

# **An Overview Of Karnataka Economy**

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## **Abstract**

*Karnataka is leading state in India as far as economic growth is concerned.With GSDP of Rs.22.41 lakh crores it is the third largest economy only after Maharashtra and TamilNadu.The per capita income of the state has also increased immensely in the last five years.Karnataka state which was once predominantly agrarian economy has now turned into a service sector oriented economy.In this context this paper makes an attempt to give an overview of the growth of Karnataka economy at present situation.The growth of state 's GSDP,its composition and Percapita income yardsticks have been chosen to give the immediate picture of the state 's economic growth.*

**Keywords:***Gross State Domestic Product,Composition ,Percapita income,Economic Growth*

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## **I. Introduction**

Karnataka is a leading state of India. With the geographical area of 1,91,791 sq. kms.Karnataka forms 6 th largest state in the country accounting for 5.83 per cent of the total geographical area. With population of 6,10,95,297(2011 census) stands at 8 th place and accounts for 5.05 per cent of country 's population in 2011. In recent years Karnataka has emerged as the power house of economic activities with GSDP of Rs.22.41 lakh crores (2022-23) Karnataka accounted for 8.2 % of Gross National Income of the country in 2022-23 and stands as the 3 rd largest economy in the country after Maharashtra and TamilNadu . With Per Capita State Income of Rs.3,01,633(at current prices) Karnataka stands at 5 th place in the country as per as Percapita income is concerned. Agriculture,industry and service sectors are contributing immensely to the growth of Karnataka economy as a result ,the GSDP growth of Karnataka in 2022-23(7.9%) is higher than that of India (7%).In nutshell Karnataka has emerged as the leading economic power house of India in the post-liberalisation period.In this context present study aims at giving an overview of emerging economy of Karnataka state in nutshell.

## **Objectives of the study**

The main objectives of the study are as follows

- 1.To study the growth of State GSDP over the years.
- 2.To understand the sectoral share of GSDP of Karnataka.
- 3.To examine the growth of Per-capita income of the state.

## **II. Methodology and Data Source**

The study is based on secondary data collected from various issues of *Economic Survey of Karnataka*. The Time period considered is from 2011-12 to 2022-23. Simple statistical tools like averages, percentages and growth rates are used.

## **III. An Overview of Karnataka Economy**

### **a) Growth of Gross State Domestic Product**

Gross State Domestic Product (GSDP) is the most important indicator in not only measuring economic growth but, also an important indicator which gives an overall picture of the state of the economy.The State Domestic Product is defined as the "aggregate of the economic value of all goods and services produced within the geographical boundaries of the state, counted without duplication, for a specified period of time" by convention: a financial year. The growth of GSDP and GDP at current and constant prices is presented in table no 1 and 2 to get fair judgement about the growth of the state's economy. Further, growth of GSDP of Karnataka vis-à-vis GDP growth of India is given in the following tables to present state's performance compared to the growth of national economy. Growth rate of GSDP and GDP at current and constant prices is given to get true picture of growth of state's economy.

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**Table 1: Annual Growth of GSDP and GDP at Current Prices**

Year	GSDP (Rs. crore)	Growth Rate of GSDP (%)	GDP (Rs. crore)	Growth Rate of GDP (%)	Difference in Growth Rates
2011-12	6,06,010	-	87,36,329	-	-
2012-13	6,95,413	14.8	99,44,013	13.8	1.0
2013-14	8,16,666	17.4	1,12,33,522	13	4.4
2014-15	9,13,923	11.9	1,24,67,959	11	0.9
2015-16	10,45,168	14.4	1,37,71,875	10.5	3.9
2016-17	12,07,608	15.5	1,53,91,668	11.8	3.7
2017-18	13,33,240	10.4	1,70,90,042	11	-0.6
2018-19	14,79,391	11	1,88,99,668	10.6	0.4
2019-20	16,11,134	8.9	2,00,74,855	6.2	2.7
2020-21	16,25,073	0.9	1,98,00,914	-1.4	2.3
2021-22	19,62,725	20.8	2,36,64,638	19.5	1.3
2022-23	22,41,368	14.2	2,73,07,751	15.4	-1.2

Source: Economic Survey of Karnataka -2022-23

**Table 2: Annual Growth of GSDP and GDP at Constant (2011-12) Prices**

Year	GSDP (Rs. crore)	Growth Rate of GSDP (%)	GDP (Rs. crore)	Growth Rate of GDP (%)	Difference in Growth Rates
2011-12	6,06,010	-	87,36,329	-	-
2012-13	6,43,033	6.1	92,13,017	5.5	0.6
2013-14	7,04,466	9.6	98,01,370	6.4	3.2
2014-15	7,48,429	6.2	1,05,27,674	7.4	-1.2
2015-16	8,31,330	11.1	1,13,69,494	8	3.1
2016-17	9,41,774	13.3	1,23,08,193	8.3	5.0
2017-18	10,19,708	8.3	1,31,44,583	6.8	1.5
2018-19	10,85,101	6.4	1,39,92,915	6.5	-0.1
2019-20	11,48,806	5.9	1,45,15,958	3.7	2.2

