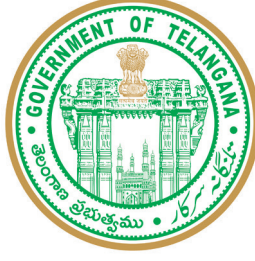




# Telangana's Economic Pulse

• November 2024 •

Directorate of Economics and Statistics  
Planning Department  
Government of Telangana



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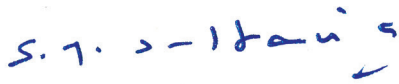
## PREFACE

The Planning Department of the Government of Telangana remains steadfast in its commitment to providing comprehensive and data-driven insights to support effective governance and policy formulation. Building on the positive response to the inaugural edition, we are pleased to present the second edition of Telangana's Economic Pulse.

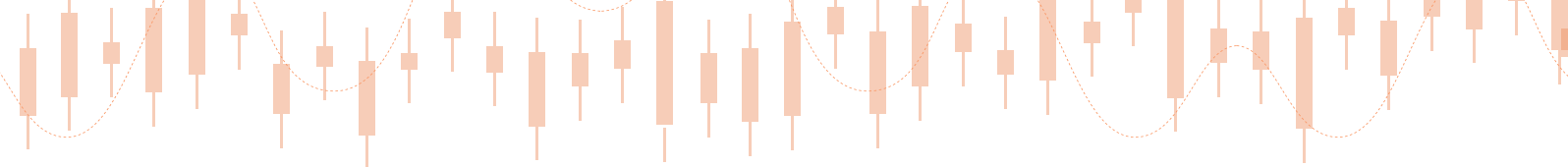
This edition broadens the analytical scope and incorporates updated data on critical areas such as inflation dynamics, fiscal performance, external trade, industrial output, and sectoral developments. New sections delve into emerging issues, including a focused analysis of the housing market, alongside an exploration of the impact of global economic trends on the economy of Telangana. Additionally, the publication offers an in-depth review of employment patterns and other key economic indicators.

We aim to equip decision-makers, researchers, and the public with valuable insights into the state's economic landscape, fostering informed discourse and policy formulation.

We welcome suggestions to further refine and enhance this publication. Correspondence can be sent to [tgecopulse@gmail.com](mailto:tgecopulse@gmail.com) or via post to the Director, Directorate of Economics and Statistics, Gananka Bhavan, Khairatabad, Hyderabad - 500004.

  
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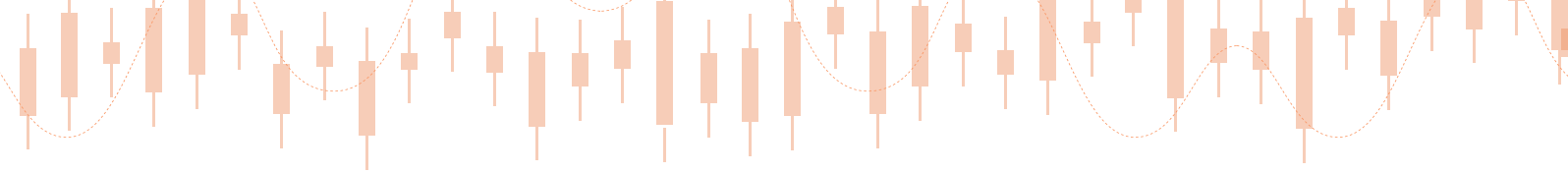




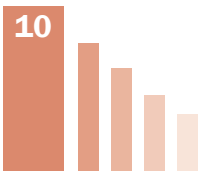


## Abbreviations

Avg	Average
dB	Decibel
Bn	Billion
CFPI	Consumer Food Price Index
CMGR	Compound Monthly Growth Rate
CPI	Consumer Price Index
DEET	Digital Employment Exchange of Telangana
DES	Directorate of Economics and Statistics
DPIIT	Department for Promotion of Industrial and Internal Trade
ECIL	Electronics Corporation of India Limited
EPF	Employees' Provident Fund
EPFO	Employees' Provident Fund Organisation
FDI	Foreign Direct Investment
FRE	First Revised Estimate
FY	Financial Year
GST	Goods and Service Tax
GSVA	Gross State Value Added
HPC	Hyderabad Pharma City
HSI	Housing Sentiment Index
IIP	Index of Industrial Production
IT/ITES	Information Technology / Information Technology Enabled Services
INR	Indian Rupee
IPR	Intellectual Property Rights
kWh	Kilowatts per hour
LFPR	Labour Force Participation Rate
MoSPI	Ministry of Statistics and Programme Implementation
mm	Millimetres
MSME	Micro, Small and Medium Enterprises



MTs	Metric Tonnes
Mn	Million
Mn Tonnes	Million Tonnes
MGNREGA	Mahatma Gandhi National Rural Employment Generation Act
NIC	National Industrial Classification
NIRYAT	National Import Export Record for Yearly Analysis of Trade
NPS	National Pension Scheme
ORR	Outer Ring Road
PE	Provisional Estimate
PLFS	Periodic Labour Force Survey
PPP	Public Private Partnership
Q1 & Q2	First & Second Quarter
R&D	Research and Development
RRR	Regional Ring Road
SC	Scheduled Caste
ST	Scheduled Tribe
STPI	Software Technology Parks of India
T-IDEA	Telangana State Industrial Development and Entrepreneur Advancement
TMC	Thousand Million Cubic feet
T-PRIDE	Telangana State Program for Rapid Incubation of Dalit Entrepreneurs
TG	Telangana
USD	United States Dollar
WPR	Worker Population Ratio
YTD	Year To Date
YoY	Year over Year
\$	Dollar





## Executive Summary

The 2024 Nobel Prize in Economic Sciences highlighted the significance of inclusive institutions for fostering sustainable economic growth. This mirrors governance reforms of Telangana, such as restructuring the Telangana State Public Service Commission and establishing welfare commissions for marginalised groups, all aimed at creating equitable and transparent institutions to drive long-term prosperity.

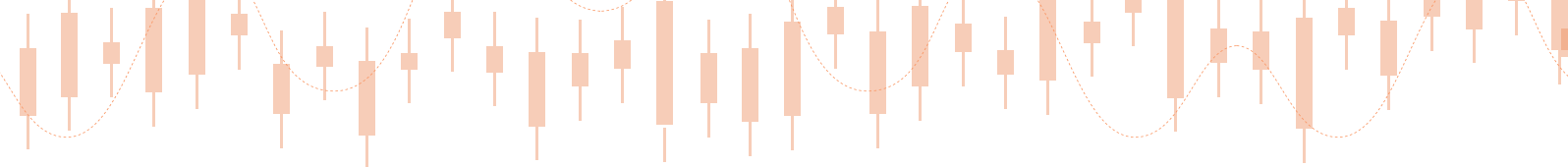
The global economic outlook for 2024 projects modest growth of 3.2%, with inflation expected to decrease. India remains the fastest-growing major economy, with a 7% growth rate. The inflation of Telangana has stabilised between FY24 and FY25, reflecting price stability across the state, with rural areas seeing lower food inflation peaks than urban areas. Despite these gains, severe floods caused damages worth Rs. 4,500 crore, affecting economic activities, though the government continues prioritising sustainability.

In Employment, Telangana outperforms the national average with a labour force participation rate of 68.7% and a workforce participation rate of 65.2%. The state's labour market is shifting toward self-employment, and female workforce participation has increased to 49.9%, bolstered by initiatives like free bus services for women. However, challenges persist, particularly in urban areas, where unemployment remains higher.

The state's 2024 monsoon season brought uneven rainfall, with an average of 962.6 mm during the Vanakalam period. While districts like Yadadri and Nalgonda received lower rainfall, the overall sown area reached 126 lakh acres, primarily for paddy and cotton. Fertilizer availability was sufficient, ensuring timely support for farmers.

Despite a slowdown in industrial output during the first half of FY25, The industrial growth rate of 0.76% of Telangana outperformed the national average, which saw a decline of -0.15%. Meanwhile, the housing market in Telangana remains resilient, with stable revenue from stamps and registration. Hyderabad experienced a 20% increase in sales during the July-September 2024 quarter. However, the city's high Price-to-Income ratio of 7.5 highlights ongoing affordability challenges, despite positive sentiment driven by infrastructure development and demand in areas like Kokapet, Narsingi, and Medchal.

In conclusion, the strategic reforms in governance, sustainability, labour market engagement, and infrastructure development, combined with resilient policy interventions of Telangana, position the state for continued growth, despite challenges posed by natural and economic factors.





## 2024 Nobel Economic Sciences Laureates' Insights on Inclusive Institutions, Echo the Equitable, Transparent Reforms of Telangana

The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel 2024 was awarded jointly to Daron Acemoglu, Simon Johnson, and James A. Robinson “for studies of how institutions are formed and affect prosperity.”

### Strengthening the Institutional Framework of Telangana

Acemoglu, Johnson, and Robinson’s work highlights the profound impact of inclusive institutions on long-term economic growth. They argue that institutions built to exploit the masses hinder prosperity, while those that promote fundamental economic freedoms and the rule of law foster sustainable growth. Their research underscores the importance of moving away from extractive systems toward inclusive ones that provide broader societal benefits<sup>1</sup>.

The recent governance reforms of Telangana mirror these principles. By reconstituting and establishing key governance platforms and institutions, the state is aligning with the notion of inclusive institutions. For instance, the reorganisation of the Public Service Commission and the constitution of the Backward Classes Welfare Commission are foundational steps toward equitable growth. These initiatives, aimed at fostering inclusivity and transparency, align with the Nobel laureates’ findings that inclusive institutions are pivotal for enduring prosperity.

### Inclusive Institutions in Telangana: Foundations for Enduring Socio-Economic Progress

#### Praja Vani at Praja Bhavan: A Public Administration Programme

Praja Vani at Praja Bhavan is a grievance redressal system that serves as a cornerstone of the governance framework of Telangana. It provides citizens with a direct channel to voice their concerns to government officials and ministers, fostering transparency, accountability, and public trust. By ensuring that the voices of all sections of society, especially marginalised groups, are heard, the initiative reinforces inclusive governance and strengthens the responsiveness of the administration.

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1 Press Release, The Nobel Prize, 14 October 2024, <https://tinyurl.com/nobeconomic>



## Reorganisation of the Public Service Commission

The restructuring of the Telangana State Public Service Commission (TGPSC) reflects the state's commitment to enhancing fairness and transparency in recruitment. With a merit-based selection process for commission members, this reform exemplifies the principles of inclusive institutions by promoting efficiency, transparency, and impartiality in public service recruitment.

## Constitution of the Education Commission

Telangana Education Commission is another key step toward building inclusive institutions. By focusing on improving access to quality education from early childhood to higher education, the commission aims to ensure that all segments of society, especially marginalised groups, have the opportunity to prosper. This aligns with the Nobel laureates' emphasis on institutions that facilitate broad-based economic participation.

Other significant steps include the establishment of the State Agriculture and Farmers' Welfare Commission and the Backward Classes Welfare Commission, which are pivotal in ensuring that disadvantaged communities are provided with the necessary resources to improve their economic status.

By reinforcing inclusive institutions, the approach of Telangana resonates with the laureates' emphasis on creating systems that support widespread participation in economic growth. These governance reforms, whether in public administration, education, or welfare, are crafted to meet the immediate needs of marginalised groups while laying a foundation for broad-based, sustainable development. Through these efforts, Telangana aspires to foster an equitable and prosperous society that aligns with Acemoglu, Johnson, and Robinson's vision of inclusivity-driven progress.

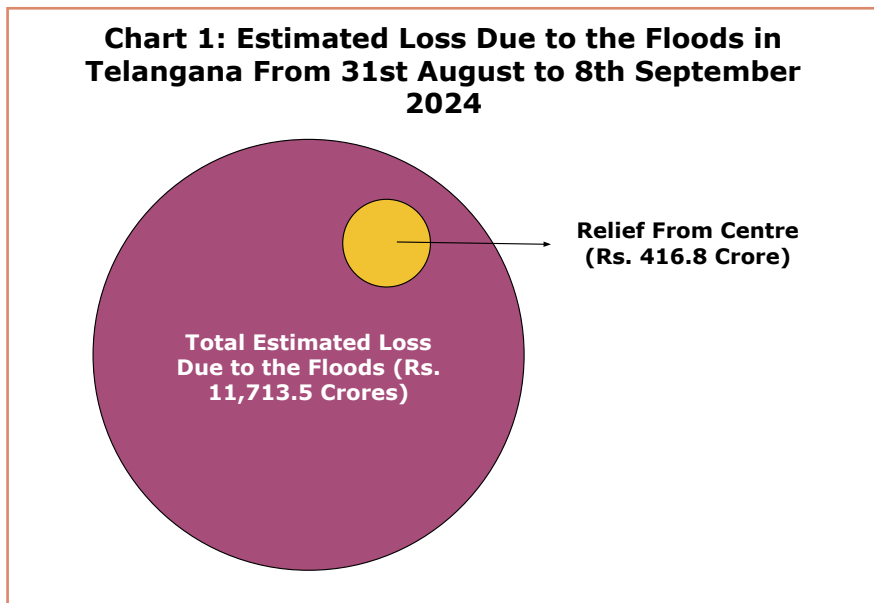
## Global Outlook: Stable yet Underwhelming

At a 3.2% global growth rate in 2024, the growth projection is virtually unchanged from those in both the July 2024 World Economic Outlook Update and the April 2024 World Economic Outlook. Global headline inflation is expected to fall from an annual average of 6.7% in 2023 to 5.8% in 2024. Advanced Economies are expected to grow at 1.8%. Emerging Markets and Developing Economies are expected to grow at 4.2% in 2024.

The IMF, in its October 2024 World Economic Outlook, maintained a growth forecast for India at 7% for 2024, consistent with its July projection. This keeps India as the world's fastest-growing major economy.

## Economic Impact of Natural Calamities on Telangana: Focus on Recovery and Rehabilitation

Natural calamities disrupt economies through the destruction of physical capital, displacement of labour, and disruption of supply chains, leading to immediate declines in productivity and GDP. In the short term, this results in decreased consumer spending and investment as resources are diverted towards recovery. Over the long term, such events also create opportunity costs, as funds spent on relief efforts could otherwise be directed to productive investments.



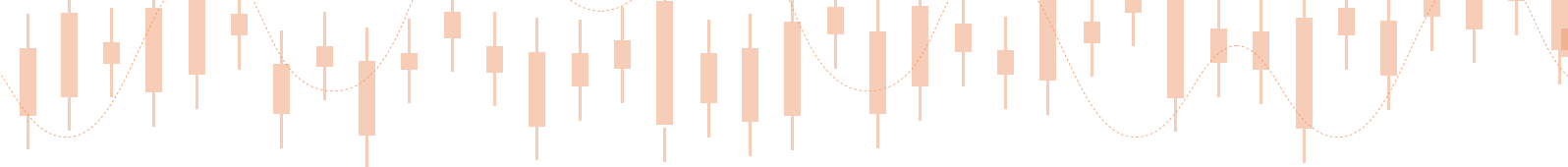
**Source:** *Telangana State Portal, telangana.gov.in*

In Telangana, torrential rains<sup>2</sup> between August 31st and September 8th caused severe damage, with 37 lives lost and over one lakh cattle and other domestic animals died. Crops across 4.15 lakh acres were also severely affected. The estimated economic loss from these damages stands at Rs. 11,713.5 crore, amounting to 5.3% of the state's estimated budgeted revenue receipts for FY25<sup>3</sup>. The government has received Rs 416.80 crore under the first and second phases of the State Disaster Response Fund (SDRF), which accounts for 3.6% of the total estimated loss.

2 'Release Rs 11,713.49 crore flood relief to Telangana', *Telangana State Portal*, 07 October 2024, <https://tinyurl.com/relieftotg>

3 CAG Monthly Key Indicators Reports - Telangana





To minimise disruptions and ensure a resilient recovery, efficient forecasting, damage assessment, and rehabilitation strategies are essential. It is equally important to ensure that these efforts are backed by sufficient financial resources, enabling a well-coordinated recovery process.

This approach will not only restore productivity and fiscal stability but also help strengthen the resilience of affected communities, promoting long-term recovery and sustainable growth. Enhanced and timely financial support to the states will be helpful in effectively managing recovery efforts and reducing the long-term economic impacts of such disasters.

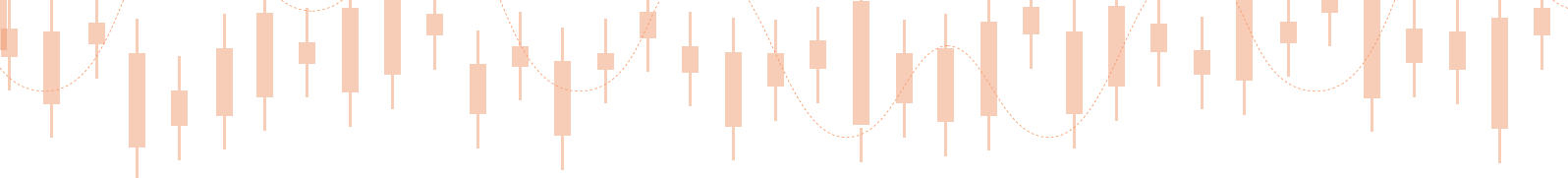
## **Focus on Sustainability in Telangana: Musi Riverfront & Kondareddypalli Solar Initiatives Drive Environmental and Economic Renewal**

### **Musi Riverfront Development**

The Musi Riverfront Development is a key urban renewal and environmental project initiated by the Telangana government aimed at transforming the Musi River and its surrounding areas in Hyderabad into a vibrant, ecologically sustainable, and economically beneficial riverfront. The river, once a lifeline for the city, had deteriorated due to pollution, untreated sewage discharge, and encroachments. The project envisions cleaning the river, developing green spaces, building recreational areas, and improving the surrounding infrastructure to enhance both environmental and social well-being.

### **Economic and Environmental Impacts:**

The Musi Riverfront Development aims to drive urban revitalisation and economic growth by transforming the degraded river into a vibrant and sustainable ecosystem. By addressing water pollution and rehabilitating the river's ecosystem, the project converts negative externalities (pollution) into positive externalities like cleaner water, enhanced green spaces, and increased biodiversity. This not only benefits the community through improved public health and recreation but also attracts tourism, real estate investment, and commercial activity, boosting property values and local businesses. The incorporation of green infrastructure, such as wetlands for wastewater treatment, also reflects sustainable urban development, reducing future costs for flood prevention and water treatment while enhancing the river's ecological health.



From an environmental economics perspective, the development bolsters the city's climate resilience, helping mitigate the impacts of unpredictable monsoons and flooding, thus reducing long-term economic losses. The project also improves the quality of life by enhancing air quality, public health, and urban aesthetics, reflecting the Environmental Kuznets Curve (EKC) theory, which suggests environmental degradation declines as economic growth and public demand for sustainability increases. Additionally, a cost-benefit analysis (CBA) of the project shows that while initial costs are high, the long-term benefits, including increased tourism and improved public health, make it economically viable and environmentally sustainable.

## Kondareddypalli to Become a Fully Solar-Powered Village in Telangana<sup>4</sup>

The State Government has started the official process to promote Kondareddypalli village as a model for 100 per cent solar-powered habitation in the state. At present, a total of 1,451 electricity consumers (499 domestic electricity consumers, 66 commercial and 867 agricultural consumers) are registered in the village.

As part of the implementation of the pilot project, the government launched a house-to-house survey. Based on the survey report, the government will prepare a Detailed Project Report (DPR) and finalise the solar power capacity installed in the village.

## Inflation Stabilises in Telangana Between FY24 and FY25 During April to September Period, Narrowing Rural-Urban Gap

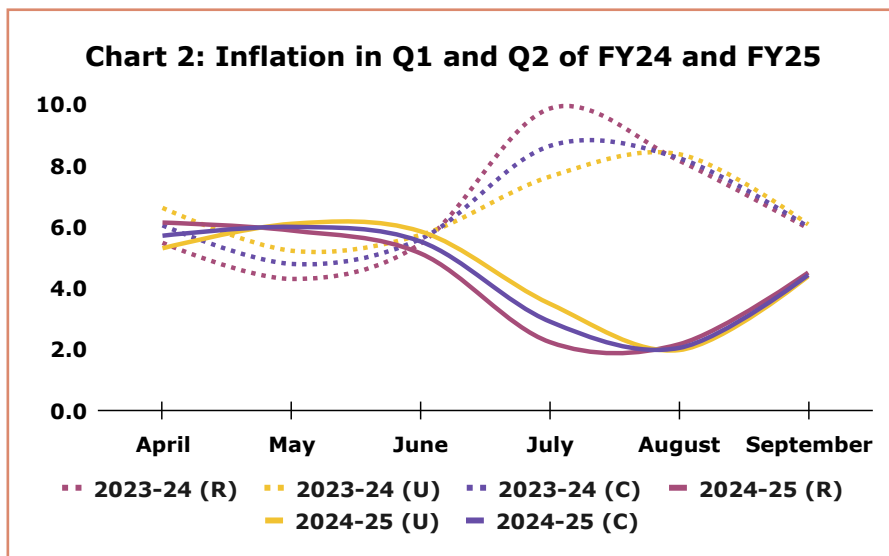
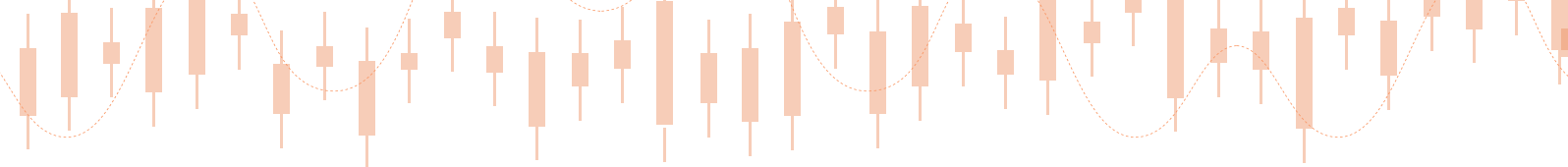
### CPI Inflation Rates - Comparison Between FY24 and FY25 (April to September) in Telangana

#### FY24 (April to September 2023)

**Rural Inflation:** Rural inflation started at 5.5% in April 2023 in Telangana and increased sharply to 9.8% in July 2023, the highest in the period. By September 2023, inflation had eased to 5.9%, suggesting that the inflation spike in the earlier months was temporary.

**Urban Inflation:** Urban inflation was consistently higher than rural inflation in FY24, starting at 6.6% in April 2023, peaking at 8.3% in August 2023, and then settling at 6.1% in September 2023

<sup>4</sup> 'Kondareddypalli became a fully solar powered village in Telangana', Telangana State Portal, 10 September 2024, <https://tinyurl.com/tgsolarvillage>



Source: Ministry of Statistics and Programme Implementation, Government of India, 2012 (Base Year) Current Series.

**Combined Inflation:** The combined inflation rate followed a similar pattern, peaking at 8.6% in July 2023 and easing to 6.0% by Sep 2023.

### FY25 (April to September 2024)

**Rural Inflation:** Rural inflation in FY25 showed significant stabilisation. After starting at 6.1% in April 2024, it declined to 2.2% in July and further to 2.1% in August. By September 2024, rural inflation increased slightly to 4.5%, signalling a modest uptick after the period of low inflation.

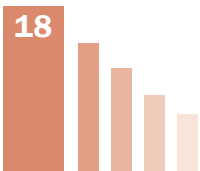
**Urban Inflation:** Urban inflation showed a similar downward trend, dropping from 5.3% in April to 3.5% in July and 2.0% in August. It marginally increased to 4.4% in September, paralleling the rural trend.

**Combined Inflation:** The combined inflation rate mirrored rural and urban trends, dropping from 5.7% in April to 2.0% in August and slightly increasing to 4.4% in September, suggesting that while stabilisation was achieved, some inflationary pressures re-emerged towards the end of Q2.

### Key Observations

#### Marked Reduction in Inflation in FY25 Compared to FY24

- Rural inflation dropped from 5.9% in September 2023 to 4.5% in September 2024.



- 
- Urban inflation declined from 6.1% in September 2023 to 4.4% in September 2024.
  - Combined inflation fell from 6.0% in September 2023 to 4.4% in September 2024.

