



Research Article

## Impact of Guarantee Schemes on The Socio-Economic Status of Beneficiaries in Karnataka: A Political Analysis

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### Abstract

The Government of Karnataka has implemented several guarantee schemes, including Anna Bhagya, Shakti Yojana, Gruha Jyothi, and Yuva Nidhi, to improve the socio-economic conditions of beneficiaries by providing food security, free transport for women, subsidised electricity, and financial support to unemployed youth. These schemes mainly target Below Poverty Line (BPL) households, women, unemployed graduates, and economically weaker sections in both rural and urban areas. This study examines the socio-economic and political impact of these schemes in Karnataka. It analyses changes in household expenditure, access to basic services, and overall living standards, along with issues of implementation and fiscal sustainability. From a political perspective, these schemes reflect welfare-oriented governance and increasing competitive populism in the state. While they have improved public welfare, concerns exist regarding long-term financial burden on the state economy.

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**KEYWORDS:** Gruha Jyothi, Gruha Lakshmi, Anna Bhagya, Yuva Nidhi, Shakti and Socio-economic Impact.

## INTRODUCTION

Guarantee schemes introduced by the Government of Karnataka have emerged as significant welfare measures aimed at improving the socio-economic status of citizens, particularly economically weaker sections of society. Major schemes such as Anna Bhagya, Shakti Yojana, Gruha Jyothi, and Yuva Nidhi were implemented to provide food security, free transportation, electricity subsidies, and unemployment assistance. These schemes mainly target women, unemployed youth, Below Poverty Line (BPL) families, and low-income households across both urban and rural areas of Karnataka. From a socio-economic perspective, the schemes have contributed to reducing household expenses, improving mobility, strengthening food security, and providing temporary financial support to unemployed youth. Shakti Yojana has enhanced women's access to education, employment, and public spaces through free bus travel, while Anna Bhagya has improved food availability among poor households. Gruha Jyothi has reduced the burden of electricity bills, and Yuva Nidhi has offered financial assistance to unemployed graduates and diploma holders.

From a political perspective, these guarantee schemes have become an important instrument of welfare politics and electoral strategy in Karnataka. The schemes reflect the growing trend of competitive welfare policies in Indian politics, where political parties use social welfare programmes to gain public support and strengthen voter confidence. While supporters argue that the schemes promote social justice and inclusive development, critics raise concerns regarding fiscal burden, dependency, and long-term economic sustainability. This study attempts to analyze both the socio-economic and political dimensions of guarantee schemes in Karnataka. It examines their impact on beneficiaries, implementation process, public response, and the broader political implications of welfare-oriented governance in the state.

## 2. OBJECTIVES OF THE STUDY

1. To analyse the objectives, implementation, and benefits of major guarantee schemes in Karnataka.
2. To examine the socio-economic impact of these guarantee schemes on beneficiaries in the state.
3. To evaluate the role of guarantee schemes in shaping the political economy of Karnataka.

## 3. METHODS AND MATERIAL

This study is mainly based on secondary sources. The secondary data were collected from Government reports such as Economic Survey of Karnataka (2025), policy documents, fiscal policy institute, official websites, research articles, newspapers, and published journals related to welfare schemes in Karnataka.

### Overview of the Guarantee Schemes in Karnataka

**1. Gruha Jyothi Scheme:** The main objective of this scheme is to provide free electricity to households. It was implemented by Karnataka Power Transmission Corporation Limited (KPTCL) along with the four state electricity supply companies

(ESCOMs). Under the scheme, every domestic household consuming up to 200 units of electricity per month receives a complete waiver of the electricity bill amount. Households consuming between 200 and 400 units are provided with a partial subsidy on the first 200 units of electricity consumed. The scheme benefits approximately 1.66 crore domestic electricity consumers in Karnataka, including both urban and rural households that fall below the 200-unit consumption threshold. The annual estimated cost of the scheme is around Rs. 13,500–15,000 crore.

**2. Gruha Lakshmi Scheme:** This scheme as known as Cash Transfer to women and it was implemented by the Department of Women and Child Development, Government of Karnataka. Under this scheme, a monthly direct benefit transfer (DBT) of Rs.2,000 to the woman designated as 'head of household' (Gruha Lakshmi) in each Below Poverty Line (BPL) and eligible household. Payments are made directly into the Aadhaar-linked bank accounts of beneficiary women. This scheme covered 1.15–1.2 crore women beneficiaries with annual estimated cost of Rs.27,500–28,800 crore.

