



GOVERNMENT OF TELANGANA

**STATEMENT OF FISCAL POLICY TO BE
LAID ON THE TABLE OF THE
TELANGANA STATE LEGISLATURE
IN MARCH, 2026**

*(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	
		2024-25 (FRE) ¹	2025-26 (PAE) ²	2024-25 (FRE)	2025-26 (PAE)
I	GSDP				
a)	Constant Prices	8,20,197	8,89,582	6.5%	8.5%
b)	Current Prices	16,09,902	17,82,198	10.6%	10.7%
	i) Primary	2,46,282	2,49,691	3.5%	1.4%
	ii) Secondary	2,45,307	2,68,325	10.1%	9.4%
	iii) Tertiary	9,96,293	11,30,596	13.0%	13.5%

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

² PAE: Provisional Advance Estimates (2011-12 Series)

GOVERNMENT FINANCES
(2024-25 Actuals)

S N	Item	Absolute Value (Rs.in crore)	Percentage Change
I	Opening Balance	-1.43	-104.11
II	Revenue Receipts	1,67,804.32	-0.88
1	Share of Central Taxes	27,050.25	13.93
2	Tax Revenue	1,09,233.22	-2.29
3	Non Tax Revenue	23,607.77	-0.89
4	Grants-in-aid	7,913.08	-20.34
III	Capital Receipts	63,778.94	3.71
5	Open Market Loans	56,209.00	13.28
6	Loans from the GOI	2,727.24	39.98
7	Other Loans	758.59	-16.66
8	Deposits Transactions etc.(Net)	2,558.41	-71.52
9	Loans and Advances	1,524.89	4139.34
10	Other Receipts	0.00	--
11	Contingency Fund(Net)	0.70	-200.00
12	Inter State Settlement	0.11	-12.38
IV	Total Receipts(II + III)	2,31,583.26	0.34
V	Total Receipts with Ways & Means Advances	3,60,959.28	9.75
VI	Revenue Expenditure	1,77,224.37	5.17
13	<i>of which</i> , Interest Payments	27,802.52	14.19
VII	Capital Expenditure	36,071.51	-17.87
VIII	Loans and Advances	4,855.13	-29.23
IX	Capital Disbursements (14 to 17)	18,267.49	45.75
14	Repayment of Public Debt excluding Ways and Means Advances	13,117.61	40.42
15	Loans Form GOI	2,478.77	663.40
16	Other Loans	2,570.73	-9.89
17	Interstate Settlement	100.38	612.42
X	Total Expenditure	2,36,418.50	1.98
XI	Total Expenditure with Ways & Means Advances	3,60,952.19	9.74
XII	Overall Transactions(V – XI)	7.09	-119.57
XIII	Closing Balance(I + XII)	5.66	-493.33
XIV	Revenue Surplus(II – VI)	-9,420.05	1108.83
XV	Fiscal Deficit(X-(II+9+12+14+15+16+17))	48,922.07	-2.11
XVI	Primary Deficit(XV - 13)	21,119.55	-17.60

GOVERNMENT FINANCES
(R.E. 2025-26)

S N	Item	Absolute Value (Rs.in crore)	Percentage Change
I	Opening Balance	5.66	-493.33
II	Revenue Receipts	2,03,970.99	0.92
1	Share of Central Taxes	29,471.19	8.95
2	Tax Revenue	1,34,019.58	3.56
3	Non Tax Revenue	29,318.77	13.57
4	Grants-in-aid	11,161.45	-43.73
III	Capital Receipts	77,545.92	20.22
5	Open Market Loans	67,539.00	18.61
6	Loans from the GOI	4,400.00	76.00
7	Other Loans	500.00	-50.00
8	Deposits Transactions etc.(Net)	4,000.00	0.00
9	Loans and Advances	1,106.92	1714.62
10	Other Receipts		--
11	Contingency Fund(Net)		--
12	Inter State Settlement		--
IV	Total Receipts(II + III)	2,81,516.91	5.59
V	Total Receipts with Ways & Means Advances	2,81,616.91	5.59
VI	Revenue Expenditure	2,03,379.63	3.65
13	<i>of which</i> , Interest Payments	19,369.02	9.25
VII	Capital Expenditure	36,480.87	10.25
VIII	Loans and Advances	21,350.55	8.79
IX	Capital Disbursements (14 to 17)	20,027.71	17.80
14	Public Debt Repayment	15,848.20	20.82
15	Loans Form GOI	440.85	10.86
16	Other Loans	3,738.66	7.24
17	Interstate Settlement		--
X	Total Expenditure	2,81,238.76	5.75
XI	Total Expenditure with Ways & Means Advances	2,81,338.76	5.75
XII	Overall Transactions(V – XI)	278.15	-58.74
XIII	Closing Balance(I + XII)	283.81	-57.81
XIV	Revenue Surplus(II – VI)	591.36	-89.96
XV	Fiscal Deficit(X-(II+9+12+14+15+16+17))	56,133.14	20.03
XVI	Primary Deficit(XV - 13)	36,764.12	26.62

