

# Telangana Budget Analysis 2024-25

The Deputy Chief Minister of Telangana, Mr. Bhatti Vikramarka Mallu, presented the Budget for the state for the financial year 2024-25 on July 25, 2024.

## Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Telangana for 2024-25 (at current prices) is estimated to be about Rs 16.5 lakh crore, an increase of about 12.5% over 2023-24.
- **Expenditure (excluding debt repayment)** in 2024-25 is estimated to be Rs 2,74,058 crore, an increase of 25% over the revised estimates of 2023-24. In addition, debt of Rs 17,101 crore will be repaid by the state.
- **Receipts (excluding borrowings)** for 2024-25 are estimated to be Rs 2,24,802 crore, an increase of 33% as compared to the revised estimate of 2023-24.
- **Revenue surplus** in 2024-25 is estimated to be Rs 297 crore, 83% lower than the revised estimates for 2023-24 (Rs 1,705 crore). In 2023-24, at the budget stage, the state had estimated a revenue surplus of Rs 4,882 crore.
- **Fiscal deficit** for 2024-25 is targeted at Rs 49,255 crore. In 2023-24, as per the revised estimates, fiscal deficit is expected to be Rs 49,373 crore, 29% higher than the budgeted deficit of 2023-24.

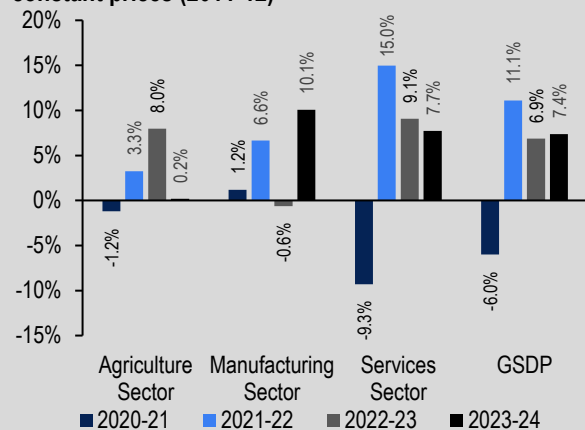
## Policy Highlights

- **Financial Assistance to farm labourers:** A scheme will be launched to provide Rs 12,000 annually to agricultural labourers.
- **Housing:** Assistance will be offered under the Indiramma Housing Scheme. Financial assistance of five lakh rupees will be offered for construction. SC and ST beneficiaries will be given Rs 6,00,000. Under this scheme, 4.5 lakh houses will be constructed with at least 3,500 houses per assembly constituency.
- **Women Entrepreneurship:** Under the Indira Mahila Shakthi Programme, 63 lakh women will be trained in different skills to become entrepreneurs. Rs 1,00,000 crore will be secured for the scheme.
- **Infrastructure:** Five extended corridors of 78 km will be developed under the Hyderabad Metro network. This will entail an outlay of Rs 26,502 crore. 348 kms of state roads will be upgraded in order to be declared as national highways. A regional ring road will be developed at the cost of Rs 26,502 crore.
- **Farm insurance:** The state will join the Pradhan Mantri Fasal Bima Yojana. Under the scheme, the state government will pay the premium that is to be paid by the farmer.

## Telangana's Economy

- **GSDP:** In 2023-24, Telangana's GSDP (at constant prices) grew at 7.4%, compared to 6.9% in 2022-23. In comparison, national GDP is estimated to grow at 8.2% in 2023-24.
- **Sectors:** The agriculture sector grew by 0.2% in 2023-24. In comparison, it witnessed 8% growth in 2022-23. Manufacturing sector grew by 10.1% in 2023-24. Services grew by 7.7% in 2023-24. In comparison, it grew by 9.1% in 2022-23.
- In 2023-24, agriculture, manufacturing, and services sectors are estimated to contribute 17.9%, 16.4%, and 65.7% to the economy, respectively (at current prices).
- **Per capita GSDP:** The per capita GSDP of Telangana in 2023-24 (at current prices) is estimated at Rs 3,83,426, an increase of 12% over 2022-23.

Figure 1: Growth in GSDP and sectors in Telangana at constant prices (2011-12)



Note: Agriculture also includes mining and quarrying; manufacturing also includes construction, and electricity, gas, water, and other utility services. These numbers are as per constant prices (2011-12) which implies that the growth rate is adjusted for inflation.

