

Impact of Government Policies and Programmes on Poverty Alleviation in Karnataka: An Analysis

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Abstract

This article analyzes the impact of various government policies and programmes on poverty alleviation in Karnataka. It examines key central and state-sponsored initiatives aimed at improving the socio-economic conditions of marginalized populations. Since independence, the Government of Karnataka has consistently prioritized poverty alleviation through a wide range of policies and programmes addressing not only income poverty, but also deficiencies in health, education, employment, housing, and social security. Recognizing the multidimensional nature of poverty, the state has implemented targeted welfare schemes for rural development, urban poor upliftment, and empowerment of marginalized communities, including SCs, STs, women, and others. Furthermore, Karnataka has maintained a sustained focus on poverty reduction through the implementation of various government initiatives and welfare schemes. This study mainly examines two objectives: firstly, to assess the current status of poverty rates in Karnataka, and secondly, to explain the impact of government policies and programs on poverty alleviation in the state. The study applied an exponential growth model to analyze the poverty rate in Karnataka from 1973 to 2021. The study findings indicate that the poverty rate declined at an average annual rate of 13.5%, a result that is statistically significant at the 1% level. Furthermore, the model result showed a strong Goodness-of-fit, with an R^2 value of 81.9%. Therefore, this result implies that the poverty rate has significantly decline over the past few years.

Keywords: Poverty, Poverty Rate, Population Living in Poverty, and Poverty Alleviation Programmes.

Introduction

Karnataka has emerged as one of India's fastest-growing state economies, exhibiting consistent and sustained economic growth driven by the expansion of the services and technology sectors over the past few decades. Its per capita Gross State Domestic Product (GSDP) of Rs.3.05 lakhs (estimated for 2022) is the highest among the top five states. A standout feature of the state economy is it has the highest share of services in the Gross State Value Added (GSVA) of 66.1% the highest among all states in the year 2022 (Economic Survey of Karnataka 2024). At present, Karnataka is actively addressing poverty through a combination of targeted welfare programmes and inclusive economic development policies/ initiatives. The state implements large-scale schemes aimed at improving access to food, health, education, housing, and rural employment. Flagship programs like Anna Bhagya (free rice distribution), Ksheera Bhagya (free milk for school children), Gruha Lakshmi (direct benefit transfer to women), and Krishi Bhagya (support for dry land farmers) are designed to reduce both income and multidimensional poverty.

Further, Karnataka is a welfare state; citizens' welfare is the key objective of all levels of governments. Citizens' welfare implies that everyone has the necessities of life, nobody suffers on account of poverty, there exists a social security net to protect vulnerable sections, investment in education, particularly higher education, so all young people have assured access irrespective of means, and health security so all citizens can access quality medical care when in need. After welfare, availability of jobs is top priority. Adequate investment must be directed

towards infrastructure and fast-growing areas so highquality jobs are available to all citizens, especially for young people.Karnataka has reduced poverty from over 54.47% in the 1973 to around 20.91% in 2021 (Economic Survey of Karnataka, 2024). Karnataka government implements various poverty alleviation programmes aimed at improving livelihoods, providing social security, and promoting self-employment opportunities for the poor. These initiatives include financial assistance for self-employment ventures, maternal healthcare, and subsidized seedlings for farmers, and housing schemes.

Objectives of the Study

1. To study the current status of poverty rate in Karnataka.
2. To examine the impact of government policies and programmes on poverty alleviation in the state.

Hypothesis

1. The poverty rate in Karnataka has significant decline over the past few years.

Research Methodology

This study is based on secondary data collected from various reports from the Governments of India and Karnataka - the World Bank's report (2025), the Planning Commission, RBI publications, and the Economic Survey of Karnataka, published by the Planning, Programme Monitoring and Statistics Department. The explanatory data spans the period from 1973 to 2021. The study used an exponential growth model to examine poverty rate trends in Karnataka.Statistical analysis and model estimation were conducted using Microsoft Excel and SPSS 21.

