



Government of Telangana

Telangana's Journey

Trailblazing its Way to Success

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Telangana's Journey: Trailblazing its Way to Success

Introduction

The long-cherished dream of the people of Telangana to have a separate state for themselves finally came true on the 2nd of June, 2014, after a six-decade long relentless struggle. What it received as legacy, however, would've been enough to plant doubts in anyone's mind about its future economic trajectory. 9 out of the 10 districts in the state were then covered under the Backward Regions Grant Fund (BRGF), the Twelfth Five-Year Plan document by the Planning Commission categorized two districts in the state --Khammam and Mahbubnagar--as 'Most Hungry', the agriculture sector in the state was in dire straits with the incidence of farmer suicides being one of the highest in the country, power shortages were more of a norm, than an exception, and the revenue potential of the state was very limited since a majority of the districts were economically backward.

Sri K. Chandrasekhar Rao, Hon'ble Chief Minister of Telangana State, under his incisive and decisive leadership, envisioned to create an inspirational story of success by transforming the state through optimal utilization of any and all available resources. His goal-oriented vision, unrelenting efforts, and constant persistence have translated into success, as is evident from the recently released data of the Ministry of Statistics and Programme Implementation (MoSPI).

Growth before formation of the State

Telangana's performance in terms of the Gross State Domestic Product (GSDP), which measures the value of all final goods and services produced within state boundaries in a year, reflects the remarkable progress it has achieved since its formation. In the two years preceding state formation, Telangana region's average rate of growth of GSDP (current prices), at 12.1%, was 1.3% less than India's average .

Table1 : GSDP growth before formation of state at Current Prices

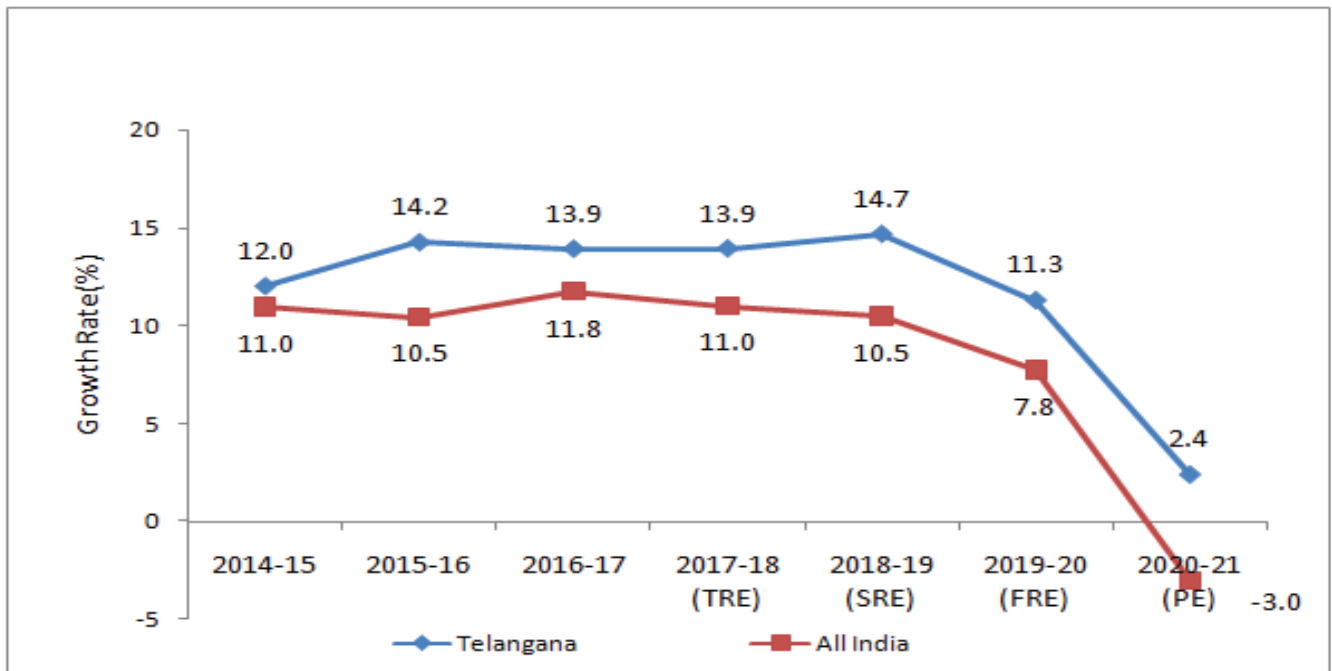
Sl. No.	Sector	2012-13	2013-14	Average Annual Growth Rate
1	GSDP (%) - Telangana	11.7	12.4	12.1
2	GDP (%) - India	13.8	13.0	13.4
Difference between Telangana & India				(-) 1.3

Growth after formation of the State

After state formation, Telangana's GSDP growth rate has been higher than the growth rate of the country for every single year, and the gap has widened with each successive year. In the year of state formation itself, Telangana achieved a 1% higher growth rate of GSDP (current prices) than India's. On an average, Telangana has grown at a 3.7% higher rate than India in the period post 2014-15.