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 a Macroeconomic Framework Statement to the State Legislature. This statement provides an overview of the State economy, including an analysis of growth, the sectoral composition of Gross State Domestic Product (GSDP), and an assessment of the State Government's finances and future prospects.

Overview of the Economy:

2. Telangana's economic performance in 2025–26 demonstrates sustained growth momentum, driven by key sectors such as IT, agriculture, and infrastructure. At constant prices, the GSDP of Telangana is estimated at Rs.8,89,582 crore, registering a growth rate of 8.5%, compared to Rs.8,20,197 crore in the previous year. At the national level, India's GDP is estimated at Rs.2,01,89,919 crore compared to Rs.1,87,96,955 crore in 2024–25 (FRE), registering a growth rate of 7.4%.

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

Table-1: GSDP and GDP at Constant Prices

	GSDP		Growth (%)	
	2024-25 (FRE/PE)	2025-26 (PAE/FAE)	2024-25 (FRE/PE)	2025-26 (PAE/FAE)
Telangana	8,20,197	8,89,582	6.5%	8.5%
All India	1,87,96,955	2,01,89,919	6.5%	7.4%

4. Telangana's GSDP at current prices for the year 2025-26 (PAE) is estimated at Rs. 17,82,198 crore compared to Rs. 16,09,902 crore in 2024-25 (FRE), registering a growth rate of 10.7%. During the same period, India's GDP is estimated at Rs. 3,57,13,886 crore in 2025-26 (FAE) against Rs. 3,30,68,145 crore in the previous year, reflecting a growth rate of 8.0%. Trends in the growth of GSDP at current prices in Telangana are presented below (Table-2).

Table-2: GSDP and GDP at Current Prices

(Rs.in crore)

	GSDP		Growth (%)	
	2024-25 (FRE/PE)	2025-26 (PAE/FAE)	2024-25 (FRE/PE)	2025-26 (PAE/FAE)
Telangana	16,09,902	17,82,198	10.6%	10.7%
All India	3,30,68,145	3,57,13,886	9.8%	8.0%

Per capita Income

5. While GSDP reflects the total size of the economy, per capita income is a broad indicator of economic development and the well-being of the people. In 2014-15, the year of the formation of the State, the per capita income of Telangana was Rs.1,24,104. In 2025-26, the per capita income of Telangana is estimated at Rs.4,18,931 compared to the national per capita income of Rs.2,19,575. Telangana's per capita income is nearly double the national average, indicating higher income levels and relatively stronger economic performance. 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

(In Rupees)

	Per Capita Income		Growth (%)	
	2024-25 (FRE/PE)	2025-26 (PAE/FAE)	2024-25 (FRE/PE)	2025-26 (PAE/FAE)
Telangana	3,80,031	4,18,931	9.8%	10.2%
All India	2,05,324	2,19,575	8.7%	6.9%

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) 2024-25	Current Year (Y-1) 2025-26 (Budget Estimate)	Current Year (Y-1) 2025-26 (Revised Estimate)	Ensuing Year (Y) 2026-27 (Budget Estimate)	Targets for next two years	
							2027-28	2028-29
1	Revenue Deficit / Surplus as percentage of Total Revenue Receipts (TRR)		-5.61	1.19	0.29	2.84		
2	Fiscal Deficit as percentage of GSDP	Target	3.00	3.00	3.00	3.00	3.00	3.00
		Achmt.	3.04	3.00	3.15	2.98		
3	Total outstanding Liabilities as percentage of GSDP	Target	32.80	32.50	32.50	32.50		
		Achmt.	27.80	27.79	28.27	28.69		
4	[Any additional target(s)]		-	-	-	-	-	-

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 2025-26, total outstanding liabilities (FRBM Loans) of the State were budgeted at 27.79 per cent of GSDP. The revised estimates indicate that the outstanding liabilities will be contained at 28.27 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 2026-27 is budgeted at Rs.1,48,186 crore as compared with the RE of Rs.1,34,020 crore in 2025-26. 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 2026-27 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. To address the issue of off-budget borrowings, the State is actively engaging with financial institutions to reduce borrowing costs and extend repayment periods.