Exponential Growth Model Fit for Poverty Rate in Karnataka: The exponential growth model is typically specified as:

$$P(t) = P_0 * e^{(-kt)}$$

Where: $P(t)$ = is the poverty rate at time t .

P_0 = is the initial poverty rate.

k = is the decay constant (indicate the rate of poverty reduction).

e = is the base of the natural logarithm of poverty rate for year t .

Poverty in Karnataka: A Decade-wise Analysis

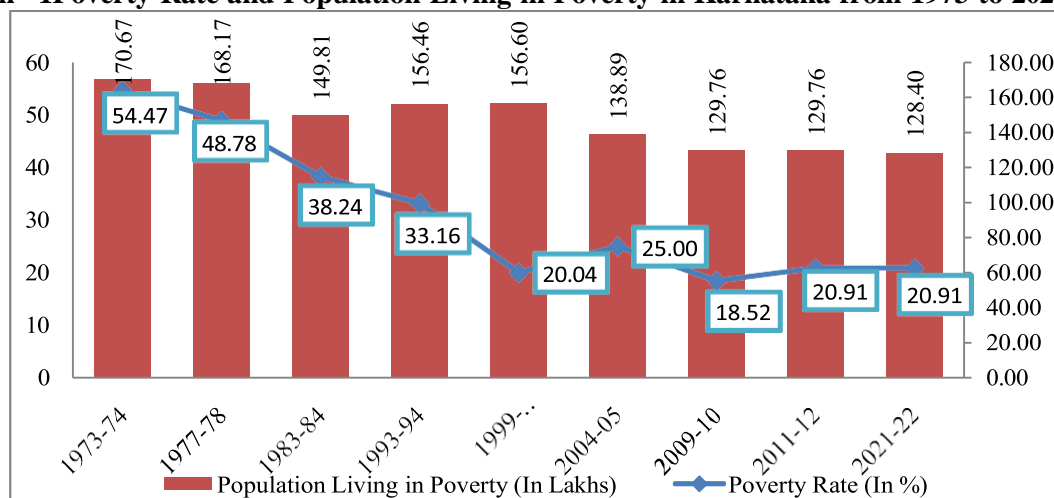
Poverty remains one of the most pressing socio-economic challenges in India. Karnataka, despite its relatively strong economic performance, has witnessed regional and demographic disparities in income distribution. In response, both the Government of India and the Government of Karnataka have introduced a range of welfare programmes targeting employment, housing, education, food security, and financial inclusion.Karnataka has witnessed a significant reduction in poverty over the past few decades, reflecting the state's economic growth and development initiatives.

During the 1980s, poverty declined modestly to around 38.24% by 1983-84, as rural employment programmes began to emerge. By the 1990s, further economic reforms and poverty alleviation programs reduced the headcount to about 33.16% in 1993-94. During the 1980s, poverty declined modestly to around 38.24% by 1983-84, as rural employment programs began to emerge. By the 1990s, further economic reforms and poverty alleviation programs reduced the headcount to about 33.16% in 1993-94. In the 2000s, poverty fell sharply. By 2004-05, Karnataka's poverty rate dropped to 25%, and by 2011-12, it further declined to 20.91% (Tendulkar Committee), with about 129.76 lakhs people living in poverty.In the 2020s, the Multidimensional Poverty Index (MPI) shows a dramatic decline to 5.67% from 2019-20 to 2020-21. This suggests fewer than 128.40 lakhs people now face multidimensional poverty involving health, education, and living standards.