**3. Anna Bhagya Scheme:** The Anna Bhagya Scheme, implemented by the Department of Food and Civil Supplies, Government of Karnataka, provides 10 kg of free rice per person per month to Below Poverty Line (BPL) ration card holders, including the 5 kg allocated under the National Food Security Act (NFSA). The scheme benefits around 4.5 crore individuals and aims to strengthen food security among poor households. The annual estimated expenditure of the scheme is approximately Rs. 10,000–11,000 crore. Due to difficulties in procuring rice from the Central Government, the Karnataka Government temporarily provided cash assistance of ₹170 per person per month.

**4. Yuva Nidhi Scheme - Youth Unemployment Allowance:** The Yuva Nidhi Scheme provides financial assistance to unemployed youth in Karnataka. It is implemented by the Department of Skill Development, Entrepreneurship, and Livelihood, Government of Karnataka. Under the scheme, unemployed graduates receive a monthly allowance of Rs.3,000, while unemployed diploma holders receive Rs.1,500 per month for a maximum period of two years while seeking employment. The scheme is applicable to candidates who passed out in 2023 or later and are neither employed nor self-employed. The scheme is estimated to benefit around 16–20 lakh unemployed youth annually, with an annual estimated expenditure of approximately Rs.1,500–2,000 crore.

**5. Shakti Yojana – Free Bus Travel for Women:** The Shakti Yojana provides free bus travel for women on buses operated by the Karnataka State Road Transport Corporation (KSRTC) and allied state transport undertakings, including NWKRTC, NEKRTC, and BMTC. The scheme is available to all women irrespective of income and benefits around 35–45 lakh women daily across Karnataka. It is implemented by KSRTC and allied transport corporations, with an annual estimated cost of

approximately Rs.3,500–4,500 crore, partially compensated through state government grants.

## RESULTS AND DISCUSSION

### Impact of Guarantee Schemes on the Socio-Economic Status of Beneficiaries in Karnataka

#### 1. Household Consumption and Poverty Alleviation:

Karnataka's guarantee schemes have significantly increased household consumption among low-income and BPL families by reducing essential monthly expenses through free electricity, cash transfers, free rice, and free bus travel for women. For a BPL woman-headed household, estimated monthly savings include Rs.500–1,500 from electricity, Rs.2,000 from Gruha Lakshmi, Rs.400–600 from free rice, and Rs.500–2,000 from free bus travel. Total savings range from Rs.3,400 to Rs.6,100 per month, increasing disposable income for households earning Rs.8,000–15,000 and contributing to a 25–40% income gain.

#### 2. Women's Empowerment and Financial Inclusion:

The Gruha Lakshmi and Shakti schemes have significantly improved women's economic status and social empowerment in Karnataka. **1) Financial Inclusion:** Gruha Lakshmi required Aadhaar-linked bank accounts, leading to the opening of over 25 lakh new women's bank accounts in Karnataka. This expanded access to formal banking and strengthened financial inclusion among rural women. **2) Intra-household empowerment:** Studies from districts such as Raichur, Kalaburagi, and Mysuru show that direct cash transfers of Rs.2,000 increased women's decision-making power in household matters, including education, healthcare, and daily expenses, enhancing financial independence. **3) Mobility and participation (Shakti Scheme):** Free bus travel increased women's mobility and access to work, education, healthcare, and markets. Bus ridership rose by 25–35% after implementation. Improved mobility also contributed to higher female workforce participation, reduced travel costs for petty trade and agricultural work, and better access to medical services, especially in rural and peri-urban areas.

#### 3. Food Security and Nutrition:

The Anna Bhagya scheme aims to improve food security by doubling the food grain entitlement of BPL households in Karnataka, addressing persistent issues of food insecurity, malnutrition, and anaemia, especially in North Karnataka and the Hyderabad-Karnataka region. **1) Grain entitlement:** The combined provision of 10 kg under Anna Bhagya and 5 kg under NFSA (15 kg per person per month) largely meets the monthly rice requirement of an adult, improving household food availability and reducing dependency on market purchases. **2) Nutritional Impact:** Where rice distribution was implemented effectively, households reported improved dietary intake and food security. However, in areas receiving cash assistance, improvements in nutrition were less consistent, especially in remote rural regions.

