

Telangana Budget Analysis 2017-18

The Finance Minister of Telangana, Mr Eatala Rajendar, presented the Budget for Telangana for financial year 2017-18 on March 13, 2017.

Budget Highlights

- The **Gross State Domestic Product** of Telangana for 2017-18 at current prices is estimated to be Rs 7,49,893 crore. This is 14.6% higher than the revised estimate for 2016-17.
- **Total expenditure** for 2017-18 is estimated to be Rs 1,49,646 crore, a 33.4% increase over the revised estimate of 2016-17. In 2016-17, there was a decrease of Rs 18,225 crore (14%) in the revised estimate over the budget estimate.
- **Total receipts (excluding borrowings)** for 2017-18 are estimated to be Rs 1,19,940 crore, an increase of 36% over the revised estimates of 2016-17. In 2016-17, total receipts fell short of the budgeted target by Rs 16,661 crore (15.9%).
- **Revenue surplus** for the next financial year is targeted at Rs 4,571 crore, or 0.61% of the state Gross Domestic Product (GDP). **Fiscal deficit** is targeted at Rs 26,096 crore (3.49% of state GDP).
- Departments of Panchayat Raj, Major and Medium Irrigation and Social Welfare saw increases in allocations for the year 2017-18. On the other hand, Departments Agriculture witnessed a decrease in its allocation in 2017-18.

Policy Highlights

- **SC and ST Development Funds** will be constituted to carry the development activities of these communities. Unspent provisions under these Funds will be carried forward to the following next year. A Bill is proposed to be introduced in the state legislature to give statutory status to these proposals.
- Scheme for **sheep rearing for Yadava community** has been proposed to be implemented. Sheep will be provided at 75% subsidy rate to eligible members.
- For the **welfare of Navi-brahmins and Washermen** communities, Rs 500 crore is proposed to be allocated. To modernize their occupations, it is proposed to provide washing machines, driers and iron-boxes to eligible members. Similarly, dhobi ghats are proposed to be constructed on tanks.
- An amount of Rs 1,200 crore has been proposed towards assistance to weavers. To **promote handloom industry**, the government proposes to procure cloth only from the handloom industry. This includes construction of a textile park at Warangal and an apparel park at Sircilla. In addition, financial support will be provided to handloom weavers to take up alternative professions.
- **Welfare of backward classes:** The Government proposes to establish residential schools in each of the 119 Assembly constituencies. It is expected that 76,160 students will get quality education in these schools starting from class 5 to intermediate. An expenditure of Rs.1.05 lakh to Rs.1.25 lakh will be incurred on each student towards provision of infrastructure, nutritious food, text books, uniform and other facilities.
- Financial assistance under the **Kalyana Lakshmi and Shaadi Mubarak Schemes** is proposed to be increased from Rs 51,000 to Rs 75,116.
- The government proposes to provide Rs 12,000 for **pregnant women**. Rs 4,000 will be provided upon admission to a government hospital, followed by another Rs 4,000 during discharge from the hospital, and another Rs 4000 will at the time of vaccination of the child. An additional Rs 1,000 will be provided for the birth of a girl child.
- KCR Kit is proposed to be provided to **new born children**. The kit will consist of 16 essential things needed for a new born baby for the first three months, such as soaps, baby oil, baby bed, mosquito net, dresses, napkins, etc. The amount proposed under this scheme is Rs 605 crore.
- Salaries of **Anganwadi** teachers has been increased from Rs 7,000 per month to Rs 10,500 per month.
- To promote **entrepreneurship among minority communities**, the government proposes to implement a program named TS-PRIME.
- **Two Bedroom Housing Scheme:** To encourage the implementation of the Two Bedroom Housing Scheme, the government is providing sand for free of cost. In addition, the government has entered MoU with 31 cement companies to provide cement at Rs 230 per bag, as opposed to a market rate of Rs 320 per bag.