Table –1Poverty Rate and Population Living in Poverty in Karnataka from 1973 to 2021

Year	Poverty Rate (In %)	Population Living in Poverty (In Lakhs)	Estimates Committees/ Poverty Indicators
1973-74	54.47	170.67	Lakdawal and Planning Commission
1977-78	48.78	168.17	Lakdawala
1983-84	38.24	149.81	Lakdawala
1993-94	33.16	156.46	Lakdawala
1999-2000	20.04	156.60	Lakdawala
2004-05	25.00	138.89	Lakdawala/ Tendulkar
2009-10	18.52	129.76	Tendulkar
2011-12	20.91	129.76	Tendulkar
2021-22	20.91	128.40	Multidimensional Poverty Index

Source: Various Annual Reports of Planning Commission -

Graph –1Poverty Rate and Population Living in Poverty in Karnataka from 1973 to 2021

The data in the table and graph illustrate the trends in poverty and the population living in poverty in Karnataka from 1973 to 2021. In 1973, the poverty rate was 54.47%, with approximately 170.67 lakh people living below the poverty line. By 1983, this number had decreased to around 149.81 lakh people, alongside a decline in the poverty rate to 38.24%. By 2011, the poverty rate had dropped significantly to 20.91%, with about 129.76 lakh individuals living in poverty. This downward trend continued, and by 2021, the poverty rate remained at 20.91%, with the population below the poverty line further decreasing slightly too approximately 128.40 lakh people.

Major Poverty Alleviation Programmes in Karnataka

This study focuses on the poverty alleviation policies and programmes undertaken by the Karnataka government, focusing on their role in reducing poverty, welfare schemes, structural reforms, and promoting social equity, gender empowerment, and broader human development, as well as income and employment opportunities among economically disadvantaged populations in both rural and urban areas. These efforts have significantly reduced poverty over the past few decades, although regional and social disparities persist. So, Karnataka has maintained a sustained focus on poverty reduction through the implementation of

various government policies/ initiatives and welfare schemes. Over the past decade, Karnataka has also experienced strong economic growth, which has likely played a role in further reducing poverty levels. None the less, the Kalyana-Karnataka region comprising the districts namely- Yadgir, Raichur, Kalaburagi, and Koppal continues to be a priority area for targeted poverty alleviation efforts due to its persistent developmental challenges.

The Governments of India and Karnataka have implemented various poverty alleviation programmes in the state, targeting both rural and urban poor. These include: Indira Awas Yojana / Pradhan Mantri Awas Yojana (Gramin), Swarna Jayanti Gram Swarozgar Yojana (SGSY), Karnataka Minorities Development Corporation (KMDC), Rural Ashraya / Basava Vasathi Yojane (BVY), Anna Bhagya Scheme (ABS), Stree Shakti Programme (SSP), the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), Deen Dayal Antyodaya Yojana – National Urban Livelihoods Mission (DAY-NULM), Rajiv Gandhi Rural Housing Corporation Limited (RGRHCL), Dr. B.R. Ambedkar Nivasa Yojane, and the Devaraj Urs Housing Scheme have briefly discussed in this part.

Indira Awas Yojana/ Pradhana Mantri Awas Yojane (Gramin): The Indira Awaas Yojana (IAY), launched in 1989–90, was renamed as the Pradhan Mantri Awas Yojana–Gramin (PMAY-G) in 2016. It is a centrally sponsored scheme aimed at providing housing for rural households living below the poverty line. PMAY-G seeks to address the rural housing shortage and bridge the housing deficit in rural India, contributing significantly to the national mission of “Housing for All.” In Karnataka, under this scheme, approximately 60% of the housing targets are allocated to Scheduled Castes (SCs) and Scheduled Tribes (STs), 15% to minority communities, and the remaining 25% to households from the general category. The subsidy per house is fixed at ₹1.20 lakh, with ₹72,000 contributed by the central government and ₹48,000 by the state

government. Additionally, the State Government provides an extra subsidy of ₹30,000 for SC/ST beneficiaries. Out of a target of 1.27 lakh houses, 82,354 were constructed over the three-year period ending in 2020–21. In 2021, 7,277 houses were completed against a target of 20,000.

The Swarna Jayanti Gram Swarozgar Yojana (SGSY):

The SGSY was implemented in 1999 to assist rural poor families in India, including those in Karnataka, to undertake self-employment ventures. The scheme has since been restructured and renamed as the National Rural Livelihood Mission (NRLM). NRLM is a major rural development programme focused on poverty reduction through the promotion of sustainable self-employment and the creation of strong institutional platforms for the rural poor. In Karnataka, the scheme was implemented to organize the rural poor into Self-Help Groups (SHGs), provide them with training, credit, technology, infrastructure, and marketing support to help them establish income-generating ventures. The scheme aimed to bring assisted families above the poverty line by ensuring a sustainable increase in their income.