Even in the year of 2020-21, when the entire country was in a shambles because of the Covid-19 pandemic, Telangana achieved a positive growth rate of 2.4% at current prices, against the negative growth rate of GDP (-3%) at the national level.

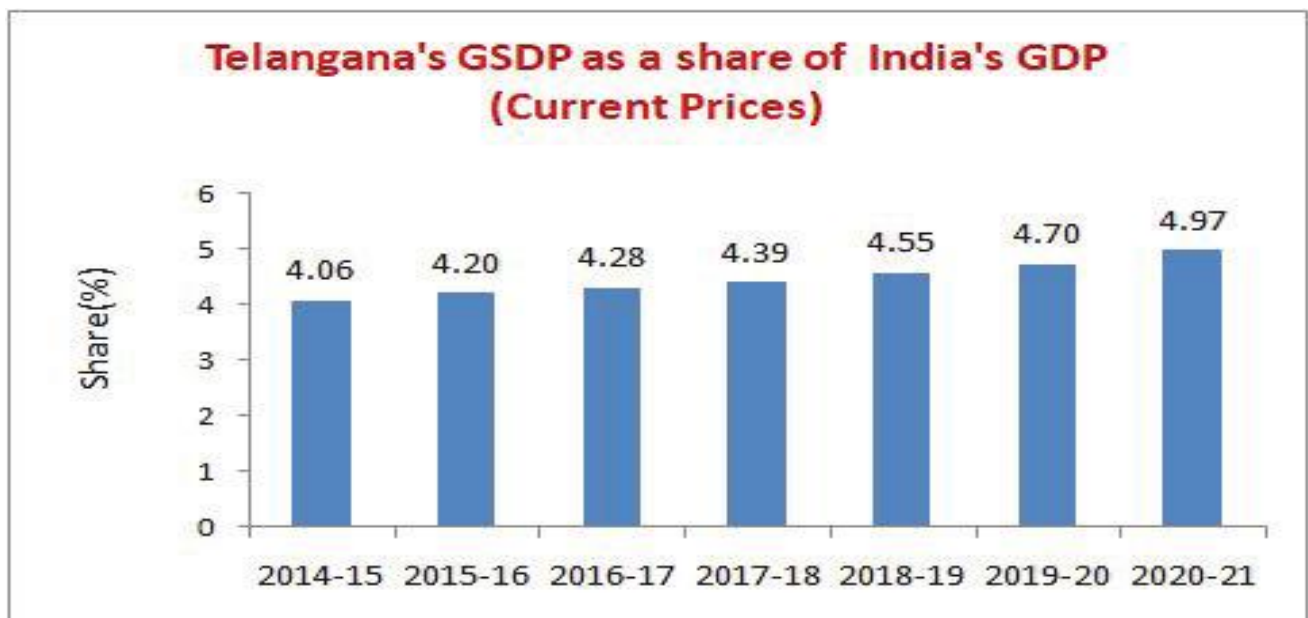
Figure1: Growth Rate(%) of GSDP/GDP for Telangana and India at Current Prices



Share of Telangana GSDP in India's GDP

By consistently outperforming the country, the state's share of national GDP (current prices) increased from 4.06% in 2014-15 to 4.97% in 2020-21.

Figure2: Share (%) of GSDP in GDP at Current Prices



While India's GDP (current prices) increased by only 58.4% from 2014-15 to 2020-21, Telangana achieved a 93.8% increase in the GSDP value during the same period, ranking 3rd in India's, in terms of GSDP increase out of the 18 states for which MoSPI released data for 2020-21.

Table2 : GSDP /GDP - Telangana and India (Rs. in Crore) at Current Prices

Year	2014-15	2015-16	2016-17	2017-18 (TRE)	2018-19 (SRE)	2019-20 (FRE)	2020-21 (PE)	Growth from 2014-15 to 2020-21
GSDP	5,05,849	5,77,902	6,58,325	7,50,050	8,60,078	9,57,207	9,80,407	93.8%
GDP	1,24,67,959	1,37,71,874	1,53,91,669	1,70,90,042	1,88,86,957	2,03,51,013	1,97,45,670	58.4%

Telangana's GSDP growth rate(%) w.r.t Southern States:

Telangana surpassed all of its neighbouring states – Andhra Pradesh, Karnataka, Kerala, and Tamil Nadu – with which it shares similarity in socio-economic circumstances along with geographical proximity. With an Annual Average Growth Rate of GSDP (current prices) of 11.7% between 2015-16 and 2020-21, it achieved the top rank amongst Southern states in terms of the average growth rate of GSDP.