Source: Economic Survey of Karnataka -2022-23

From the above tables it can be clearly seen that except 2017-18 and 2022-23 Karnataka's growth rate of GSDP at current prices has always been higher than all India growth rate. While at constant prices, State's growth rate is higher than all India except 2014-15 and 2018-19. Thus, it can be discerned that as to the name itself Karnataka is a powerhouse of economic growth in India by propelling national economy significant

#### b) Sectoral Composition of Gross State Domestic Product

By sectoral composition it is meant that generation of GSDP by different activities in the economy. The analysis of composition of state GSDP gives us the idea about the changes in the economic structure of the state economy. Composition of GSDP of Karnataka is presented in table-3 and 4.

**Table-3: Composition of GSDP by industry (at current prices)**

Industry	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23(BE)
Primary	10.98	12.51	11.39	12.42	15.18	15.36	15.07
Secondary	24.78	24.15	24.16	21.38	20.82	21.47	20.88
Tertiary	64.22	63.33	64.44	66.19	63.99	63.16	64.03

Source: Calculated by the author based on data Economic Survey of Karnataka-2022-23

**Table-3: Composition GSDP by industry (at constant prices-2011-12)**

Industry	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23(BE)
Primary	8.81	10.10	9.14	10.12	12.04	11.89	11.64
Secondary	28.69	27.69	27.74	25.13	25.08	25.12	24.50
Tertiary	62.49	62.20	63.10	64.74	62.86	62.98	63.85

Source: Calculated by the author based on data Economic Survey of Karnataka-2022-23

From the above table it is clear that composition of state income both at current prices and constant prices has undergone sea changes since liberalization. The contribution of primary sector which includes agriculture, allied activities and mining in 2016-17 was around 10%.The contribution of Agriculture sector to the overall GSDP saw a marginal decrease from 15.36% to 15.08% in 2022-23 against 2021-22. Industry sector saw a marginal decrease from 21.48% to 20.88% in 2022-23 against 2021-22. The services sector, a largest component of GSDP saw a marginal increase from 63.16% in 2021-22 to 64.04% in 2022-23.

### c)Growth of Per capita income

Per capita income of a state is estimated by dividing NSDP by population. Per Capita State Income (i.e., per capita NSDP) throws light on the economic conditions of the people in the state. Growth of per capita income of Karnataka is presented in table-5

**Table-5: Growth of per capita income of Karnataka (at current prices)**

Year	Per Capita Income (Rs.)	CAGR (%)
1960-61	296	-
1970-71	641	8.0
1980-81	1,520	9.0
1990-91	4,598	11.7
2000-01	18,344	14.8
2010-11	62,251	13.0
2020-21	2,21,310	13.5
2021-22	2,65,623	20.0
2022-23 (A.E.)	3,01,673	13.6

Source: Economic Survey of Karnataka -2022-23

From the above table it is clear that over the years Karnataka has witnessed continuous growth in per capita income. The per capita income of Karnataka at current prices in 2022-23 is estimated to be Rs.3,01,673 which is higher than the per capita income of India Rs.1,70,620.73.Karnataka ranks 4<sup>th</sup> in the country in terms of per capita income

## IV. Conclusion

The overview of Karnataka economy reveals that Karnataka is well on its path to economic growth and development. The growth of GSDP of Karnataka is fairly higher than the growth rate of GDP of India. Further, the composition of state GSDP shows that share of agriculture in the state's income has declined considerable and in 2022-23 it is hovering around 15 %.The rapid increase in the share of tertiary sector has helped the state to achieve rapid economic growth in recent years. The rapid growth of GSDP has resulted in the higher per capita income of state. Today Karnataka is in 4<sup>th</sup> position as far as per capita income is considered. Thus, there is nothing wrong in attributing Karnataka as the economic power house of India ,as state is contributing significantly to the economic progress of the country.However,declining share of agriculture the state income is a matter of concern as 55 to 60% of state's population still resides in rural areas only. Growth of agriculture sector is essential to improve the conditions of rural people and alleviate poverty. The stagnancy of secondary sector at more or less at 20% of GSDP is matter of concern. Karnataka is a early state to initiate industrialisation in the country at the beginning of 20 th century. Rapid growth of service sector is a matter of joy as it is the key driver of economic growth of Karnataka. Policy makers have to concentrate more to boost tertiary sector however no at the cost of industrial or agriculture sectors

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