Karnataka Minorities Development Corporation (KMDC): KMDC functions as a targeted poverty alleviation agency for religious minorities in Karnataka, addressing structural inequalities through focused welfare and empowerment schemes. It was established to improve the socio-economic conditions of religious minorities who are below the poverty line or economically weaker. According to the 2011 Census, the population of religious minorities in Karnataka is about 96, 00,475, constituting 15.92% of the state’s total population, as reported by the KMDC. It provides financial assistance, subsidized loans, and skill development support to help beneficiaries become self-reliant. This focuses on targeted groups like marginalized religious communities - Muslims, Christians, Buddhists, Jains, Sikhs, and Parsis. KMDC has been extending loan facilities to the poorest of

the poor among minorities so as to enable them to become self-reliant and also to provide social justice, infrastructure, education, and employment. The following are the key schemes implemented by the KMDC - 'Arivu' (Education Loan) Scheme, Ganga Kalyana Scheme, 'Shramashakthi' Loan Scheme, Micro Loan with Subsidy Scheme, Micro Loan (Individual) 2020 (Covid-19) for Women, and Taxi/Goods Vehicle/Auto Rickshaw Purchase Subsidy Scheme.

Rural Ashraya/Basava Vasathi Yojane (BVY): A scheme to provide houses for rural houseless poor was launched in the year 1991-92. People having annual income of ₹32,000 were selected by the Ashraya committee headed by the Local MLA. The Rural Ashraya scheme was renamed as Basava Vasathi Yojana (BVY) in 2010-11 and the house unit cost was fixed at Rs.1.50 lakh from 2013-14. BVY aimed at providing affordable housing to Economically Weaker Sections (EWS), including those below the poverty line and from SC/ST/OBC communities. During the financial year 2020-21, the Government of Karnataka sanctioned a budget of ₹2,500 crore for the construction of two lakh houses across the state (Economic Survey of Karnataka, 2024).

Anna Bhagya Scheme (ABS): Karnataka enhances the central PDS framework through its ABS, which was launched in 2013. The ABS part of the state's PDS provides free rice to eligible families below the poverty line in Karnataka. Initially, the scheme aimed to distribute 10 kg of rice per person per month due to procurement challenges. The government is currently providing cash equivalent to the cost of 5 kg of rice, while continuing to supply the remaining 5 kg in kind. An amount of Rs.10265.00 crore is provided to implement this new initiative. As of mid-2025, the Anna Bhagya scheme in Karnataka currently covers an estimated 4.2 to 4.4 crore beneficiaries, primarily low-income households holding BPL or Antyodaya ration cards (Economic Survey of Karnataka 2025).

Stree Shakthi Programme (SSP): The SSP was introduced in the year 2000-01, is implemented across Karnataka to empower women through the formation and support of Self-Help Groups (SHGs). Each group consists of approximately 15 to 20 women, primarily from below the poverty line, landless households, agricultural labourers, and a significant proportion from SCs/STs women. A budget allocation of ₹667.00 lakh was earmarked for strengthening of SHGs, out of which an expenditure of ₹73.25 lakh was incurred in 2021. There are 1.65 lakh SHGs comprising 25.85 lakh women members as of 2021. Since programme, these groups have mobilized ₹12,638.59 crore. Bank loans have been availed by 1,47,006 groups, amounting to ₹10,042.53 crore, and internal lending within the groups has reached ₹7,876.37 crore. These funds have been utilized to undertake various income-generating activities, contributing to women's economic empowerment and rural development.