Table 3 : Annual Growth Rate (%) of Southern States at Current Prices

State	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Annual Average Growth Rate
Andhra Pradesh	15.1	13.3	14.9	10.8	11.5	1.6	11.2
Karnataka	14.4	15.5	10.7	11.5	9.3	2.2	10.6
Kerala	9.6	13	10.5	12.6	8.1	NA	10.8
Tamil Nadu	9.7	10.7	12.5	11.3	10.2	5.9	10.1
Telangana	14.2	13.9	13.9	14.7	11.3	2.4	11.7

Per Capita Income

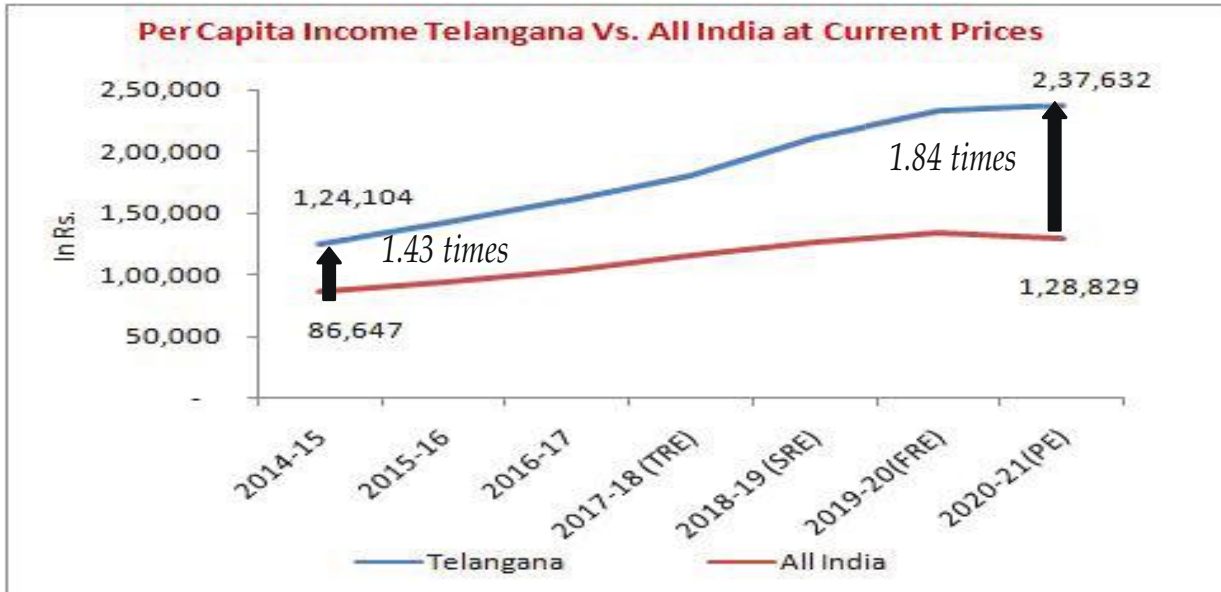
In terms of the Per Capita Income (PCI), which is a broad measure of the standard of living of a population, Telangana's performance has been exceptional. In 2014-15, the Per Capita Income of Telangana, at Rs. 1,24,104 was 1.43 times the national per capita income of Rs. 86,647. By 2020-21, the per capita income of the state, at Rs. 2,37,632 was 1.84 times that of the national per capita income at Rs. 1,28,829.

However, not only the state's Per Capita Income higher than the national average, but also, it has been growing at a higher rate than the national average. The average growth rates of PCI for Telangana vs. India reveal that in the state, the average citizen can expect their income to double in roughly 6 to 7 years, whereas the average citizen in the country as a whole would have to wait for about 10 years for their income to double.

Table 4: Per Capita Income of Telangana and India (In Rs.) at Current Prices

Year	2014-15	2015-16	2016-17	2017-18 (TRE)	2018-19 (SRE)	2019-20 (FRE)	2020-21 (PE)
Telangana	1,24,104	1,40,840	1,59,395	1,79,358	2,10,563	2,33,325	2,37,632
All India	86,647	94,797	1,03,870	1,15,224	1,25,883	1,34,186	1,28,829

