be 2.9% of GSDP. The 16th Finance Commission has recommended the fiscal deficit target for states to be 3% of GSDP for the 2026-31 period. 50-year interest free loans for capital expenditure given by the central government will be excluded to arrive at the borrowing ceiling. In 2026-27, this loan is estimated to be Rs 4,500 crore (0.1% of GSDP). In 2024-25, as per actuals, fiscal deficit was 3% of GSDP. Central capex loans in 2024-25 were Rs 5,296 crore (0.2% of GSDP).

Regional disparity in per capita income

In 2025-26, Karnataka's per capita income (PCI) was Rs 3,86,156, significantly higher than the all-India level (Rs 2,05,324). The Karnataka Economic Survey 2025-26 highlighted that there are wide differences in per capita income across districts and regions. The service sector contributes about 70% to the state's GSDP. As a result, Bengaluru, where most services are concentrated, has the highest PCI. Within Bengaluru, excluding Bengaluru urban reduces the PCI by almost 50%. The Survey noted that the Kalaburagi region records the lowest PCI, which may be attributed to a lower presence of industries and services. In 2026-27, Rs 3,000 crore has been allocated towards the Kalyana Karnataka Region Development Plan (the board is concerned with the regional development of seven districts including Bidar, Kalaburagi, Yadagiri, Raichur, Koppal, Bellary and Vijayanagara).

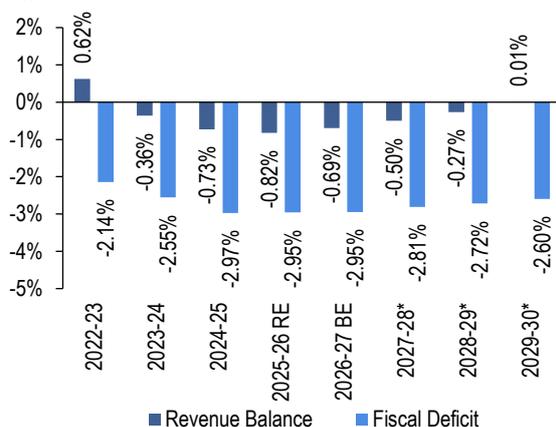
Figure 2: Per capita income of various regions in 2024-25



Note: *includes urban and rural Bengaluru
Sources: Karnataka Economic Survey 2025-26; PRS.

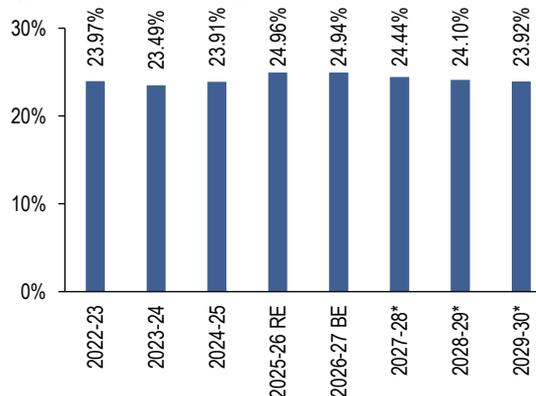
Outstanding liabilities: Outstanding liabilities are the accumulation of total borrowings at the end of a financial year. They also include any liabilities on public accounts such as provident funds. At the end of 2026-27, outstanding liabilities are estimated to be 25% of GSDP, about same as the revised estimate for 2025-26.

Figure 3: Revenue and Fiscal Balance (% of GSDP)



Note: *Figures from 2027-28 onwards are projections. RE is Revised Estimates; BE is Budget Estimates. (+) indicates a surplus and (-) indicates a deficit.
Sources: Medium Term Fiscal Policy, Karnataka Budget Documents of various years; PRS.

Figure 4: Outstanding liabilities (% of GSDP)



Note: *Figures from 2027-28 onwards are projections. RE is Revised Estimates; BE is Budget Estimates.
Sources: Medium Term Fiscal Policy, Karnataka Budget Documents of various years; PRS.