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March 15, 2017

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Background: Telangana’s Economy

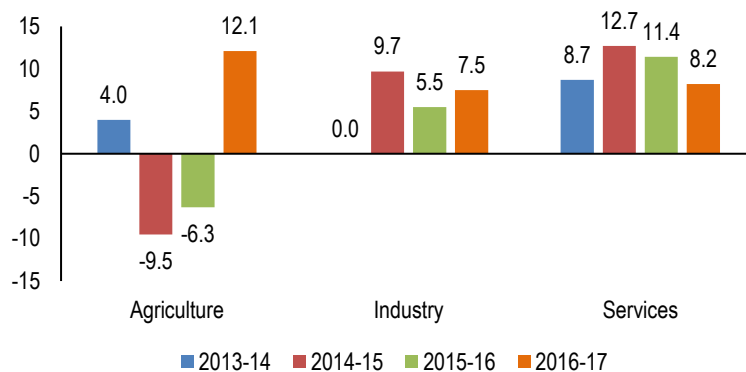
Moving towards a service sector based economy

- The state’s economy is dominated by the services sector, which constitutes 63% of the state’s economy in 2016-17. This is an increase from 53% in 2011-12.
- Industry sector constitutes 22% of the state’s economy, a decline from 31% in 2011-12.
- Agriculture sector of the economy constitutes 15% of the economy.

Volatile agricultural sector; steady growth in services

- **Agriculture sector** saw a volatile growth in the last four years. The sector saw negative growth of 9.5% and 6.3% in 2014-15 and 2015-16.
- **Industry sector** saw its highest growth of 9.7% in 2014-15 for years between 2012-13 and 2015-16. The sector recorded its lowest growth of 0% in 2013-14.
- **Services sector** saw a steady growth among all the sectors of the economy. 2014-15 saw the highest growth of 12.7%, followed by 11.4% in 2015-16.

Figure 1: Annual Growth rate of various sectors of the economy (%)

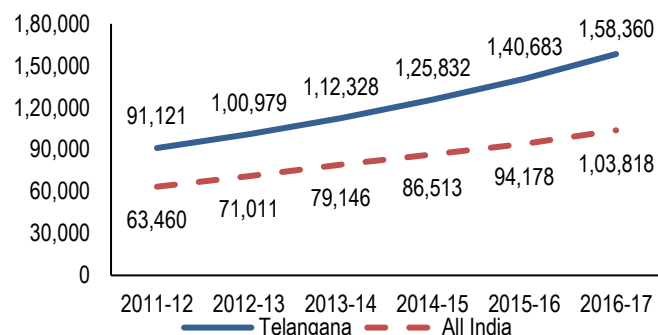


Sources: Telangana Economic Survey; PRS.

State’s per-capita is 1.5 times that of national average

- Telangana is among the states with highest per-capita income in the country. Since 2011-12, the state’s per-capita income has been at least 42% higher than the national average.
- In 2016-17, the state has a per-capita income of Rs 1,58,360 which is 52% higher than the national average of Rs 1,03,818.

Figure 2: Per-capita income of the state (Rs, current prices)

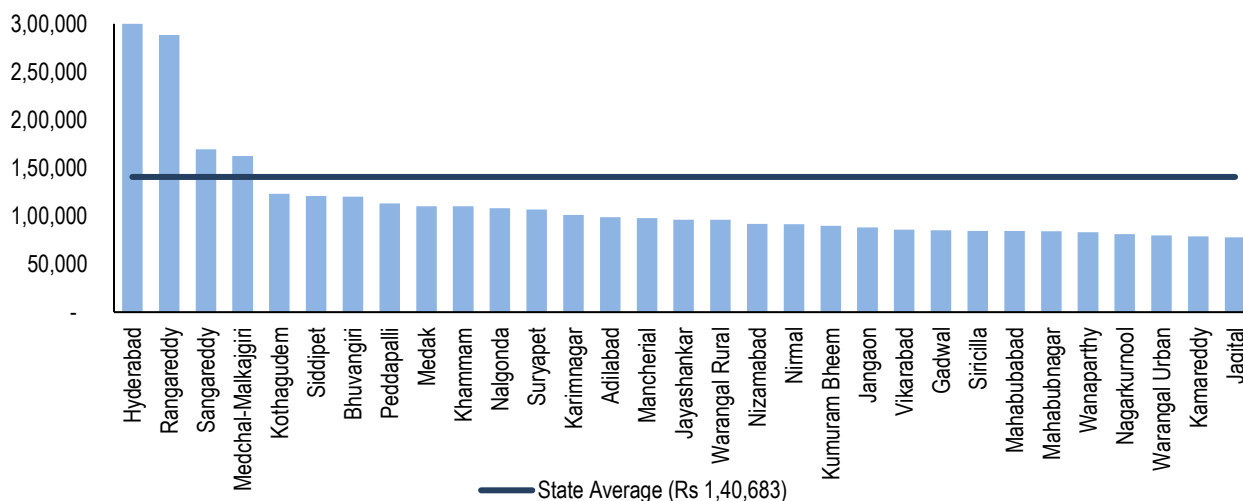


Sources: Central Statistics Office; PRS.