During the financial year 2025–26, the Government replaced high-interest off-budget borrowings amounting to ₹25,612 crore with Open Market Borrowings that carry lower interest rates and longer tenures. Going forward, guarantees will be provided only to those Public Sector Undertakings that have adequate internal cash flows to service their debt.

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	2024-25 (Actuals)	2025-26 (RE)
1	Gross Fiscal Deficit as Percentage of GSDP	3.04	3.15
2	Revenue Deficit/Surplus as Percentage of Gross Fiscal Deficit	-19.26	1.05
3	Revenue Deficit/Surplus as Percentage of GSDP	-0.59	0.03
4	Revenue Deficit/Surplus as Percentage of TRR	-5.61	0.29
5	Total Liabilities -GSDP Ratio (%)	27.80	28.27
6	Total Liabilities - Total Revenue Receipts (%)	266.68	247.05
7	Total Liabilities –State’s Own Revenue Receipts (%)	336.86	308.50
8	State’s Own Revenue Receipts to Revenue Expenditure (%)	74.96	80.31
9	Capital Outlay as Percentage of Gross Fiscal Deficit	73.73	64.99
10	Interest Payment as Percentage of Revenue Receipts	16.57	9.50
11	Salary Expenditure as Percentage of Revenue Receipts	27.88	24.25
12	Pension Expenditure as Percentage of Revenue Receipts	10.10	6.43
13	Gross Transfers from the Centre as Percentage of Aggregate Disbursements (TRE)	4.47	5.49
14	Non-tax Revenue as Percentage of TRR	14.07	14.37

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) *	
	2024-25 actual	2025-26 (RE)	2024-25 actual	2025-26 (RE)	2024-25 actual	2025-26 (RE)
Market Borrowings	56,209	67,539	13,118	15,848	3,57,637	4,09,328
Loans from Centre	2,727	4,400	2,479	441	13,296	17,255
Special Securities issued to the NSSF	0	0	827	1,643	3,896	2,253
Borrowings from Financial Institutions/ Banks	759		1,743	2,095	11,210	9,615
Ways & Means Advances	1,29,376	100	1,24,534	100	5,842	5,842
Provident Funds, Insurance Funds etc.	3,503	4,162	1,274	1,882	19,091	21,370
Reserve Funds & Deposits	85,894	91,926	85,654	90,206	36,522	38,242
Total	2,78,467	1,68,127	2,29,629	1,12,216	4,47,493	5,03,905

Note: 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 31.3.2024	Additions to CSF during the 2024-25	Withdrawals from CSF during the 2025-26	Outstanding balance in CSF at the end of the 2024-25/ beginning of 2025-26	(Col.4)/ Outstanding Stock of SLR Borrowings (%)	Additions to CSF during the 2025-26 (RE)	Withdrawal- also from CSF during the 2025-26	Outstanding at the end of 2025-26/ beginning of 2026-27	(8)/ Stock of SLR Borrowings (%)
1	2	3	4	5	6	7	8	9
7,656	559	--	8,215	--	216	950 *	7,481 *	--

Source: Finance Accounts, CAG and RBI Monthly Bulletin.

* Includes Rs.950 crore CSF amount withdrawn during February, 2026.

FORM D-4
[See rule 6]
Guarantees given by the Government

(Rs.in crore)

Category (No. of Guarantees within bracket)	Maximum amount guaranteed during the year upto Feb-2026	Outstanding at the beginning of the year as on 1.4.2025	Additions during the year upto Feb-2026	Reductions during the year (other than invoked during the year) upto Feb-2026
1	2	3	4	5
Category-I (18): Government Guaranteed loans raised by SPVs but are serviced by Government	4,470	1,16,234	4,470	34,395
Category-II (14): Government Guarantee loans which are raised by SPVs and serviced by them	83,287	1,25,670	83,287	53,523
Total	87,757	2,41,904	87,757	87,918
Non-Guarantee Loans which are paid by Corporations	8,238	60,601	8,238	8,748