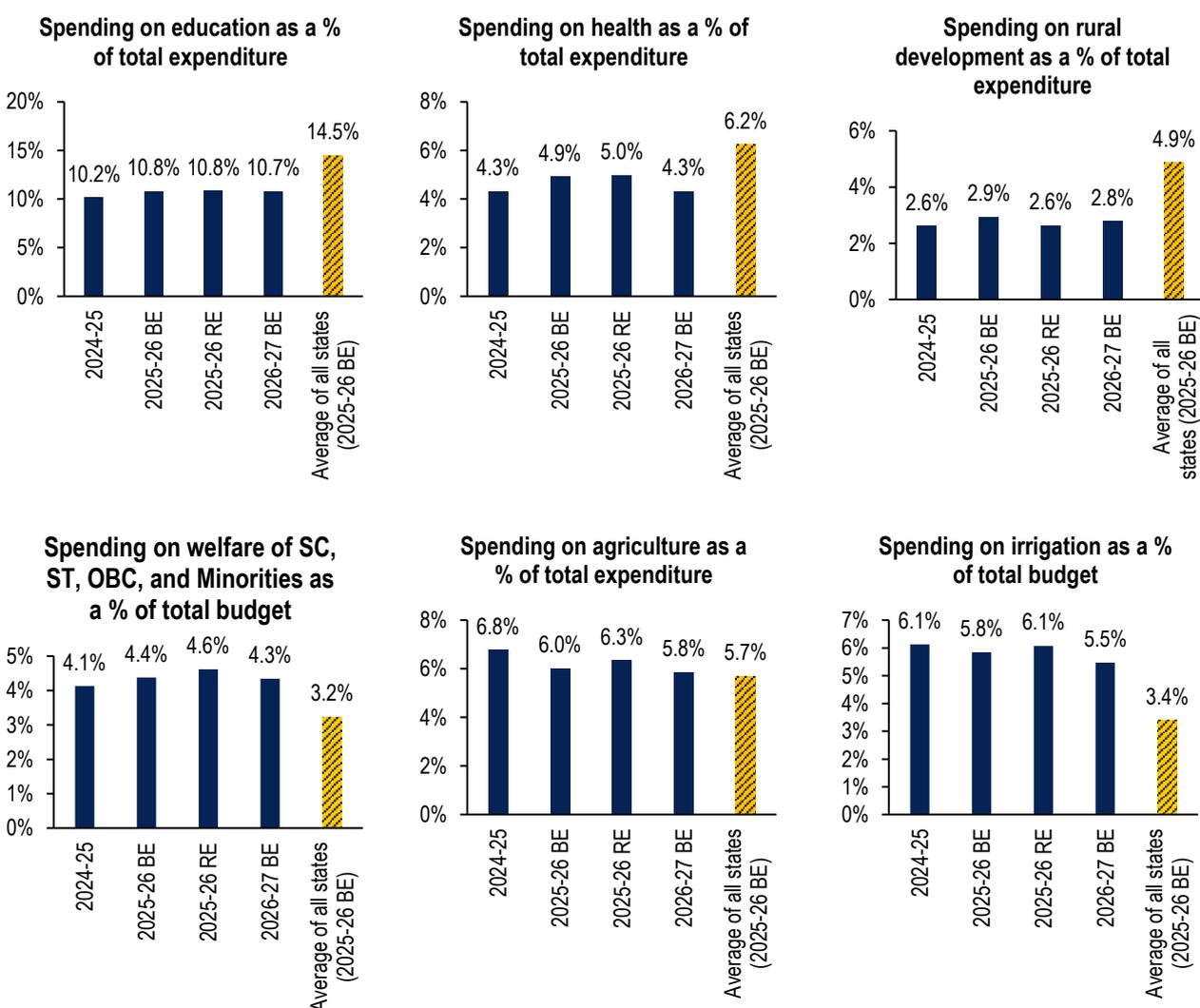
Outstanding Government Guarantees: Outstanding liabilities of states do not include a few other liabilities that are contingent in nature, which states may have to honour in certain cases. State governments guarantee the borrowings of State Public Sector Enterprises (SPSEs) from financial institutions. As of March 31, 2025, the state's outstanding guarantee is estimated to be Rs 45,889 crore, which is 1.6% of Karnataka's GSDP.