### **Moderation of Inflationary Volatility in FY25**

FY24 exhibited significant inflation spikes during the monsoon season, while FY25 was characterised by more stable inflation levels. The slight uptick in September 2024, however, indicates potential emerging price pressures.

### **Emerging Inflationary Pressures in September 2024**

The slight increase in inflation across all categories in September 2024 suggests that the stabilisation achieved earlier in FY25 might face challenges, requiring continued monitoring and policy intervention. This rise in inflation can be attributed to the base effect from August 2023, where inflation rates were higher than in September 2023, leading to a lower rate in August 2024. Additionally, price increases in food items in September 2024, particularly in meat, fish, eggs, oils and fats, and vegetables, contributed to higher inflation, affecting both urban and rural areas

### **Urban and Rural Inflation Convergence**

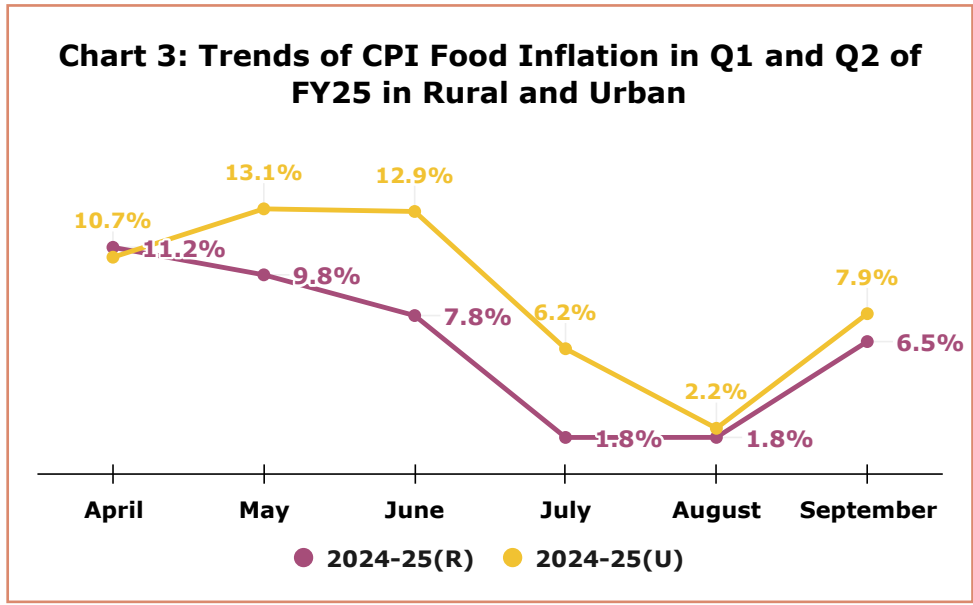
The narrowing gap between urban and rural inflation in FY25 when compared to FY24, indicates balanced economic stabilisation efforts across sectors.

### **Trends in Telangana Consumer Food Price Index (CFPI) Inflation Rates**

In Telangana, Rural food inflation trends in 2024-25 exhibited a peak in early summer (April - May), a significant drop during June - August, and a renewed increase in September. Urban food inflation in 2024-25 is characterised by higher volatility, with a higher peak (13.1%) in May and a rapid decline from June to August. Following this, food inflation rose again in September. As mentioned above, the rise in inflation in September compared to August was largely driven by food prices. This is now evident in CFPI trends, where key food categories contributed to the renewed inflationary pressures.

The rural area experienced a lower food inflation peak compared to the urban area, but both areas displayed similar seasonal fluctuations. Despite a sharp decline in rural food inflation during the monsoon months, the rural inflation rates remained consistently lower than urban rates throughout the observed period. This suggests that while rural

food prices do fluctuate seasonally, the overall level of food inflation in rural areas is less intense than in urban areas.



Source: DES, Telangana and Ministry of Statistics and Programme Implementation, Government of India, 2012 (Base Year) Current Series

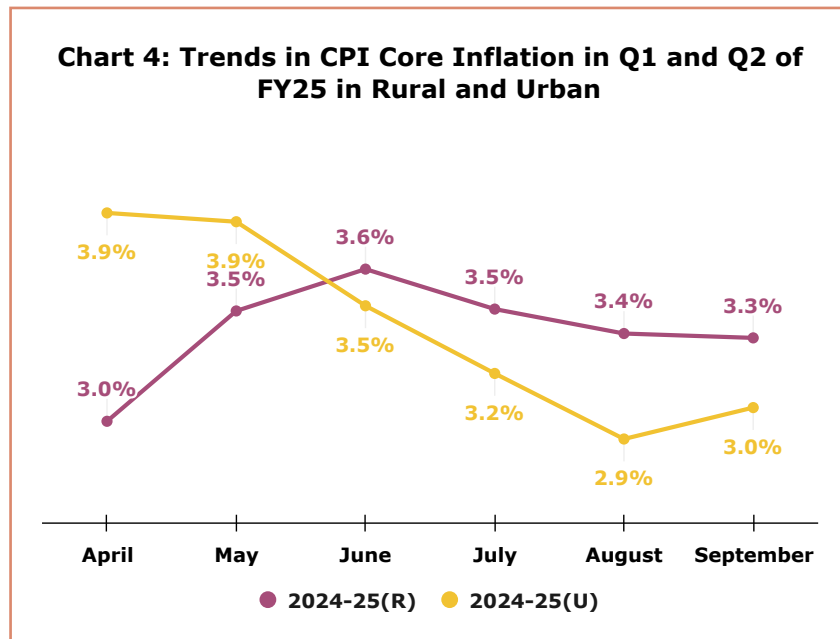
The **CRISIL Rice Roti Report** presents the cost of home-cooked thalis<sup>5</sup> across different regions of India and provides additional context to these trends. The cost of a representative home-cooked veg thali, calculated using input prices from various regions, reflects fluctuations due to the prices of key ingredients, such as vegetables, pulses, and edible oils. For example, in April, the price of a veg thali increased 8% year-on-year, primarily due to significant increases in the prices of onions, tomatoes, and potatoes. This mirrors the seasonal rise in food prices observed in Telangana, where rural areas also saw a sharp rise in food prices in early summer.

The CRISIL reports also highlight the significant role that weather conditions and crop yields play in driving food inflation. For instance, in various months, lower arrivals of onions and potatoes—due to crop damage or reduced acreage—contributed to price hikes across India, which were reflected in the rising costs of home-cooked thalis. In Telangana, while food inflation in rural areas tended to be lower compared to urban areas, both experienced similar seasonal fluctuations. This indicates that broader weather patterns and agricultural output, particularly in key months like June, July, and August, influence food prices in the state’s rural and urban regions

5 CRISIL Rice Roti Reports - May 2024 to October 2024

## Trends in Consumer Price Index (CPI) - Core Inflation<sup>6</sup> Rates

Rural core inflation showed a moderate increase in the early part of the year (April to June) followed by a steady decline through September, suggesting that inflationary pressures are relatively controlled and have not fluctuated widely.



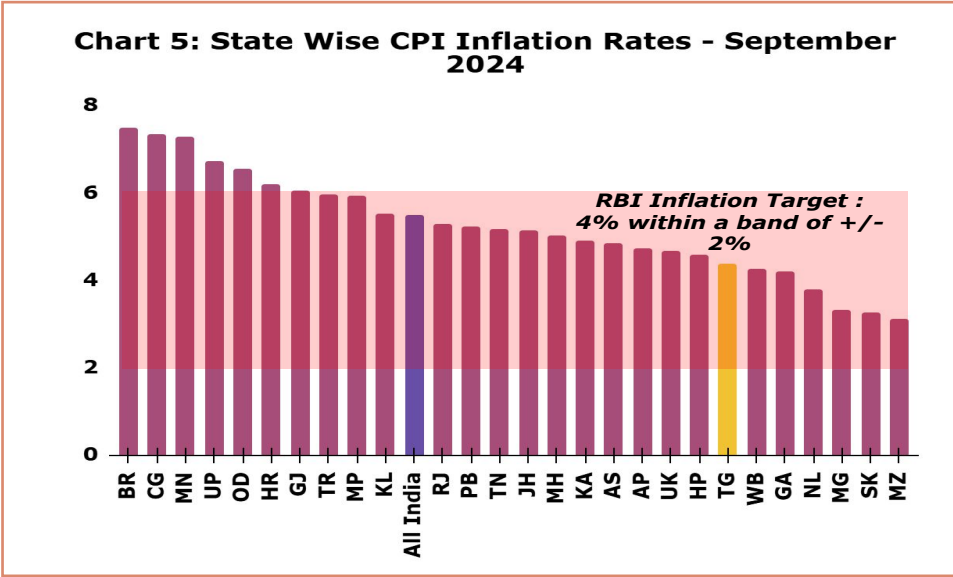
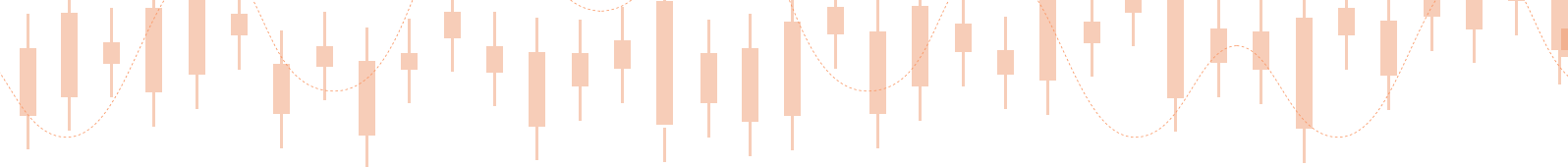
**Source:** DES, Telangana Calculations From Source Data - Ministry of Statistics and Programme Implementation, Government of India, 2012 (Base Year) Current Series

Urban core inflation trends showed a gradual decrease from April, 24 through August, 24, reaching a low on August 24, before a small increase in September. This indicates a relatively stable inflationary environment, with slight fluctuations toward the end of Q2.

## State-wise Inflation Analysis: Telangana Maintains Balanced Inflation Within RBI's Target Range

Several states have inflation rates above the RBI's upper limit of 6%. These include Bihar (BR), Chhattisgarh (CG), Manipur (MN), Uttar Pradesh (UP), Odisha (OD), and Haryana (HR). The states experiencing higher inflation may be due to demand-supply imbalances, local economic pressures, or factors unique to the region that are pushing prices above the comfortable zone defined by the RBI.

<sup>6</sup> Core inflation is a measure of inflation that excludes volatile items, specifically food and energy. In India, core inflation excludes energy items and most food items from the Consumer Price Index (CPI), but includes two specific food sub-groups: Non-alcoholic beverages and Prepared meals, snacks, sweets, etc. By excluding the other food categories and energy categories, core inflation focuses on the underlying inflationary trends, which are less impacted by short-term fluctuations in food and energy prices, providing a clearer view of sustained price changes in the economy



*Source: Ministry of Statistics and Programme Implementation, Government of India, 2012 (Base Year) Current Series.*

The majority of states, including Telangana (TG), West Bengal (WB), Goa (GA), Karnataka (KA), Assam (AS), and Himachal Pradesh (HP), fall within the RBI’s target range of 2% to 6%. This suggests a more balanced inflationary environment in these areas, aligning with the RBI’s objective of maintaining price stability, which is conducive to sustainable economic growth.

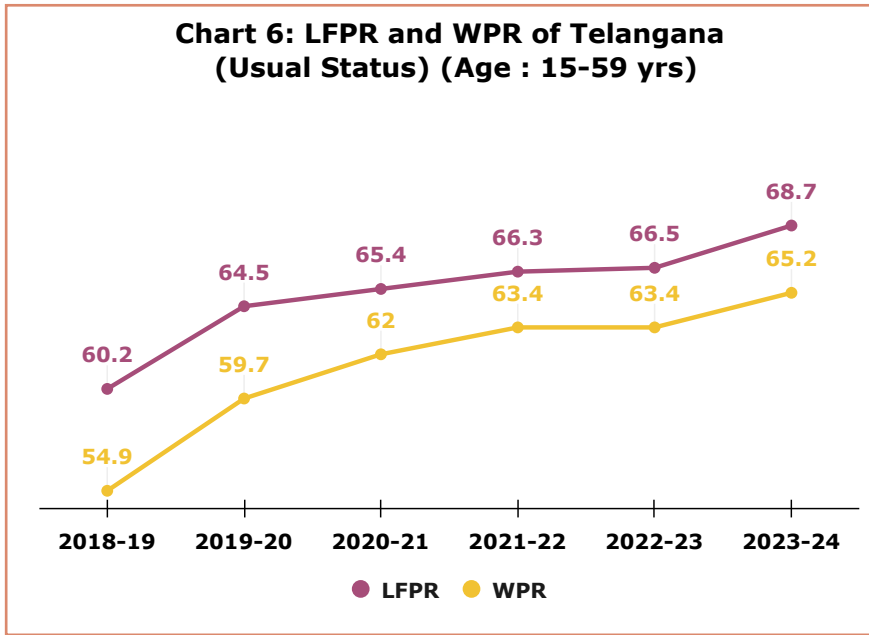
## Workforce Participation and Unemployment Trends of Telangana from 2018 to 2024 Reflect Strong Growth Amidst Emerging Challenges

Labour Force Participation Rate (LFPR) is defined as the percentage of persons in the labour force (i.e. working or seeking or available for work) in the total population. Whereas, Worker Population Ratio (WPR) is defined as the percentage of employed persons in the total population. A high LFPR and WPR indicate the health of an economy and the level of employment and economic engagement in a population.

### Labour Force and Worker Force Participation in Telangana: Trends, Insights, and a Comparative Performance Overview

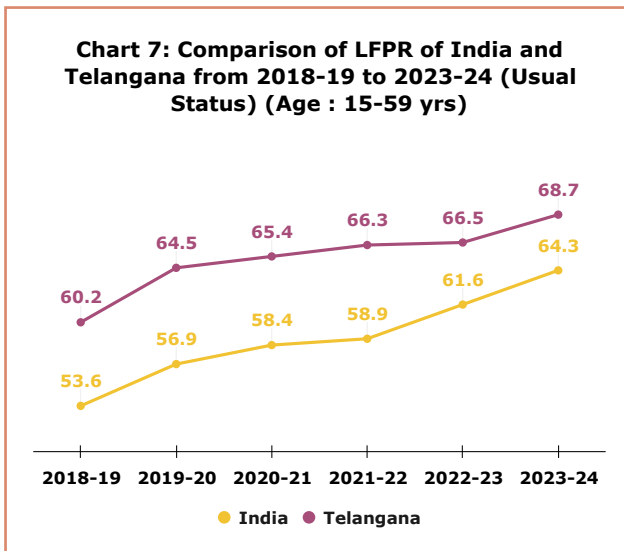
LFPR of Telangana for persons of age 15-59 years has steadily increased over the years, starting at 60.2% in 2018-19 and reaching 68.7% in 2023-24. Similarly, WPR of Telangana for persons of age 15-59 years has also risen from 54.9% in 2018-19 to 65.2% in 2023-24. Overall, both LFPR and WPR have been on an upward trend over

these years, indicating more people are joining and participating actively in the labour market.

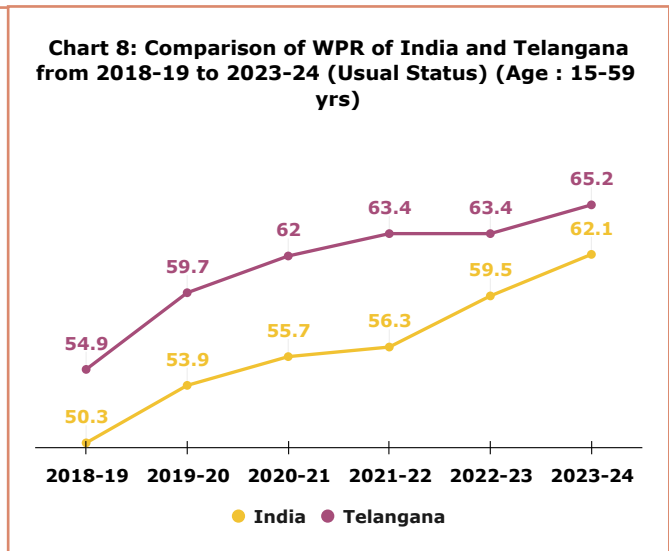


Source: PLFS Annual Reports, MOSPI, GOI

Between 2018-19 and 2023-24, both the LFP and WPR in Telangana consistently surpassed the national averages.



Source: PLFS Annual Reports, MOSPI, GOI

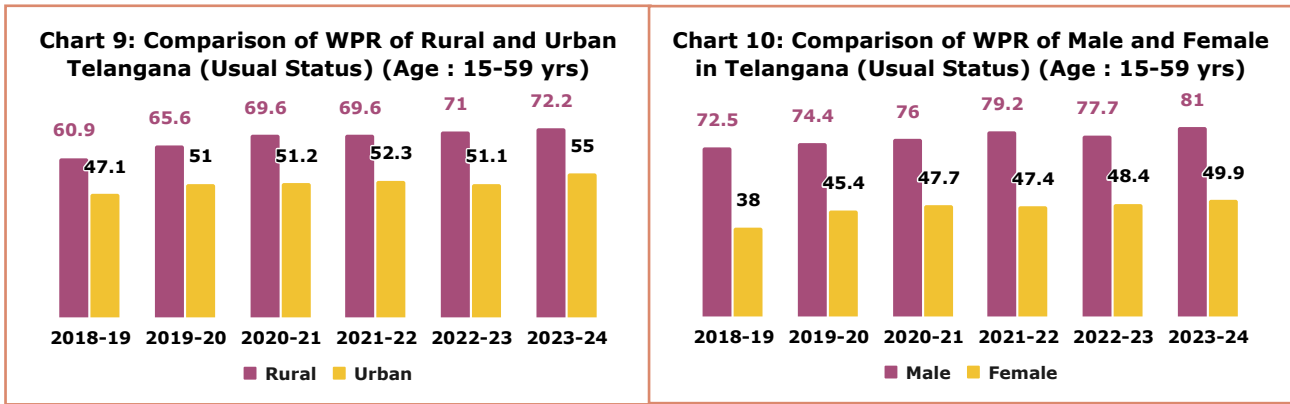


Source: PLFS Annual Reports, MOSPI, GOI

The LFP of India for persons of age 15-59 years increased from 53.6% to 64.3%, while the LFP of Telangana increased from 60.2% to 68.7%. Similarly, WPR in India for persons of age 15-59 years climbed from 50.3% to 62.1%, compared to an increase in Telangana from 54.9% to 65.2%. Although the LFP and WPR of India have grown slightly faster, reducing the gap with Telangana, the state remains ahead in both



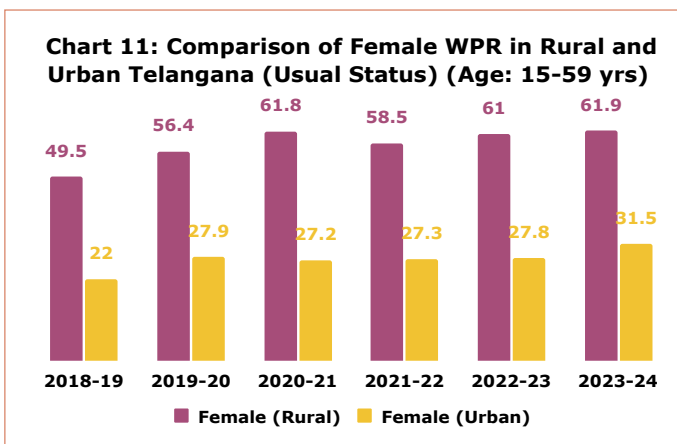
indicators. This suggests higher workforce engagement in Telangana compared to that of all India average.



Source: PLFS Annual Reports, MOSPI, GOI

Source: PLFS Annual Reports, MOSPI, GOI

WPR in Telangana from 2018-19 to 2023-24 reveals significant disparities between rural and urban areas as well as between male and female participation. Rural WPR consistently outpaces urban WPR, rising from 60.9% to 72.2%, compared to urban participation increasing from 47.1% to 55%. In terms of gender, male WPR is substantially higher than female WPR, growing from 72.5% to 81%, while female participation improved from 38% to 49.9%. Although both urban and female participation rates have seen positive trends, gaps remain notable compared to rural and male respectively. However, a similar pattern of stark differences in Rural-Urban WPR and Male-Female WPR is seen across all the states in India.

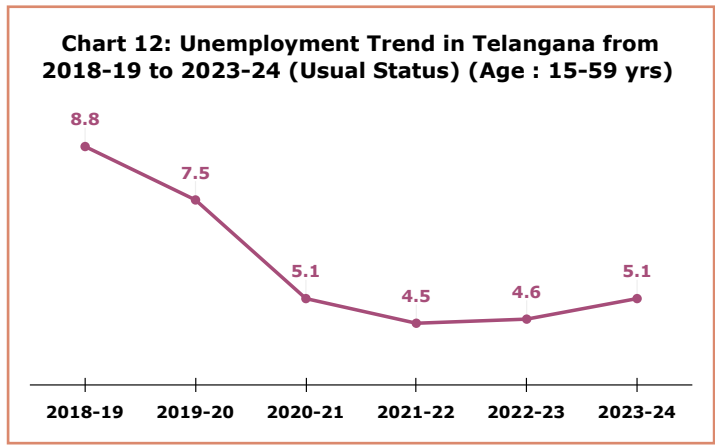


Source: PLFS Annual Reports, MOSPI, GOI

Also, there is a clear distinction between Female WPR in rural and urban areas. Throughout the period, rural female participation consistently surpassed urban participation, underscoring stronger engagement in the workforce among rural women. Although urban female participation improved, the gap remains substantial. The increasing trend in Urban Female Force

participation is observed right from 2018-19 and the rise is more gradual. However, there is a significant jump (3.7%) in 2023-24, likely due to the introduction of free travel in buses for women under the Mahalakshmi Scheme by the Government of Telangana in December 2023.

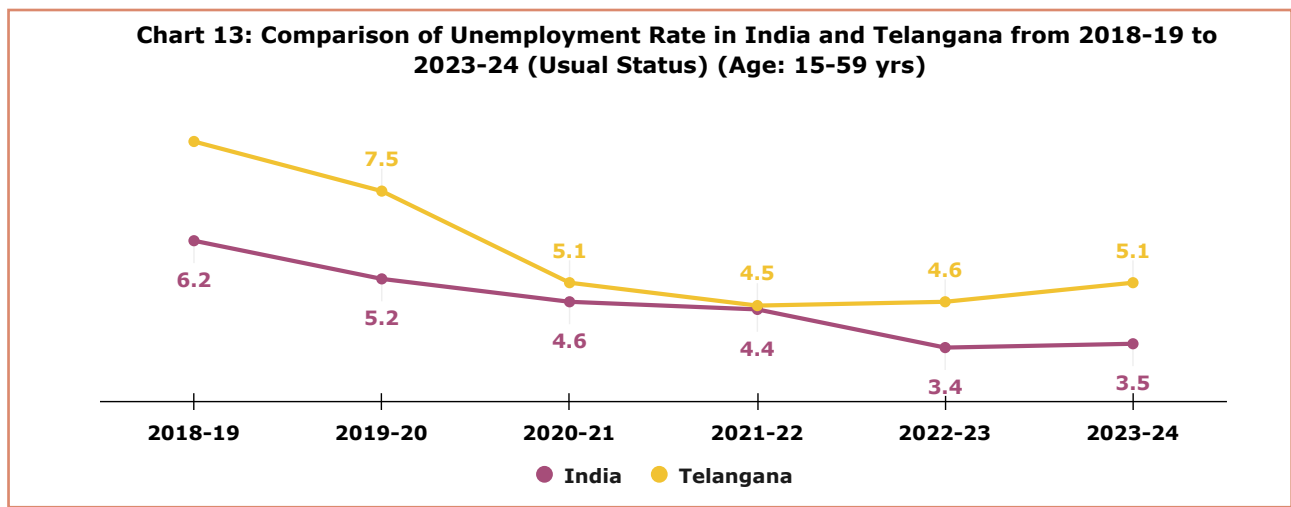
## Unemployment in Telangana: Trends, Insights and a Comparative Performance Overview



Source: PLFS Annual Reports, MOSPI, GOI

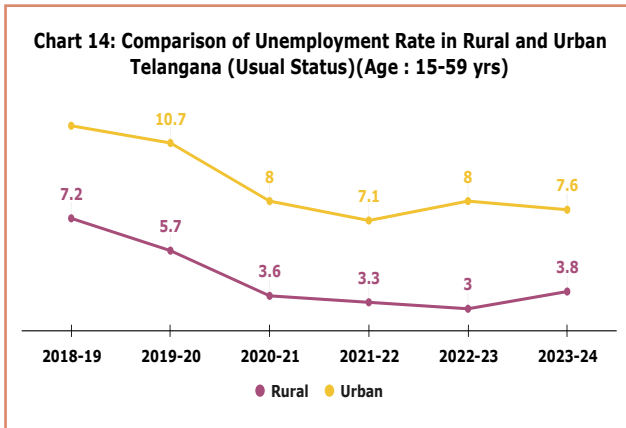
The unemployment rate in Telangana for persons of age 15-59 years demonstrates a downward trend from 2018-19 to 2021-22, decreasing from 8.8% to a low of 4.5%, reflecting improved labour market conditions and job creation. This can be substantiated by the increased LFPR of both Male and Female in Telangana. Male LFPR has increased from 79.6% in 2018-19 to 82.7% in 2021-22. Female LFPR increased substantially from 41.5% in 2018-19 to 49.8% in 2021-22.

