



GOVERNMENT OF TELANGANA

**STATEMENT OF FISCAL POLICY TO BE
LAID ON THE TABLE OF THE
TELANGANA STATE LEGISLATURE
IN JULY, 2024**

*(As required under Section 5 of the Fiscal Responsibility and
Budget Management Act, 2005 as Amended in 2016)*

BHATTI VIKRAMARKA MALLU

Deputy Chief Minister

Form F-1

MACRO-ECONOMIC FRAMEWORK STATEMENT

(Under Rule 3 of FRBM Rules, 2006)

Economic Performance at a Glance

Trends in Select Macro-economic and Fiscal Indicators

REAL SECTOR

S N	Item	Absolute Value (Rs.in crores)		Percentage Change	
		2022-23 (FRE) ¹	2023-24 (AE) ²	2022-23 (FRE)	2023-24 (AE)
I	GSDP				
a)	Constant Prices	7,15,157	7,67,936	6.9%	7.4%
b)	Current Prices	13,08,034	14,63,960	16.4%	11.9%
	i) Primary	2,29,640	2,40,576	9.3%	4.8%
	ii) Secondary	1,99,271	2,19,351	11.2%	10.1%
	iii) Tertiary	7,68,384	8,80,569	19.8%	14.6%

¹ FRE: First Revised Estimate (2011-12 Series)

² AE: Advance Estimates (2011-12 Series)

GOVERNMENT FINANCES
(2022-23 Actuals)

S N	Item	Absolute Value (Rs.in crore)	Percentage Change
I	Opening Balance	63.83	-1225.75
II	Revenue Receipts	1,59,350.30	25.01
1	Share of Central Taxes	19,668.15	5.06
2	Tax Revenue	1,06,948.94	17.18
3	Non Tax Revenue	19,554.00	120.76
4	Grants-in-aid	13,179.21	52.90
III	Capital Receipts	45,143.40	-18.80
5	Open Market Loans	40,150.00	-12.18
6	Floating Debt(Gross)		--
7	Loans from the GOI	2,500.98	1067.92
8	Other Loans	1,409.98	10.28
9	Deposits Transactions etc.(Net)	453.55	-87.98
10	Loans and Advances	628.84	1218.32
11	Other Receipts		--
12	Contingency Fund(Net)	0.05	-200.00
13	Inter State Settlement		--
IV	Total Receipts(II + III)	2,04,493.70	11.70
V	Revenue Expenditure	1,53,406.65	12.14
14	Of which Interest Payments	21,821.21	13.88
VI	Capital Expenditure	17,880.58	-38.07
VII	Loans and Advances	21,248.41	150.88
VIII	Capital Disbursements (14 to 17)	11,987.09	35.44
15	Public Debt Repayment	8,336.00	29.03
16	Loans Form GOI	515.73	1.14
17	Other Loans	3,135.36	67.48
18	Interstate Settlement	0.00	-100.00
IX	Total Expenditure	2,04,522.73	11.76
X	Overall Transactions(IV – IX)	-29.03	-141.77
XI	Closing Balance(I + X)	34.80	-45.48
XII	Revenue Surplus(II – V)	5,943.65	-36.33
XIII	Fiscal Deficit(V+VI+VII+18)-(II+10+13)))	32,556.50	-30.19
XIV	Primary Deficit(XIII - 14)	10,735.29	-60.93

GOVERNMENT FINANCES
(R.E. 2023-24)

S N	Item	Absolute Value (Rs.in crore)	Percentage Change
I	Opening Balance	34.80	-45.48
II	Revenue Receipts	1,69,089.59	-3.82
1	Share of Central Taxes	23,742.04	20.71
2	Tax Revenue	1,11,798.14	1.09
3	Non Tax Revenue	23,819.50	55.77
4	Grants-in-aid	9,729.91	-67.84
III	Capital Receipts	57,006.25	4.44
5	Open Market Loans	49,618.00	10.34
6	Floating Debt(Gross)	0.00	--
7	Loans from the GOI	1,948.34	-49.42
8	Other Loans	910.22	-39.32
9	Deposits Transactions etc.(Net)	4,500.00	7.13
10	Loans and Advances	35.97	-40.05
11	Other Receipts		--
12	Contingency Fund(Net)	-6.28	--
13	Inter State Settlement		--
IV	Total Receipts(II + III)	2,26,095.84	-4.96
V	Revenue Expenditure	1,67,384.69	-3.15
14	Of which Interest Payments	23,337.40	23.40
VI	Capital Expenditure	44,252.68	64.30
VII	Loans and Advances	6,860.77	-73.87
VIII	Capital Disbursements (15 to 18)	12,519.04	7.91
15	Public Debt Repayment	9,341.17	12.06
16	Loans Form GOI	324.70	-11.75
17	Other Loans	2,852.93	-1.55
18	Interstate Settlement	0.24	--
IX	Total Expenditure	2,31,017.18	-2.78
X	Overall Transactions(IV – IX)	-4,921.34	-1902.56
XI	Closing Balance(I + X)	-4,886.54	-1550.66
XII	Revenue Surplus(II – V)	1,704.90	-42.79
XIII	Fiscal Deficit(V+VI+VII+18)-(II+10+13))	49,372.82	15.77
XIV	Primary Deficit(XIII - 14)	26,035.42	9.69