DISCLAIMER: This document is being furnished to you for your information. You may choose to reproduce or redistribute this report for non-commercial purposes in part or in full to any other person with due acknowledgement of PRS Legislative Research ("PRS"). The opinions expressed herein are entirely those of the author(s). PRS makes every effort to use reliable and comprehensive information, but PRS does not represent that the contents of the report are accurate or complete. PRS is an independent, not-for-profit group. This document has been prepared without regard to the objectives or opinions of those who may receive it.

Annexure 1: Comparison of states' expenditure on key sectors

The graphs below compare Karnataka's expenditure in 2026-27 on six key sectors as a proportion of its total expenditure on all sectors. The average for a sector indicates the average expenditure in that sector by 31 states (including Karnataka) as per their budget estimates of 2025-26.¹

- **Education:** Karnataka has allocated 10.7% of its expenditure towards education in 2026-27. This is lower than the average allocation for education by states in 2025-26 (14.5%).
- **Health:** Karnataka has allocated 4.3% of its expenditure towards health in 2026-27. This is lower than the average allocation for health by states in 2025-26 (6.2%).
- **Rural development:** Karnataka has allocated 2.8% of its expenditure towards rural development in 2026-27. This is lower than the average allocation for rural development by states in 2025-26 (4.9%).
- **Welfare of SC, ST, OBC, and Minorities:** Karnataka has allocated 4.3% of its expenditure towards welfare of SC, ST, OBC, and Minorities in 2026-27. This is higher than the average allocation for welfare of SC, ST, OBC, and Minorities by states in 2025-26 (3.2%).
- **Agriculture:** Karnataka has allocated 5.8% of its expenditure towards agriculture in 2026-27. This is marginally higher than the average allocation for agriculture by states in 2025-26 (5.7%).
- **Irrigation:** Karnataka has allocated 5.5% of its expenditure towards irrigation in 2026-27. This is higher than the average allocation for irrigation by states in 2025-26 (3.4%).



Note: 2024-25, 2025-26 (BE), 2025-26 (RE), and 2026-27 (BE) figures are for Karnataka.

Sources: Annual Financial Statement, Karnataka Budget Documents 2026-27; various state budgets; PRS.

¹ The 31 states include the Union Territories of Delhi, Jammu and Kashmir, and Puducherry.

Annexure 2: Recommendations of the 16th Finance Commission for 2026-31

The Report of the 16th Finance Commission (Chair: Dr. Arvind Panagariya) was tabled in Parliament on February 1, 2026. The recommendations will apply for the five-year period between 2026-27 and 2030-31. The 16th Commission (FC) has recommended the share of states in the divisible pool of central taxes at 41%. Divisible pool is arrived at after excluding cost of collection and cesses and surcharges from the gross tax revenue collected by the central government. The share remains unchanged from the 15th FC award period (2021-26). The 16th FC has proposed revised criteria to determine the share of individual states. Based on the recommendations of the 16th FC, Karnataka will have a 4.13% share in the divisible pool of central taxes during the 2026-31 period, a significant increase compared to the 15th FC period (3.65%).

The 16th FC has recommended grants worth Rs 9.47 lakh crore over the five-year period. These comprise grants for: (i) urban and rural local bodies, and (ii) disaster management. The 16th FC has discontinued the following grants recommended by the 15th FC: (i) revenue deficit grants, (ii) sector-specific grants, and (iii) state-specific grants. Grants recommended for Karnataka over the 2026-31 period include: (i) Rs 18,483 crore for urban local bodies, (ii) Rs 18,889 crore for rural local bodies, and (iii) Rs 6,419 crore as disaster management grants.

