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# Karnataka Budget levies no new taxes in pandemic year

## Chief Minister Yediyurappa presents revenue-deficit Budget

NAGESH PRABHU  
BENGALURU

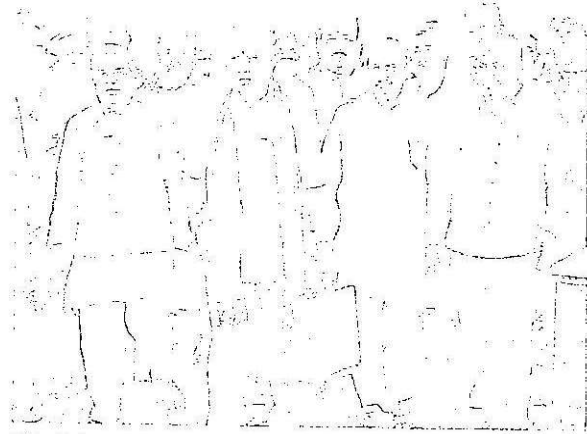
The State Budget for 2021-22, presented by Chief Minister B.S. Yediyurappa amid a pandemic-linked economic slowdown, has not levied fresh taxes or increased existing ones despite a shortfall in revenue. It was a please-all Budget that spread out allocations and projects for all communities, districts, and sectors.

It announced some incremental steps for developing health facilities and infrastructure, in light of the pandemic. Presented on International Women's Day, it focused on encouraging self-reliance and entrepreneurship among women through various programmes, both in rural and urban areas.

### Balancing act

During the two-hour-long speech on the Budget in the Legislative Assembly on Monday – which was boycotted by the Congress – Mr. Yediyurappa admitted that “in the midst of the pandemic, maintaining a balance between fiscal discipline and equity in development has given the experience of walking on a razor's edge”. He said the Budget was formulated “in such a way as not to increase the financial burden on the common man”.

He said COVID-19 had not



Chief Minister B.S. Yediyurappa arriving at the Vidhana Soudha for the Budget presentation on Monday. BY MURALI KUMAR

only hit the State's economy in 2020-21, but would continue to pose challenges in 2021-22 as well. “The 1.4% expected growth year on year in revenue will not be there during the next year. The responsibilities taken to manage the pandemic will have their own consequences in 2021-22,” the Chief Minister said.

Mr. Yediyurappa, who termed the preparation of the Budget “unprecedentedly difficult”, presented a revenue-deficit Budget for the first time in recent years. The revenue deficit is estimated at ₹15,133.60 crore. The share of the State in Central taxes has come down by over ₹8,000 crore in 2020-21, receiving

₹20,053 crore against the estimated ₹28,591 crore.

Despite floods and the pandemic, the agricultural sector brought cheers to the State by recording a remarkable growth of 6.4% in 2020-21. Industrial and service sectors contracted by 5.1% and 3.1%, respectively.

The size of the Budget is fixed at ₹2,46,207 crore, an increase of ₹8,314 crore (3.5%) over the previous year's (2020-21), including revenue expenditure (₹1,87,405 crore), capital expenditure (₹44,237 crore) and debt repayment (₹14,565 crore). It has proposed to borrow ₹71,332 crore (4% of GSDP).

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## No new taxes levied

With the fiscal deficit estimated at ₹59,240 crore (0.48% of the GSDP) and total liabilities at ₹4,57,899 crore (26.9% of the GSDP) in 2021-22, the government has proposed amendments to the Karnataka Fiscal Responsibility Act, 2002, in the current Assembly session.

Among the highlights, to please communities, the Budget has proposed to rename the Ashrama schools of Scheduled Tribe communities as "Valmiki Ashrama Shale" and earmarked ₹500 crore each to various development boards/corporations, Veerashaiva-Lingayat, and Vokkaliga com-

munities. While ₹50 crore has been allocated for the Brahmin Development Board, ₹200 crore has been earmarked for Christians, and ₹10 crore for the construction of Yatri Nivas at Ayodhya for the benefit of pilgrims visiting the Ram Mandir that is under construction there.

Region-wise, ₹1,500 crore has been allocated for Kalyana Karnataka, ₹3,000 crore for the development of backward taluks, and ₹7,795 crore for the development of Bengaluru city. Under Atma Nirbhar Bharat, it has proposed a new aerospace and defence policy.