**4 Youth Employment and Skill Development:** The Yuva Nidhi Scheme is among the most debated welfare guarantee schemes in Karnataka from an economic policy perspective. The scheme provides temporary financial assistance to educated unemployed youth, particularly first-generation graduates from socially and economically disadvantaged backgrounds, during their job search period, while also intending to promote participation in skill development programs. Its primary objective is to offer short-term income support to graduates and diploma holders for meeting basic living expenses. By 2024, enrolment was estimated at 8–10 lakh beneficiaries against a projected target of 16–20 lakh. The scheme has generated policy debate, with critics arguing that it may foster dependency on government assistance, whereas supporters contend that the limited and time-bound benefit reduces such risks while providing necessary support during unemployment. Furthermore, the linkage between the scheme and skill development initiatives remains weak, as a significant proportion of beneficiaries are not integrated into training programs, thereby limiting its potential contribution to employability and human capital development.

### Impact of Guarantee Schemes on Political Economy in Karnataka

The political economy of guarantee schemes in Karnataka reflects the interaction between welfare policies, electoral politics, and socio-economic development. The state government introduced major guarantee schemes to address unemployment, poverty, food security, women's empowerment, and rising living costs. These programs are designed not only as social welfare interventions but also as instruments of political mobilization and redistribution. Politically, guarantee schemes have become central to electoral strategies and public policy debates in Karnataka. They illustrate how welfare measures are increasingly used to build voter support, address social inequalities, and shape governance priorities within a democratic framework.

### Role of Guarantee Schemes in the Political Economy in Karnataka

**1. Welfare and Electoral Politics:** Guarantee schemes are used as both welfare measures and electoral strategies to gain public support and strengthen political legitimacy.

**2. Income Redistribution:** The schemes aim to redistribute resources toward economically weaker sections through direct financial assistance and subsidies.

**3. Social Protection:** Programs such as Yuva Nidhi Scheme and Gruha Lakshmi Scheme provide short-term economic security to vulnerable groups.

**4. Targeted Beneficiaries:** Different schemes focus on specific groups, including unemployed youth, women, low-income households, and marginalized communities.

**5. Economic Impact:** Welfare transfers may increase household consumption and improve access to food, education, and basic services.

**6. Fiscal Burden:** Critics argue that large-scale guarantee schemes may increase pressure on the state budget and affect long-term fiscal sustainability.

**7. Dependency Debate:** Some economists believe continuous welfare assistance may create dependency on government support, while supporters view it as temporary relief during economic hardship.

**8. Employment and Skill Development Issues:** In schemes like Yuva Nidhi Scheme, weak linkage with skill development programs limits long-term employability benefits.

**9. Rural and Urban Inequality:** Implementation challenges such as lack of awareness, documentation barriers, and digital access gaps affect rural participation.

**10. Political Economy Perspective:** The guarantee schemes demonstrate how public welfare policies influence governance, voting behaviour, and state-society relations in Karnataka.

### Summary and Conclusion

The guarantee schemes introduced in Karnataka represent an important model of welfare-oriented governance aimed at addressing unemployment, poverty, food insecurity, and social inequality. Schemes such as Yuva Nidhi Scheme, Gruha Lakshmi Scheme, and Anna Bhagya Scheme provide financial assistance and social support to vulnerable sections of society. These initiatives have contributed to short-term income security, increased household consumption, and greater political engagement among beneficiaries. However, issues such as fiscal burden, implementation challenges, low awareness, and weak integration with employment and skill development programs continue to limit their long-term effectiveness.

In conclusion, the political economy of guarantee schemes in Karnataka highlights the growing role of welfare policies in shaping governance and electoral politics. While these schemes play a significant role in supporting economically weaker groups and reducing immediate financial distress, their long-term success depends on effective implementation, fiscal sustainability, and stronger linkage with employment generation and human capital development. Therefore, guarantee schemes should function not only as welfare measures but also as instruments for inclusive and sustainable socio-economic development.

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