See [here](#) for the 16th Finance Commission Report summary. See Table 7 and Table 8 for state-wise share.

Table 7: Individual share of states in the taxes devolved by the centre (out of 100)

State	14 th FC (2015-2020)	15 th FC (2021-26)	16 th FC (2026-31)
Andhra Pradesh	4.31	4.05	4.22
Arunachal Pradesh	1.37	1.76	1.35
Assam	3.31	3.13	3.26
Bihar	9.67	10.06	9.95
Chhattisgarh	3.08	3.41	3.30
Goa	0.38	0.39	0.37
Gujarat	3.08	3.48	3.76
Haryana	1.08	1.09	1.36
Himachal Pradesh	0.71	0.83	0.91
Jammu and Kashmir	1.85	-	-
Jharkhand	3.14	3.31	3.36
Karnataka	4.71	3.65	4.13
Kerala	2.5	1.93	2.38
Madhya Pradesh	7.55	7.85	7.35
Maharashtra	5.52	6.32	6.44
Manipur	0.62	0.72	0.63
Meghalaya	0.64	0.77	0.63
Mizoram	0.46	0.5	0.56
Nagaland	0.5	0.57	0.48
Odisha	4.64	4.53	4.42
Punjab	1.58	1.81	2.00
Rajasthan	5.5	6.03	5.93
Sikkim	0.37	0.39	0.34
Tamil Nadu	4.02	4.08	4.10
Telangana	2.44	2.1	2.17
Tripura	0.64	0.71	0.64
Uttar Pradesh	17.96	17.94	17.62
Uttarakhand	1.05	1.12	1.14
West Bengal	7.32	7.52	7.22

Table 8: State-wise details of grants-in-aid for 2026-31 (in Rs crore)

State	Rural Local Bodies	Urban Local Bodies	Disaster Management
Andhra Pradesh	16,627	12,158	6,125
Arunachal Pradesh	1,698	233	616
Assam	14,580	3,249	5,243
Bihar	51,923	9,169	13,615
Chhattisgarh	11,664	4,990	2,481
Goa	174	726	112
Gujarat	18,802	23,764	8,459
Haryana	8,270	7,834	2,922
Himachal Pradesh	3,744	435	2,682
Jharkhand	14,231	6,093	2,806
Karnataka	18,889	18,483	6,419
Kerala	3,308	16,683	1,935
Madhya Pradesh	32,033	16,016	11,697
Maharashtra	32,817	46,803	29,619
Manipur	1,262	609	259
Meghalaya	1,479	377	437
Mizoram	567	377	284
Nagaland	697	667	408
Odisha	18,715	5,078	8,900
Punjab	8,486	7,834	2,477
Rajasthan	31,467	12,680	9,211
Sikkim	218	203	455
Tamil Nadu	16,930	25,069	8,486
Telangana	9,968	11,548	2,774
Tripura	1,176	1,016	356
Uttar Pradesh	83,261	33,543	15,321
Uttarakhand	4,047	2,497	4,954
West Bengal	28,203	22,023	6,869

Sources: Reports of the 14th, 15th, and 16th Finance Commission Reports; PRS.

Table 9: Taxes devolved to states as per Union Budget 2026-27 (in Rs crore)