Hyderabad, Rangareddy districts have the highest per-capita; Kamareddy, Jagital, the lowest

- In 2015-16, Hyderabad district had the highest per-capita income of Rs 2,99,997, when compared Jagital (Rs 77,669) which had the lowest per-capita income.

Figure 3: District-wise per-capita income in 2015-16 (Rs, current prices)



Budget Estimates for 2017-18

- The total expenditure in 2017-18 is targeted at Rs 1,49,646 crore. The revised estimate for the total expenditure in 2016-17 was Rs 1,12,191 crore, which is 14% (Rs 18,225 crore) less than the budgeted target of 2016-17.
- The expenditure in 2017-18 is proposed to be met through receipts (other than borrowings) of Rs 1,19,940 crore and borrowings of Rs 29,380 crore. Total receipts for 2017-18 (other than borrowings) are expected to be 36% higher than the revised estimate of 2016-17.

Table 1: Budget 2017-18 - Key figures (in Rs crore)

| Items | 2015-16 Actuals | 2016-17 Budgeted | 2016-17 Revised | % change from BE 2016-17 to RE of 2016-17 | 2017-18 Budgeted | % change from RE 2016-17 to BE 2017-18 |
|--|--------------------|---------------------|--------------------|---|---------------------|--|
| Total Expenditure | 97,923 | 1,30,416 | 1,12,191 | -14.0% | 1,49,646 | 33.4% |
| A. Borrowings | 17,498 | 25,580 | 24,465 | -4.4% | 29,380 | 20.1% |
| B. Receipts (except borrowings) | 80,320 | 1,04,849 | 88,188 | -15.9% | 1,19,940 | 36.0% |
| Total Receipts (A+B) | 97,817 | 1,30,429 | 1,12,653 | -13.6% | 1,49,320 | 32.5% |
| Revenue Deficit (-)/Surplus(+) | 238 | 3,718 | 199 | | 4,571 | |
| As % of state GDP | 0.04% | 0.55% | 0.03% | | 0.61% | |
| Fiscal Deficit (-)/Surplus(+) | -18,856 | -23,467 | -21,893 | | -26,096 | |
| As % of state GDP | -3.28% | -3.50% | -3.35% | | 3.49% | |
| Primary Deficit (-)/Surplus(+) | -11,299 | -15,761 | -14,186 | | -14,958 | |
| As % of state GDP | -2.0% | -2.3% | -2.2% | | -2.0% | |

Notes: BE is Budget Estimate; RE is Revised Estimate. State GDP for 2017-18 is Rs 7,49,893 crore.

Sources: Telangana State Budget Documents 2017-18; PRS.

Expenditure in 2017-18

- Government expenditures can be divided into (a) capital expenditure, which affects the assets and liabilities of the state, and (b) revenue expenditure, which includes the rest of the expenses.
- Total capital expenditure is proposed to be Rs 41,134 crore, which is an increase of 62.5% over the revised estimates of 2016-17. This includes expenditure which leads to creation of assets, and provision of loans.
- Total revenue expenditure for 2017-18 is proposed to be Rs 1,08,512 crore, which is an increase of 24.9% over revised estimates of 2016-17. This includes spending on salaries, schemes, administrative expenses and pensions, etc.
- In 2017-18, the government estimates debt repayment on previous loans to be Rs 4,659 crore. In addition, the government proposes to pay interest on previous borrowings worth Rs 11,139 crore. Both these constitute 10.5% of the total expenditure of the state.

In 2017-18, the state estimates to spend 27.4% of the total expenditure on capital expenses. This is an increase from 22.5% in 2016-17.

Table 2: Expenditure budget 2017-18 (in Rs crore)

| Item | 2015-16 Actuals | 2016-17 Budgeted | 2016-17 Revised | % change from BE 2016-17 to RE 2016-17 | 2017-18 Budgeted | % change from RE 2016-17 to BE 2017-18 |
|-----------------------------|--------------------|---------------------|--------------------|--|---------------------|--|
| Capital Expenditure | 22,027 | 33,210 | 25,321 | -23.8% | 41,134 | 62.5% |
| Revenue Expenditure | 75,896 | 97,206 | 86,870 | -10.6% | 1,08,512 | 24.9% |
| Total Expenditure | 97,923 | 1,30,416 | 1,12,191 | -14.0% | 1,49,646 | 33.4% |
| A. Debt Repayment | 2,845 | 3,149 | 3,149 | 0.0% | 4,659 | 48.0% |
| B. Interest Payments | 7,558 | 7,706 | 7,706 | 0.0% | 11,139 | 44.5% |
| Debt Servicing (A+B) | 10,403 | 10,856 | 10,856 | 0.0% | 15,798 | 45.5% |

Sources: Telangana State Budget Documents 2017-18; PRS.