However, this progress has faced challenges, as the unemployment rate slightly increased to 4.6% in 2022-23 and 5.1% in 2023-24, indicating potential economic volatility and fluctuations in employment opportunities. Overall, while the state achieved significant reductions in unemployment, recent upticks suggest the need for sustained economic strategies to maintain employment levels.

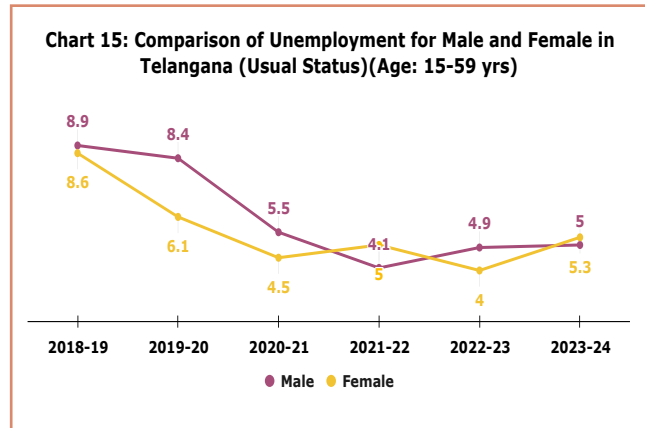


Source: PLFS Annual Reports, MOSPI, GOI

From 2018-19 to 2023-24, the unemployment rates in India and Telangana for persons of age 15-59 years reveal contrasting trends. The unemployment rate of India declined from 6.2% to 3.5%, reflecting a robust improvement in labour market conditions at the national level. Conversely, the unemployment rate of Telangana, initially higher at 8.8%, decreased to 4.5% in 2021-22 but then increased to 5.1% by 2023-24, indicating localised economic challenges and potential volatility in employment opportunities.



Source: PLFS Annual Reports, MOSPI, GOI

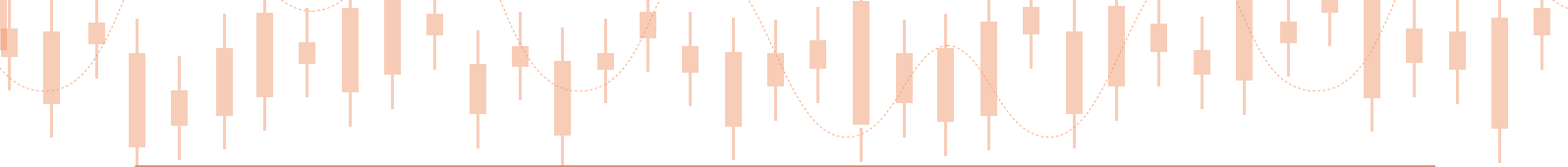


Source: PLFS Annual Reports, MOSPI, GOI

The data on the unemployment rate for Telangana from 2018-19 to 2023-24 illustrates notable disparities between rural and urban areas, as well as between male and female populations.

Rural unemployment rates have consistently declined from 7.2% in 2018-19 to 3.8% in 2023-24, indicating a strengthening labour market in rural regions. In contrast, urban unemployment started higher at 11.5% but improved to 7.6% by 2023-24, although it remains significantly elevated compared to rural rates. When examining gender-specific unemployment, male rates began at 8.9% and decreased to 5% by 2023-24, whereas female unemployment dropped from 8.6% to 5.3% over the same period.

The data reflects an overall trend of decreasing unemployment, but the fluctuations observed in unemployment across all the categories highlight the persistent challenges within these segments of the labour market. Targeted economic interventions may be necessary to sustain job growth and enhance labour market stability.



## Telangana Young India Skill University and Strategic Course Initiatives Lead the Way in Bridging the Skills Gap and Driving Inclusive Economic Growth in Telangana

The challenge of bridging the skills gap in the youth labour market of India remains a critical issue, particularly in the context of the rapid industrialisation of states like Telangana. The Young India Skill University (YISU), a new initiative launched in Hyderabad under a Public-Private Partnership (PPP) framework, represents a pioneering model for addressing this gap. Complementing this, the Telangana government's decision to introduce new, market-relevant courses in vocational institutions aims to enhance the alignment between education and the evolving demands of both the industrial and services sectors.

### **The Young India Skill University : A Strategic Response to Employment Challenges<sup>7 8</sup>**

The establishment of YISU marks a significant policy response by the Telangana government to address two critical gaps in the state's education system: the disconnect between traditional academic programs and industry requirements and the shortage of skilled workers in key sectors. YISU's governance model emphasises collaboration with industry leaders, such as the appointment of Anand Mahindra as Chairman of the University Board, thereby ensuring that curriculum development is driven by real-world market needs.

YISU's central mission is to provide high-quality, industry-integrated education aimed at addressing the skills gap that has been contributing to youth unemployment. With the state's economic development goals, such as positioning Hyderabad as a global investment hub and developing a Future City and AI City as centres of innovation, the university's curriculum is aligned with these aspirations by incorporating emerging fields like artificial intelligence, digital skills, and advanced manufacturing.

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7 'Young India Skill university will be a role model for country', *Telangana State Portal*, 19 September, 2024, <https://tinyurl.com/yisupr>

8 *Young India Skill University Portal*, <https://yisu.in/>



## Integration of ITIs, ATCs, and Polytechnic Colleges: Unifying the Skilling Ecosystem<sup>9</sup>

In a significant policy shift, the Telangana government has decided to integrate Industrial Training Institutes (ITIs), Advanced Training Centers (ATCs), and Polytechnic Colleges into the Young India Skill University (YISU) framework. This initiative aims to create a unified and standardised skilling ecosystem, enhancing the quality and accessibility of vocational training across the state, particularly in underserved regions. The Chief Minister has directed the introduction of market-aligned courses within these institutions, further expanding ATCs in Polytechnic Colleges to align with emerging industry needs.

By consolidating these institutions under YISU, the government seeks to streamline vocational education and ensure that students are better prepared for the labour market. The new courses, developed in collaboration with industry experts, will focus on critical sectors such as IT, manufacturing, and digital services, emphasising hands-on learning through internships and apprenticeships. This alignment with industry requirements is expected to enhance the employability of youth, addressing the ongoing challenge of skill mismatch despite increasing levels of formal education.

### Curricular Reforms and Industry Collaboration

A key feature of YISU is its commitment to curricular innovation, facilitated by direct industry involvement. The university's programs are designed to be adaptable to market demands, incorporating sector-specific competencies alongside broader employability skills. Industry leaders actively contribute to curriculum development, ensuring that training is aligned with real-world applications. Companies like Apollo, AIG, Lenskart, Flipkart, Amazon, All Cargo, Pro Connect, and O9 Solutions have come forward to offer courses and conduct classes in YISU, directly supporting the integration of practical industry insights into the curriculum.

The integration of ITIs and Polytechnics under YISU further strengthens cross-sectoral collaboration, making graduates better equipped not only for the industrial sectors but also for the expanding services sector. With industries increasingly driven by technology, the inclusion of emerging disciplines like artificial intelligence and digital transformation in the curriculum will enhance students' readiness for future job markets.

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<sup>9</sup> 'Telangana Govt. to introduce new courses to meet the market requirements', *Telangana State Portal*, 21 September, 2024, <https://tinyurl.com/tgnewcourses>

## Policy Implications and Future Prospects

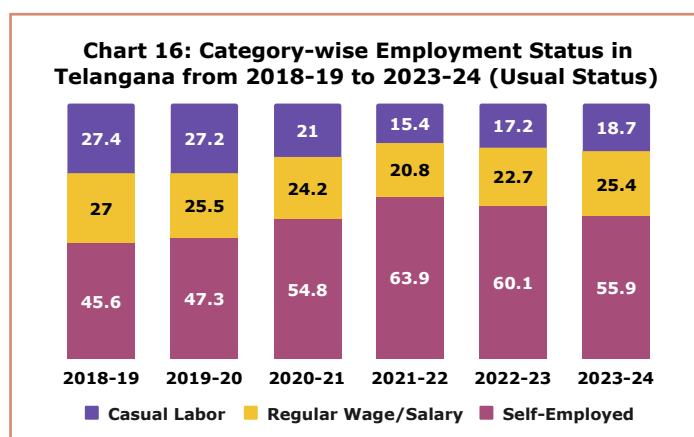
The integration of YISU and the introduction of market-relevant courses through ITIs, ATCs, and Polytechnics represent a comprehensive approach to skill development. By aligning vocational training with emerging industry needs, these initiatives are expected to reduce the skills gap that is currently hampering employment growth. This approach also holds significant policy implications for the broader skills development ecosystem in India, particularly in terms of public-private partnerships and the involvement of industry stakeholders in educational reforms.

The long-term success of YISU will depend on its ability to maintain flexibility in adapting its curriculum to the fast-evolving needs of the labour market, particularly in sectors experiencing rapid technological change. Additionally, the scalability of this model—both within Telangana and in other states—will be a key factor in determining its broader impact on national employment trends.

## Conclusion

In conclusion, the initiatives undertaken by the Telangana government through Young India Skill University and the integration of new courses into ITIs and Polytechnics are poised to play a critical role in addressing the state's skills gap and improving youth employability. By aligning educational offerings with industry needs, these programs are not only contributing to the state's economic growth but also serving as a model for other regions in India looking to address similar challenges. The sustainability and scalability of this integrated approach will be pivotal in determining its long-term effectiveness in reducing unemployment and promoting inclusive growth.

## Trends in Category-wise Employment Status in Telangana



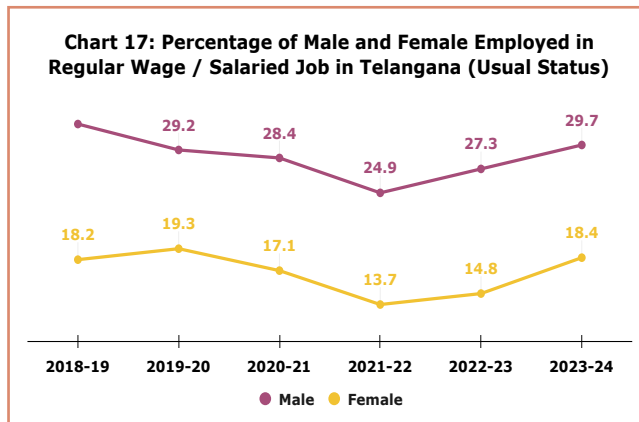
Source: PLFS Annual Reports, MOSPI, GOI

From 2018-19 to 2023-24, the employment structure of Telangana has shifted significantly, with a notable increase in self-employment<sup>10</sup>, which increased from 45.6% to 55.9% after peaking at 63.9% in 2021-22. This trend suggests a growing inclination towards entrepreneurship. In India, 90% are informally employed and most of the self-employment is in the informal sector. Therefore, it can be said that there is an increasing inclination towards informal economic activities.

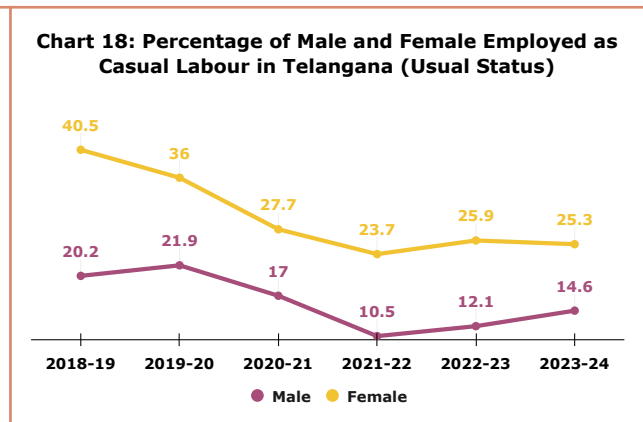
In contrast, regular wage/Salary employment<sup>11</sup> declined from 27% to a low of 20.8% before recovering to 25.4%, indicating challenges in the formal labour market, especially during the pandemic. Meanwhile, casual labour<sup>12</sup> decreased from 27.4% to 15.4% during the peak self-employment years but saw a slight rebound to 18.7% in 2023-24. Overall, the data highlights a transition towards self-employment as a primary source of livelihood amidst fluctuations in formal and casual employment, reflecting both resilience and ongoing challenges in the labour market of Telangana.

In Telangana from 2018-19 to 2023-24, male and female employment shows distinct patterns across regular salary and casual labour, reflecting gender disparities in labour market structure.

Men are significantly more likely to be employed in stable, salaried jobs than women. This gender disparity persists, with men holding 29.7% of such positions compared to women’s 18.4% in 2023-24. This suggests more stable and formal employment opportunities for men.



Source: PLFS Annual Reports, MOSPI, GOI



Source: PLFS Annual Reports, MOSPI, GOI

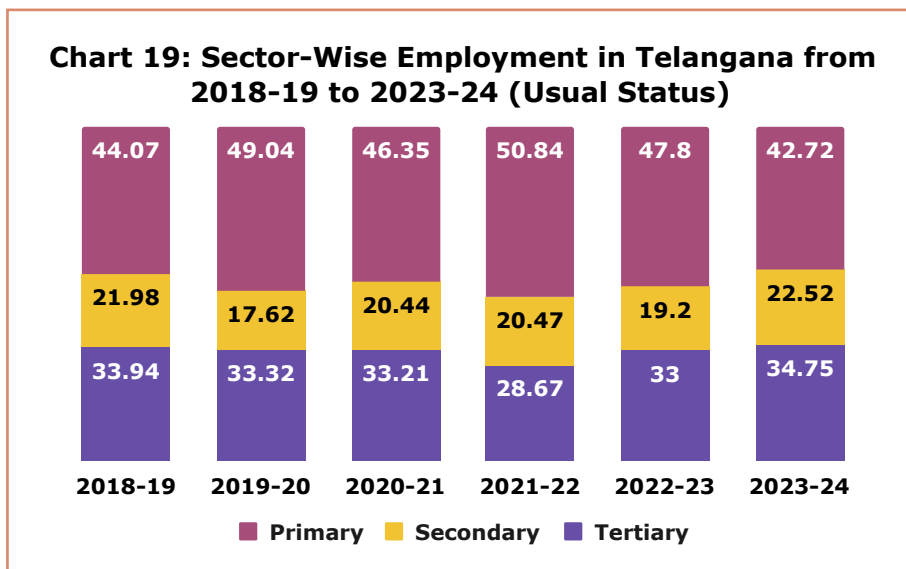
10 Self-Employed Persons: Persons who operated their own farm or non-farm enterprises or were engaged independently in a profession or trade on own-account or with one or a few partners were deemed to be self-employed in household enterprises.

11 Regular wage/Salaried employees: Persons who worked in others' farm or nonfarm enterprises (both household and non-household) and, in return, received salary or wages on a regular basis (i.e. not on the basis of daily or periodic renewal of work contract). This category included not only persons getting time wage but also persons receiving piece wage or salary and paid apprentices, both full time and part-time.

12 Casual labour: A person who was casually engaged in others' farm or non-farm enterprises (both household and non-household) and, in return, received wages according to the terms of the daily or periodic work contract

Conversely, females are over-represented in casual labour, a typically more informal and less stable sector, with their share at 25.3% in 2023-24 compared to 14.6% for males. This division indicates a gender gap in job security, with women more likely in casual roles and men in regular wage positions, highlighting persistent gender-based economic vulnerabilities in employment.

### Trends in Sector-Wise Employment in Telangana



Source: PLFS Annual reports, MOSPI, GOI

From 2018-19 to 2023-24, sector-wise employment distribution reflects shifts in labour allocation across the three sectors.

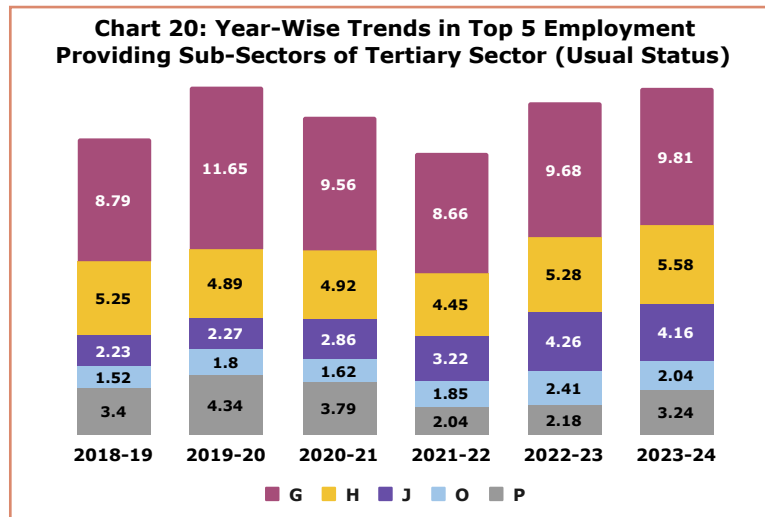
The primary sector’s employment share increased initially, peaking at 50.84% in 2021-22, likely due to labour displacement toward agriculture during COVID-19 induced economic disruptions. Primary sector employment has fallen to 42.72% in 2023-24 due to the reversal of labour from the primary sector (mostly agriculture) to the other two sectors. Meanwhile, secondary sector employment, which includes the manufacturing sector, saw a rebound from a low of 17.62% in 2019-20 to 22.52% by 2023-24, indicating the creation of job opportunities in the manufacturing sector. This could be attributed to the policies of the government which paved the way for the establishment of new industries that led to the creation of both high-skilled and low-skilled jobs.

Employment in the tertiary sector, encompassing services, fluctuated but ultimately increased to 34.75% in 2023-24, suggesting growth in service-oriented jobs as economic conditions stabilised. This shift points to a gradual movement toward a more diversified economy, with increasing reliance on secondary and tertiary sectors.



## Employment Trends in the Top 5 Sub-Sectors of the Service Sector

Employment trends across sectors from 2018-19 to 2023-24 show clear variations. Wholesale and retail trade (G), the largest employer, experienced high but uneven growth, adjusting to consumer and supply chain shifts across the period.



G: Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles, H: Transportation and Storage, J: Information and Communication, O: Public Administration and Defence; Compulsory Social Security, P: Education

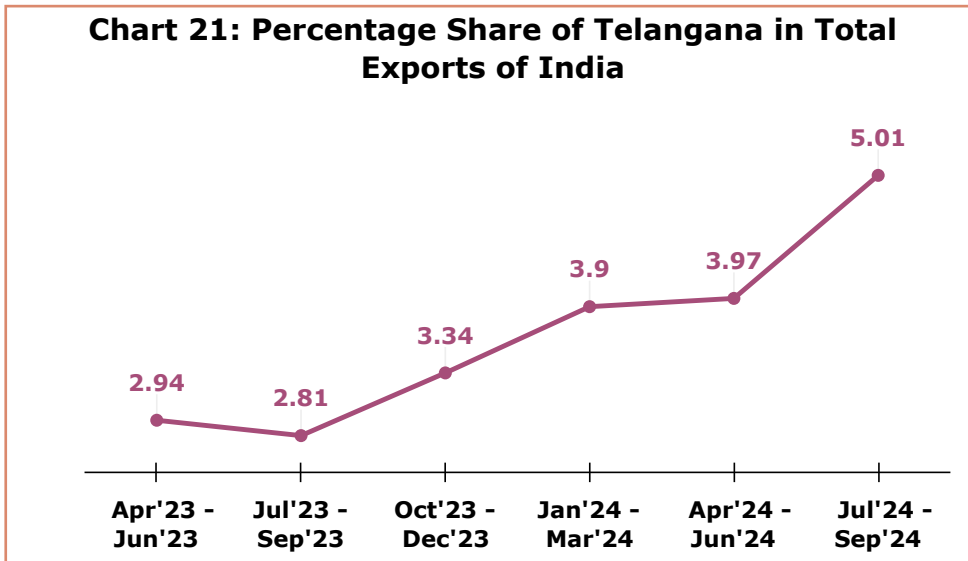
*Source: PLFS Annual Reports (2018-19 to 2023-24), MOSPI*

Transportation and storage (H) saw initial declines but rebounded after 2021-22 with renewed trade activity. Information and communication (J) demonstrated strong employment growth, especially post-2020-21, aligning with a shift toward digitalisation and tech-driven roles, which gained momentum with remote work and e-commerce. Public administration (O) saw steady growth, likely driven by increased government hiring for social programs and essential services. Education (P) fluctuated, with a decline in 2021-22 but a recovery by 2023-24, as schools and universities stabilised post-pandemic.

## Export Performance in Telangana for Q1 and Q2 of FY25 Shows Strong Growth and Positive Trends

Telangana recorded exports of \$8.54 billion in the first half of FY25, representing 4.46% of total exports of India, which stood at \$213.22 billion. The state's export composition is dominated by Engineering Goods (37.79%), Drugs and Pharmaceuticals (31.85%), and Organic and Inorganic Chemicals (13.16%), making up the top three export categories in Q1 and Q2 of FY25.

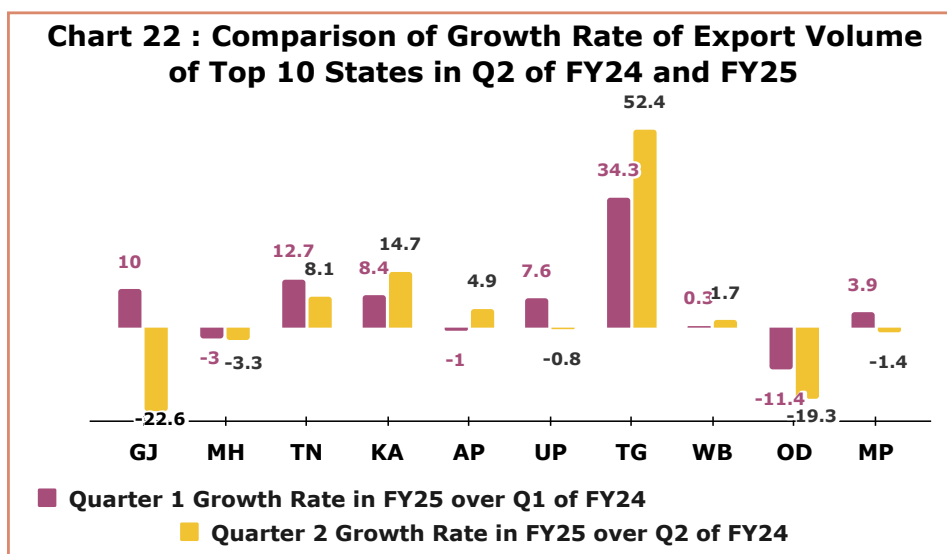
## Percentage Share in Total Exports for Telangana



Source: NIRYAT- National Import-Export Record for Yearly Analysis of Trade, Gol

Over consecutive quarters from April 2023 to September 2024, initially, the export share of Telangana dropped slightly from 2.94% in April-June 2023 to 2.81% in July-September 2023. However, from October-December 2023 onward, the export share increased steadily, reaching 3.34% and then increasing gradually each quarter.