Sources: Telangana Economic Survey 2023-24; PRS.

## Budget Estimates for 2024-25

- **Total expenditure (excluding debt repayment)** in 2024-25 is targeted at Rs 2,74,058 crore. This is an increase of 25% over the revised estimate of 2023-24. This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 2,24,802 crore and net borrowings of Rs 45,011 crore. Total receipts for 2024-25 (other than borrowings) are expected to register an increase of 33% over the revised estimate of 2023-24.
- **Revenue surplus** in 2024-25 is estimated to be Rs 297 crore (0.02% of GSDP), lower than the revised estimates for 2023-24 (0.1% of GSDP). **Fiscal deficit** for 2024-25 is targeted at Rs 49,255 crore (3% of GSDP), lower than the revised estimates for 2023-24 (3.4% of GSDP).
- In 2023-24, the revised estimates for revenue surplus are estimated to be lower than the budgeted surplus by Rs 3,177 crore. This is 65% lower than the surplus budgeted in 2023-24. This is primarily due to a reduction in revenue receipts, driven by lower grants from the centre.

**Table 1: Budget 2024-25 - Key figures (in Rs crore)**

Items	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	% change from BE 23-24 to RE 23-24	2024-25 Budgeted	% change from RE 23-24 to BE 24-25
Total Expenditure	2,87,345	2,90,396	2,32,017	-20.1%	2,91,159	25.5%
(-) Repayment of debt	94,810	12,706	13,519	6.4%	17,101	26.5%
<b>Net Expenditure (E)</b>	<b>1,92,536</b>	<b>2,77,690</b>	<b>2,18,498</b>	<b>-21.3%</b>	<b>2,74,058</b>	<b>25.4%</b>
Total Receipts	2,86,863	2,85,773	2,22,602	-22.1%	2,86,915	28.9%
(-) Borrowings	1,26,884	46,318	53,477	15.5%	62,112	16.1%
<b>Net Receipts (R)</b>	<b>1,59,979</b>	<b>2,39,455</b>	<b>1,69,126</b>	<b>-29.4%</b>	<b>2,24,802</b>	<b>32.9%</b>
<b>Fiscal Deficit (E-R)</b>	<b>32,557</b>	<b>38,235</b>	<b>49,373</b>	<b>29.1%</b>	<b>49,255</b>	<b>-0.2%</b>
as % of GSDP	2.5%	2.7%	3.4%	-	3.0%	-
<b>Revenue Surplus</b>	<b>5,944</b>	<b>4,882</b>	<b>1,705</b>	<b>-65.1%</b>	<b>297</b>	<b>-82.6%</b>
as % of GSDP	0.5%	0.3%	0.1%	-	0.0%	-
<b>Primary Deficit</b>	<b>10,735</b>	<b>15,827</b>	<b>26,035</b>	<b>64.5%</b>	<b>31,526</b>	<b>21.1%</b>
as % of GSDP	0.8%	1.1%	1.8%	-	1.9%	-
GSDP*	13,08,034	14,16,111	14,63,960	3.4%	16,47,324	12.5%

Note: BE is Budget Estimates; RE is Revised Estimates.

\*GSDP figures for 2024-25 used in the analysis have been back-calculated using consolidated debt figures in the Budget at a Glance document. Sources: Annual Financial Statement, Telangana Budget 2024-25; PRS.

## Expenditure in 2024-25

- **Revenue expenditure** for 2024-25 is proposed to be Rs 2,20,945 crore, an increase of 32% over the revised estimate of 2023-24. This includes the expenditure on salaries, pensions, interest, grants, and subsidies. Budgeted increase in revenue expenditure is due to higher allocation towards: housing (by 1,781%), urban development (217%), welfare of SC, ST, OBC and Minorities (95%), in 2024-25.
- **Capital outlay** for 2024-25 is proposed to be Rs 33,487 crore, a reduction of 24% over the revised estimate of 2023-24. Capital outlay indicates the expenditure towards creation of assets. This reduction is due to reduced capital outlay towards water supply and sanitation (by 78%), and urban development (100%).
- In 2024-25, loans and advances by the state are expected to be Rs 19,626 crore, higher than the revised estimates by 186%. This is primarily due to an increase in allocation towards loans for water and sanitation and major irrigation projects.