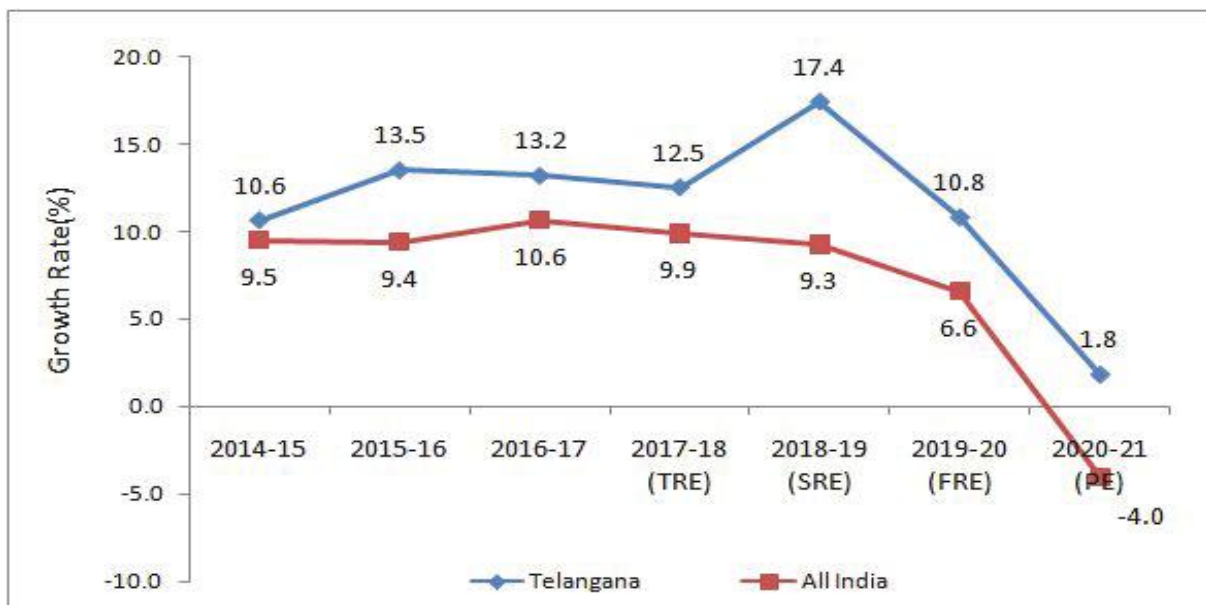
Figure 3: Per Capita Income of Telangana and India at Current Prices



Growth of Per Capita Income

In the 2 years prior to state formation, Telangana had an average growth rate of PCI (current prices) of 10.9%, which was 0.7% lower than the national PCI growth rate. For each year since state formation, Telangana’s growth rate of Per Capita Income has exceeded that at the national level. On an average, Telangana’s Per Capita Income has grown at a 4.6% higher rate than India’s every year in the period post 2014-15. In fact, even during the pandemic year of 2020-21, when India’s growth rate of PCI dropped to a negative 4%, Telangana still achieved a positive rate of growth of Per Capita Income, at 1.8%.

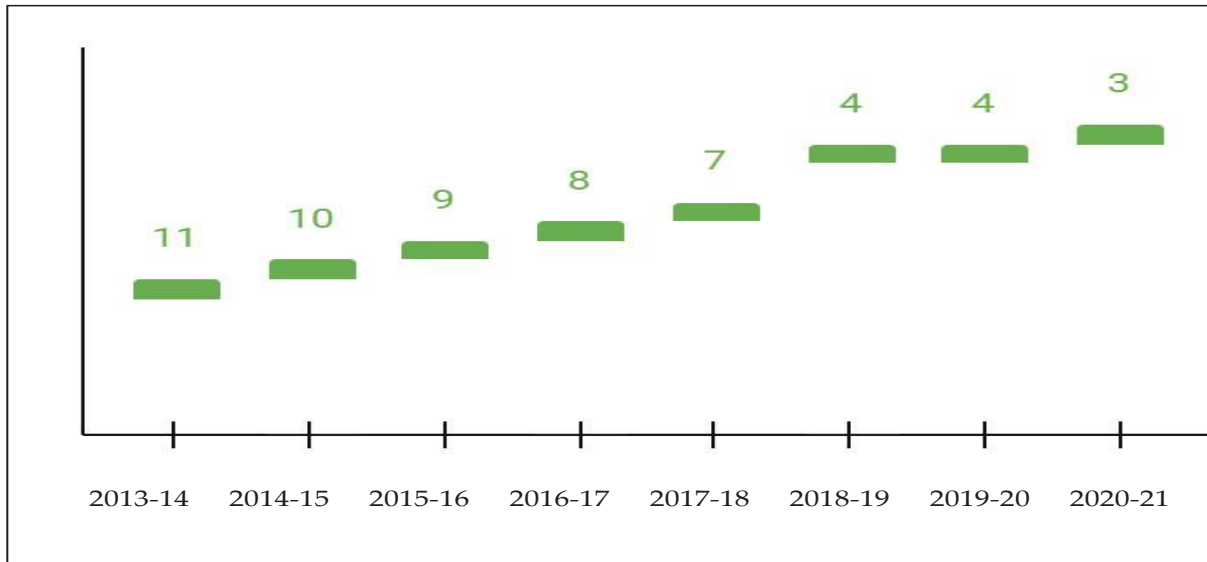
Figure 4: Growth Rate (%) Per Capita Income of Telangana and India at Current Prices



With its consistently increasing Per Capita Income, Telangana improved its all-India ranking in terms of PCI with each passing year. In the year of state formation, Telangana surpassed Himachal Pradesh to move

from 11th to 10th rank. Further, it surpassed Gujarat in 2015-16, Tamil Nadu in 2016-17, Maharashtra in 2017-18, and Karnataka, Kerala, & Uttarakhand in 2018-19. In 2020-21, Telangana ranked 3rd in terms of PCI out of the 18 states in the country for which MoSPI released data. In terms of the average growth rate of Per Capita Income post 2014-15, Telangana outdid all Southern states to become the top-ranking state.