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA): It was enacted 2005, is a major welfare scheme of the central government aimed at enhancing the livelihood security of rural households by guaranteeing 100 days of wage employment per year. In Karnataka, MGNREGA plays a significant role in alleviating rural poverty, income and employment generation, women's empowerment, improving infrastructure, improved living standards and promoting inclusive development. In 2020-21, over 65 lakh person-days were generated per month during the peak of the COVID-19 crisis. Under the MGNREGS in 2025, a total of 81.82 lakh job cards have been issued, of which 41.36 lakh are currently active. The scheme has registered a total of 185.47 lakh workers, with 75.29 lakh categorized as active workers in Karnataka.

Deen Dayal Antyodaya Yojana – National Urban Livelihoods Mission (DAY-NULM): The Swarna Jayanti Shahari Rozgar Yojana (SJSRY) was renamed as the Deen Dayal

Antyodaya Yojana - National Urban Livelihoods Mission (NULM) in 2013. This centrally sponsored scheme was started with the aim of reducing urban poverty by promoting sustainable livelihoods through skill development, self-employment, and community empowerment. The scheme comprises several key components, including social mobilisation and institution development, the self-employment programme, support to urban street vendors, and the scheme of shelter for urban homeless. This scheme initially sanctioned by the Central Government, then it was implemented across 277 Urban Local Bodies (ULBs). As per the Ministry of Housing and Urban Poverty Alleviation, Government of India, the DAY-NULM is currently being implemented in 311 cities. In Karnataka, the programme covers 11 City Corporations, 61 Community-Managed Credit Systems (CMCs), 124 Town Municipal Councils (TMCs), and 115 Town Panchayats (TPs).

Rajiv Gandhi Rural Housing Corporation Limited (RGRHCL): In 2000, the Rajiv Gandhi Housing Corporation was established with the motive of “to provide housing for socially and economically weaker sections of the society through effective implementation of central and state housing schemes”. The initiative aimed at (i) providing affordable houses to the economically weaker sections across the state, and (ii) to improving cost-effective building technologies through strengthening Nirmithi Kendras and forming new Kendras.

Dr. B.R. Ambedkar Nivasa Yojane: This is a housing scheme launched by the Government of Karnataka, implemented under the Karnataka Housing Board and the Rajiv

Gandhi Housing Corporation Limited (RGRHCL). It was started in the year 2015–16 with aim to provide housing for houseless individuals belonging to SC/ST in both rural and urban areas of the state. Under the scheme, the government sanctioned a total of 1, 50,000 houses, of which 1, 00,000 were allocated for rural areas and 50,000 for urban areas. The scheme offers financial assistance in the form of subsidies of ₹1.50 lakh per beneficiary in rural areas and ₹1.80 lakh in urban areas, aimed at facilitating the construction of new homes for eligible SC/ST families.

Devaraj Urs Housing Scheme: The Devaraj Urs Housing Scheme was launched by the Government of Karnataka in 2014–15 with the objective of providing housing assistance to socially and economically vulnerable sections of society. The scheme specifically targets special categories, including physically challenged individuals, persons cured of leprosy, HIV-affected families, Devadasis, widows, and transgender persons. Beneficiaries are selected by a district-level committee headed by the Deputy Commissioner. Under the scheme, the unit cost per house is ₹1.20 lakh for beneficiaries from the general category and ₹1.50 lakh for those belonging to Scheduled Castes (SCs) and Scheduled Tribes (STs). Over the three-year period ending in 2020–21, approximately 12,461 houses were constructed against a target of 18,000.

Testing Hypothesis

H0: The poverty rate in Karnataka has not significant decline over the past few years.

H1: The poverty rate in Karnataka has significant decline over the past few years.

Table – 2 Growth of Poverty Rate in Karnataka

Model Summary and Parameter Estimates							
Dependent Variables: Poverty Rate							
Equation	Model Summary					Parameter Estimates	
	R Square	F	df1	df2	Sig.	Constant	b1
Exponential	.819	31.781	1	7	.001	56.589	-.135

The above table-2 shows that the result of the exponential growth model applied to the poverty rate in Karnataka from 1973 to 2021. As per results, the poverty rate has negatively grown on an average by 13.5% per annually in the study period, which is statistically significant at the 1% level. Furthermore, the model's goodness-of-fit (R^2) value of 81.9%. Therefore, this result implies that the poverty rate has significantly decline over the past few years.