### Unspent Provisions

Previous State Finance Audit Reports have highlighted the under-utilisation of provisions under the grants for Housing and loans for Irrigation projects. From 2017-22, utilisation of grants under Weaker Section Housing Programme has been less than 50%, indicating that these grants were less prioritised.<sup>1</sup>

Additionally, under-budgeting of grants for Social and Tribal Welfare has been a persistent trend, as highlighted by the CAG report. In the last 5 years, schemes for tribal welfare and social welfare have seen considerable underspending. In 2023-24, revised estimates for revenue expenditure under Welfare of SC, ST, OBC and Minorities head, saw a reduction of Rs 22,694 crore, compared to budget estimates.

<sup>1</sup> State Finances Audit Report for the year ended 31 March, 2022, CAG

**Table 2: Expenditure budget 2024-25 (in Rs crore)**

Items	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	% change from BE 23-24 to RE 23-24	2024-25 Budgeted	% change from RE 23-24 to BE 24-25
Revenue Expenditure	1,53,407	2,11,685	1,67,385	-21%	2,20,945	32%
Capital Outlay	17,881	37,525	44,253	18%	33,487	-24%
Loans given by the state	21,248	28,480	6,861	-76%	19,626	186%
<b>Net Expenditure</b>	<b>1,92,536</b>	<b>2,77,690</b>	<b>2,18,498</b>	<b>-21%</b>	<b>2,74,058</b>	<b>25%</b>

Sources: Annual Financial Statement, Telangana Budget 2024-25; PRS.

**Committed expenditure:** Committed expenditure of a state typically includes expenditure on payment of salaries, pensions, and interest. A larger proportion of budget allocated for committed expenditure limits the state's capacity to spend on other expenditure priorities such as capital outlay. In 2024-25, Telangana is estimated to spend Rs 29,731 crore on pension and interest payments, which is 13% of its estimated revenue receipts. Estimates for allocation towards salaries are not available for 2024-25. In 2022-23, 24% of revenue receipts were spent towards pension, salary, and interest payments.

**Table 3: Committed Expenditure in 2024-25 (in Rs crore)**

Committed Expenditure	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	% change from BE 23-24 to RE 23-24	2024-25 Budgeted	% change from RE 23-24 to BE 24-25
Pension	15,816	13,024	16,841	29%	11,641	-31%
Interest payment	21,821	22,408	23,337	4%	17,730	-24%
Salary	36,157	-	39,990	-	-	-
<b>Total Committed Expenditure</b>	<b>37,637</b>	<b>35,432</b>	<b>40,179</b>	<b>13%</b>	<b>29,371</b>	<b>-27%</b>

Note: Budgeted Estimates for salary are not available for 2024-25.

Sources: Annual Financial Statement, Telangana Budget 2024-25; PRS.

**Sector-wise expenditure:** The sectors listed below account for 78% of the total expenditure on sectors by the state in 2024-25. A comparison of Telangana's expenditure on key sectors with that by other states is shown in Annexure 1.

**Table 4: Sector-wise expenditure under Telangana Budget 2024-25 (in Rs crore)**

Sector	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	2024-25 Budgeted	% change from RE 23-24 to BE 24-25	Budget Provisions 2024-25
Agriculture and Allied Activities	18,825	29,164	29,834	51,463	73%	Rs 15,470 crore has been allocated for debt relief for farmers.
Welfare of SC, ST, OBC, and Minorities	11,783	33,075	10,381	23,026	122%	Rs 2,000 crore has been allocated to the CM Dalit Empowerment Programme.
Social Welfare and Nutrition	14,837	19,416	16,229	22,085	36%	Rs 7,376 crore has been allocated to Aasara pensions.
Education, Sports, Arts, and Culture	17,728	18,955	19,426	21,801	12%	Rs 11,547 crore has been allocated for assistance to local bodies for primary and secondary education.
Energy	17,679	12,125	15,945	16,254	2%	Rs 1,825 crore has been allocated to the Gruha Jyoti scheme.
Irrigation and Flood Control	8,581	11,169	27,566	12,408	-55%	Rs 1,676 crore has been allocated to the Kaleshwaram Project.
Health and Family Welfare	8,330	12,378	9,441	11,800	25%	Rs 696 crore has been allocated to the Aarogyasri Healthcare Trust.
Urban Development	4,285	6,999	4,093	10,670	161%	Rs 1,500 crore has been allocated to the Musi Riverfront Development.
Rural Development	7,985	8,947	7,241	10,245	41%	Rs 1,773 crore has been allocated to the MGNREGS.
Police	8,427	9,023	9,303	8,972	-4%	Rs 4,228 crore has been allocated to district police.
Transport	3,061	10,060	3,967	8,911	125%	Rs 3,083 crore has been allocated for the Mahalakshmi scheme.
<b>% of total expenditure on all sectors</b>	<b>71%</b>	<b>69%</b>	<b>72%</b>	<b>78%</b>		