Invoked during the year		Outstanding at the end of the year upto Feb-26	Guarantee Commission or Fee		Remarks
Discharged	Not discharged		Receivable	Received	
6	7	8	9	10	11
		86,309	89	--	
		1,55,434	1,666	--	
		2,41,743	1,755	--	
		60,092	--	--	

FORM D-5*[See rule 6]***Outstanding Risk-weighted Guarantees**

(Rs.in crore)

Default Probability	Risk weights (per cent)	Amount outstanding as in the previous year and the current year	Risk weighted outstanding Guarantee in the previous year and the current year
Direct Liabilities	100%	86,309	86,309
High Risk	75%	--	--
Medium Risk	50%	--	--
Low Risk	25%	--	--
Very Low Risk	5%	1,55,434	7,772
Total Outstanding		2,41,743	94,081

* Excluding Non-Guarantee Loans which are paid by Corporations.

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 upto February, 2026 *	Withdrawal from the GRF during current year	Outstanding amount in GRF at the end of the current year upto February, 2026 *
(1)	(2)	(3)	(4)	(5)	(6)
--	1,791	--	4,555	--	6,346

Source: Finance Accounts, CAG.

* Includes Rs.55.46 crore Interest upto December, 2025 as per RBI and Rs.4,500 crore Investment in GRF during February, 2026.

FORM D-7*[See rule 6]***STATEMENT OF ASSETS**

	Assets at the beginning of the reporting year	Assets acquired During the reporting year	Cumulative total of assets at the end of the reporting year
	Book Value (Rs.in crore)	Book Value (Rs.in crore)	Book Value (Rs.in crore)
Financial assets:			
Loans and advances			
Loans to Local Bodies	1,632.36	--	1,632.36
Loans to companies	58,868.51	2,880.51	61,749.02
Loans to others	19,322.14	1,974.62	21,296.76
Equity Investment			
Shares	49,731.74	18,610.29	68,642.03
Bonus shares			
Investments in GoI dated securities/Treasury Bills	--	* --	--
Investments in 14-day Intermediate Treasury Bills			
Other financial investments			
Investment out of earmarked funds	9,283.56	685.34	9,968.90
Total	1,38,838.31	24,150.76	1,62,989.07
Physical assets:			
Land			
Building – Office/Residential			
Roads			
Bridges			
Irrigation Projects Power projects			
Other capital projects			
Machinery & Equipment			
Office Equipment Vehicles			
Total			

Notes: 1) Reporting year refers to the second year preceding the year for which annual financial statement (AFS) and Demand for Grants are prepared.

2) Local bodies include Urban Local Development Authorities.

3) Companies include Statutory Corporations, Govt. Companies, SPVs.

4) Loans to other include loans to Government Servants.

* Purchases ... 1,062.66 crore
Sales ... 1,062.66 crore
Net ... -Nil-

FORM – D-9
(See Rule 6)

Statement of Miscellaneous Liabilities: Outstandings

(Rs.in crore)

Sl. No.	Item	Outstanding Amount
1	Major Works and Contracts	1,92,701.23
2	Committed liabilities in respect of land acquisition charges	2,423.42
3	Claims in respect of unpaid bills on works and supplies	21,006.41

The outstanding amount pertains to the end-March position for the year before the current year.

FORM – D-10
(See Rule 6)

**NUMBER OF EMPLOYEES IN GOVERNMENT, PUBLIC SECTOR
UNDERTAKINGS & AIDED INSTITUTION AND RELATED SALARIES &
PENSIONS**

(Rs.in crore)

Sl. No.	Sector Name	Total employees as on 1.3.2026	Related Expenditure during	
			On salary	On Pension
1	State Government	2,38,311	49,461	13,110
2	Judiciary	9,479		
3	Aided Educational Institutions	2,312		
4	Zilla Praja Parishads / Mandal Praja Parishads	99,858		
5	Gram Panchayaths	10,907		
6	Municipal Corporations / Municipalities	5,215		
7	Urban Development Authorities	373		
8	Zilla Grandhalaya Samasthas	291		
9	State Public Sector Undertakings	1,13,006		
10	Universities	4,448		
11	Cooperative institutions and other Government Bodies	33,691		
12	Temples	2,477		
	Total (A):	5,20,368		
13	Pensioners	2,94,944	49,461	13,110
	Total (B):	2,94,944		
	Grand Total (A+B):	8,15,312		