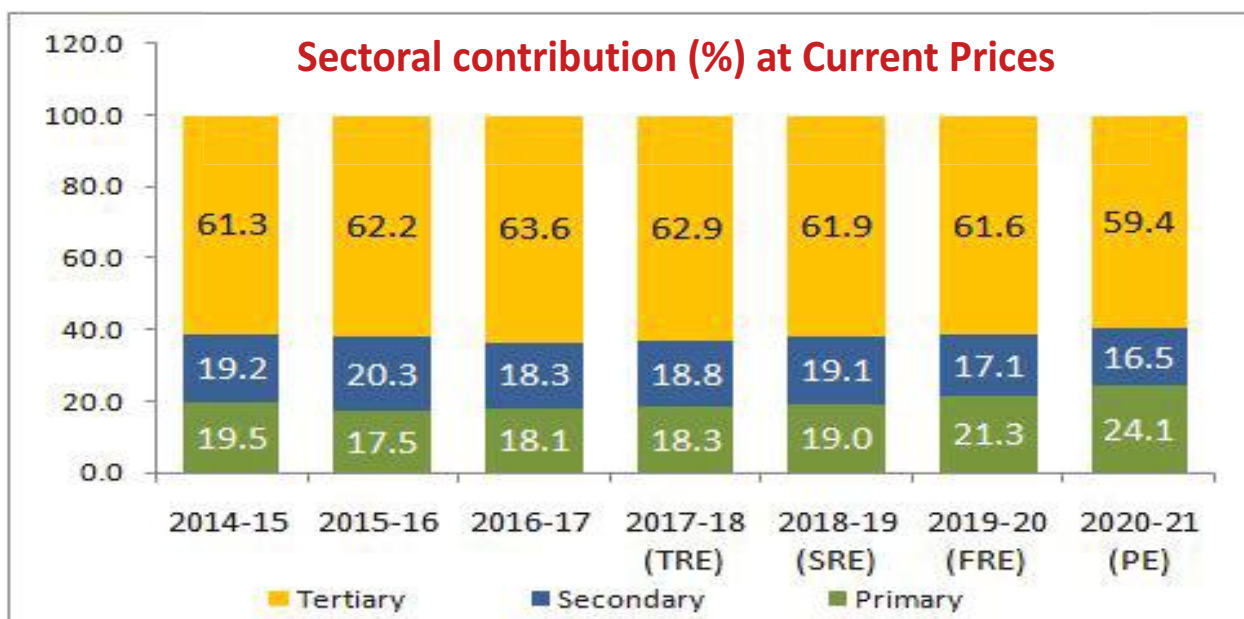
Figure 5: Year-on-year Ranking of Telangana State on Per Capita Income at Current Prices



Sectoral Contribution to GSDP:

The extraordinary overall growth achieved by Telangana has been attained on account of its remarkable performance in the 3 key sectors that contribute to any economy – Primary, Secondary, and Services sectors. Multiple initiatives have been taken by the Government since the formation of the state, that have helped escalate the growth rates across sectors, and their component sub-sectors.

Figure 6: Broad sectors contribution(%) to GSVA at Current Prices



Among the 3 sectors, the Primary sector, comprising 'Crops, 'Livestock 'Forestry & Logging', 'Fishing & Aquaculture', and 'Mining & Quarrying' achieved the most exceptional performance, and also shielded the economy from the impact of COVID-19. The proportion of Primary sector share increased by 5.1% from 2014-15 to 2020-21 (19.5% in 2014-15 to 24.1% in 2020-21). This was on account of an impressive 8-fold increase in the growth rate of the sector– from 2% in 2014-15 to 16.5% in 2020-21. In fact, Telangana outperformed all Southern states in terms of the average annual growth rate of this sector post 2014-15, achieving a 15.8% average annual growth rate. The growth rate of the sector in Telangana was higher than India's value of 8.5% during the same time-span.