Sources: Annual Financial Statement, Telangana Budget 2024-25; PRS.

## Receipts in 2024-25

- **Total revenue receipts** for 2024-25 are estimated to be Rs 2,21,242 crore, an increase of 31% over the revised estimate of 2023-24. Of this, Rs 1,73,390 crore (78%) will be raised by the state through its **own resources**, and Rs 47,853 crore (22%) will come **from the centre**. Resources from the centre will be in the form of state's share in central taxes (12% of revenue receipts) and grants (10% of revenue receipts).
- **Devolution:** In 2024-25, state's share in central taxes is estimated at Rs 26,216 crore, an increase of 10% over the revised estimate of 2023-24.
- **Grants from the centre** in 2024-25 are estimated at Rs 21,636 crore, an increase of 122% over the revised estimates for 2023-24. In 2023-24, as compared to the budget estimates, grants from centre are estimated to register a shortfall of Rs 31,529 crore.
- **State's own tax revenue:** Telangana's total own tax revenue is estimated to be Rs 1,38,181 crore in 2024-25, an increase of 24% over the revised estimate of 2023-24.

### Inter-state settlement

Inter-state settlement refers to the sums owed by one state government to another following the establishment of a new state. According to BE 2023-24, Telangana was expected to receive Rs 17,828 crore as inter-state settlement. But according to RE 2023-24 estimates, no funds have yet been received under this head.

**Table 5: Break-up of the state government's receipts (in Rs crore)**

Items	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	% change from BE 2023-24 to RE 2023-24	2024-25 Budgeted	% change from RE 2023-24 to BE 2024-25
State's Own Tax	1,06,949	1,31,029	1,11,798	-15%	1,38,181	24%
State's Own Non-Tax	19,554	22,808	23,820	4%	35,208	48%
Share in Central Taxes	19,668	21,471	23,742	11%	26,216	10%
Grants-in-aid from Centre	13,179	41,259	9,730	-76%	21,636	122%
<b>Revenue Receipts</b>	<b>1,59,350</b>	<b>2,16,567</b>	<b>1,69,090</b>	<b>-22%</b>	<b>2,21,242</b>	<b>31%</b>
Non-debt Capital Receipts	629	22,888	36	-100%	3,560	9798%
<b>Net Receipts</b>	<b>1,59,979</b>	<b>2,39,455</b>	<b>1,69,126</b>	<b>-29.4%</b>	<b>2,24,802</b>	<b>33%</b>

BE is Budget Estimates; RE is Revised Estimates.

Sources: Annual Financial Statement, Telangana Budget 2024-25; PRS.

- In 2024-25, **State GST** is estimated to be the largest source of own tax revenue (37% share). State GST revenue is estimated to increase by 29% over the revised estimates of 2023-24.
- Revenue from Sales Tax/VAT and State Excise is expected to contribute 24% and 19% to own tax revenue respectively.

### Recovery of loans

As highlighted by the State Finances Audit Report by CAG, over the last few years, the levels of recovery of loans have been consistently low. The budget estimates are inflated in comparison to previous years' trends.

A major share of loans advanced are towards irrigation projects. The State Finances Audit Report has highlighted the non-completion of irrigation projects in Telangana, with delays in completion ranging from 3-11 years. This has led to extra burden on the state regarding servicing of debt and interest liabilities.