By July-September 2024, the share of Telangana reached a high of 5.01%. This upward trend suggests that the export sector of Telangana is growing, due to increased production capacity, improved trade policies, and a higher demand for goods from Telangana in international markets.



Source: NIRYAT- National Import-Export Record for Yearly Analysis of Trade, Gol

The bar chart illustrates the quarterly growth rates for the top 10 states in terms of export volume in FY25 compared to the same quarters in FY24. Telangana (TG) shows remarkable growth, especially in Quarter 2, with a substantial increase of 52.4%, following an already impressive growth of 34.3% in Quarter 1.

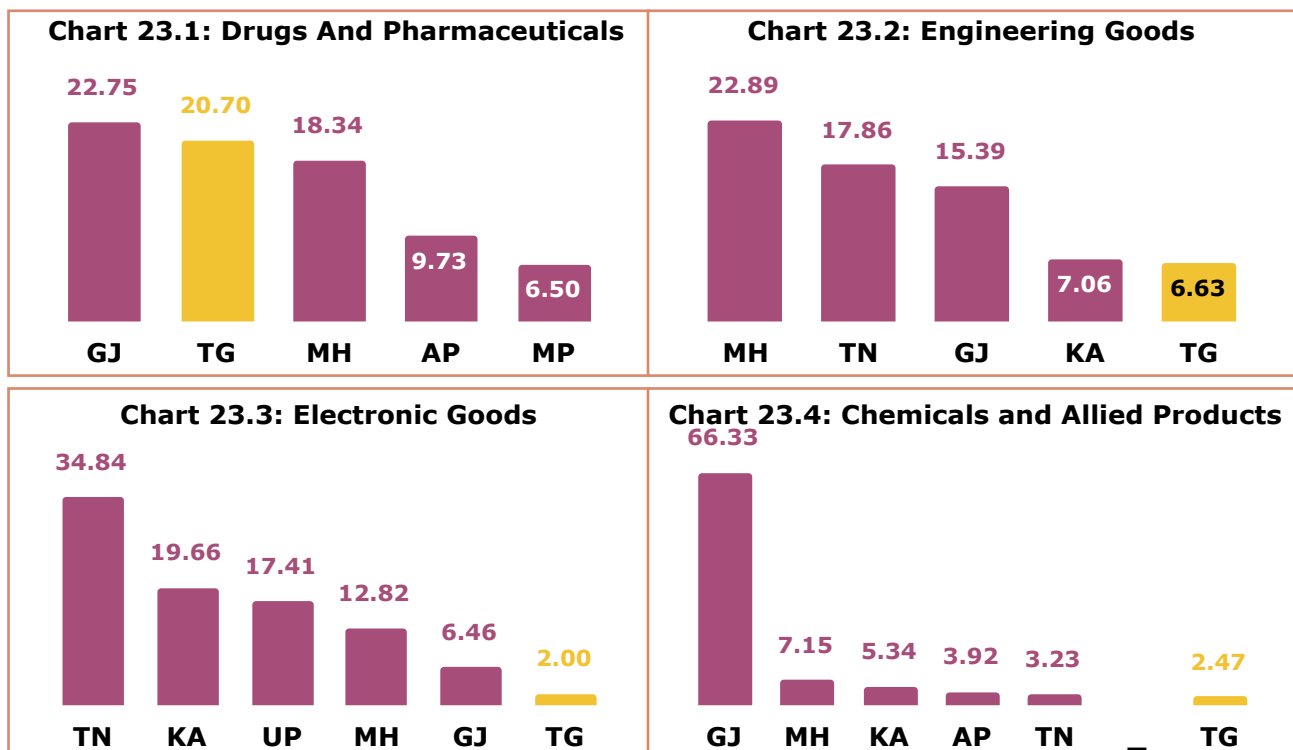
This strong performance is notably higher than that of other states, indicating a significant boost in economic activities or production in Telangana.

In contrast, other states like Gujarat and Odisha saw negative growth. Gujarat experienced a sharp decline of -22.6% in Quarter 2, while Odisha's decline was -11.4% in Quarter 1 and -19.3% in Quarter 2. The rapid growth of Telangana is driven by factors such as increased investment, policy support, or sector-specific advancements, which have allowed it to outperform other regions by a significant margin in both quarters.

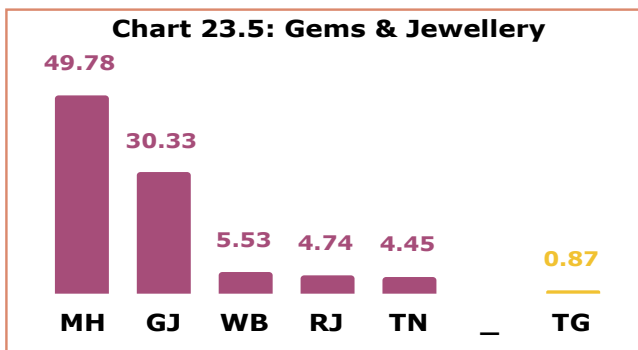
This consistently higher growth rate helps Telangana to become a key player in the export landscape of India, boosting its share in total exports, as evidenced by its rise from 2.81% in mid-2023 to 5.01% by mid-2024. This rapid growth positions Telangana as a significant contributor to the overall export growth of India, setting a positive precedent for other states.

### FY25 (Up to September) Commodity-Wise Share of Exports: Top 5 States (Including Telangana Separately, If Not in Top 5)

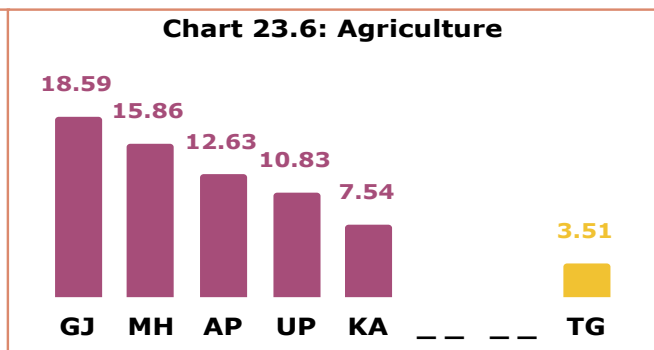
(Values are in percentage share in total exports of that commodity)



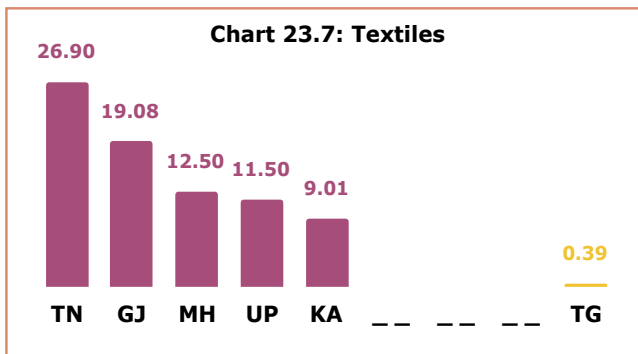
TG is at 7th position



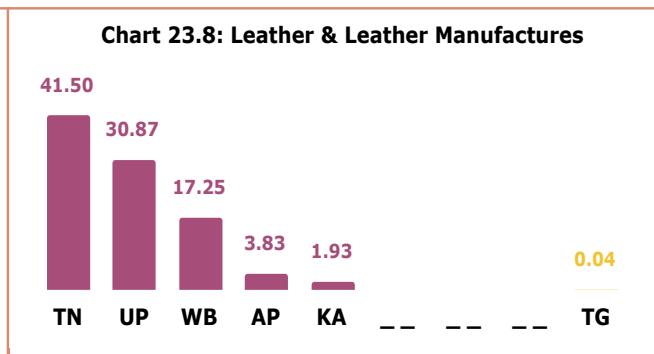
TG is at 7th position



TG is at 11th position



TG is at 13th position



TG is at 13th position

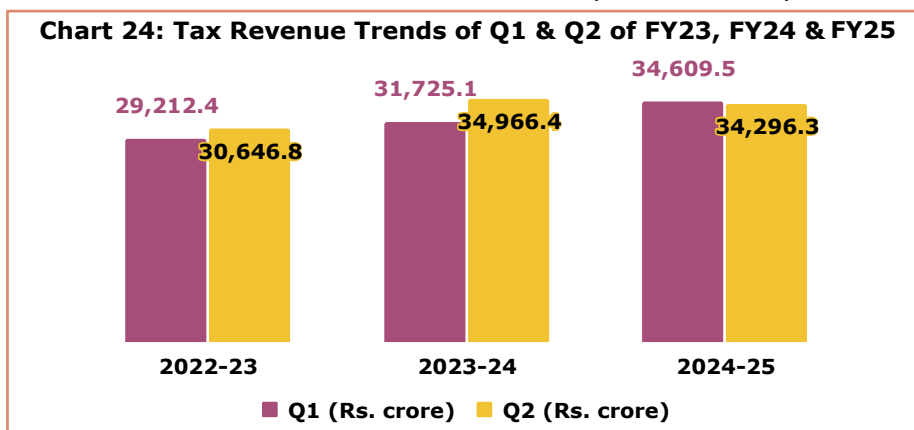
Source: NIRYAT- National Import-Export Record for Yearly Analysis of Trade, GoI

## Revenue Performance in Q2 of FY25 in Telangana Reflects Mixed Trends Across Tax and Non-Tax Collection

### Tax Revenue<sup>13</sup> Analysis: Q1 vs Q2 (FY25) and Year-on-Year Q2 Comparisons (FY23, FY24, FY25)

#### Key Insights

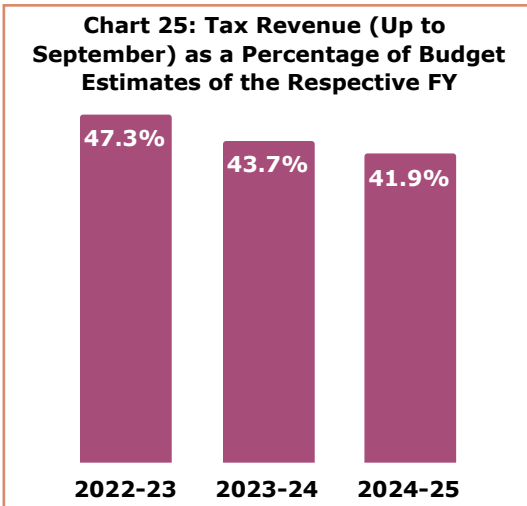
**Q1 vs Q2 (FY25):** Tax revenue experienced a slight decline, decreasing from Rs. 34,609.5 crore in Q1 to Rs. 34,296.3 crore in Q2, representing a minor drop of 0.9%. This suggests that the growth momentum has softened in Q2 compared to the previous quarter.



Source: CAG Monthly Key Indicators Reports - Telangana

13 Tax revenue consists of Goods and Service Tax, Stamps and Registration, Land Revenue, Sales Tax, State Excise Duties, State's Share of Union Taxes and Other Taxes and Duties

**Year-on-Year Q2 Comparison:** Comparing Q2 of FY25 to Q2 of FY24, tax revenue decreased by 1.9% from Rs. 34,966.4 crores to Rs. 34,296.3 crores. However, this year's Q2 still outperformed Q2 of FY23, where tax revenue was Rs. 30,646.84 crore, indicating some growth from that earlier period.



**Tax revenue as a Percentage of Budget Estimates of the respective FY:** Up to September 2024, only 41.9% of the Budget Estimates of FY25 for tax revenue had been achieved, slightly lower than the 43.7% achieved by the same time in FY24 and significantly below the 47.3% achieved in FY23. This indicates that tax collections in FY25 are lagging behind the collection pace of the previous years, relative to the annual targets set in the Budget Estimates.

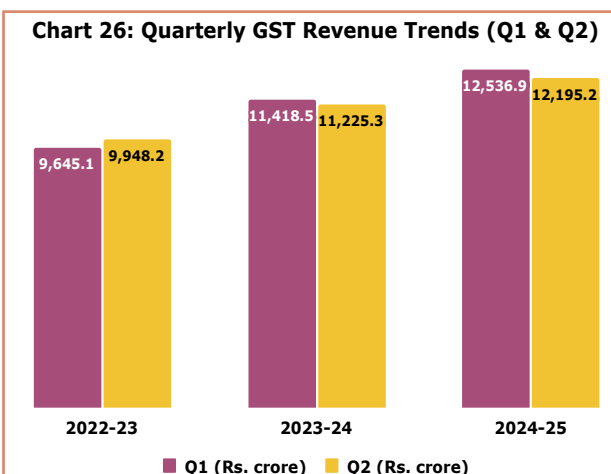
Source: CAG Monthly Key Indicators Reports - Telangana

### Overall Observation

Despite showing slight growth compared to FY23, Q2 of FY25 lags behind Q2 of FY24 in revenue collection and budget expectations, indicating that more focused efforts are needed in the upcoming quarters to meet fiscal targets.

### GST Revenue<sup>14</sup> Analysis: Q1 vs Q2 (FY25) and Year-on-Year Q2 Comparisons (FY23, FY24, FY25)

Among the components of tax revenue, GST stands as the largest contributor to the overall tax collections of Telangana. The GST collections trend is as follows:



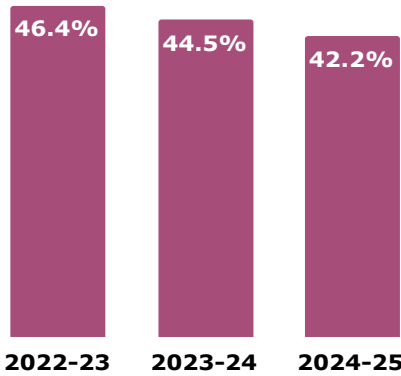
### Key Insights

**Year-on-Year Q2 Comparison:** In Q2 of FY25, GST revenue increased by 8.6% compared to Rs. 11,225.33 crore in Q2 of FY24, reflecting positive growth. Additionally, it outperformed Q2 of FY23, which had revenue of Rs. 9,948.17 crore.

Source: CAG Monthly Key Indicators Reports - Telangana

14 Including State's share of CGST

**Chart 27: GST Revenue (Up to September) as a Percentage of Budget Estimates of the Respective FY**



Source: CAG Monthly Key Indicators Reports - Telangana

**Actuals as a Percentage of Budget Estimates of the respective FY:** Up to September 2024, 42.2% of the Budget Estimates of FY25 for GST revenue had been achieved, reflecting a decline from 44.5% in FY24 and 46.4% in FY23. This trend indicates a consistent decrease in performance relative to budget expectations over the past three years.

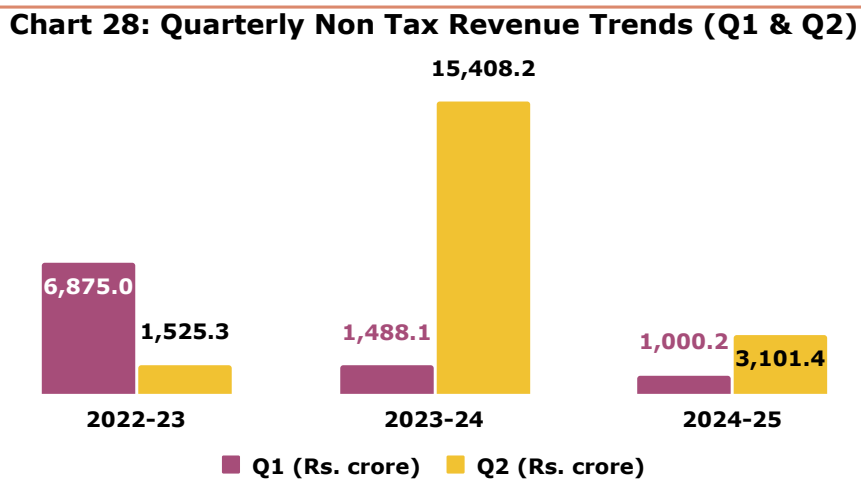
**Overall Observation**

While there is year-on-year growth in Q2 GST revenue, FY25 is falling behind in achieving budget targets, following a declining trend in recent years. This suggests the need to tighten compliance and possibly accelerate GST collections in the coming months.

**Non-Tax Revenue<sup>15</sup> Analysis: Q1 vs Q2 (FY25) and Year-on-Year Q2 Comparisons (FY23, FY24, FY25)**

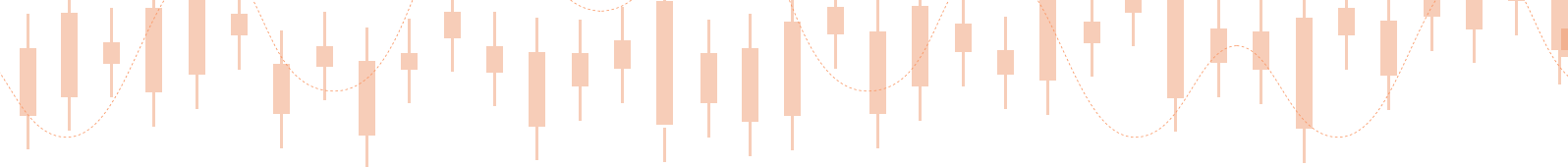
**Key Insights**

**Q1 vs Q2 (FY25):** Non-tax revenue registered a significant increase from Rs. 1,000.17 crore in Q1 to Rs. 3,101.41 crore in Q2 of FY25, representing over a threefold rise within the quarter. However, this increase should be interpreted with caution, as the low base of Q1 skews the growth. Additionally, the Q2 figure of FY25 has decreased by almost five times compared to the same quarter in the previous fiscal year and remains significantly lower than the budget estimates for this financial year.

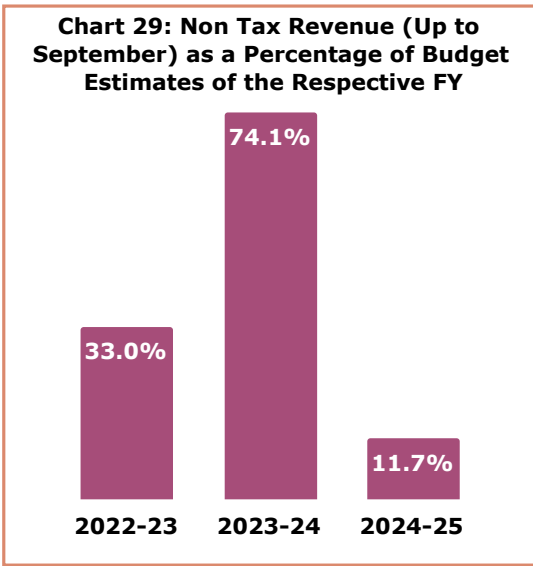


Source: CAG Monthly Key Indicators Reports - Telangana

15 Non-Tax revenue includes Interest Receipts, Dividends & Profits, General services, Economic services, etc.



**Year-on-Year Q2 Comparison:** When comparing Q2 of FY25 to Q2 of FY24, there is a sharp decline of 79.9% from Rs. 15,408.2 crore in Q2 of FY24 to Rs. 3,101.4 crore in Q2 of FY25. The specific events or government actions, such as land sales and the leasing of government properties, which occurred in those specific quarters are significant contributors to non-tax revenue fluctuations and the unusually high non-tax receipts in Q2 of FY24. However, when compared to Q2 of FY23, the current Q2 figure for FY25 shows a significant increase from Rs. 1,525.3 crore. This increase should still be interpreted with caution, as the low base of Q2 of FY23 skews the growth, and the Q2 figure of FY25 remains considerably lower compared to budget estimates, as detailed below.



*Source: CAG Monthly Key Indicators Reports - Telangana*

**Actuals as a Percentage of Budget Estimates of the respective FY:** Up to September 2024, only 11.7% of the Budget Estimates of FY25 for non-tax revenue had been achieved. This marks a stark contrast to the 74.1% achieved by the same time in September 2023 and 33% in September 2022. This drastic decline in performance against budget estimates raises critical concerns for FY25.

**Overall Observation**

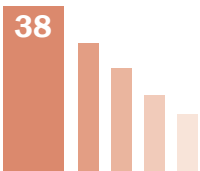
While Q2 non-tax revenue shows notable growth over Q1 in FY25, it is essential to recognise that the year-on-year decline remains alarming. This substantial shortfall indicates missed revenue opportunities that significantly boosted collections in FY24.

**Summary of Revenues**

Overall, while there are positive growth trends in certain areas (like GST year-on-year), the fiscal performance in FY25 appears to be lagging in several respects compared to previous years. Each revenue stream requires targeted strategies to address the underperformance and ensure that budget estimates are met.

**Expenditure Trends of Telangana in the April to September Period of 2019 to 2024 Reflect Growing Revenue Needs and Persistent Deficit Challenges**

The fiscal landscape of Telangana from April to September over the years 2019 to 2024 reveals significant trends in revenue expenditure (RE), capital expenditure (CE), and

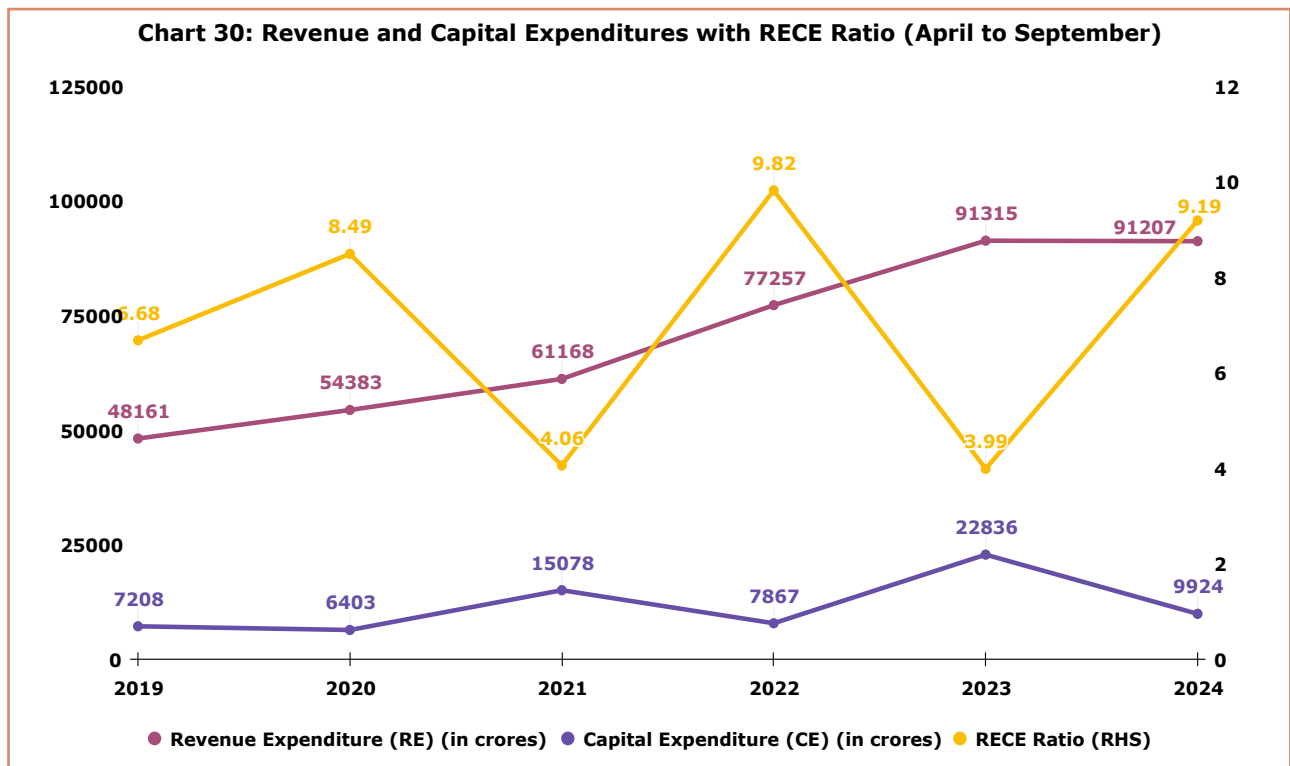


associated deficits. Understanding these dynamics is crucial for assessing the quality of expenditure and the overall financial health of the state. A balanced fiscal approach is necessary to ensure that the government’s financial commitments align with its long-term developmental goals.