MACROECONOMIC FRAMEWORK STATEMENT

Under sections 5 and 6 of the Fiscal Responsibility and Budget Management (FRBM) Act 2005, as amended from time to time, the State Government is required to present the Macroeconomic Framework Statement containing an overview of the State economy along with an analysis of growth and the sectoral composition of Gross State Domestic Product (GSDP) and an assessment of State Government finances and future prospects to the State Legislature.

Overview of the Economy:

2. During Covid pandemic, the GSDP growth declined by 6.0 per cent in 2020-21. The Telangana economy regained in the very next year after the pandemic by clocking a growth rate of 11.1 per cent as compared with the GDP growth of 9.7 per cent.

3. Trends in the growth of GSDP in Telangana at constant prices are presented in Table-1.

Table-1: GSDP of Telangana State at Constant Prices (2011-12)

Year	GSDP (Rs. in crore)	Growth over previous year (%)
2012-13	3,70,113	3.0%
2013-14	3,89,957	5.4%
2014-15	4,16,332	6.8%
2015-16	4,64,542	11.6%
2016-17	5,07,946	9.3%
2017-18	5,57,410	9.7%
2018-19	6,08,401	9.1%
2019-20	6,40,968	5.4%

Year	GSDP (Rs. in crore)	Growth over previous year (%)
2020-21 (TRE)	6,02,435	-6.0%
2021-22 (SRE)	6,69,229	11.1%
2022-23 (FRE)	7,15,157	6.9%
2023-24 (AE)	7,67,936	7.4%

4. At current prices, GSDP in Telangana is estimated to grow at 15.6 per cent in 2022-23 as per the provisional advance estimates. Trends in the growth of GSDP at current prices in Telangana are presented below (Table-2)

Table-2: GSDP of Telangana State at Current Prices

Year	GSDP (Rs. in crore)	Growth over previous year (%)
2012-13	4,01,594	11.7%
2013-14	4,51,580	12.4%
2014-15	5,05,849	12.0%
2015-16	5,77,902	14.2%
2016-17	6,58,325	13.9%
2017-18	7,50,050	13.9%
2018-19	8,57,427	14.3%
2019-20	9,50,090	10.8%
2020-21 (TRE)	9,43,078	-0.7%
2021-22 (SRE)	11,24,204	19.2%
2022-23 (FRE)	13,08,034	16.4%
2023-24 (AE)	14,63,960	11.9%

Per capita Income

11. While the GSDP reflects the total size of economy, the per capita income is a broad measure of economic development and the well-being of the people. In 2014-15, the first year of the formation of the State, the per capita income of Telangana was Rs.1,24,104. In 2023-24, the per capita income of Telangana is estimated to increase Rs.3,47,299 as compared with the national per capita income of Rs.1,83,236. Trends in the per capita income of Telangana and All-India at current prices are presented below (Table-3).

Table-3: Per capita Income at Current Prices

Year	Telangana		All-India	
	Per capita (Rs)	Growth (%)	Per capita (Rs)	Growth (%)
2012-13	1,01,007	10.8%	70,983	11.9%
2013-14	1,12,162	11.0%	79,118	11.5%
2014-15	1,24,104	10.6%	86,647	9.5%
2015-16	1,40,840	13.5%	94,797	9.4%
2016-17	1,59,395	13.2%	1,04,880	10.6%
2017-18	1,79,358	12.5%	1,15,224	9.9%
2018-19	2,09,848	17.0%	1,25,946	9.3%
2019-20	2,31,326	10.2%	1,32,341	5.1%
2020-21 (TRE)	2,25,734	-2.4%	1,27,244	-3.9%
2021-22 (SRE)	2,69,161	19.2%	1,50,906	18.6%
2022-23 (FRE)	3,11,649	15.8%	1,69,496	12.3%
2023-24 (AE)	3,47,299	11.4%	1,83,236	8.1%

