The Report analyses the Government of Karnataka’s financial investment in human development and the outcomes of the state’s fiscal policy decisions for key human development indicators such as life expectancy at birth, female literacy and access to education, infant and maternal mortality rates, and incomes and employment. The Report measures the state’s performance in human development in three core priority areas that most affect the living conditions of the poor and the vulnerable. The HDR 2005 views the theme of spending on human development from two perspectives. First, equity and social justice issues pose the question: How can social sector spending be targeted to ensure a compression of gender, caste, income and regional disparities? Second, focusing good governance, people’s participation and the role of NGOs provides a deeper understanding of the stakeholders whose actions can transform human development into a process that is participatory, democratic and accessible.

The HDR 2005, Karnataka's second Report, has several unique features:

- The country’s first thematic HDR, with a focus on financing human development.
- The first ever computation of the HDI and the GDI for the Scheduled Castes and the Scheduled Tribes.
- Extensive use of survey-based data for the chapters on the status of the Scheduled Castes and the Scheduled Tribes in Karnataka.
- A detailed study of Stree Shakti and Swashakti women’s self-help groups to assess the impact of these programmes on women’s empowerment.
- An emphasis on developmental strategies to ensure better service delivery.
- Use of NHM indicators in the role of NGOs in supplementing state-driven strategies.
- A presentation of alternative models of participatory development.

The Report then goes on to make a series of recommendations to promote an improvement in the HDI and the GDI of the state. Resource mobilisation and effective use of existing resources are analysed extensively.