State	2024-25 Actuals	2025-26 Revised	2026-27 Budget
Andhra Pradesh	51,564	56,374	64,362
Arunachal Pradesh	22,386	24,475	20,665
Assam	39,855	43,572	49,725
Bihar	1,28,151	1,40,105	1,51,832
Chhattisgarh	43,409	47,459	50,427
Goa	4,918	5,377	5,571
Gujarat	44,314	48,448	57,311
Haryana	13,926	15,225	20,772
Himachal Pradesh	10,575	11,562	13,950
Jharkhand	42,135	46,066	51,236
Karnataka	46,467	50,802	63,050
Kerala	24,527	26,815	36,355
Madhya Pradesh	1,00,019	1,09,348	1,12,134
Maharashtra	80,486	87,994	98,306
Manipur	9,123	9,974	9,554
Meghalaya	9,773	10,684	9,631
Mizoram	6,371	6,965	8,608
Nagaland	7,250	7,926	7,341
Odisha	57,692	63,074	67,460
Punjab	23,023	25,171	30,464
Rajasthan	76,779	83,940	90,446
Sikkim	4,944	5,405	5,113
Tamil Nadu	51,971	56,819	62,531
Telangana	26,782	29,280	33,181
Tripura	9,021	9,862	9,783
Uttar Pradesh	2,28,565	2,49,885	2,68,911
Uttarakhand	14,245	15,573	17,415
West Bengal	95,852	1,04,793	1,10,119
Total	12,74,121	13,92,971	15,26,255

Note: Actuals for 2024-25 and Revised Estimates for 2025-26 have been reported in the Union Budget after adjusting for excess or less devolution in previous years.
Sources: Union Budget Documents 2026-27; PRS.

Annexure 3: Comparison of 2024-25 Budget Estimates and Actuals

The following tables compare the actuals of 2024-25 with budget estimates for that year.

Table 10: Overview of Receipts and Expenditure (in Rs crore)

Particular	2024-25 BE	2024-25 Actuals	% change from BE to Actuals
Net Receipts (1+2)	2,63,428	2,58,495	-2%
1. Revenue Receipts (a+b+c+d)	2,63,178	2,58,153	-2%
a. Own Tax Revenue	1,89,893	1,77,447	-7%
b. Own Non-Tax Revenue	13,500	16,148	20%
c. Share in central taxes	44,485	46,933	6%
d. Grants-in-aid from the Centre	15,300	17,625	15%
2. Non-Debt Capital Receipts	250	342	37%
3. Borrowings	1,05,246	1,03,342	-2%
Of which central capex loans	4,500	5,296	18%
Net Expenditure (4+5+6)	3,46,409	3,43,524	-1%
4. Revenue Expenditure	2,90,531	2,78,987	-4%
5. Capital Outlay	52,903	57,906	9%
6. Loans and Advances	2,974	6,631	123%
7. Debt Repayment	24,974	24,895	0%
Revenue Deficit	27,354	20,834	-24%
Revenue Deficit (as % of GSDP)	0.96%	0.73%	
Fiscal Deficit	82,981	85,029	2%
Fiscal Deficit (as % of GSDP)	2.90%	2.97%	

Source: Karnataka Budget Documents of various years; PRS.

Table 11: Key Components of State's Own Tax Revenue

Head	2024-25 BE	Actuals	% change from BE to Actuals
Stamps Duty and Registration Fees	26,000	22,353	-14%
State GST	86,475	77,169	-11%
State Excise	38,525	35,784	-7%
Taxes on Vehicles	13,000	12,516	-4%
Sales Tax/ VAT	22,125	23,898	8%
Land Revenue	362	499	38%
Taxes and Duties on Electricity	2,006	3,803	90%

Source: Karnataka Budget Documents of various years; PRS.

Table 12: Allocation towards Key Sectors

Sector	2024-25 BE	2024-25 Actuals	% change from BE to Actuals
Police	11,572	9,432	-18%
Education, Sports, Arts, and Culture	40,945	34,210	-16%
Rural Development	10,304	8,776	-15%
Health and Family Welfare	16,356	14,513	-11%
Housing	3,066	2,975	-3%
Agriculture and Allied Activities	23,357	22,835	-2%
Water Supply and Sanitation	9,370	9,261	-1%
Urban Development	1,940	1,922	-1%
Welfare of SC, ST, OBC, and Minorities	13,334	13,907	4%
Irrigation and Flood Control	19,194	20,647	8%
Social Welfare and Nutrition	45,281	49,865	10%
Transport	15,509	17,291	11%
of which Roads and Bridges	9,169	9,838	7%
Energy	23,100	27,285	18%

Source: Karnataka Budget Documents of various years; PRS.