**Table 6: Major sources of state's own-tax revenue (in Rs crore)**

Head	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	% change from BE 23-24 to RE 23-24	2024-25 Budgeted	% change from RE 23-24 to BE 24-25
State GST	36,248	44,000	39,295	-11%	50,763	29%
Sales Tax/ VAT	29,604	39,500	29,990	-24%	33,449	12%
State Excise	18,470	19,885	20,299	2%	25,618	26%
Stamps Duty and Registration Fees	14,228	18,500	14,296	-23%	18,229	28%
Taxes on Vehicles	6,737	7,512	7,095	-6%	8,478	19%
Taxes and Duties on Electricity	886	751	17	-98%	716	4081%
Land Revenue	0	12	0	-97%	11	3110%

Sources: Annual Financial Statement, Revenue Budget, and Telangana Budget 2024-25; PRS.

## Deficits, Debt, and FRBM Targets for 2024-25

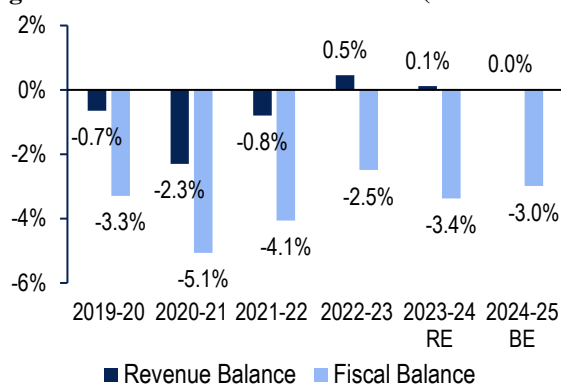
The Telangana Fiscal Responsibility and Budget Management Act, 2005 provides annual targets to progressively reduce the outstanding liabilities, revenue deficit and fiscal deficit of the state government.

**Revenue deficit/surplus:** It is the difference of revenue expenditure and revenue receipts. A revenue deficit implies that the government needs to borrow to finance those expenses which do not increase its assets or reduces its liabilities. The budget estimates a revenue surplus of Rs 297 crore in 2024-25.

**Fiscal deficit:** It is the excess of total expenditure over total receipts. This gap is filled by borrowings by the government and leads to an increase in total liabilities. In 2024-25, the fiscal deficit is estimated to be Rs 49,255 crore. For 2024-25, the central government has permitted fiscal deficit of up to 3.5% of GSDP to states, of which 0.5% of GSDP will be available only upon carrying out certain power sector reforms. As per the revised estimates, in 2023-24, the fiscal deficit of the state is expected to be 3.4% of GSDP.

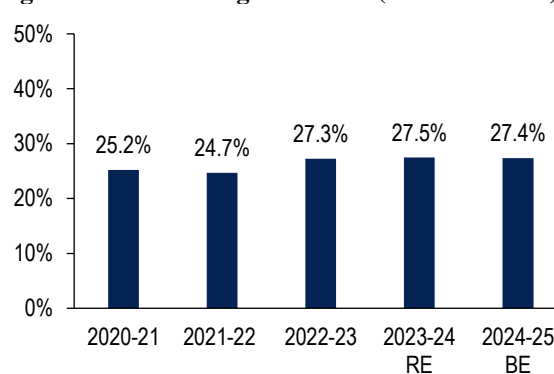
**Outstanding liabilities:** Outstanding liabilities is the accumulation of total borrowings at the end of a financial year, it also includes any liabilities on public account. In 2024-25, the outstanding liabilities are estimated to be 27.38% of GSDP, similar to the revised estimate for 2023-24 (27.45% of GSDP).

**Figure 2: Revenue and Fiscal Balance (% of GSDP)**



Note: \* RE is Revised Estimates; BE is budget estimates.  
Sources: Medium Term Fiscal Policy, Telangana Budget 2024-25; PRS.