Form F-2
(See Rule 4 of FRBM Rules, 2006)

MEDIUM TERM FISCAL POLICY STATEMENT

A. Fiscal Indicators - Rolling Targets

(in percentages)

			Previous Year (Y-2) (Actual) 2022-23	Current Year (Y-1) 2023-24 (Budget Estimate)	Current Year (Y-1) 2023-24 (Revised Estimate)	Ensuing Year (Y) 2024-25 (Budget Estimate)	Targets for next two years	
							2025-26	2026-27
1	Revenue Deficit / Surplus as percentage of Total Revenue Receipts (TRR)		3.73	2.25	1.01	0.13		
2	Fiscal Deficit as percentage of GSDP	Target	3.50	3.00	3.00	3.00	3.00	3.00
		Achmt.	2.49	2.67	3.37	2.99		
3	Total outstanding Liabilities as percentage of GSDP	Target	33.30	33.10	33.10	32.80	32.50	
		Achmt.	27.25	24.91	27.45	27.38		
4	[Any additional target(s)]		-	-	-	-	-	-

***Note:** The Fifteenth Finance Commission prescribed total liabilities as a percentage of GSDP of States at 33.1 per cent for the year 2023-24, 32.8 per cent for 2024-25 and 32.5 per cent for the year 2025-26.*

FORM - F 3

FISCAL POLICY STRATEGY STATEMENT

(Under Rule 6 of FRBM Rules 2006)

The State's Fiscal Policy Strategy Statement set out below is mandated to be laid before the Legislature under sections 5 and 6 of the Fiscal Responsibility and Budget Management (FRBM) Act, 2005. The Strategy Statement shall include a policy overview and the outlook for the ensuing year on taxation, expenditure, borrowings, sinking and the Contingency Fund.

2. As mandated in the above Act, the State Government is required to eliminate revenue deficit. At the same time, fiscal deficit had to be brought down to 3 percent of GSDP.

3. In 2022-23, total outstanding liabilities (FRBM Loans) of the State were budgeted at 27.25 per cent of GSDP. The revised estimates indicate that the outstanding liabilities will be contained at 27.45 per cent of GSDP.

Tax Revenue

4. Tax revenue is the predominant source of resource to the State. Therefore, the State Government's strategy is to improve tax administration, plug leakages and to expand the tax base upto the potential available under various heads without imposing any burden on the common man. Efforts will be made to encourage digital transactions and thereby improve tax compliance. Expecting that the growth momentum will pick up further, own tax revenue in 2024-25 is budgeted at Rs.1,38,181 crore as compared with the RE of Rs.1,11,798 crore in 2023-24. This is based on the fact that there was an increase in the buoyancy of tax revenue from GST and Stamps & Registration. An Economic intelligence unit was established in the Commercial Taxes Department which has resulted in curbing evasion of taxes and improving the tax base.

Non-Tax Revenue

5. Efforts are being made to improve the non-tax revenue of the State. One of the major sources of non-tax revenues to the State is royalty and seigniorage fees from mines and minerals. A number of reforms have been introduced in the mines and mineral sectors to rationalize auction of mines and plug loopholes in sand mining. The possibilities of rationalising other non-tax revenues of the State are also being explored. These policies have resulted in improving the non-tax revenues of the State. Thus, there are a number of proposals underway to shore up the revenues in the State during 2024-25 and thus make adequate resources available for development and welfare programmes.

Expenditure Strategy

6. As part of the rationalisation of expenditure, the Government had completed a thorough review of all ongoing schemes and rationalised them to meet the priorities of the State. Apart from terminating some of the schemes which have outlived their utility, schemes with same objectives have been merged. The scope for further rationalisation is being explored. The Government is in the process of reviewing all ongoing schemes and retain only those schemes which are found to be useful to the State.

7. Productivity of public expenditure is proposed to be enhanced through better expenditure management, elimination of discretion and strengthening of monitoring and evaluation.

8. The strategy of the Government's expenditure management is to redirect expenditure away from less productive schemes towards investments which will result in lasting benefits to people. The Government is according priority to the completion of ongoing works before taking up any new works.