## Expenditure Data (April-September)

### Expenditures Overview

Revenue expenditure (RE) of Telangana for the period April to September has shown a consistent upward trend, rising from Rs. 48,161.23 crores in 2019 to Rs. 91,315.21 crores in 2023. This increase reflects the state’s commitment to sustaining essential public services and addressing various welfare needs. However, in 2024, revenue expenditure slightly decreased to Rs. 91,207.22 crores, highlighting potential adjustments in spending priorities.



Source: CAG Monthly Key Indicators Reports - Telangana

In contrast, capital expenditure (CE), which is critical for fostering long-term economic growth, has exhibited significant fluctuations for the same period. It peaked at Rs. 22,836.18 crores in 2023 but declined sharply to Rs. 9,924.35 crores in 2024. This volatility reflects the broader implications of Wagner’s Law, which posits that public expenditure tends to increase as the economy rises. While the increase in RE aligns with this law, the fluctuations in CE suggest that the state’s investment in infrastructure and development has not kept pace with the growing economic demands. The decline



of CE in 2024 reflects adjustments in expenditure priorities, potentially affecting the pace of investment in long-term assets. This reduction in capital spending will limit the availability of essential infrastructure, which may, in turn, influence economic multipliers and the potential for employment generation over the long run.

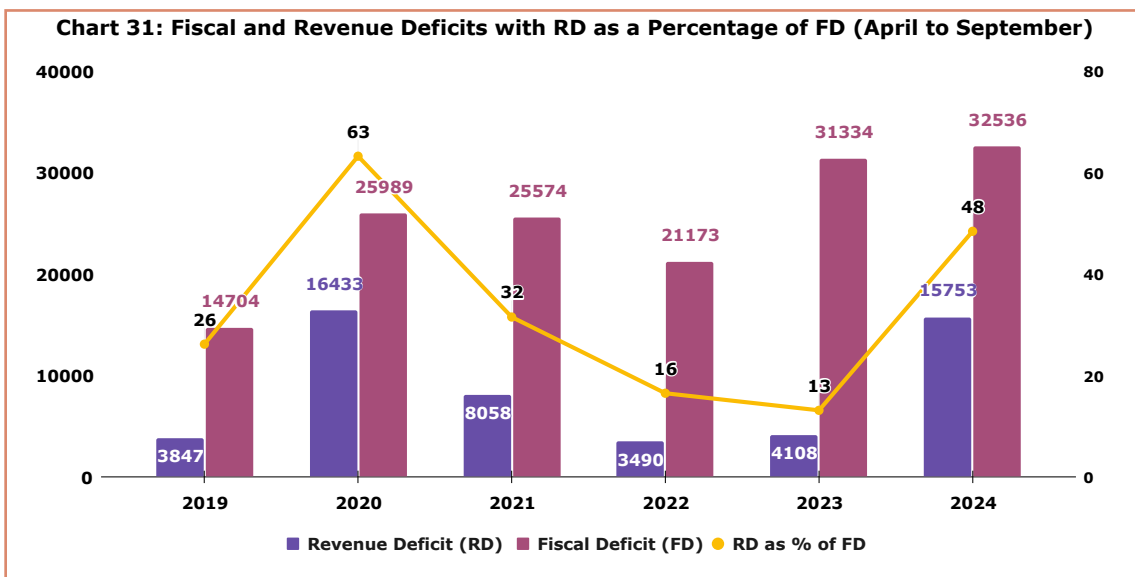
### RECE Ratio

The Revenue Expenditure to Capital Expenditure (RECE) ratio provides insights into the balance between Revenue spending and capital investments. A higher RE to CE ratio suggests a greater emphasis on Revenue expenses at the expense of capital investments, which are crucial for fostering future economic growth. The RE to CE ratio (for the period April to September) peaked in 2022 at 9.82, reflecting the prioritisation of expenditures that may limit resources available for essential infrastructure projects. However, this ratio fell to 3.99 in 2023, reflecting a more balanced approach towards capital expenditure, before rising again to 9.19 in 2024, suggesting a renewed tilt toward revenue spending. The significant fluctuations in the RECE ratio indicate potential volatility in expenditure quality and underscore the need for a more strategic approach to budgeting.

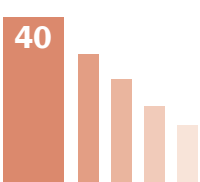
### Shifts in Deficit Management

#### Deficit Dynamics

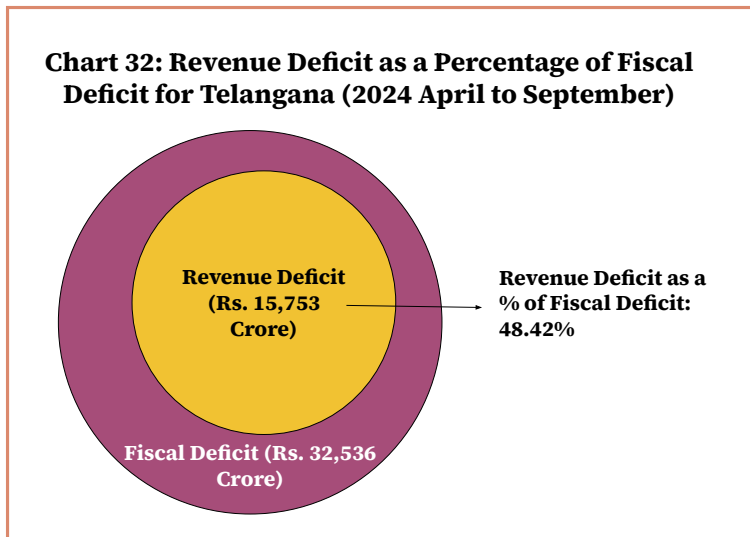
The Revenue Deficit (RD) data for the period April to September shows noticeable fluctuations, with 2020 marking a significant outlier. During this year 2020, RD spiked to Rs. 16,433.12 crores, making up 63.23% of the Fiscal Deficit (FD). This surge can largely be attributed to the COVID-19 pandemic, which led to increased spending on health, welfare, and relief measures, while also hampering revenue collection due to economic slowdowns.



Source: CAG Monthly Key Indicators Reports - Telangana



In subsequent years, the RD-to-FD ratio saw improvement as the state's financial operations began stabilising post-pandemic. By 2021, the ratio had dropped to 31.51%, and in 2022, it further reduced to 16.48%, indicating a return to more controlled revenue deficit levels. In 2023, the ratio reached a low of 13.11%, reflecting strengthened revenue performance and careful fiscal management.



Source: CAG Monthly Key Indicators Report - Telangana

In 2024, however, this ratio rebounded to 48.42%, signalling underlying structural issues in revenue generation. Ricardian Equivalence suggests that if the public perceives these deficits as future tax burdens, it can lead to reduced consumer spending in the present. This reduction counteracts the stimulating effects of increased government spending, thereby diminishing the demand-side benefits of revenue expenditure. Furthermore, persistent reliance on revenue deficits can erode fiscal sustainability, limiting the state's ability to respond to future crises without incurring high borrowing costs.

## Deficits - Implications and Recommendations

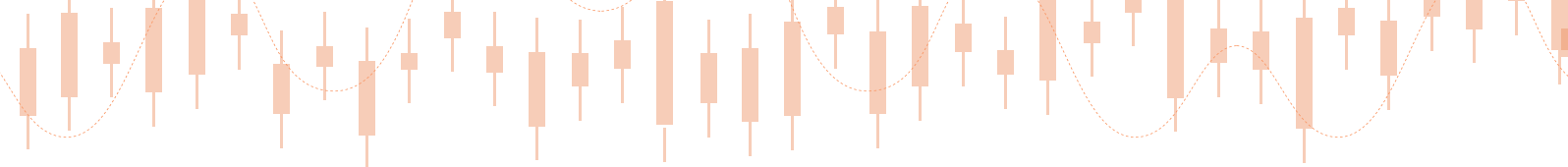
### Sustainability of Expenditure

The observed trends highlight that, while expenditures are on the rise, a more balanced approach towards capital expenditure is necessary to ensure long-term growth and development. The increase in revenue expenditure, if not matched by revenue generation and prudent capital investment, could lead to a fiscal imbalance. It is critical to enhance revenue generation to reduce dependency on deficits and promote fiscal sustainability.

### Policy Recommendations

#### Enhance Revenue Generation

Strengthening tax collection mechanisms, enhancing compliance, and exploring new



revenue streams can help alleviate the financial pressure stemming from increased expenditures. Innovative approaches to revenue generation, including public-private partnerships and improved service delivery, should be considered to diversify income sources.

### **Prioritise Capital Investment**

Increasing capital expenditure, particularly in infrastructure and developmental projects, is essential for supporting economic growth and improving the overall quality of expenditure. This focus can lead to job creation, improved public services, and enhanced quality of life for citizens.

### **Monitor Deficits Closely**

Regular assessments of revenue and fiscal deficits are vital to maintaining fiscal discipline and ensuring financial sustainability moving forward. Implementing a robust framework for monitoring and evaluation will enable the government to make informed decisions regarding budget allocations and adjustments in response to changing economic conditions.

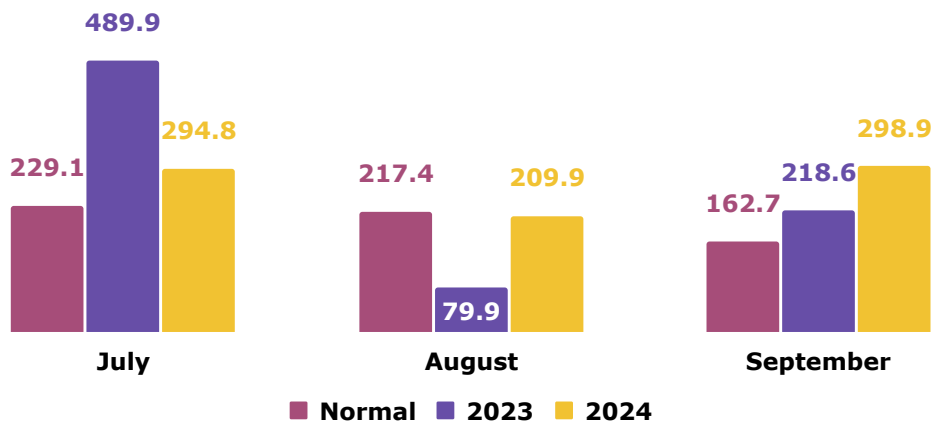
In conclusion, the fiscal situation of Telangana necessitates a careful and balanced approach to expenditure management. By enhancing revenue generation, prioritising capital investment, and closely monitoring deficits, the state can ensure sustainable economic growth and maintain its commitment to public welfare.

## **Telangana Experiences Uneven Rainfall Patterns in 2024 Impacting Reservoir Levels**

### **Average Monthly Rainfall Trends in Telangana: July to September Comparison for 2023 and 2024**

The average monthly rainfall of Telangana from July to September over the past two years shows notable deviations from the typical seasonal patterns. In July, the state experienced exceptional average rainfall, with July 2023 recording nearly double the normal amount at 489.9 mm, significantly surpassing the average of 229.1 mm. Although July 2024 had less rainfall than in 2023, it still exceeded the normal, reaching 294.8 mm, indicating a strong start to the monsoon in both years.

**Chart 33: Average Monthly Rainfall (in mm) in Telangana: July–September**



Source: Directorate of Economics and Statistics, Telangana

August 2023, however, marked a stark contrast, averaging only 79.9 mm of rain—approximately 37% of the usual 217.4 mm. In contrast, August 2024 aligned more closely with the typical average, reaching 209.9 mm.

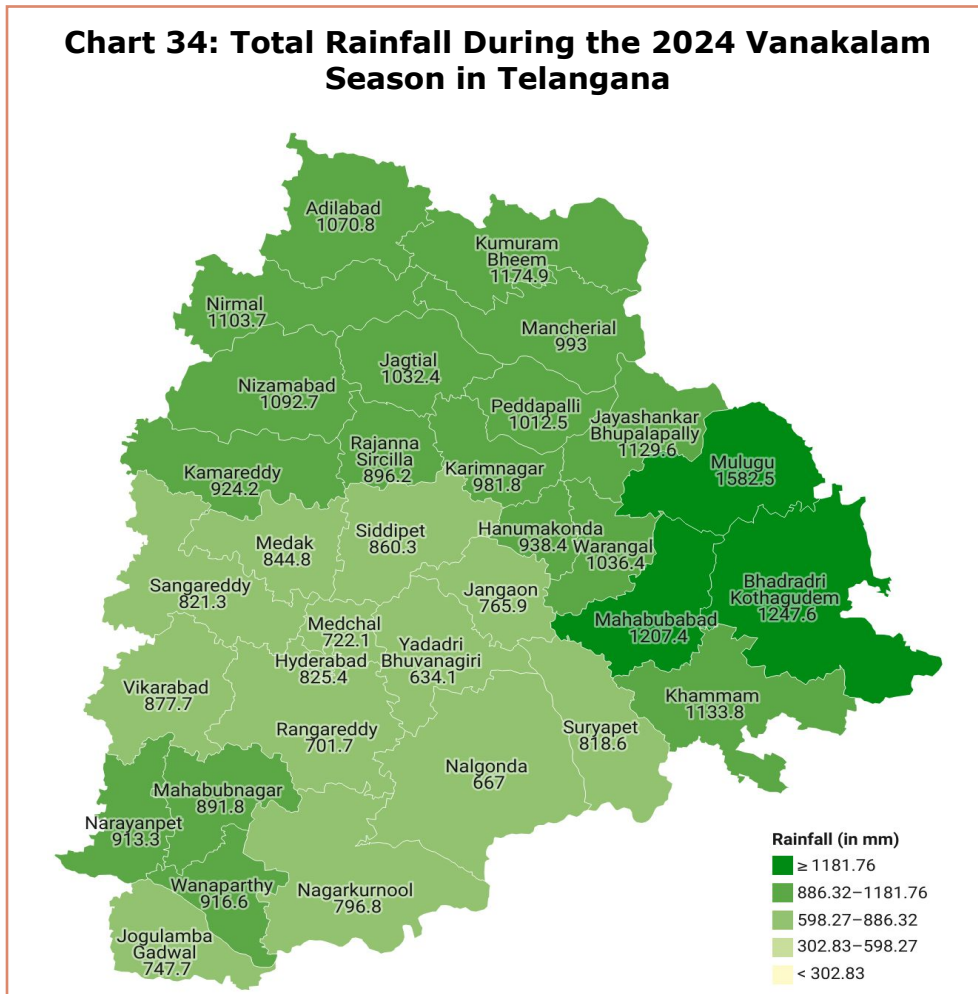
In September, average rainfall was significantly above normal in both years. September 2023 recorded 218.6 mm, while September 2024 saw an even larger increase to 298.9 mm, nearly doubling the normal 162.7 mm. This spike in 2024 suggests intense rainfall events extending the monsoon’s impact.

Overall, these monthly variations reflect the shifting intensity and distribution of rainfall across Telangana, with significant implications for water resources and agricultural planning. In 2023, the heightened rainfall in July and September contrasts with drier conditions of August, underscoring the variability and challenges in anticipating rainfall patterns.

### Rainfall Analysis During the 2024 Vanakalam Season in Telangana

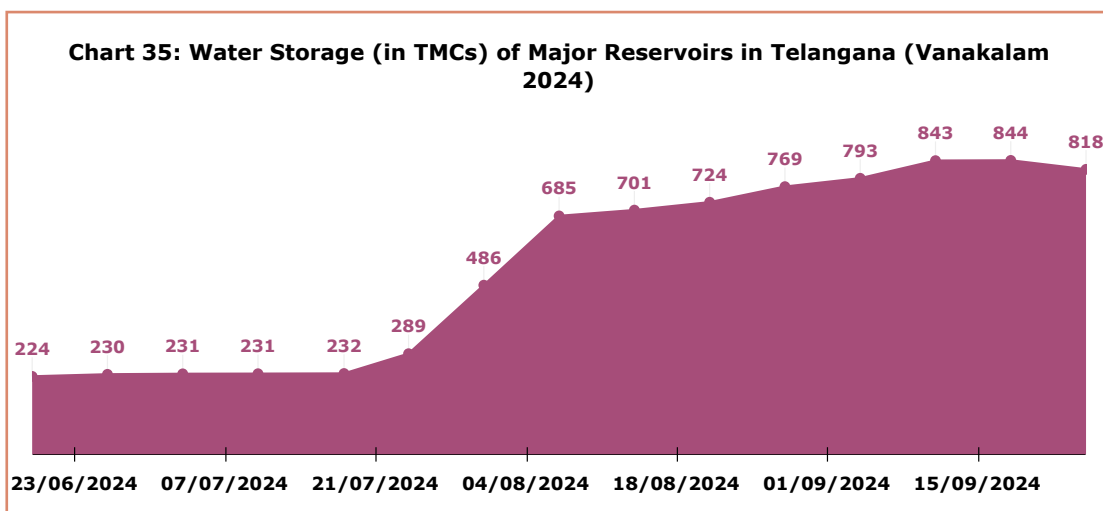
During the 2024 Vanakalam season (June to September), Telangana experienced an average rainfall of 962.6 mm, with notable variations across districts. Mulugu received the highest rainfall at 1582.5 mm, followed closely by Bhadradri (1247.6 mm) and Mahabubabad (1207.4 mm), where abundant rain supports water-intensive crops but may increase the risk of flooding. Districts like Nirmal (1103.7 mm) and Khammam (1133.8 mm) recorded rainfall near the state average, creating favourable conditions for staple crops. In contrast, Yadadri (634.1 mm), Nalgonda (667 mm), and Jangaon (765.9 mm) reported lower rainfall, suggesting a potential need for additional irrigation support.

These rainfall patterns highlight the importance of adaptable water management practices to sustain agriculture across diverse districts of Telangana.



Source: Directorate of Economics and Statistics, Telangana

## Major Reservoirs' Water Storage Trend During the 2024 Vanakalam Season



Source: Weekly Seasonal Reports, Department of Agriculture, Telangana

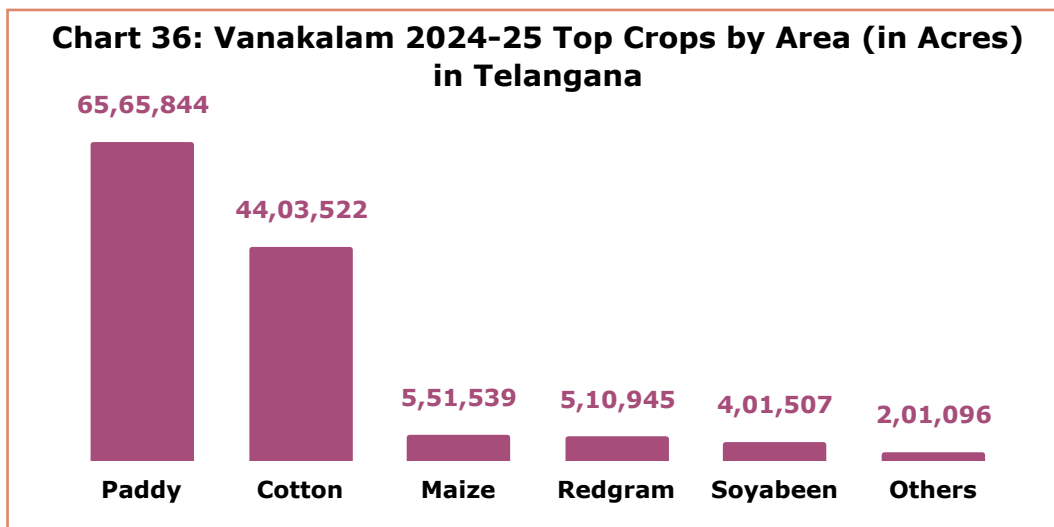
During the 2024 Vanakalam season (June to September), the storage in 19 major reservoirs<sup>16</sup> of Telangana increased steadily, rising from 224 TMC in mid-June to a peak of 844 TMC in mid-September.

## Vanakalam Season in 2024-25 Shows Evolving Crop Trends And Responsive Fertilizer Supply Management in Telangana

The Vanakalam season in Telangana has long been pivotal for crop production, shaped by the state’s unique agro-climatic conditions, market demands, and government support. The recently concluded 2024-25 Vanakalam season, combined with a decade of data from 2015-16 to 2024-25, reveals the evolving cropping landscape, dominated by staples like paddy and cotton but reflecting adaptive shifts over the years.

### 2024-25 Vanakalam Season Overview<sup>17</sup>

During the 2024-25 Vanakalam season, the total sown area reached over 126 lakh acres by September 30, 2024. Paddy and cotton emerged as the dominant crops in Telangana, significantly contributing to the state’s agricultural economy.



Source: Directorate of Economics and Statistics, Telangana

**Paddy:** Covering 65.66 lakh acres, paddy occupied the largest area this season. Its predominance signals the crop’s resilience and adaptability to the Vanakalam conditions of Telangana, benefiting from improved irrigation and steady market demand.

16 The included reservoirs are Almatti, Narayanapur, Ujjaini, Jurala, Tungabhadra, Srisailam, Nagarjuna Sagar, Pulichintala, Jaikwadi, Singur, Nizam Sagar, Sri Ram Sagar, Mid Manair Dam, Lower Manair Dam, Kaddam, Sripada Yellampalli, Veligodu Balancing Reservoir, Somasila, and Kandaleru.

17 Crop-wise First Advance Estimates of Area, Production, and Yield during 2024-25 Vanakalam, Directorate of Economics and Statistics, Telangana

**Cotton:** With 44.04 lakh acres under cultivation, cotton plays a pivotal role in the Telangana crop mix during Vanakalam, driven by strong profitability and high demand in domestic and export markets.

**Maize and Red Gram:** Maize (5.52 lakh acres) and red gram (5.11 lakh acres) continue to hold their ground, although their acreage is considerably lower than paddy and cotton. These crops add diversity to the agricultural sector.

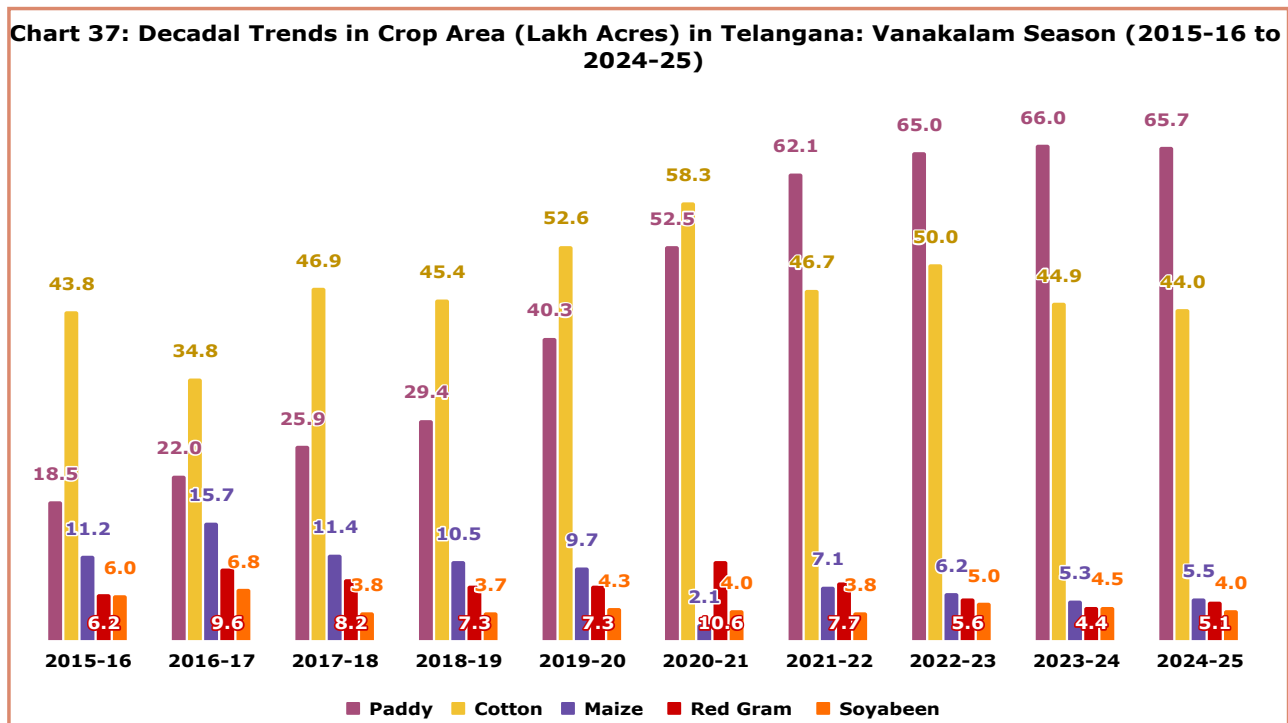
In addition, **Soybean** (4.01 lakh acres) rounds out the list of major crops for this season. While it doesn't have the acreage of the top two crops, its consistent inclusion in the Vanakalam season signals a continued demand for oilseeds and crop rotation benefits, which are essential for long-term soil health.