Table 5: Annual Growth Rate (%) of Primary sector: Telangana vs. All India and Southern states at Current Prices

S. No.	State	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Annual Average Growth Rate
1	Telangana	2.2	17.1	14.7	18.6	25.6	16.5	15.8
2	Andhra Pradesh	18	21	22.4	6.5	11.2	8.6	14.6
3	Karnataka	0.9	6.2	26.4	2.2	15.6	8.8	10
4	Tamil Nadu	3.8	3.8	18	7.9	12.5	10.1	9.4
5	Kerala	-2	9.3	8.9	-0.7	-1.6	NA	2.8
6	India	5	12.8	11.3	7.2	10.5	4.2	8.5

Agriculture & Allied Sector

It is noteworthy that the 'Agriculture & Allied Sectors', which are the backbone of rural Telangana, and employ more than 55% of the population of the state, make up the major proportion of this sector. While Telangana started out with a negative 0.7% growth rate in the 'Agriculture & Allied Sectors' in 2014-15, attained growth rates of 35.9% and 18.5% even during the pandemic years of 2019-20 and 2020-21. The Gross Value of Output (GVO) for paddy in 2020-21 increased 5 times its value in 2014-15, the GVO for cotton in 2020-21 increased 3 times its value in 2014-15, the GVO for 'Meat' in 2020-21 also increased 3 times its value in 2014-15, and the GVO for 'Inland Fish and Prawns', & 'Eggs' in 2020-21 increased nearly double their respective values in 2014-15.

Figure 7: Gross Value of Output for Major Crops (Rs.in Crore) at Current Prices

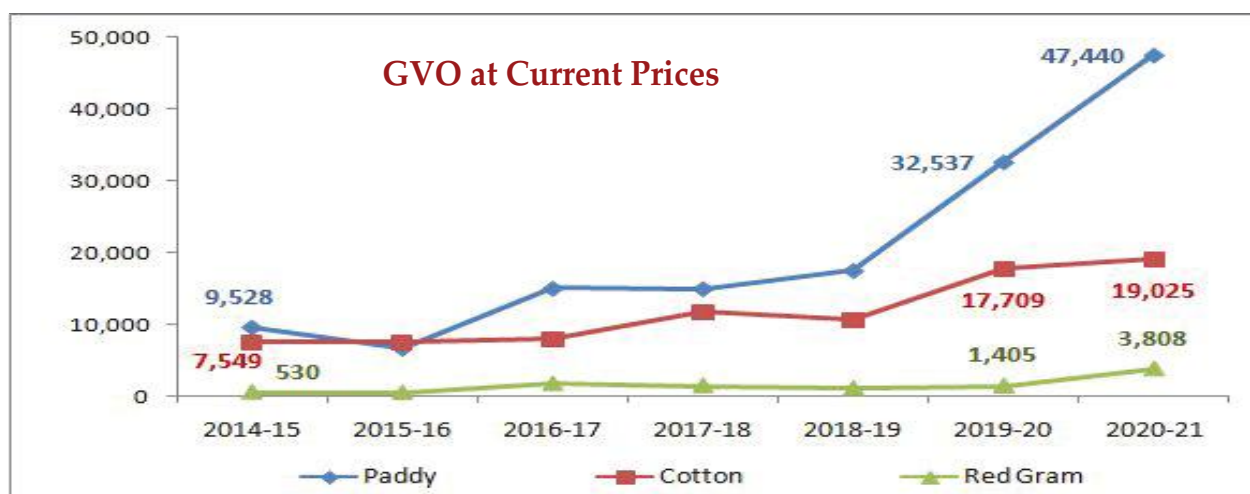
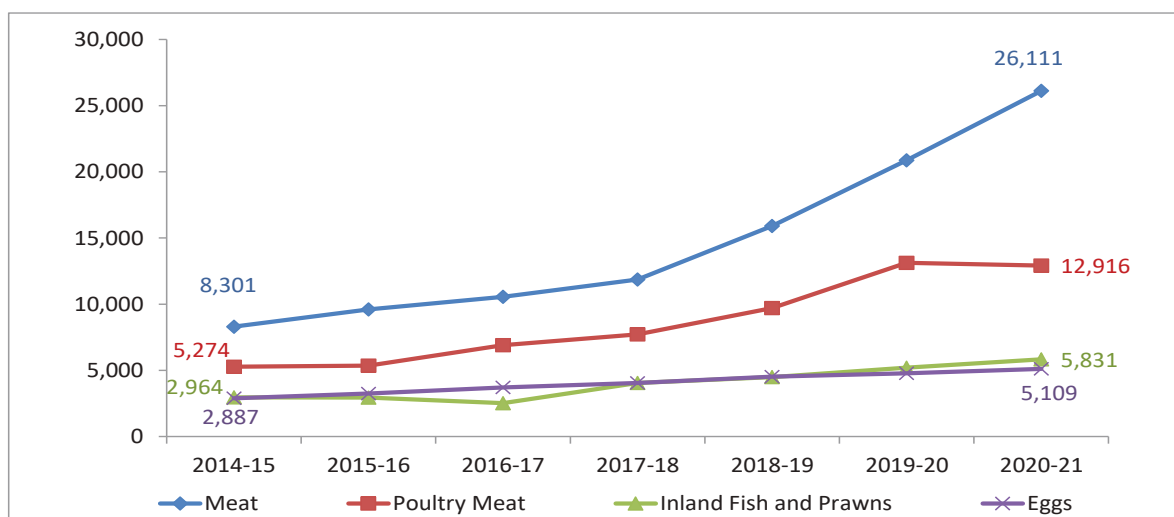