Department expenditure in 2017-18

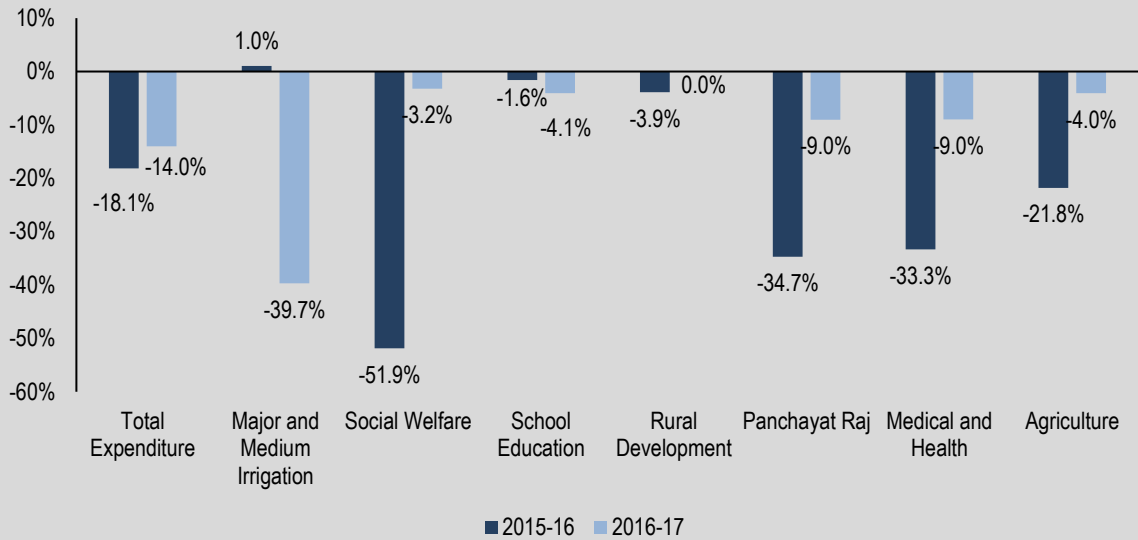
The departments listed below account for **47%** of the total budgeted expenditure of Telangana in 2017-18.

Table 3: Demand-wise expenditure for Telangana Budget 2017-18 (in Rs crore)

| Department | 2015-16 Actuals | 2016-17 Budgeted | 2016-17 Revised | 2017-18 Budgeted | % change from RE 2016-17 to BE 2017-18 | Budget provisions for 2017-18 |
|------------------------------------|-----------------|------------------|-----------------|------------------|--|--|
| Major and Medium Irrigation | 9,544 | 24,132 | 14,558 | 22,668 | 55.7% | <ul style="list-style-type: none"> ▪ The government aims to provide irrigation to 1 crore acres in the state. ▪ Manair River Front Project will be implemented, at an estimated cost of Rs 506 crore. A provision of Rs 193 crore has been proposed for the project in the Budget. |
| Social Welfare | 2,961 | 7,122 | 6,892 | 10,378 | 50.6% | <ul style="list-style-type: none"> ▪ It is proposed to procure and distribute 84 lakh sheep to 4 lakh Yadava community families in the state over the next two years. ▪ Under the scheme, it is proposed to distribute 20 female and one male sheep to each eligible family enrolled under a Sheep Development Cooperative Society at 75 percent subsidy. |
| School Education | 8,910 | 8,575 | 8,225 | 10,215 | 24.2% | <ul style="list-style-type: none"> ▪ Rs 1,175 crore is budgeted to be spent under Sarva Siksha Abhiyan. |
| Rural Development | 6,013 | 6,345 | 6,345 | 7,443 | 17.3% | <ul style="list-style-type: none"> ▪ Rs 3,000 crore is budgeted to be spent under MNREGA. |
| Panchayat Raj | 3,584 | 4,386 | 3,991 | 7,280 | 82.4% | <ul style="list-style-type: none"> ▪ Current projects to convert WBM roads to BT roads, and maintenance of BT roads will be continued. |
| Medical and Health | 3,289 | 5,967 | 5,432 | 5,976 | 10.0% | <ul style="list-style-type: none"> ▪ Three multi super specialty hospitals are proposed to be built in Hyderabad. ▪ 50 new 108-Emergency vehicles are proposed to be purchased. |
| Agriculture | 5,428 | 6,611 | 6,344 | 5,852 | -7.8% | <ul style="list-style-type: none"> ▪ To improve storage capacity of agriculture produce in the State, the government is planning to construct 330 godowns with a storage capacity of 17.07 lakh metric tonnes at an estimated cost of Rs.1,024.50 crore. ▪ Micro-irrigation will be promoted to advance horticulture in the state. Expenses will be met through extra-budgetary support. |
| % of total expenditure | 41% | 48% | 46% | 47% | | |
| Other Departments | 58,194 | 67,279 | 60,405 | 79,833 | 32.2% | |
| Total | 97,923 | 1,30,416 | 1,12,191 | 1,49,646 | 33.4% | |