### Decadal Trends in Vanakalam Crop Patterns (2015-16 to 2024-25)<sup>18</sup>

A look at the past decade reveals notable trends in the Vanakalam season of Telangana, illustrating how the composition of top crops by area has evolved:

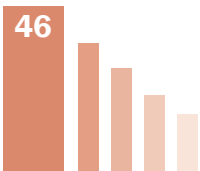
#### Cotton's Early Dominance (2015-16 to 2020-21)

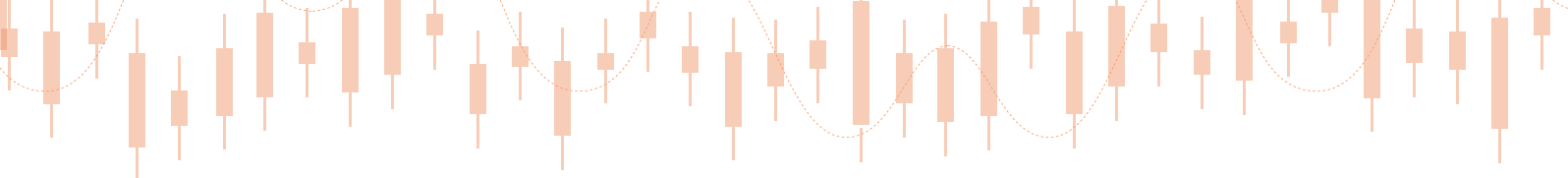
From 2015-16 to 2020-21, cotton consistently held the largest area in the Vanakalam season, benefiting from favourable policies, market prices, and climate adaptability. During this period, paddy maintained the second-largest share, with its area steadily increasing.



Source: Directorate of Economics and Statistics, Telangana

18 Data for 2024-25 Vanakalam is sourced from the 'Crop-wise First Advance Estimates of Area, Production, and Yield of Crops during 2024-25 Vanakalam,' Directorate of Economics and Statistics, Telangana





### Paddy Overtakes Cotton (2021-22 Onward)

Beginning in 2021-22, paddy overtook cotton to become the top crop by area in the Vanakalam season, a position it has held through the 2024-25 season. This shift can be attributed to the expansion of irrigation facilities, government procurement policies, and the stable demand for rice both within and outside the state. Paddy's growth indicates a shift in crop choices in Telangana, influenced by subsidies, water availability, and a focus on food security.

### Maize and Red Gram's Consistent Presence as Third-Largest Crops

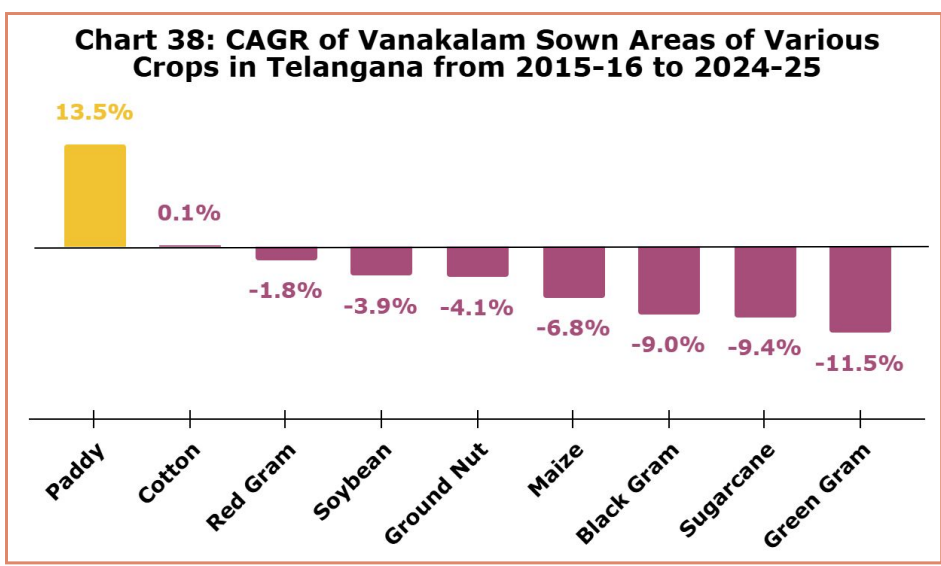
Maize has historically occupied the third-largest area in the Vanakalam season, except in 2020-21, when red gram briefly surpassed it. Maize's resilience and productivity make it an attractive option, especially in regions with less water availability compared to paddy.

### Soybean: A Stable but Modest Contributor

Soybean has consistently played a supporting role in the cropping patterns of Telangana, maintaining a stable presence with a sown area ranging between 3.7 lakh acres (2018-19) and 6.8 lakh acres (2016-17).

### Compound Annual Growth Rate (CAGR) of Sown Areas over the Decade

Over the decade, the CAGR for paddy cultivation in the Vanakalam season stands at an impressive 13.50%. Other major crops, including maize, green gram, and black gram, has experienced negative growth rates over the decade. Specifically, maize has faced a decline with a CAGR of -6.8%, while red gram has seen a sharper drop of -11.5%. These declines suggest various obstacles such as market conditions, climate variability, and changes in farmer preferences.



Source: Directorate of Economics and Statistics, Telangana



## Stability in Total Area

Despite the declines in several crops, the overall increase in the total area cultivated in the Vanakalam season can be attributed primarily to the significant rise in paddy cultivation.

This trend underscores the importance of strategic agricultural policies and support systems for paddy.

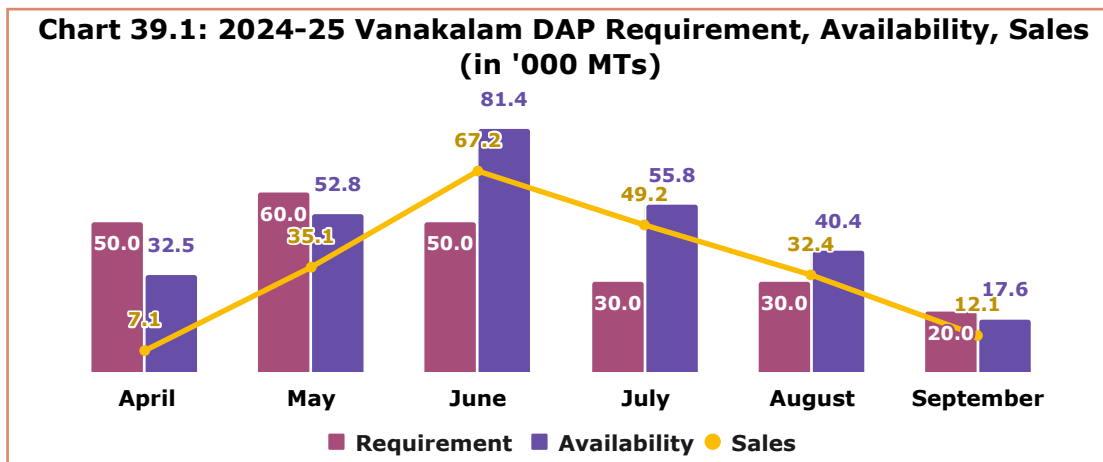
## Strategic Focus for Sustainability

While the growth of paddy has been beneficial, it is essential to address the challenges faced by other crops. Implementing targeted interventions, such as improving market access, enhancing irrigation facilities, and promoting crop diversification, can help stabilise and enhance the agricultural sector as a whole.

## Fertilizer Supply and Demand Patterns for Vanakalam Season in Telangana

The Vanakalam season in Telangana, spanning from April to September, saw a generally well-managed fertilizer supply chain. However, each fertilizer type displayed distinct trends in availability and sales across the months, revealing insights into both demand patterns and supply chain responsiveness.

### DAP (Diammonium Phosphate)

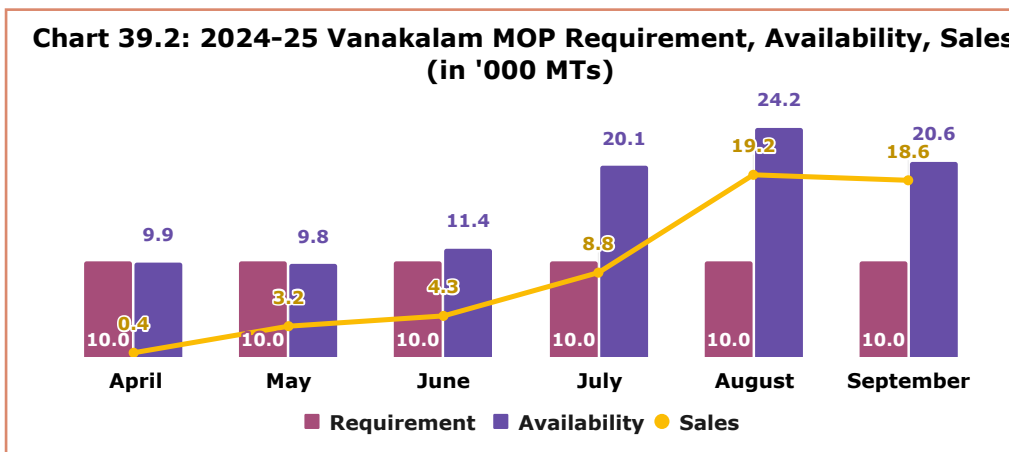


Source: Ministry of Chemicals and Fertilizers, GOI

Availability of DAP initially fell short at 64.98% of the requirement in April, with sales reaching only 14.18% of the demand (7,092 MT). In May, availability improved to 87.94%, with sales rising to 58.42% (35,052.4 MT). Availability surged further in June and July to 162.79% and 185.87%, respectively, with sales reaching 134.49% (67,243

MT) and 163.95% (49,186 MT) of the requirement reflecting the sowings. In August, availability stood at 134.59%, and sales exceeded demand at 108.15% (32,446 MT). By September, availability adjusted downward to 87.81%, with sales tapering to 60.70% (12,140 MT), reflecting the seasonal reduction in demand.

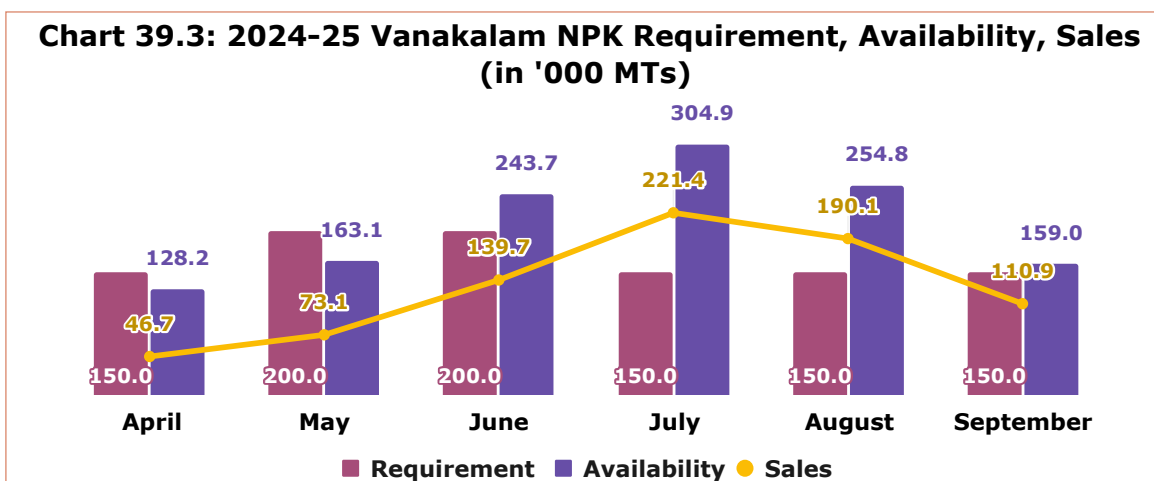
### MOP (Muriate of Potash)



Source: Ministry of Chemicals and Fertilizers, GOI

The availability of MOP in April was 99.29% of the requirement, but sales were notably low at just 3.80% of the demand (380 MT). Availability remained relatively stable in May at 97.69%, with a slight increase in sales to 31.89% (3,188.6 MT). In June, availability exceeded the requirement at 113.84%, though sales were limited to 42.76% (4,276 MT). July saw a further surge in availability to 201.21%, but sales were moderate at 88.49% (8,849 MT). August recorded the highest availability at 241.61%, with sales surpassing the requirement at 191.88% (19,188 MT). In September, availability remained high at 205.94%, with sales reaching 186.08% (18,608 MT), reflecting increased demand fulfilment during the peak agricultural season.

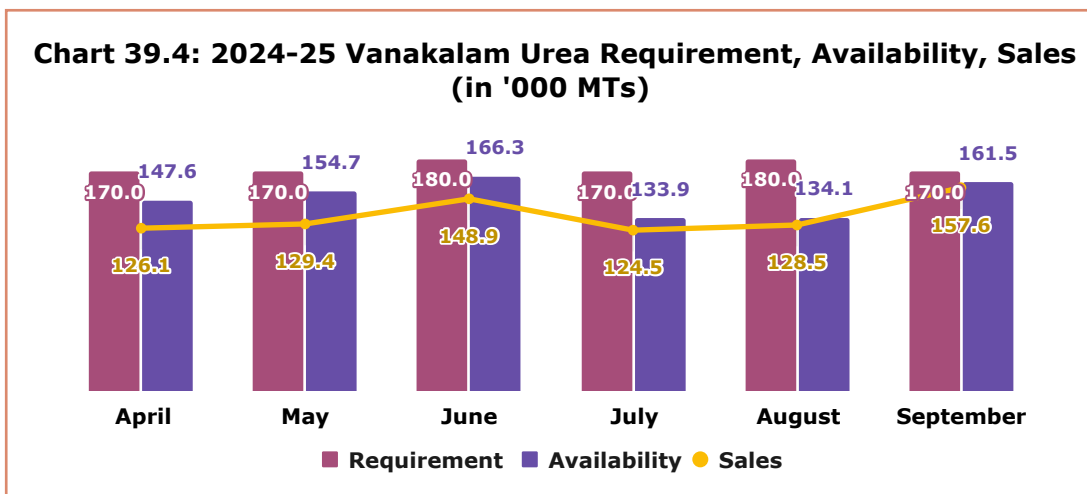
### NPK (Nitrogen, Phosphorus, Potassium Compound)



Source: Ministry of Chemicals and Fertilizers, GOI

The availability of NPK in April stood at 85.44% of the requirement, with sales lagging at 31.12% (46,682 MT). In May, availability dipped further to 81.54%, while sales showed a marginal increase to 36.54% (73,075.95 MT). By June, availability improved to 121.85%, but sales covered only 69.86% of the demand (139,711 MT). The peak supply occurred in July, with availability soaring to 203.28%, and sales reaching 147.62% (221,423 MT), indicating significant demand fulfillment. August maintained high availability at 169.84%, with sales exceeding the requirement at 126.70% (190,052 MT). In September, availability normalised to 106.02%, and sales covered 73.92% of the demand (110,878 MT), reflecting a decline in both supply and sales towards the end of the Vanakalam season.

## Urea

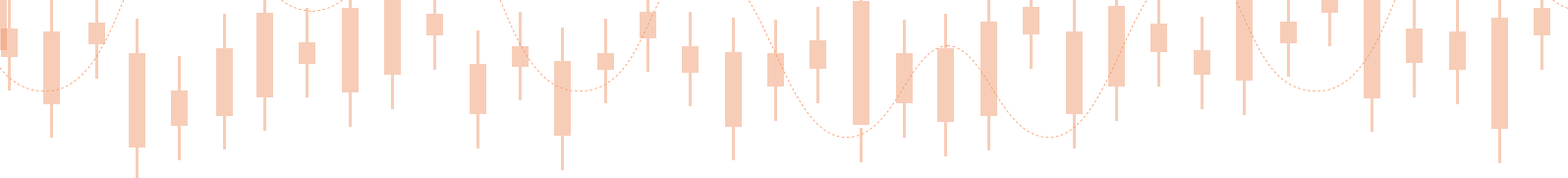


Source: Ministry of Chemicals and Fertilizers, GOI

In April, Urea availability was 86.84% of the requirement, with sales reaching 74.16% (126,074 MT). May saw a slight improvement in availability to 90.98%, while sales increased modestly to 76.09% (129,360.56 MT). In June, availability surged to 92.40%, and sales climbed to 82.72% (148,896 MT), reflecting a stronger alignment with demand. July experienced a decline, with availability dropping to 78.74% and sales covering 73.26% of the demand (124,538 MT). August saw a further dip in availability at 74.50%, while sales dropped to 71.42% (128,550 MT). By September, availability rebounded to 95.00%, and sales covered 92.69% (157,570 MT), indicating a closing alignment between supply and demand towards the end of the Vanakalam season.

## Key Observations and Insights

**Responsive Supply Chain Management:** Across all fertilizer types, supply chain adjustments ensured that peak season demands were met or exceeded. This



responsiveness is particularly evident in the availability spikes during May and June, supporting heightened agricultural activities.

**Early-Season Challenges:** In April, availability for certain fertilizers, particularly DAP and Urea, fell below the required amount. These early gaps could indicate logistical challenges or limited pre-season stockpiling, which was quickly addressed in subsequent months.

**Surplus Management in Peak Months:** The substantial overstocking observed in May and June, especially for NPK and MOP, reflects strategic planning to prevent mid-season shortages. This approach allowed for a smooth distribution during the busiest agricultural months, safeguarding farmers against potential supply shocks.

**Gradual Decline in Demand and Supply Alignment:** As the Vanakalam season progressed, availability percentages for most fertilizers declined, aligning with reduced agricultural requirements. This indicates effective demand forecasting and an adaptive distribution strategy that prevented over-supply while maintaining adequate reserves through the season's end.

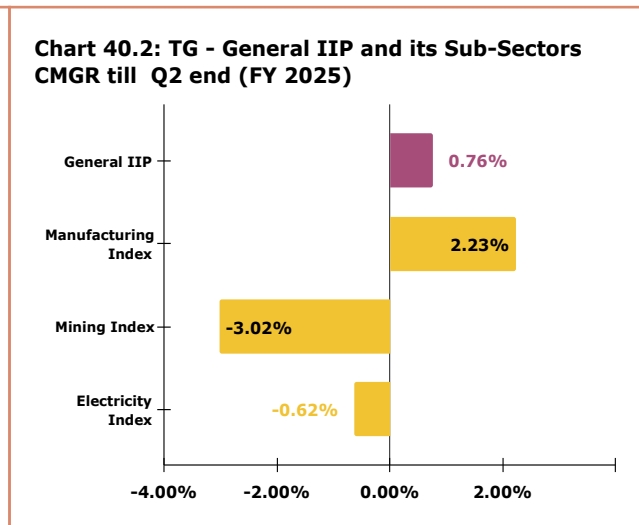
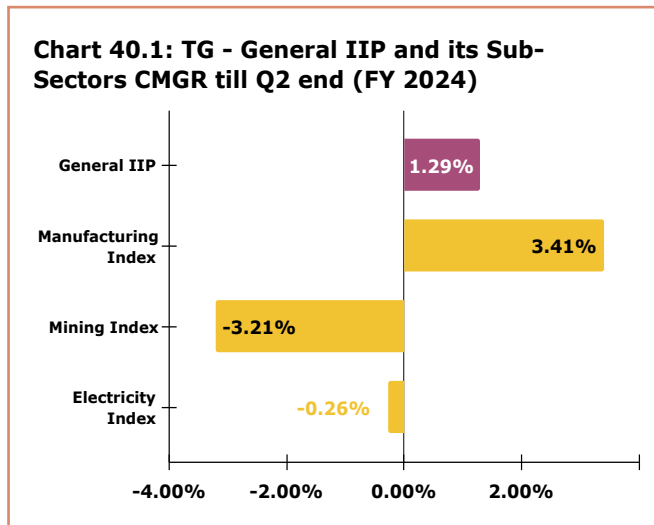
Overall, the Vanakalam fertilizer distribution demonstrates robust planning and adaptive supply practices, effectively meeting the agricultural requirements of Telangana through timely stock adjustments and efficient resource allocation. This performance underscores a well-coordinated system capable of responding to fluctuating demands while optimising availability to minimise wastage and ensuring farmers' needs are met throughout the season.

## Industrial Output Trends in Telangana Highlight Sectoral Challenges and Showcase Promising Growth in Key Areas

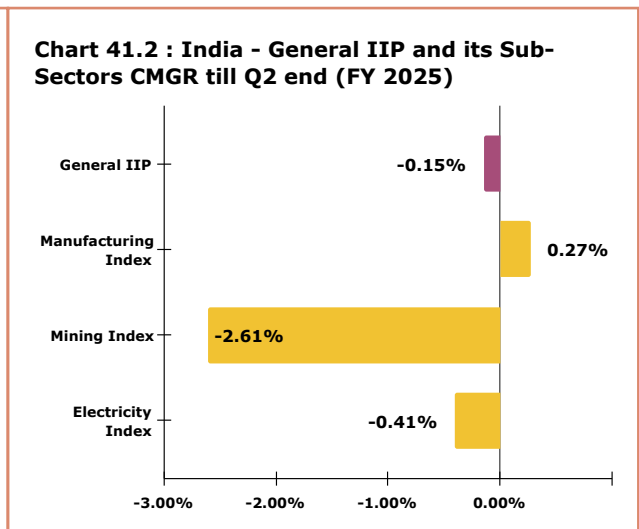
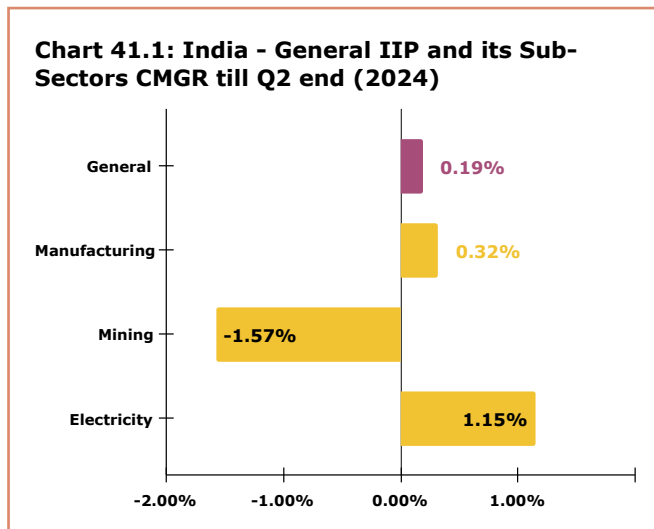
The IIP data measures the quantum of changes in industrial production in an economy and captures the general level of industrial activity in the country. It is measured as an index number to value the short-term changes in the volume of production of a basket of industrial products during a given period with respect to the base period, which is 2011-12 at present. It covers industrial growth across three sectors – Mining, Manufacturing and Electricity – and different use-based categories, that is, basic goods, capital goods, intermediate goods, consumer durables and consumer non-durables. The IIP is watched as a short-term indicator of industrial growth.

## IIP Growth of Telangana Shows a Decline From Last Financial Year but Remains Stronger Than Sluggish Performance of India

In comparison to India, the Telangana state industrial sector shows greater resilience and stability. While the industrial output of India has experienced marginal growth in FY24 (0.19%) and contraction (-0.15%) till Q2 end of FY25. General IIP and Manufacturing Index of Telangana performed better, with modest IIP growth till Q2 end of FY25 (0.76%). Telangana registered a stronger Manufacturing Index growth (2.23%) compared to the weak growth of India (0.27%) in FY25.



Source: Directorate of Economics and Statistics, Telangana.