**Figure 3: Outstanding Liabilities (as % of GSDP)**



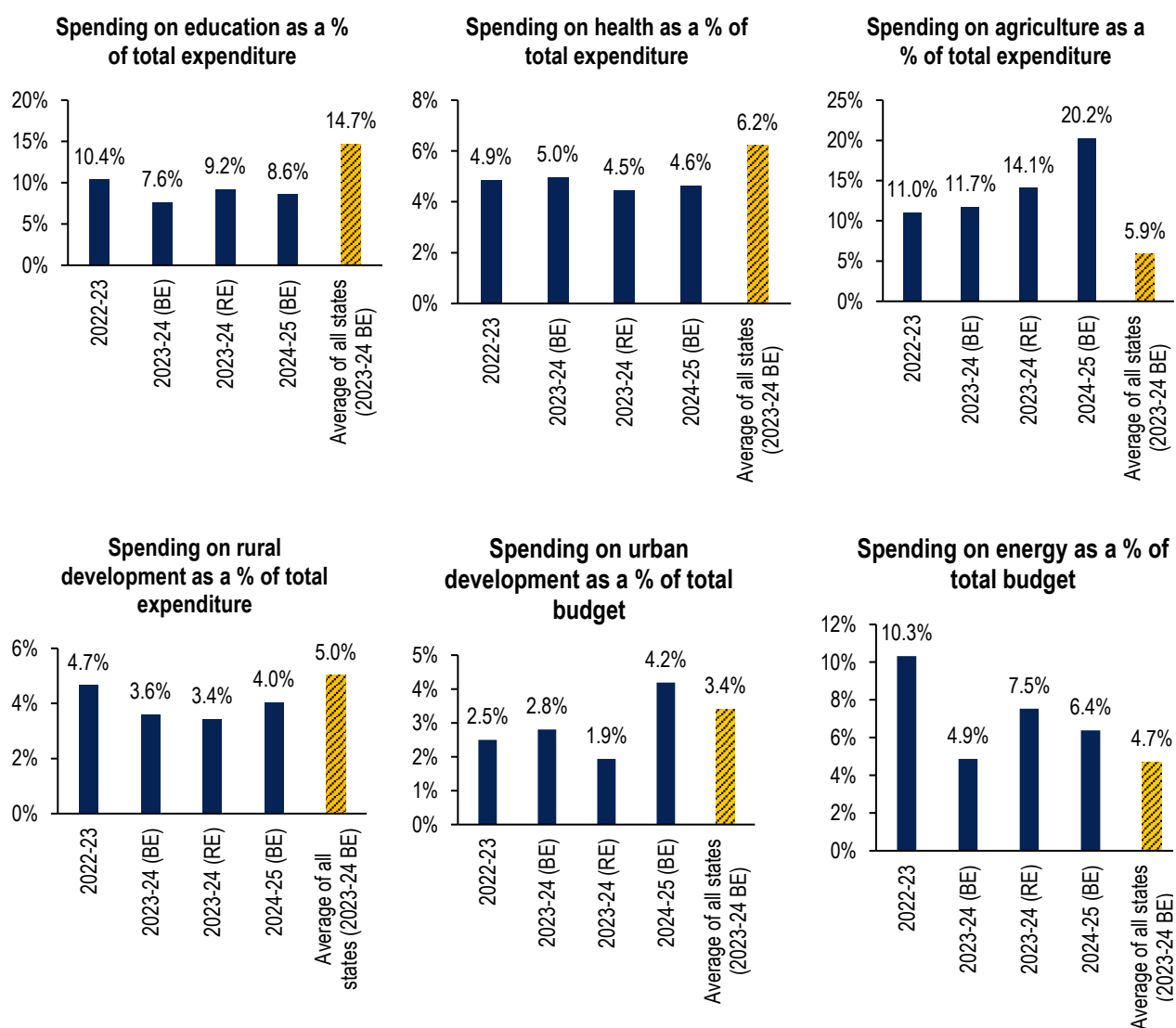
Note: \*RE is Revised Estimates.  
Sources: Medium Term Fiscal Policy, Telangana Budget 2024-25; PRS.