Figure 8: Gross Value of Output for Livestock (in Rs. crore) at Current Prices



Initiatives of the Government

All these accomplishments were made possible because of the policy initiatives taken and concerted efforts put in by the state Government towards the improvement of all aspects of these sectors. The Government initiated the Rythu Bandhu scheme to provide investment support to farmers, flagship initiatives such as the Kaleshwaram Project and Mission Kakatiya to improve irrigation infrastructure, and provides 24x7 free power and seed subsidies to agricultural consumers, and free seedlings to fish farmers. Rythu Bima, the farmer’s group life insurance scheme, was initiated to provide an essential lifeline to agricultural households struck by tragedy. Credit disbursal and market access to farmers has been improved as well. Recognizing the importance of livestock for contributing to rural incomes, the Government encouraged livestock production through programmes such as the Sheep Distribution and incentives on milk sold to milk dairies at Rs.4 per litre.

Industrial Sector

In the Industrial Sector, the Gross Value Added (GVA) by the ‘Electricity, Gas, Water supply and Other Utility Services’ sub-sector, more than doubled from 2014-15 to 2020-21. Another major achievement in this sub-sector was the top ranking achieved by the state in the entire country in terms of the growth rate of per capita electricity consumption between 2018-19 and 2019-20. This is crucial, since access to electricity is important for the growth of agriculture as well as industries sectors,. ‘Mining & Quarrying’, a major backward-linking sector to industries also achieved more than doubling of its value from 2014-15 to 2020-21. The Gross Value Added by the ‘Manufacturing’ sub-sector close to doubled from 2014-15 to 2020-21. The exemplary performance in the ‘Manufacturing’ sub-sector can be attributed to the state’s highly successful, investor-friendly industrial policy -- Telangana State Industrial Project Approval and Self Certification System (TS-iPASS). TS-iPASS is the Government’s flagship certification service to facilitate setting up of industries in the state through time-bound approvals, and self-certification facility. Telangana is the only state in the country with the ‘right to clearance’ for industrial projects. So far, 15,852 units have been approved with an investment of Rs.2,14,951 crores, and employment potential of 15.6 lakh jobs. Out of these, 12,198 units have already commenced operation with an investment of Rs.98,120 crores, and have generated employment for 7.72 lakh persons. In

addition to TS-iPASS, Telangana has also been able to fuel progress of the industrial sector through provisioning of uninterrupted power supply and timely fulfilment of land requirements.

Table 6 : Industries Sector GSVA (in Rs. crores) at Current Prices

Sector	2014-15	2015-16	2016-17	2017-18 (TRE)	2018-19 (SRE)	2019-20 (FRE)	2020-21 (PE)
Manufacturing	54,533	71,032	73,833	82,607	98,139	95,241	94,021
Electricity, Gas, Water supply and Other Utility Services	7,340	8,354	7,221	10,455	13,205	16,532	16,871
Mining and Quarrying	14,706	17,128	19,687	23,234	33,333	30,148	31,963
Industries sector GSVA	1,04,366	1,24,988	1,29,295	1,50,790	1,82,310	1,79,358	1,79,885

TRE: Third Revised Estimates; SRE: Second Revised Estimates; FRE: First Revised Estimates; PE: Provisional Estimates;

Services Sector

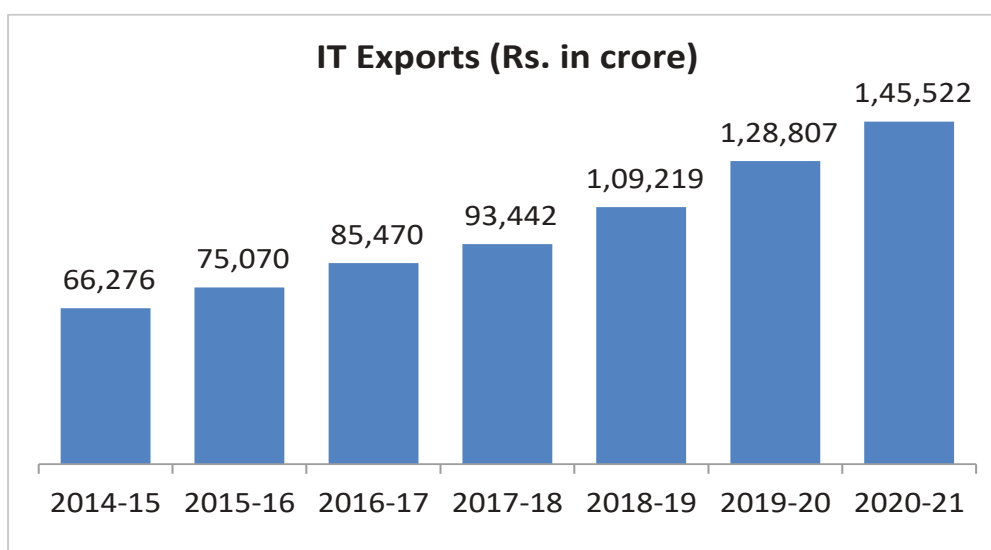
The Services sector accounts for 59.4% of the state's value added, and is therefore, one of the most important sectors in Telangana's economy. 'Real Estate, Ownership of Dwelling and Professional Services' is the key driver of the services sector, with a contribution of 34.7% to the GVA of the sector in 2020-21. The value added by this sector close to doubled between 2014-15 to 2020-21, growing from Rs.96,912 crores in 2014-15, to Rs.1,85,020 crores in 2020-21. The GVA of the 'Trade, Repair, Hotels and Restaurants' increased more than two-fold between 2014-15 and 2020-21. In fact, for all sub-sectors in the 'Services Sector', the GVA increased 1.5 to 2 fold in the span of 2014-15 to 2020-21.