Source: Ministry of Statistics and Programme Implementation, India

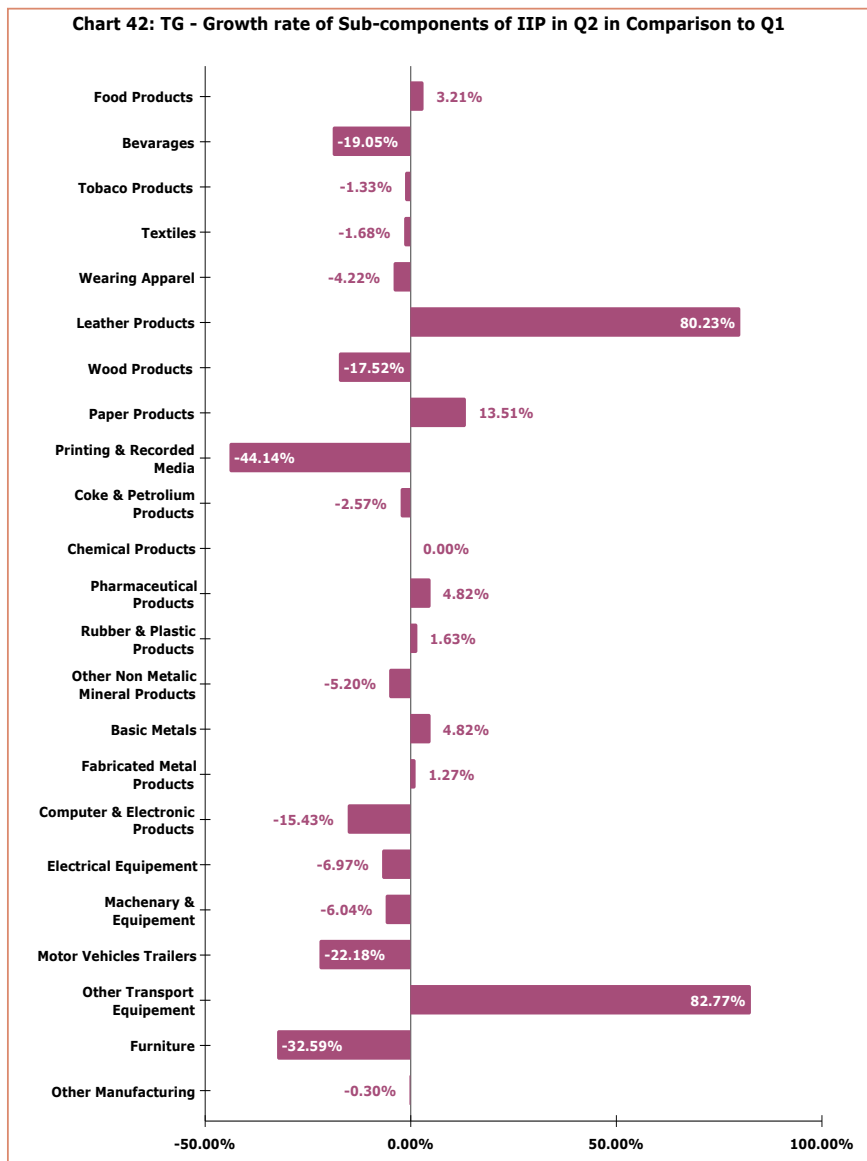
Although the Mining and Electricity sectors of Telangana showed a slight improvement in 2025 relative to 2024, they remain challenging. The decline in Mining output can be attributed to heavy rainfall in September. Despite a slowdown in electricity growth

and a decline in mining, the industrial performance of Telangana remains superior to the national average, particularly in manufacturing, showcasing its economic resilience. The decline in the manufacturing index of India may be attributed to a strong base effect across sectors and heavy rainfall in several regions.

### The growth rate of IIP and its sub-components in Q2 in comparison with Q1 of FY 2025

Telangana IIP recorded a decline of -1.33% in Q2 FY25 compared to Q1, indicating a contraction in industrial output.

Several sectors within manufacturing showed contrasting trends. The Manufacture of Food Products grew by 3.21%, suggesting strong demand for essential goods, possibly driven by increased consumer spending or demand for processed foods.



Source: Directorate of Economics and Statistics, TG.

Conversely, the Manufacture of Beverages declined sharply by -19.05%, which could point to a reduction in consumer consumption, seasonal effects, or challenges in production. Similarly, the Textile and Wearing Apparel sectors faced declines of -1.68% and -4.22%, respectively, indicating weaker performance, potentially due to reduced domestic or export demand and the impact of global supply chain issues.

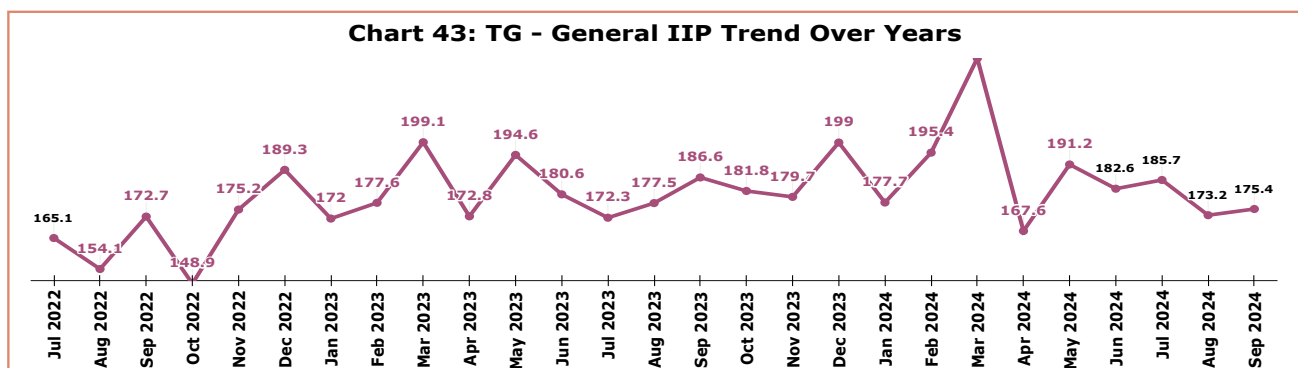
On a more positive note, sectors like the Manufacture of Leather & Related Products and the Manufacture of Other Transport Equipment have shown a remarkable growth of 80.23% and 82.77% respectively, reflecting strong sectoral demand. Base effect (Q1) can be one of the reasons for the marked increase in the output of these sub-components. Pharmaceuticals also recorded a 4.82% increase, in line with the ongoing global demand for healthcare products, especially in the wake of the pandemic. These sectors benefit from steady demand, with pharmaceuticals likely fueled by both domestic and international needs.

However, sectors like Printing & Reproduction of Recorded Media (-44.14%), Furniture Manufacturing (-32.59%), and Motor Vehicles (-22.18%) face significant declines. The contraction in Motor Vehicles could be linked to reduced consumer spending, supply chain disruptions, or high input costs, while the decline in Furniture reflects a reduced consumer expenditure on non-essential goods.

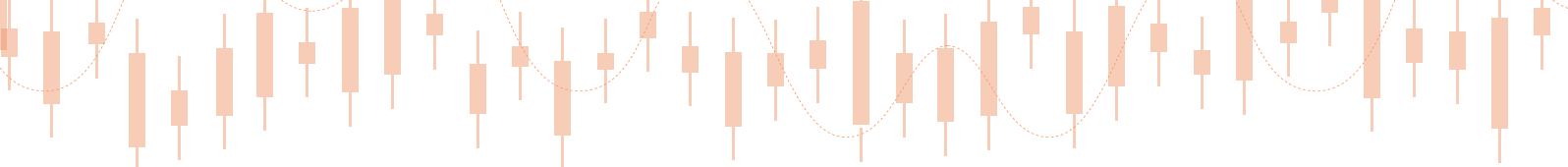
## Industrial Production Shows Both Rising and Falling Trends in the Second Quarter of FY25

### General IIP Trend

In Telangana, the IIP stood at 165.1 in July 2022, rising to a peak of 228.9 in March 2024, reflecting significant industrial growth during this period. It then dropped to 167.6 in April 2024, indicating a downturn. By July 2024, the IIP rebounded to 185.7, showing a recovery and improved industrial performance. However, it declined again to 173.2 in August before slightly increasing to 175.4 in September. These fluctuations highlight shifts in demand and supply within the industrial sector across different months.



Source: Directorate of Economics and Statistics, Telangana



## Leather and Related Products, Other Transport Equipment, and Computer & Electronic Products Drive IIP CMGR of Telangana through Q2 of FY25.

The industrial sectors in Telangana have shown a mixed performance, with notable growth in some areas and a significant decline in others. Leather Products and Other Transport Equipment experienced strong growth at 13.03% and 10.84%, respectively, indicating a positive trend in these industries. The Pharmaceuticals and Basic Metals sectors also saw healthy growth, with increases of 3.45% and 2.78%. However, several sectors faced downturns, particularly Furniture (-9.78%), Printing & Recorded Media (-9.18%), and Wood Products (-8.50%), reflecting challenges such as reduced demand or market saturation. Sectors like Tobacco Products, Coke & Petroleum, and Chemical Products showed modest growth, while industries such as Rubber & Plastic Products and Machinery & Equipment saw either marginal or negative growth. Overall, the industrial performance of Telangana is marked by strong growth in some key sectors but challenges in traditional manufacturing and consumer goods, indicating a shifting industrial landscape.

**Leather and Related Products:** Telangana has achieved a CMGR of 13.03% in the Manufacture of Leather and Related Products, significantly surpassing the growth rate of India (0.09%). This growth can be attributed to the government's consistent efforts to boost the sector. Hyderabad, a major hub for footwear, leather, and related products, plays a key role in this development. During April-September FY25, leather exports of Telangana reached \$0.80 million.

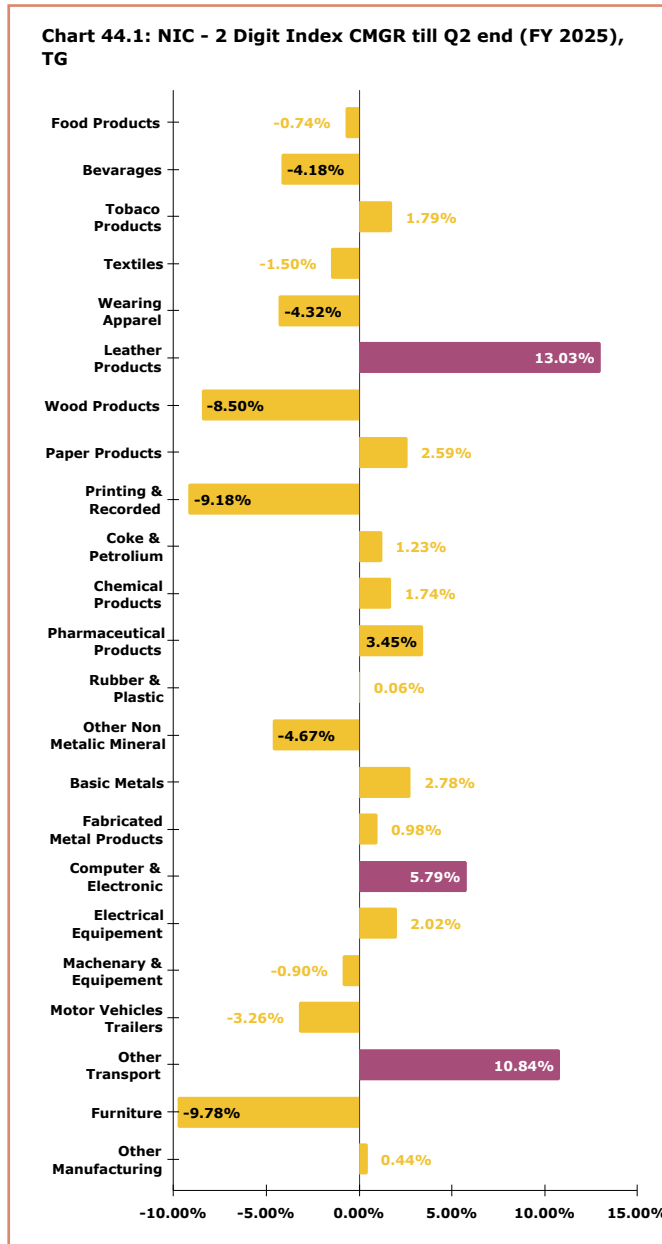
The Telangana State Leather Industries Promotion Corporation Ltd. (TSLIPC) actively supports the industry. In March 2024, TSLIPC partnered with the Footwear Design and Development Institute (FDDI), Hyderabad, through an institutional collaboration agreement. This partnership focuses on areas such as consultancy, design, R&D projects, skill development, and training programs, further strengthening the sector.

**Other Transport Equipment:** Telangana has registered a CMGR of 10.84% higher than that of India (5.09%). Automobiles, Transport Vehicles, Auto-components, Tractors, and Farm Equipment is one of the 14 thrust areas of Telangana. The existence of automobile industrial parks and consistent efforts resulted in the increased output of this sub-sector.

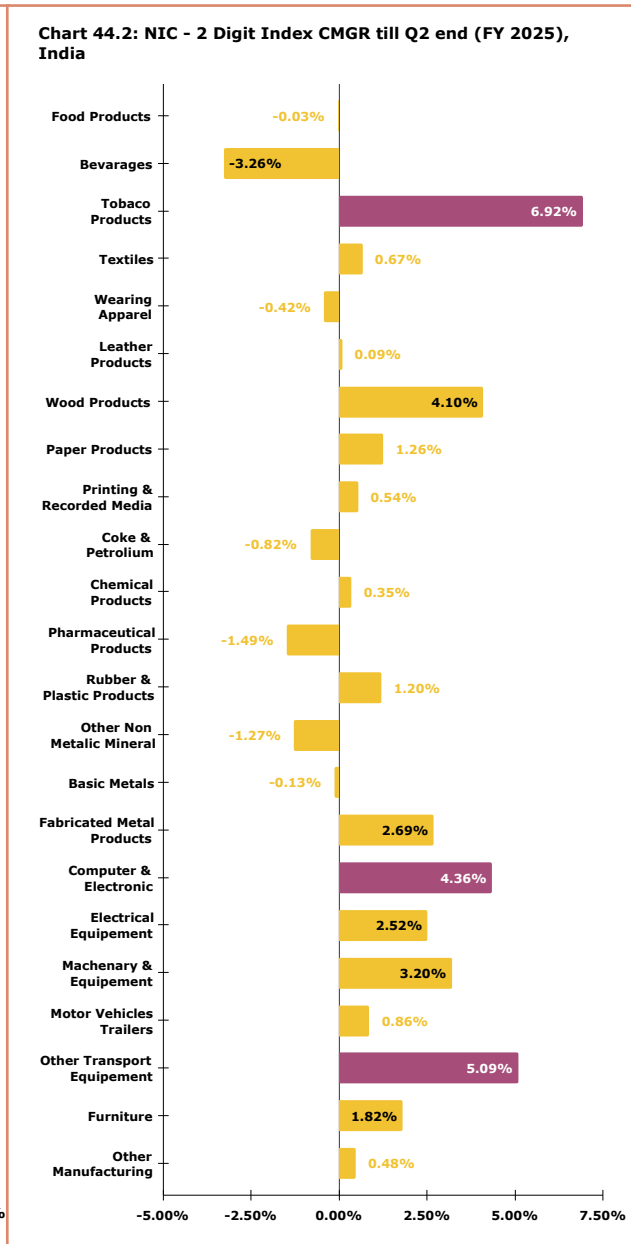
**Computer and Electronic Products:** Telangana has achieved a CMGR of 5.79%, surpassing the growth rate of India (4.36%). The state is a leading hub for Electronics System Design and Manufacturing (ESDM) and plays a key role in producing IT hardware,



such as laptops and tablets, as well as consumer electronics, including TVs and audio devices. During April-September FY25, electronic exports totalled \$289.75 million in Telangana.



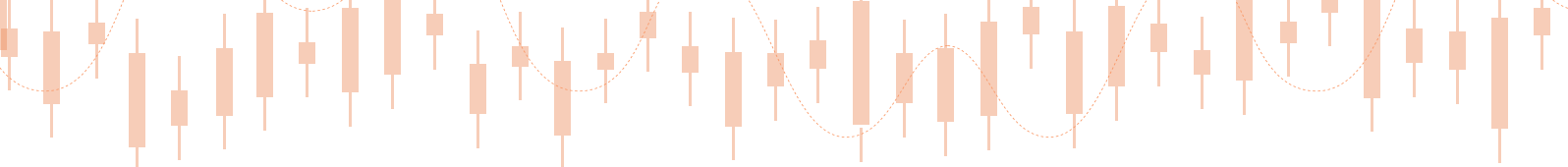
Source: Directorate of Economics and Statistics, Telangana



Source: Ministry of Statistics and Programme Implementation, India

## MSME Policy 2024 of Telangana Drives Inclusive Growth Through Comprehensive Reforms

Telangana is home to approximately 2.6 million MSMEs, employing more than 4 million people. Out of the total MSMEs, 56% are located in rural areas, and the rest of them are in urban areas. Since the formation of the state, about 19,954 registered MSME



units have commenced operations, with an investment of about Rs. 31,023 crores.<sup>19</sup> As of 25/11/2024, a total of 9,43,465 Women owned MSMEs are registered in Udyam Registration Portal and Udyam Assist Platform.

MSMEs in Telangana face challenges both in formalisation and in scaling up. Six major challenges identified are access to land, funds, raw materials, labour, technology, and markets. The government of Telangana has formulated an MSME policy, in 2024 to address the aforementioned challenges through targeted interventions. Expected outcomes of the MSME policy are Inclusive Employment, Equitable Growth, Technology Modernisation, and Improved Productivity.

## Salient features of MSME Policy, 2024

### Provision of Accessible and Affordable Lands for MSMEs

MSMEs will be provided with a dedicated number of plots in state-built industrial parks, with specific plots reserved for women, SC, and ST entrepreneurs. Subsidies for SC/ST land purchases will be increased to support marginalised entrepreneurs. Additionally, industrial zones will expand between Hyderabad's ORR and RRR, with new multi-storied factory complexes built with private and PPP support.

### Ensuring Greater Access to Finance

Access to traditional credit and government benefits will be enhanced, with increased incentives for eligible MSMEs under T-IDEA and SC/ST entrepreneurs under T-PRIDE. All suppliers for public contracts can use reverse factoring, allowing MSMEs to participate without reducing their working capital. The policy also aims to improve access to alternative financing and provide training to strengthen MSMEs' financial planning skills.

### Ensuring Easy Access to Raw Materials

Common Facility Centers will be established for fair access to raw materials, along with cluster-based testing facilities for plastics, bulk drugs, and garment processing in a PPP model. The warehouse and storage ecosystem will be strengthened. Additional reforms include import duty reimbursement on raw materials, government-backed raw material supply, a raw materials directory, support for MSME onboarding to B2B platforms, and a streamlined process for quality certification.

### Improving Flexibility in Labour Markets

MSME access to skilled workers will be enhanced through initiatives like a dedicated

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<sup>19</sup> Invest Telangana Portal, <https://tinyurl.com/tgmsme>

skill university, apprenticeship programs in DEET, worker housing in industrial zones to boost retention, and more flexible working hour regulations.

### Encouraging Adoption of Technology

The government plans to support MSME technology needs, by studying their requirements, creating a fund for tech upgrades, digitising operations, supporting IPR registration and R&D, and promoting partnerships with technology providers.

### Improving Access to Markets

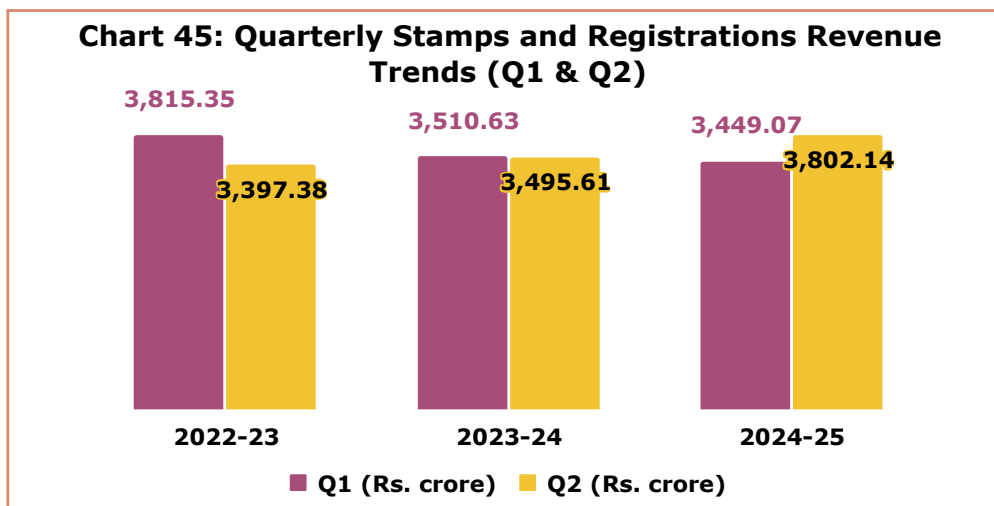
The government plans to stimulate MSME growth by incentivising large industry procurement, fostering co-location, and providing export support, including duty reimbursement for prototyping, increasing e-commerce penetration in MSMEs.

On the whole, the MSME 2024 policy is a major milestone and establishes a strong governance structure to oversee the policy’s execution, making timely adjustments to achieve the ultimate goal of creating quality employment opportunities for young people and building a world-class MSME ecosystem.

## Positive Outlook on Housing Market of Telangana: Resilience Amid Mixed Signals

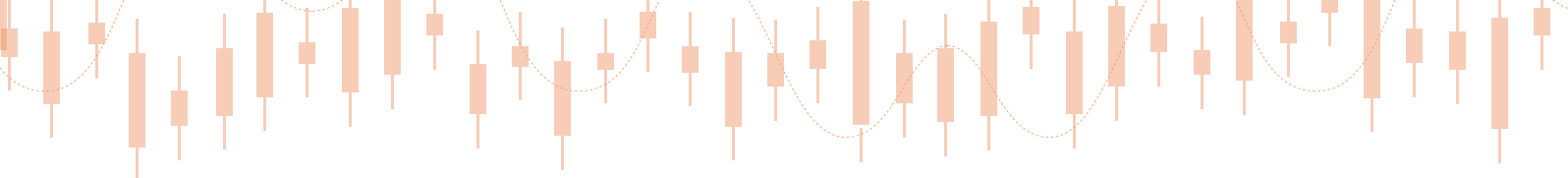
### Stable Growth in Stamps and Registrations Revenue

Telangana has witnessed a stable performance in stamps and registration revenue, a critical indicator of market activity.

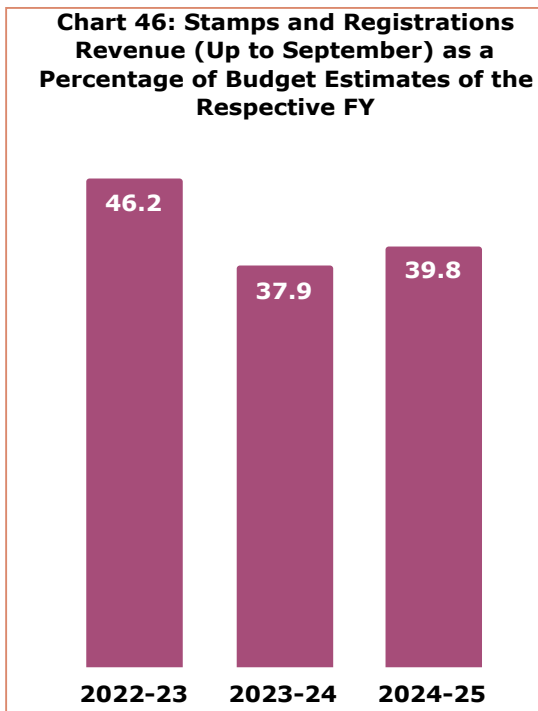


Source: CAG Monthly Key Indicators Reports - Telangana

For Q2 of FY25, actual collections amounted to Rs. 3,802.14 crore, reflecting a 10% growth from Q1 of FY25. This consistent performance underscores the market’s



resilience, even against the backdrop of broader economic challenges such as a rise in interest rates, elevated property prices, and a cautious stance by developers on new launches.