Note: All amounts are net numbers. Source: Telangana Budget Speech 2017-18; PRS.

School Education numbers belong to Demand no. 12, Major and Medium Irrigation – Demand no. 33; Rural Development – Demand no. 32; Medical and Health – Demand no. 16; Agriculture – Demand no. 27; Panchayat Raj – Demand no. 31; Social Welfare – Demand no. 21.

Department-wise under spending in 2015-16 and 2016-17

Sources: Telangana State Budget Documents; PRS.

- In years 2015-16 and 2016-17, there has been under-spending on the account of various departments, reflecting the under-collection of revenue in the corresponding years. In 2015-16, the government budgeted a total expenditure of Rs 1,15,689 crore. However, the actual spending was reduced by 18.1% to Rs 97,923 crore. Similarly, in 2016-17, the government budgeted a total expenditure of Rs 1,30,416 crore. This is revised down to Rs 1,12,191 crore (14%).
- 2015-16:** In 2015-16, Social Welfare saw the highest reduction in its expenditure when compared to its budgeted estimates. Social Welfare includes expenditure on welfare of Scheduled Castes (SCs), Scheduled Tribes (STs), and Other Backward Classes (OBCs). The actual expenditure of the Department is 51.9% lower when compared to its budgeted estimate. Similarly, Departments of Tribal Welfare and Backward Class Welfare saw a reduction of 30.1%, and 50.6% in their expenditures.

To ensure utilization of budgeted expenditure on SCs and STs, the government has constituted Committees consisting of Members of Legislative Assembly and Council belonging to the communities, headed by Deputy Chief Minister Kadiam Srihari.
- In addition, similar under-spending has been reported in Departments of Panchayat Raj (34.7%), Medical and Health (33.3%), and Agriculture (21.8%).
- 2016-17:** In 2016-17, Telangana government budgeted to spend Rs 24,132 crore on Major and Medium Irrigation. This was the highest among all the states. However, this has been revised down to Rs 14,558 crore (39.7%).
- This is followed by Panchayat Raj and Medical and Health Departments, whose expenditure has been revised down by 9%.
- Further, expenditure of the Education Department has been revised down by 4.1%. Note that in a study conducted on 17 state budgets of the country, it has been noted that Telangana budgeted to spend the lowest on Education (8.2% of total expenditure) in 2016-17.¹ This is lower than other states such as Andhra Pradesh (15.1%), Bihar (15.8%), Madhya Pradesh (16.6%), Maharashtra (18%), and Chhattisgarh (19.5%).

Expenditure on schemes in 2017-18

The following table presents expenditure of the government on key centrally sponsored schemes.

Table 4: Scheme-wise expenditure and grants received from centre (Rs crore)