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## Annexure 1: Comparison of states' expenditure on key sectors

The graphs below compare Telangana's expenditure in 2024-25 on six key sectors as a proportion of its total expenditure on all sectors. The average for a sector indicates the average expenditure in that sector by 31 states (including Telangana) as per their budget estimates of 2023-24.<sup>2</sup>

- **Education:** Telangana has allocated 8.6% of its expenditure on education in 2024-25. This is lower than the average allocation for education by states in 2023-24 (14.7%).
- **Health:** Telangana has allocated 4.6% of its total expenditure towards health, which is lower than the average allocation for health by states (6.2%).
- **Agriculture:** Telangana has allocated 20.2% of its total expenditure towards agriculture, which is higher than the average expenditure on agriculture by states (5.9%).
- **Rural development:** Telangana has allocated 4% of its expenditure on rural development. This is lower than the average allocation for rural development by states (5%).
- **Urban development:** Telangana has allocated 4.2% of its expenditure towards urban development. This is higher than the average allocation towards urban development by states (3.4%).
- **Energy:** Telangana has allocated 6.4% of its total expenditure towards energy, which is higher than the average allocation by states (4.7%).



Note: 2022-23, 2023-24 (BE), 2023-24 (RE), and 2024-25 (BE) figures are for Telangana.

<sup>2</sup> The 31 states include the Union Territories of Delhi, Jammu and Kashmir, and Puducherry.  
Sources: Annual Financial Statement, Telangana Budget 2024-25; various state budgets; PRS.

## Annexure 2: Comparison of 2022-23 Budget Estimates and Actuals

The following tables compare the actuals of 2022-23 with budget estimates for that year.

**Table 7: Overview of Receipts and Expenditure (in Rs crore)**

Particular	2022-23 BE	2022-23 Actuals	% change from BE to Actuals
<b>Net Receipts (1+2)</b>	<b>1,93,089</b>	<b>1,59,979</b>	-17%
1. Revenue Receipts (a+b+c+d)	1,93,029	1,59,350	-17%
a. Own Tax Revenue	1,08,212	1,06,949	-1%
b. Own Non-Tax Revenue	25,422	19,554	-23%
c. Share in central taxes	18,394	19,668	7%
d. Grants-in-aid from the Centre	41,002	13,179	-68%
Of which GST compensation grants	3,000	0	-100%
2. Non-Debt Capital Receipts	60	629	948%
3. Borrowings	59,672	1,26,884	113%
Of which GST compensation loan	0	0	0
<b>Net Expenditure (4+5+6)</b>	<b>2,45,257</b>	<b>1,92,536</b>	-21%
4. Revenue Expenditure	1,89,275	1,53,407	-19%
5. Capital Outlay	29,728	17,881	-40%
6. Loans and Advances	26,253	21,248	-19%
7. Debt Repayment	11,702	94,810	710%
<b>Revenue Balance</b>	<b>3,755</b>	<b>5,944</b>	58%
Revenue Balance (as % of GSDP)	0.3%	0.5%	61%
<b>Fiscal Deficit</b>	<b>52,167</b>	<b>32,557</b>	-38%
Fiscal Deficit (as % of GSDP)	3.9%	2.5%	-37%

Source: Telangana Budget Documents of various years; PRS.

**Table 8: Key Components of State's Own Tax Revenue**

Tax Head	2022-23 BE	2022-23 Actuals	% change from BE to Actuals
State GST	36,203	36,248	0%
Sales Tax/ VAT	33,000	29,604	-10%
State Excise	17,500	18,470	6%
Stamps Duty and Registration Fees	15,600	14,228	-9%
Taxes on Vehicles	4,953	6,737	36%
Taxes and Duties on Electricity	32	886	2708%
Land Revenue	7	0	-96%

Source: Telangana Budget Documents of various years; PRS.

**Table 9: Allocation towards Key Sectors**

Sector	2022-23 BE	2022-23 Actuals	% change from BE to Actuals
Housing	12,172	314	-97%
Roads and Bridges	7,089	2,401	-66%
Welfare of SC, ST, OBC, and Minorities	31,427	11,783	-63%
Transport	8,016	3,061	-62%
Urban Development	6,672	4,285	-36%
Water Supply and Sanitation	3,448	2,222	-36%
Agriculture and Allied Activities	27,228	18,825	-31%
Health and Family Welfare	10,954	8,330	-24%
Social Welfare and Nutrition	18,602	14,837	-20%
Irrigation and Flood Control	9,444	8,581	-9%
Rural Development	8,557	7,985	-7%
Police	8,764	8,427	-4%
Education, Sports, Arts, and Culture	16,043	17,728	11%
Energy	10,625	17,679	66%

Source: Telangana Budget Documents of various years; PRS.