Historical comparisons show that collections have remained consistent year-on-year, with Q2 FY24 and Q2 FY23 reporting Rs. 3,495.61 crore and Rs. 3,397.38 crore, respectively.

While there is a slight lag in achieving the budgeted estimates, with collections at 39.78% (up to September 2024) of the FY25 budget, this minor lag reflects typical market fluctuations and does not diminish the underlying positive trend in revenue growth.

Source: CAG Monthly Key Indicators Reports - Telangana

## Positive Trends in Hyderabad’s Sales Activity: Insights from Square Yards

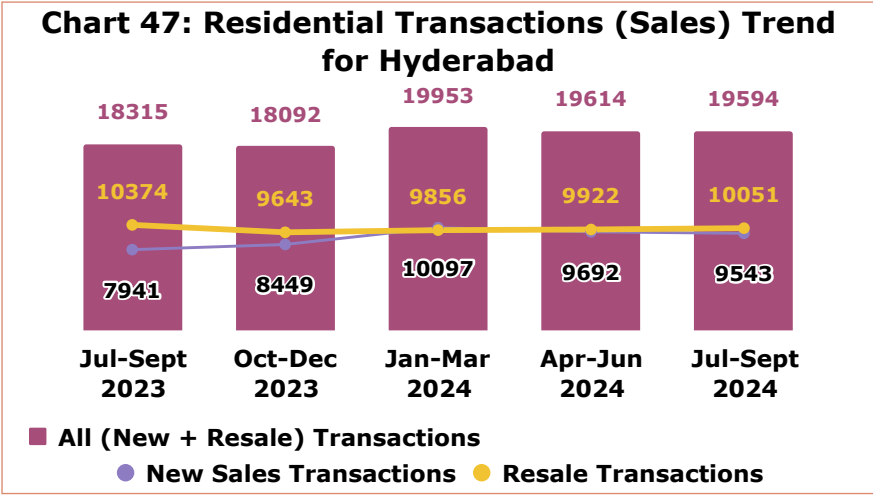
Hyderabad’s residential real estate market continues to showcase robust performance, as highlighted in the latest Square Yards report<sup>20</sup>, based on IGR (Inspector General of Registration) and Government Records. Despite concerns of a broader market slowdown, the city achieved a 20% rise in sales and a 7% year-over-year increase in registered residential transactions during the July-September quarter of 2024. The total number of transactions increased to 19,594 in the July-September quarter of 2024, up from 18,315 in the same period last year, underscoring sustained buyer interest and market resilience.

### Consistent Sales Trends with Strong New and Resale Demand

The quarterly data from Square Yards further demonstrates the market’s stability, with sales figures showing only minor quarter-on-quarter variations:

The below numbers indicate a balanced demand for both new and resale properties. While there are slight fluctuations across quarters, the overall sales volume remains robust, suggesting a consistent interest in Hyderabad’s residential market.

<sup>20</sup> Highlights of the report are available in Square Yards’ LinkedIn post: <https://tinyurl.com/squareyardshyd>

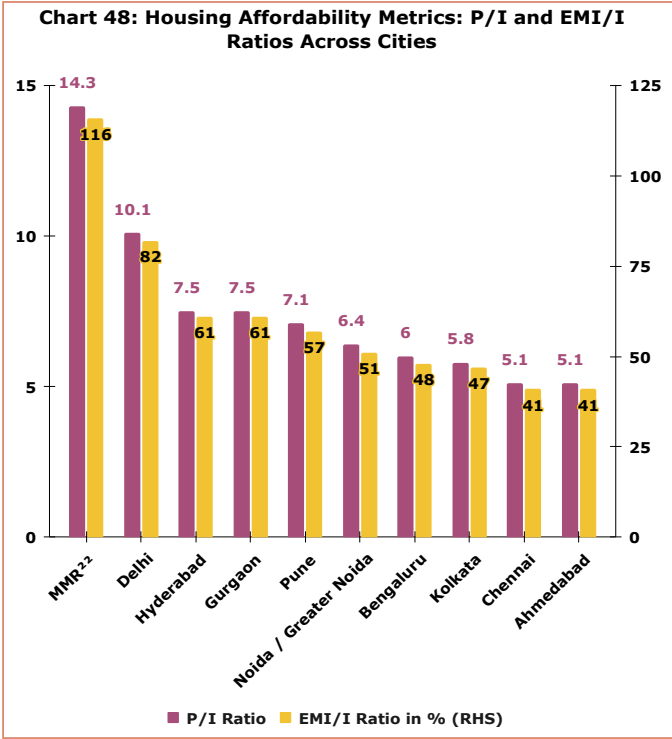


Source: Square Yards - City Sales Trend for Hyderabad based on IGR, Govt records

The relatively stable transaction levels across the July-September quarter reflect a strong underlying demand, despite seasonal variations and market uncertainties.

This steady performance, particularly in the new sales segment, points to healthy buyer confidence and indicates that Hyderabad’s real estate sector is well-positioned for sustained growth in the coming quarters.

### Addressing Affordability Challenges: A Closer Look



Source: Magicbricks Housing Affordability in Major Indian Cities - August 2024 report, With Some Values Estimated From the Report’s Charts.

Despite the positive trends, affordability remains a concern in Hyderabad’s housing market. According to the Magicbricks “Housing Affordability in Major Indian Cities - August 2024” report, the city’s Price-to-Income (P/I) ratio<sup>21</sup> is currently 7.5, which is higher than the global affordability benchmark of 5. This P/I ratio indicates that average property prices in Hyderabad are 7.5 times the average annual household income, making it a challenging market for mid-income buyers.

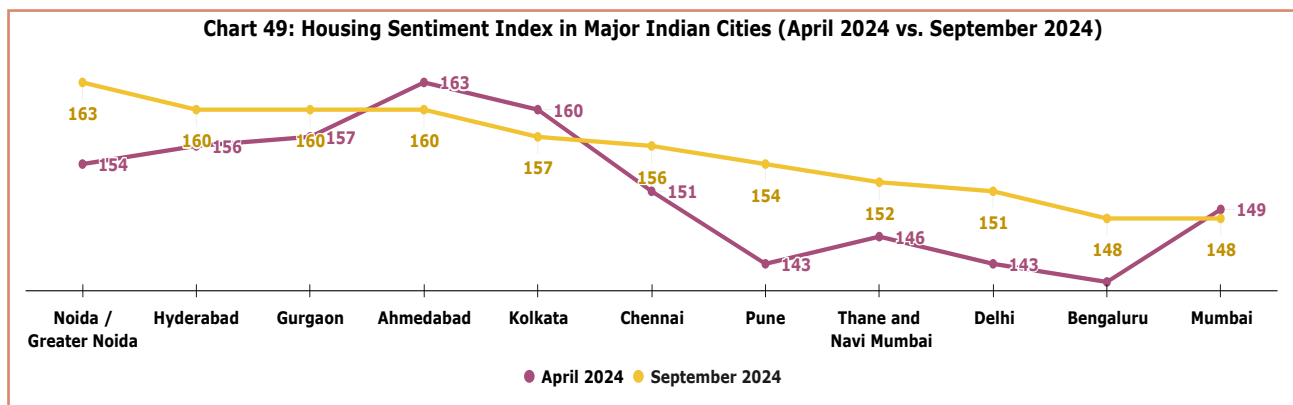
21 Price to Income Ratio = Property Price / Household Annual Income

22 MMR consists of 9 Municipal Corporations and 9 Municipal Councils of and around Mumbai along with more than 1,000 villages in Thane, Raigad and Palghar Districts

In addition, the EMI-to-Income (EMI/I) ratio<sup>23</sup> has reached 61% in Hyderabad. This means homebuyers in the city must allocate 61% of their monthly income to service home loans, above the 50% threshold considered affordable by lenders.

## Positive Housing Sentiment in Hyderabad

Hyderabad’s housing market continues to show resilience, as indicated by the rise in the Magicbricks Housing Sentiment Index (HSI)<sup>24</sup>. Hyderabad’s HSI has shown an increase, rising from 156 in April 2024 to 160 in September 2024. This uptick in sentiment signals confidence among homebuyers, even in the face of rising property prices and slowing sales.



Source: Magicbricks Housing Sentiment Index Reports

This optimism aligns with the findings of Square Yards<sup>25</sup>, which highlights strong residential activity in newer areas of West Hyderabad, such as Kokapet and Narsingi, driven by excellent connectivity and infrastructure improvements. Additionally, emerging areas like Medchal<sup>26</sup>, with its strategic proximity to key industrial zones and IT hubs, as well as notable year-on-year rental growth of 6.9%, contribute to the overall positive outlook. West Hyderabad<sup>27</sup> as a whole, which accounted for 4.77% of the 2024 July-September quarter’s sales in India, further bolsters the housing sector’s prospects.

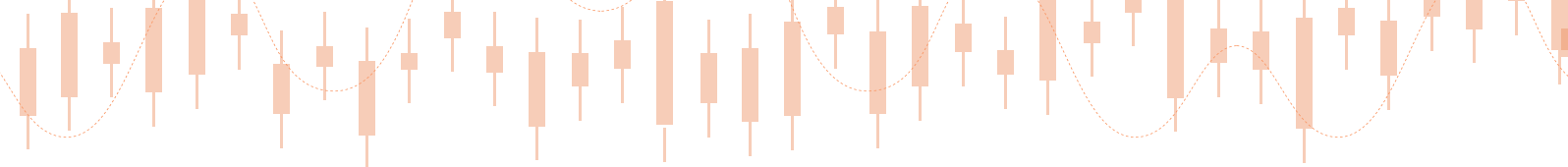
23 EMI to Income Ratio = Home Loan EMI / Monthly Household Income

24 The housing sentiment index is a metric designed to gauge the overall sentiment, perceptions, and attitudes held by individuals or the public toward the residential real estate market. This index is derived from an online survey comprising several questions related to the market. Participants are asked whether their income has increased in the past year, whether they anticipate new housing developments in their city, whether they believe it is an opportune time to invest in the real estate market, how they would assess the infrastructure development in their city, and whether they expect property prices to appreciate in the forthcoming year

25 Square Yards’ LinkedIn post: <https://tinyurl.com/squareyardshyd>

26 Magicbricks report - Medchal Highway - An Emerging Investment Hub in Hyderabad’s Expanding Real Estate Landscape

27 Proptiger’s REAL INSIGHT Residential July-Sept 2024 report



This optimism may lead to increased buyer activity, aligning with Keynesian theory, which suggests that “positive consumer sentiment can drive spending and investment, thus boosting overall economic activity.”

Overall, the steady performance in residential sales, coupled with rising housing sentiment, signals that Hyderabad’s real estate market remains resilient despite affordability challenges. The development of newer neighbourhoods and sustained buyer confidence provide a strong foundation for continued growth. With improving infrastructure and a balanced mix of new and resale demand, Hyderabad is well-positioned to strengthen its presence in the real estate landscape of India. As market dynamics evolve, this stability could attract further investment and contribute to sustained momentum in the coming quarters.

## **Charting a Path for the Continued Growth and Prosperity of Telangana**

The economic and social progress of Telangana will depend on adapting to global and local challenges. Focusing on inclusive institutions, expanding workforce participation, and addressing gender disparities, the state is positioned for sustainable growth. Despite short-term revenue challenges, Telangana can strengthen its fiscal position by improving tax collection, diversifying revenue sources, and enhancing resource allocation. Agricultural resilience, industrial recovery, and infrastructure investments will be key to long-term stability. The housing market’s resilience further supports Hyderabad’s real estate outlook, with a balanced approach to growth ensuring a prosperous future for all residents.



## Key Indicators of Telangana

Data Title	Unit	YTD Period/ As at the end of	Year to Date			Year to Date (YoY Growth)			Source
			2022-23	2023-24	2024-25	2022-23	2023-24	2024-25	
<b>Agriculture</b>									
Fertilizer Sales	Mn Tonnes	Apr-Sep	2.11	2.09	1.85	15.1	-0.9	-11.3	Fertilisers Department, GOI
Foodgrain Production (Vanakalam + Yasangi)	Lakh Tonnes	June - May	293.12	294.87	NA	22.4	0.6	NA	DES
Reservoir Storage	TMC	25-Sep	902	529.1	818.4	0.74%	-41.34%	54.68%	Agriculture Dept.
Paddy Procurement	LT	Annual	131.5	47.83 (Kharif only)	NA	9	-63.6	NA	Online Procurement Management System
Rainfall	% of Avg of last 10 years	Jul-Sep	95.5	79.4	81	16.3	-16.9	1.9	DES
Credit to Agriculture and allied activities	Rs. Crore	Jul-Sep	41956.47	61752.96	NA	31.9	47.2	NA	SLBC, TG
<b>Industry</b>									
General IIP	Index	Sep	172.7	186.6	175.4	10.71%	8.03%	-5.98%	DES
Manufacturing IIP	Index	Sep	174.4	184.3	178.9	6.56%	5.69%	-2.90%	DES
Power Supply	Million Units	Jul-Sep	18,066	20,803	21,936	1.94%	15.15%	5.45%	CEA, India



Data Title	Unit	YTD Period/ As at the end of	Year to Date			Year to Date (YoY Growth)			Source
			2022-23	2023-24	2024-25	2022-23	2023-24	2024-25	
<b>Inflation</b>									
CPI-General Index(All groups)	Index	Sep	184.4	195.4	204	8.70%	6.00%	4.40%	MOSPI
CFPI (Rural)	Index	Sep	181.6	198.2	211.1	6.30%	9.10%	6.50%	MoSPI
CFPI (Urban)	Index	Sep	189.9	206.7	223	7.10%	8.90%	7.90%	MoSPI
CPI-Core (Rural)	Index	Sep	195.6	202.9	209.7	9.60%	3.80%	3.30%	MoSPI
CPI-Core (Urban)	Index	Sep	177.8	187.7	193.4	9.30%	5.60%	3.00%	MoSPI
<b>Services</b>									
Domestic Air Passenger Traffic	Lakh	Apr-Sep	82,76,199	1,02,05,334	1,13,88,988	111.9	23.3	11.6	Airports Authority of India
Fuel Consumption	000' tonnes	Jul-Sep	7113.17	8598.8	8172.88	-10.5	20.9	-5	India Climate & Energy Dashboard
No. of e-Transactions	per 1000 population	Jul-Sep	426.9	908.4	3531.1	-53	-74.3	204.6	Ministry of Electronics & IT - etaad portal
E-Way Bill Volume	Crore	Apr-Sep	2.7	2.9	3.6	22.7	9.5	23.6	Goods & Services Tax
<b>Fiscal Indicators</b>									
State Own revenue	Rs. crore	Jul-Sep	32,172.10	50,374.60	37,397.70	18.40%	56.60%	-25.80%	CAG
Revenue Expenditure	Rs. crore	Jul-Sep	39,080.30	54,009.30	51,945.10	21.00%	38.20%	-3.80%	CAG
Capital Expenditure	Rs. crore	Jul-Sep	5,470.60	12,851.50	3,866.30	-49.90%	134.90%	-69.90%	CAG
Fiscal Surplus / Deficit	Rs. crore	Jul-Sep	-15,737.20	-15,457.20	-19,365.30	-425.60%	-1.80%	25.30%	CAG

Data Title	Unit	YTD Period/As at the end of	Year to Date			Year to Date (YoY Growth)			Source
			2022-23	2023-24	2024-25	2022-23	2023-24	2024-25	
Revenue Surplus / Deficit	Rs. crore	Jul-Sep	-2,826.20	-1,826.80	-12,100.40	-86.70%	-35.40%	562.40%	CAG
Primary Surplus / Deficit	Rs. crore	Jul-Sep	-10,567.20	-9,440.00	-12,110.90	32.10%	-10.70%	28.30%	CAG
GST Collection	Rs. crore	Jul-Sep	9,948.20	11,225.30	12,195.20	17.50%	12.80%	8.60%	CAG
<b>External Sector</b>									
Total exports	USD Million	Apr-Sep	5,564.80	5,958.80	8,543.90	-	7.08	43.38	NIRYAT
Drugs & Pharmaceutical exports	USD Million	Apr-Sep	2,314.00	2,581.40	2,721.50	-	11.6	5.4	NIRYAT
FDI Equity Inflow	USD Billion	Jul-Sep	417	345	459	-5.7	-17.3	33	DPIIT
<b>Employment</b>									
Net payroll additions under EPFO	Lakh	Jul-Sep	2.37	2.61	3.23	18.70%	10.20%	23.60%	www.epfindia.gov.in
The average number of persons demanded employment under MGNREGA	Lakh	Jul-Sep	6.3	5.3	3.4	113.17%	-16.23%	-35.39%	MGNREGA
Urban Unemployment Rate (15 years and above)	Per cent	Jul-Sep	8.1	7.7	6.6	-14.70%	-4.90%	-14.30%	MoSPI- PLFS
Subscriber Additions: National Pension Scheme	Number	Jul-Sep	984	7,153	4,954	-83.65%	626.93%	-30.74%	PFRDA
<b>Environment</b>									
Monthly Air Quality Index	Index	Aug	58	67	64	-5.34%	16.03%	-4.48%	TG-Pollution Control Board
Monthly Noise Level	DECIBELS dB (A)	Aug	63.68	65.6	66.24	2.91%	3.02%	0.98%	TG-Pollution Control Board

## Key External Sector, Monetary and Financial Indicators of India

Data Title	Unit	YTD Period/ As at the end of	Year to Date			Year to Date (YoY Growth)			Source
			2022-23	2023-24	2024-25	2022-23	2023-24	2024-25	
Exchange Rate	INR/USD	Apr-Sep	78.5	82.4	83.6	6.2	5	1.4	Monthly Economic Review, September 2024, Department of Economic Affairs.
Foreign Exchange Reserves	USD Billion	18-Oct	524.5	583.5	688.3	-18.1	11.3	17.9	
Import Cover	No. of Months	Sep	9	11	12.2	-	-	-	
10-Year Bond Yields	Per cent	Apr-Sep	7.3	7.1	7	1.2	-0.2	-0.1	
Repo Rate	Per cent	18th Oct	5.9	6.5	6.5	1.9	0.6	0	
Currency in Circulation	Rs. Lakh crore	18th Oct	32.2	33	35.2	9.3	2.7	6.5	
M0	Rs. Lakh crore	18th Oct	41.4	43.6	46.7	12.5	5.2	7.1	

## Annexures

### Telangana Vanakalm Crop Wise Sown Areas (in Lakh Acres) From 2015-16 To 2024-25 and CAGR

Crop	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	CAGR
Paddy	18.51	21.97	25.87	29.38	40.30	52.51	62.14	65.00	65.95	65.66	13.50%
Maize	11.22	15.72	11.44	10.53	9.66	2.13	7.14	6.21	5.33	5.52	-6.85%
Green gram	2.42	3.34	2.25	1.63	1.48	1.53	0.89	0.67	0.51	0.71	-11.54%
Black gram	0.59	1.01	0.79	0.67	0.37	0.46	0.48	0.30	0.18	0.23	-8.99%
Red gram	6.15	9.56	8.15	7.30	7.29	10.59	7.71	5.62	4.37	5.11	-1.84%
Ground nut	0.35	0.67	0.52	0.32	0.31	0.38	0.29	0.21	0.24	0.23	-4.11%
Soyabean	6.00	6.84	3.76	3.66	4.25	4.00	3.77	4.97	4.48	4.01	-3.95%
Cotton	43.81	34.82	46.88	45.44	52.55	58.28	46.68	50.01	44.93	44.04	0.05%
Sugarcane	0.86	0.72	0.88	0.98	0.64	0.54	0.69	0.82	0.62	0.32	-9.41%

Source: Directorate of Economics and Statistics, Telangana

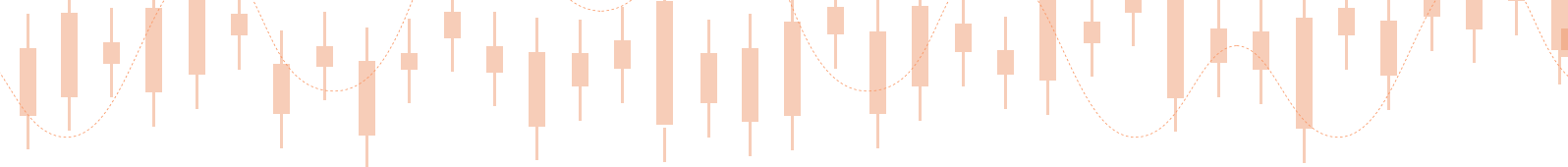
### Inflation Rates in Telangana from FY24 to Sep FY25

Year	Month	Rural	Urban	Combined
2023	April	5.5	6.6	6.0
2023	May	4.3	5.2	4.8
2023	June	5.4	5.7	5.6
2023	July	9.8	7.6	8.6
2023	August	8.1	8.3	8.2
2023	September	5.9	6.1	6.0
2023	October	4.8	5.9	5.4
2023	November	6.2	6.6	6.5
2023	December	6.6	6.7	6.7
2024	January	6.0	6.7	6.3
2024	February	6.8	6.6	6.7
2024	March	5.7	5.6	5.7
2024	April	6.1	5.3	5.7
2024	May	5.9	6.1	6.0
2024	June	5.1	5.8	5.5
2024	July	2.2	3.5	2.9
2024	August	2.1	2.0	2.0
2024	September	4.5	4.4	4.4

Source: Ministry of Statistics and Programme Implementation, Government of India, 2012 (Base Year) current series.

### Data for Index of Industrial Production for Telangana from April 2022 to September 2024

Year	Month	Manufacturing Index	Mining Index	Electricity Index	General Index
2022	April	148.4	124	197.2	151.4
2022	May	169.8	193.9	157.5	172.4
2022	June	171.3	182.1	144.3	169.1
2022	July	170	165.4	144.2	165.1



Year	Month	Manufacturing Index	Mining Index	Electricity Index	General Index
2022	August	151.7	147.7	172.1	154.1
2022	September	174.4	168.8	170.3	172.7
2022	October	154	130	150	148.9
2022	November	182	180.8	139.8	175.2
2022	December	188.2	206.9	172.5	189.3
2023	January	164.4	178.2	196.5	172
2023	February	166.1	196.2	203.9	177.6
2023	March	186.9	210.8	236.3	199.1
2023	April	150.7	232.8	193.3	172.8
2023	May	190.7	241.2	155.2	194.6
2023	June	180	194.5	166.5	180.6
2023	July	173.7	162.8	178	172.3
2023	August	175.2	153.3	216.2	177.5
2023	September	184.3	191.4	190.3	186.6
2023	October	171.5	180.2	226.9	181.8
2023	November	174.8	204	171.5	179.7
2023	December	203.1	201.7	178.7	199
2024	January	175.1	160.2	209.6	177.7
2024	February	187.4	206.8	215.1	195.4
2024	March	211.2	273.4	249.9	228.9
2024	April	156.7	177.9	200.8	167.6
2024	May	187.4	219.6	172.9	191.2
2024	June	189.3	171.3	168.3	182.6
2024	July	185.2	182.0	192.2	185.7
2024	August	172.6	130.0	227.8	173.2
2024	September	178.9	148.0	193.4	175.4

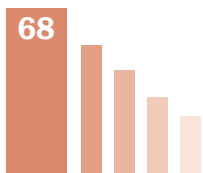
Source: Directorate of Economics and Statistics, Telangana.

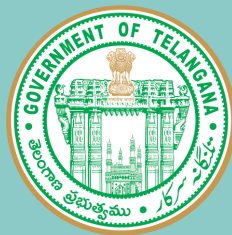
## Noise Level

Time	Standard dB(A)			
	Residential Area	Commercial Area	Industrial Area	Sensitive Area
Day time	55	65	75	50
Night time	45	55	70	40

## AQI Colour Index & Health Effects

Good (0 – 50)	Minimal Impact
Satisfactory (51– 100)	Minor breathing discomfort to sensitive people
Moderate (101 – 200)	Breathing discomfort to people with lung, asthma, and heart disease
Poor (201 – 300 )	Breathing discomfort to most people on prolonged exposure
Very Poor (301 – 400 )	Respiratory illness in people on prolonged exposure
Severe > 400	It affects healthy people and seriously impacts those with existing diseases.





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