| Schemes | 2016-17 BE | 2016-17 RE | % change from 2016-17 BE to 2016-17 RE | 2017-18 BE | % change from 2016-17 RE to 2017-18 BE |
|---|---------------|---------------|--|---------------|--|
| National Rural Employment Guarantee Scheme (NREGS) | 2,353 | 2,353 | 0.0% | 3,000 | 27.5% |
| <i>of which: grants from centre</i> | 2,695 | 2,695 | 0.0% | 2,880 | 6.9% |
| Sarva Siksha Abhiyan (SSA) | 502 | 502 | 0.0% | 1,175 | 134.1% |
| <i>of which: grants from centre</i> | 602 | 602 | 0.0% | 705 | 17.0% |
| Pradhan Mantri Awas Yojana (PMAY) | 744 | 624 | -16.1% | 1,452 | 132.8% |
| <i>of which: grants from centre</i> | 625 | 625 | 0.0% | 871 | 39.5% |
| National Health Mission (NHM) | 973 | 881 | -9.5% | 1,112 | 26.3% |
| <i>of which: grants from centre</i> | 645 | 645 | 0.0% | 658 | 2.1% |
| Pradhan Mantri Gram Sadak Yojana (PMGSY) | 539 | 539 | 0.0% | 950 | 76.2% |
| <i>of which: grants from centre</i> | 485 | 485 | 0.0% | 570 | 17.5% |
| Smart Cities | 88 | 88 | 0.0% | 200 | 127.5% |
| <i>of which: grants from centre</i> | 79 | 79 | 0.0% | 120 | 51.6% |
| Swachh Bharat | 405 | 405 | 0.0% | 812 | 100.7% |
| <i>of which: grants from centre</i> | 194 | 194 | 0.0% | 418 | 115.4% |

Sources: Telangana Budget Documents; PRS.

- **NREGS:** The government budgeted to spend Rs 3,000 crore on the Scheme in 2017-18. Out of this, Rs 2,880 crore is budgeted to be received from the centre in the form of grants. In 2017-18, the centre budgeted to spend Rs 48,000 crore on the Scheme. Note that the government estimates to spend Rs 2,353 crore on the Scheme in 2016-17, while it estimates to receive Rs 2,695 crore from the centre.
- **SSA:** In 2017-18, the government budgeted to spend Rs 1,175 crore on SSA. This is an increase from Rs 502 crore in 2016-17. While this is a 134% growth, respective grants from the centre is budgeted to increase by 17%.
- **PMAY:** The government budgets to spend Rs 1,452 crore in 2017-18. This is 133% higher than the revised estimates of 2016-17. Respective grants from the centre is budgeted to increase by 39.5%.
- On the other hand, the government revised down its spending on the Scheme in 2016-17, from Rs 744 crore to Rs 624 crore.
- **NHM:** In 2017-18, the government budgets to spend Rs 1,123 crore on National Health Mission. In 2016-17, the government revised down its spending on the Scheme from Rs 973 crore to Rs 881 crore.
- **PMGSY:** The government budgeted to spend Rs 950 crore on PMGSY in 2017-18. Of this, Rs 570 crore is budgeted to be received from the centre.

Contingent liabilities arising from 2 Bedroom Housing Scheme, Mission Bhagiratha and programs to promote horticulture and urban development

The government proposed to implement 2 Bedroom Housing Scheme (2.6 lakh houses for poor), Mission Bhagiratha (drinking water supply to 12.5 lakh households) and other programs to promote horticulture and urban development. The government plans to use extra-budgetary mechanisms to implement these programs. For this purpose, the government started various public sector undertakings to carry the implementation of the programs. While the public sector undertakings borrow money to implement the programs, the government provides guarantees on such loans.

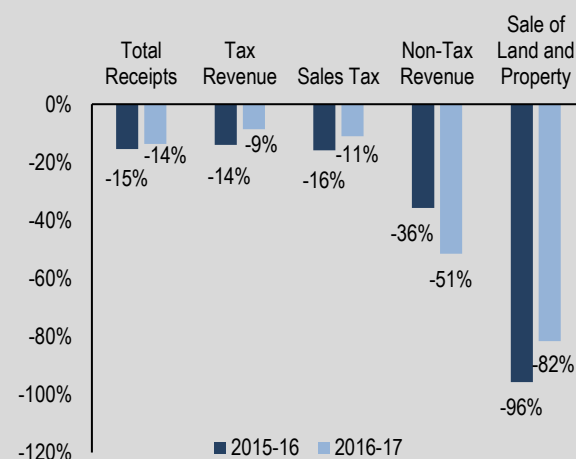
Note that the 13th Finance Commission and Reserve Bank of India (RBI) have identified risks of state governments providing guarantees to public sector undertakings.^{2,3} Categorising such guarantees as contingent liabilities, the Commission noted that: "While contingent liabilities do not form part of the states' debt obligations, but in the event of default by borrowing entities, the states are required to meet the debt service obligations of these defaulting entities." In addition, RBI and the Commission noted that such guarantees pose a risk to the finances of the states, if the special purpose vehicles fail to generate adequate resources to service the debts.