Findings for the Study

- Karnataka has reduced its poverty rate from over 54.47% in 1973, when approximately 170.67 lakh people were living in poverty, to around 20.91% in 2022, with about 128.40 lakh people remaining below the poverty line.
- Under the PMAY-G scheme, approximately 60% of the housing targets are allocated to SCs and STs, 15% to minority communities, and the remaining 25% to households from the general category. In 2020-21, out of a target of 1.27 lakh houses, 82,354 were constructed over the three-year period ending. In 2021, 7,277 houses were completed against a target of 20,000.
- Under the BVY, the Government of Karnataka sanctioned a budget of ₹2,500 crore for the construction of two lakh houses across the state during the financial year 2020-21.
- Under the SSP, a budget allocation of ₹667.00 lakh was earmarked for strengthening of SHGs, out of which an expenditure of ₹73.25 lakh was incurred in 2021. There are 1.65 lakh SHGs comprising 25.85 lakh women members as of 2021. Since programme, these groups have mobilized ₹12,638.59 crore.
- Under the ABS, as of mid-2025, Karnataka currently covers an estimated 4.2 to 4.4 crore beneficiaries, primarily comprising low-income households holding Below Poverty Line (BPL) or Antyodaya Anna Yojana (AAY) ration cards.
- Under the MGNREGA, over 65 lakh person-days were generated per month during the peak of the COVID-19 crisis in 2020-21. Under the scheme, a total of 81.82 lakh job cards have been issued, of which 41.36 lakh are currently active. The scheme has registered a total of 185.47 lakh workers, with 75.29 lakh categorized as active workers in Karnataka in 2025.
- Under the Devaraj Urs Housing Scheme, the unit cost per house is ₹1.20 lakh for beneficiaries from the general category and ₹1.50 lakh for those belonging to Scheduled Castes (SCs) and Scheduled Tribes (STs). During 2020-21, approximately 12,461 houses were constructed against a target of 18,000.
- DAY-NULM is currently being implemented in 311 cities. In Karnataka, this programme covers 11 City Corporations, 61 CMCs, 124 TMCs, and 115 TPs.
- Under the Dr. B.R. Ambedkar Nivasa Yojane, the government sanctioned a total of 1, 50,000 houses, of which 1, 00,000 were allocated for rural areas and 50,000 for urban areas. The scheme offers financial assistance in the form of subsidies of ₹1.50 lakh per beneficiary in rural areas and ₹1.80 lakh in urban areas.

Conclusion

The study concluded that the Karnataka Government, in coordination with central government schemes, has made significant strides in addressing poverty through a range of targeted welfare and development programmes. As per study results, initiatives such as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), Pradhan Mantri Awas Yojana (Gramin), Anna Bhagya Scheme, and the National Rural Livelihood Mission (NRLM) have contributed to improving income security, food access, housing, and employment opportunities among the rural and urban poor. State-specific programmes such as the Stree Shakti Programme, Devaraj Urs Housing Scheme, and support provided through the Karnataka Minorities Development Corporation (KMDC)

have further enhanced social inclusion and economic empowerment for marginalized groups including women, religious minorities, SC/ST communities, and persons with disabilities.

These major programmes have helped reduce Karnataka's poverty rate significantly over the past years (Karnataka has reduced its poverty rate from over 54.47% in 1973, when approximately 170.67 lakh people were living in poverty, to around 20.91% in 2022, with about 128.40 lakh people remaining below the poverty line). While structural challenges such as unemployment, unequal access to resources, and delayed fund utilization persist, the cumulative impact of these programmes reflects improved living standards, increased financial inclusion, and a gradual narrowing of socio-economic disparities. Continued focus on implementation efficiency, targeted delivery, and monitoring will be key to sustaining progress. Overall, Karnataka's integrated policy approach demonstrates a positive trajectory in poverty alleviation and inclusive development.

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