Debt Management

9. Effective debt management is vital for fiscal health. A pro-active approach to debt management is essential for better budget formulation that is consistent with

the medium-term fiscal policy. The main objective of debt management in the State is to ensure that the financing of the budget and refinancing of the debt is done at the lowest possible cost in medium to long term, all within prudent limits of risk. In pursuance of this objective, the State Government has been raising debts from the market, within the borrowing limits set under the FRBM Act.

10. Market borrowings are planned to be raised with different tenures with a view to ensure that the redemption burden is equally spread across the years.

11. Most of the borrowings of the Government are being utilized for capital expenditure. This will result in income generating assets and more income to people.

FORM D-1

[See Rule 6 of FRBM Rules, 2006]

SELECT FISCAL INDICATORS

SN	Item	2022-23 (Actuals)	2023-24 (RE)
1	Gross Fiscal Deficit as Percentage of GSDP	2.49	3.37
2	Revenue Deficit/Surplus as Percentage of Gross Fiscal Deficit	18.26	3.45
3	Revenue Deficit/Surplus as Percentage of GSDP	0.45	0.12
4	Revenue Deficit/Surplus as Percentage of TRR	3.73	1.01
5	Total Liabilities -GSDP Ratio (%)	27.25	27.45
6	Total Liabilities - Total Revenue Receipts (%)	223.71	237.65
7	Total Liabilities –State’s Own Revenue Receipts (%)	281.80	296.31
8	State’s Own Revenue Receipts to Revenue Expenditure (%)	82.46	81.02
9	Capital Outlay as Percentage of Gross Fiscal Deficit	54.92	89.63
10	Interest Payment as Percentage of Revenue Receipts	13.69	13.80
11	Salary Expenditure as Percentage of Revenue Receipts	22.69	23.65
12	Pension Expenditure as Percentage of Revenue Receipts	9.93	9.96
13	Gross Transfers from the Centre as Percentage of Aggregate Disbursements (TRE)	8.59	5.81
14	Non-tax Revenue as Percentage of TRR	12.27	14.09

Note: Outstanding Liabilities – FRBM Loans only.

FORM D-2

[See Rule 6 of FRBM Rules, 2006]

Components of State Government Liabilities

(Rs.in crore)

Category	Raised during the Fiscal Year		Repayment/Redemption during the fiscal year		Outstanding amount (End-March) *	
	2022-23 actual	2023-24 (RE)	2022-23 actual	2023-24 (RE)	2022-23 actual	2023-24 (RE)
Market Borrowings	40,150	49,618	8,336	9,341	2,74,269	3,14,546
Loans from Centre	2,501	1,948	516	325	16,434	18,057
Special Securities issued to the NSSF	0	0	827	827	5,550	4,723
Borrowings from Financial Institutions/ Banks	1,410	1,910	2,308	2,126	13,310	13,095
Provident Funds, Insurance Funds etc.	3,281	2,458	1,232	1,470	14,962	15,950
Reserve Funds & Deposits	83,638	77,580	82,887	74,069	31,962	35,473
Total	1,30,981	1,33,515	96,106	88,158	3,56,486	4,01,844

* FRBM Loans only.

FORM D-3

[See Rule 6 of FRBM Rules, 2006]

Consolidated Sinking Fund (CSF)

(Rs.in Crores)

Outstanding balance in CSF as on 31.3.2022	Additions to CSF during the 2022-23	Withdrawals from CSF during the 2023-24	Outstanding balance in CSF at the end of the 2022-23/ beginning of 2023-24	(Col.4)/ Outstanding Stock of SLR Borrowings (%)	Additions to CSF during the 2023-24 (RE)	Withdrawal- also from CSF during the 2023-24	Outstanding at the end of 2023-24/ beginning of 2024-25	(8)/ Stock of SLR Borrowings (%)
1	2	3	4	5	6	7	8	9
6389	526	--	6915	--	538	--	7453	--

Source: RBI Bulletin

FORM D-6

[See Rule 6 of FRBM Rules, 2006]

Guarantee Redemption Fund (GRF)

(Rs.in crores)

Outstanding invoked guarantees at the end of the previous year	Outstanding amount in GRF at the end of the previous year	Amount of Guarantees likely to be Invoked during the current year	Addition to GRF during the current year	Withdrawal from the GRF during current year	Outstanding amount in GRF at the end of the current year
(1)	(2)	(3)	(4)	(5)	(6)
	1512	--	118	--	1630

Source: RBI Bulletin.