Table 7: Service Sector GVA (in Rs. crores) at Current Prices

Sub Sector	2014-15	2015-16	2016-17	2017-18 (TRE)	2018-19 (SRE)	2019-20 (FRE)	2020-21 (PE)
Trade, Repair, Hotels and Restaurants	64,269	74,736	86,693	1,03,866	1,28,641	1,47,435	1,36,514
Real Estate, Ownership of Dwelling and Professional Services	96,912	1,12,172	1,31,824	1,44,498	1,61,589	1,83,453	1,85,020
Services sector GSVA	2,86,011	3,29,641	3,81,912	4,27,997	4,82,845	5,36,857	5,33,230

The performance of the IT sub-sector, in particular, was the crowning jewel for the state. The sector's exports experienced an annual average growth rate of 14.0% post 2014-15, increasing by 120% between 2014-15 and 2020-21. The sector, which provided employment to 6.28 lakh persons in 2020-21, recorded a rise in exports of Rs. 19,588 crores in 2019-20 and Rs.16,715 crores in 2020-21.

Figure 9: IT Exports (Rs. in Crore)



The Government's investments in the infrastructure, power, and IT sectors contributed towards the notable performance achieved in the Services sector.

State's Own Tax Revenues (SOTR)

One of the key aspects of the performance of any economy relates to how well it is able to manage its finances. The Government's ability to raise revenues efficiently is key to it being able to provide necessary funds for the development and welfare services across areas such as infrastructure, basic services, healthcare, nutrition, education, food security, etc. Telangana achieved the highest average annual growth rate of State's Own Tax Revenues (SOTR) from 2014-15 to 2020-21, at 11.52%, amongst all states in the country. The value exceeded that of the 2nd ranking state (Orissa) by a significant 1.8%. Telangana's SOTR grew by an impressive 90%, from Rs. 35,146 crores in 2014-15 to Rs. 66,648 crores in 2020-21, which was a remarkable feat given that the entire nation's economy was in a state of collapse due to the COVID-19 pandemic. This was possible because the state managed to increase incomes, and consequently purchasing power and consumption, even during the pandemic. As per RBI data, during 2016-17 to 2018-19, the SOTR constituted 62.7% of the revenue receipts of Telangana, which is significantly higher than the India average of 48.7%, reflecting the state's revenue self-sufficiency in comparison with other states.

As it is evident from the data released by MoSPI, the state's efforts have paid off, and have translated it into one of the fastest growing states in the country. Owing to its numerous achievements, the state has been conferred with many awards, 12 awards in the National Panchayat Awards, 2021 announced by the Union Panchayat Raj Ministry, the India Seed Award, and the Gold Award under the 'Excellence in Adopting Emerging Technologies', to name a few. Recently, NITI Aayog, the public policy think-tank of the Government of India, in its publication 'ArthNITI', acknowledged Telangana as one of the fastest growing states in the country. It also commended the state for being a leader in the pharma sector, as well as Information Technology. The 'Ease of Doing Business' ranked Telangana as the 3rd most conducive state

for doing business in the entire country. The Global Start-up Ecosystem Report (GSER) put Telangana among the 'Top 20 Asian Ecosystems' in funding and among 'Top 15 Regional Ecosystems' when it comes to affordable talent. Hyderabad has made it to the list of 'Top 100 Emerging Start-up Ecosystems' as per the report. The report cited Telangana Government's recruitment assistance and performance grants as the key reasons why a start-up should move to Telangana.

Conclusion

The multitude of awards, tributes, and top rankings received by the state from some of the most influential organizations across the country and the globe are reflective of how successfully the vision that Sri K. Chandrasekhar Rao, Hon'ble Chief Minister of Telangana State had created for the state in 2014 has been materialized and laid the foundation for achieving Bangaru Telangana. The state has not just grown economically, but grown sustainably and inclusively. We have indeed moved from being an 'Aspirant' to an 'Achiever', and its biggest proof comes from looking at how quickly the state has outperformed other states in the country.





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