Receipts in 2017-18

- The total revenue receipts for 2017-18 are estimated to be Rs 1,13,083 crore, an increase of 29.9% over the revised estimates of 2016-17.
- State's own tax revenue** is expected to increase by 24.9% (Rs 12,493 crore) in 2017-18 over the revised estimates of 2016-17. Tax revenue in 2016-17 (RE) is estimated to be Rs 50,126 crore, which is lower than the budgeted estimates by Rs 4,744 crore (8.6%).
- The tax to GSDP ratio is targeted at 8.3% in 2017-18, which is more than the revised estimate of 7.6% in 2016-17. This implies that the government estimates tax collection to grow at a higher rate the growth in the economy.
- Non-tax revenue** is estimated to decrease to be Rs 6,601 crore. This is a decrease by 22.4% (Rs 1,908 crore) from revised estimates of 2016-17. Revenue from non-ferrous mining is estimated to generate Rs 3,500 crore.
- Grants from the centre** are set to increase by 98.1%, from Rs 13,557 crore in 2016-17 (RE), to Rs 26,858 crore in 2017-18. In 2016-17, the government has budgeted to receive Rs 14,557 crore from centre. This is revised down to Rs 13,557 crore (6.9%).
- Taxes shared by the centre** to the state is estimated to grow by 14.3% in 2017-18 to Rs 26,858 crore. In 2016-17, the government revised up its budget estimates by 6.6%.

Under collection of revenue in 2015-16 and 2016-17

In 2016-17, the government has estimated to receive 15% (Rs 18,225 crore) less revenue than the budgeted estimates. Similarly, in 2015-16, the government received 14% less receipts than the budgeted amount. The under-collection is driven by a decrease in estimated revenue from sale of land and property belonging to the government and under-collection of tax revenue, which is the largest component of the state's revenue.



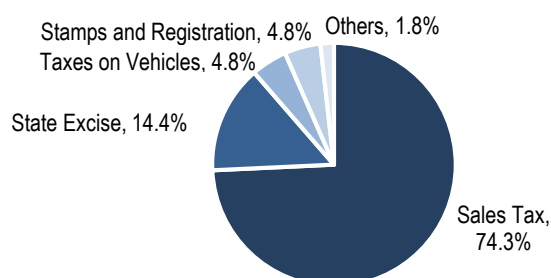
Sources: Telangana State Budget Documents; PRS.

Table 5: Break up of state government receipts (in Rs crore)

| Item | 2015-2016 Actuals | 2016-2017 Budgeted | 2016-2017 Revised | % change from BE 2016-17 to RE 2016-17 | 2017-2018 Budgeted | % change from RE 2016-17 to BE 2017-18 |
|--------------------------------|-------------------|--------------------|-------------------|--|--------------------|--|
| State's Own Tax | 39,975 | 54,870 | 50,126 | -8.6% | 62,619 | 24.9% |
| State's Own Non Tax | 14,414 | 17,542 | 8,510 | -51.5% | 6,601 | -22.4% |
| State's share in Central Taxes | 12,351 | 13,955 | 14,877 | 6.6% | 17,005 | 14.3% |
| Grants-in-aid from Centre | 9,394 | 14,557 | 13,557 | -6.9% | 26,858 | 98.1% |
| Total Revenue Receipts | 76,134 | 1,00,925 | 87,070 | -13.7% | 1,13,083 | 29.9% |
| Borrowings | 17,498 | 25,580 | 24,465 | -4.4% | 29,380 | 20.1% |
| Other receipts | 4,186 | 3,925 | 1,118 | -71.5% | 6,857 | 513.3% |
| Total Capital Receipts | 21,683 | 29,505 | 25,583 | -13.3% | 36,237 | 41.6% |
| Total Receipts | 97,817 | 1,30,429 | 1,12,653 | -13.6% | 1,49,320 | 32.5% |

Sources: Telangana State Budget Documents 2017-18; PRS.

Figure 4: Composition of Tax Revenue in 2017-18 (BE)



Sources: Telangana Budget Documents, PRS.

- Composition of tax revenue:** Sales tax is the largest component of the tax revenue of the state. Sales tax, levied on the sale of goods in the state is expected to generate Rs 62,619 crore in 2017-18. This is an increase of 24% from 2016-17. Note that GST rollout may have an impact on this collection.
- Further, the government is expected to generate Rs 9,000 crore through State Excise Duty. This is an increase of 77% over the estimates of 2016-17.

Deficits, Debts and FRBM Targets for 2017-18

The Fiscal Responsibility and Budget Management (FRBM) Act, 2006 of the state provides annual targets to progressively reduce the outstanding liabilities, revenue deficit and fiscal deficit of the state government.

Revenue deficit: It is the excess of revenue expenditure over revenue receipts. A revenue deficit implies that the government needs to borrow in order to finance its expenses which do not create capital assets. However, the state estimates a revenue surplus of Rs 4,571 crore (or 0.61% of state GDP) in 2017-18. This implies that revenue receipts are expected to be higher than the revenue expenditure, resulting in a surplus. The estimate indicates that the state is within the target of eliminating revenue deficit, prescribed by the 14th Finance Commission.

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 of the government. In 2017-18, fiscal deficit is estimated to be Rs 26,096 crore, which is 3.49% of the state GDP. The estimate exceeds the 3% limit prescribed by the 14th Finance Commission.

Outstanding liabilities: It is the accumulation of borrowings over the years. In 2017-18, the outstanding liabilities are expected at 18.6% of state GDP. This is a steady increase from 16.1% in 2014-15. Increase in outstanding liabilities over time indicates increasing interest payment and principal repayment burden in the future.

In addition to these liabilities, the state has provided guarantees to loans of other entities worth Rs 31,453 crore as of January 2017.

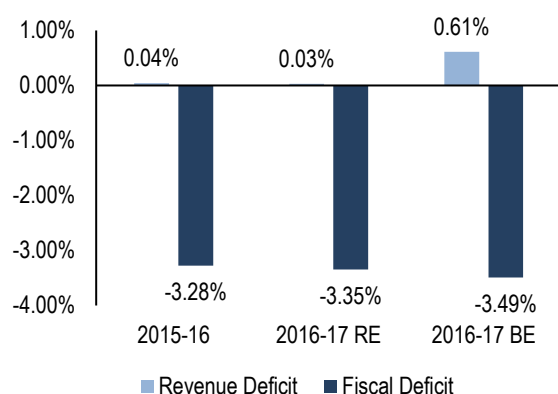
Table 6: Budget targets for deficits for the state of Telangana in 2016-17 (% of GSDP)

| Year | Revenue Deficit (-)/Surplus (+) | Fiscal Deficit (-)/Surplus (+) | Outstanding Liabilities |
|------------|------------------------------------|-----------------------------------|----------------------------|
| 2014-15 | 0.07 | -1.78 | 16.1 |
| 2015-16 | 0.04 | -3.28 | 16.2 |
| 2016-17 RE | 0.03 | -3.35 | 17.6 |
| 2017-18 BE | 0.61 | -3.49 | 18.6 |

Sources: Telangana Budget Documents; PRS.

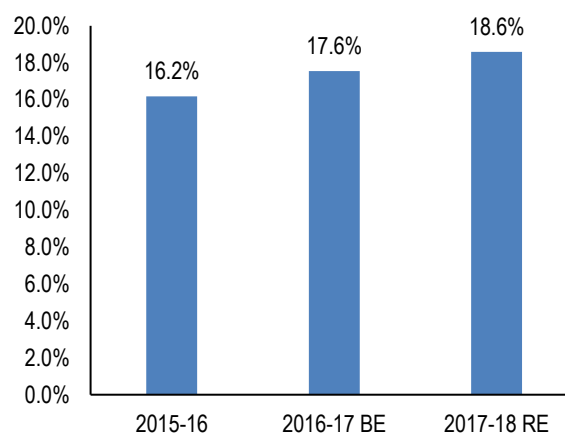
Figures 5 and 6 show the trend in deficits and outstanding liabilities from 2015-16 to 2017-18:

Figure 5: Revenue and Fiscal Deficit (as % of state GDP)



Sources: Telangana State Budget Documents; PRS.

Figure 6: Debt stock (as % of state GDP)



Sources: Telangana State Budget Documents; PRS.

¹ State of State Finances, PRS Legislative Research,

<http://www.prsindia.org/administrator/uploads/general/1480420295~~State%20Finances%20Report.pdf>.

² The Report of Thirteenth Finance Commission, Government of India, <http://fincomindia.nic.in/ShowContentOne.aspx?id=28&Section=1>.

³ State Finances: A Study of State Budgets 2012-13, <https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/00SF090113FUL.pdf>.

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